

CRESCENT GROUP



CRESCENT JUTE
PRODUCTS LTD.

**Condensed Interim Financial Statements
For The First Quarter 30 September 2020
(Un-Audited)**



**CRESCENT JUTE
PRODUCTS LTD.**

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**CRESCENT JUTE
PRODUCTS LTD.**

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Khurram Mazhar Karim	Chairman - Non-Executive Director
Mr. Humayun Mazhar (In alphabetic order)	Chief Executive Officer - Executive Director
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	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 quarter ended September 30, 2020 show a loss of Rupees 1.27 million, as compared to loss of Rupees 1.01 million in the corresponding period in 2019. This loss is primarily attributed to diminution in value of Investments, borrowing cost and the cost of minimum staff required for the managing the corporate 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 received.

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: October 29, 2020



CRESCENT JUTE
PRODUCTS LTD.

DIRECTORS REPORT TO THE SHAREHOLDERS

حصص داران کو ڈائریکٹرز کی رپورٹ

30 ستمبر 2020ء کو اختتام پذیر سہ ماہی کے لئے کھاتوں میں سال 2019ء کی اسی مدت میں 1.01 ملین روپے خسارہ کے مقابلہ میں 1.27 ملین روپے کا خسارہ ظاہر کرتے ہیں یہ خسارہ ابتدائی طور پر شیئرز کی انویسٹمنٹ میں ریٹ میں کمی کی وجہ و قانونی اخراجات اور کمپنی کے کاروباری اور انتظامی امور کو سنبھالنے کے لئے کم از کم ضروری سٹاف پر اخراجات کی وجہ سے سامنے آیا۔

انتظامیہ بورڈ آف ڈائریکٹرز اور حصص داران کی منظوری سے کلوزر پلان کے اطلاق کے عمل میں ہے۔ اس منصوبہ کے دو حصے تھے یعنی اثاثہ جات کی فروخت اور آئندہ کاروباری منصوبے۔ جہاں تک اثاثہ جات کی فروخت کا تعلق ہے ان کی فروخت سے تمام رقم حاصل کر لی گئی ہے۔

جہاں تک مستقبل کے کاروباری منصوبہ کا تعلق ہے یہ مالی اداروں کے واجبات اور بقایا جات کی ادائیگی سے مشروط ہے۔ چونکہ ہم مالیاتی اداروں کے ساتھ قانونی جنگ میں ہیں لہذا اس سلسلہ میں پیش رفت بہت سست ہے۔ بقایا جات کی ادائیگی میں اس نامناسب تاخیر کی وجہ سے نہ صرف ہمارے کاروباری منصوبہ پر عملدرآمد مشکل ہو چکا ہے بلکہ کاروباری سرگرمیاں غیر فعال ہونے کی وجہ سے اضافی آپریشنل لاگت برداشت کرنا پڑ رہی ہے۔ اگرچہ ہمارے قانونی مشیر تمام زیر التوا مقدمات میں مثبت نتائج کے لئے پر امید ہیں لیکن حتمی فیصلہ کے وقت کا تعین کرنا بہت مشکل ہے۔ مذکورہ بالا کو مد نظر رکھتے ہوئے فنڈز کے بقایا جات کی وصولی اور مالی اداروں کے تمام واجبات کی مکمل ادائیگی تک مستقبل میں کسی بھی کاروباری منصوبہ پر عمل درآمد ممکن نہ ہے۔

دوسری جانب ہم لاگت کو کنٹرول کرنے، قانونی مقدمات کے فوری فیصلہ اور اخراجات کو کم ترین سطح پر رکھنے کے لئے ہر ممکن کوشش میں مصروف رہے۔

س۔ م۔ ظہیر کریم
ڈائریکٹر

برائے/مخانب بورڈ آف ڈائریکٹرز

Hussain Khan

ہمایوں مظہر

چیف ایگزیکٹو آفیسر

لاہور: 29 اکتوبر 2020ء



CRESCENT JUTE
PRODUCTS LTD.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2020 (UN-AUDITED)

		Un-audited	Audited
		30-Sep-20	30-Jun-20
		RUPEES	RUPEES
EQUITY AND LIABILITIES	NOTE		
SHARE CAPITAL AND RESERVES			
Authorized share capital			
30 000 000 (2020: 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
Share Premium		35,633,084	35,633,084
Accumulated loss		(561,007,412)	(559,735,372)
Total equity		(287,739,648)	(286,467,608)
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		10,470,579	10,368,703
Accrued mark-up		139,184,252	138,546,132
Borrowings	3	263,128,688	262,983,088
Unclaimed dividend		337,312	337,312
Provision for taxation		-	446
TOTAL LIABILITIES		413,120,831	412,235,681
CONTINGENCIES AND COMMITMENTS	4	-	-
TOTAL EQUITY AND LIABILITIES		125,381,180	125,768,073
ASSETS			
NON-CURRENT ASSETS			
Operating fixed assets	5	2,788,646	2,861,734
		2,788,646	2,861,734
CURRENT ASSETS			
Loans and advances		71,764	69,988
Security deposits		120,037,500	120,037,500
Prepayments		204,670	14,700
Other receivables		-	405
Short term investments		2,234,368	2,670,531
Bank balances		44,229	113,215
		122,592,532	122,906,339
TOTAL ASSETS		125,381,180	125,768,073

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

Humayun Mazhar
Chief Executive Officer

Khurram Mazhar Karim
Director

Saif Ullah
Chief Financial Officer



CRESCENT JUTE
PRODUCTS LTD.

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020 (UN-AUDITED)

	Quarter ended	
	30 September 2020	30 September 2019
	RUPEES	RUPEES
INCOME	1,776,319	3,060,268
ADMINISTRATIVE EXPENSES	(1,971,846)	(2,884,112)
OTHER EXPENSES	(436,162)	(539,975)
FINANCE COST	(640,351)	(642,718)
LOSS BEFORE TAXATION	<u>(1,272,040)</u>	<u>(1,006,537)</u>
TAXATION	-	-
LOSS AFTER TAXATION	<u>(1,272,040)</u>	<u>(1,006,537)</u>
LOSS PER SHARE - BASIC AND DILUTED	<u>(0.05)</u>	<u>(0.04)</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 FIRST QUARTER ENDED 30 SEPTEMBER 2020 (UN-AUDITED)

	Quarter ended	
	30 September 2020	30 September 2019
	RUPEES	RUPEES
LOSS AFTER TAXATION	(1,272,040)	(1,006,537)
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	<u>(1,272,040)</u>	<u>(1,006,537)</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
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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020 (UN-AUDITED)

	CAPITAL RESERVE			Sub Total	ACCUMU- LATED LOSS	TOTAL EQUITY	
	SHARE CAPITAL	SHARE PREMIUM	Fair value reserve on FVTOCI Investments				Surplus on revaluation of freehold land
	----- (Rupees) -----						
Balance as at 01 July 2019	237,634,680	35,767,584	-	35,767,584	(539,967,570)	(266,565,306)	
Transfer from surplus on revaluation of freehold land	-	-	-	-	-	-	
Loss for the year	-	-	-	-	(19,767,802)	(19,767,802)	
Other comprehensive loss for the year	-	-	(134,500)	(134,500)	-	(134,500)	
Total comprehensive loss for the year	-	-	(134,500)	(134,500)	(19,767,802)	(19,902,302)	
Balance as at 30 June 2020	237,634,680	35,767,584	(134,500)	-	35,633,084	(559,735,372)	(286,467,608)
Loss for the period	-	-	-	-	(1,272,040)	(1,272,040)	
Other comprehensive loss for the period	-	-	-	-	-	-	
Total comprehensive loss for the period	-	-	-	-	(1,272,040)	(1,272,040)	
Balance as at 30 September 2020	237,634,680	35,767,584	(134,500)	-	35,633,084	(561,007,412)	(287,739,648)

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
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CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020 (UN-AUDITED)

	NOTE	Quarter ended	
		30 September 2020	30 September 2019
		(Rupees)	(Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	6	(1,986,851)	(1,865,321)
Finance cost paid		(2,233)	(4,600)
Income tax paid		(2,226)	(3,130)
Net cash used in operating activities		(1,991,310)	(1,873,051)
CASH FLOWS FROM INVESTING ACTIVITIES			
Profit on deposits with banks received		2,324	2,259
Net cash from investing activities		2,324	2,259
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		1,920,000	1,590,000
Net cash from financing activities		1,920,000	1,590,000
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(68,986)	(280,792)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		113,215	314,394
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		44,229	33,602

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


Humayun Mazhar
Chief Executive Officer


Khurram Mazhar Karim
Director


Saif Ullah
Chief Financial Officer



**CRESCENT JUTE
PRODUCTS LTD.**

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

Crescent Jute Products Limited (the Company) 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-664 dated 03 June 2020 issued by PSX, the Company's shares were suspended for trading for another period of sixty days effective from 04 August 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.

2. BASIS OF PREPARATION

This condensed interim financial Statements is unaudited and is being submitted to shareholders as required by section 237 of the Companies Act, 2017. This condensed interim financial Statements 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). This condensed interim financial Statements should be read in conjunction with the annual audited financial statements for the year ended 30 June 2020.

3. BORROWINGS

	Un-audited 30 September 2020 (Rupees)	Audited 30 June 2020 (Rupees)
From banking companies and financial institutions - secured		
The Bank of Punjab	146,425,012	148,199,412
B.R.R Guardian Modaraba	33,810,398	33,810,398



**CRESCENT JUTE
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	Un-audited 30 September 2020 (Rupees)	Audited 30 June 2020 (Rupees)
Unsecured		
Related party		
Crescent Ventures (Private) Limited	5,210,000	3,290,000
Others		
Innovative Investment Bank Limited	18,083,326	18,083,326
Loans from sponsor	4,461,237	4,461,237
Crescent Jute Mills Limited	55,138,715	55,138,715
	263,128,688	262,983,088

4. CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) The Commissioner Inland Revenue raised demand for sales tax amounting to Rupees 34.022 million (2020: 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. However, on 10 February 2020, Supreme Court of Pakistan dismissed the appeal. Then the Company filed review petition on 10 March 2020 in Supreme Court of Pakistan against this judgment. Pending decisions of the Supreme Court and FBR, no provision has been made in these financial statements. Based on the advice of legal counsel, the management is of the view that there are strong grounds about the decision of the case in favour of the Company.
- ii) Deputy Commissioner Inland Revenue, Lahore ordered on 19 June 2017 for recovery of sales tax amounting to Rupees 934,414 along with penalty of Rupees 97,962. The Company filed an appeal against this order to Commissioner Inland Revenue (Appeals), Lahore on 14 July 2017. However on 20 June 2018, the appeal was disposed of by Commissioner Inland Revenue (Appeals), Lahore and the case was remanded back to Deputy Commissioner Inland Revenue, Lahore. Based on the advice of legal counsel, the management is of the view that there are strong grounds about the decision of the case in favour of the Company. Therefore, the related provision is not made in these financial statements.
- iii) As per press release of Supreme Court of Pakistan dated 17 May 2018, a two member bench, headed by Chief Justice of Pakistan, heard *Suo Moto* Case No. 26 of 2007 with HR Cases and Constitution Petition No. 64 of 2009 regarding Deadbeats got loans of Rupees 54 billion written off. The case was heard on 13 May 2018 at Supreme Court of Pakistan and the Bench passed the following order:



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

The case was adjourned several times uptill the 30 September 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 on advice of legal counsel, no provision has been made in these financial statements as the management believes the Company has strong grounds about the decision of the case in favour of the Company.

b) Commitments

There was no capital or other commitment of the Company as at 30 Sep 2020 (2020: Rupees Nil).

	Un-audited 30 September 2020 Rupees	Audited 30 June 2020 Rupees
5. OPERATING FIXED ASSETS		
Opening book value	2,861,734	3,194,382
Additions		
	<u>2,861,734</u>	<u>3,194,382</u>
Disposals		
Cost	<input type="text" value="-"/>	<input type="text" value=""/>
Accumulated Depreciation	<input type="text" value="-"/>	<input type="text" value="-"/>
	<u>2,861,734</u>	<u>3,194,382</u>
Depreciation Charged for the year-	<input type="text" value="(73,088)"/>	<input type="text" value="(332,647)"/>
	<u>2,788,646</u>	<u>2,861,734</u>



**CRESCENT JUTE
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	Un-audited 30 September 2020 Rupees	Un-Audited 30 September 2019 Rupees
6 CASH (USED IN) / GENERATED FROM OPERATIONS		
Loss before taxation	(1,272,040)	(1,006,537)
Adjustments for non-cash charges and other items:		
Depreciation	73,088	83,162
Profit on deposit with banks	(2,324)	(2,259)
Net un-realized loss on re-measurement of investments at fair value through profit or loss	436,162	539,975
Exchange Gain	(1,774,400)	(3,058,009)
Finance cost	640,351	642,718
Working capital changes (Note 6.1)	(87,688)	935,627
	<u>(1,986,851)</u>	<u>(1,865,321)</u>

6.1 Working capital changes

Decrease / (increase) in current assets:

Loans and advances	-	9,500
Prepayments	(189,970)	(58,281)
Other receivables	405	3,359
	(189,565)	(45,422)
Increase in trade and other payables	101,877	981,049
	<u>(87,688)</u>	<u>935,627</u>

7. TRANSACTIONS WITH RELATED PARTIES

The related parties include associated companies, directors and key management personnel. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	Un-audited 30 September 2020 Rupees	Un-Audited 30 September 2019 Rupees
Associated Companies		
Crescent Group (Private) Limited		
Expenses paid and reimbursed	161,659	-
Crescent Ventures (Private) Limited		
Loan received	1,920,000	1,590,000



**CRESCENT JUTE
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8. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial Statements were approved by the Board of Directors of the Company and authorized for issue on October 29, 2020.

9. GENERAL

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

9.2 The figures have been rounded off to the nearest Rupee.

Humayun Mazhar
Chief Executive Officer

Khurram Mazhar Karim
Director

Saif Ullah
Chief Financial Officer

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PRODUCTS LTD.

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