

CRESCENT GROUP



CRESCENT JUTE
PRODUCTS LTD.

**Reviewed Condensed Interim Financial Statements
For The Half Year Ended 31 December 2018**



**CRESCENT JUTE
PRODUCTS LTD.**

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CRESCENT JUTE PRODUCTS LTD. FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

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**CRESCENT JUTE
PRODUCTS LTD.**

COMPANY INFORMATION

BOARD OF DIRECTORS

Mrs. Abida Mazhar	Chairperson-Non-Executive Director
Mr. Humayun Mazhar	Chief Executive Officer-Executive Director
(In alphabetic order)	
Mrs. Ayesha Khurram Mazhar	Non-Executive Director
Mr. Khurram Mazhar Karim	Non-Executive Director
Mrs. Mehreen Humayun Mazhar	Non-Executive Director
Mr. Saif Ullah	Executive Director
Syed Raza Abbas Jaffery	Non-Executive Director

AUDIT COMMITTEE

Mr. Khurram Mazhar Karim	Chairman
Mrs. Mehreen Humayun Mazhar	Member
Syed Raza Abbas Jaffery	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Khurram Mazhar Karim	Chairman
Syed Raza Abbas Jaffery	Member
Mr. Saif Ullah	Member

COMPANY SECRETARY / CFO

Mr. Saif Ullah

HEAD OF INTERNAL AUDIT

Mr. Tahir Hussain

AUDITORS

M/S Riaz Ahmad & Company
Chartered Accountants Faisalabad
Name of Engagement Partner: Mr. Liaqat Ali Panwar

LEGAL ADVISOR

Mr. Shahid Mahmood Baig
Advocate High Court

BANKERS

The Bank of Punjab
Crescent Standard Modaraba
MCB Bank Limited
Dubai Islamic Bank
Habib Metropolitan Bank Limited

REGISTERED OFFICE

1st Floor, 65-XX, Khayaban-e-Iqbal Road,
Phase - III, DHA, Lahore - 54792, Pakistan.
Tel: + 92-42-37186438-9

SHARE REGISTRAR

Corptec Associate (Pvt.) Ltd.
503-E, Johar Town, Lahore
Tel : +92-42-35170336-7



**CRESCENT JUTE
PRODUCTS LTD.**

DIRECTORS REPORT TO THE SHAREHOLDERS

Accounts for the half year ended December 31, 2018 show a loss of Rupees 30.75 million, as compared to loss of Rupees 26.88 million in the corresponding periods in 2017. This loss is primary attributed to the exchange loss due to the significant depreciation in rupee against the US dollar and its impact on our liabilities with financial institutions, borrowing cost, professional fee paid to lawyers on account of our ongoing cases with financial institutions and the cost of minimum staff required for the managing the corporate affairs and safe guarding remaining assets of company.

The management is in the process of implementing the closure plan approved by the BOD and Shareholders. There were two parts of this plan i.e. Disposal of Assets and Future Business plan. As far as the Disposal Of Assets is concerned, significant progress has been made in this regard i.e. Majority of payments against disposal of fixed assets have been realized. However, the cheques amounting to 66.67 million relating to last installment of land disposal, due on Dec, 2017, were dishonored by the buyer`s bank . We have already served legal notice for non-payment and also filed civil suit against the buyer.

With regards to the Future Business Plan it was contingent upon settlement of liabilities with financial institutions and any surplus realized thereof. In this regard the progress has been very slow as we are still under litigation with the concerned financial institutions. This inordinate delay in settlement of liabilities has not only resulted in non- implementation of the business plan but has also resulted in additional operational costs without any business activity. Although, our Legal advisors are fairly optimistic on a favorable outcomes in all pending cases the timelines for the same are very difficult to predict. In view the same, the implementation of any future business plan will be explored on realization of any surplus of funds, after full and final settlement all outstanding liabilities with the financial institutions.

The below table will clear more situation about the closure plan approved by the BOD and shareholders in their meetings.

Book value of assets sold Rs. in million	24.902
Sale proceed received Rs. in million	432.605
Gain on sale of assets Rs. in million	154.222
Utilization of disposal proceed	Funds utilized for the repayment of mark up bearing borrowing 71 M and 120 M deposited with deputy registrar Lahore high court Lahore against BOP loan, balance used for the repayment of director loan and to meet administrative and other expense.
Book value of remaining assets to be sold	All assets have been sold, as regards land entry in the books of account will be made on the receipt of final payment.

In the meanwhile, we remain focused on cost controls and every possible effort is being made to curtail and keep the expenses to a minimum level.

For and on behalf of the Board

(Humayun Mazhar)
Chief Executive Officer

Khurram Mazhar Karim
Director

Lahore: February 25, 2019



CRESCENT JUTE
PRODUCTS LTD.

DIRECTORS REPORT TO THE SHAREHOLDERS

حصص داران کو ڈائریکٹرز کی رپورٹ

2017ء میں اسی مدت کے 26.88 ملین روپے خسارہ کے مقابلہ میں 31 دسمبر 2018ء کو اختتام پذیر نصف سال سے لئے کھاتوں میں 30.75 ملین روپے کا خسارہ درج ہوا۔ یہ خسارہ امریکی ڈالر کے مقابلہ میں روپے کی قدر میں کمی اور مالیاتی اداروں کے واجبات، قرضوں پر لاگت، مالیاتی اداروں کے ساتھ رواں مقدمات کے لئے دکلاء کی فیس اور کاروباری امور چلانے اور کمپنی کے بقایا اثاثہ جات کی دیکھ بھال کے لئے کم از کم عملہ پر لاگت کی وجہ سے ظاہر ہوا۔

انتظامیہ بورڈ آف ڈائریکٹرز اور حصص داران کی جانب سے منظور شدہ کلوزر پلان کے نفاذ کے عمل میں ہے۔ اس پلان کے دو حصے یعنی اثاثہ جات کی فروخت اور مستقبل کے کاروباری منصوبے تھے۔ جہاں تک اثاثہ جات کی فروخت کا تعلق ہے اس پر نمایاں پیش رفت ہوئی ہے یعنی چاند اثاثوں کی فروخت کی مد میں اکثر وصولیاں کر لی گئی ہیں۔ تاہم، اراضی کی فروخت پر دسمبر 2017ء میں واجب الوصول آخری قسط کی مد میں خریدار کے بینک کی جانب سے 66.67 ملین روپے رقم کے چیک ڈس آرز ہو چکے ہیں۔ ہم نے عدم ادائیگی کا قانونی نوٹس بھیج دیا ہے اور خریدار کے خلاف دیوانی مقدمہ بھی دائر کر دیا ہے۔

جہاں تک مستقبل کے کاروباری منصوبے کا تعلق ہے یہ مالی اداروں کے واجبات اور بقایا جات کی ادائیگی سے مشروط ہیں۔ اس سلسلہ میں پیش قدمی بہت سست ہے کیونکہ ہم متعلقہ مالیاتی اداروں کے ساتھ قانونی جنگ میں ہیں۔ بقایا جات کی ادائیگی میں یہ نامناسب تاخیر نہ صرف ہمارے کاروباری منصوبے پر عمل درآمد میں رکاوٹ ہے بلکہ بغیر کسی کاروباری سرگرمی کے اضافی آپریشنل لاگت کا بھی باعث بن رہی ہے۔ اگرچہ، ہمارے قانونی مشیر تمام زیر سامت مقدمات میں مثبت نتائج کے لئے پرامید ہیں لیکن حتمی فیصلہ کے وقت کا تعین کرنا بہت مشکل ہے۔ مذکورہ بالا کی بنا پر مستقبل میں کسی بھی کاروباری منصوبے پر عمل درآمد فنڈز کے بقایا جات کی وصولی اور مالی اداروں کے تمام واجبات کی مکمل ادائیگی کی صورت میں ہی ممکن ہے۔

مندرجہ ذیل جدول حصص داران اور بورڈ آف ڈائریکٹرز کے اجلاس منظور شدہ کلوزر پلان سے متعلق صورت حال کو واضح کرتا ہے۔

فروخت شدہ اثاثہ جات کی اندراجی قیمت (ملین روپوں میں)	24.902
اثاثہ جات کی فروخت پر آمدن (ملین روپوں میں)	432.605
فروخت پر حاصل منافع (ملین روپوں میں)	154.222
فروخت پر آمدنی کا استعمال	71 ملین قرضہ کے مارک اپ کی واپسی میں رقم استعمال کی گئی اور مبلغ 120 ملین BOP قرضہ کی مد میں ڈپٹی رجسٹرار لاہور ہائی کورٹ کو جمع کروائے گئے۔ بقیہ رقم ڈائریکٹریوں کی واپسی پر اور انتظامی اور دیگر اخراجات پر استعمال ہوئی۔
قابل فروخت بقایا اثاثہ جات کی اندراجی قیمت	تمام اثاثہ جات فروخت کر دیئے گئے ہیں۔ جہاں تک اکاؤنٹس بکس میں زمین کے اندراج کا تعلق ہے رقم کی حتمی وصولی پر اسے درج کر دیا جائے گا۔

اسی اثاثوں، ہماری بھرپور توجہ کا سبب کنٹرول پر مرکوز ہے اور اخراجات کو انتہائی کم سطح پر رکھنے کی ہر ممکن کوششیں بروئے کار لائی جا رہی ہیں۔

منجانب / برائے بورڈ

Hussain Pasha

ہمایوں مظہر
چیف ایگزیکٹو آفیسر

محمد مظہر کریم
ڈائریکٹر

لاہور: 25 فروری، 2019ء



CRESCENT JUTE
PRODUCTS LTD.

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF CRESCENT JUTE PRODUCTS LTD. REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of CRESCENT JUTE PRODUCTS LIMITED ("the Company") as at 31 December 2018 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the accounts for the six-month period then ended (here-in-after referred to as "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended 31 December 2018 and 31 December 2017 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the six-month period ended 31 December 2018.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter Paragraphs

We draw attention to the following matters:

- 1) Note 1.1 to the condensed interim financial statements, which states that the Company is no longer a going concern, therefore, these condensed interim financial statements have been prepared on the basis of estimated realizable / settlement values of assets and liabilities respectively.



**CRESCENT JUTE
PRODUCTS LTD.**

- 2) Based on advice of the legal counsel, the Company has not recognized excess amounts of principal and mark-up confirmed by the bank against borrowings (Note 4.1 to these condensed interim financial statements).
- 3) Note 7 to these condensed interim financial statements, which more fully explains the default made by the buyer in payment of remaining single installment, non-transfer of ownership of proportionate freehold land to the buyer by the Company and the fact that the Company has not de-recognized the carrying amount of proportionate freehold land in these condensed interim financial statements.

Our report is not qualified in respect of above matters.

The engagement partner on the review resulting in this independent auditor's report is Liaqat Ali Panwar.

Liaqat Ahmad & Co.

RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad
Date: February 25, 2019



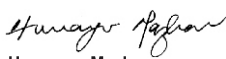
**CRESCENT JUTE
PRODUCTS LTD.**

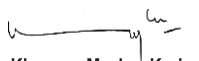
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	NOTE	Un-audited 31 December 2018 RUPEES	Audited 30 June 2018 RUPEES
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
30 000 000 (30 June 2018: 30 000 000)			
ordinary shares of Rupees 10 each		300,000,000	300,000,000
Issued, subscribed and paid-up share capital		237,634,680	237,634,680
Capital reserves			
Share premium		35,767,584	35,767,584
Surplus on revaluation of freehold land		181,783,274	181,783,274
Accumulated loss		(739,388,809)	(708,640,792)
Total equity		(284,203,271)	(253,455,254)
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	3	163,862,451	161,010,026
Accrued mark-up		176,734,220	168,786,191
Borrowings	4	252,806,440	233,091,820
Unclaimed dividend		337,312	337,312
Provision for taxation		534	8,705
TOTAL LIABILITIES		593,740,957	563,234,054
CONTINGENCIES AND COMMITMENTS	5	-	-
TOTAL EQUITY AND LIABILITIES		309,537,686	309,778,800
ASSETS			
NON-CURRENT ASSETS			
Operating fixed assets	6	3,384,064	3,573,748
Investments at fair value through other comprehensive income		134,500	-
		3,518,564	3,573,748
CURRENT ASSETS			
Loans and advances		446,285	419,553
Security deposits		120,037,500	120,037,500
Prepayments		41,125	7,500
Other receivables		11,126	8,696
Short term investments		3,457,823	3,460,995
Cash and bank balances		139,263	384,808
		124,133,122	124,319,052
Non-current asset held for sale	7	181,886,000	181,886,000
		306,019,122	306,205,052
TOTAL ASSETS		309,537,686	309,778,800

The annexed notes form an integral part of these condensed interim financial statements.


Humayun Mazhar
Chief Executive Officer


Khurram Mazhar Karim
Director


Saif Ullah
Chief Financial Officer



**CRESCENT JUTE
PRODUCTS LTD.**


CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018 (UN-AUDITED)

	Half year ended		Quarter ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	-----RUPEES-----			
INCOME	150,392	151,312	148,004	57,677
ADMINISTRATIVE EXPENSES	(9,731,562)	(13,840,148)	(5,727,808)	(6,884,764)
OTHER EXPENSES	(13,213,620)	(5,252,996)	(11,822,859)	(4,998,666)
FINANCE COST	(7,952,693)	(7,939,597)	(4,019,041)	(3,970,105)
LOSS BEFORE TAXATION	<u>(30,747,483)</u>	<u>(26,881,429)</u>	<u>(21,421,704)</u>	<u>(15,795,858)</u>
TAXATION	(534)	(1,001)	(534)	(1,001)
LOSS AFTER TAXATION	<u><u>(30,748,017)</u></u>	<u><u>(26,882,430)</u></u>	<u><u>(21,422,238)</u></u>	<u><u>(15,796,859)</u></u>
LOSS PER SHARE - BASIC AND DILUTED	<u>(1.29)</u>	<u>(1.13)</u>	<u>(0.90)</u>	<u>(0.66)</u>

The annexed notes form an integral part of these condensed interim financial statements.


Humayun Mazhar
Chief Executive Officer


Khurram Mazhar Karim
Director


Saif Ullah
Chief Financial Officer



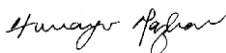
**CRESCENT JUTE
PRODUCTS LTD.**

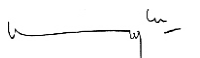
**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)**


FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Half year ended		Quarter ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	----- (RUPEES) -----			
LOSS AFTER TAXATION	(30,748,017)	(26,882,430)	(21,422,238)	(15,796,859)
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(30,748,017)</u>	<u>(26,882,430)</u>	<u>(21,422,238)</u>	<u>(15,796,859)</u>

The annexed notes form an integral part of these condensed interim financial statements.


Humayun Mazhar
Chief Executive Officer


Khurram Mazhar Karim
Director


Saif Ullah
Chief Financial Officer



**CRESCENT JUTE
PRODUCTS LTD.**


CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2018 (UN-AUDITED)

	SHARE CAPITAL	CAPITAL RESERVES		Sub total	Accumulated loss	TOTAL	TOTAL EQUITY
		Share premium	Surplus on revaluation of freehold land				
(RUPEES)							
Balance as at 30 June 2017 - (Audited)	237,634,680	35,767,584	181,783,274	217,550,858	(657,188,079)	(439,637,221)	(202,002,541)
Loss for the half year ended 31 December 2017	-	-	-	-	(26,882,430)	(26,882,430)	(26,882,430)
Other comprehensive income for the half year ended 31 December 2017	-	-	-	-	-	-	-
Total comprehensive loss for the half year ended 31 December 2017	-	-	-	-	(26,882,430)	(26,882,430)	(26,882,430)
Balance as at 31 December 2017 - (Un-audited)	237,634,680	35,767,584	181,783,274	217,550,858	(684,070,509)	(466,519,651)	(228,884,971)
Loss for the half year ended 30 June 2018	-	-	-	-	(24,570,283)	(24,570,283)	(24,570,283)
Other comprehensive income for the half year ended 30 June 2018	-	-	-	-	-	-	-
Total comprehensive loss for the half year ended 30 June 2018	-	-	-	-	(24,570,283)	(24,570,283)	(24,570,283)
Balance as at 30 June 2018 - (Audited)	237,634,680	35,767,584	181,783,274	217,550,858	(708,640,792)	(491,089,934)	(253,455,254)
Loss for the half year ended 31 December 2018	-	-	-	-	(30,748,017)	(30,748,017)	(30,748,017)
Other comprehensive income for the half year ended 31 December 2018	-	-	-	-	-	-	-
Total comprehensive loss for the half year ended 31 December 2018	-	-	-	-	(30,748,017)	(30,748,017)	(30,748,017)
Balance as at 31 December 2018 - (Un-audited)	237,634,680	35,767,584	181,783,274	217,550,858	(739,388,809)	(521,837,951)	(284,203,271)

The annexed notes form an integral part of these condensed interim financial statements.


Humayun Mazhar
Chief Executive Officer


Khurram Mazhar Karim
Director


Saif Ullah
Chief Financial Officer



CRESCENT JUTE
PRODUCTS LTD.


**CONDENSED INTERIM
STATEMENT OF CASH FLOWS (UN-AUDITED)**

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	NOTE	Half year ended	
		31 December 2018	31 December 2017
		RUPEES	RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	8	(6,750,016)	(11,651,814)
Finance cost paid		(4,664)	(137,285)
Income tax paid		(4,937)	(32,270)
Net cash used in operating activities		(6,759,617)	(11,821,369)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment made		-	(298,090)
Profit on bank deposits received		13,072	211,631
Net cash from / (used in) investing activities		13,072	(86,459)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		6,501,000	-
Net cash from financing activities		6,501,000	-
NET DECREASE IN CASH AND CASH EQUIVALENTS		(245,545)	(11,907,828)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		384,808	12,343,935
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		139,263	436,107

The annexed notes form an integral part of these condensed interim financial statements.


Humayun Mazhar
Chief Executive Officer


Khurram Mazhar Karim
Director


Saif Ullah
Chief Financial Officer



**CRESCENT JUTE
PRODUCTS LTD.**

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

Crescent Jute Products Limited is a public limited company incorporated in Pakistan on 19 September 1964 under the Companies Act, 1913 (Now Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. Its registered office is situated at 1st Floor, 65-XX, Khayaban-e-Iqbal Road, Phase-III, DHA, Lahore. The Company was engaged in manufacturing and sale of jute products including jute bags.

Executive Director, Corporate Supervision Department, Company Law Division, Securities and Exchange Commission of Pakistan (SECP) has issued Order under section 309 read with Section 305 of the repealed Companies Ordinance, 1984 and in exercise of the powers conferred on him under Section 309 of the repealed Companies Ordinance, 1984 have authorized the Registrar, Company Registration Office, SECP, Lahore to present a petition before Lahore High Court, Lahore for winding up of the Company on the ground that the Company's business has been suspended since 02 May 2011. The Company's appeal before the Appellate Bench, SECP against the aforesaid Order was unsuccessful and afterwards the Company appealed against the aforesaid Order in Lahore High Court, Lahore. That appeal was later withdrawn on 29 March 2018 by the Company and a writ petition has been filed by the Company against the above mentioned Order which is pending in Lahore High Court, Lahore. Moreover, as per Notice no. PSX/N-6504 dated 12 December 2018 issued by PSX, the Company's shares were suspended for trading and placed in the Defaulter's Segment for another period of sixty days effective from 13 December 2018 due to the issuance of the Order by SECP as mentioned above. The first notice by PSX in this regard was issued on 18 December 2017.

1.1 Non-going concern basis of accounting

Shortage of working capital and reduction in demand of finished goods resulted in the closure of Company's operations since 02 May 2011. The Company in its Annual General Meeting on 31 October 2011 decided to dispose of the property, plant and equipment of the Company. Whole of the plant and machinery and buildings on freehold land have been disposed of uptill 30 June 2015. Freehold land is also under the process of disposal. During the period ended 31 December 2018, the Company has loss after taxation of Rupees 30.748 million. The Company has suffered accumulated loss of Rupees 739.389 million as on 31 December 2018 which has turned equity into negative balance of Rupees 284.203 million.

In view of the aforesaid reasons, the Company is not considered a going concern. These condensed interim financial statements have been prepared using the non-going concern basis of accounting on the basis of estimated realizable / settlement values of the assets and liabilities respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the audited annual published financial statements of the Company for the year ended 30 June 2018 except for the change in accounting policy as stated in Note 2.2 to these condensed interim financial statements.

2.1 Basis of preparation

2.1.1 Statement of compliance

- a) These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:



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- International Accounting Standard (IAS) 34 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- b) These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended 30 June 2018.
- c) These condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2017 and section 237 of the Companies Act, 2017. The figures of condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended 31 December 2018 and 31 December 2017 have not been reviewed by the statutory auditors of the Company, as they have reviewed the accumulated figures for the half years ended 31 December 2018 and 31 December 2017.

2.1.2 Accounting convention

These condensed interim financial statements have been prepared using the non-going concern basis of accounting on the basis of estimated realizable / settlement values of the assets and liabilities respectively. In realizable / settlement value basis, assets are carried at amount of cash and cash equivalents that could currently be obtained by selling the assets in an orderly disposal. Liabilities are carried at their settlement values, that is the undiscounted amounts of cash or cash equivalents expected to be paid to satisfy the liabilities in the normal course of business.

2.1.3 Critical accounting estimates and judgments

The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

During the preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2018.

Analysis of upside not recognized in the profit or loss on assets during the period:

As stated in Note 7, the Company through an agreement dated 17 July 2014 agreed to sell complete freehold land of the Company for Rupees 220.000 million to Mrs. Saima Yousaf. Carrying value of freehold land as at 31 December 2018 is Rupees 181.886 million. Hence, there is an upside of Rupees 38.114 million not recognized in the profit or loss on freehold land. Moreover, expected profit on disposal of operating fixed assets (Note 6) of the Company shall be Rupees 0.456 million. Hence, there is an upside of Rupees 0.456 million not recognized in the profit or loss on operating fixed assets.



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The Company have no items that it plans to sell that the Company have not previously recognized in these condensed interim financial statements.

2.2 CHANGES IN ACCOUNTING POLICY DUE TO APPLICABILITY OF INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS)-9

Following changes in accounting policy has taken place effective from 01 July 2018:

2.2.1 IFRS9 "Financial Instruments"

The Company has adopted IFRS 9 "Financial Instruments" from 01 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the Company's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the Company. New impairment requirements use an 'Expected Credit Loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The Company has adopted IFRS 9 by generally without restating/reclassifying the prior year results.

Key changes in accounting policy resulting from application of IFRS 9.

i) Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 "Financial Instruments: Recognition and Measurement" for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, Fair Value Through Profit or Loss (FVTPL), available for sale and held to maturity with the categories such as amortised cost, FVTPL and Fair Value Through Other Comprehensive Income (FVTOCI).

Investments and other financial assets

a) Classification

From 01 July 2018, the Company classifies its financial assets in the following measurement categories:



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- Those to be measured at FVTPL
- Those to be measured at FVTOCI, and
- Those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments on amortized cost. Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in income / (other expenses) together with foreign exchange gains and losses.

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price.

Fair Value Through Other Comprehensive Income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair Value Through Profit or Loss (FVTPL)

Changes in the fair value of equity investments at fair value through profit or loss are recognised in income / (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognised in profit or loss as income when the Company's right to receive payments is established.

ii) Impairment

From 01 July 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.



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For receivable balances, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

iii) Impacts of adoption of IFRS 9 on these condensed interim financial statements as on 01 July 2018.

On 01 July 2018, the Company's management has assessed which business models apply to the financial assets held by the Company at the date of initial application of IFRS 9 (01 July 2018) and has classified its financial instruments into appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

Financial assets (01 July 2018)	Available for sale	FVTOCI	Total financial assets
	RUPEES		
Opening balance (before reclassification)	134,500	-	134,500
Adjustment on adoption of IFRS 9 reclassification of equity investments from available for sale to FVTOCI	(134,500)	134,500	-
Opening balance (after reclassification)	-	134,500	134,500

Reclassifications of financial instruments on adoption of IFRS 9

As on 01 July 2018, the classification and measurement of following financial instruments of the Company were changed:

	Measurement category		Carrying amounts		
	Original	New	Original	New	Difference
	(IAS 39)	(IFRS 9)	Rupees		Rupees
Non-current financial assets					
Long term investments	Available for sale	FVTOCI	-	134,500	134,500
Current financial assets					
Loans and advances	Loans and receivables	Amortised	419,553	419,553	-
Security deposits	Loans and receivables	Amortised	120,037,500	120,037,500	-
Other receivables	Loans and receivables	Amortised	8,696	8,696	-
Prepayments	Loans and receivables	Amortised	7,500	7,500	-
Short term investments	FVTPL	FVTPL	3,460,995	3,326,495	(134,500)
Cash and bank balances	Loans and receivables	Amortised	384,808	384,808	-

3. TRADE AND OTHER PAYABLES

These include Rupees 153.334 million (30 June 2018: Rupees 153.334 million) received as advance against sale of land from Mrs. Saima Yousaf.

4. BORROWINGS	Un-audited	Audited
	31 December 2018	30 June 2018
From banking company and financial institution - secured	RUPEES	RUPEES
The Bank of Punjab (Note 4.1)	125,811,764	112,598,144
B.R.R. Guardian Modaraba (formerly Crescent Standard Modaraba) (Note 4.2)	33,810,398	33,810,398
Unsecured		
Related party		
Crescent Ventures (Private) Limited	15,501,000	9,000,000
Others		
Innovative Investment Bank Limited	18,083,326	18,083,326
Loan from sponsor	4,461,237	4,461,237
Crescent Jute Mills Limited	55,138,715	55,138,715
	<u>252,806,440</u>	<u>233,091,820</u>



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- 4.1 As per the terms of the respective sanction advice, these borrowing facilities were expired on 31 July 2011 and not renewed. The Bank has filed a suit in Lahore High Court, Lahore against the Company for the recovery of principal amount and accrued mark-up of these facilities. However with reference to Note 7.1, the Bank has provided No Objection Certificate (NOC) for vacation of charge on assets. The Bank in its direct balance confirmation letter to the auditors as at 30 June 2018 have claimed principal balance outstanding of Rupees 117,272,196 against Rupees 112,598,144 appearing in books of account of the Company as at 30 June 2018 and claimed mark-up payable on borrowings of Rupees 79,690,130 against Rupees 63,745,055 appearing in books of account of the Company as at 30 June 2018. Hence, the Bank has claimed Rupees 4,674,052 excess on account of principal outstanding and Rupees 15,945,075 on account of mark-up payable from the Company. The Company has not recognized the excess claims of the Bank in these condensed interim financial statements based on opinion of its legal advisor. As per legal advisor of the Company, even in worst scenario, if the suit of Bank is decreed, even then the same cannot be decreed beyond the claimed amount of Bank as stated in the Bank's recovery suit. Furthermore, the Bank is not entitled to any mark-up from the date of default as alleged in the plaint of its recovery suit and at the most Bank can be granted cost of funds at the rate of State Bank of Pakistan's provided rate of cost of funds. Therefore any exaggerated claim of Bank more than its claimed amount in suit, is untenable at this moment.
- 4.2 This facility was obtained from B.R.R. Guardian Modaraba (formerly Crescent Standard Mudaraba) which was repayable up to 30 June 2012, but the Company could not pay the balance uptill the expiry of the prescribed date. As the Company is at default, mark-up at the rate of 18 percent per annum is being charged on the outstanding balance. Moreover B.R.R. Guardian Modaraba (formerly Crescent Standard Mudaraba) filed a suit in Modaraba Tribunal against the Company for the recovery of above mentioned principal amount and mark-up amounting to Rupees 15.290 million previously waived off by B.R.R. Guardian Modaraba (formerly Crescent Standard Mudaraba). The case has been decided against the Company. Now the Company has filed an appeal in Lahore High Court, Lahore against the Order of Modaraba Tribunal. Furthermore B.R.R. Guardian Modaraba (formerly Crescent Standard Mudaraba) has obtained a decree for the attachment of the freehold land of the Company from the Banking Court, Lahore against the principal and mark-up mentioned above. The Company has filed an objection petition against this decree.

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

- i) The Commissioner Inland Revenue raised demand for sales tax amounting to Rupees 34.022 million (30 June 2018: Rupees 34.022 million) along with additional tax and penalty in respect of sales tax not charged on sale of fixed assets, sale of scrap, disputed inputs claimed, etc. Then Company filed appeals before the Appellate Tribunal Inland Revenue and subsequently in Lahore High Court, Lahore which were decided against the Company. Afterwards, the Company has filed an appeal in Supreme Court of Pakistan in 2012 against the decision of Lahore High Court, Lahore. Moreover, the Company also approached Federal Board of Revenue (FBR) for a decision by Alternate Dispute Resolution Committee (ADRC). The Committee has given its recommendations to FBR. Pending decisions of the Supreme Court and FBR, no provision has been made in these condensed interim financial statements. Based on the advice of legal counsel, the management is of the view that there are strong grounds about the decision of the case in favour of the Company.
- ii) Deputy Commissioner Inland Revenue, Lahore ordered on 19 June 2017 for recovery of sales tax amounting to Rupees 934,414 (30 June 2018: Rupees 934,414) along with default surcharge and penalty under section 34 and 33 respectively of Sales Tax Act, 1990. The Company filed an appeal against this order to Commissioner Inland Revenue (Appeals), Lahore on 14 July 2017. However on 20 June 2018, the appeal was disposed of by Commissioner Inland Revenue (Appeals), Lahore and the case was remanded back to Deputy Commissioner Inland Revenue, Lahore. Based on the advice of legal counsel, the management is of the



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view that there are strong grounds about the decision of the case in favour of the Company. Therefore, the related provision is not made in these condensed interim financial statements.

- iii) As per press release of Supreme Court of Pakistan dated 17 May 2018, a two member bench, headed by Justice Mian Saqib Nisar, Chief Justice of Pakistan, and comprising Justice Mushir Alam heard Suo Moto Case No. 26 of 2007 with HR Cases and Constitution Petition No. 64 of 2009 regarding Deadbeats got loans of Rupees 54 billion written off. The case was heard on 13 May 2018 at Supreme Court of Pakistan and the Bench passed the following order:

As per Report of the Commission constituted by this Court, action against 222 individuals / companies (Page No. 107 of Vol-I of the Commission's Report) has been recommended on account of the fact that the loans were not written off in accordance with law. Let notice be issued to all 222 individuals / companies as per detail provided in Part-II of Volume-II of the Report of the "Commission on Written-off Loan" against whom action recommended for further action; ensure their presence on the next date of hearing and to submit their replies before such date. Offices directed to issue a press release in this behalf. Re-list on 08 June 2018.

The name of the Company, under the heading of National Bank of Pakistan (NBP), is included in the list of 222 individuals / companies. Subsequent to the reporting date on 10 August 2018, NBP through a letter demanded Rupees 25.858 million (US Dollars 212,654.94) against the principal and mark-up balances of FE-25 loan along with mark-up on other adjusted loans. The Company denies any of the claims made by NBP and has already filed a case in Lahore High Court, Lahore against the demand raised by NBP. No provision against the aforesaid has been made in these condensed interim financial statements as the management believes that it has strong case.

5.2 Commitments

There was no capital or other commitment as at 31 December 2018 (30 June 2018: Rupees Nil).

	Un-audited 31 December 2018 RUPEES	Audited 30 June 2018 RUPEES
6. OPERATING FIXED ASSETS		
Opening book value	3,573,748	4,007,469
Less: Depreciation charged for the period / year	189,684	433,721
	<u>3,384,064</u>	<u>3,573,748</u>

7. NON-CURRENT ASSET HELD FOR SALE

The Company through an agreement dated 17 July 2014 agreed to sell complete freehold land of the Company located at Lahore Road, Jaranwala, District Faisalabad having area of 23 acres, 6 kanals and 4 marlas for Rupees 220.000 million to Mrs. Saima Yousaf (the "Buyer"). The Company has received Rupees 153.334 million as advance in this regard as shown in Note 7.2. Remaining Rupees 66.666 million were due to be received from the Buyer in single installment on 24 December 2017. However, cheques having consolidated amount of Rupees 66.666 million dated 24 December 2017 were dishonored by the Bank due to the insufficiency of funds. As per the agreement with the Buyer, if any of the given cheques by the Buyer are not encashed in time, the agreement shall be considered as rescinded and the whole amount already paid by the Buyer shall be forfeited. The Company through its legal counsel served a legal notice on the Buyer on 27 December 2017 that the amount already paid i.e. Rupees 153.334 million will be forfeited if the remaining installment is not paid. Moreover the Company has filed a suit for cancellation of agreement before Civil Court, Faisalabad which is pending for adjudication.



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According to the agreement, the ownership of freehold land equivalent to the payment received shall be transferred in the name of the Buyer after the clearance of cheques received for this purpose. Although two installments amounting to Rupees 133.334 million along with Rupees 20 million of token money have been received from the Buyer, but ownership of proportionate freehold land has not been transferred till the date of authorization for issue of these financial statements. As stated in Note 8.2, B.R.R. Guardian Modaraba (formerly Crescent Standard Modaraba) has obtained a decree for the attachment of freehold land of the Company from the Banking Court, Lahore against the principal and mark-up payable by the Company. The management of the Company was always of the view that ownership of complete freehold land shall be transferred in the name of the Buyer on receipt of remaining single installment of Rupees 66.666 million from the Buyer. As per management, this stance is essential for 100% recovery of remaining single installment of Rupees 66.666 million from the Buyer. Further, the legal counsel of the Company is of the view that there is no default on part of the Company in performance of its obligation to transfer ownership of proportionate freehold land to the Buyer as completion of necessary paperwork and payment of necessary duties and taxes is the responsibility of the Buyer. As the Buyer has defaulted in payment of remaining installment of the Company, therefore, the Company has not de-recognized the carrying amount of the proportionate freehold land in these condensed interim financial statements as the criteria for the sale of goods in IFRS 15 'Revenue' has not been met.

7.1 The Bank of Punjab had previously first pari passu charge over land, building, plant and machinery of the Company for Rupees 300 million through registered mortgage. However as per the order of Lahore High Court, Lahore dated 09 October 2013, NOC was given by the bank on deposit of Rupees 120 million with the Deputy Registrar (Judicial) of the Lahore High Court, Lahore.

	(Un-audited)	
	Half year ended	
	31 December 2018	31 December 2017
	RUPEES	RUPEES
8. CASH USED IN OPERATIONS		
Loss before taxation	(30,747,483)	(26,881,429)
Adjustments for non-cash charges and other items:		
Depreciation	189,684	216,860
Profit on bank deposits	(15,502)	(144,660)
Exchange loss	13,213,620	4,303,864
Net un-realized (gain) / loss on remeasurement of investments at fair value through profit or loss	(131,328)	949,132
Finance cost	7,952,693	7,939,597
Working capital changes (Note 8.1)	2,788,300	1,964,822
	<u>(6,750,016)</u>	<u>(11,651,814)</u>

8.1 Working capital changes

Increase in current assets:		
Loans and advances	(30,500)	(32,490)
Prepayments	(33,625)	(206,855)
	(64,125)	(239,345)
Increase in trade and other payables	2,852,425	2,204,167
	<u>2,788,300</u>	<u>1,964,822</u>



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9. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise of associated companies, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions and balances with related parties is as follows:

(Un-audited) Half year ended		(Un-audited) Quarter ended	
31 December 2018	31 December 2017	31 December 2018	31 December 2017

------(RUPEES)-----

i) Transactions

Associated companies

Service charges accrued	-	68,577	-	34,289
Loan received	6,501,000	-	2,301,000	-

Directors

Remuneration of Chief Executive Officer and Directors and meeting fee of Directors	1,114,100	4,015,000	569,550	2,005,000
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Un-audited 31 December 2018	Audited 30 June 2018
RUPEES	RUPEES

ii) Period end balances

Borrowings		15,501,000	9,000,000
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10. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

The judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels. An explanation of each level follows underneath the table:

Level 1	Level 2	Level 3	Total
---------	---------	---------	-------

----- RUPEES -----

**Recurring fair value
measurements**

**At 31 December 2018
(Un-audited)**

Financial assets

At fair value through profit or loss	3,457,823	-	-	3,457,823
Total financial assets	3,457,823	-	-	3,457,823

**At 30 June 2018
(Audited)**

Financial assets

At fair value through profit or loss	3,326,495	-	-	3,326,495
Total financial assets	3,326,495	-	-	3,326,495

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the half year ended 31 December 2018. Further there was no transfer in and out of level 3 measurements.



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The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(ii) Valuation techniques used to determine fair values

Valuation technique used to value financial instruments includes the use of quoted market prices.

11. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2018.

12. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on February 25, 2019.

13. CORRESPONDING FIGURES

In order to comply with the requirements of IAS 34, the condensed interim statement of financial position and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison, however, no significant re-arrangements have been made.

14. GENERAL

Figures have been rounded off to the nearest Rupee unless otherwise stated.

Humayun Mazhar
Chief Executive Officer

Khurram Mazhar Karim
Director

Saif Ullah
Chief Financial Officer

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