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COMPANY INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Saif Ullah

COMPANY SECRETARY

Mr. Shafiq Anwar

AUDITORS

M/s Riaz Ahmad & Company
Chartered Accountants
Faisalabad

LEGAL ADVISORS

Mr. Shahid Mahmood Baig
Syed Moazzam Ali Shah

BANKERS

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

REGISTERED OFFICE

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

WORKS

Unit, Jaranwala

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given to all the shareholders of Crescent Jute Products Limited (the "Company") that Annual General Meeting of the Company will be held on Thursday, October 25, 2012 at 11.00 a.m. at 306, 3rd Floor, Siddiq Trade Centre, 72-Main Boulevard, Gulberg, 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, 2012.
2. To appoint auditors and fix their remuneration.

REGISTERED OFFICE:

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

BY ORDER OF THE BOARD

SHAFIQ ANWAR
COMPANY SECRETARY

Dated: September 27, 2012.

Notes:

1. The Members' Register will remain closed from October 23, 2012 to October 29, 2012 (both days inclusive). Transfer received at the Registered Office of the Company by the close of business on October 22, 2012.
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 CNIC numbers shall be mentioned on the form.

iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv) The proxy shall produce his original CNIC or original passport at the time of the Meeting.

v) In case of corporate entity, the Board of directors' resolution/power of attorney with specimen signatures shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Accounts for the year ended June 30, 2012 show a loss of Rupees 191.46 million, as compared to loss of Rupees 84.82 million in the corresponding period in 2011. There has been no production operation during the period under review. The Mills is closed down and the management in proceeding ahead with the closure plan approved by the BOD and Shareholders. The main reason of increase in current year loss is the provision for obsolescence of stock in trade to the tune of Rupees 2.1 Million, provision for mark up on loans by Crescent Standard Modaraba and Innovative Investment Bank Rupees 18 Million and decrease in other income of Rupees 11 Million.

There has been set back in our efforts to dispose off the machinery as the potential buyer backed out due to extraordinary delay in the approval of sale by the Bank of Punjab. We have started identifying other buyers for this machinery but despite our best efforts, and despite the visit to the plant by several potential buyers, we have no firm offer in hand at the moment. However, we expect the land sale mature earlier than expected as there is strong interest by several potential buyers.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

KEY OPERATING AND FINANCIAL DATA

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

DIVIDEND

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

STATUTORY PAYMENTS

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

SIGNIFICANT PLANS AND DECISIONS

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

CHANGES IN THE BOARD OF DIRECTORS.

No change during the current year, however Mr. Zaheer Abbas Fida tendered resignation from the board of Directors with effect from September 18, 2012. The Board has accepted his resignation and Mr. Shafiq Anwar co-opted Director in his place, in the meeting held on September 27, 2012. Company has seven Directors on its Board.

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

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 Directors in alphabetic order	Meetings held in their tenure.	No. of Meetings attended
1	Mr. Ahmad Rashid M. Hanif	4	0
2	Mr. Humayun Mazhar	4	4
3	Mr. Khurram Mazhar Karim	4	4
4	Mr. Qamar Nawaz Qureshi	4	2
5	Syed Raza Abbas Jaffery	4	3
6	Mr. Saif Ullah	4	4
7	Mr. Zaheer Abbas Fida	4	2

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

After settlement with the Banks our report over dues is cleared from CIB default list.

AUDITORS

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board

(Humayun Mazhar)
Chief Executive Officer

Lahore

Dated: September 27, 2012

KEY OPERATING AND FINANCIAL DATA OF LAST SIX YEARS

	Year ending 30th June					
	2011	**2010**	**2009**	**2008**	**2007**	**2006**
PRODUCTION CAPACITY BASED ON SHIFT WORKING IN METRIC TONS						
Jute Unit	23,000	23,000	23,000	23,000	23,000	23,000
Cotton Unit						
ACTUAL PRODUCTION IN METRIC TONS						
Jute Unit	3,675	6,519	12,775	14,229	9,783	10,566
Cotton Unit						
OPERATING RESULTS - RUPEES IN 000						
Net Sales	453,768	566,002	999,998	710,864	460,717	443,420
Cost of Sales	524,173	525,658	871,654	657,281	478,045	433,416
Operating Expenses	82,701	69,600	7,755	10,058	73,048	65,148
Other Income	(111,655)	(15,630)	2,535	81,384	296,768	56,227
Financial Charges	55,081	39,183	30,776	17,618	45,562	58,702
Other Charges						
Gain on Sale of Unit						
Taxation	11,714	1,305	9,032	4,141	3,113	2,609
Net Income/(Loss)	(84,818)	(82,764)	14,130	26,396	157,717	(59,965)
Earning per share - Rupees	(3.57)	(3.48)	0.59	1.39	10.47	(3.63)
FINANCIAL POSITION - RUPEES IN 000						
Equity	(217,148)	(140,197)	(66,397)	(91,925)	(232,853)	(405,537)
Effect of change in accounting policy relating to prior years						
Incremental depreciation transferred from revaluation surplus	22,509	7,867	8,963	11,399	13,470	14,967
Total	(194,639)	(132,331)	(57,434)	(80,526)	(219,383)	(390,570)
Revaluation of Fixed Assets	492,658	602,997	384,119	394,540	174,482	230,143
Participatory Redeemable Capital			-	-	40,000	40,000
Sponsors Loan	43,437	62,566	7,966	7,966	123,421	36,420
Long Term Running Finance	64,146	68,822	72,658	75,803	55,139	55,139
Deferred Liabilities	173,376	187,787	70,941	76,552	-	-
Current Liabilities	440,314	498,081	255,252	349,096	237,875	545,304
	1,019,292	**1,287,922**	**733,501**	**823,431**	**411,534**	**516,436**
Fixed Capital Expenditure	694,126	745,006	488,474	513,232	203,220	259,543
Long Term Investment	135	135	553	135	135	135
Long Term Loan	274	381	186	-	-	-
Long Term Deposits	1,426	1,952	3,188	2,627	2,627	2,625
Current Assets	323,331	540,450	241,100	307,437	205,552	254,133
	1,019,292	**1,287,922**	**733,501**	**823,431**	**411,534**	**516,436**

The Companies Ordinance 1984
(Section 236(1) and 464)
Pattern Of Shareholding (Form - 34)

1. Incorporation Number : **0001959**
2. Name of The Company: **Crescent Jute Products Limited**
3. Pattern of Holding of the Shares held by the Shareholders as at : **June 30, 2012**

4.	No. of Shareholders	Shareholding		Total Shares held
		From	To	
	649	1	100	21,844
	531	101	500	141,482
	224	501	1,000	163,313
	267	1,001	5,000	663,030
	80	5,001	10,000	596,600
	43	10,001	15,000	545,027
	22	15,001	20,000	398,371
	18	20,001	25,000	410,196
	13	25,001	30,000	367,742
	13	30,001	35,000	421,861
	3	35,001	40,000	111,772
	7	40,001	45,000	293,161
	4	45,001	50,000	195,906
	2	50,001	55,000	106,723
	2	55,001	60,000	114,902
	2	60,001	65,000	122,932
	3	70,001	75,000	213,729
	1	75,001	80,000	80,000
	1	80,001	85,000	84,902
	1	90,001	95,000	91,300
	1	95,001	100,000	97,152
	1	100,001	105,000	104,422
	1	105,001	110,000	106,154
	1	115,001	120,000	119,525
	1	140,001	145,000	141,725
	3	150,001	155,000	456,334
	1	155,001	160,000	157,314
	1	160,001	165,000	161,555
	1	195,001	200,000	200,000
	2	200,001	205,000	405,087
	1	215,001	220,000	216,774
	1	235,001	240,000	238,375
	1	270,001	275,000	275,000
	1	535,001	540,000	537,717
	1	670,001	675,000	671,489
	1	1,485,001	1,490,000	1,488,718
	1	1,715,001	1,720,000	1,716,683
	1	2,735,001	2,740,000	2,738,487
	1	8,785,001	8,790,000	8,786,167
	1,908			**23,763,468**

Crescent Jute Products Limited **As On: June 30, 2011**

Categories of Shareholders	Physical	CDC	Total	% age
5.1 - Directors, Chief Executive Officer, Their Spouse and Minor Childern				
Chief Executive				
Mr. Humayun Mazhar	8,786,167	-	8,786,167	36.97
Directors				
Mr. Ahmad Rashid M. Hanif	4,339	-	4,339	0.02
Mr. Khurram Mazhar Karim	106,154	-	106,154	0.45
Director's Spouse and Their Childern				
Mrs. Ayesha Khurram Mazhar	2,475	-	2,475	0.01
Mrs. Mehreen Humayun Mazhar	47,474	-	47,474	0.20
	8,946,609	**-**	**8,946,609**	**37.65**
5.2 - Associated Companies, Undertakings & Related Parties				
Crescent Powertec Limited	80,000	-	80,000	0.34
The Crescent Textile Mills Limited	8,671	2,738,487	2,747,158	11.56
	88,671	**2,738,487**	**2,827,158**	**11.90**
5.3 - NIT & ICP (Name Wise Detail)				
IDBP (ICP Unit)	161,555	-	161,555	0.68
National Bank of Pakistan - Trustee Wing	8,456	-	8,456	0.04
National Investment Trust Limited	-	38,341	38,341	0.16
NBP - Trustee Department NI (U) T Fund	-	1,488,718	1,488,718	6.26
	170,011	**1,527,059**	**1,697,070**	**7.14**
5.4 - Banks, NBFCs, DFIs, Takafu., Pension Funds	**877,711**	**416,725**	**1,294,436**	**5.45**
5.5 - Modarabas	**75,724**	**-**	**75,724**	**0.32**
5.6 - Insurance Companies	**368,778**	**157,314**	**526,092**	**2.21**
5.7 - Other Companies Corporate Bodies Trust etc	**2,825,411**	**238,373**	**3,063,784**	**12.89**
5.8 - General Public	**2,404,776**	**2,927,819**	**5,332,595**	**22.44**
	15,757,691	**8,005,777**	**23,763,468**	**100.00**
Shareholders More Than 5.00%				
Mr. Humayun Mazhar			8,786,167	36.97
The Crescent Textile Mills Limited			2,747,158	11.56
Jubilee Spinning & Weaving Mills Limited			1,716,683	7.22
NBP - Trustee Department NI (U) T Fund			1,488,718	6.26

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERANCE

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

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

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

   Independent Director

   i) Syed Raza Abbas Jaffery

   Executive Directors

   i) Mr. Humayun Mazhar

   ii) Mr. Khurram Mazhar Karim

   iii) Mr. Saif Ullah

   Non-Executive Directors

   i) Mr. Ahmad Rashid M. Hanif

   ii) Mr. Qamar Nawaz Qureshi

   iii) Mr. Shafiq Anwar

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

2. The Directors have confirmed that none of them is serving as a Director in more than seven listed companies, including this Company.

3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or being a member of a Stock Exchange has been declared as a defaulter by that stock exchange.

4. No casual vacancy has occurred in the Board during the year ended 30 June 2012.

5. The Company has prepared a 'Code of Conduct', and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies alongwith the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive and non-executive directors, have been taken by the Board.

8. All the meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board met once in each quarter during the year ended 30 June 2012 including once in every quarter to approve the financial statements of the Company. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days prior to the meetings. The minutes of the meetings were appropriately recorded and circulated in time.

9. The Directors were apprised about the changes in the CCG, applicable laws and their duties and responsibilities to effectively manage the affairs of the Company for and on behalf of the shareholders. The Directors of the Company having 15 years of experience on the board of the listed Company are exempted from the requirement of Directors training program. All the board members except two directors qualify for

exemption under this provision of the CCG. The Company will, however, arrange training programs for all Directors as provided under the CCG.

10. The Board has approved appointment of CFO/Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment, as recommended by the CEO.

11. The Directors' Report for the year ended 30 June 2012 has been prepared in compliance with the requirements of the CCG and it fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by the CEO and CFO before approval by the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company, other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee. It comprises of three members, two of whom are non-executive directors including the Chairman of the Committee. Composition of the Audit Committee will be made in line with requirements of CCG at the time of next election of directors in accordance with the 'Implementation deadlines of Code of Corporate Governance 2012'.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been framed and advised to the Committee for compliance.

17. The Board has formed an HR and Remuneration Committee. It comprises 3 members, of whom two are non-executive directors and the chairman of the committee is a non-executive director. Item for formed of HR and Remuneration Committee put in this BOD for approval.

18. The Board has set-up an effective internal audit function.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

20. The statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the Auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. We confirm that all other material principles enshrined in the CCG have been complied with except for the requirements pertaining to change in composition of some of the committees of Board of Directors which will be made in line with requirements of CCG at the time of next election of directors in accordance with the 'Implementation deadlines of Code of Corporate Governance 2012'.

By Order of the Board.

(Humayun Mazhar)

Chief Executive Officer

Date: September 27, 2012.

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **CRESCENT JUTE PRODUCTS LIMITED** (“the Company”) for the year ended 30 June 2012, to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June 2012.

Riaz Ahmad & Company
Chartered Accountants

Name of engagement partner:
Liaqat Ali Panwar

Faisalabad: September 27, 2012.

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **CRESCENT JUTE PRODUCTS LIMITED** as at 30 June 2012 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

- i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change as stated in Note 2.1 (b) with which we concur;

- ii) the expenditure incurred during the year was for the purpose of the Company's business; and

- iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof do not conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 June 2012 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Riaz Ahmad & Company
Chartered Accountants

Name of engagement partner:
Liaqat Ali Panwar

Faisalabad: September 27, 2012.

CRESCENT JUTE PRODUCTS LTD.

Audited Financial Statements

For the Year Ended June 30, 2012

BALANCE SHEET

	NOTE	2012 Estimated settlement value	2012 Book value	2011 Book value
EQUITY AND LIABILITIES		Rupees	Rupees	Rupees
SHARE CAPITAL AND RESERVES				
Authorized share capital				
30 000 000 (2011: 30 000 000) ordinary shares of Rupees 10 each		300,000,000	300,000,000	300,000,000
Issued, subscribed and paid up share capital	3	237,634,680	237,634,680	237,634,680
Capital reserve	4	35,767,584	35,767,584	35,767,584
Accumulated loss		(649,796,687)	(649,796,687)	(468,040,865)
Total equity		(376,394,423)	(376,394,423)	(194,638,601)
Net surplus on estimated realizable / settlement values		294,996,766	-	-
Surplus on revaluation of property, plant and equipment - net of deferred tax	5	-	255,372,044	492,658,145
Trade and other payables	6	13,379,494	13,379,494	17,972,678
Accrued mark-up		82,764,324	82,764,324	59,633,340
Borrowings	7	386,628,594	386,628,594	469,878,009
Deferred income tax liability	8	-	39,624,722	173,376,118
Provision for taxation		89,710	89,710	412,287
CONTINGENCIES AND COMMITMENTS	9			
TOTAL EQUITY AND LIABILITIES		401,464,465	401,464,465	1,019,291,976

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

Humayun Mazhar
Chief Executive Officer

as at 30 June, 2012

	NOTE	2012 Estimated realizable value	2012 Book value	2011 Book value
ASSETS				
Cash and bank balances	10	4,137,098	4,137,098	7,722,433
Investments	11	749,124	749,124	1,658,685
Other receivables	12	7,926,802	7,926,802	10,234,297
Prepayments		148,882	148,882	372,359
Loans and advances	13	16,497,699	16,497,699	17,398,393
Trade debts		-	-	116,059,211
Stock-in-trade	14	47,409,909	47,409,909	148,794,761
Stores and spare parts	15	3,658,473	3,658,473	8,252,220
Security deposits		991,548	991,548	14,673,751
Property, plant and equipment	16	319,944,930	319,944,930	694,125,866
TOTAL ASSETS		401,464,465	401,464,465	1,019,291,976

Khurram Mazhar Karim
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2012

	NOTE	2012 RUPEES	2011 RUPEES
SALES	17	28,640,044	453,767,999
COST OF SALES	18	(127,320,634)	(524,172,939)
GROSS LOSS		(98,680,590)	(70,404,940)
DISTRIBUTION COST	19	(1,800,990)	(13,406,982)
ADMINISTRATIVE EXPENSES	20	(46,700,832)	(63,186,403)
OTHER OPERATING EXPENSES	21	(13,109,819)	(6,108,101)
		(61,611,641)	(82,701,486)
		(160,292,231)	(153,106,426)
OTHER OPERATING INCOME	22	3,873,806	111,655,273
LOSS FROM OPERATIONS		(156,418,425)	(41,451,153)
FINANCE COST	23	(40,174,407)	(55,080,772)
LOSS BEFORE TAXATION		(196,592,832)	(96,531,925)
PROVISION FOR TAXATION	24	5,134,642	11,714,371
LOSS AFTER TAXATION		(191,458,190)	(84,817,554)
LOSS PER SHARE - BASIC AND DILUTED	25	(8.06)	(3.57)

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

Humayun Mazhar
Chief Executive Officer

Khurram Mazhar Karim
Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2012

	2012 RUPEES	2011 RUPEES
LOSS AFTER TAXATION	(191,458,190)	(84,817,554)
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(191,458,190)	(84,817,554)

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

Humayun Mazhar
Chief Executive Officer

Khurram Mazhar Karim
Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2012

	NOTE	2012 RUPEES	2011 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	26	95,351,036	10,835,942
Finance cost paid		(20,859,643)	(31,848,863)
Income tax paid		(285,224)	(7,956,461)
Net cash generated from / (used in) operating activities		74,206,169	(28,969,382)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		690,600	30,978,754
Proceeds from non-current assets held for sale		-	78,402,000
Dividend received		864	18,330
Proceeds from disposal of investments		950,227	980
Capital expenditure on property, plant and equipment		-	(3,159,400)
Net cash from investing activities		1,641,691	106,240,664
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings - net		(79,433,195)	(84,326,679)
Net cash used in financing activities		(79,433,195)	(84,326,679)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(3,585,335)	(7,055,397)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		7,722,433	14,777,830
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 10)		4,137,098	7,722,433

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

Humayun Mazhar
Chief Executive Officer

Khurram Mazhar Karim
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2012

	SHARE CAPITAL	CAPITAL RESERVE	ACCUMULATED LOSS	TOTAL EQUITY
		Share Premium		
	Rupees			
Balance as at 30 June 2010	237,634,680	35,767,584	(405,733,009)	(132,330,745)
Transfer from surplus on revaluation of property, plant and equipment - net of deferred income tax	-	-	22,509,698	22,509,698
Total comprehensive loss for the year ended 30 June 2011	-	-	(84,817,554)	(84,817,554)
Balance as at 30 June 2011	237,634,680	35,767,584	(468,040,865)	(194,638,601)
Transfer from surplus on revaluation of property, plant and equipment - net of deferred income tax	-	-	9,702,368	9,702,368
Total comprehensive loss for the year ended 30 June 2012	-	-	(191,458,190)	(191,458,190)
Balance as at 30 June 2012	237,634,680	35,767,584	(649,796,687)	(376,394,423)

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

Humayun Mazhar
Chief Executive Officer

Khurram Mazhar Karim
Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

1. THE COMPANY AND ITS OPERATIONS

Crescent Jute Products Limited is a public limited company incorporated on 19 September 1964 under the Companies Act, 1913 (Now Companies Ordinance, 1984) and listed on all stock exchanges in Pakistan. Its registered office is situated at 306, 3rd Floor, Siddiq Trade Centre, Gulberg, Lahore. The Company is engaged in manufacturing and sale of jute products including jute bags.

1.1 Going concern assumption

During the year ended 30 June 2012, the Company has incurred loss after taxation of Rupees 191.458 million. The Company has suffered accumulated losses of Rupees 649.797 million as on 30 June 2012 which has turned equity into negative balance of Rupees 376.394 million. Shortage of working capital and reduction in demand of finished goods resulted in the closure of Company's operations since 02 May 2011. The Company in its Annual General Meeting on 31 October 2011 has decided to dispose of the property, plant and equipment of the Company.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, except for the change as mentioned in Note 2.1(b) to these financial statements:

2.1 Basis of preparation

a) Statement of compliance

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

b) Basis of Preparation

Keeping in view the fact that the Company may not be able to continue as going concern, these financial statements are prepared on the basis of realizable / settlement values of assets and liabilities respectively. In realizable / settlement value basis, assets are carried at amount of cash and cash equivalents that could currently be obtained by selling the assets in an orderly disposal. Liabilities are carried at their settlement values, that is the undiscounted amounts of cash or cash equivalents expected to be paid to satisfy the liabilities in the normal course of business. Realizable / settlement values of assets and liabilities respectively as disclosed in the balance sheet are based on the management's best estimate.

In addition to the accounting convention of realizable / settlement values of assets and liabilities, these financial statements have also been prepared under the historical cost convention except for certain operating fixed assets which are carried at revalued amounts and certain financial instruments which are carried at fair value. Accounting policies of this accounting convention are disclosed, in detail, in Notes 2.2 to 2.16 to these financial statements.

c) Critical accounting estimates and judgments

"The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:"

i. Realizable / settlement values of assets and liabilities respectively

ii. Useful lives, patterns of economic benefits and impairments

iii. Taxation

iv. Provision for doubtful debts

v. Inventories

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

Following amendments to published approved standards are mandatory for the Company's accounting periods beginning on or after 01 July 2011:

IFRS 7 (Amendment), 'Financial Instruments: Disclosures' (effective for annual periods beginning on or after 01 July 2011). The new disclosure requirements apply to transfer of financial assets. An entity transfers a financial asset when it transfers the contractual rights to receive cash flows of the asset to another party. These amendments are part of the International Accounting Standards Board (IASB)'s comprehensive review of off balance sheet activities. The amendments will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitization of financial asset. However, this amendment has no material impact on these financial statements.

IAS 1 (Amendment), 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January 2011). It clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. However, this amendment has no material impact on these financial statements.

e) Interpretations and amendments to published approved standards that are effective in current year but not relevant to the Company

There are other new interpretations and amendments to the published approved standards that are mandatory for accounting periods beginning on or after 01 July 2011 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

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

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2012 or later periods:

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

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

IFRS 12 ‘Disclosures of Interests in Other Entities’ (effective for annual periods beginning on or after 01 January 2013). This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. This standard is not expected to have a material impact on the Company’s financial statements.

IFRS 13 ‘Fair Value Measurement’ (effective for annual periods beginning on or after 01 January 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard is not expected to have a material impact on the Company’s financial statements.

IAS 1 (Amendment), ‘Presentation of Financial Statements’ (effective for annual periods beginning on or after 01 July 2012). The main change resulting from this amendment is the requirement for entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially recycled to profit or loss (reclassification adjustments). The amendment does not address which items are presented in OCI. However, this amendment is not expected to have a material impact on the Company’s financial statements.

IAS 16 (Amendment), ‘Property, Plant and Equipment’ (effective for annual periods beginning on or after 01 January 2013). This amendment requires that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in IAS 16 and as inventory otherwise. However, this amendment is not expected to have a material impact on the Company’s financial statements.

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

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

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

2.2 Employee 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 after re-start of its discontinued operations. Now, the contract of service is renewable at the option of the Company.

2.3 Taxation

Current

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

Deferred

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

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

2.4 Foreign currencies

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

2.5 Property, plant, equipment and depreciation

Owned

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic 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 profit and loss account during the period in which they are incurred.

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

Depreciation

Depreciation on property, plant and equipment is charged to profit and loss account applying the reducing balance method at the rates given in Note 16 except for computers which are depreciated on the straight line method at the rate of 33 percent per annum to write off the cost / depreciable amount of the assets over their estimated useful lives. The Company charges the depreciation on additions from the month when the asset is available for use and no depreciation is charged in the month of disposal. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

Capital work-in-progress

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

De-recognition

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

2.6 Investments

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

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

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

a) Investments at fair value through profit or loss

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

b) Held to maturity

Investments with fixed or determinable payments and fixed maturity are classified as held to maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held to maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognized in profit and loss account when the investments are de-recognized or impaired, as well as through the amortization process.

c) Available for sale

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

Quoted

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

Unquoted

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

2.7 Stores and spare parts

These are valued at lower of cost and net realizable value. Cost is calculated using moving average method except for items in transit which are valued at cost comprising invoice value plus other charges paid thereon till the balance sheet date. Provision is made against obsolete items

2.8 Stock-in-trade

Stock-in-trade is stated at the lower of cost and net realizable value. Stock of raw materials is valued at weighted average cost. Cost in relation to work-in-process and finished goods comprises cost of direct materials, labour and attributable manufacturing overheads. Cost of goods in transit comprises invoice value plus other charges paid thereon till the balance sheet date. Stock of waste material is stated at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessarily to make a sale.

2.9 Borrowing cost

Borrowing costs are recognized as expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing cost, if any, is capitalized as part of the cost of that asset.

2.10 Revenue recognition

Revenue from different sources is recognized as under:

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

2.11 Financial instruments

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

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

a) Trade and other receivables

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

b) Borrowings

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

c) Trade and other payables

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

2.12 Provisions

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

2.13 Impairment

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

2.14 Off setting

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

2.15 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.

2.16 Dividend and other appropriations

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

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2012	2011		2012	2011
(NUMBER OF SHARES)			RUPEES	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
23 763 468	23 763 468		237,634,680	237,634,680

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

	2012	2011
	(NUMBER OF SHARES)	
Crescent Powertec Limited	80 000	80 000
The Crescent Textile Mills Limited	2 747 158	2 747 158
	2 827 158	2 827 158

4. CAPITAL RESERVES

	(RUPEES)	
Share premium (Note 4.1)	35,767,584	35,767,584

4.1 This reserve can be utilized by the Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

	2012 RUPEES	2011 RUPEES
5. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF DEFERRED INCOME TAX		
Surplus on revaluation of property, plant and equipment as at 01 July	492,658,145	602,997,349
Add: Surplus on revaluation of freehold land (5.1)	11,109,350	-
Less:		
Decrease in surplus on revaluation of building, plant and machinery (Note 5.1)	238,693,083	-
Transferred to accumulated loss in respect of incremental depreciation charged during the year - net of deferred tax	9,702,368	22,509,698
Adjustment of surplus on sale of land and building - net of deferred income tax	-	87,829,506
	248,395,451	110,339,204
	255,372,044	492,658,145

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

6. TRADE AND OTHER PAYABLES

	2012 RUPEES	2011 RUPEES
Creditors (Note 6.1)	7,986,084	11,969,606
Accrued liabilities	5,056,098	4,991,642
Advances from customers	-	34,118
Security deposits	-	640,000
Unclaimed dividend	337,312	337,312
	13,379,494	17,972,678

6.1 This includes an amount of Rupees 146,861 (2011: Rupees 275,662) due to The Crescent Textile Mills Limited, an associated company.

	2012 RUPEES	2011 RUPEES
7. BORROWINGS		
From banking companies and financial institutions - secured		
Cash finances:		
The Bank of Punjab (Note 7.1)	16,414,035	91,791,915
National Bank of Pakistan (Note 7.2)	23,019,313	54,762,683
Other finances:		
The Bank of Punjab (Note 7.3)	75,485,356	111,129,296
National Bank of Pakistan (Note 7.4)	20,993,506	19,140,902
Murabaha facility (Note 7.5)	33,810,398	34,210,398
Unsecured		
Innovative Investment Bank Limited (Note 7.6)	18,083,326	14,267,106
Loans from directors and sponsors (Note 7.7)	97,673,945	43,436,994
Crescent Jute Mills Limited (Note 7.8)	55,138,715	55,138,715
Others (Note 7.9)	46,000,000	46,000,000
	386,628,594	469,878,009

7.1 This finance was obtained from The Bank of Punjab under mark-up arrangement at the rate of average 3 months KIBOR plus 3 percent per annum (2011: Average 3 months KIBOR plus 3 percent per annum) with no floor or cap. This finance was 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 of various companies owned by Company and sponsors / directors keeping 30 percent margin, effective pledge of raw jute at invoice value and personal guarantee of the directors of the Company. The rate of mark-up ranges from 14.91 percent to 16.54 percent per annum (2011: 15.26 percent to 16.52 percent per annum). As per the terms of the respective sanction advice, this borrowing facility was expired on 31 July 2011 and not renewed.

The Bank has filed a suit in Lahore High Court against the Company for the recovery of principal amount and accrued mark-up of this facility along with the facilities mentioned in Note 7.3.

7.2 This finance was obtained from National Bank of Pakistan under mark-up arrangement at the rate of average 3 months KIBOR plus 3 percent per annum (2011: Average 3 months KIBOR plus 3 percent per annum) and was secured against first pari passu charge on fixed and current assets of the Company aggregating to Rupees 200 million, assignment of receivables of the Company in favour of the bank and personal guarantee of the sponsoring directors of the Company. The rate of mark-up ranges from 14.91 percent to 16.54 percent per annum (2011: 15.29 percent to 16.52 percent per annum). As per the terms of the respective sanction advice, this borrowing facility was expired on 30 September 2011 and not renewed.

7.3 These finances were obtained from The Bank of Punjab under mark-up arrangements on FIM-180 days and FE-25. The rate of mark-up ranges from 6.45 percent to 16.52 percent per annum (2011: 6.45 percent to 16.52 percent per annum). These were secured against pledge of imported raw jute and personal guarantee of sponsoring directors of the Company. These facilities were expired on 31 July 2011 and not renewed.

7.4 This finance was obtained from National Bank of Pakistan under mark-up arrangement on FE-25. The rate of mark-up ranges from 3.45 percent to 5.40 percent per annum (2011: 3.45 percent to 5.40 percent per annum). This was secured against pledge of imported raw jute and personal guarantee of sponsoring directors of the Company. This facility was expired on 30 September 2011 and not renewed.

7.5 This facility was obtained from Crescent Standard Modaraba (CSM) which was repayable upto 30 June 2012, but the Company could not pay the balance uptill the expiry of the prescribed date. This facility was secured with demand promissory notes of Rupees 49.500 million, pledge of stocks of raw jute and hessian cloth and in case of default carried mark-up at the rate of 18 percent per annum on the outstanding balance (2011: 18 percent per annum). As per agreement, CSM agreed to waive off mark up on default amounting to Rupees 15.290 million subject to liquidation of entire murabaha facility by 30 June 2012. However as the Company failed to pay the entire facility uptill agreed date, the waiver of the above mentioned mark-up was withdrawn by CSM.

7.6 This represents interest free loan obtained from Innovative Investment Bank Limited with sixty equal monthly installments commenced on 01 January 2009 and ending on 01 December 2013. The Company determined the amortized cost of this loan using the effective interest method in the financial year ended 30 June 2009. According to the loan agreement, in case the Company fails to pay any one of the installment, the entire outstanding amount on that date would be reinstated and immediately fell due carrying mark-up at the rate of 14 percent per annum. During the year the Company did not pay any installment, due to which entire outstanding amount of the loan has become due. Accordingly amortization effect of Rupees 3.816 million has been reversed in Note 23 to these financial statements.

7.7 This represents interest free loans obtained from director / sponsors of the Company repayable on demand. This also includes Rupees 16.171 million payable to the Chief Executive Officer (CEO) of the Company because the bank accounts of the Company were seized by the notice of FBR dated 06 February 2012 as mentioned in Note 10.1 and since then Company's day to day transactions and all payments of expenses were dealt through the CEO's bank account.

7.8 This represents interest free loan obtained from Crescent Jute Mills Limited (CJML) with whom the Company had approved the scheme of merger in the annual general meeting held on 31 October 2005. The time limit allowed in the scheme of merger has lapsed on 01 January 2008, and no agreement for further period has been executed by the Company with CJML. However, CJML showed its interest to convert this loan into equity on 28 November 2008. But the matter is still pending on behalf of the Company.

7.9 This represents loan obtained from Crescent Foundation. It carries mark up at the rate of 12 percent per annum (2011: 12 percent per annum).

	2012 RUPEES	2011 RUPEES
8. DEFERRED INCOME TAX LIABILITY		
Opening balance	173,376,118	187,786,780
Less:		
Deferred income tax liability of assets sold during the year	-	2,290,055
Adjustment of deferred income tax liability related to decrease in surplus on revaluation	128,527,044	-
Deferred income tax liability on incremental depreciation charge during the year transferred to profit and loss account	5,224,352	12,120,607
	133,751,396	14,410,662
	39,624,722	173,376,118

The Company has accumulated tax losses of Rupees 529.088 million including unabsorbed depreciation as at 30 June 2012 (2011: Rupees 376.945 million). The related deferred income tax asset amounting to Rupees 174.620 million has not been recognized in these financial statements as sufficient tax profits would not be probably available to set off these in the foreseeable future.

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

9.1.1 The Commissioner Inland Revenue raised demand for sales tax amounting to Rupees 37.699 million (2011: Rupees 37.699 million) along with additional tax and penalty in respect of sales tax not charged on sale of fixed assets, sale of scrap, disputed inputs claimed, etc. Then Company filed appeals before the Appellate Tribunal Inland Revenue and subsequently in Lahore High Court which were decided against the Company. Now the Company has filed an appeal in Supreme Court of Pakistan against the decision of Lahore High Court. Moreover the Company also approached FBR for a decision by Alternate Dispute Resolution Committee (ADRC). The Committee has been established by FBR to resolve the matter. Pending decisions of the Supreme Court and Committee, 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.

9.1.2 Bank guarantee of Rupees 4.043 million (2011: Rupees 4.043 million) has been given to Sui Northern Gas Pipelines Limited against gas connection.

9.2 Commitments

There was no capital or other commitment of the Company as at 30 June 2012 (2011: Nil).

	2012 RUPEES	2011 RUPEES
10. CASH AND BANK BALANCES		
With banks:		
On current accounts	45,930	2,956,530
Term deposit (Note 10.2)	4,042,954	4,042,954
On PLS saving accounts (Note 10.3)	4,419	239,599
	4,093,303	7,239,083
Cash in hand	43,795	483,350
	4,137,098	7,722,433

10.1 All bank accounts of the Company were seized by FBR vide Notice No. ST/C&E/471/2002/115 dated 06 February 2012 in accordance with section 48(1)(ca) of Sales Tax Act, 1990 due to outstanding dues of sales tax as mentioned in Note 9.1.1.

10.2 This represents deposit with banking company having maturity period of one year and carry rate of profit of 11% (2011: 10.25%) per annum.

10.3 Rate of profit on PLS saving accounts is 5.00% (2011: 5.00%) per annum.

	2012 RUPEES	2011 RUPEES
11. INVESTMENTS		
Available for sale		
Associated Company:		
Un-quoted		
Crescent Group (Private) Limited (formerly Crescent Group Services (Private) Limited)		
220 000 (2011: 220 000) fully paid ordinary shares of Rupees 10 each (Note 11.1) Equity held: 1.03% (2011: 1.03%)	-	-
Others:		
Un-quoted		
Crescent Modaraba Management Company Limited		
100 000 (2011: 100 000) fully paid ordinary shares of Rupees 10 each Equity held: 5.45% (2011: 5.45%)	134,500	134,500

	2012 RUPEES	2011 RUPEES
Investments at fair value through profit or loss		
Quoted - Others:		
Shakarganj Mills Limited		
33 440 (2011: 200 440) fully paid ordinary shares of Rupees 10 each Equity held: 0.05% (2011: 0.29%)	212,010	761,672
Crescent Fibres Limited		
17 499 (2011: 17 499) fully paid ordinary shares of Rupees 10 each Equity held: 0.14% (2011: 0.14%)	226,612	144,367
Shahzad Textile Mills Limited		
60 (2011: 60) fully paid ordinary shares of Rupees 10 each	420	423
Thal Limited		
375 (2011: 261) fully paid ordinary shares of Rupees 10 each	26,364	24,779
	465,406	931,241
Net unrealized gain on remeasurement of investments	149,218	592,944
	614,624	1,524,185
	749,124	1,658,685

11.1 Full amount of impairment has been provided against investment in Crescent Group (Private) Limited (formerly Crescent Group Services (Private) Limited).

12. OTHER RECEIVABLES

	2012 RUPEES	2011 RUPEES
Considered good:		
Sales tax refundable	5,643,186	5,799,673
Due from related parties (Note 12.1)	1,757,037	2,507,037
Export rebate and claims	-	71,540
Others	526,579	1,856,047
	7,926,802	10,234,297

12.1 This amount is receivable from Crescent Software Products (Private) Limited.

13. LOANS AND ADVANCES

	2012 RUPEES	2011 RUPEES
Considered good:		
Employees (Note 13.1)	269,405	1,016,223
Advances to suppliers	-	26,813
Income tax	16,228,294	16,355,357
	16,497,699	17,398,393

	2012 RUPEES	2011 RUPEES
Considered doubtful:		
Advances to employees / suppliers	1,191,667	1,411,667
Provision for doubtful debts	(1,191,667)	(1,411,667)
As at 30 June	-	-
	16,497,699	17,398,393

13.1 These represent loans given to employees against their salaries. Interest is charged on car loans while other loans are interest free. All loans are recoverable in equal monthly installments.

14. STOCK-IN-TRADE

	2012 RUPEES	2011 RUPEES
Raw materials	14,521,779	14,521,779
Work-in-process	6,634,619	71,246,631
Finished goods	28,428,028	63,022,601
Waste	3,750	3,750
	49,588,176	148,794,761
Less: Provisions for obsolescence	2,178,267	-
	47,409,909	148,794,761

14.1 Stock-in-trade of Rupees 35.066 million (2011: Rupees 148.795 million) is valued at net realizable value.

14.2 The aggregate amount of write-down of inventories to net realizable value recognized as expense during the year was Rupees 68.730 million (2011: Rupees 20.169 million)

15. STORES AND SPARE PARTS

	2012 RUPEES	2011 RUPEES
Stores	318,826	777,070
Spare parts	5,950,213	7,933,997
	6,269,039	8,711,067
Less: Provision for obsolete items (Note 15.1)	2,610,566	458,847
	3,658,473	8,252,220

15.1 Provision for obsolete items

	2012 RUPEES	2011 RUPEES
As at 01 July	458,847	458,847
Add: Provision made during the year	2,151,719	-
As at 30 June	2,610,566	458,847

15.2 Stores and spare parts amounting to Rupees 0.766 million (2011: Nil) have been returned to store suppliers against their outstanding balances. The Company also sold stores and spare parts of Rupees 1.662 million (2011: Nil) to various parties during the year.

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings on freehold land	Plant and machinery	Electric installations	Furniture and fittings	Computers	Vehicles	Non- operating looms	**Total**
	--------	--------	--------	--------	RUPEES	--------	--------	--------	--------
At 01 July 2010									
Cost / revalued amount	179,077,900	450,833,266	286,857,522	298,363	20,997,101	6,211,766	11,642,664	1,497,611	957,416,193
Accumulated depreciation	-	(119,579,669)	(63,502,181)	(230,108)	(15,279,664)	(5,930,698)	(6,390,438)	(1,497,611)	(212,410,369)
Net book value	179,077,900	331,253,597	223,355,341	68,255	5,717,437	281,068	5,252,226	-	745,005,824
Year ended 30 June 2011									
Opening net book value	179,077,900	331,253,597	223,355,341	68,255	5,717,437	281,068	5,252,226	-	745,005,824
Additions	-	-	-	-	774,975	37,425	2,347,000	-	3,159,400
Disposals									
Cost	(8,301,250)	(24,442,974)	-	-	-	-	(3,024,894)	-	(35,769,118)
Accumulated depreciation	-	17,741,845	-	-	-	-	1,853,277	-	19,595,122
	(8,301,250)	(6,701,129)	-	-	-	-	(1,171,617)	-	(16,173,996)
Depreciation charge	-	(16,533,417)	(19,466,959)	(6,826)	(624,470)	(143,371)	(1,090,319)	-	(37,865,362)
Closing net book value	170,776,650	308,019,051	203,888,382	61,429	5,867,942	175,122	5,337,290	-	694,125,866
At 30 June 2011									
Cost / revalued amount	170,776,650	426,390,292	286,857,522	298,363	21,772,076	6,249,191	10,964,770	1,497,611	924,806,475
Accumulated depreciation	-	(118,371,241)	(82,969,140)	(236,934)	(15,904,134)	(6,074,069)	(5,627,480)	(1,497,611)	(230,680,609)
Net book value	170,776,650	308,019,051	203,888,382	61,429	5,867,942	175,122	5,337,290	-	694,125,866
Year ended 30 June 2012									
Opening net book value	170,776,650	308,019,051	203,888,382	61,429	5,867,942	175,122	5,337,290	-	694,125,866
Effect of revaluation as at 28 September 2011	11,109,350	-	-	-	-	-	-	-	11,109,350
Decrease in revaluation									
Cost	-	(383,045,951)	(125,755,302)	-	-	-	-	-	(508,801,253)
Accumulated depreciation	-	108,838,139	32,742,987	-	-	-	-	-	141,581,126
	-	(274,207,812)	(93,012,315)	-	-	-	-	-	(367,220,127)
Disposals									
Cost	-	-	-	-	(433,729)	-	(1,247,000)	-	(1,680,729)
Accumulated depreciation	-	-	-	-	351,996	-	926,309	-	1,278,305
	-	-	-	-	(81,733)	-	(320,691)	-	(402,424)
Depreciation charge	-	(4,974,209)	(11,181,170)	(6,143)	(582,904)	(96,033)	(827,278)	-	(17,667,737)
Closing net book value	181,886,000	28,837,030	99,694,897	55,286	5,203,305	79,089	4,189,321	-	319,944,928
At 30 June 2012									
Cost / revalued amount	181,886,000	43,344,341	161,102,220	298,363	21,338,347	6,249,191	9,717,770	1,497,611	425,433,843
Accumulated depreciation	-	(14,507,311)	(61,407,323)	(243,077)	(16,135,042)	(6,170,102)	(5,528,449)	(1,497,611)	(105,488,915)
Net book value	181,886,000	28,837,030	99,694,897	55,286	5,203,305	79,089	4,189,321	-	319,944,928
Annual rate of depreciation (%)	-	5	10	10	10	33	20	-	

16.1 Had there been no revaluation, the cost, accumulated depreciation and book value of the revalued assets as at 30 June 2012 would have been as follows:

	Cost	**Accumulated depreciation**	**Book value**
	Rupees	**Rupees**	**Rupees**
Freehold land	102,726	-	102,726
Building on freehold land	2,998,058	2,121,002	877,056
Plant and machinery	37,889,046	23,447,667	14,441,379

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

	2012	**2011**
	Rupees	**Rupees**
Cost of sales (Note 18)	16,161,522	36,007,202
Administrative expenses (Note 20)	1,506,215	1,858,160
	17,667,737	**37,865,362**

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

16.4 Detail of property, plant and equipment exceeding the book value of Rupees 50,000 disposed of during the year is as follows:

Description	Quantity	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particulars of purchasers
		---RUPEES---						
Vehicles								
Suzuki Baleno LWA-3642	1	868,000	590,742	277,258	280,000	2,742	Negotiation	Mr. Zaheer Abbas Fida, Director
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 50,000		812,729	687,563	125,166	410,600	285,434	Negotiation	-
		1,680,729	**1,278,305**	**402,424**	**690,600**	**288,176**		

16.5 Operating fixed assets having cost of Rupees 5.999 million (2011: Rupees 5.934 million) have been fully depreciated and are still in use of the Company.

	2012 RUPEES	2011 RUPEES
17. SALES		
Export	4,125,600	35,891,783
Local (Note 17.1)	24,514,444	417,804,676
Export rebate	-	71,540
	28,640,044	453,767,999
17.1 Local sales		
Main products	25,503,053	417,122,684
Work-in-process	106,000	-
Waste	-	685,293
	25,609,053	417,807,977
Less: Sales tax / SED	1,094,609	3,301
	24,514,444	417,804,676
18. COST OF SALES		
Raw material consumed	-	335,021,333
Salaries, wages and other benefits	3,810,804	76,696,091
Stores and spare parts consumed	182,127	7,941,728
Repair and maintenance	612,355	1,912,753
Fuel and power	4,603,556	25,780,059
Insurance	2,398,117	3,509,188
Other factory overheads	345,568	1,279,736
Depreciation (Note 16.2)	16,161,522	36,007,202
	28,114,049	488,148,090

	2012 RUPEES	2011 RUPEES
Work-in-process		
Opening stock	71,246,631	19,120,035
Closing stock	(6,634,619)	(71,246,631)
	64,612,012	(52,126,596)
Cost of goods manufactured	92,726,061	436,021,494
Finished goods		
Opening stock	63,026,351	151,177,796
Closing stock	(28,431,778)	(63,026,351)
	34,594,573	88,151,445
	127,320,634	524,172,939

19. DISTRIBUTION COST

Salaries, allowances and other benefits	1,100,504	1,925,605
Outward Freight and handling	416,681	6,260,471
Travelling and conveyance	7,636	248,599
Commission to selling agents	70,950	174,030
Vehicles' running	145,565	156,062
Entertainment	1,000	130,644
Postage and telephone	28,654	57,419
Printing and stationery	6,533	11,588
Customers' claims	-	3,422,680
Others	23,467	1,019,884
	1,800,990	13,406,982

20. ADMINISTRATIVE EXPENSES

Salaries, allowances and other benefits	26,557,468	32,280,150
Rent, rates and taxes	2,836,322	3,639,758
Legal and professional	3,637,145	5,295,248
Insurance	438,902	405,518
Travelling and conveyance	1,360,279	3,333,174
Vehicles' running	4,383,740	7,365,268
Entertainment	497,789	1,355,789
Auditors' remuneration (Note 20.1)	415,000	415,000
Advertisement	232,600	242,458
Postage and telephone	1,304,927	1,702,727
Electricity, gas and water	2,544,343	2,696,047
Printing and stationery	356,048	419,753
Repair and maintenance	381,773	1,297,698
Fee and subscription	84,831	97,561
Depreciation (Note 16.2)	1,506,215	1,858,160
Miscellaneous	163,450	782,094
	46,700,832	63,186,403

		2012 RUPEES	2011 RUPEES
20.1	**Auditors' remuneration:**		
	Audit fee	300,000	300,000
	Half yearly review	80,000	80,000
	Reimbursable expenses	35,000	35,000
		415,000	415,000
21.	**OTHER OPERATING EXPENSES**		
	Exchange loss	7,939,118	492,528
	Debit balances written off	278,492	3,397,113
	Donations	-	125,000
	Loss on disposal of investments	108,550	427,605
	Provision for doubtful advances to employees / suppliers	-	1,411,667
	Provision for obsolescence of stock-in-trade	2,178,267	-
	Provision for obsolete items of stores and spare parts	2,151,719	-
	Loss on disposal of stores and spare parts	453,673	-
	Miscellaneous	-	254,188
		13,109,819	6,108,101
22.	**OTHER OPERATING INCOME**		
	Income from financial assets		
	Profit on deposits with banks	483,687	507,945
	Dividend income on investment in other than associated companies	864	18,330
	Net un-realized gain on re-measurement of investments at fair value through profit or loss	149,218	592,944
	Income from non-financial assets		
	Gain on sale of property, plant and equipment	288,176	29,636,654
	Gain on sale of non-current asset held for sale	-	78,289,665
	Scrap sales	1,979,678	27,987
	Credit balances written back	250,227	781,742
	Others	721,956	1,800,006
		3,240,037	110,536,054
		3,873,806	111,655,273
23.	**FINANCE COST**		
	Mark-up on borrowings (Note 23.1)	35,750,084	51,176,560
	Amortized cost of long term financing	-	3,164,805
	Reversal of adjustment of amortization (Note 7.6)	3,816,220	-
	Bank charges and commission	608,103	739,407
		40,174,407	55,080,772

23.1 It includes Rupees Nil (2011: Rupees 5.066 million) charged as markup by associated undertaking.

	2012 RUPEES	2011 RUPEES
24. PROVISION FOR TAXATION		
Current (Note 24.1)	(89,710)	(412,287)
Prior year adjustment	-	6,051
Deferred (Note 8)	5,224,352	12,120,607
	5,134,642	11,714,371

24.1 Provision for current taxation represents the tax deducted against export sales and tax on different heads of other operating income under the relevant provisions of the Income Tax Ordinance, 2001. The Company has not made provision for minimum tax under section 113 of the Income Tax Ordinance, 2001 as it has gross loss for the year before set off of depreciation and other inadmissible expenses under the Income Tax Ordinance, 2001. Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is not required in view of accumulated tax losses of the Company.

25. LOSS PER SHARE - BASIC AND DILUTED

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

	2012	2011
Loss for the year (Rupees)	(191,458,190)	(84,817,554)
Weighted average number of ordinary shares (Numbers)	23 763 468	23 763 468
Loss per share (Rupees)	(8.06)	(3.57)

	2012 RUPEES	2011 RUPEES
26. CASH GENERATED FROM OPERATIONS		
Loss before taxation	(196,592,832)	(96,531,925)
Adjustments for non-cash charges and other items:		
Depreciation	17,667,737	37,865,362
Gain on sale of property, plant and equipment	(288,176)	(29,636,654)
Gain on sale of non-current assets held for sale	-	(78,289,665)
Loss on disposal of investments	108,550	427,605
Credit balances written back	(250,227)	(781,742)
Debit balances written off	278,492	3,397,113
Net un-realized gain on re-measurement of investments at fair value through profit or loss	(149,218)	(592,944)
Dividend income	(864)	(18,330)
Provision for doubtful advances to employees / suppliers	-	1,411,667
Provision for obsolete items of stores and spare parts	2,151,719	-
Provision for obsolescence of stock-in-trade	2,178,267	-
Finance cost	40,174,407	55,080,772
Working capital changes (Note 26.1)	230,073,181	118,504,683
	95,351,036	10,835,942

	2012 RUPEES	2011 RUPEES
26.1 Working capital changes		
Decrease / (increase) in current assets:		
- Stores and spare parts	2,442,028	(456,464)
- Stock in trade	99,206,585	107,101,909
- Trade debts	116,059,211	26,225,239
- Loans and advances	761,631	4,113,425
- Security deposits	13,487,251	(2,407,501)
- Prepayments	223,477	153,133
- Other receivables	2,235,955	952,801
	234,416,138	135,682,542
Decrease in trade and other payables	(4,342,957)	(17,177,859)
	230,073,181	118,504,683

27. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

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

	Chief Executive Officer		Directors		Executives	
	2012	2011	2012	2011	2012	2011
	RUPEES					
Managerial remuneration	4,000,800	4,000,800	4,065,630	6,720,508	3,778,761	1,617,243
Allowances:						
House rent	1,999,200	1,999,200	1,779,486	1,872,945	431,630	485,443
Medical	247,057	195,446	89,287	452,922	158,718	161,814
Utilities	964,509	1,290,914	503,284	1,453,970	1,091,341	161,814
Servant's salary	180,000	180,000	96,000	185,356	84,000	-
Others	126,723	217,763	168,518	296,749	109,695	-
	7,518,289	**7,884,123**	**6,702,205**	**10,982,450**	**5,654,145**	**2,426,314**
Number of persons	**1**	**1**	**2**	**3**	**4**	**2**

27.1 The Chief Executive Officer, Directors and Executives are provided with free use of Company's maintained cars and utilities. One of the executives is provided with free furnished accommodation.

27.2 Aggregate amount charged in these financial statements for meeting fee to one director (2011: two directors) was Rupees 5,000 (2011: Rupees 15,000).

27.3 Travelling expenditure of Chief Executive Officer and Directors amounts to Rupees 193,835 (2011: Rupees 1,508,950).

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

28 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies / undertaking, 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:

	2012 RUPEES	2011 RUPEES
Associated companies		
Service charges paid	1,201,860	2,230,359
Service charges received	698,250	8,134,293
Sale of land	-	24,903,754
Insurance premium paid	-	4,189,984
Insurance claims received	-	1,980,045
Associated undertaking		
Markup expense	-	5,066,301
Directors		
Loan received	27,170,110	36,044,250
Loan repaid	6,131,614	55,173,250
Company’s expenses paid by CEO	16,171,287	-
Vehicle sold	280,000	-

29. PLANT CAPACITY AND ACTUAL PRODUCTION

		2012	2011
Sacking including twine			
100% plant capacity on three shifts per day	Kgs.	18 500 000	18 500 000
Actual production	Kgs.	-	2 938 322
Hessian			
100% plant capacity on three shifts per day	Kgs.	4 500 000	4 500 000
Actual production	Kgs.	-	734 961

29.1 The plant capacity was not utilized by the Company due to closure of operations.

30. FINANCIAL RISK MANAGEMENT

30.1 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

(i) Currency risk

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

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

	2012	2011
Borrowings - FE-25 - USD	977,924	977,924

Following exchange rate was applied during the year:

Rupees per US Dollar		
Average rate	89.40	85.41
Reporting date rate	94.20	86.05

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 4.606 million (2011: Rupees 4.208 million) higher / lower, mainly as a result of exchange loss / gain on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

(ii) Other price risk

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

Sensitivity analysis

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

Index	Impact on loss after taxation		Impact on other comprehensive loss	
	2012	2011	2012	2011
	RUPEES	RUPEES	RUPEES	RUPEES
KSE 100 (5% increase)	30,731	76,209	-	-
KSE 100 (5% decrease)	(30,731)	(76,209)	-	-

(iii) Interest rate risk

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

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

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

	2012	2011
	RUPEES	RUPEES
Fixed rate financial instruments:		
Financial liabilities		
Borrowings	46,000,000	46,000,000
Financial assets		
Bank balances- saving accounts	4,042,954	4,042,954
Floating rate instruments:		
Financial assets		
Bank balances- saving accounts	4,419	239,599
Financial liabilities		
Borrowings	135,922,210	276,824,796

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, loss after taxation for the year would have been Rupees 1.359 million (2011: Rupees 2.766 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 balance sheet 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:

	2012 RUPEES	2011 RUPEES
Investments	749,124	1,658,685
Loans and advances	269,405	1,016,223
Deposits	991,548	14,673,751
Trade debts	-	116,059,211
Other receivables	2,283,616	4,363,084
Bank balances	4,093,303	7,239,083
	8,386,996	145,010,037

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			2012	2011
	Short Term	Long term	Agency	RUPEES	RUPEES
Banks					
MCB Bank Limited	A1+	AA+	PACRA	4,086,553	4,690,490
United Bank Limited	A-1+	AA+	JCR-VIS	2,447	2,463,278
National Bank of Pakistan	A-1+	AAA	JCR-VIS	1,534	5,687
Bank Alfalah Limited	A1+	AA	PACRA	2,632	3,212
The Bank of Punjab	A1+	AA-	PACRA	137	76,416
				4,093,303	7,239,083

However all these bank accounts were seized in accordance with the notice of FBR as mentioned in Note 10.1.

(c) Liquidity risk

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

As at 30 June 2012, the Company had not any unavailed borrowing limits from financial institutions and Rupees 4.137 million (2011: Rupees 7.722 million) cash and bank balances. As the bank accounts of the Company are seized, 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 2012:

	Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	RUPEES					
Non-derivative financial liabilities:						
Borrowings	386,628,594	400,910,027	352,150,027	48,760,000	-	-
Trade and other payables	13,379,494	13,379,494	13,379,494	-	-	-
Accrued markup	82,764,324	82,764,324	82,764,324	-	-	-
	482,772,412	497,053,845	448,293,845	48,760,000	-	-

Contractual maturities of financial liabilities as at 30 June 2011

	Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
Non-derivative financial liabilities:						
Borrowings	469,878,009	482,391,717	353,767,016	55,019,998	14,965,990	58,638,713
Trade and other payables	17,938,560	17,938,560	17,938,560	-	-	-
Accrued markup	59,633,340	59,633,340	59,633,340	-	-	-
	547,449,909	559,963,617	431,338,916	55,019,998	14,965,990	58,638,713

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.

30.2 Fair values of financial assets and liabilities

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

	Level 1	Level 2	Level 3	Total
	RUPEES			
As at 30 June 2012				
Assets				
Financial assets at fair value through profit or loss	614,624	-	-	614,624
As at 30 June 2011				
Assets				
Financial assets at fair value through profit or loss	1,524,185	-	-	1,524,185

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

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value a financial instrument are observable, those financial instruments are classified under level 2 in above referred table. The Company has no such type of financial instruments as on 30 June 2012.

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

30.3 Financial instruments by categories

	Loans and receivables	At fair value through profit or loss	Available for sale	Total
	RUPEES			
As at 30 June 2012				
Assets as per balance sheet				
Investments	-	614,624	134,500	749,124
Loans and advances	269,405	-	-	269,405
Deposits	991,548	-	-	991,548
Other receivables	2,283,616	-	-	2,283,616
Cash and bank balances	4,137,098	-	-	4,137,098
	7,681,667	614,624	134,500	8,430,791

	Financial liabilities at amortized cost
	RUPEES
Liabilities as per balance sheet	
Borrowings	386,628,594
Trade and other payables	13,379,494
Accrued mark-up	82,764,324
	482,772,412

	Loans and receivables	At fair value through profit or loss	Available for sale	Total
	--	RUPEES	--	
As at 30 June 2011				
Assets as per balance sheet				
Investments	-	1,524,185	134,500	1,658,685
Loans and advances	1,016,223	-	-	1,016,223
Deposits	14,673,751	-	-	14,673,751
Trade debts	116,059,211	-	-	116,059,211
Other receivables	4,363,084	-	-	4,363,084
Cash and bank balances	7,722,433	-	-	7,722,433
	143,834,702	1,524,185	134,500	145,493,387

	Financial liabilities at amortized cost
	RUPEES
Liabilities as per balance sheet	
Borrowings	469,878,009
Accrued mark-up	59,633,340
Trade and other payables	17,938,560
	547,449,909

30.4 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.

31. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 27, 2012 by the Board of Directors of the Company.

32. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. Certain re-arrangements have been made in comparatives due to presentation of these financial statements on estimated realizable / settlement value. Assets and liabilities have been presented in the order of liquidity.

33. GENERAL

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

Humayun Mazhar
Chief Executive Officer

Khurram Mazhar Karim
Director

FORM OF PROXY

I/We ____

of ____ a member/members of Crescent Jute

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

him / her ___________________________ of _______________________

who is also member of the Company vide Registered Folio # / CDC Participant ID # / Sub A/C # / Investor A/C # ____________ as my / our Proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of the shareholders of CRESCENT JUTE PRODUCTS LIMITED to be held on Thursday the October 25, 2012 at 11:00 a.m. at 306, 3rd Floor, Siddiq Trade Centre, 72-Main Boulevard, Gulberg, Lahore and at any adjournment thereof.

As witness my hand this__________________________ day of __________ 2012.

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.