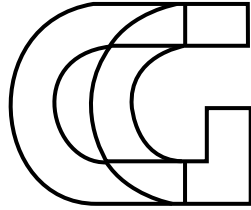
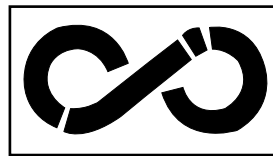


CRESCENT GROUP



**ANNUAL REPORT**  
**2013**



CRESCENT JUTE PRODUCTS LIMITED



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## CRESCENT JUTE PRODUCTS LIMITED

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### COMPANY INFORMATION

#### BOARD OF DIRECTORS

Mr. Humayun Mazhar	(Chairman / Chief Executive Officer) Executive Director
(In alphabetic order)	
Mr. Ahmad Rashid Muhammad Hanif	Non-Executive Director
Mr. Khurram Mazhar Karim	Executive Director
Mr. Qamar Nawaz Qureshi	Non-Executive Director
Mr. Saif Ullah	Executive Director
Mr. Shafiq Anwar	Non-Executive Director
Syed Raza Abbas Jaffery	(Nominee NIT) Independent Director

#### AUDIT COMMITTEE

Mr. Khurram Mazhar Karim	(Chairman) Executive Director
Mr. Ahmad Rashid Muhammad Hanif	Non-Executive Director
Mr. Shafiq Anwar	Non-Executive Director

#### HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Khurram Mazhar Karim	Executive Director
Mr. Ahmad Rashid Muhammad Hanif	Non-Executive Director
Mr. Shafiq Anwar	Non-Executive Director

#### CHIEF FINANCIAL OFFICER

Mr. Saif Ullah

#### COMPANY SECRETARY

Mr. Shafiq Anwar

#### HEAD OF INTERNAL AUDIT

Mr. Tahir Hussain

#### AUDITORS

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

#### LEGAL ADVISOR

Mr. Shahid Mahmood Baig  
Advocate High Court

#### BANKERS

The Bank of Punjab  
Crescent Standard Modaraba  
MCB Bank Limited  
Bank Alfalah Limited (Islamic Banking)  
United Bank Limited  
National Bank of Pakistan  
Dubai Islamic Bank

#### REGISTERED OFFICE

306, 3rd Floor, Siddiq Trade Centre,  
72-Main Boulevard, Gulberg, Lahore.  
Tel: (042) 35787592-93 Fax: (042) 35787594

#### WORKS

Unit, Jaranwala



## Annual Report 2013

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### NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given to all the shareholders of Crescent Jute Products Limited (the "Company") that Annual General Meeting of the Company will be held on Thursday, October 31, 2013 at 11.00 a.m. at 306, 3rd Floor, Siddiq Trade Centre, 72-Main Boulevard, Gulberg, Lahore to transact the following business:

#### ORDINARY BUSINESS:

To receive, consider and adopt the Directors' and Auditors' reports and Audited Accounts for the year ended June 30, 2013.

To appoint auditors and fix their remuneration.

#### REGISTERED OFFICE:

**306, 3<sup>rd</sup> Floor Siddiq Trade Centre,**  
72-Main Boulevard, Gulberg, Lahore,  
Telephone No. (042) 35787592-93,  
Fax No. (042) 35787594

Dated: September 30, 2013.

#### BY ORDER OF THE BOARD

**SHAFIQ ANWAR**  
**COMPANY SECRETARY**

#### Notes:

1. The Members' Register will remain closed from October 25, 2013 to October 31, 2013 (both days inclusive). Transfers received at the Registered Office of the Company by the close of business on October 24, 2013.
2. A member eligible to attend and vote at this Meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company Registered Office not later than 48 hours before the time for holding the Meeting.
3. CDC account holders will further have to follow the guidelines as laid down in circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
  - a. **For attending the meeting**
    - i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
    - ii) In case of corporate entity, the Board of directors' resolution/power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.
  - b. **For Appointing Proxies**
    - i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirements.
    - ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.



**CRESCENT JUTE PRODUCTS LIMITED**

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- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his / her original CNIC or original passport at the time of the Meeting.
- v) In case of corporate entity, the Board of directors' resolution/power of attorney with specimen signatures shall be submitted (unless it has been provided earlier) along with proxy form to the Company.



## Annual Report 2013

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### DIRECTORS' REPORT TO THE SHAREHOLDERS

Accounts for the year ended June 30, 2013 show a loss of Rupees 63.69 Million, as compared to loss of Rupees 191.46 million in the corresponding period in 2012. There has been no production operation during the period under review. The Mills is closed down and the management is proceeding ahead with the closure plan approved by the BOD and Shareholders.

Negotiations are underway to settle bank liabilities, so far no terms of settlement have been finalized. The next phase of closure plan i.e. asset disposal has been started in respect of sale of land and machinery and as regards sale of building material we are confident to sell the same at approved sale price.

The management is also doing due diligence on various business options for the future. Renewable energy, Low cost rural housing development and Corporate Farming seem to be areas of growth in Pakistan and of interest to us.

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.

#### **STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK**

1. These financial statements prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standards, as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored
6. There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.

#### **KEY OPERATING AND FINANCIAL DATA**

Key operating and financial data of the Company for the last six years in summarized form is annexed.

#### **DIVIDEND**

Due to continued losses it was not possible for the Company to declare and pay any dividend to its shareholders.

#### **STATUTORY PAYMENTS**

No statutory payments on account of taxes, duties, levies and charges other than those under appeals are outstanding.

#### **SIGNIFICANT PLANS AND DECISIONS**

Mills operations has been stopped since May 02, 2011 due to lack of liquidity as approved by shareholders in annual general meeting held on October 31, 2011 and decided to dispose off property, plant and equipment of the Company to pay off liabilities.

#### **CHANGES IN THE BOARD OF DIRECTORS.**

No change during the current year. Company has seven Directors on its Board.

The term of office of present Board will be expired on March 25, 2014.



## CRESCENT JUTE PRODUCTS LIMITED

### **BOARD MEETINGS AND ATTENDANCE BY DIRECTORS.**

During the year, four meetings of the Board of Directors were held. Attendance by each director was as follows:

	Names of Directors in alphabetic order	Meetings held in their tenure.	No. of Meetings attended
1	Mr. Ahmad Rashid Muhammad Hanif	4	1
2	Mr. Humayun Mazhar	4	4
3	Mr. Khurram Mazhar Karim	4	2
4	Mr. Qamar Nawaz Qureshi	4	1
5	Syed Raza Abbas Jaffery	4	4
6	Mr. Saif Ullah	4	4
7	Mr. Shafiq Anwar	4	4

The Board granted Leave to Directors who could not attend some of the Board Meetings.

### **PATTERN OF SHAREHOLDING**

Pattern of Shareholding is attached to the report.

### **TRADES IN THE SHARES OF THE COMPANY**

Mr. Humayun Mazhar, CEO had gifted 2,900,000 shares each to his Father Mr. Mazhar Karim and Brother Mr. Khurram Mazhar Karim.

Mr. Khurram Mazhar Karim sold 7,500 shares.

Mr. Saif Ullah purchased 2,500 shares.

Mr. Qamar Nawaz Qureshi purchased 2,500 shares.

Mr. Shafiq Anwar purchased 2,500 shares.

The spouses and minor children did not carry out any transaction in the shares of the Company during the year.

### **DEFAULT IN DEBTS**

Negotiations are underway to settle bank liabilities, so far no terms of settlement have been finalized.

### **AUDITORS**

The auditors M/s Riaz Ahmed & Company retire and being eligible offer for re-appointment. As required by Code of Corporate Governance, the Audit Committee has recommended appointment of M/s Riaz Ahmed & Company, Chartered Accountants as auditors of the Company for ensuing year.

### **ACKNOWLEDGEMENT**

The directors thank the Shareholders, Bankers and Customers for their continued patronage, understanding and co-operation. We also assure them that the confidence and the trust they have reposed in Cres Jute is appreciated and we will endeavor to come up to their expectations.

For and on behalf of the Board

**(Humayun Mazhar)**

**Chief Executive Officer**

**Lahore**

**Dated: September 30, 2013**

## Annual Report 2013

## KEY OPERATING AND FINANCIAL DATA OF LAST SIX YEARS

	Year ending 30th June					
	2012	2011	2010	2009	2008	2007
<b>PRODUCTION CAPACITY BASED ON SHIFT WORKING IN METRIC TONS</b>						
Jute Unit	23,000	23,000	23,000	23,000	23,000	23,000
<b>ACTUAL PRODUCTION IN METRIC TONS</b>						
Jute Unit	<b>Operation closed</b>	3,675	6,519	12,775	14,229	9,783
<b>OPERATING RESULTS - RUPEES IN 000</b>						
Net Sales	28,640	453,768	566,002	999,999	710,864	460,717
Cost of Sales	127,321	524,173	525,658	871,654	657,281	478,045
Operating Expenses	61,612	82,701	85,834	95,006	92,949	73,048
Other Income	(3,874)	(111,655)	(605)	(2,535)	(81,384)	(296,768)
Financial Charges	40,174	55,081	39,183	30,776	17,619	45,562
Other Charges						
Gain on Sale of Unit						
Taxation	(5,135)	(11,714)	(1,305)	(9,032)	(1,996)	3,113
<b>Net Income / (Loss)</b>	<b>(191,458)</b>	<b>(84,818)</b>	<b>(82,764)</b>	<b>14,130</b>	<b>26,397</b>	<b>157,717</b>
<b>Earning per share - Rupees</b>	<b>(8.06)</b>	<b>(3.57)</b>	<b>(3.48)</b>	<b>0.59</b>	<b>1.39</b>	<b>10.47</b>
<b>FINANCIAL POSITION - RUPEES IN 000</b>						
Shareholders Equity	(376,394)	(194,639)	(132,331)	(57,434)	(80,527)	(219,384)
Net Surplus on estimated realizable / settlement values	294,997	666,034	790,784	455,060	471,092	174,482
Participatory redeemable capital	-	-	-	-	-	40,000
Trade and other payables	13,379	17,973	35,932	32,388	56,104	27,627
Accrued mark-up	82,764	59,633	39,566	30,852	22,801	34,693
Borrowings	386,629	469,878	551,040	272,303	351,698	350,894
Provision for taxation	90	412	2,931	333	2,262	3,221
	<b>401,464</b>	<b>1,019,292</b>	<b>1,287,922</b>	<b>733,501</b>	<b>823,430</b>	<b>411,532</b>
Cash and bank balances	4,137	7,722	14,778	25,249	2,955	7,553
Investments	749	1,659	1,066	1,695	4,258	72,363
Other receivables	7,927	10,234	90,315	13,641	15,780	30,246
Prepayments	149	372	525	487	464	172
Loans and advances	16,498	17,398	17,989	8,675	23,562	4,626
Trade debts	-	116,059	142,284	29,113	84,713	8,051
Stock-in-trade	47,410	148,795	255,897	143,146	158,192	68,915
Stores and spares parts	3,658	8,252	7,796	7,053	8,459	4,053
Long Term Security deposits	992	14,674	12,266	15,968	11,816	12,333
Property, plant and equipment	319,945	694,126	745,006	488,474	513,232	203,219
	<b>401,464</b>	<b>1,019,292</b>	<b>1,287,922</b>	<b>733,501</b>	<b>823,430</b>	<b>411,532</b>





CRESCENT JUTE  
PRODUCTS LTD.

## Annual Report 2013

Crescent Jute Products Limited

As On: June 30, 2013

Categories of Shareholder	Physical	CDC	Total	% age
<b>Directors, Chief Executive Officer, Their Spouses and Minor Children</b>				
<b>Chief Executive</b>				
Mr. Humayun Mazhar	2,986,167	-	2,986,167	12.57
<b>Directors</b>				
Mr. Ahmad Rashid Muhammad Hanif	4,339	-	4,339	0.02
Mr. Khurram Mazhar Karim	2,998,654	-	2,998,654	12.62
Mr. Qamar Nawaz Qureshi	2,500	-	2,500	0.01
Mr. Saifullah	2,500	-	2,500	0.01
Mr. Shafiq Anwar	2,508	-	2,508	0.01
<b>Director's Spouses and Their Minor Children</b>				
Mrs. Ayesha Khurram Mazhar	2,475	-	2,475	0.01
Mrs. Mehreen Humayun Mazhar	47,474	-	47,474	0.20
	<b>6,046,617</b>	<b>-</b>	<b>6,046,617</b>	<b>25.45</b>
<b>Associated Companies, Undertakings &amp; Related Parties</b>				
Crescent Powertec Limited	80,000	-	80,000	0.34
The Crescent Textile Mills Limited	8,671	2,738,487	2,747,158	11.56
Crescent Group (Pvt) Ltd	79	-	79	-
	<b>88,750</b>	<b>2,738,487</b>	<b>2,827,237</b>	<b>11.90</b>
<b>NIT &amp; ICP (Name Wise Detail)</b>				
National Bank of Pakistan - Trustee Wing	2,656	-	2,656	0.01
	<b>2,656</b>	<b>-</b>	<b>2,656</b>	<b>0.01</b>
<b>Mutual Funds (Name Wise Detail)</b>				
NBP - Trustee Department NI(U)T Fund	-	1,488,718	1,488,718	6.26
	-	<b>1,488,718</b>	<b>1,488,718</b>	<b>6.26</b>
<b>Banks, NBFCs, DFIs, Takaful, Pension Funds</b>	<b>1,127,029</b>	<b>411,949</b>	<b>1,538,978</b>	<b>6.48</b>
<b>Modarabas</b>	<b>58,953</b>	<b>-</b>	<b>58,953</b>	<b>0.25</b>
<b>Insurance Companies</b>	<b>340,269</b>	<b>157,314</b>	<b>497,583</b>	<b>2.09</b>
<b>Other Companies, Corporate Bodies, Trust etc.</b>	<b>2,555,607</b>	<b>259,149</b>	<b>2,814,756</b>	<b>11.85</b>
<b>General Public (Local)</b>	<b>5,405,406</b>	<b>3,082,564</b>	<b>8,487,970</b>	<b>35.72</b>
	<b>15,625,287</b>	<b>8,138,181</b>	<b>23,763,468</b>	<b>100.00</b>

Shareholders More Than 5.00%	Physical	CDC	Total	% age
Mr. Khurram Mazhar Karim			2,998,654	12.62
Mr. Humayun Mazhar			2,986,167	12.57
Mr. Mazhar Karim			2,954,902	12.43
The Crescent Textile Mills Limited			2,747,158	11.56
Jubilee Spinning & Weaving Mills Limited			1,716,683	7.22
NBP - Trustee Department NI(U)T Fund			1,488,718	6.26



## CRESCENT JUTE PRODUCTS LIMITED

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### STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (CCG) as contained in the Listing Regulations of the Stock Exchanges of Pakistan for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors (The Board). At present the board includes:

#### **Independent Director**

- i) Syed Raza Abbas Jaffery

#### **Executive Directors**

- i) Mr. Humayun Mazhar
- ii) Mr. Khurram Mazhar Karim
- iii) Mr. Saif Ullah

#### **Non-Executive Directors**

- i) Mr. Ahmad Rashid Muhammad Hanif
- ii) Mr. Qamar Nawaz Qureshi
- iii) Mr. Shafiq Anwar

The independent director meets the criteria of independence under clause i (b) of the CCG.

2. The Directors have confirmed that none of them is serving as a Director in more than seven listed companies, including this Company.
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or being a member of a Stock Exchange has been declared as a defaulter by that stock exchange.
4. No casual vacancy has occurred in the Board during the year ended 30 June 2013.
5. The Company has prepared a 'Code of Conduct', and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies alongwith the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive and non-executive directors, have been taken by the Board.
8. All the meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board met once in each quarter during the year ended 30 June 2013 including once in every quarter to approve the financial statements of the Company. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days prior to the meetings. The minutes of the meetings were appropriately recorded and circulated in time.
9. The Directors were apprised about the changes in the CCG, applicable laws and their duties and responsibilities to effectively manage the affairs of the Company for and on behalf of the shareholders. The Directors of the Company having 15 years of experience on the board of the listed Company are exempted from the requirement of Directors training program. All the board members except two directors qualify for



## Annual Report 2013

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exemption under this provision of the CCG. One of the Director has attended the training programme during the year.

10. The Board has approved appointment of CFO/Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment, as recommended by the CEO.
11. The Directors' Report for the year ended 30 June 2013 has been prepared in compliance with the requirements of the CCG and it fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by the CEO and CFO before approval by the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company, other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of three members, two of whom are non-executive directors including the Chairman of the Committee. Composition of the Audit Committee will be made in line with requirements of CCG at the time of next election of directors in accordance with the 'Implementation deadlines of Code of Corporate Governance 2012'.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been framed and advised to the Committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises 3 members, of whom two are non-executive directors and the chairman of the committee is a non-executive director.
18. The Board has set-up an effective internal audit function.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the Auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principles enshrined in the CCG have been complied with except for the requirements pertaining to change in composition of some of the committees of Board of Directors which will be made in line with requirements of CCG at the time of next election of directors in accordance with the 'Implementation deadlines of Code of Corporate Governance 2012'.

### **By Order of the Board.**

**(Humayun Mazhar)**

**Chief Executive Officer**

**Date: September 30, 2013.**



**CRESCENT JUTE PRODUCTS LIMITED**

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**REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE  
WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **CRESCENT JUTE PRODUCTS LIMITED** ("the Company") for the year ended 30 June 2013, to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June 2013.

**Riaz Ahmad & Company**  
Chartered Accountants

Name of engagement partner:  
Liaqat Ali Panwar

**Faisalabad: September 30, 2013.**



## **AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of **CRESCENT JUTE PRODUCTS LIMITED** as at 30 June 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
  - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 June 2013 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).



**CRESCENT JUTE PRODUCTS LIMITED**

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We draw attention to Note No. 1.1 to the financial statements, which states that these financial statements have been prepared on the basis of estimated realizable / settlement values of assets and liabilities respectively in addition to historical cost convention as the Company is no longer a going concern for the reasons stated in the aforesaid note. Our report is not qualified in respect of this matter.

**Riaz Ahmad & Company**  
Chartered Accountants

Name of engagement partner:  
Liaqat Ali Panwar

**Faisalabad:** September 30, 2013.

**CRESCENT JUTE PRODUCTS LTD.**

**Audited Financial Statements**  
**For the Year Ended June 30, 2013**





## CRESCENT JUTE PRODUCTS LIMITED

## BALANCE SHEET

	NOTE	2013		2012	
		Estimated settlement value	Book value	Estimated settlement value	Book value
		Rupees	Rupees	Rupees	Rupees
<b>EQUITY AND LIABILITIES</b>					
<b>SHARE CAPITAL AND RESERVES</b>					
<b>Authorized share capital</b>					
30 000 000 (2012: 30 000 000) ordinary shares of Rupees 10 each		<u>300,000,000</u>	<u>300,000,000</u>	<u>300,000,000</u>	<u>300,000,000</u>
<b>Issued, subscribed and paid up share capital</b>	3	237,634,680	237,634,680	237,634,680	237,634,680
Capital reserve	4	35,767,584	35,767,584	35,767,584	35,767,584
Accumulated loss		(707,753,254)	(707,753,254)	(649,796,687)	(649,796,687)
<b>Total equity</b>		<u>(434,350,990)</u>	<u>(434,350,990)</u>	<u>(376,394,423)</u>	<u>(376,394,423)</u>
Net surplus on estimated realizable / settlement values		286,304,547	-	294,996,766	-
<b>Surplus on revaluation of property, plant and equipment</b>					
<b>- net of deferred income tax</b>	5	-	250,767,314	-	255,372,044
Trade and other payables	6	53,053,888	53,053,888	13,379,494	13,379,494
Accrued mark-up		100,975,894	100,975,894	82,764,324	82,764,324
Borrowings	7	352,375,931	352,375,931	386,628,594	386,628,594
Deferred income tax liability	8	-	35,537,233	-	39,624,722
Provision for taxation		49,293	49,293	89,710	89,710
<b>CONTINGENCIES AND COMMITMENTS</b>					
	9				
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>358,408,563</u>	<u>358,408,563</u>	<u>401,464,465</u>	<u>401,464,465</u>

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

Humayun Mazhar  
Chief Executive Officer



## Annual Report 2013

as at 30 June, 2013

	NOTE	2013		2012	
		Estimated settlement value	Book value	Estimated settlement value	Book value
		Rupees	Rupees	Rupees	Rupees
<b>ASSETS</b>					
Cash and bank balances	10	6,921,860	6,921,860	4,137,098	4,137,098
Investments	11	1,463,130	1,463,130	749,124	749,124
Other receivables	12	5,690,883	5,690,883	7,926,802	7,926,802
Prepayments		28,170	28,170	148,882	148,882
Loans and advances	13	16,378,391	16,378,391	16,497,699	16,497,699
Trade debts	14	618,290	618,290	-	-
Stock-in-trade	15	14,822,476	14,822,476	47,409,909	47,409,909
Stores and spare parts	16	2,917,802	2,917,802	3,658,473	3,658,473
Security deposits		991,548	991,548	991,548	991,548
Property, plant and equipment	17	308,576,013	308,576,013	319,944,930	319,944,930
<b>TOTAL ASSETS</b>		<b>358,408,563</b>	<b>358,408,563</b>	<b>401,464,465</b>	<b>401,464,465</b>

Khurram Mazhar Karim  
Director


**CRESCENT JUTE PRODUCTS LIMITED**
**PROFIT AND LOSS ACCOUNT**

FOR THE YEAR ENDED JUNE 30, 2013

	NOTE	2013 RUPEES	2012 RUPEES
<b>SALES</b>	18	18,676,864	28,640,044
<b>COST OF SALES</b>	19	<u>(39,022,755)</u>	<u>(127,320,634)</u>
<b>GROSS LOSS</b>		(20,345,891)	(98,680,590)
<b>DISTRIBUTION COST</b>	20	<u>(127,550)</u>	<u>(1,800,990)</u>
<b>ADMINISTRATIVE EXPENSES</b>	21	<u>(35,274,704)</u>	<u>(46,700,832)</u>
<b>OTHER EXPENSES</b>	22	<u>(12,524,443)</u>	<u>(13,109,819)</u>
		<u>(47,926,697)</u>	<u>(61,611,641)</u>
		<u>(68,272,588)</u>	<u>(160,292,231)</u>
<b>OTHER INCOME</b>	23	25,598,300	3,873,806
<b>LOSS FROM OPERATIONS</b>		<u>(42,674,288)</u>	<u>(156,418,425)</u>
<b>FINANCE COST</b>	24	<u>(23,925,205)</u>	<u>(40,174,407)</u>
<b>LOSS BEFORE TAXATION</b>		<u>(66,599,493)</u>	<u>(196,592,832)</u>
<b>TAXATION</b>	25	2,906,061	5,134,642
<b>LOSS AFTER TAXATION</b>		<u><u>(63,693,432)</u></u>	<u><u>(191,458,190)</u></u>
<b>LOSS PER SHARE - BASIC AND DILUTED</b>	26	<u><u>(2.68)</u></u>	<u><u>(8.06)</u></u>

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

 Humayun Mazhar  
Chief Executive Officer

 Khurram Mazhar Karim  
Director



## Annual Report 2013

### STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2013

	2013 RUPEES	2012 RUPEES
LOSS AFTER TAXATION	(63,693,432)	(191,458,190)
OTHER COMPREHENSIVE INCOME	-	-
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>	<u><u>(63,693,432)</u></u>	<u><u>(191,458,190)</u></u>

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

Humayun Mazhar  
Chief Executive Officer

Khurram Mazhar Karim  
Director


**CRESCENT JUTE PRODUCTS LIMITED**
**CASH FLOW STATEMENT**

FOR THE YEAR ENDED JUNE 30, 2013

	NOTE	2013 RUPEES	2012 RUPEES
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	27	18,349,469	95,351,036
Finance cost paid		(3,088,944)	(20,859,643)
Income tax paid		(137,402)	(285,224)
<b>Net cash generated from operating activities</b>		15,123,123	74,206,169
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		935,000	690,600
Proceeds from disposal of investments		-	950,227
Dividend received		20,796	864
Capital expenditure on property, plant and equipment		(35,000)	-
<b>Net cash from investing activities</b>		920,796	1,641,691
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Borrowings - net		(13,259,157)	(79,433,195)
<b>Net cash used in financing activities</b>		(13,259,157)	(79,433,195)
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		2,784,762	(3,585,335)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		4,137,098	7,722,433
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 10)</b>		6,921,860	4,137,098

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

 Humayun Mazhar  
Chief Executive Officer

 Khurram Mazhar Karim  
Director

**Annual Report 2013**
**STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED JUNE 30, 2013

	SHARE CAPITAL	CAPITAL RESERVE	ACCUMULATED LOSS	TOTAL EQUITY
		Share Premium		
-----Rupees-----				
<b>Balance as at 30 June 2011</b>	237,634,680	35,767,584	(468,040,865)	(194,638,601)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	9,702,368	9,702,368
Loss for the year	-	-	(191,458,190)	(191,458,190)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year ended 30 June 2012	-	-	(191,458,190)	(191,458,190)
<b>Balance as at 30 June 2012</b>	237,634,680	35,767,584	(649,796,687)	(376,394,423)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	5,736,865	5,736,865
Loss for the year	-	-	(63,693,432)	(63,693,432)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year ended 30 June 2013	-	-	(63,693,432)	(63,693,432)
<b>Balance as at 30 June 2013</b>	237,634,680	35,767,584	(707,753,254)	(434,350,990)

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

 Humayun Mazhar  
 Chief Executive Officer

 Khurram Mazhar Karim  
 Director



## CRESCENT JUTE PRODUCTS LIMITED

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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

### 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 Ordinance, 1984) and listed on all stock exchanges in Pakistan. Its registered office is situated at 306, 3rd Floor, Siddiq Trade Centre, Gulberg, Lahore. The Company is engaged in manufacturing and sale of jute products including jute bags.

#### 1.1 Going concern assumption

During the year ended 30 June 2013, the Company has incurred loss after taxation of Rupees 63.693 million. The Company has suffered accumulated losses of Rupees 707.753 million as on 30 June 2013 which has turned equity into negative balance of Rupees 434.351 million. 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 has decided to dispose of the property, plant and equipment of the Company.

Keeping in view the above factors the management of the Company decided to prepare these financial statements on the basis of estimated realizable / settlement values of the assets and liabilities respectively in addition to historical cost convention. All assets and liabilities in these financial statements have been presented in order of liquidity.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

#### 2.1 Basis of preparation

##### a) Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

##### b) Accounting convention

Keeping in view the fact that the Company may not be able to continue as going concern, these financial statements are prepared on the basis of realizable / settlement values of assets and liabilities respectively. In realizable / settlement value basis, assets are carried at amount of cash

## Annual Report 2013

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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. Realizable / settlement values of assets and liabilities respectively as disclosed in the balance sheet are based on the management's best estimate.

In addition to the accounting convention of realizable / settlement values of assets and liabilities, these financial statements have also been prepared under the historical cost convention except for certain operating fixed assets which are carried at revalued amounts and certain financial instruments which are carried at fair value. Accounting policies of this accounting convention are disclosed, in detail, in Notes 2.2 to 2.15 to these financial statements.

### c) **Critical accounting estimates and judgments**

The preparation of 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 expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- i. Realizable / settlement values of assets and liabilities respectively
- ii. Useful lives, patterns of economic benefits and impairments
- iii. Taxation
- iv. Provision for doubtful debts
- v. Inventories

### d) **Amendments to published approved standards that are effective in current year and are relevant to the Company**

Following amendments to published approved standards are mandatory for the Company's accounting periods beginning on or after 01 July 2012:

IAS 1 (Amendments), 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 July 2012). The main change resulting from these amendments is a requirement for entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments does not address which items are presented in OCI. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.



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**CRESCENT JUTE PRODUCTS LIMITED**

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**e) Amendments to published approved standards that are effective in current year but not relevant to the Company**

There are other amendments to the published approved standards that are mandatory for accounting periods beginning on or after 01 July 2012 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

**f) Standards and amendments to published approved standards that are not yet effective but relevant to the company**

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2013 or later periods:

IFRS 7 (Amendment), 'Financial Instruments: Disclosures' (effective for annual periods beginning on or after 01 January 2013). The International Accounting Standards Board (IASB) has amended the accounting requirements and disclosures related to offsetting of financial assets and financial liabilities by issuing amendments to IAS 32 'Financial Instruments: Presentation' and IFRS 7. These amendments are the result of IASB and US Financial Accounting Board undertaking a joint project to address the differences in their respective accounting standards regarding offsetting of financial instruments. The clarifying amendments to IAS 32 are effective for annual periods beginning on or after 01 January 2014. However, these amendments are not expected to have a material impact on the Company's financial statements.

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2015). It addresses the classification, measurement and recognition of financial assets and financial liabilities. This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that shall replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortized-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change shall mainly affect financial institutions. There shall be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss, and the Company does not have any such liabilities.

IFRS 13 'Fair value Measurement' (effective for annual periods beginning on or after 01 January 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements

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for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard is not expected to have a material impact on the Company's financial statements.

IAS 36 (Amendments) 'Impairment of Assets' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made in IAS 36 to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. However, the amendments are not expected to have a material impact on the Company's financial statements.

On 17 May 2012, IASB issued Annual Improvements to IFRSs: 2009 – 2011 Cycle, incorporating amendments to five IFRSs more specifically in IAS 1 'Presentation of Financial Statements' and IAS 32 'Financial Instruments: Presentation', that are considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 January 2013. These amendments are unlikely to have a significant impact on the Company's financial statements and have therefore not been analyzed in detail.

### **g) Standards, interpretations and amendments to published approved standards that are not yet effective and not considered relevant to the Company**

There are other standards, amendments to published approved standards and new interpretations that are mandatory for accounting periods beginning on or after 01 July 2013 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

## **2.2 Employees' retirement benefits**

The Company curtailed its employees' retirement benefit scheme effective from 01 November 2002. Since February 2003, the Company started hiring of employees on contractual basis. Now, the contract of service is renewable at the option of the Company.

## **2.3 Taxation**

### **Current**

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

### **Deferred**

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary

## CRESCENT JUTE PRODUCTS LIMITED

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differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

### 2.4 Foreign currencies

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, while the transactions in foreign currencies during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are recorded in the profit and loss account.

### 2.5 Property, plant, equipment and depreciation

All operating fixed assets are stated at cost less accumulated depreciation and any identified impairment loss, except those subject to revaluation which are stated at revalued amount less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount less any identified impairment loss. Cost of operating fixed assets consists of purchase cost, borrowing cost pertaining to the construction / erection period of qualifying assets and other directly attributable cost of bringing the assets to working condition.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss account during the period in which they are incurred.

Increase in the carrying amount arising on revaluation of property, plant and equipment are credited to surplus on revaluation of property, plant and equipment. Decreases that offset previous increases of the same assets are charged against this surplus, all other decreases are charged to income. Each year the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the income) and depreciation based on the assets' original cost is transferred from surplus on revaluation of property, plant and equipment to unappropriated profit / (accumulated loss). All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred taxation.

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### **Depreciation**

Depreciation on property, plant and equipment is charged to profit and loss account applying the reducing balance method at the rates given in Note 17 except for computers which are depreciated on the straight line method at the rate of 33.33 percent per annum to write off the cost / depreciable amount of the assets over their estimated useful lives. The Company charges the depreciation on additions from the month when the asset is available for use and no depreciation is charged in the month of disposal. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

### **Capital work-in-progress**

Capital work-in-progress is stated at cost less identified impairment losses and is transferred to the operating fixed assets as and when asset is available for use.

### **De-recognition**

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit and loss account in the year the asset is de-recognized.

## **2.6 Investments**

Classification of an investment is made on the basis of intended purpose for holding such investment. Management determines the appropriate classification of its investments at the time of purchase.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for "Investments at fair value through profit or loss" which is measured initially at fair value.

The Company assesses at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the Company applies the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' to all investments.

### **a) Investments at fair value through profit or loss**

Investment classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if these are acquired for the purpose of selling in the short term. Gains or losses on investments held-for-trading are recognized in profit and loss account.

### **b) Held to maturity**

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held to maturity are subsequently measured

**CRESCENT JUTE PRODUCTS LIMITED**

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at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognized in profit and loss account when the investments are de-recognized or impaired, as well as through the amortization process.

**c) Available for sale**

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available-for-sale. After initial recognition, investments which are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognized directly in statement of other comprehensive income until the investment is sold, de-recognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in statement of other comprehensive income is included in profit and loss account. These are sub-categorized as under:

**Quoted**

For investments that are actively traded in organized capital markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the balance sheet date.

**Unquoted**

The investments that do not have a quoted market price in an active market and whose fair value can not be reliably measured, subsequent to initial recognition are carried at cost less any identified impairment loss.

**2.7 Inventories**

Inventories, except for stock in transit and waste materials, are stated at lower of cost and net realizable value. Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale. Cost is determined as follows:

**Stores and spare parts**

Usable stores and spare parts are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items-in-transit are stated at invoice amount plus other charges paid thereon.

**Stock-in-trade**

Stock of raw materials, except for stock-in-transit, is valued principally at the lower of weighted average cost and net realizable value.

Stock-in-transit is valued at cost comprising invoice value plus other charges paid thereon.

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Cost of work-in-process and finished goods comprises of cost of direct materials, labour and appropriate manufacturing overheads.

Stock of waste materials is stated at net realizable value.

### 2.8 Borrowing cost

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method.

### 2.9 Revenue recognition

Revenue from different sources is recognized as under:

- Revenue from sale of goods is recognized on dispatch of goods to customers.
- Dividend on equity investments is recognized when right to receive the dividend is established.
- Profit on deposits with banks is recognized on time proportion basis taking into account the amounts outstanding and rates applicable thereon.

### 2.10 Financial instruments

Financial instruments carried on the balance sheet include investments, deposits, loans and advances, trade debits, other receivables, cash and bank balances, borrowings, accrued mark-up and trade and other payables etc. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for “financial instruments at fair value through profit or loss” which are initially measured at fair value.

Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available-for-sale investments) and de-recognition is charged to the profit or loss currently. The particular measurement methods adopted are disclosed in the following individual policy statements associated with each item and in the accounting policy of investments.

#### a) Trade and other receivables

Trade debts and other receivables are carried at original invoice value less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

#### b) Borrowings

Borrowings are recognized initially at the proceeds received and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in



## CRESCENT JUTE PRODUCTS LIMITED

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the profit and loss account over the period of the borrowings using the effective interest method.

### c) **Trade and other payables**

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

### **2.11 Provisions**

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made.

### **2.12 Impairment**

The carrying amounts of assets are reviewed at each balance sheet date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amounts. The resulting impairment loss is taken to the profit and loss account except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

### **2.13 Off setting**

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

### **2.14 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

### **2.15 Dividend and other appropriations**

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are approved and other appropriations are recognized in the period in which these are approved by the Board of Directors.



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### 3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2013 (NUMBER OF SHARES)	2012 (NUMBER OF SHARES)		2013 RUPEES	2012 RUPEES
15 723 741	15 723 741	Ordinary shares of Rupees 10 each fully paid in cash	157,237,410	157,237,410
8 039 727	8 039 727	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	80,397,270	80,397,270
<u>23 763 468</u>	<u>23 763 468</u>		<u>237,634,680</u>	<u>237,634,680</u>

#### 3.1 Ordinary shares of the Company held by the associated companies:

	2013 (NUMBER OF SHARES)	2012 (NUMBER OF SHARES)
Crescent Powertec Limited	80 000	80 000
The Crescent Textile Mills Limited	2 747 158	2 747 158
	<u>2 827 158</u>	<u>2 827 158</u>
	2013 RUPEES	2012 RUPEES

### 4. CAPITAL RESERVES

Share premium (Note 4.1)	<u>35,767,584</u>	<u>35,767,584</u>
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- 4.1 This reserve can be utilized by the Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.




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	2013 RUPEES	2012 RUPEES
<b>5. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF DEFERRED INCOME TAX</b>		
Surplus on revaluation of property, plant and equipment as at 01 July	255,372,044	492,658,145
<b>Add:</b> Surplus on revaluation of freehold land	-	11,109,350
Adjustment of change in deferred tax rate	1,132,135	-
	256,504,179	503,767,495
<b>Less:</b>		
Decrease in surplus on revaluation of building, plant and machinery - net of deferred income tax	-	238,693,083
Transferred to accumulated loss in respect of incremental depreciation charged during the year - net of deferred income tax	5,736,865	9,702,368
	5,736,865	248,395,451
	250,767,314	255,372,044

**5.1** Freehold land, building thereon, plant and machinery of the Company was revalued by an independent valuer, Messrs Saleem Engineers on 28 September 2011. Previously these assets were revalued by independent valuers on 30 June 1996, 30 June 2005, 31 December 2007 and 28 June 2010.

**6. TRADE AND OTHER PAYABLES**

Creditors (Note 6.1)	7,248,506	7,986,084
Accrued liabilities	4,467,768	4,799,135
Unclaimed dividend	337,312	337,312
Advance against sale of land	40,800,000	-
Income tax deducted at source	200,302	256,963
	53,053,888	13,379,494

**6.1** This includes Rupees Nil (2012: Rupees 46,801) due to The Crescent Textile Mills Limited, an associated company.



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	2013 RUPEES	2012 RUPEES
<b>7. BORROWINGS</b>		
<b>From banking companies and financial institutions - secured</b>		
The Bank of Punjab (Note 7.1)	95,382,685	91,909,391
National Bank of Pakistan (Note 7.2)	-	44,012,819
Crescent Standard Modaraba (Note 7.3)	33,810,398	33,810,398
<b>Unsecured</b>		
Innovative Investment Bank Limited (Note 7.4)	18,083,326	18,083,326
Loans from directors and sponsors (Note 7.5)	103,960,807	97,673,945
Crescent Jute Mills Limited (Note 7.6)	55,138,715	55,138,715
Crescent Foundation (Note 7.7)	46,000,000	46,000,000
	352,375,931	386,628,594

**7.1** This includes cash finance, FIM-180 days and FE-25 obtained from The Bank of Punjab. Cash finance was provided under mark-up arrangement at the rate of average 3 months KIBOR plus 3 percent per annum (2012: Average 3 months KIBOR plus 3 percent per annum) with no floor or cap. The rate of mark-up for cash finance ranges from 12.28 percent to 14.95 percent per annum (2012: 14.91 percent to 16.54 percent per annum). The rate of mark-up for FIM-180 days and FE-25 ranges from 6.45 percent to 16.52 percent (2012: 6.45 percent to 16.52 percent). These finances were secured against effective pledge of finished goods with 25% margin and first pari passu charge over present and future fixed assets (including land, building, plant and machinery) for Rupees 300 million through registered mortgage, first pari passu charge over present and future current assets for Rupees 293.340 million, pledge of shares owned by Company and sponsors / directors of various companies keeping 30 percent margin, effective pledge of raw jute at invoice value and personal guarantee of the directors of the Company. 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 against the Company for the recovery of principal amount and accrued mark-up of these facilities.

**7.2** This includes cash finance and FE-25 obtained from National Bank of Pakistan. Cash finance was provided under mark-up arrangement at the rate of average 3 months KIBOR plus 3 percent per annum (2012: Average 3 months KIBOR plus 3 percent per annum). The rate of mark-up ranges from 12.31 percent to 14.99 percent per annum (2012: 14.91 percent to 16.54 percent per annum). The rate of mark-up for FE-25 ranges from 3.45 percent to 5.40 percent (2012: 3.45 percent to 5.40 percent). These finances were secured against first pari passu charge on fixed and current assets of the Company aggregating to Rupees 200 million, pledge of imported raw jute, assignment of receivables



## CRESCENT JUTE PRODUCTS LIMITED

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of the Company in favour of the bank and personal guarantee of the sponsoring directors of the Company. These finances have been repaid during the year.

- 7.3** This facility was obtained from Crescent Standard Modaraba (CSM) which was repayable upto 30 June 2012, but the Company could not pay the balance uptill the expiry of the prescribed date. This facility was secured with demand promissory notes of Rupees 49.500 million, pledge of stocks of raw jute and hessian cloth and in case of default carried mark-up at the rate of 18% per annum (2012: 18% per annum) on the outstanding balance. As per agreement, CSM agreed to waive off mark up on default amounting to Rupees 15.290 million subject to liquidation of entire murabaha facility by 30 June 2012. However as the Company failed to pay the entire facility uptill agreed date, the waiver of the above mentioned mark-up was withdrawn by CSM.

CSM has 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 of by CSM.

- 7.4** This represents interest free loan obtained from Innovative Investment Bank Limited with sixty equal monthly installments commenced on 01 January 2009 and ending on 01 December 2013. According to the loan agreement, in case the Company fails to pay any one of the installment, the entire outstanding amount on that date would be reinstated and immediately fell due carrying mark-up at the rate of 14 percent per annum. Due to non-payment of installments since last two years, entire outstanding amount of the loan has become immediately due.
- 7.5** This represents interest free loans obtained from director / sponsors of the Company repayable on demand. This also includes Rupees 14.791 million (2012: Rupees 16.171 million) payable to the Chief Executive Officer (CEO) of the Company on account of Company's day to day transactions as all payments of expenses were dealt through the CEO's bank account due to the closure of the bank accounts of the Company from 06 February 2012 to 17 May 2013 by the notice of FBR as mentioned in Note 10.1.
- 7.6** This represents interest free loan obtained from Crescent Jute Mills Limited (CJML) with whom the Company had approved the scheme of merger in the annual general meeting held on 31 October 2005. The time limit allowed in the scheme of merger has lapsed on 01 January 2008, and no agreement for further period has been executed by the Company with CJML. However, CJML showed its interest to convert this loan into equity on 28 November 2008. But the matter is still pending on behalf of the Company.
- 7.7** This represents loan obtained from Crescent Foundation. It carries mark up at the rate of 12 percent per annum (2012: 12 percent per annum).



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	2013 RUPEES	2012 RUPEES
<b>8. DEFERRED INCOME TAX LIABILITY</b>		
Opening balance	39,624,722	173,376,118
<b>Less:</b>		
Adjustment of deferred income tax liability related to decrease in surplus on revaluation	-	128,527,044
Adjustment of change in deferred tax rate	1,132,135	-
Deferred income tax liability on incremental depreciation charge during the year transferred to profit and loss account	2,955,354	5,224,352
	4,087,489	133,751,396
	<u>35,537,233</u>	<u>39,624,722</u>

The Company has accumulated tax losses of Rupees 542.152 million including unabsorbed depreciation as at 30 June 2013 (2012: Rupees 529.088 million). The related deferred income tax asset amounting to Rupees 145.207 (2012: Rupees 141.808 million) has not been recognized in these financial statements as sufficient tax profits would not be probably available to set off these in the foreseeable future.

## 9. CONTINGENCIES AND COMMITMENTS

### a) Contingencies

- i) The Commissioner Inland Revenue raised demand for sales tax amounting to Rupees 37.699 million (2012: Rupees 37.699 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 which were decided against the Company. Now the Company has filed an appeal in Supreme Court of Pakistan against the decision of Lahore High Court. Moreover, the Company also approached 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 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) Bank guarantee of Rupees 4.043 million (2012: Rupees 4.043 million) has been given to Sui Northern Gas Pipelines Limited against gas connection.

### b) Commitments

There was no capital or other commitment of the Company as at 30 June 2013 (2012: Nil).


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	2013 RUPEES	2012 RUPEES
<b>10. CASH AND BANK BALANCES</b>		
<b>With banks:</b>		
On current accounts (Note 10.1)	2,363,178	45,930
Term deposit (Note 10.2)	4,440,000	4,042,954
On PLS saving accounts (Note 10.3)	68,444	4,419
	6,871,622	4,093,303
<b>Cash in hand</b>	50,238	43,795
	6,921,860	4,137,098
<b>10.1</b>	All bank accounts of the Company were seized in accordance with section 48(1)(ca) of Sales Tax Act, 1990 by Federal Board of Revenue (FBR) vide Notice No. ST/C&E/471/2002/115 dated 06 February 2012 due to outstanding dues of sales tax. However, the above mentioned notice was withdrawn by FBR vide letter no. Notice No. ST/C&E/471/2012/2853 dated 17 May 2013.	
<b>10.2</b>	This represents deposit with banking company and carry rate of profit of 8.10% (2012: 11.00%) per annum.	
<b>10.3</b>	Rate of profit on PLS saving account is 5.00% (2012: 5.00%) per annum.	
<b>11. INVESTMENTS</b>		
<b>Available for sale</b>		
<b>Associated Company:</b>		
<b>Un-quoted</b>		
<b>Crescent Group (Private) Limited</b>		
	220 000 (2012: 220 000) fully paid ordinary shares of Rupees 10 each (Note 11.1)	
	Equity held: 1.03% (2012: 1.03%)	
	-	-
<b>Others:</b>		
<b>Un-quoted</b>		
<b>Crescent Modaraba Management Company Limited</b>		
	100 000 (2012: 100 000) fully paid ordinary shares of Rupees 10 each	
	Equity held: 5.45% (2012: 5.45%)	
	134,500	134,500



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	2013 RUPEES	2012 RUPEES
<b>Investments at fair value through profit or loss</b>		
<b>Quoted - Others:</b>		
<b>Shakarganj Mills Limited</b>		
33 440 (2012: 33 440) fully paid ordinary shares of Rupees 10 each		
Equity held: 0.05% (2012: 0.05%)	430,707	212,010
<b>Crescent Fibres Limited</b>		
17 499 (2012: 17 499) fully paid ordinary shares of Rupees 10 each		
Equity held: 0.14% (2012: 0.14%)	148,742	226,612
<b>Shahzad Textile Mills Limited</b>		
60 (2012: 60) fully paid ordinary shares of Rupees 10 each	300	420
<b>Thal Limited</b>		
412 (2012: 375) fully paid ordinary shares of Rupees 10 each	34,875	26,364
	614,624	465,406
Net unrealized gain on remeasurement of investments	714,006	149,218
	1,328,630	614,624
	<u>1,463,130</u>	<u>749,124</u>
<b>11.1</b>	Full amount of impairment has been provided against investment in Crescent Group (Private) Limited.	
<b>12. OTHER RECEIVABLES</b>		
<b>Considered good:</b>		
Sales tax refundable	5,690,883	5,643,186
Due from related parties	-	1,757,037
Others	-	526,579
	<u>5,690,883</u>	<u>7,926,802</u>
<b>13. LOANS AND ADVANCES</b>		
<b>Considered good:</b>		
Employees - interest free (Note 13.1)	102,405	269,405
Income tax	16,275,986	16,228,294
	<u>16,378,391</u>	<u>16,497,699</u>


**CRESCENT JUTE PRODUCTS LIMITED**

	<b>2013 RUPEES</b>	<b>2012 RUPEES</b>
<b>Considered doubtful:</b>		
Advances to employees / suppliers	1,191,667	1,191,667
Provision for doubtful debts	(1,191,667)	(1,191,667)
As at 30 June	-	-
	<u>16,378,391</u>	<u>16,497,699</u>
<b>13.1</b>	These represent loans given to employees against their salaries. All loans are recoverable in equal monthly installments.	
<b>14. TRADE DEBTS</b>		
<b>Considered good:</b>		
Un-secured (Note 14.1)	618,290	-
<b>14.1</b>	As at 30 June 2013, all trade debts were past due but not impaired. These relate to an independent customer from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:	
1 to 6 months	618,290	-
<b>15. STOCK-IN-TRADE</b>		
Raw materials	14,521,779	14,521,779
Work-in-process	5,274,165	6,634,619
Finished goods	4,707,718	28,428,028
Waste	-	3,750
	<u>24,503,662</u>	<u>49,588,176</u>
Less: Provisions for obsolescence (Note 15.3)	9,681,186	2,178,267
	<u>14,822,476</u>	<u>47,409,909</u>
<b>15.1</b>	Stock-in-trade of Rupees 9.982 million (2012: Rupees 35.066 million) is being carried at net realizable value.	
<b>15.2</b>	The aggregate amount of write-down of inventories to net realizable value recognized as expense during the year was Rupees 4.139 million (2012: Rupees 68.730 million).	
<b>15.3 Provision for obsolescence</b>		
Balance as on 01 July	2,178,267	-
Add: Provision made during the year (Note 22)	7,502,919	2,178,267
Balance as on 30 June	<u>9,681,186</u>	<u>2,178,267</u>

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	2013 RUPEES	2012 RUPEES
<b>16. STORES AND SPARE PARTS</b>		
Stores	313,445	318,826
Spare parts	5,945,154	5,950,213
	<u>6,258,599</u>	<u>6,269,039</u>
Less: Provision for obsolete store items (Note 16.1)	3,340,796	2,610,566
	<u><u>2,917,803</u></u>	<u><u>3,658,473</u></u>
<b>16.1 Provision for obsolete items</b>		
Balance as on 01 July	2,610,566	458,847
Add: Provision made during the year (Note 22)	730,230	2,151,719
Balance as on 30 June	<u><u>3,340,796</u></u>	<u><u>2,610,566</u></u>

## 17. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings on freehold land	Plant and machinery	Electric installations	Furniture and fittings	Computers	Vehicles	Non-operating looms	Total
RUPEES									
<b>At 30 June 2011</b>									
Cost / revalued amount	170,776,650	426,390,292	286,857,522	298,363	21,772,076	6,249,191	10,964,770	1,497,611	924,806,475
Accumulated depreciation	-	(118,371,241)	(82,969,140)	(236,934)	(15,904,132)	(6,074,069)	(5,627,480)	(1,497,611)	(230,680,607)
Net book value	<u>170,776,650</u>	<u>308,019,051</u>	<u>203,888,382</u>	<u>61,429</u>	<u>5,867,944</u>	<u>175,122</u>	<u>5,337,290</u>	<u>-</u>	<u>694,125,868</u>
<b>Year ended 30 June 2012</b>									
Opening net book value	170,776,650	308,019,051	203,888,382	61,429	5,867,944	175,122	5,337,290	-	694,125,868
Effect of revaluation as at 28 September 2011	11,109,350	-	-	-	-	-	-	-	11,109,350
Decrease in revaluation:									
Revalued amount	-	(383,045,951)	(125,755,302)	-	-	-	-	-	(508,801,253)
Accumulated depreciation	-	108,838,139	32,742,987	-	-	-	-	-	141,581,126
	-	(274,207,812)	(93,012,315)	-	-	-	-	-	(367,220,127)
Disposals:									
Cost	-	-	-	-	(433,729)	-	(1,247,000)	-	(1,680,729)
Accumulated depreciation	-	-	-	-	351,996	-	926,309	-	1,278,305
	-	-	-	-	(81,733)	-	(320,691)	-	(402,424)
Depreciation charge	-	(4,974,209)	(11,181,170)	(6,143)	(582,904)	(96,033)	(827,278)	-	(17,667,737)
Closing net book value	<u>181,886,000</u>	<u>28,837,030</u>	<u>99,694,897</u>	<u>55,286</u>	<u>5,203,307</u>	<u>79,089</u>	<u>4,189,321</u>	<u>-</u>	<u>319,944,930</u>
<b>At 30 June 2012</b>									
Cost / revalued amount	181,886,000	43,344,341	161,102,220	298,363	21,338,347	6,249,191	9,717,770	1,497,611	425,433,843
Accumulated depreciation	-	(14,507,311)	(61,407,323)	(243,077)	(16,135,040)	(6,170,102)	(5,528,449)	(1,497,611)	(105,488,913)
Net book value	<u>181,886,000</u>	<u>28,837,030</u>	<u>99,694,897</u>	<u>55,286</u>	<u>5,203,307</u>	<u>79,089</u>	<u>4,189,321</u>	<u>-</u>	<u>319,944,930</u>
<b>Year ended 30 June 2013</b>									
Opening net book value	181,886,000	28,837,030	99,694,897	55,286	5,203,307	79,089	4,189,321	-	319,944,930
Additions	-	-	-	-	-	35,000	-	-	35,000
Disposals:									
Cost	-	-	-	-	-	-	(1,679,000)	-	(1,679,000)
Accumulated depreciation	-	-	-	-	-	-	1,288,515	-	1,288,515
	-	-	-	-	-	-	(390,485)	-	(390,485)
Depreciation charge	-	(1,441,852)	(8,358,467)	(5,529)	(520,330)	(71,124)	(616,130)	-	(11,013,432)
Closing net book value	<u>181,886,000</u>	<u>27,395,178</u>	<u>91,336,430</u>	<u>49,757</u>	<u>4,682,977</u>	<u>42,965</u>	<u>3,182,706</u>	<u>-</u>	<u>308,576,013</u>
<b>At 30 June 2013</b>									
Cost / revalued amount	181,886,000	43,344,341	161,102,220	298,363	21,338,347	6,284,191	8,038,770	1,497,611	423,789,843
Accumulated depreciation	-	(15,949,163)	(69,765,790)	(248,606)	(16,655,370)	(6,241,226)	(4,856,064)	(1,497,611)	(115,213,830)
Net book value	<u>181,886,000</u>	<u>27,395,178</u>	<u>91,336,430</u>	<u>49,757</u>	<u>4,682,977</u>	<u>42,965</u>	<u>3,182,706</u>	<u>-</u>	<u>308,576,013</u>
Annual rate of depreciation (%)	-	5	10	10	10	33.33	20	-	-





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17.1 Had there been no revaluation, the cost, accumulated depreciation and book value of the revalued assets as at 30 June 2013 would have been as follows:

	Cost	Accumulated depreciation	Book value
	----- RUPEES -----		
Freehold land	102,726	-	102,726
Buildings on freehold land	2,998,058	2,164,855	833,203
Plant and machinery	37,889,046	24,511,914	13,377,132

17.2 Depreciation charge for the year has been allocated as follows:

	2013 RUPEES	2012 RUPEES
Cost of sales (Note 19)	9,805,848	16,161,522
Administrative expenses (Note 21)	1,207,584	1,506,215
	<b>11,013,432</b>	<b>17,667,737</b>

17.3 The Bank of Punjab has first pari passu charge over land, building, plant and machinery of the Company for Rupees 300 Million through registered mortgage. As the borrowings from The Bank of Punjab have become overdue, the above mentioned fixed assets cannot be disposed of before the settlement of borrowings from the bank.

17.4 Detail of property, plant and equipment disposed of during the year is as follows:

Description	Quantity	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particulars of purchasers
	Nos	-----RUPEES-----						
<b>Vehicles</b>								
Toyota Altis LZW - 741	1	1,309,000	959,750	349,250	835,000	485,750	Negotiation	Mr. Irfan ul Haq, Sodewal Colony, Multan Road, Lahore.
Pick-up Van LHN - 9882	1	370,000	328,765	41,235	100,000	58,765	Negotiation	Mr. Muhammad Shahid, Street No. 3, Mustafaabad, Faisalabad.
		<b>1,679,000</b>	<b>1,288,515</b>	<b>390,485</b>	<b>935,000</b>	<b>544,515</b>		

17.5 Operating fixed assets having cost of Rupees 6.100 million (2012: Rupees 5.999 million) have been fully depreciated and are still in use of the Company.



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	2013 RUPEES	2012 RUPEES
<b>18. SALES</b>		
Export	-	4,125,600
Local (Note 18.1)	18,676,864	24,514,444
	<u>18,676,864</u>	<u>28,640,044</u>
<b>18.1 Local sales</b>		
Main products	18,665,987	25,503,053
Work-in-process	890,886	106,000
Waste	3,825	-
	<u>19,560,698</u>	<u>25,609,053</u>
Less: Sales tax	883,834	1,094,609
	<u>18,676,864</u>	<u>24,514,444</u>
<b>19. COST OF SALES</b>		
Salaries, wages and other benefits	2,146,113	3,810,804
Stores and spare parts consumed	10,440	182,127
Repair and maintenance	18,890	612,355
Fuel and power	1,501,080	4,603,556
Insurance	404,530	2,398,117
Other factory overheads	51,340	345,568
Depreciation (Note 17.2)	9,805,848	16,161,522
	<u>13,938,241</u>	<u>28,114,049</u>
<b>Work-in-process</b>		
Opening stock	6,634,619	71,246,631
Closing stock	(5,274,165)	(6,634,619)
	<u>1,360,454</u>	<u>64,612,012</u>
Cost of goods manufactured	15,298,695	92,726,061
<b>Finished goods</b>		
Opening stock	28,431,778	63,026,351
Closing stock	(4,707,718)	(28,431,778)
	<u>23,724,060</u>	<u>34,594,573</u>
	<u>39,022,755</u>	<u>127,320,634</u>


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	2013 RUPEES	2012 RUPEES
<b>20. DISTRIBUTION COST</b>		
Salaries, allowances and other benefits	-	1,100,504
Outward Freight and handling	127,550	416,681
Travelling and conveyance	-	7,636
Commission to selling agents	-	70,950
Vehicles' running	-	145,565
Entertainment	-	1,000
Postage and telephone	-	28,654
Printing and stationery	-	6,533
Others	-	23,467
	<u>127,550</u>	<u>1,800,990</u>
<b>21. ADMINISTRATIVE EXPENSES</b>		
Salaries, allowances and other benefits	22,960,493	26,557,468
Rent, rates and taxes	1,928,270	2,836,322
Legal and professional	3,141,130	3,637,145
Insurance	352,547	438,902
Travelling and conveyance	780,625	1,360,279
Vehicles' running	1,694,690	4,383,740
Entertainment	298,567	497,789
Auditors' remuneration (Note 21.1)	215,000	415,000
Advertisement	40,800	232,600
Postage and telephone	972,828	1,304,927
Electricity, gas and water	1,190,641	2,544,343
Printing and stationery	151,809	356,048
Repair and maintenance	72,321	381,773
Fee and subscription	37,129	84,831
Depreciation (Note 17.2)	1,207,584	1,506,215
Miscellaneous	230,270	163,450
	<u>35,274,704</u>	<u>46,700,832</u>
<b>21.1 Auditors' remuneration:</b>		
Audit fee	150,000	300,000
Half yearly review	50,000	80,000
Reimbursable expenses	15,000	35,000
	<u>215,000</u>	<u>415,000</u>
<b>22. OTHER EXPENSES</b>		
Exchange loss	3,473,294	7,939,118
Debit balances written off	2,000	278,492
Commission for sale of property, plant and equipment	816,000	-
Loss on disposal of investments	-	108,550
Provision for obsolete items of stores and spare parts (Note 15.3)	730,230	2,151,719
Provision for obsolescence of stock-in-trade (16.1)	7,502,919	2,178,267
Loss on disposal of stores and spare parts	-	453,673
	<u>12,524,443</u>	<u>13,109,819</u>



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	2013 RUPEES	2012 RUPEES
<b>23. OTHER INCOME</b>		
<b>Income from financial assets</b>		
Profit on deposits with banks	472,191	483,687
Dividend income on investments in other than associated companies	20,796	864
Net un-realized gain on re-measurement of investments at fair value through profit or loss	714,006	149,218
<b>Income from non-financial assets</b>		
Gain on sale of property, plant and equipment	544,515	288,176
Scrap sales	-	1,979,678
Credit balances written back (Note 23.1)	23,843,407	250,227
Others	3,385	721,956
	<u>24,391,307</u>	<u>3,240,037</u>
	<u>25,598,300</u>	<u>3,873,806</u>
<b>23.1</b>	This includes reversal of excess provision of mark-up and exchange loss amounting to Rupees 23.618 million related to financing obtained from bank as the final settlement has been made with the bank and the bank has given No Objection Certificate (NOC) regarding vacation of charge on the assets of the Company.	
<b>24. FINANCE COST</b>		
Mark-up on borrowings	23,577,173	35,750,084
Reversal of adjustment of amortization	-	3,816,220
Bank charges and commission	348,032	608,103
	<u>23,925,205</u>	<u>40,174,407</u>
<b>25. TAXATION</b>		
Current (Note 25.1)	(49,293)	(89,710)
Deferred (Note 8)	2,955,354	5,224,642
	<u>2,906,061</u>	<u>5,134,932</u>
<b>25.1</b>	Provision for current taxation represents the tax deducted on different heads of other income under the relevant provisions of the Income Tax Ordinance, 2001. The Company has not made provision for minimum tax under section 113 of the Income Tax Ordinance, 2001 as it has gross loss for the year before set off of depreciation and other inadmissible expenses under the Income Tax Ordinance, 2001. Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is not required in view of accumulated tax losses of the Company.	



## CRESCENT JUTE PRODUCTS LIMITED

### 26. LOSS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic loss per share which is based on:

	2013	2012
Loss for the year (Rupees)	(63,693,432)	(191,458,190)
Weighted average number of ordinary shares (Numbers)	23 763 468	23 763 468
Loss per share (Rupees)	(2.68)	(8.06)

### 27. CASH GENERATED FROM OPERATIONS

	2013 RUPEES	2012 RUPEES
<b>Loss before taxation</b>	(66,599,493)	(196,592,832)
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	11,013,432	17,667,737
Gain on sale of property, plant and equipment	(544,515)	(288,176)
Loss on disposal of investments	-	108,550
Credit balances written back	(23,843,407)	(250,227)
Debit balances written off	2,000	278,492
Net un-realized gain on re-measurement of investments at fair value through profit or loss	(714,006)	(149,218)
Dividend income	(20,796)	(864)
Provision for obsolete items of stores and spare parts	730,230	2,151,719
Provision for obsolescence of stock-in-trade	7,502,919	2,178,267
Finance cost	23,925,205	40,174,407
Working capital changes (Note 27.1)	66,897,900	230,073,181
	<u>18,349,469</u>	<u>95,351,036</u>

#### 27.1 Working capital changes

Decrease / (increase) in current assets:

- Stores and spare parts	10,441	2,442,028
- Stock in trade	25,084,514	99,206,585
- Trade debts	(618,290)	116,059,211
- Loans and advances	165,000	761,631
- Security deposits	-	13,487,251
- Prepayments	120,712	223,477
- Other receivables	2,235,919	2,235,955
	26,998,296	234,416,138
Increase / (decrease) in trade and other payables	39,899,604	(4,342,957)
	<u>66,897,900</u>	<u>230,073,181</u>

## 28. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these financial statements for remuneration including all benefits to Chief Executive Officer, Directors and Executives of the Company is as follows:

	Chief Executive Officer		Directors		Executives	
	2013	2012	2013	2012	2013	2012
	-----RUPEES-----					
<b>Managerial remuneration</b>	4,000,800	4,000,800	4,478,251	4,065,630	2,340,000	3,778,761
<b>Allowances</b>						
House rent	1,999,200	1,999,200	1,903,276	1,779,486	-	431,630
Medical	13,100	247,057	77,491	89,287	-	158,718
Utilities	-	964,509	74,626	503,284	594,021	1,091,341
Servant's salary	60,000	180,000	32,000	96,000	54,480	84,000
Others	58,400	126,723	67,031	168,518	28,856	109,695
	<b>6,131,500</b>	<b>7,518,289</b>	<b>6,632,675</b>	<b>6,702,205</b>	<b>3,017,357</b>	<b>5,654,145</b>

	2013	2012	2013	2012	2013	2012
<b>Number of persons</b>	1	1	2	2	1	4

**28.1** Aggregate amount charged in these financial statements for meeting fee to one director (2012: one director) was Rupees 5,000 (2012: Rupees 5,000).

**28.2** One of the Director is provided with free use of Company's maintained car with travelling expenditure amounting to Rupees 60,381 (2012: Rupees 193,835).

**28.3** No remuneration was paid to non-executive directors of the Company.



## CRESCENT JUTE PRODUCTS LIMITED

### 29. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise 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 with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2013 RUPEES	2012 RUPEES
<b>Associated companies</b>		
Service charges paid	653,430	1,201,860
Service charges received	1,936,953	698,250
<b>Directors</b>		
Loan received	7,667,515	27,170,110
Loan repaid	-	6,131,614
Company's expenses paid by CEO	39,664,709	16,171,287
Vehicle sold	-	280,000
Company's expenses reimbursed to CEO	41,045,362	-

### 30. NUMBER OF EMPLOYEES

	2013 (Number of Persons)	2012
Number of employees as on 30 June	57	64
Average number of employees during the year	57	75

### 31. PLANT CAPACITY AND ACTUAL PRODUCTION

The Company has ceased its production activities since May 2011.

### 32. FINANCIAL RISK MANAGEMENT

#### 32.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, investment of excess liquidity and use of non-derivative financial instruments.

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### (a) Market risk

#### (i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from United States Dollar (USD). The Company's exposure to currency risk was as follows:

	2013	2012
Borrowings - FE-25 - USD	755,064	977,924

Following exchange rate was applied during the year:

#### Rupees per US Dollar

Average rate	98.02	89.40
Reporting date rate	98.60	94.20

#### Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, with all other variables held constant, the impact on loss after taxation for the year would have been Rupees 3.722 million (2012: Rupees 4.606 million) higher / lower, mainly as a result of exchange loss / gain on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

#### (ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to commodity price risk.

#### Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Karachi Stock Exchange (KSE) Index on the Company's loss after taxation and on other comprehensive loss for the year. The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index:




**CRESCENT JUTE PRODUCTS LIMITED**

Index	Impact on loss after taxation		Impact on other comprehensive loss	
	2013 RUPEES	2012 RUPEES	2013 RUPEES	2012 RUPEES
KSE 100 (5% increase)	66,431	30,731	-	-
KSE 100 (5% decrease)	(66,431)	(30,731)	-	-

**(iii) Interest rate risk**

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no interest-bearing assets except for term deposit and bank balances in saving accounts. The Company's interest rate risk arises from borrowings, term deposit and bank balances in saving accounts. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

At the balance sheet date, the interest rate profile of the Company's interest bearing financial instruments was:

	2013 RUPEES	2012 RUPEES
<b>Fixed rate financial instruments:</b>		
<b>Financial liabilities</b>		
Borrowings	97,893,724	46,000,000
<b>Floating rate instruments:</b>		
<b>Financial assets</b>		
Term deposit	4,440,000	4,042,954
Bank balances- saving accounts	68,444	4,419
<b>Financial liabilities</b>		
Borrowings	95,382,685	135,922,210

**Fair value sensitivity analysis for fixed rate instruments**

The Company does not account for any fixed rate liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect loss of the Company.

**Cash flow sensitivity analysis for variable rate instruments**

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, loss after taxation for the year would have been Rupees 0.909 million (2012: Rupees 1.319 million) higher / lower, mainly as a result of higher / lower interest expense / income on floating rate financial instruments. This analysis is prepared assuming the amount of financial instruments outstanding at balance sheet date were outstanding for the whole year.



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### (b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2013 RUPEES	2012 RUPEES
Investments	1,463,130	749,124
Loans and advances	102,405	269,405
Deposits	991,548	991,548
Trade debts	618,290	-
Other receivables	-	2,283,616
Bank balances	6,871,622	4,093,303
	10,046,995	8,386,996

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating			2013 RUPEES	2012 RUPEES
	Short Term	Long term	Agency		
<b>Banks</b>					
MCB Bank Limited	A1+	AAA	PACRA	4,537,084	4,086,553
United Bank Limited	A-1+	AA+	JCR-VIS	50,477	2,447
National Bank of Pakistan	A-1+	AAA	JCR-VIS	1,952	1,534
Bank Alfalah Limited	A1+	AA	PACRA	2,991	2,632
The Bank of Punjab	A1+	AA-	PACRA	148	137
Dubai Islamic Bank Pakistan Limited	A-1	A	JCR-VIS	2,278,970	-
				6,871,622	4,093,303

### (c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

As at 30 June 2013, the Company had not any unavailed borrowing limits from financial institutions and Rupees 6.922 million (2012: Rupees 4.137 million) cash and bank balances. The management believes the liquidity risk to be high. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:



## CRESCENT JUTE PRODUCTS LIMITED

Contractual maturities of financial liabilities as at 30 June 2013:

	Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
----- RUPEES -----						
<b>Non-derivative financial liabilities:</b>						
Borrowings	352,375,931	363,859,746	363,859,746	-	-	-
Trade and other payables	12,053,586	12,053,586	12,053,586	-	-	-
Accrued markup	100,975,894	100,975,894	100,975,894	-	-	-
	<u>465,405,411</u>	<u>476,889,226</u>	<u>476,889,226</u>	<u>-</u>	<u>-</u>	<u>-</u>

Contractual maturities of financial liabilities as at 30 June 2012

	Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
----- RUPEES -----						
<b>Non-derivative financial liabilities:</b>						
Borrowings	386,628,594	400,910,027	352,150,027	48,760,000	-	-
Trade and other payables	13,122,531	13,122,531	13,122,531	-	-	-
Accrued markup	82,764,324	82,764,324	82,764,324	-	-	-
	<u>482,515,449</u>	<u>496,796,882</u>	<u>448,036,882</u>	<u>48,760,000</u>	<u>-</u>	<u>-</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 June. The rates of interest / mark up have been disclosed in Note 7 to these financial statements.

### 32.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped in to levels 1 to 3 based on the degree to which fair value is observable:

	Level 1	Level 2	Level 3	Total
----- RUPEES -----				
<b>As at 30 June 2013</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss	<u>1,328,630</u>	<u>-</u>	<u>-</u>	<u>1,328,630</u>
<b>As at 30 June 2012</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss	<u>614,624</u>	<u>-</u>	<u>-</u>	<u>614,624</u>

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial instruments held by the Company is the current bid price. These financial instruments are classified under level 1 in above referred table.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value a financial instrument are observable, those financial instruments are classified under level 2 in above referred table. The Company has no such type of financial instruments as on 30 June 2013.

If one or more of the significant inputs is not based on observable market data, the financial instrument is classified under level 3. The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

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### 32.3 Financial instruments by categories

	Loans and receivables	At fair value through profit or loss	Available for sale	Total
-----RUPEES-----				
<b>As at 30 June 2013</b>				
<b>Assets as per balance sheet</b>				
Investments	-	1,328,630	134,500	1,463,130
Loans and advances	102,405	-	-	102,405
Deposits	991,548	-	-	991,548
Trade debts	618,290	-	-	618,290
Cash and bank balances	6,921,860	-	-	6,921,860
	<u>8,634,103</u>	<u>1,328,630</u>	<u>134,500</u>	<u>10,097,233</u>
				<b>Financial liabilities at amortized cost</b>
				<b>RUPEES</b>
<b>Liabilities as per balance sheet</b>				
Borrowings				352,375,931
Trade and other payables				12,053,586
Accrued mark-up				100,975,894
				<u>465,405,411</u>
	Loans and receivables	At fair value through profit or loss	Available for sale	Total
-----RUPEES-----				
<b>As at 30 June 2012</b>				
<b>Assets as per balance sheet</b>				
Investments	-	614,624	134,500	749,124
Loans and advances	269,405	-	-	269,405
Deposits	991,548	-	-	991,548
Other receivables	2,283,616	-	-	2,283,616
Cash and bank balances	4,137,098	-	-	4,137,098
	<u>7,681,667</u>	<u>614,624</u>	<u>134,500</u>	<u>8,430,791</u>
				<b>Financial liabilities at amortized cost</b>
				<b>RUPEES</b>
<b>Liabilities as per balance sheet</b>				
Borrowings				386,628,594
Trade and other payables				13,379,494
Accrued mark-up				82,764,324
				<u>482,772,412</u>



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## CRESCENT JUTE PRODUCTS LIMITED

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### 32.4 Capital risk management

The Company has ceased its all production activities and the management concludes that the Company is not a going concern. Therefore, there is no need to maintain and adjust the capital structure and monitor the issues pertaining to the capital risk management of the Company.

### 33. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 30 September 2013 by the Board of Directors of the Company.

### 34. CORRESPONDING FIGURES

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

### 35. GENERAL

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

Humayun Mazhar  
Chief Executive Officer

Khurram Mazhar Karim  
Director



**Annual Report 2013**

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**FORM OF PROXY**

I/We \_\_\_\_\_

of \_\_\_\_\_ a member/members of Crescent Jute

Products Limited and holder of \_\_\_\_\_ shares as per Registered Folio #/CDC Participant ID # / Sub A/C # / Investor A/C # \_\_\_\_\_ do hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing

him / her \_\_\_\_\_ of \_\_\_\_\_

who is also member of the Company vide Registered Folio # / CDC Participant ID # / Sub A/C # / Investor A/C # \_\_\_\_\_ as my / our Proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of the shareholders of CRESCENT JUTE PRODUCTS LIMITED to be held on Thursday the October 31, 2013 at 11:00 a.m. at 306, 3<sup>rd</sup> Floor, Siddiq Trade Centre, 72-Main Boulevard, Gulberg, Lahore and at any adjournment thereof.

As witness my hand this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

**Member's Signature**

Please affix here Revenue Stamp

**Witness Signature**

Place \_\_\_\_\_

Date: \_\_\_\_\_

**Note:** A member eligible to attend and vote at this meeting may appoint another member as his / her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company at the Registered Office of the Company not later than 48 hours before the time for holding the meeting.

Proxies of the member (s) through CDC shall be accompanied with attested copies of the CNIC(s). The shareholders through CDC are requested to bring original CNIC, Account Number and participant Account Number to be produced at the time of attending the meeting.

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CRESCENT JUTE PRODUCTS LIMITED

306, 3rd Floor, Siddiq Trade Centre,  
72-Main Boulevard, Gulberg, Lahore.

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