

CRESCENT GROUP



CRESCENT JUTE
PRODUCTS LTD.

**Condensed Interim Financial Statements
For The Nine Months Ended 31 March 2019
(Un-Audited)**



**CRESCENT JUTE
PRODUCTS LTD.**

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CRESCENT JUTE PRODUCTS LTD. FINANCIAL STATEMENTS

**FOR THE NINE MONTHS ENDED
31 MARCH 2019**

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**CRESCENT JUTE
PRODUCTS LTD.**

COMPANY INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

COMPANY SECRETARY / CFO

Mr. Saif Ullah

HEAD OF INTERNAL AUDIT

Mr. Tahir Hussain

AUDITORS

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

LEGAL ADVISOR

Mr. Shahid Mahmood Baig
Advocate High Court

BANKERS

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

REGISTERED OFFICE

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

SHARE REGISTRAR

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



**CRESCENT JUTE
PRODUCTS LTD.**

DIRECTORS REPORT TO THE SHAREHOLDERS

Accounts for the nine months ended March 31, 2019 show a loss of Rupees 38.69 million, as compared to loss of Rupees 39.47 million in the corresponding periods in 2018. This loss is primary attributed to the exchange loss due to the significant depreciation in rupee against the US dollar and its impact on our liabilities with financial institutions, borrowing cost, professional fee paid to lawyers on account of our ongoing cases with financial institutions and the cost of minimum staff required for the managing the corporate affairs and safe guarding remaining assets of company.

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

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

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

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

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

For and on behalf of the Board

(Humayun Mazhar)
Chief Executive Officer

Khurram Mazhar Karim
Director

Lahore: April 25, 2019



CRESCENT JUTE
PRODUCTS LTD.

DIRECTORS REPORT TO THE SHAREHOLDERS

حصص داران کو ڈائریکٹرز کی رپورٹ

31 مارچ 2019ء کو اختتام پذیر نو ماہی مدت کے لئے کھاتوں میں 38.69 ملین روپے خسارہ ظاہر ہوا جو 2018 کی اسی مدت میں 39.47 ملین روپے تھا۔ یہ خسارہ امریکی ڈالر کے مقابلہ میں روپے کی قدر میں کمی اور مالیاتی اداروں کے واجبات، قرضوں پر لاگت، مالیاتی اداروں کے ساتھ رواں مقدمات کے لئے دکلاء کی فیس اور کاروباری امور چلانے اور کھپنی کے بتایا اثاثہ جات کی دیکھ بھال کے لئے کم از کم عملہ پر لاگت کی وجہ سے ظاہر ہوا۔

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

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

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

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

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

منجانب / برائے بورڈ

Harun Raza

خرم مظہر کریم

ڈائریکٹر

ہمایوں مظہر

چیف ایگزیکٹو آفیسر

لاہور، 25 اپریل، 2019ء



CRESCENT JUTE
PRODUCTS LTD.

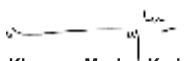
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

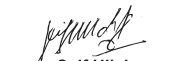
AS AT 31 MARCH 2019

		Un-audited	Audited
	NOTE	31 March 2019	30 June 2018
		RUPEES	RUPEES
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 30 000 000 (30 June 2018: 30 000 000) ordinary shares of Rupees 10 each		300,000,000	300,000,000
Issued, subscribed and paid-up share capital		237,634,680	237,634,680
Capital reserves			
Share Premium		35,767,584	35,767,584
Surplus on revaluation of freehold land		181,783,274	181,783,274
Accumulated loss		(747,332,076)	(708,640,792)
Total equity		(292,146,538)	(253,455,254)
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	3	162,423,689	161,010,026
Accrued mark-up		180,728,474	168,786,191
Borrowings	4	257,785,353	233,091,820
Unclaimed dividend		337,312	337,312
Provision for taxation		689	8,705
TOTAL LIABILITIES		601,275,518	563,234,054
CONTINGENCIES AND COMMITMENTS	5	-	-
TOTAL EQUITY AND LIABILITIES		309,128,979	309,778,800
ASSETS			
NON-CURRENT ASSETS			
Operating Fixed Assets	6	3,289,223	3,573,748
Investments at fair value through other comprehensive income		134,500	-
		3,423,723	3,573,748
CURRENT ASSETS			
Loans and advances		410,931	419,550
Security deposits		120,037,500	120,037,500
Prepayments		48,968	7,500
Other receivables		-	8,696
Short Term Investments		3,351,932	3,460,995
Cash and bank balances		104,436	384,808
		123,953,767	124,319,048
Non- current asset held for sale	7	181,886,000	181,886,000
		305,839,766	306,205,048
TOTAL ASSETS		309,128,979	309,778,800

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


Humayun Mazhar
Chief Executive Officer


Khurram Mazhar Karim
Director


Saif Ullah
Chief Financial Officer



**CRESCENT JUTE
PRODUCTS LTD.**

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE NINE MONTH ENDED 31 MARCH 2019 (UN-AUDITED)

	Nine months ended		Quarter ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	-----RUPEES-----			
INCOME	23,696	193,596	(126,696)	42,284
ADMINISTRATIVE EXPENSES	(12,108,523)	(18,535,421)	(2,376,961)	(4,695,273)
OTHER EXPENSES	(14,651,596)	(9,311,079)	(1,437,976)	(4,058,083)
FINANCE COST	(11,954,171)	(11,816,712)	(4,001,478)	(3,877,115)
LOSS BEFORE TAXATION	<u>(38,690,595)</u>	<u>(39,469,616)</u>	<u>(7,943,112)</u>	<u>(12,588,187)</u>
TAXATION	(689)	(1,001)	(155)	-
LOSS AFTER TAXATION	<u><u>(38,691,284)</u></u>	<u><u>(39,470,617)</u></u>	<u><u>(7,943,267)</u></u>	<u><u>(12,588,187)</u></u>
LOSS PER SHARE - BASIC AND DILUTED	<u>(1.63)</u>	<u>(1.66)</u>	<u>(0.33)</u>	<u>(0.53)</u>

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

Humayun Mazhar
Chief Executive Officer

Khurram Mazhar Karim
Director

Saif Ullah
Chief Financial Officer



**CRESCENT JUTE
PRODUCTS LTD.**

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

FOR THE NINE MONTHS ENDED 31 MARCH 2019

Nine month ended		Quarter ended	
31 March 2019	31 March 2018	31 March 2019	31 March 2018

LOSS AFTER TAXATION (38,691,284) (39,470,617) (7,943,267) (12,588,187)

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

(38,691,284) (39,470,617) (7,943,267) (12,588,187)

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 2019

SHARE CAPITAL	CAPITAL RESERVES		Sub total	ACCUMULA- TED LOSS	TOTAL	TOTAL EQUITY
	Share premium	Surplus on				

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

Balance as at
30 June 2017 - (Audited) 237,634,680 35,767,584 181,783,274 217,550,858 (657,188,079) (439,637,221) (202,002,541)

Loss for the nine months ended 31 March 2018	-	-	-	-	(39,470,617)	(39,470,617)	(39,470,617)
Other comprehensive income for the nine months ended 31 March 2018	-	-	-	-	-	-	-

Total comprehensive loss
for the nine months
ended 31 March 2018 - - - - (39,470,617) (39,470,617) (39,470,617)

Balance as at
31 March 2018 - (Un-audited) 237,634,680 35,767,584 181,783,274 217,550,858 (696,658,696) (479,107,838) (241,473,158)

Loss for the year ended 30 June 2018	-	-	-	-	(11,982,096)	(11,982,096)	(11,982,096)
Other comprehensive income for the year ended 30 June 2018	-	-	-	-	-	-	-

Total comprehensive
loss for the year
ended 30 June 2018 - - - - (11,982,096) (11,982,096) (11,982,096)

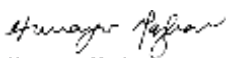
Balance as at
30 June 2018 - (Audited) 237,634,680 35,767,584 181,783,274 217,550,858 (708,640,792) (491,089,934) (253,455,254)

Loss for the 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 - - - - (38,691,284) (38,691,284) (38,691,284)

Balance as at
31 March 2019 - (Un-audited) 237,634,680 35,767,584 181,783,274 217,550,858 (747,332,076) (529,781,218) (292,146,538)

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.

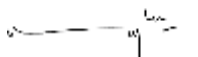
**CONDENSED INTERIM
STATEMENT OF CASH FLOWS (UN-AUDITED)**

FOR THE NINE MONTHS ENDED 31 MARCH 2019

NOTE	Nine months ended	
	31 March 2019 RUPEES	31 March 2018 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash used in operations	8 (10,434,722)	(10,862,648)
Finance cost paid	(11,886)	(199,552)
Income tax paid	(8,471)	(37,679)
(Increase)/Decrease in Long Term Deposit	-	-
Net cash used in operating activities	(10,455,079)	(11,099,880)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	4,592	47,267
Investment made	-	(298,090)
Profit on bank deposits received	19,104	226,295
Net cash from investing activities	23,696	(24,528)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	10,151,000	-
Net cash from financing activities	10,151,000	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(280,384)	(11,124,408)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	384,808	12,343,935
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	104,436	1,219,527

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 2019 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

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

Executive Director, Corporate Supervision Department, Company Law Division, Securities and Exchange Commission of Pakistan (SECP) has issued Order under section 309 read with Section 305 of the repealed Companies Ordinance, 1984 and in exercise of the powers conferred on him under Section 309 of the repealed Companies Ordinance, 1984 have authorized the Registrar, Company Registration Office, SECP, Lahore to present a petition before Lahore High Court, Lahore for winding up of the Company on the ground that the Company's business has been suspended since 02 May 2011. The Company's appeal before the Appellate Bench, SECP against the aforesaid Order was unsuccessful and afterwards the Company appealed against the aforesaid Order in Lahore High Court, Lahore. That appeal was later withdrawn on 29 March 2018 by the Company and a writ petition has been filed by the Company against the above mentioned Order which is pending in Lahore High Court, Lahore. Moreover, as per Notice no. PSX/Gen-588 dated 08 February 2019 issued by PSX, the Company's shares were suspended for trading and placed in the Defaulter's Segment for another period of sixty days effective from 11 February 2019 due to the issuance of the Order by SECP as mentioned above. The first notice by PSX in this regard was issued on 18 December 2017.

1.1 Non-going concern basis of accounting

Shortage of working capital and reduction in demand of finished goods resulted in the closure of Company's operations since 02 May 2011. The Company in its Annual General Meeting on 31 October 2011 decided to dispose of the property, plant and equipment of the Company. Whole of the plant and machinery and buildings on freehold land have been disposed of uptill 30 June 2015. Freehold land is also under the process of disposal. During the period ended 31 March 2019, the Company has loss after taxation of Rupees 38.691 million. The Company has suffered accumulated loss of Rupees 747.332 million as on 31 March 2019 which has turned equity into negative balance of Rupees 292.147 million.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

2.1.1 Statement of compliance

- a) This condensed interim financial information is unaudited and is being submitted to shareholders as required by section 237 of the Companies Act, 2017. This condensed interim financial information has been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" as applicable in Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP).



**CRESCENT JUTE
PRODUCTS LTD.**

b) This condensed interim financial information does not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended 30 June 2018.

3. TRADE AND OTHER PAYABLES

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

	Un-audited 31 March 2019 RUPEES	Audited 30 June 2018 RUPEES
4. BORROWINGS		
From banking company and financial institution - secured		
The Bank of Punjab (Note 4.1)	125,811,764	112,598,144
Crescent Standard Modaraba (Note 4.2)	33,810,398	33,810,398
Unsecured		
Related party		
Crescent Ventures (Private) Limited	19,151,000	9,000,000
Others		
Innovative Investment Bank Limited	18,083,326	18,083,326
Loan from sponsor	4,461,237	4,461,237
Crescent Jute Mills Limited	55,138,715	55,138,715
	<u>256,456,440</u>	<u>233,091,820</u>

4.1 As per the terms of the respective sanction advice, these borrowing facilities were expired on 31 July 2011 and not renewed. The Bank has filed a suit in Lahore High Court, Lahore against the Company for the recovery of principal amount and accrued mark-up of these facilities. However with reference to Note 7.1, the Bank has provided No Objection Certificate (NOC) for vacation of charge on assets. The Bank in its direct balance confirmation letter to the auditors as at 30 June 2018 have claimed principal balance outstanding of Rupees 117,272,196 against Rupees 112,598,144 appearing in books of account of the Company as at 30 June 2018 and claimed mark-up payable on borrowings of Rupees 79,690,130 against Rupees 63,745,055 appearing in books of account of the Company as at 30 June 2018. Hence, the Bank has claimed Rupees 4,674,052 excess on account of principal outstanding and Rupees 15,945,075 on account of mark-up payable from the Company. The Company has not recognized the excess claims of the Bank in these condensed interim financial statements based on opinion of its legal advisor. As per legal advisor of the Company, even in worst scenario, if the suit of Bank is decreed, even then the same cannot be decreed beyond the claimed amount of Bank as stated in the Bank's recovery suit. Furthermore, the Bank is not entitled to any mark-up from the date of default as alleged in the plaint of its recovery suit and at the most Bank can be granted cost of funds at the rate of State Bank of Pakistan's provided rate of cost of funds. Therefore any exaggerated claim of Bank more than its claimed amount in suit, is untenable at this moment.

4.2 This facility was obtained from B.R.R. Guardian Modaraba (formerly Crescent Standard Mudaraba) which was repayable up to 30 June 2012, but the Company could not pay the balance uptill the expiry of the prescribed date. As the Company is at default, mark-up at the rate of 18 percent per annum is being charged on the outstanding balance. Moreover B.R.R. Guardian Modaraba (formerly Crescent Standard Mudaraba) filed a suit in Modaraba Tribunal against the Company for the recovery of above mentioned principal amount and mark-up amounting to Rupees 15.290 million previously waived off by B.R.R. Guardian Modaraba (formerly Crescent Standard Mudaraba). The case has been decided against the Company. Now the Company has filed an appeal in Lahore High Court, Lahore against the Order of Modaraba Tribunal. Furthermore B.R.R. Guardian Modaraba (formerly Crescent Standard Mudaraba) has obtained a decree for the attachment of the freehold land of the Company from the Banking Court, Lahore against the principal and mark-up mentioned above. The Company has filed an objection petition against this decree.



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5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

- i) The Commissioner Inland Revenue raised demand for sales tax amounting to Rupees 34.022 million (30 June 2018: Rupees 34.022 million) along with additional tax and penalty in respect of sales tax not charged on sale of fixed assets, sale of scrap, disputed inputs claimed, etc. Then Company filed appeals before the Appellate Tribunal Inland Revenue and subsequently in Lahore High Court, Lahore which were decided against the Company. Afterwards, the Company has filed an appeal in Supreme Court of Pakistan in 2012 against the decision of Lahore High Court, Lahore. Moreover, the Company also approached Federal Board of Revenue (FBR) for a decision by Alternate Dispute Resolution Committee (ADRC). The Committee has given its recommendations to FBR. Pending decisions of the Supreme Court and FBR, no provision has been made in these condensed interim financial statements. Based on the advice of legal counsel, the management is of the view that there are strong grounds about the decision of the case in favour of the Company.
- ii) Deputy Commissioner Inland Revenue, Lahore ordered on 19 June 2017 for recovery of sales tax amounting to Rupees 934,414 (30 June 2018: Rupees 934,414) along with default surcharge and penalty under section 34 and 33 respectively of Sales Tax Act, 1990. The Company filed an appeal against this order to Commissioner Inland Revenue (Appeals), Lahore on 14 July 2017. However on 20 June 2018, the appeal was disposed of by Commissioner Inland Revenue (Appeals), Lahore and the case was remanded back to Deputy Commissioner Inland Revenue, Lahore. Based on the advice of legal counsel, the management is of the view that there are strong grounds about the decision of the case in favour of the Company. Therefore, the related provision is not made in these condensed interim financial statements.
- iii) As per press release of Supreme Court of Pakistan dated 17 May 2018, a two member bench, headed by Justice Mian Saqib Nisar, Chief Justice of Pakistan, and comprising Justice Mushir Alam heard *Suo Moto Case No. 26 of 2007 with HR Cases and Constitution Petition No. 64 of 2009* regarding Deadbeats got loans of Rupees 54 billion written off. The case was heard on 13 May 2018 at Supreme Court of Pakistan and the Bench passed the following order:

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

The name of the Company, under the heading of National Bank of Pakistan (NBP), is included in the list of 222 individuals / companies. Subsequent to the reporting date on 10 August 2018, NBP through a letter demanded Rupees 25.858 million (US Dollars 212,654.94) against the principal and mark-up balances of FE-25 loan along with mark-up on other adjusted loans. The Company denies any of the claims made by NBP and has already filed a case in Lahore High Court, Lahore against the demand raised by NBP. Moreover, the Chief Executive Officer of the Company has received a call up notice from National Accountability Bureau (NAB) on 27 August 2018 and on 07 November 2018 to appear before the Combined Investigation Team regarding the captioned matter. However, he has not appeared before NAB as the management believes that the matter is pre-judice in Lahore High Court, Lahore. No provision against the aforesaid has been made in these condensed interim financial statements as the management believes that it has strong case.



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5.2 Commitments

There was no capital or other commitment as at 31 March 2019 (30 June 2018: Rupees Nil).

	Un-audited	Audited
	31 March	30 June
	2019	2018
	RUPEES	RUPEES

6. OPERATING FIXED ASSETS

Opening book value	<u>3,573,748</u>	<u>4,007,469</u>
Less:		
Depreciation charged during the period / year	284,525	433,721
	<u>3,289,223</u>	<u>3,573,748</u>

7. NON-CURRENT ASSET HELD FOR SALE

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

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

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



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	(Un-audited)	
	Nine Month ended	
	31 March 2019	31 March 2018
	RUPEES	RUPEES
8. CASH USED IN OPERATIONS		
Loss before taxation	(38,690,595)	(39,469,616)
Adjustments for non-cash charges and other items:		
Depreciation	284,525	325,291
Dividend income	(4,592)	(47,267)
Profit on bank deposits	(19,104)	(146,329)
Exchange loss	14,542,533	8,275,501
Net un-realized (gain) / loss on remeasurement of investments at fair value through profit or loss	109,063	1,035,578
Finance cost	11,954,171	11,816,712
Working capital changes (Note 8.1)	1,389,276	7,347,482
	<u>(10,434,722)</u>	<u>(10,862,648)</u>

8.1 Working capital changes

Decrease / (increase) in current assets:

Loans and advances	8,385	40,900
Prepayments	(41,468)	(90,136)
other receivable	8,696	-
	(24,387)	(49,236)

Increase in trade and other payables	1,413,663	7,396,718
	<u>1,389,276</u>	<u>7,347,482</u>

9. 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:

(Un-audited)		(Un-audited)	
Nine Month ended		Quarter ended	
31 March 2019	31 March 2018	31 March 2019	31 March 2018

------(RUPEES)-----			
i) Transactions			
Associated companies			
Service charges accrued	-	102,866	-
Interest free loan received	10,151,000	7,000,000	3,650,000
			25,716
			7,000,000
Other related parties			
			-
Remuneration paid to Chief Executive Officer, Director and Executive	1,618,650	5,107,050	539,550
			622,050
		Un-audited	Audited
		31 March	30 June
		2019	2018
		RUPEES	RUPEES
ii) Period end balances			
Trade and other payables		19,151,000	13,851,363



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10. FINANCIAL RISK MANAGEMENT

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

11. DATE OF AUTHORIZATION FOR ISSUE

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

12. 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.

13. 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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