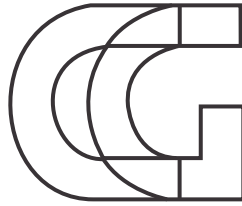


CRESCENT GROUP



# ANNUAL REPORT 2019



CRESCENT JUTE PRODUCTS LIMITED

## CONTENTS

Company Information	2
Notice of Annual General Meeting	3-4
Chairman's Review Report	5
Directors' Report to the Share Holders	6-9
Key Operating and Financial Data of Six Years	10
Pattern of Shareholding	11-12
Statement of Compliance with Listed Companies (CCG)	13-15
Independent Auditors' Review Report to the Members on Statement of Compliance in Listed Companies on Code of Corporate Governance	16
Independent Auditors' Report to the Members	17-21
Statement of Financial Position	22-23
Statement of Profit or Loss	24
Statement of Comprehensive Income	25
Statement of Changes in Equity	26
Statement of Cash Flows	27
Notes to the Financial Statements	28-62
Jama Punji	63
Form of Proxy in English	64
Form of Proxy in Urdu	65
Directors' Report to the Share Holders in Urdu	66-70

## COMPANY INFORMATION

### BOARD OF DIRECTORS

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

### AUDIT COMMITTEE

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

### HUMAN RESOURCE & REMUNERATION COMMITTEE

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

### COMPANY SECRETARY / CFO

Mr. Saif Ullah

### HEAD OF INTERNAL AUDIT

Mr. Tahir Hussain

### AUDITORS

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

### LEGAL ADVISOR

Mr. Shahid Mahmood Baig  
Advocate High Court

### BANKERS

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

### REGISTERED OFFICE

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

### REGISTRAR

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

## 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 Monday, October 28, 2019 at 10.30 AM. at 503-E, Johar Town, Lahore to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' and Auditors' reports and Audited Accounts for the year ended June 30, 2019.
2. To appoint auditors and fix their remuneration.
3. Updating on approval obtained for sale of company's entire assets.

### REGISTERED OFFICE:

**1st Floor, 65-XX, Khayaban-e-Iqbal Road,**  
Phase-III, DHA, Lahore,  
Telephone No. (042) 37186438-39,  
Dated: September 30, 2019.

### BY ORDER OF THE BOARD



**Company Secretary**

### Notes:

1. The Members' Register will remain closed from October 22, 2019 to October 28, 2019 (both days inclusive). Transfer received at the Registered Office of the Company by the close of business on October 21, 2019.
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 requirement.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.
- iii) Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his original NIC 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.

#### Updating of status of sale of Assets:

The Shareholders had given approval in their meeting held on October, 2011 for disposal of entire assets of the company. The company had sold all assets as per schedule mentioned below in line with shareholders' approval and received all amounts except final payment of land which was due on December 24, 2017 but not received so far, however civil suit has been filed against the buyer.

Particulars of Asset	Sale Amount	Date	Sale Proceeds	Balance
Plant & Machinery	120.000	April 3,2012	237.000	Nil
Building (Factory)	30.000	July 17,2014	40.000	Nil
Store, Spares and loose tools	5.000	July 17, 2014	2.271	Nil
Land	170.000	September 25, 2012	220.000	66.666

Company management managed to sell the land, building and plant and machinery for Rupees 174 Million more than the sale price approved by the shareholders. Company have paid /settled it borrowing and other liabilities as briefed to shareholders while taking the approval. The litigation with Bank of Punjab and Crescent Standard Modaraba are pending and the company is expecting positive result in this regard.

## CHAIRMAN'S REVIEW REPORT

It gives me pleasure to present you the Annual Report of CRESCENT JUTE PRODUCTS LIMITED (the Company) for the year ended on 30 June 2019 pertaining to the overall performance of the Board and the effectiveness of its role in attaining the Company's aims and objectives. Our Board remained extensively on the plan to proceed ahead with the closure plan, as approved by the Board of Directors and its shareholders.

### MEETINGS OF THE BOARD

Four meetings of the Board of Directors were held during the year to approve annual / quarterly / half yearly accounts and to discuss the salient matters.

### CONSTITUTION OF BOARD OF DIRECTORS

Board of directors composed of 7 directors, comprising 4 male and 3 female. Moreover, there is one independent director in the Board of Directors of the Company.

### INVESTOR AWARENESS

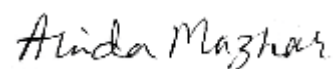
Efforts are being made to recover the dues from the buyer against the sale of land.

### ACKNOWLEDGMENT

In the end I would like to express gratitude to the Board as well as the management of the Company for their dedication and efforts to carry out the agreed plan as approved by the shareholders.

Dated:- September 30, 2019

Chairperson of the Board



Mrs. Abida Mazhar  
Chairperson

## DIRECTORS' REPORT TO THE SHAREHOLDERS

Accounts for the year ended June 30, 2019 show a loss of Rupees 13.11 million, as compared to loss of Rupees 51.45 million in the corresponding periods in 2018 loss per share was Rupees 0.55 as compared to last year's last per share of Rupees 2.17. The decrease in loss is primary due to profit on sale of land. The reason of loss is primary attributed to exchange loss due to the significant depreciation of Rupee against the US dollar and its impact on our liabilities with the financial institution, borrowing cost and the cost of minimum staff required for the managing the corporate affairs and safe guarding remaining assets of company.

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

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

Book value of assets sold so far Rs. in million (as per cost model)	24.902
Sale proceed received Rs. in million	432.605
Gain on sale of assets recognized in profit and loss account Rs. in million	192.336
Utilization of disposal proceed	Funds utilized for the repayment of mark-up bearing borrowing 71 M and 120 M deposit with deputy registrar Lahore high court Lahore against BOP loan, repayment of director loan and the balance used to meet administration and other expenses.
Book value of remaining assets to be sold Rs. in million	All assets have been sold

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

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 account 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, are 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 except for the instances mentioned in the review report issued by our auditors.

## 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 operation 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 of property, plant and equipment of the Company to pay off liabilities.

## THE BOARD OF DIRECTORS

Company has seven Directors on its Board. Whose names are given below :

S.No.	Name of Director	
1.	Mrs. Abida Mazhar	Non-Executive Director-Chairperson
2.	Mrs. Ayesha Khurram Mazhar	Non-Executive Director
3.	Mr. Humayun Mazhar	Chief Executive Officer –Executive Director
4.	Mr. Khurram Mazhar Karim	Non-Executive Director
5.	Mrs. Mehreen Humayun	Non-Executive Director
6.	Syed Raza Abbas Jaffery	Independent -Non-Executive Director
7.	Mr. Saif Ullah	Executive Director



The term of office of present Board will be expired on March 25, 2020.

### **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:

	Name of Director in alphabetic order	Meetings held in their tenure.	No. of Meetings attended
1.	Mrs. Abida Mazhar	4	3
2.	Mrs. Ayesha Khurram Mazhar	4	3
3.	Mr. Humayun Mazhar	4	4
4.	Mr. Khurram Mazhar Karim	4	4
5.	Mrs. Mehreen Humayun Mazhar	4	3
6.	Syed Raza Abbas Jaffery	4	4
7.	Mr. Saif Ullah	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**

The Directors, CFO, Company Secretary and their spouses and minor children did not carry out any transaction in the shares of the Company during the year.

### **DEFAULT IN DEBTS, IF ANY**

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

### **RESPONSE TO THE QUALIFICATION IN THE AUDITOR'S REPORT**

Regarding the qualification raised by the auditors related to non-confirmation of amount deposited by us with the Deputy Registrar (Judicial) of Lahore High Court, Lahore, we believe that the amount is kept in deposit with a Bank Alfalah Limited, Shadman Branch Lahore by Court. Moreover, subsequent to the year end, we have asked our lawyer to move an application in Lahore High Court, Lahore regarding this subject.

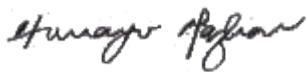
### **AUDITORS**

The auditors M/S Riaz Ahmad & Company Chartered Accountants retire and being eligible offers for re-appointment. As required by Code of Corporate Governance, the Audit Committee has recommended appointment of M/S Riaz Ahmad & Company, Chartered Accountants as auditors of the Company for next financial 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, 2019

## KEY OPERATING AND FINANCIAL DATA OF SIX YEARS

Year ending 30th June

2019

2018

2017

2016

2015

2014

## PRODUCTION CAPACITY BASED ON SHIFT WORKING IN METRIC TONS

Jute Unit

## ACTUAL PRODUCTION IN METRIC TONS

Jute Unit	Operation closed	Operation closed	Operation closed	Operation closed	Operation closed	Operation closed
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## OPERATING RESULTS - RUPEES IN 000

Net Sales	-	-	-	-	3,865	21,618
Cost of Sales	-	-	-	-	4,516	21,482
Operating Expenses	48,712	35,906	50,615	29,052	27,339	28,886
Other Income	(38,144)	(217)	(4,473)	(1,803)	(15,595)	(215,693)
Financial Charges	2,541	15,755	17,604	19,619	19,819	20,798
Taxation	1	9	3	3	(8,361)	1,110
<b>Net Income / (Loss)</b>	<b>(13,110)</b>	<b>(51,453)</b>	<b>(63,749)</b>	<b>(46,871)</b>	<b>(23,853)</b>	<b>165,035</b>
<b>Earning per share - Rupees</b>	<b>(0.55)</b>	<b>(2.17)</b>	<b>(2.68)</b>	<b>(1.97)</b>	<b>(1.00)</b>	<b>6.94</b>
<b>Break up value of share</b>	<b>(11.22)</b>	<b>(10.67)</b>	<b>(8.50)</b>	<b>(5.82)</b>	<b>(3.34)</b>	<b>(2.49)</b>

## FINANCIAL POSITION - RUPEES IN 000

Shareholders Equity	(266,565)	(253,455)	(202,002)	(138,253)	(79,386)	(59,212)
Trade and other payables	11,452	161,010	160,515	93,932	28,625	8,974
Unclaimed dividend	337	337	337	337	337	337
Accrued mark-up	171,318	168,786	153,297	160,896	141,421	121,716
Borrowings	276,697	233,092	211,407	257,180	254,915	301,120
Provision for taxation	1	9	3	3	2	2,635
	<b>193,240</b>	<b>309,779</b>	<b>323,557</b>	<b>374,095</b>	<b>345,915</b>	<b>375,570</b>

Cash and bank balances	314	385	12,344	43,249	1,827	8,262
Short Term Investments	2,597	3,461	4,236	1,473	1,583	1,309
Other receivables	66,673	9	80	5,790	5,691	6,867
Prepayments	19	7	10	23	15	-
Loans and advances	270	419	956	17,132	17,140	19,410
Trade debts	-	-	-	-	-	506
Non current Assets held for sale	-	181,886	181,886	181,886	-	-
Stock-in-trade	-	-	-	-	-	3,612
Stores and spares parts	-	-	-	-	-	1,405
Long Term Security deposits	120,038	120,038	120,038	120,037	120,538	120,538
Property, plant and equipment	3,194	3,574	4,007	4,505	199,121	213,660
Long term investment	135					
	<b>193,240</b>	<b>309,779</b>	<b>323,557</b>	<b>374,095</b>	<b>345,915</b>	<b>375,570</b>

**The Companies ACT, 2017**  
**The Companies (General Provisions and Forms) Regulations,**  
**2018[Section 227(2)(f)]**

**Pattern of Shareholding**

**Form - 34**

	<b>PART -I</b>
1.1 Name of The Company	<b>Crescent Jute Products Limited</b>
	<b>PART -II</b>

2.1 Pattern of Holding of the Shares held by the Shareholders as at :June 30, 2019

No. of Shareholders	Shareholding		Total Shares held
	From	To	
674	1	100	20,989
566	101	500	162,853
256	501	1,000	205,830
359	1,001	5,000	1,013,427
126	5,001	10,000	985,622
50	10,001	15,000	632,376
28	15,001	20,000	512,049
23	20,001	25,000	544,625
16	25,001	30,000	447,402
12	30,001	35,000	379,038
9	35,001	40,000	338,431
7	40,001	45,000	298,448
5	45,001	50,000	242,474
3	50,001	55,000	155,162
1	55,001	60,000	57,500
1	65,001	70,000	67,823
4	70,001	75,000	285,841
1	75,001	80,000	80,000
1	80,001	85,000	84,322
1	90,001	95,000	93,000
2	95,001	100,000	200,000
1	110,001	115,000	113,000
1	135,001	140,000	136,113
1	140,001	145,000	142,500
1	150,001	155,000	152,070
1	155,001	160,000	157,314

No. of Shareholders	Shareholding		Total Shares held
	From	To	
1	190,001	195,000	192,475
2	200,001	205,000	405,087
1	325,001	330,000	330,000
1	370,001	375,000	373,925
1	430,001	435,000	430,923
1	450,001	455,000	450,459
1	620,001	625,000	622,489
1	1,385,001	1,390,000	1,386,218
1	1,615,001	1,620,000	1,616,683
1	2,735,001	2,740,000	2,738,487
1	3,845,001	3,850,000	3,848,013
1	3,860,001	3,865,000	3,860,500
<b>2,163</b>			<b>23,763,468</b>

**Crescent Jute Products Limited**

As On: June 30, 2019

2.3 Categories of Shareholder	Share held	Percentage
2.3.1 - Directors, CEO, Their Spouse and Minor Childern	8,134,887	34.23
2.3.2 - Associated Companies, Undertakings & Related Parties	3,041,646	12.80
2.3.3 - NIT & ICP	1,386,218	5.83
2.3.4 - Banks, DFIs, NBFCs	972,025	4.09
2.3.5 - Insurance Companies	396,477	1.67
2.3.6 - Modarabas and Mutual Funds	46,953	0.20
2.3.8 - A. General Public (Local)	7,716,542	32.47
2.3.9 - A. Other Companies (Local)	2,068,720	8.71
	23,763,468	100.00
<b>Shareholders More Than 10.00%</b>		
Khurram Mazhar Karim	3,860,500	16.25
Humayun Mazhar	3,848,013	16.19
The Crescent Textile Mills Ltd	2,747,158	11.56

## Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

Crescent Jute Products Limited ("the Company") has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations 2017 ("the Regulations") in the following manner:

1. The total number of directors are seven as per following:
  - a. Male: Four
  - b. Female: Three
2. The composition of the Board of Directors ("the Board") is as follows:

Category	Name
Independent Director	Syed Raza Abbas Jaffery
Executive Directors	Mr. Humayun Mazhar
	Mr. Saif Ullah
Non-Executive Directors	Mrs. Abida Mazhar
	Mrs. Ayesha Khurram Mazhar
	Mr. Khurram Mazhar Karim
	Mrs. Mehreen Humayun Mazhar

3. Directors have confirmed that none of them is serving as a Director on more than five listed companies, including this Company.
4. 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.
5. 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 along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/shareholders as empowered by the relevant provisions of the Companies Act, 2017 ("the Act") and these Regulations.
7. The meetings of the Board were presided over by the Chairperson and, in her absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.

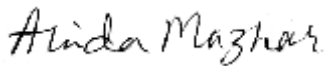
9. The Company will apply to Securities and Exchange Commission of Pakistan for the exemption of some directors from the directors' training program in the next financial year. Moreover the Company will encourage other directors to attend the training program in the next financial year.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:
  - a) Audit Committee

Mr. Khurram Mazhar Karim	(Chairman)
Mrs. Mehreen Humayun Mazhar	(Member)
Syed Raza Abbas Jaffery	(Member)
  - b) HR and Remuneration Committee

Mr. Khurram Mazhar Karim	(Chairman)
Syed Raza Abbas Jaffery	(Member)
Mr. Saif Ullah	(Member)
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the aforesaid committees were as per following:
  - a) Audit Committee: Five meetings during the financial year ended 30 June 2019
  - b) HR and Remuneration Committee: One meeting during the financial year ended 30 June 2019
15. The Board has set up an effective internal audit function that is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board 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 ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. The Company Secretary and Chief Financial Officer of the Company are the same person. However the Company shall appoint a different person as Company Secretary in the next financial year.
19. We confirm that all other requirements of the Regulations have been complied with.

By order of the Board



**Mrs. Abida Mazhar**

Chairperson

Date: September 30, 2019



**INDEPENDENT AUDITOR'S REVIEW REPORT**  
**To the members of Crescent Jute Products Limited**  
**Review Report on the Statement of Compliance contained**  
**in Listed Companies (Code of Corporate Governance) Regulations, 2017**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 ("the Regulations") prepared by the Board of Directors of Crescent Jute Products Limited ("the Company") for the year ended 30 June 2019 in accordance with the requirements of Regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the 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 of Directors' 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.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2019.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

Paragraph Reference	Description
2	Exemption of directors from training program has not been taken from Securities and Exchange Commission of Pakistan (SECP). Moreover no director has attended any director training program during the year.
12	Independent director is not appointed as Chairman of the Audit Committee.
18	Company Secretary and Chief Financial Officer are the same person



**RIAZ AHMAD & COMPANY**  
Chartered Accountants

**Name of Engagement Partner: Mr. Liaquat Ali Panwar**  
**Faisalabad: September 30, 2019**

## **INDEPENDENT AUDITOR'S REPORT**

### **To the members of Crescent Jute Products Limited**

### **Report on the Audit of the Financial Statements**

#### **Qualified Opinion**

We have audited the annexed financial statements of Crescent Jute Products Limited ('the Company'), which comprise the statement of financial position as at 30 June 2019, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

Except for the effects of the matter described in the Basis for Qualified Opinion section of our report, in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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 2019 and of the loss, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

#### **Basis for Qualified Opinion**

Security deposits as at 30 June 2019 include Rupees 120 million (2018: Rupees 120 million) deposited with Deputy Registrar (Judicial) of the Lahore High Court, Lahore as per its order dated 09 October 2013 regarding the issuance of No Objection Certificate by The Bank of Punjab (Note 9.1). We have not received confirmation of this deposit. In the absence of the confirmation, adjustments, if any, cannot be quantified and incorporated in these financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan ('the Code') and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

#### **Emphasis of Matter**

We draw attention to the following matters:

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

- b) Based on advice of the legal counsel, the Company has not recognized excess amounts of principal and mark-up confirmed by the bank against borrowings as given in Note 7.1. Moreover, the Company has not charged further mark-up on the borrowings given in Note 7.1 and Note 7.2 as per the advice of legal counsel.
- d) Note 16 to the financial statements, which describes the matter regarding recoverability of remaining single installment against the sale of freehold land.

Our opinion is not modified in respect of these matters.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matter described below to be the key audit matter to be communicated in our report.

Sr. No.	Key audit matters	How the matter was addressed in our audit
1.	<b>Non-going concern basis of accounting</b> The Company is no longer a going concern, therefore, these financial statements have been prepared on the basis of estimated realizable / settlement values of assets and liabilities respectively. Estimated realizable / settlement values are based on the management's best estimate also taking into account the advice of the legal counsel and asset sale agreement between the Company and third party. Estimation involves judgements based on the latest available, reliable information, historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In future, these estimates may need revision if changes occur in the circumstances on which the estimates are based or as a result of new information. Hence, the ultimate values at which assets will be realized and liabilities will be settled may be different from those carried in these financial statements.	Our procedures included, but were not limited to: <ul style="list-style-type: none"> <li>· We checked compliance with "Guideline on the Basis of Preparation of Financial Statements for Companies that are Not Considered Going Concern" issued by The Institute of Chartered Accountants of Pakistan.</li> <li>· We tested how management made the estimate of realizable / settlement values of assets and liabilities respectively and the data on which it is based.</li> <li>· We tested the operating effectiveness of the controls over how the management made the estimate, together with appropriate substantive procedures.</li> <li>· We considered events occurring up to the date of our report to obtain audit evidence regarding the estimate.</li> </ul>

Sr. No.	Key audit matters	How the matter was addressed in our audit
	<p>Therefore, we identified preparation of financial statements using the non-going concern basis of accounting as a key audit matter specially with reference to the estimates and judgments associated with the determination of estimated realizable / settlement values of assets and liabilities respectively.</p> <p>For further information, refer to summary of significant accounting policies, note 2.1(b) and 2.1(c) to the financial statements.</p>	<p>We confirmed that any upsides in the carrying amounts of assets have been properly calculated and disclosed in the financial statements and not recognized in the statement of profit or loss.</p>

### Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence about the security deposit with Deputy Registrar (Judicial) of the Lahore High Court, Lahore as at 30 June 2019. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

### Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going

concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

Except for the effects of the matter described in the Basis for Qualified Opinion section of our report, based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).



**RIAZ AHMAD & COMPANY**

Chartered Accountants

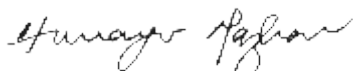
**Name of Engagement Partner: Mr. Liaquat Ali Panwar**

**Faisalabad** : September 30, 2019

## STATEMENT OF FINANCIAL POSITION

	NOTE	2019 RUPEES	2018 RUPEES
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
30 000 000 (2018: 30 000 000) ordinary shares of Rupees 10 each		300,000,000	300,000,000
<b>Issued, subscribed and paid up share capital</b>	3	237,634,680	237,634,680
<b>Share premium</b>	4	35,767,584	35,767,584
<b>Surplus on revaluation of freehold land</b>	5	-	181,783,274
<b>Accumulated loss</b>		(539,967,570)	(708,640,792)
<b>Total equity</b>		(266,565,306)	(253,455,254)
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accrued liabilities and other payables	6	11,452,198	161,010,026
Accrued mark-up		171,317,856	168,786,191
Borrowings	7	276,697,044	233,091,820
Unclaimed dividend		337,312	337,312
Provision for taxation		689	8,705
<b>TOTAL LIABILITIES</b>		459,805,099	563,234,054
<b>CONTINGENCIES AND COMMITMENTS</b>	8		
<b>TOTAL EQUITY AND LIABILITIES</b>		193,239,793	309,778,800


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




**Humayun Mazhar**  
Chief Executive Officer

**AS AT 30 JUNE, 2019**

	NOTE	2019 RUPEES	2018 RUPEES
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Operating fixed assets	9	3,194,381	3,573,748
Long term investments	10	134,500	-
		<u>3,328,881</u>	<u>3,573,748</u>
<b>CURRENT ASSETS</b>			
Loans and advances	11	270,002	419,553
Security deposits	12	120,037,500	120,037,500
Prepayments		18,750	7,500
Other receivables	13	66,672,747	8,696
Short term investments	14	2,597,519	3,460,995
Bank balances	15	314,394	384,808
		<u>189,910,912</u>	<u>124,319,052</u>
Non-current asset held for sale	16	-	181,886,000
		<u>189,910,912</u>	<u>306,205,052</u>
<b>TOTAL ASSETS</b>		<u><u>193,239,793</u></u>	<u><u>309,778,800</u></u>



**Khurram Mazhar Karim**  
Director



**Saif Ullah**  
Chief Financial Officer

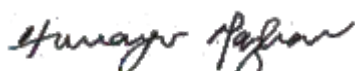


**STATEMENT OF PROFIT OR LOSS**


FOR THE YEAR ENDED JUNE 30, 2019

	NOTE	2019 RUPEES	2018 RUPEES
INCOME	17	38,143,804	216,739
ADMINISTRATIVE EXPENSES	18	(18,677,313)	(21,587,489)
OTHER EXPENSES	19	(30,034,730)	(14,318,332)
FINANCE COST	20	(2,541,124)	(15,754,926)
LOSS BEFORE TAXATION		<u>(13,109,363)</u>	<u>(51,444,008)</u>
TAXATION	21	(689)	(8,705)
LOSS AFTER TAXATION		<u><u>(13,110,052)</u></u>	<u><u>(51,452,713)</u></u>
LOSS PER SHARE - BASIC AND DILUTED	22	<u><u>(0.55)</u></u>	<u><u>(2.17)</u></u>

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


  
 Humayun Mazhar  
Chief Executive Officer


  
 Khurram Mazhar Karim  
Director

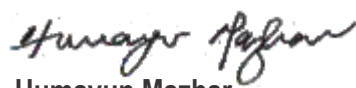

  
 Saif Ullah  
Chief Financial Officer

## STATEMENT OF COMPREHENSIVE INCOME


FOR THE YEAR ENDED JUNE 30, 2019

	2019 RUPEES	2018 RUPEES
LOSS AFTER TAXATION	(13,110,052)	(51,452,713)
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
	-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(13,110,052)</u>	<u>(51,452,713)</u>

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

  
 Humayun Mazhar  
 Chief Executive Officer

  
 Khurram Mazhar Karim  
 Director

  
 Saif Ullah  
 Chief Financial Officer

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2019

SHARE CAPITAL	CAPITAL RESERVES			Accumulated loss	TOTAL EQUITY
	Share premium	Surplus on revaluation of freehold land	Sub total		

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

**Balance as at  
30 June 2017**      237,634,680    35,767,584    181,783,274    217,550,858    (657,188,079)    (202,002,541)

Loss for the year	-	-	-	-	(51,452,713)	(51,452,713)
Other comprehensive income for the year	-	-	-	-	-	-

Total comprehensive  
loss for the year      -      -      -      -      (51,452,713)      (51,452,713)

**Balance as at  
30 June 2018**      237,634,680    35,767,584    181,783,274    217,550,858    (708,640,792)    (253,455,254)

Transfer from surplus on  
revaluation of freehold land      -      -      (181,783,274)      (181,783,274)      181,783,274      -

Loss for the year	-	-	-	-	(13,110,052)	(13,110,052)
Other comprehensive income for the year	-	-	-	-	-	-

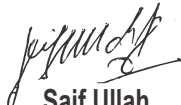
Total comprehensive  
loss for the year      -      -      -      -      (13,110,052)      (13,110,052)

**Balance as at  
30 June 2019**      237,634,680    35,767,584      -      35,767,584    (539,967,570)    (266,565,306)

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

  
Humayun Mazhar  
Chief Executive Officer

  
Khurram Mazhar Karim  
Director

  
Saif Ullah  
Chief Financial Officer

# STATEMENT OF CASH FLOWS


FOR THE YEAR ENDED JUNE 30, 2019

	NOTE	2019 RUPEES	2018 RUPEES
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash used in operations</b>	23	(167,835,910)	(20,576,233)
Finance cost paid		(9,459)	(266,216)
Income tax paid		(11,184)	(48,561)
<b>Net cash used in operating activities</b>		(167,856,553)	(20,891,010)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of non-current asset held for sale		153,334,000	-
Investment made		-	(298,090)
Profit on deposits with banks received		30,139	229,973
<b>Net cash from / (used in) investing activities</b>		153,364,139	(68,117)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		14,422,000	9,000,000
<b>Net cash from financing activities</b>		14,422,000	9,000,000
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		(70,414)	(11,959,127)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		384,808	12,343,935
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 15)</b>		314,394	384,808

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

  
 Humayun Mazhar  
 Chief Executive Officer

  
 Khurram Mazhar Karim  
 Director

  
 Saif Ullah  
 Chief Financial Officer

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

### 1. THE COMPANY AND ITS OPERATIONS

Crescent Jute Products Limited is a public limited company incorporated in Pakistan on 19 September 1964 under the Companies Act, 1913 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited (PSX). Its registered office is situated at 1st Floor, 65-XX, Khayaban-e-Iqbal Road, Phase-III, DHA, Lahore while a liaison office is situated at 7th floor, Main Habib Bank Limited Building, Faisalabad. The Company was engaged in manufacturing and sale of jute products including jute bags.

Executive Director, Corporate Supervision Department, Company Law Division, Securities and Exchange Commission of Pakistan (SECP) has issued Order under section 309 read with Section 305 of the repealed Companies Ordinance, 1984 and in exercise of the powers conferred on him under Section 309 of the repealed Companies Ordinance, 1984 have authorized the Registrar, Company Registration Office, SECP, Lahore to present a petition before Lahore High Court, Lahore for winding up of the Company on the ground that the Company's business has been suspended since 02 May 2011. The Company's appeal before the Appellate Bench, SECP against the aforesaid Order was unsuccessful and afterwards the Company appealed against the aforesaid Order in Lahore High Court, Lahore. That appeal was later withdrawn on 29 March 2018 by the Company and a writ petition has been filed by the Company against the above mentioned Order which is pending in Lahore High Court, Lahore. Moreover, as per Notice no. PSX/N-700 dated 03 June 2019 issued by PSX, the Company's shares were suspended for trading for another period of sixty days effective from 11 June 2019 due to the issuance of the Order by SECP as mentioned above. The first notice by PSX in this regard was issued on 18 December 2017.

#### 1.1 Non-going concern basis of accounting

Shortage of working capital and reduction in demand of finished goods resulted in the closure of Company's operations since 02 May 2011. The Company in its Annual General Meeting on 31 October 2011 decided to dispose of the property, plant and equipment of the Company. Whole of the property, plant and equipment has been disposed of uptill 30 June 2019. During the year ended 30 June 2019, the Company has loss after taxation of Rupees 13.110 million. The Company has suffered accumulated loss of Rupees 539.968 million as on 30 June 2019 which has turned equity into negative balance of Rupees 266.565 million.

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 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 the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### b) Accounting convention

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

### 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) Classification of investments
- iv) Provisions
- v) Taxation

The Company started preparing its financial statements using the non-going concern basis of accounting on the basis of estimated realizable / settlement values of the assets and liabilities respectively from the year ended 30 June 2012 and recorded adjustments to account for differences between the Company's recognized assets and the measurement of

its assets and liabilities (including measurement changes resulting from changes in assumptions). Subsequently, at each reporting date the Company re-measures its assets and liabilities to reflect changes in value since the previous date. Hence, during the financial year ended 30 June 2019, the Company has recognized provision for doubtful loans and advances of Rupees 122,530 (Note 11) in these financial statements.

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

Expected profit on disposal of operating fixed assets (Note 9) of the Company shall be Rupees 0.226 million. Hence, there is an upside of Rupees 0.226 million not recognized in the profit or loss on operating fixed assets.

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

- d) Standards, interpretation and amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following standards, interpretation and amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2018:

- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from Contracts with Customers'
- IFRS 15 (Amendments), 'Revenue from Contracts with Customer'
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'
- Annual Improvements to IFRSs: 2014 – 2016 Cycle

The Company has to change its accounting policies and make certain adjustments without restating prior year results following the adoption of IFRS 9. This is disclosed in note 2.6. Most of the other amendments listed above, apart from IFRS 9 and IFRS 15 (as disclosed in Note 2.8) did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

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

There are other amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2018 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) Interpretation and amendments to published approved accounting standards that are not yet effective but relevant to the Company.

Following interpretation and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2019 or later periods:

Amendments to IFRS 9 (effective for annual periods beginning on or after 01 January 2019) clarify that for the purpose of assessing whether a prepayment feature meets the Solely Payments of Principal and Interest ('SPPI') condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendments are not likely to have significant impact on the Company's financial statements.

Amendments to IFRS 9 (effective for annual periods beginning on or after 01 January 2019) clarify that for the purpose of assessing whether a prepayment feature meets the Solely Payments of Principal and Interest ('SPPI') condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendments are not likely to have significant impact on the Company's financial statements.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019). The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. It specifically considers: whether tax treatments should be considered collectively; assumptions for taxation authorities' examinations; the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and the effect of changes in facts and circumstances. The interpretation is not expected to have a material impact on the Company's financial statements.

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS.

On 12 December 2017, IASB issued Annual Improvements to IFRSs: 2015 – 2017 Cycle, incorporating amendments to four IFRSs more specifically in IAS 12 'Income Taxes', relevant to the Company. The amendments are effective for annual periods beginning on or after 01 January 2019. The amendments have no significant impact on the Company's financial statements and have therefore not been analyzed in detail.

On 29 March 2018, the IASB has issued a revised Conceptual Framework. The new Framework: reintroduces the terms stewardship and prudence; introduces a new asset



definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits—this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, de-recognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRSs. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 01 January 2020 for preparers that develop an accounting policy based on the Framework.

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

There are other standards and amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2019 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 liability method in respect of all temporary 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 recognized for all taxable temporary differences, carry forward of unused tax losses and unused tax credits, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, carry forward of unused tax losses and unused 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 reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

#### **2.4 Functional and presentation currency along with foreign currency transactions and translation**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Figures are rounded off to the nearest of Pak Rupee. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

#### **2.5 Operating fixed assets and depreciation**

Operating fixed assets except freehold land are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost of operating fixed assets consists of historical cost and other directly attributable costs of bringing the assets to working condition. Freehold land is stated at revalued amount less any recognized impairment loss.

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 benefits 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 the statement of profit or loss during the period in which they are incurred.

Increase in the carrying amount arising on revaluation of freehold land is recognized in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss,

the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss.

### **Depreciation**

Depreciation on operating fixed assets is charged to statement of profit or loss applying the reducing balance method at the rates given in Note 9 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 when the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

### **De-recognition**

An item of operating fixed assets 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 charged to the statement of profit or loss in the year the asset is de-recognized.

## **2.6 IFRS 9 “Financial instruments”**

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

The Company has adopted IFRS 9 without restating the prior year results. Key changes in accounting policies resulting from application of IFRS 9 are as follows:

**i) Recognition of financial instruments**

The Company initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

**ii) Classification and measurement of financial instruments**

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

**Investments and other financial assets**

**a) Classification**

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

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

**b) Measurement**

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

**Debt instruments**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments with following measurement category:

**Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on de-recognition is recognized directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

**Equity instruments**

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

**Fair Value Through Other Comprehensive Income (FVTOCI)**

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

**Fair Value Through Profit or Loss (FVTPL)**

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

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

**Financial liabilities****Classification and measurement**

Financial liabilities are classified as measured at amortized cost. These are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange

gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

### **iii) Impairment of financial assets**

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

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

### **iv) De-recognition**

#### **a) Financial assets**

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such de-recognized financial asset that is created or retained by the Company is recognized as a separate asset or liability.

#### **b) Financial liabilities**

The Company de-recognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expired.

### **v) Offsetting of financial instruments**

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.

### **vi) Impacts of adoption of IFRS 9 on these financial statements as on 01 July 2018**

On 01 July 2018, the Company's management has assessed which business models apply to the financial assets held by the Company at the date of initial application of IFRS 9 (01 July 2018) and has classified its financial instruments into appropriate IFRS 9 categories.

### **Equity investments previously classified as available for sale**

The Company elected to present in other comprehensive income changes in the fair value of all its equity investments previously classified as available for sale, as these investments are not held for

trading. As a result, assets of Rupees 134,500 were reclassified from available for sale financial assets to financial assets at fair value through other comprehensive income.

### Reclassifications of financial instruments on adoption of IFRS 9

As on 01 July 2018, the classification and measurement of financial assets of the Company were as follows:

Measurement category			Carrying amounts		
Original	New		Original	New	Difference
(IAS 39)	(IFRS 9)		Rupees		Rupees
Non-current financial					
Long term investments	Available for sale	FVTOCI	-	134,500	134,500
Current financial assets					
Loans and advances	Loans and receivables	Amortized cost	59,000	59,000	-
Security deposits	Loans and receivables	Amortized cost	120,037,500	120,037,500	-
Other receivables	Loans and receivables	Amortized cost	8,696	8,696	-
Short term investments	receivables FVTPL	FVTPL	3,326,495	3,326,495	-
Short term investments	Available for sale	FVTOCI	134,500	-	(134,500)
Bank balances	Loans and receivables	Amortized cost	384,808	384,808	-
Total financial assets			123,950,999	123,950,999	-

There was no change in categorization of the financial liabilities of the Company.

## 2.7 Receivables

Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

## 2.8 Revenue from contracts with customers

The Company has adopted IFRS 15 from 01 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognize revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in Company's statement of financial position as a contract liability, a contract asset, or a receivable,

depending on the relationship between the Company's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalized as an asset and amortized over the contract period. These are further elaborated hereunder:

#### **i) Revenue recognition**

Revenue is recognized at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognized as deferred revenue in the form of a separate refund liability.

#### **Sale of goods**

Revenue from the sale of goods is recognized at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

#### **Interest**

Interest income is recognized as interest accrues using the effective interest method. This is a method of calculating the amortized cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### **Dividend**

Dividend on equity investments is recognized when right to receive the dividend is established.



**ii) Contract assets**

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

**iii) Contract liabilities**

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

**iv) Impacts of adoption of IFRS 15 on these financial statements as on 01 July 2018**

The Company has adopted IFRS 15 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results. However, the application of IFRS 15 does not have any impact on the revenue recognition policy of the Company and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of accumulated loss in the year of initial application is Rupees Nil.

**2.9 Borrowings**

Financing and borrowings are initially recognized at fair value of the consideration received, net of transaction costs. They are subsequently measured at amortized cost using the effective interest method.

**2.10 Non-current asset held for sale**

Non-current asset is classified as held for sale when its carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. It is stated at the lower of carrying amount and fair value less costs to sell.

**2.11 Share capital**

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

**2.12 Accrued liabilities and other payables**

Accrued liabilities and other amounts payable are initially recognized at fair value, which is normally the transaction cost. These are subsequently measured at amortized cost.

**2.13 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 outflow can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

#### **2.14 Earnings / (loss) per share**

The Company presents Earnings Per Share (EPS) or Loss Per Share (LPS) data for its ordinary shares. EPS / LPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

#### **2.15 Contingent liabilities**

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.

#### **2.16 Contingent assets**

Contingent assets are disclosed when the Company has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization becomes certain.

#### **2.17 Impairment of non - financial assets**

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the statement of profit or loss.

#### **2.18 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.

## 2.19 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 declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

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

2019 (NUMBER OF SHARES)	2018		2019 RUPEES	2018 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:

	2019 (NUMBER OF SHARES)	2018
Crescent Cotton Mills Limited	201 933	201 933
Crescent Group (Private) Limited	79	79
Crescent Powertec Limited	80 000	80 000
Shams Textile Mills Limited	12 476	12 476
The Crescent Textile Mills Limited	2 747 158	2 747 158
	<u>3 041 646</u>	<u>3 041 646</u>

## 4. SHARE PREMIUM

This reserve can be utilized by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

## 5. SURPLUS ON REVALUATION OF FREEHOLD LAND

Surplus on revaluation of freehold land has been transferred to accumulated loss of the Company due to the disposal of freehold land as stated in Note 16.

	2019 RUPEES	2018 RUPEES
<b>6. ACCRUED LIABILITIES AND OTHER PAYABLES</b>		
Accrued liabilities	4,603,831	824,450
Other payable	6,846,777	6,846,777
Advance against sale of land(Note 6.1)	-	153,334,000
Income tax deducted at source	1,590	4,799
	<u>11,452,198</u>	<u>161,010,026</u>

**6.1** This amount was received as advance against sale of land from Mrs. Saima Yousaf which was adjusted during the year as stated in Note 16.

## 7. BORROWINGS

### From banking companies and financial institutions - secured

The Bank of Punjab(Note 7.1)	141,781,368	112,598,144
B.R.R. Guardian Modaraba (formerly Crescent Standard Modaraba) (Note 7.2)	33,810,398	33,810,398

### Unsecured

#### Related party

Crescent Ventures (Private) Limited (Note 7.3)	23,422,000	9,000,000
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#### Others

Innovative Investment Bank Limited(Note 7.4)	18,083,326	18,083,326
Loan from sponsor (Note 7.5)	4,461,237	4,461,237
Crescent Jute Mills Limited (Note 7.6)	55,138,715	55,138,715
	<u>276,697,044</u>	<u>233,091,820</u>

**7.1** This includes cash finance, FIM-180 days and FE-25 obtained from The Bank of Punjab under mark-up arrangement at the rate of average 3 months KIBOR plus 3 percent per annum with no floor or cap. 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, Lahore against the Company for the recovery of principal amount and accrued mark-up of these facilities. However the Bank has provided No Objection Certificate (NOC) for vacation of charge on assets, as stated in Note 9.1. The Bank in its direct balance confirmation letter to the auditors as at 30 June 2019 have claimed principal balance outstanding of Rupees 146,746,920 against Rupees 141,781,368 appearing in books of account of the Company and claimed mark-up payable on borrowings of Rupees 68,891,639 against Rupees 63,745,054 appearing in books of account of the Company. Hence, the Bank has claimed Rupees 4,965,552 excess on account of principal outstanding and Rupees 5,146,585 on account of mark-up payable from the Company. The Company has not recognized the excess claims of the Bank in these financial statements based on opinion of its legal advisor. As per legal advisor of the Company, even in worst scenario, if the suit of Bank is decreed, even then the same cannot be decreed beyond the claimed amount of Bank as stated in the Bank's recovery suit. Moreover, the Bank is not entitled to any mark-up from the date of default as alleged in the plaint of its recovery suit and at the most Bank can be granted cost of funds at the rate of State Bank of Pakistan's provided rate of cost of funds. Therefore any exaggerated claim of Bank more than its claimed amount in suit, is untenable at this moment. Furthermore in view of this opinion by the legal advisor, the Company has not charged further mark-up on these borrowings for the year ended 30 June 2019.

Another writ petition was filed by the Company against the indulgence of National Accountability Bureau (NAB) by The Bank of Punjab in Lahore High Court, Lahore. That writ petition was allowed by Lahore High Court, Lahore on 24 December 2018. However NAB has challenged this judgment of Lahore High Court, Lahore before the Supreme Court of Pakistan on 09 March 2019 which is pending for decision.

- 7.2** This facility was obtained from B.R.R. Guardian Modaraba (formerly Crescent Standard Modaraba) 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 percent (2018: 18 percent) per annum on the outstanding balance. As per agreement, B.R.R. Guardian Modaraba (formerly Crescent Standard Modaraba) 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 B.R.R. Guardian Modaraba (formerly Crescent Standard Modaraba).

B.R.R. Guardian Modaraba (formerly Crescent Standard Modaraba) filed a suit in Modaraba Tribunal against the Company for the recovery of above-mentioned principal amount and mark-up amounting to Rupees 15.290 million previously waived off by B.R.R. Guardian Modaraba (formerly Crescent Standard Modaraba). The case has been decided against the Company. Now the Company has filed an appeal in Lahore High Court, Lahore against the Order of Modaraba Tribunal. Moreover B.R.R. Guardian Modaraba (formerly Crescent Standard Modaraba) has obtained a decree for the attachment of the freehold land of the Company from the Banking Court, Lahore against the principal and mark-up mentioned above. Furthermore B.R.R. Guardian Modaraba (formerly Crescent Standard Modaraba) has filed an execution petition before the Modaraba Tribunal. The Company has filed an objection petition against the decree and execution petition mentioned above. Moreover as per the advice of the legal

counsel of the Company, further mark-up is not being charged on the principal amount from the financial year ended 30 June 2019 as the case is pending before Lahore High Court, Lahore and at most B.R.R. Guardian Modaraba (formerly Crescent Standard Modaraba) can be granted cost of funds.

- 7.3** This represents interest free loan obtained from Crescent Ventures (Private) Limited, a related party by way of common directorship. The loan is obtained to meet day to day expenses of the Company. This loan is repayable uptill 30 June 2020.
- 7.4** This represents interest free loan obtained from Innovative Investment Bank Limited with sixty equal monthly installments commenced on 01 January 2009 uptill 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 (2018: 14 percent) per annum. Due to non-payment of installments since more than six years, entire outstanding amount of the loan has become immediately due.
- 7.5** This represents interest free loan obtained from a sponsor of the Company repayable on demand.
- 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.

## **8. CONTINGENCIES AND COMMITMENTS**

### **a) Contingencies**

- i)** The Commissioner Inland Revenue raised demand for sales tax amounting to Rupees 34.022 million (2018: Rupees 34.022 million) along with additional tax and penalty in respect of sales tax not charged on sale of fixed assets, sale of scrap, disputed inputs claimed, etc. Then Company filed appeals before the Appellate Tribunal Inland Revenue and subsequently in Lahore High Court, Lahore which were decided against the Company. Afterwards, the Company has filed an appeal in Supreme Court of Pakistan in 2012 against the decision of Lahore High Court, Lahore. Moreover, the Company also approached Federal Board of Revenue (FBR) for a decision by Alternate Dispute Resolution Committee (ADRC). The Committee has given its recommendations to FBR. Pending 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)** Deputy Commissioner Inland Revenue, Lahore ordered on 19 June 2017 for recovery of sales tax amounting to Rupees 934,414 along with penalty of Rupees 97,962. The Company filed an appeal against this order to Commissioner Inland Revenue (Appeals), Lahore on 14 July 2017. However on 20 June 2018, the appeal was disposed of by Commissioner Inland Revenue

(Appeals), Lahore and the case was remanded back to Deputy Commissioner Inland Revenue, Lahore. Based on the advice of legal counsel, the management is of the view that there are strong grounds about the decision of the case in favour of the Company. Therefore, the related provision is not made in these financial statements.

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

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

The case was adjourned several times uptill the end of the financial year 30 June 2019.

The name of the Company, under the heading of National Bank of Pakistan (NBP), is included in the list of 222 individuals / companies. On 10 August 2018, NBP through a letter demanded Rupees 25.858 million (US Dollars 212,654.94) against the principal and mark-up balances of FE-25 loan along with mark-up on other adjusted loans. The Company denies any of the claims made by NBP and has filed a case in Lahore High Court, Lahore against the demand raised by NBP. Another writ petition has also been filed by the Company against Bank's threat of indulging NAB, which was allowed by Lahore High Court, Lahore on 24 December 2018. However, NAB has challenged this judgment of Lahore High Court, Lahore before Supreme Court of Pakistan on 09 March 2019 which is pending for decision. Based on advice of legal counsel, no provision has been made in these financial statements as the management believes the Company has strong grounds about the decision of the case in favour of the Company.

#### b) Commitments

There was no capital or other commitment of the Company as at 30 June 2019 (2018: Rupees Nil).

### 9. OPERATING FIXED ASSETS

	Furniture and fittings	Computers	Vehicles	Total
----- RUPEES -----				
<b>At 30 June 2017</b>				
Cost	19,203,298	6,284,191	2,218,070	27,705,559
Accumulated depreciation	(15,964,214)	(6,284,191)	(1,449,685)	(23,698,090)
Net book value	<u>3,239,084</u>	<u>-</u>	<u>768,385</u>	<u>4,007,469</u>

	Furniture and fittings	Computers	Vehicles	Total
<b>Year ended 30 June 2018</b>				
Opening net book value	3,239,084	-	768,385	4,007,469
Depreciation charge	(323,908)	-	(109,813)	(433,721)
Closing net book value	<u>2,915,176</u>	<u>-</u>	<u>658,572</u>	<u>3,573,748</u>
<b>At 30 June 2018</b>				
Cost	19,203,298	6,284,191	2,218,070	27,705,559
Accumulated depreciation	(16,288,122)	(6,284,191)	(1,559,498)	(24,131,811)
Net book value	<u>2,915,176</u>	<u>-</u>	<u>658,572</u>	<u>3,573,748</u>
<b>Year ended 30 June 2019</b>				
Opening net book value	2,915,176	-	658,572	3,573,748
Depreciation charge	(291,517)	-	(87,850)	(379,367)
Closing net book value	<u>2,623,659</u>	<u>-</u>	<u>570,722</u>	<u>3,194,381</u>
<b>At 30 June 2019</b>				
Cost	19,203,298	6,284,191	2,218,070	27,705,559
Accumulated depreciation	(16,579,639)	(6,284,191)	(1,647,348)	(24,511,178)
Net book value	<u>2,623,659</u>	<u>-</u>	<u>570,722</u>	<u>3,194,381</u>
<b>Annual rate of depreciation (%)</b>				
	<u>10</u>	<u>33.33</u>	<u>20</u>	

**9.1** The Bank of Punjab had previously first pari passu charge over freehold land, buildings thereon, plant and machinery of the Company for Rupees 300 million through registered mortgage. However as per the order of Lahore High Court, Lahore dated 09 October 2013, No Objection Certificate (NOC) was given by the Bank on deposit of Rupees 120 million with the Deputy Registrar (Judicial) of the Lahore High Court, Lahore (Note 12).

**9.2** Operating fixed assets having cost of Rupees 6.284 million (2018: Rupees 6.284 million) have been fully depreciated and are still in use of the Company.



	2019 RUPEES	2018 RUPEES
<b>10. LONG TERM INVESTMENTS</b>		
<b>Investments at fair value through other comprehensive income</b>		
<b>Associated company:</b>		
<b>Un-quoted</b>		
<b>Crescent Group (Private) Limited</b>		
220 000 (2018: 220 000) fully paid ordinary shares of Equity held: 1.03% (2018: 1.03%) (Note 10.1)	-	-
<b>Others:</b>		
<b>Un-quoted</b>		
<b>Crescent Modaraba Management Company Limited</b>		
100 000 (2018: 100 000) fully paid ordinary shares of Equity held: 5.45% (2018: 5.45%)	134,500	-
	<u>134,500</u>	<u>-</u>
<b>10.1</b> Full amount of impairment has been provided against investment in Crescent Group (Private) Limited.		
<b>11. LOANS AND ADVANCES</b>		
<b>Considered good:</b>		
Employees - interest free (Note 11.1)	29,500	59,000
Income tax	240,502	360,553
	<u>270,002</u>	<u>419,553</u>
<b>Considered doubtful:</b>		
Income tax	16,959,083	16,836,553
Less: Provision for doubtful loans and advances		
As at 01 July	(16,836,553)	(16,275,987)
Add: Provision made during the year (Note 19)	(122,530)	(560,566)
As at 30 June	(16,959,083)	(16,836,553)
	<u>-</u>	<u>-</u>

- 11.1** These represent loans given to employees against their salaries. All loans are recoverable in equal monthly installments.

## 12. SECURITY DEPOSITS

- 12.1** These include Rupees 120 million (2018: Rupees 120 million) deposited with Deputy Registrar (Judicial) of Lahore High Court, Lahore as per its order dated 09 October 2013 regarding the issuance of NOC by The Bank of Punjab (Note 9.1).
- 12.2** The amount of Rupees 120 million as referred in Note 12.1 has been deposited by Deputy Registrar (Judicial) of Lahore High Court, Lahore in Bank Alfalah Limited, Shadman Branch, Lahore and obtained Term Deposit Receipt (TDR) against this amount. Uptill 05 January 2019, the TDR earned Rupees 33.895 million profit - net of tax. However, this amount is termed as contingent asset by the Company because the balance due to the Bank of Punjab is not yet settled and the decision of Lahore High Court, Lahore regarding the litigation as mentioned in Note 7.1 is still awaited.

	2019 RUPEES	2018 RUPEES
<b>13. OTHER RECEIVABLES</b>		
<b>Considered good:</b>		
Profit on deposits with banks receivable	3,769	-
Receivable against sale of land (Note 16)	66,666,000	-
Others	2,978	8,696
	<u>66,672,747</u>	<u>8,696</u>
<b>Considered doubtful:</b>		
Sales tax refundable	5,690,882	5,690,882
Less: Provision for doubtful other receivables	(5,690,882)	(5,690,882)
	<u>-</u>	<u>-</u>

## 14. SHORT TERM INVESTMENTS

### Available for sale

### Associated company:

### Un-quoted

### Crescent Group (Private) Limited

220 000 (2018: 220 000) fully paid ordinary shares of Rupees  
 Equity held: 1.03% (2018: 1.03%)

- -

### Others:

### Un-quoted

### Crescent Modaraba Management Company Limited

100 000 (2018: 100 000) fully paid ordinary shares of Rupees  
 Equity held: 5.45% (2018: 5.45%)

- 134,500

	2019 RUPEES	2018 RUPEES
<b>Investments at fair value through profit or loss</b>		
<b>Quoted - others</b>		
<b>Shakarganj Limited</b>		
38 026 (2018: 38 026) fully paid ordinary shares of Rupees 10 Equity held: 0.03% (2018: 0.03%)	2,680,833	3,607,312
<b>Crescent Fibres Limited</b>		
17 499 (2018: 17 499) fully paid ordinary shares of Rupees 10 Equity held: 0.14% (2018: 0.14%)	446,400	540,719
<b>Shahzad Textile Mills Limited</b>		
60 (2018: 60) fully paid ordinary shares of Rupees 10 each	2,520	1,470
<b>Thal Limited</b>		
412 (2018: 412) fully paid ordinary shares of Rupees 10 each	196,742	249,685
	3,326,495	4,399,186
Unrealized loss on remeasurement of investments (Note 19)	(728,976)	(1,072,691)
	<u>2,597,519</u>	<u>3,460,995</u>
	<b>2019 RUPEES</b>	<b>2018 RUPEES</b>
<b>15. BANK BALANCES</b>		
On current accounts	3,054	3,728
On deposit accounts (Note 15.1)	311,340	381,080
	<u>314,394</u>	<u>384,808</u>

**15.1** Rate of profit on deposit accounts ranges from 1.73 percent to 10.25 percent (2018: 1.73 percent to 4.50 percent) per annum.

## 16. NON-CURRENT ASSET HELD FOR SALE

The Company through an agreement dated 17 July 2014 agreed to sell complete freehold land of the Company located at Lahore Road, Jaranwala, District Faisalabad having area of 23 acres, 6 kanals and 4 marlas for Rupees 220 million to Mrs. Saima Yousaf (the "Buyer"). The Company has transferred control of the complete freehold land to the Buyer. The Buyer being a real estate developer has undertaken development works at the land and clients of the Buyer have started settling at the land under reference. In view of the aforesaid, the Company has de-recognized freehold land in these financial statements.

The Company has to-date received Rupees 153.334 million against the sale of land. Remaining Rupees 66.666 million were due to be received from the Buyer in single installment on 24 December 2017.

However, cheques having consolidated amount of Rupees 66.666 million dated 24 December 2017 were dishonored by the Bank due to the insufficiency of funds. The Company through its legal counsel served a legal notice on the Buyer on 27 December 2017 that the amount already paid i.e. Rupees 153.334 million will be forfeited if the remaining installment is not paid. Moreover, the Company has filed a suit for cancellation of agreement before Civil Court, Faisalabad which is pending for adjudication. According to the agreement, the ownership of freehold land equivalent to the payment received shall be transferred in the name of the Buyer after the clearance of cheques received for this purpose. Although two installments amounting to Rupees 133.334 million along with Rupees 20 million of token money have been received from the Buyer, but ownership of proportionate freehold land was not transferred. The remaining installment of Rupees 66.666 million is shown as receivable from the Buyer as stated in Note 13. The management of the Company is of the view that ownership of complete freehold land shall be transferred in the name of the Buyer on receipt of remaining, single installment of Rupees 66.666 million from the Buyer. As per management, this stance is essential for 100% recovery of remaining single installment of Rupees 66.666 million from the Buyer. Further, the legal counsel of the Company is of the view that there is no default on part of the Company in performance of its obligation to transfer ownership of proportionate freehold land to the Buyer as completion of necessary paperwork and payment of necessary duties and taxes is the responsibility of the Buyer. As the Company still owns the legal title of complete freehold land, which will be transferred after receiving the remaining installment from the Buyer, hence, the management, based on advice of its legal advisors, is confident that there are no doubts upon recovery of remaining installment from the Buyer.

The carrying amount of freehold land as at 30 June 2018 using the cost model was Rupees 102,726.

#### Non-recurring fair value measurements

Freehold land classified as held for sale as at 30 June 2018 was measured at the lower of its carrying amount and fair value less costs to sell at the time of the reclassification. The fair value of the freehold land was determined using the sales comparison approach. This is a level 2 measurement as per the fair value hierarchy set out in Note 29.

## 17. INCOME

### Income from financial assets

Profit on deposits with banks	25,212	158,703
Dividend income on investments in other than associated companies	4,592	58,036
	<u>29,804</u>	<u>216,739</u>

### Income from non-financial assets

Gain on sale of non-current asset held for sale	38,114,000	-
	<u>38,143,804</u>	<u>216,739</u>

	2019 RUPEES	2018 RUPEES
<b>18. ADMINISTRATIVE EXPENSES</b>		
Salaries, allowances and other benefits	7,118,224	14,950,200
Rent, rates and taxes	840,185	880,514
Legal and professional	8,537,104	2,269,789
Insurance	119,272	179,810
Travelling and conveyance	310,755	1,142,793
Vehicles' running	208,269	344,014
Entertainment	89,277	96,470
Auditors' remuneration (Note 18.1 )	343,000	333,000
Advertisement	49,400	58,400
Postage and telephone	265,116	410,791
Electricity and water	223,045	261,195
Printing and stationery	116,585	110,464
Repair and maintenance	40,466	34,785
Depreciation (Note 9)	379,367	433,721
Miscellaneous	37,248	81,543
	<u>18,677,313</u>	<u>21,587,489</u>
	2019 RUPEES	2018 RUPEES
<b>18.1 Auditors' remuneration</b>		
Audit fee	200,000	200,000
Half yearly review	75,000	75,000
Other certification	50,000	40,000
Reimbursable expenses	18,000	18,000
	<u>343,000</u>	<u>333,000</u>
<b>19. OTHER EXPENSES</b>		
Exchange loss	29,183,224	12,685,075
Un-realized loss on re-measurement of investments at fair value through profit or loss (Note 14)	728,976	1,072,691
Provision for doubtful loans and advances (Note 11)	122,530	560,566
	<u>30,034,730</u>	<u>14,318,332</u>
<b>20. FINANCE COST</b>		
Mark-up on borrowings	2,531,665	15,488,713
Bank charges and commission	9,459	266,213
	<u>2,541,124</u>	<u>15,754,926</u>
<b>21. TAXATION</b>		
Current (Note 21.1)	<u>689</u>	<u>8,705</u>

**21.1** Provision for current taxation represents tax on other income under the relevant provisions of the Income Tax Ordinance, 2001. The Company has accumulated tax losses of Rupees 297.812 million including unabsorbed depreciation as at 30 June 2019 (2018: Rupees 544.529 million). The related deferred income tax asset amounting to Rupees 92.546 million (2018: Rupees 164.050 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. Reconciliation of tax expenses and product of accounting profit multiplied by the applicable tax rate is not required in view of accumulated tax losses of the Company.

## 22. LOSS PER SHARE - BASIC AND DILUTED

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

	2019	2018
Loss for the year (Rupees)	<u>(13,110,052)</u>	<u>(51,452,713)</u>
Weighted average number of ordinary shares (Numbers)	<u>23 763 468</u>	<u>23 763 468</u>
Loss per share (Rupees)	<u>(0.55)</u>	<u>(2.17)</u>

## 23. CASH USED IN OPERATIONS

<b>Loss before taxation</b>	(13,109,363)	(51,444,008)
-----------------------------	--------------	--------------

### Adjustments for non-cash charges and other items:

Depreciation	379,367	433,721
Gain on sale of non-current asset held for sale	(38,114,000)	-
Provision for doubtful loans and advances	122,530	560,566
Profit on deposits with banks	(25,212)	(158,703)
Un-realized loss on re-measurement of investments at fair value through profit or loss	728,976	1,072,691
Exchange loss	29,183,224	12,685,075
Finance cost	2,541,124	15,754,926
Working capital changes (Note 23.1)	(149,542,556)	519,499
	<u>(167,835,910)</u>	<u>(20,576,233)</u>

### 23.1 Working capital changes

Decrease / (increase) in current assets:

- Loans and advances	29,500	21,900
- Prepayments	(11,250)	2,350
- Other receivables	(2,978)	-
	<u>15,272</u>	<u>24,250</u>

(Decrease) / increase in accrued liabilities and other payables

(149,557,828)	495,249
<u>(149,542,556)</u>	<u>519,499</u>

**23.2 Reconciliation of movement of liabilities arising from financing activities**

	As at 30 June 2018	Cash Flows	As at 30 June 2019
	-----RUPEES-----		
Loan from Crescent Ventures (Private) Limited	9,000,000	14,422,000	23,422,000

**24. REMUNERATION OF CHIEF EXECUTIVE OFFICER AND DIRECTOR**

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

Director of the Company is as follows:

	Chief Executive Officer		Director	
	2019	2018	2019	2018
	-----RUPEES-----			
<b>Managerial remuneration</b>	-	2,000,400	1,962,000	1,641,000
<b>Allowances</b>				
House rent	-	999,600	-	198,000
Medical	-	-	196,200	164,100
Utilities	-	-	-	66,000
	-	3,000,000	2,158,200	2,069,100
<b>Number of persons</b>		<b>1</b>	<b>1</b>	<b>1</b>

**24.1** Aggregate amount charged in these financial statements for meeting fee to five directors (2018: five directors) was Rupees 75,000 (2018: Rupees 45,000).

**24.2** The Company provided re-imbursement of fuel and maintenance cost to a director for his personal vehicle as per Company's policy.

**24.3** No employee of the Company falls within definition of executive as defined in the 4th schedule to the Companies Act, 2017.

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

**25. 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:

	2019 RUPEES	2018 RUPEES
<b>Associated companies</b>		
<b>Premier Insurance Limited</b>		
Service charges accrued	-	272,377
<b>Crescent Ventures (Private) Limited</b>		
Loan received	14,422,000	9,000,000

**25.1** Detail of compensation to key management personnel comprising of Chief Executive Officer and Director is disclosed in Note 24.

## 26. NUMBER OF EMPLOYEES

	2019 (NUMBER OF PERSONS)	2018
Number of employees as on 30 June	14	16
Average number of employees during the year	15	30

## 27. PLANT CAPACITY AND ACTUAL PRODUCTION

The Company has ceased its production activities since May 2011 and disposed of all the plant and machinery.

## 28. FINANCIAL RISK MANAGEMENT

### 28.1 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.

#### (a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk, other price risk and interest rate 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). Currently, the Company's foreign exchange risk exposure is restricted to borrowings. The Company's exposure to currency risk was as follows:

	2019	2018
Borrowings - FE-25 - USD	755,064	755,064
Following exchange rate was applied during the year:		
<b>Rupees per US Dollar</b>		
Average rate	143.05	110.63
Reporting date rate	160.25	121.60

**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 6.050 million (2018: Rupees 4.591 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 instruments 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 PSX 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:

Index	Impact on loss after taxation		Impact on other comprehensive loss	
	2019	2018	2019	2018
	----- RUPEES -----			
PSX 100 (5% increase)	129,876	166,325	-	-
PSX 100 (5% decrease)	(129,876)	(166,325)	-	-

**(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's interest rate risk arises from borrowings and bank balances in deposit 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.

	2019 RUPEES	2018 RUPEES
<b>Fixed rate instruments:</b>		
<b>Financial liabilities</b>		
Borrowings	18,083,326	148,067,830
<b>Floating rate instruments:</b>		
<b>Financial assets</b>		
Bank balances - deposit accounts	311,340	381,080
<b>Financial liabilities</b>		
Borrowings	-	16,424,035

As the Company ceased to charge further mark-up on borrowings from The Bank of Punjab and from B.R.R. Guardian Modaraba (formerly Crescent Standard Modaraba) as described in Note 7.1 and 7.2 respectively, therefore these financial liabilities have been removed from interest rate risk.

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

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or 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 0.003 million lower / higher (2018: Rupees 0.160 million higher / lower), mainly as a result of higher / lower interest expense / income on

floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at reporting date were outstanding for the whole year.

**(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:

Investments	2,732,019	3,460,995
Loans and advances	29,500	59,000
Other receivables	66,669,769	8,696
Deposits	120,037,500	120,037,500
Bank balances	314,394	384,808
	<u>189,783,182</u>	<u>123,950,999</u>

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			2019	2017
	Short Term	Long term	Agency	RUPEES	RUPEES
<b>Banks</b>					
MCB Bank Limited	A1+	AAA	PACRA	14,029	272,175
The Bank of Punjab	A1+	AA	PACRA	-	174
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	296,511	78,296
Dubai Islamic Bank Pakistan Limited	A-1+	AA	VIS	3,854	34,163
				<u>314,394</u>	<u>384,808</u>

Due to the Company's long standing business relationships with these counterparties, the management does not expect non-performance by these counterparties on their obligations to the Company. Accordingly, the credit risk is minimal.

**© Liquidity risk**

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

At 30 June 2019, the Company had not any unavailed borrowing limit from financial institutions and Rupees 0.314 million (2018: Rupees 0.385 million) 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.

**Contractual maturities of financial liabilities as at 30 June 2019:**

	<b>Carrying Amount</b>	<b>Contractual Cash Flows</b>	<b>6 months or less</b>	<b>6-12 months</b>	<b>1-2 Years</b>	<b>More than 2 Years</b>
<b>----- RUPEES -----</b>						
<b>Non-derivative financial liabilities:</b>						
Borrowings	276,697,044	277,962,877	277,962,877	-	-	-
Accrued liabilities and other payables	11,450,608	11,450,608	11,450,608	-	-	-
Accrued mark-up	171,317,856	171,317,856	171,317,856	-	-	-
Unclaimed dividend	337,312	337,312	337,312	-	-	-
	<u>459,802,820</u>	<u>461,068,653</u>	<u>461,068,653</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Contractual maturities of financial liabilities as at 30 June 2019:**

<b>Carrying Amount</b>	<b>Contractual Cash Flows</b>	<b>6 months or less</b>	<b>6-12 months</b>	<b>1-2 Years</b>	<b>More than 2 Years</b>
<b>----- RUPEES -----</b>					

**Contractual maturities of financial liabilities as at 30 June 2018:**

<b>Non-derivative financial liabilities:</b>						
Borrowings	233,091,820	240,822,158	240,822,158	-	-	-
Accrued liabilities and other payables	7,671,227	7,671,227	7,671,227	-	-	-
Accrued mark-up	168,786,191	168,786,191	168,786,191	-	-	-
Unclaimed dividend	337,312	337,312	337,312	-	-	-
	<u>409,886,550</u>	<u>417,616,888</u>	<u>417,616,888</u>	<u>-</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.

**28.2 Financial instruments by categories**

	<b>At amortized cost</b>	<b>At fair value through profit or loss</b>	<b>At fair value through other comprehensive income</b>	<b>Total</b>
<b>----- RUPEES -----</b>				
<b>As at 30 June 2019</b>				
<b>Assets as per statement of financial position</b>				
Investments	-	2,597,519	134,500	2,732,019
Loans and advances	29,500	-	-	29,500
Other receivables	66,669,769	-	-	66,669,769
Deposits	120,037,500	-	-	120,037,500
Bank balances	314,394	-	-	314,394
	<u>187,051,163</u>	<u>2,597,519</u>	<u>134,500</u>	<u>189,783,182</u>

	<b>Financial liabilities at amortized cost RUPEES</b>
<b>Liabilities as per statement of financial position</b>	
Borrowings	276,697,044
Trade and other payables	11,450,608
Accrued mark-up	171,317,856
Unclaimed dividend	337,312
	<u>459,802,820</u>

**As at 30 June 2018****Assets as per statement of financial position**

	<b>Loans and receivables</b>	<b>At fair value through profit or loss</b>	<b>Available for sale</b>	<b>Total</b>
				-----RUPEES-----
Investments	-	3,326,495	134,500	3,460,995
Loans and advances	59,000	-	-	59,000
Other receivables	8,696	-	-	8,696
Deposits	120,037,500	-	-	120,037,500
Bank balances	384,808	-	-	384,808
	<u>120,490,004</u>	<u>3,326,495</u>	<u>134,500</u>	<u>123,950,999</u>

	<b>Financial liabilities at amortized cost RUPEES</b>
<b>Liabilities as per statement of financial position</b>	
Borrowings	233,091,820
Trade and other payables	7,671,227
Accrued mark-up	168,786,191
Unclaimed dividend	337,312
	<u>409,886,550</u>

**28.3 Offsetting financial assets and liabilities**

As on reporting date, recognized financial instruments are not subject to offsetting as there are no enforceable master netting arrangements and similar agreements.

## 28.4 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.

## 29. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

### (i) Fair value hierarchy

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

Recurring fair value measurements At 30 June 2019	Level 1	Level 2	Level 3	Total
--	---------	---------	---------	-------

----- RUPEES -----

#### Financial assets

At fair value through profit or loss	2,597,519	-	-	2,597,519
At fair value through other comprehensive income	-	-	134,500	134,500

<b>Total financial assets</b>	<b>2,597,519</b>	<b>-</b>	<b>134,500</b>	<b>2,732,019</b>
-------------------------------	------------------	----------	----------------	------------------

Recurring fair value measurements At 30 June 2018	Level 1	Level 2	Level 3	Total
--	---------	---------	---------	-------

----- RUPEES -----

#### Financial assets

At fair value through profit or loss	3,326,495	-	-	3,326,495
Available for sale	-	-	134,500	134,500

<b>Total financial assets</b>	<b>3,326,495</b>	<b>-</b>	<b>134,500</b>	<b>3,460,995</b>
-------------------------------	------------------	----------	----------------	------------------

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

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

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

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

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

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

**(ii) Valuation techniques used to determine fair values**

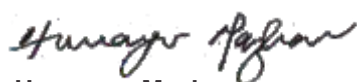
Valuation technique used to value financial instruments includes the use of quoted market prices.

**30. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on September 30, 2019 by the Board of Directors of the Company.

**31. CORRESPONDING FIGURES**


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



**Humayun Mazhar**  
Chief Executive Officer



**Khurram Mazhar Karim**  
Director



**Saif Ullah**  
Chief Financial Officer

**GOVERNMENT OF PAKISTAN**  
**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

**NOTIFICATION**

*Islamabad, the 9<sup>th</sup> September, 2015*

S.R.O. 924 (I)/2015:- In exercise of the powers conferred by Section 506B of the Companies Ordinance, 1984 (XLVII of 1984), the Securities and Exchange Commission of Pakistan is pleased to direct that a company listed on a stock exchange in Pakistan shall, while issuing annual accounts and balance sheet, incorporate the following informational message on 'JamaPunji', with immediate effect:





**Be aware, Be alert,  
Be safe**  
 Learn about investing at  
[www.jamapunji.pk](http://www.jamapunji.pk)

**Key features:**

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- 🔍 Scam meter\*
- 🎮 JamaPunji games\*
- 💰 Tax credit calculator\*
- 🏢 Company Verification
- 📋 Insurance & Investment Checklist
- ❓ FAQs Answered
- 📈 Stock trading simulator (based on live feed from KSE)
- 📖 Knowledge center
- 📊 Risk profiler\*
- 📊 Financial calculator
- 🔔 Subscription to Alerts (event notifications, corporate and regulatory actions)
- 📱 JamaPunji application for mobile device
- 📖 Online Quizzes

JamaPunji is an initiative of the above bodies of Securities and Exchange Commission of Pakistan

Mobile apps are also available for download for android and ios devices

[jamapunji.pk](http://jamapunji.pk)    @jamapunji\_pk

[No. EMD/website-regulation/74/2011]

*Bushra*  
 9/9/15  
 (Bushra Aslam)  
 Secretary to the Commission



**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 Monday the October 28, 2019 at 10:30 a.m. at 503 - E, Johar Town, Lahore  
and at any adjournment thereof.

As witness my hand this \_\_\_\_\_ day of \_\_\_\_\_ October 2019

**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.

## تشکیل نیابت داری (پراکسی فارم)

میں / ہم \_\_\_\_\_  
ساکن \_\_\_\_\_

بحیثیت حصہ دار کر سینٹ جیوٹ پروڈکٹس لمیٹڈ \_\_\_\_\_

ساکن \_\_\_\_\_ یا بصورت دیگر \_\_\_\_\_  
نام (فولیو / سی ڈی سی اکاؤنٹ نمبر اگر ممبر ہو) \_\_\_\_\_  
نام (فولیو / سی ڈی سی اکاؤنٹ نمبر اگر ممبر ہو) \_\_\_\_\_

ساکن \_\_\_\_\_ کو اپنی جگہ بروز پیر 28 اکتوبر 2019

کو بوقت دن کے 10:30 بجے صبح 503-E جو ہر ٹاؤن، لاہور۔ میں منعقد یا ملتوی ہونے والے سالانہ عام اجلاس میں شرکت کرنے، بولنے اور ووٹ دینے کے لیے اپنا نمائندہ مقرر کرتا / کرتی ہوں۔

بطور گواہ میرے / ہمارے دستخط سے مورخہ \_\_\_\_\_ اکتوبر 2019 کو دی گئی۔

۵ روپے کارسیدی ٹکٹ  
چسپاں کر کے دستخط کریں

۱۔ گواہ

دستخط : \_\_\_\_\_  
نام : \_\_\_\_\_  
شناختی کارڈ نمبر : \_\_\_\_\_  
پتہ : \_\_\_\_\_

دستخط \_\_\_\_\_  
(ممبر / مجاز افسر)

۲۔ گواہ

دستخط : \_\_\_\_\_  
نام : \_\_\_\_\_  
شناختی کارڈ نمبر : \_\_\_\_\_  
پتہ : \_\_\_\_\_

حاصل عام حصص

سی ڈی سی اکاؤنٹ نمبر	فولیو نمبر
شراکتی آئی ڈی	
اکاؤنٹ نمبر	

کمپیوٹرائزڈ شناختی کارڈ نمبر \_\_\_\_\_

نوٹس:

- (۱) پراکسیز کے منوثر ہونے کیلئے لازم ہے کہ وہ اجلاس سے ۴۸ گھنٹے قبل بمعہ دستخط گواہان اور رسیدی ٹکٹ کمپنی کو موصول ہو جانی چاہئیں۔
- (۲) سی ڈی سی حصص داران اجلاس ہذا میں شرکت کرنے، بولنے اور ووٹ دینے کیلئے اہل ہیں اور اپنی شناخت ثابت کرنے کے لیے اپنے اصلی کمپیوٹرائزڈ قومی شناختی کارڈ / پاسپورٹ ساتھ لائیں اور پراکسی کی صورت میں اپنے کمپیوٹرائزڈ قومی شناختی کارڈ / پاسپورٹ کی تصدیق شدہ کاپی ساتھ لگائیں۔
- (۳) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز / پاور آف اٹارنی بمعہ نمائندہ کے دستخط پراکسی فارم کے ساتھ لف کرنے ہوں گے۔

## آڈیٹرز

آڈیٹرز میسرز ریاض احمد اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائر ہو چکے ہیں اور اہل ہونے پر دوبارہ تقرری کی پیش کش کرتے ہیں۔ کارپوریٹ گورننس کے ضابطہ کے مطابق آڈٹ کمیٹی نے آئندہ برس کے لئے میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی سفارش کی۔

## اعتراف

ڈائریکٹرز حصہ داران، بینکرز اور صارفین کی مسلسل حمایت اور تعاون کے شکر گزار ہیں۔ ہم انہیں یقینی دہانی بھی کراتے ہیں کہ کریسٹل جیوٹ پر جس اعتماد کو انہوں نے اظہار کیا ہے اس کی ہم حوصلہ افزائی کرتے ہیں اور ہم ان کی توقعات پر پورا اتریں گے۔

بورڈ کی جانب سے اور بورڈ کے لئے

*Humayun Mughal*

(ہمایوں مظہر)

چیف ایگزیکٹو آفیسر

لاہور

مؤرخہ: 30 ستمبر 2019ء

نمبر شمار	حروف تہجی کے لحاظ سے ڈائریکٹرز کے نام	ان کی مدت میں منعقدہ اجلاس	حاضری
3	محترم ہمایوں مظہر	4	4
4	محترم خرم مظہر کریم	4	4
5	محترمہ مہرین ہمایوں	4	3
6	سید رضا عباس جعفری	4	4
7	محترم سیف اللہ	4	4

جوڈریکٹرز بورڈ کے اجلاس میں شرکت نہ کر سکے انہیں بورڈ کی جانب سے رخصت عنایت کی گئی۔

### شیئر ہولڈنگ کی وضع

شیئر ہولڈنگ کی وضع رپورٹ ہذا کے ساتھ لف ہے۔

### کمپنی کے حصص میں تجارت

ڈائریکٹرز، CFO، کمپنی سیکریٹری اور ان کے اہلیان اور نابالغ بچے رواں برس کے دوران کمپنی کے حصص کی مد میں کسی بھی لین دین میں شامل نہ تھے۔

### قرضوں کی نادرہنگی، اگر کوئی ہے

بینک کے واجبات کی ادائیگی کے لئے بات چیت جاری ہے اور ابھی تک ادائیگی کی کسی شرط پر حتمی فیصلہ نہ ہو سکا۔

### آڈیٹرز رپورٹ میں صداقت پر جواب

آڈیٹرز کی جانب سے لاہور ہائی کورٹ، لاہور کے ڈپٹی رجسٹرار (جوڈیشل) کو جمع کرائی گئی رقم کی عدم تصدیق پر اٹھائی گئی سند کے لحاظ سے ہم یقین رکھتے ہیں کہ عدالت نے بینک الفلاح لمیٹڈ شادمان برانچ، لاہور میں مذکورہ رقم جمع کرا دی ہے۔ مزید برآں، سال کے اختتام پر، ہم نے اپنے وکیل کو اپیلی کیشن اس موضوع پر درخواست دائر کرنے کی درخواست کی ہے۔

## لازمی ادائیگیاں

محصولات، ڈیوٹیز، لیوانز، مساوائے اپیلوں کی مد میں کوئی بھی لازمی ادائیگیاں واجب الادا نہیں ہیں۔

## نمایاں منصوبے اور فیصلے

31 مئی 2011ء کے منعقدہ اجلاس میں حصص داران کی جانب سے منظور شدہ لیکویڈٹی میں کمی کی وجہ سے 02 مئی 2011ء سے ملز کے آپریشن بند ہیں اور واجبات کی ادائیگی کے لئے کمپنی کی پراپرٹی، پلانٹ اور ایکوپمنٹ کو فروخت کرنے کا فیصلہ کیا گیا۔

## بورڈ آف ڈائریکٹرز

کمپنی کے بورڈ میں سات ڈائریکٹرز ہیں جن کے نام حسب ذیل ہیں:

نمبر شمار	نام ڈائریکٹرز	عہدہ
1	محترمہ عابدہ مظہر	نان ایگزیکٹو ڈائریکٹر..... چیئر پرسن
2	محترمہ عائشہ خرم مظہر	نان ایگزیکٹو ڈائریکٹر
3	محترم ہمایوں مظہر	چیف ایگزیکٹو ڈائریکٹر..... ایگزیکٹو ڈائریکٹر
4	محترم خرم مظہر کریم	نان ایگزیکٹو ڈائریکٹر
5	محترمہ مہرین ہمایوں	نان ایگزیکٹو ڈائریکٹر
6	سید رضا عباس جعفری	نان ایگزیکٹو ڈائریکٹر انڈیپنڈنٹ
7	محترم سیف اللہ	ایگزیکٹو ڈائریکٹر

## بورڈ کے اجلاس اور ڈائریکٹرز کی حاضری

سال کے دوران، بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری حسب ذیل ہے۔

نمبر شمار	حروف تہجی کے لحاظ سے ڈائریکٹرز کے نام	ان کی مدت میں منعقدہ اجلاس	حاضری
1	محترمہ عابدہ مظہر	4	3
2	محترمہ عائشہ خرم مظہر	4	3

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

دریں اثنا، ہم نے کاسٹ کنٹرول پر بھرپور توجہ مرکوز رکھی اور اخراجات کو نجلی سطح پر رکھنے کی ہر ممکن کوشش کی۔

### کاروباری اور مالی رپورٹنگ فریم ورک پر بیان

1. کمپنی کی انتظامیہ کی جانب سے مرتب کی گئی مالی اسٹیٹمنٹس اپنے کاروباری امور، کام کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کو منصفانہ انداز میں پیش کرتی ہیں۔
2. کمپنی کے کھاتوں کی باضابطہ بکس تیار کی گئی ہیں۔
3. مالی اسٹیٹمنٹس کی تیاری میں موزوں اکاؤنٹنگ پالیسیوں کا اطلاق کیا گیا ہے۔ اور اکاؤنٹنگ تخمینہ جات موزوں اور محتاط فیصلوں کی بنیاد پر لگائے جاتے ہیں۔
4. مالی بیانات کی تیاری میں بین الاقوامی مالی رپورٹنگ معیارات، جن کا اطلاق پاکستان میں ہوتا ہے، کی پیروی کی گئی ہے اور کسی بھی قسم کی تبدیلی کو مناسب انداز میں ظاہر کیا گیا ہے۔
5. انٹرنل کنٹرول سسٹم بہت اعلیٰ ہے اور اس کی موثر نگرانی اور اطلاق کیا جاتا ہے۔
6. لسٹنگ ریگولیشنز میں بیان کردہ کارپوریٹ گورننس کی بہترین عمل داری میں کوئی ابہام نہیں۔ ماسوائے آڈیٹرز کی جانب سے جائزہ رپورٹ میں بیان کردہ معاملات کے۔

### بنیادی آپریٹنگ اور مالی ڈیٹا

گزشتہ چھ سال کے بنیادی آپریٹنگ اور مالی اعداد و شمار مختصراً ساتھ منسلک ہیں۔

### منافع منقسمہ

مسلل خسارہ کی وجہ سے کمپنی اپنے حصص داران کے لئے کسی بھی قسم کے منافع منقسمہ کے اعلان اور ادائیگی کے قابل نہ ہے۔

## حصص داران کو ڈائریکٹروں کی رپورٹ

سال 2018ء کی اسی مدت میں 51.45 ملین روپے خسارہ کے مقابلہ میں 30 جون 2019ء کو اختتام پذیر سال میں 13.11 ملین روپے خسارہ درج کیا۔ گذشتہ برس 2.17 روپے فی حصص کے مقابلہ میں رواں سال فی حصص قیمت 0.55 روپے خسارہ رہی۔ یہ خسارہ میں کمی کمپنی کی زمین فروخت پر حاصل شدہ منافع کی وجہ سے ہوا۔ امریکن ڈالر کے مقابلہ میں روپے کی قدر میں نمایاں کمی اور اس کے مالی اداروں کو واجب الادا رقوم، قرضوں کی لاگت اور کاروباری امور چلانے اور کمپنی کے بقایا اثاثہ جات کے تحفظ کے لئے کم از کم مطلوب عملہ کی لاگت کی وجہ سے یہ خسارہ دیکھنے میں آیا۔

انتظامیہ بورڈ آف ڈائریکٹرز اور حصص داران کی جانب سے منظور شدہ بندش پلان کے اطلاق کے عمل میں ہے۔ اس پلان کے دو حصے تھے اولاً اثاثہ جات کی فروخت اور ثانیاً مستقبل کے کاروباری منصوبے۔ جہاں تک اثاثہ جات کی فروخت کا تعلق ہے اس پر نمایاں پیش رفت ہوئی ہے یعنی جامدا اثاثوں کی فروخت کی مد میں اکثر وصولیاں کر لی گئی ہیں تاہم، اراضی کی فروخت کی مد میں دسمبر 2018ء میں واجب الوصول آخری قسط کے سلسلہ میں خریدار کے بنک کی جانب سے 66.67 ملین روپے رقم کے چیک ڈس آنر ہو چکے ہیں۔ ہم نے عدم ادائیگی کا نوٹس بھیج دیا ہے اور خریدار کے خلاف دیوانی مقدمہ بھی دائر کر دیا ہے۔

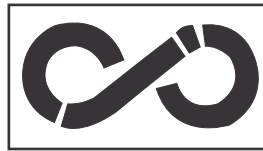
مندرجہ ذیل جدول حصص داران اور بورڈ آف ڈائریکٹرز کے اجلاس منظور شدہ کلوزر پلان سے متعلق صورت حال کو واضح کرتا ہے۔

24.902	فروخت شدہ اثاثہ جات کی اندراجی قیمت (ملین روپوں میں)
432.605	اثاثہ جات کی فروخت پر وصول شدہ رقم (ملین روپوں میں)
192.336	فروخت پر حاصل منافع (ملین روپوں میں)
71 ملین کی رقم جس قرضے پر مارک اپ لاگو تھا وہ ادا کی گئی ہے۔ اور مبلغ 120 ملین BOP قرضہ کی مد میں ڈپٹی رجسٹرار لاہور ہائی کورٹ کو جمع کروائے گئے۔ بقیہ رقم ڈائریکٹروں کی واپسی پر اور انتظامی اور دیگر اخراجات پر استعمال ہوئی۔	وصول شدہ رقم کا استعمال
تمام اثاثہ جات فروخت کیے گئے ہیں۔	قابل فروخت بقایا اثاثہ جات کی اندراجی قیمت

CRESCENT GROUP



# سالانہ رپورٹ 2019



کرینٹ جیوٹ پروڈکٹس لمیٹڈ



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