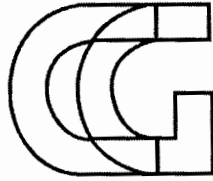


CRESCENT GROUP



CRESCENT JUTE  
PRODUCTS LTD.

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**Condensed Interim Financial Statements  
For The Nine Months Ended 31 March 2020  
(Un-Audited)**

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**CRESCENT JUTE  
PRODUCTS LTD.**

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**CRESCENT JUTE PRODUCTS LTD.  
FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED  
31 MARCH 2020**

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**CRESCENT JUTE  
PRODUCTS LTD.**

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## **COMPANY INFORMATION**

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### **BOARD OF DIRECTORS**

Mr. Khurram Mazhar Karim	Chairman - Non-Executive Director
Mr. Humayun Mazhar	Chief Executive Officer - Executive Director
(In alphabetic order)	
Miss Rijah Khurram Mazhar	Non-Executive Director
Mr. Shahjahan Mazhar Karim	Non-Executive Director
Mr. Shameel Mazhar	Non-Executive Director
Mr. Shehryar Mazhar	Non-Executive Director
Syed Raza Abbas Jaffery	Independent - Non Executive Director

### **AUDIT COMMITTEE**

Syed Raza Abbas Jaffery	Chairman
Mr. Shehryar Mazhar	Member
Mr. Shahjahan Mazhar Karim	Member

### **HUMAN RESOURCE & REMUNERATION COMMITTEE**

Mr. Shehryar Mazhar	Chairman
Syed Raza Abbas Jaffery	Member
Miss Rijah Khurram Mazhar	Member

### **COMPANY SECRETARY / CFO**

Mr. Saif Ullah

### **HEAD OF INTERNAL AUDIT**

Mr. Tahir Hussain

### **AUDITORS**

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

### **LEGAL ADVISOR**

Mr. Shahid Mahmood Baig  
Advocate High Court

### **BANKERS**

The Bank of Punjab  
B.R.R. Guardian Modaraba  
MCB Bank Limited  
Dubai Islamic Bank  
Haibib Metropolitan Bank Limited

### **REGISTERED OFFICE**

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

### **SHARE REGISTRAR**

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



CRESCENT JUTE  
PRODUCTS LTD.

## **DIRECTORS REPORT TO THE SHAREHOLDERS**

Accounts for the nine months ended March 31, 2020 show a loss of Rupees 15.90 million, (for the quarter Rupees 11.690 Million) as compared to loss of Rupees 28.65 million in the corresponding periods in 2019, (for the quarter Rupees 4.566 Million). This loss is primary attributed to the exchange loss due to the significant depreciation in rupee against the US dollar and its impact on our liabilities with financial institutions, borrowing cost, diminution in value of investment, professional fee paid to lawyers on account of our ongoing cases with financial institutions and the cost of minimum staff required for the managing the corporate affairs and financial affairs of the company.

The management is in the process of implementing the closure plan approved by the BOD and Shareholders. There were two parts of this plan i.e. Disposal of Assets and Future Business plan. As far as the Disposal of Assets is concerned, all the payments against disposal of assets have been realized.

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

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

For and on behalf of the Board

(Humayun Mazhar)  
Chief Executive Officer

Khurram Mazhar Karim  
Director

Lahore: April 27, 2020



CRESCENT JUTE  
PRODUCTS LTD.

## DIRECTORS REPORT TO THE SHAREHOLDERS

### حصص داران کو ڈائریکٹرز کی رپورٹ

131 مارچ 2020ء کو اختتام پذیر نو ماہی مدت کے لیے کماتوں میں 15.90 ملین (سہ ماہی 11.690 ملین) روپے خسارہ ظاہر ہوا جو 2019 کی اسی مدت میں 28.65 ملین (سہ ماہی 4.566 ملین) روپے تھما یہ خسارہ امریکی ڈالر کے مقابلہ میں روپے کی قدر میں کمی اور جاکا اثر مالیاتی اداروں کے واجبات پر ہوا۔ قرضوں پر لاگت، سرمایہ داری کی قدر میں کمی، قانونی اخراجات اور کمپنی کے کاروباری اور مالیاتی امور کو چلانے کے لیے کم از کم مطلوب عملہ پر اخراجات سے منسوب ہے۔

انتظامیہ بورڈ آف ڈائریکٹرز اور حصص داران سے منظور شدہ کلوزر پلان کے اطلاق کے عمل سے گزر رہی ہے۔ اس پلان کے دو حصے یعنی اثاثہ جات کی فروخت اور مستقبل کا کاروباری منصوبہ ہیں۔ جہاں تک اثاثہ جات کی فروخت کا تعلق ہے اثاثہ جات کی فروخت پر تمام رقم حاصل کر لی گئی ہے۔

مستقبل کے کاروباری منصوبہ مالیاتی اداروں کے واجبات اور ان پر سرپلس کی ادائیگی سے مشروط ہے۔ اس تناظر میں پیش رفت بہت سست ہے اور ان مالیاتی اداروں کے ساتھ کئی قانونی معاملات زیر التوا ہیں۔ واجبات کی ادائیگی میں یہ حد درجہ تاخیر نہ صرف کاروباری پلان پر عمل درآمد میں بڑی رکاوٹ ہے بلکہ بغیر کسی کاروباری سرگرمی کے انسانی آپریشنز کی باعث ہے۔ اگرچہ ہمارے قانونی مشیر تمام زیر التوا مقدمات میں مثبت نتائج کے لئے پر امید ہیں لیکن اس کے وقت کا تعین کرنا بہت مشکل ہے۔ اسی طرح سے، مستقبل کے کسی بھی قسم کے کاروباری منصوبہ پر عمل درآمد فنڈز کے سرپلس کے وصولی اور مالیاتی اداروں کے واجبات کی حتمی ادائیگی سے مشروط ہے۔

دوسری جانب ہم کاسٹ کنٹرول پر بھرپور توجہ دے رہے ہیں قانونی مقدمات جلد نمٹانے اور اخراجات کو کم سے کم سطح پر رکھنے کے لئے ہر ممکن کوشش کی جا رہی ہے۔

خرم مظہر کریم  
ڈائریکٹر

برائے/جناب بورڈ آف ڈائریکٹرز

*Hussain Abbas*

ہمایوں مظہر  
چیف ایگزیکٹو آفیسر

لاہور، 27 اپریل، 2020ء



**CRESCENT JUTE  
PRODUCTS LTD.**


**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**


**AS AT 31 MARCH 2020 (UN-AUDITED)**

		Un-audited	Audited
		31 March 2020	30 June 2019
		RUPEES	RUPEES
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
30 000 000 (30 June 2019: 30 000 000) ordinary shares of Rupees 10 each			
		<u>300,000,000</u>	<u>300,000,000</u>
<b>Issued, subscribed and paid-up share capital</b>			
		237,634,680	237,634,680
<b>Capital reserves</b>			
		35,767,584	35,767,584
		181,783,274	181,783,274
		(737,782,174)	(721,750,844)
		<u>(282,596,637)</u>	<u>(266,565,307)</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
		9,779,326	11,452,198
		137,921,887	171,317,853
	3	260,172,960	276,697,044
		337,312	337,312
		460	689
		<u>408,211,946</u>	<u>459,805,096</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	4	-	-
		<u>125,615,307</u>	<u>193,239,790</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
	5	2,944,896	3,194,382
		-	134,500
		<u>2,944,896</u>	<u>3,328,882</u>
<b>CURRENT ASSETS</b>			
		265,187	269,999
		120,037,500	120,037,500
		66,748	18,750
		-	66,672,747
		2,180,713	2,597,519
		120,263	314,393
		<u>122,670,411</u>	<u>189,910,908</u>
		122,670,411	189,910,908
		<u>125,615,307</u>	<u>193,239,790</u>

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

  
Humayun Mazhar  
Chief Executive Officer

  
Khurram Mazhar Karim  
Director

  
Saif Ullah  
Chief Financial Officer



CRESCENT JUTE  
PRODUCTS LTD.


## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE NINE MONTHS ENDED 31 MARCH 2020 (Un-audited)

	Nine months ended		Quarter ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
-----RUPEES-----				
INCOME- Others	133,736	23,696	(3,610,726)	(126,696)
ADMINISTRATIVE EXPENSES	(8,787,690)	(12,108,523)	(2,741,279)	(2,376,961)
OTHER EXPENSES	(5,324,722)	(14,651,596)	(4,704,170)	(1,437,976)
FINANCE COST	(1,917,694)	(1,912,369)	(633,519)	(624,246)
LOSS BEFORE TAXATION	(15,896,370)	(28,648,792)	(11,689,694)	(4,566,880)
TAXATION	(460)	(689)	(93)	(155)
LOSS AFTER TAXATION	<u>(15,896,830)</u>	<u>(28,649,481)</u>	<u>(11,689,787)</u>	<u>(4,566,035)</u>
LOSS PER SHARE - BASIC AND DILUTED	<u>(0.67)</u>	<u>(1.21)</u>	<u>(0.49)</u>	<u>(0.19)</u>

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

  
Humayun Mazhar  
Chief Executive Officer

  
Khurram Mazhar Karim  
Director

  
Saif Ullah  
Chief Financial Officer



CRESCENT JUTE  
PRODUCTS LTD.

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**

FOR THE NINE MONTHS ENDED 31 MARCH 2020 (Un-audited)

Nine month ended		Quarter ended	
31, March 2020	31, March 2019	31, March 2020	31 March 2019

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

LOSS AFTER TAXATION (15,896,830) (28,649,481) (11,689,787) (4,566,035)

OTHER COMPREHENSIVE INCOME

Items that will not be reclassified  
subsequently to profit or loss

-	-	-	-
-	-	-	-


Items that may be reclassified  
subsequently to profit or loss

TOTAL COMPREHENSIVE LOSS  
FOR THE PERIOD

(134,500)		(134,500)	
<u>(16,031,330)</u>	<u>(28,649,481)</u>	<u>(11,824,287)</u>	<u>(4,566,035)</u>

The annexed notes form an integral part of this condensed interim financial information.

  
Humayun Mazhar  
Chief Executive Officer

  
Khurram Mazhar Karim  
Director

  
Saif Ullah  
Chief Financial Officer





**CRESCENT JUTE  
PRODUCTS LTD.**

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**

**FOR THE NINE MONTHS ENDED 31 MARCH 2020**

	SHARE CAPITAL	CAPITAL RESERVES		Sub Total	ACCUMULATED LOSS	TOTAL	TOTAL EQUITY
		Share Premium	Surplus on				
(RUPEES)							
Balance as at 30 June 2018 - (Audited)	237,634,680	35,767,584	181,783,274	217,550,858	(706,640,792)	(489,089,934)	(253,455,254)
Loss for the nine months ended 31 March 2019	-	-	-	-	(38,691,284)	(38,691,284)	(38,691,284)
Other comprehensive income for the nine months ended 31 March 2019	-	-	-	-	-	-	-
Total comprehensive loss for the nine months ended 31 March 2019	-	-	-	-	(28,649,481)	(28,649,481)	(28,649,481)
Balance as at 31 March 2019 - (Un-audited)	237,634,680	35,767,584	181,783,274	217,550,858	(737,290,273)	(529,781,218)	(282,104,735)
Loss for the year ended 30 June 2019	-	-	-	-	15,539,429	15,539,429	15,539,429
Other comprehensive income for the year ended 30 June 2019	-	-	-	-	-	-	-
Total comprehensive loss for the year ended 30 June 2019	-	-	-	-	15,539,429	15,539,429	15,539,429
Balance as at 30 June 2019 - (Audited)	237,634,680	35,767,584	181,783,274	217,550,858	(721,750,844)	(514,241,789)	(266,565,306)
Loss for the nine months ended 31 March 2020	-	-	-	-	(15,896,830)	(15,896,830)	(15,896,830)
Other comprehensive income for the nine months ended 31 March 2020	-	-	-	-	(134,500)	(134,500)	(134,500)
Total comprehensive loss for the nine months ended 31 March 2020	-	-	-	-	(16,031,330)	(16,031,330)	(16,031,330)
Balance as at 31 March 2020 - (Un-audited)	237,634,680	35,767,584	181,783,274	217,550,858	(737,782,174)	(530,273,119)	(282,596,636)

The annexed notes form an integral part of this condensed interim financial information.

*Humayun Mazhar*  
Humayun Mazhar  
Chief Executive Officer

*Khurram Mazhar Karim*  
Khurram Mazhar Karim  
Director

*Saif Ullah*  
Saif Ullah  
Chief Financial Officer



CRESCENT JUTE  
PRODUCTS LTD.

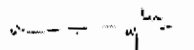
## CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS ENDED 31 MARCH 2020

NOTE	Nine months ended		
	31 March 2020 RUPEES	31 March 2019 RUPEES	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations	6	56,438,172	(10,434,722)
Finance cost paid		(10,277)	(11,886)
CF Mark Up Paid		(35,303,384)	
Income tax paid		(20,377)	(8,471)
(Increase)/Decrease in Long Term Deposit		-	-
<b>Net cash used in operating activities</b>		<b>21,104,134</b>	<b>(10,455,080)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Dividends received		2,974	4,592
Investment made		-	-
Profit on bank deposits received		130,762	19,104
<b>Net cash from investing activities</b>		<b>133,736</b>	<b>23,696</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		(21,432,000)	10,151,000
<b>Net cash from financing activities</b>		<b>(21,432,000)</b>	<b>10,151,000</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(194,130)</b>	<b>(280,385)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>314,393</b>	<b>384,808</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>120,263</b>	<b>104,423</b>

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

  
Humayun Mazhar  
Chief Executive Officer

  
Khurram Mazhar Karim  
Director

  
Saif Ullah  
Chief Financial Officer



CRESCENT JUTE  
PRODUCTS LTD.

## **SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED 31 MARCH 2020 (Un-audited)**

### **1. THE COMPANY AND ITS OPERATIONS**

Crescent Jute Products Limited is a public limited company incorporated in Pakistan on 19 September 1964 under the Companies Act, 1913 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited (PSX). Its registered office is situated at 1st Floor, 65-XX, Khayaban-e-Iqbal Road, Phase-III, DHA, Lahore while a liaison office is situated at 8th Floor, Main Habib Bank Limited Building, Faisalabad. The Company was engaged in manufacturing and sale of jute products including jute bags.

Executive Director, Corporate Supervision Department, Company Law Division, Securities and Exchange Commission of Pakistan (SECP) has issued Order under section 309 read with section 305 of the repealed Companies Ordinance, 1984 and in exercise of the powers conferred on him under Section 309 of the repealed Companies Ordinance, 1984 have authorized the Registrar, Company Registration Office, SECP, Lahore to present a petition before Lahore High Court, Lahore for winding up of the Company on the ground that the Company's business has been suspended since 02 May 2011. The Company's appeal before the Appellate Bench, SECP against the aforesaid Order was unsuccessful and afterwards the Company appealed against the aforesaid Order in Lahore High Court, Lahore. That appeal was later withdrawn on 29 March 2018 by the Company and a writ petition has been filed by the Company against the above mentioned Order which is pending in Lahore High Court, Lahore. Moreover, as per Notice no. PSX/N-161 dated 04 February 2020 issued by PSX, the Company's shares were suspended for trading for another period of sixty days effective from 06 February 2020 due to the issuance of the Order by SECP as mentioned above. The first notice by PSX in this regard was issued on 18 December 2017.

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

The Company in its Annual General Meeting on 31 October 2011 decided to dispose of the property, plant and equipment of the Company. Whole of the property, plant and equipment have been disposed of uptill 30 June 2019. During the period ended 31 March 2020, the Company has loss after taxation of Rupees 15.897 million. The Company has suffered accumulated loss of Rupees 737.782 million as on 31 March 2020 which has turned equity into negative balance of Rupees 282.597 million.

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

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the audited annual published financial statements of the Company for the year ended 30 June 2019.



**CRESCENT JUTE  
PRODUCTS LTD.**

**2.1 Basis of preparation**

**2.1.1 Statement of compliance**

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

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

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

b) These condensed interim financial statements do not include all the information required for full financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended 30 June 2019. These condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2017 and section 237 of the Companies Act, 2017.

	<b>Un-audited 31 March 2020 RUPEES</b>	<b>Audited 30 June 2019 RUPEES</b>
<b>3. BORROWINGS</b>		
<b>From banking company and financial institution - secured</b>		
The Bank of Punjab (Note 3.1)	146,689,284	141,781,368
B.R.R. Guardian Modaraba (Note 3.2)	33,810,398	33,810,398
<b>Unsecured</b>		
<b>Related party</b>		
Crescent Ventures (Private) Limited	1,990,000	23,422,000
<b>Others</b>		
Innovative Investment Bank Limited	18,083,326	18,083,326
Loan from sponsor	4,461,237	4,461,237
Crescent Jute Mills Limited	55,138,715	55,138,715
	<u>260,172,960</u>	<u>276,697,044</u>

3.1 As per the terms of the respective sanction advice, the borrowing facilities from The Bank of Punjab were expired on 31 July 2011 and not renewed. The Bank has filed a suit in Lahore High Court, Lahore against the Company for the recovery of principal amount and accrued mark-up of these facilities. However with reference to Note 5.1, the Bank has provided No



**CRESCENT JUTE  
PRODUCTS LTD.**

Objection Certificate (NOC) for vacation of charge on assets. The Bank in its direct balance confirmation letter to the auditors as at 30 June 2019 have claimed principal balance outstanding of Rupees 146,746,920 against Rupees 141,781,368 appearing in books of account of the Company as at 30 June 2019 and claimed mark-up payable on borrowings of Rupees 68,891,639 against Rupees 63,745,054 appearing in books of account of the Company as at 30 June 2019. Hence, the Bank has claimed Rupees 4,965,552 excess on account of principal outstanding and Rupees 5,146,585 on account of mark-up payable from the Company. The Company has not recognized the excess claims of the Bank in these condensed interim financial statements based on opinion of its legal advisor. As per legal advisor of the Company, even in worst scenario, if the suit of Bank is decreed, even then the same cannot be decreed beyond the claimed amount of Bank as stated in the Bank's recovery suit. Moreover, the Bank is not entitled to any mark-up from the date of default as alleged in the plaint of its recovery suit and at the most Bank can be granted cost of funds at the rate of State Bank of Pakistan's provided rate of cost of funds. Therefore any exaggerated claim of Bank more than its claimed amount in suit, is untenable at this moment. Furthermore in view of this opinion by the legal advisor, the Company has not charged further mark-up on these borrowings from the year ended 30 June 2019.

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

**3.2** This facility was obtained from B.R.R. Guardian Modaraba which was repayable up to 30 June 2012, but the Company could not pay the balance uptill the expiry of the prescribed date. Therefore B.R.R. Guardian Modaraba filed a suit in Modaraba Tribunal against the Company for the recovery of above mentioned principal amount and mark-up amounting to Rupees 15.290 million previously waived off. The case has been decided against the Company. Now the Company has filed an appeal in Lahore High Court, Lahore against the Order of Modaraba Tribunal. Moreover B.R.R. Guardian Modaraba has obtained a decree for the attachment of the freehold land previously held by the Company, from the Banking Court, Lahore against the principal and mark-up mentioned above. The Company has filed an objection petition against this decree. Furthermore as per the advice of the legal counsel of the Company, further mark-up is not being charged on the principal amount from the financial year ended 30 June 2019 as the case is pending before Lahore High Court, Lahore and at most B.R.R. Guardian Modaraba can be granted cost of funds.

**4. CONTINGENCIES AND COMMITMENTS**

**4.1 Contingencies**

- I. The Commissioner Inland Revenue raised demand for sales tax amounting to Rupees 34.022 million (2019: Rupees 34.022 million) along with additional tax and penalty in respect of sales tax not charged on sale of fixed assets, sale of scrap, disputed inputs claimed, etc. Then Company filed appeals before the Appellate Tribunal Inland Revenue and subsequently in Lahore High Court, Lahore which were decided against the Company.



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Afterwards, the Company has filed an appeal in Supreme Court of Pakistan in 2013 against the decision of Lahore High Court, Lahore. However on 10 February 2020, Supreme Court of Pakistan dismissed the appeal. The Company has filed a review petition in Supreme Court of Pakistan against this decision. Moreover, the Company also approached Federal Board of Revenue (FBR) for a decision by Alternate Dispute Resolution Committee (ADRC). The Committee has given its recommendations to FBR. Based on the advice of legal counsel, the management is of the view that there are strong grounds about the decision of the case in favour of the Company, therefore, no provision has been made in these condensed interim financial statements.

- ii. Deputy Commissioner Inland Revenue, Lahore ordered on 19 June 2017 for recovery of sales tax amounting to Rupees 934,414 along with penalty of Rupees 97,962. The Company filed an appeal against this order to Commissioner Inland Revenue (Appeals), Lahore on 14 July 2017. However on 20 June 2018, the appeal was disposed of by Commissioner Inland Revenue (Appeals), Lahore and the case was remanded back to Deputy Commissioner Inland Revenue, Lahore. Based on the advice of legal counsel, the management is of the view that there are strong grounds about the decision of the case in favour of the Company. Therefore, the related provision is not made in these condensed interim financial statements.
- iii. As per press release of Supreme Court of Pakistan dated 17 May 2018, a two member bench, headed by Chief Justice of Pakistan, heard Suo Moto Case No. 26 of 2007 with HR Cases and Constitution Petition No. 64 of 2009 regarding Deadbeats got loans of Rupees 54 billion written off. The case was heard on 13 May 2018 at Supreme Court of Pakistan and the Bench passed the following order:

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

The case was adjourned several times uptill 31 March 2020.

The name of the Company, under the heading of National Bank of Pakistan (NBP), is included in the list of 222 individuals / companies. On 10 August 2018, NBP through a letter demanded Rupees 25.858 million (US Dollars 212,654.94) against the principal and mark-up balances of FE-25 loan along with mark-up on other adjusted loans. The Company denies any of the claims made by NBP and has filed a case in Lahore High Court, Lahore against the demand raised by NBP. Another writ petition has also been filed by the Company against Bank's threat of indulging NAB, which was allowed by Lahore High Court, Lahore on 24 December 2018. However, NAB has challenged this judgment of Lahore High Court, Lahore before Supreme Court of Pakistan on 09 March 2019 which is pending for decision. Based



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on advice of legal counsel, no provision has been made in these condensed interim financial statements as the management believes the Company has strong grounds about the decision of the case in favour of the Company.

**4.2 Commitments**

There was no capital or other commitment as at 31 March 2020 (30 June 2019: Rupees Nil).

	<b>Un-audited 31 March 2020 RUPEES</b>	<b>Audited 30 June 2019 RUPEES</b>
<b>5. OPERATING FIXED ASSETS</b>		
Opening book value	3,194,382	3,573,749
<b>Less:</b>		
Depreciation charged during the period / year	249,485	379,367
	<u>2,944,896</u>	<u>3,194,382</u>

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

<b>(Un-audited)</b>	
<b>Nine Months ended</b>	
<b>31 March 2020</b>	<b>31 March 2019</b>
<b>RUPEES</b>	<b>RUPEES</b>

**6. CASH USED IN OPERATIONS**

<b>Loss before taxation</b>	(15,896,370)	(28,648,792)
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	249,485	284,525
Dividend income	(2,974)	(4,592)
Profit on bank deposits	(130,762)	(19,104)
Exchange loss	4,907,916	14,542,533
Net un-realized (gain) / loss on remeasurement of investments at fair value through profit or loss	416,806	109,063
Finance cost	1,917,694	1,912,369
Working capital changes (Note 6.1)	64,976,377	1,389,276
	<u>56,438,172</u>	<u>(10,434,722)</u>



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<b>(Un-audited)</b>	
<b>Nine Month ended</b>	
<b>31 March 2020</b>	<b>31 March 2019</b>
<b>RUPEES</b>	<b>RUPEES</b>

#### 6.1 Working capital changes

Decrease / (increase) in current assets:

Loans and advances	24,500	8,385
Prepayments	(47,998)	(41,468)
other receivable	66,672,747	8,696
	66,649,249	(24,387)
Increase in trade and other payables	(1,672,872)	1,413,663
	<b>64,976,377</b>	<b>1,389,276</b>

#### 7. TRANSACTIONS WITH RELATED PARTIES

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

<b>(Un-audited)</b>		<b>(Un-audited)</b>	
<b>Nine Month ended</b>		<b>Quarter ended</b>	
<b>31 March 2020</b>	<b>31 March 2019</b>	<b>31 March 2020</b>	<b>31 March 2019</b>

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

##### i) Transactions

###### Associated companies

Interest free loan received	4,330,000	10,151,000	2,490,000	3,650,000
Interest free loan repaid	25,762,000	-	10,762,000	-
Expenses paid and reimbursed	365,485	-	105,966	-

###### Other related parties

Remuneration and meeting fee paid to directors	1,671,150	1,618,650	539,550	539,550
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<b>Un-audited 31 March 2020</b>	<b>Audited 30 June 2019</b>
<b>RUPEES</b>	<b>RUPEES</b>

##### ii) Period end balances

Borrowings		1,990,000	23,422,000
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#### 8. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2019.





#### 9. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on April 27, 2020.

#### 10. CORRESPONDING FIGURES


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

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

#### 11 GENERAL

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

  
Humayun Mazhar  
Chief Executive Officer

  
Khurram Mazhar Karim  
Director

  
Saif Ullah  
Chief Financial Officer

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