

CRESCENT GROUP



CRESCENT JUTE  
PRODUCTS LTD.

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**Reviewed Condensed Interim Financial Statements  
For The Half Year Ended 31 December 2021  
(Un-Audited)**

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CRESCENT JUTE  
PRODUCTS LTD.

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# CRESCENT JUTE PRODUCTS LTD. FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

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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 (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
Mr. Wasim Akram	Independent Director

### **AUDIT COMMITTEE**

Mr. Wasim Akram	Chairman
Mr. Shehryar Mazhar	Member
Mr. Shahjahan Mazhar Karim	Member

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

Mr. Shehryar Mazhar	Chairman
Mr. Wasim Akram	Member
Miss Rijah Khurram Mazhar	Member

### **COMPANY SECRETARY / CFO**

Mr. Saif Ullah

### **HEAD OF INTERNAL AUDIT**

Mr. Tahir Hussain

### **AUDITORS**

M/s Rizwan & Company  
Chartered Accountants Islamabad  
Name of Engagement Partner: Mr. Rashid Iqbal FCA

### **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  
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 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 half year ended December 31, 2021 show a profit of Rupees 57.78 million as compared to the loss of rupees 0.163 million in the corresponding period 2020. This profit is mainly attributed to reversal of markup payable to Bank of Punjab, after the full and final settlement of liability. Moreover, the administrative and other expenses incurred due to the borrowing cost, legal and professional expenses 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.

We are pleased to report that the significant progress has been made in settlement of liability of bank of Punjab, however, after the settlement of bank of Punjab liability no sufficient surplus funds were available, therefore, future business plan as approved by the shareholder in their meeting held in October 2011 could not be implemented.

In the meanwhile, we remain focus 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: February 26, 2022



CRESCENT JUTE  
PRODUCTS LTD.

## DIRECTORS REPORT TO THE SHAREHOLDERS

### حصص داران کو ڈائریکٹرز کی رپورٹ

31 دسمبر 2021ء کو اختتام پذیر نصف سال کے لئے کھاتوں میں سال 2020ء کی اسی مدت میں 0.163 ملین روپے خسارے کی نسبت 57.78 ملین روپے نفع ظاہر ہوا۔ یہ نفع کھلی اور حتمی ادائیگی کے بعد بینک آف پنجاب کو واجب الادا مارک اپ کی چھوٹ سے منسوب سے کیا جاتا ہے۔ مزید برآں، قرضوں پر لاگت، قانونی و پیشہ ورانہ اخراجات اور کمپنی کے کاروباری و مالیاتی امور کو چلانے کے لئے کم از کم درکار عملے پر اخراجات کے باعث انتظامی و دیگر اخراجات برداشت کرنا پڑے۔

انتظامیہ بورڈ آف ڈائریکٹرز اور حصص داران کی منظوری سے کلوزر پلان کو نافذ کرنے کے عمل میں ہے۔ اس منصوبے کے دو حصے یعنی اثاثہ جات کی فروخت اور مستقبل کا کاروباری منصوبے تھے۔ جہاں تک اثاثہ جات کی فروخت کا تعلق ہے ان کی فروخت کی بابت تمام رقوم وصول کر لی گئی ہیں۔

ہم ازراہ مسرت رپورٹ کرتے ہیں کہ بینک آف پنجاب کے واجبات کی ادائیگی کر دی گئی ہے البتہ بینک آف پنجاب کے واجبات کی حتمی ادائیگی کے بعد محقول اضافی فنڈز دستیاب نہیں تھے لہذا اکتوبر 2011ء میں منعقدہ اجلاس میں حصص داران کے منظور شدہ مستقبل کے کاروباری منصوبے پر عمل درآمد نہیں کیا جاسکتا۔

دوسری جانب، ہم اخراجات پر کنٹرول پر بھرپور توجہ دے رہے ہیں اور اخراجات کو کم از کم سطح پر رکھنے کے لئے ہر ممکن کوشش کی جا رہی ہے۔

—  
خرم مظہر کریم  
ڈائریکٹر

برائے/مخاطب بورڈ آف ڈائریکٹرز  
Hussain Pasha  
ہمایوں مظہر  
چیف ایگزیکٹو آفیسر  
لاہور: 26 فروری، 2022ء



CRESCENT JUTE  
PRODUCTS LTD.

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**INDEPENDENT AUDITOR'S REVIEW REPORT**

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**TO THE MEMBERS OF CRESCENT JUTE PRODUCTS LTD.**  
**REPORT ON REVIEW OF CONDENSED**  
**INTERIM FINANCIAL STATEMENTS**

***Introduction***

We have reviewed the accompanying condensed interim statement of financial position of **CRESCENT JUTE PRODUCTS LIMITED** as at December 31, 2021 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows together with the selected notes forming part thereof, for the six month period then ended (hereinafter referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of the condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

The figures included in condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2021 and 2020 and the notes forming part thereof have not been reviewed by us and we do not express a conclusion on them, as we are required to review only the cumulative figures for the six months' period ended December 31, 2021.

***Scope of Review***

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

***Basis for Qualified Conclusion***

We believe that the procedures we have performed are sufficient and appropriate to provide a basis for our qualified conclusion and we report that:

- a) The company has shown profit before tax of Rs.57.776 million in the condensed interim financial statements. However, provision for tax of Rs. 9.8 million has not been made in these condensed interim financial statements as



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## **INDEPENDENT AUDITOR'S REVIEW REPORT**

required under the Income Tax Ordinance, 2001. Had the company made provision for tax of Rs.9.8 million in these condensed interim financial statements, the profit after tax for the half year ended December 31, 2021 would have been lower and the negative equity as on December 31, 2021 would have been higher by the amount of the tax provision.

### ***Qualified Conclusion***

Based on our review, except for the effect of the matter discussed in the Basis for Qualified Conclusion paragraph above, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

### ***Emphasis of Matter***

Without further qualifying our conclusion we draw attention to the following matters:

- a) As stated in Note 1.1 to the condensed interim financial statements, the Company is no longer a going concern, therefore, the condensed interim financial statements have been prepared on the basis of estimated realizable / settlement values of assets and liabilities respectively.
- b) As stated in Note 4.2 to the condensed interim financial statements, the Company has not charged further mark-up on the borrowings as per the advice of legal counsel.

### ***Other Matter***

The financial statements of the Company for the year ended June 30, 2021 and half year ended December 31, 2020 were audited and reviewed respectively by another auditor whose reports, dated October 5, 2021 and February 18, 2021, expressed unqualified opinion/conclusion on those statements.

The engagement partner on the review resulting in this independent auditor's report is **Rashid Iqbal FCA**.

**Rizwan & Company**  
Chartered Accountants

Islamabad  
Date: 26 February, 2022  
UDIN: RR202110101cqwbXoude





CRESCENT JUTE  
PRODUCTS LTD.

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021 (UN-AUDITED)

		Un-audited	Audited
		December 31, 2021	June 30, 2021
NOTE		RUPEES	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Operating fixed assets	3	2,346,049	2,469,819
<b>CURRENT ASSETS</b>			
Security deposits		37,500	37,500
Prepayments and other receivables		13,991,645	53,292,735
Short term investments		849,912	3,068,369
Cash and bank balances		19,805,357	66,262
		34,684,414	56,464,866
<b>TOTAL ASSETS</b>		<b>37,030,463</b>	<b>58,934,685</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
30 000 000 (30 June 2021: 30 000 000) ordinary shares of Rupees 10 each			
		<b>300,000,000</b>	<b>300,000,000</b>
<b>Issued, subscribed and paid-up share capital</b>			
		<b>237,634,680</b>	<b>237,634,680</b>
Capital reserves		<b>35,633,084</b>	<b>35,633,084</b>
Accumulated loss		<b>(446,135,281)</b>	<b>(503,907,751)</b>
		<b>(172,867,517)</b>	<b>(230,639,987)</b>
<b>NON-CURRENT LIABILITIES</b>			
		-	-
<b>CURRENT LIABILITIES</b>			
Accrued liabilities and other payables		<b>7,809,754</b>	<b>12,778,405</b>
Accrued mark-up		<b>78,608,986</b>	<b>141,077,797</b>
Borrowings	4	<b>111,493,676</b>	<b>123,749,756</b>
Unclaimed dividend		<b>337,313</b>	<b>337,312</b>
Provision for taxation		<b>11,648,251</b>	<b>11,631,402</b>
		<b>209,897,980</b>	<b>289,574,672</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>37,030,463</b>	<b>58,934,685</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	5	-	-

The annexed notes from 1 to 13 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 PROFIT OR LOSS

FOR THE QUARTER AND SIX MONTHS PERIOD ENDED  
31 DECEMBER 2021 (UN-AUDITED)

NOTE	HALF YEAR ENDED		QUARTER ENDED		
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020	
	-----RUPEES-----				
Other Income-Net	6	64,389,208	6,310,670	26,521	4,533,924
Administrative Expenses		(5,331,518)	(5,193,889)	(3,061,143)	(3,222,043)
Finance Cost		(1,280,910)	(1,279,088)	(642,154)	(638,737)
Profit / (Loss) before Taxation		57,776,780	(162,307)	(3,676,776)	673,144
Taxation		(4,310)	(216)	-	(216)
Profit / (Loss) after Taxation		57,772,470	(162,523)	(3,676,776)	672,928
Earnings / (Loss) Per Share - Basic and Diluted	8	2.43	(0.01)	(0.15)	0.03

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

  
**Humayun Mazhar**  
Chief Executive Officer

  
**Khurram Mazhar Karim**  
Director

  
**Saif Ullah**  
Chief Financial Officer



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**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**

FOR THE QUARTER AND SIX MONTHS PERIOD ENDED  
31 DECEMBER 2021 (UN-AUDITED)

HALF YEAR ENDED		QUARTER ENDED	
December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
----- (RUPEES) -----			

Profit / (Loss) after taxation **57,772,470** (162,523) **(3,676,776)** 672,928

**Items that will not be reclassified  
subsequently to profit or loss:**

Deficit arising on remeasurement of  
investment at fair value through other  
comprehensive income

-	-	-	-
-	-	-	-

**Items that may be reclassified  
subsequently to profit or loss**

Other comprehensive loss for the period

-	-	-	-
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Total comprehensive Income / (loss)  
for the period

<b>57,772,470</b>	(162,523)	<b>(3,676,776)</b>	672,928
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The annexed notes from 1 to 13 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 CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2021 (UN-AUDITED)**

	CAPITAL RESERVES			Sub Total	Accumulated loss	TOTAL EQUITY
	SHARE CAPITAL	Share premium	Fair value reserve on FVTOCI investments			
	----- (RUPEES) -----					
Balance as at 30 June 2020 - (Audited)	237,634,680	35,767,584	(134,500)	35,633,084	(559,735,372)	(286,467,608)
(Loss) for the half year ended 31 December 2020	-	-	-	-	(162,523)	(162,523)
Other comprehensive (loss) for the half year ended 31 December 2020	-	-	-	-	-	-
Total comprehensive (loss) for the half year ended 31 December 2020	-	-	-	-	(162,523)	(162,523)
Balance as at 31 December 2020 - (Un-audited)	237,634,680	35,767,584	(134,500)	35,633,084	(559,897,895)	(286,630,131)
Profit for the half year ended 30 June 2021	-	-	-	-	55,990,144	55,990,144
Other comprehensive income for the half year ended 30 June 2021	-	-	-	-	-	-
Total comprehensive income for the half year ended 30 June 2021	-	-	-	-	55,990,144	55,990,144
Balance as at 30 June 2021 - (Audited)	237,634,680	35,767,584	(134,500)	35,633,084	(503,907,751)	(230,639,987)
Profit for the half year ended 31 December 2021	-	-	-	-	57,772,470	57,772,470
Other comprehensive income for the half year 31 December 2021	-	-	-	-	-	-
Total comprehensive income for the half year 31 December 2021	-	-	-	-	57,772,470	57,772,470
Balance as at 31 December 2021 - (Un-audited)	237,634,680	35,767,584	(134,500)	35,633,084	(446,135,281)	(172,867,517)

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

  
**Humayun Mazhar**  
Chief Executive Officer

  
**Khurram Mazhar Karim**  
Director

  
**Saif Ullah**  
Chief Financial Officer



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**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2021 (UN-AUDITED)**

	NOTE	HALF YEAR ENDED	
		December 31, 2021	December 31, 2020
RUPEES			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit / (Loss) before taxation		57,776,780	(162,307)
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation	3	123,770	146,177
Profit on bank deposits	6	(909,611)	(4,353)
Exchange gain		-	(6,002,759)
Net un-realized (gain) / loss on remeasurement of investments at fair value through profit or loss	6	294,171	(302,116)
Markup waived off	6	(63,745,048)	-
Finance cost		1,280,910	1,279,088
		(5,179,028)	(5,046,270)
<b>Working capital changes</b>			
Decrease / (increase) in prepayments and other receivables		41,225,376	(92,577)
(Decrease) / increase in accrued liabilities and other payables		(4,951,801)	538,184
		36,273,575	445,607
<b>Cash generated from / (utilized in ) operations</b>		<b>31,094,547</b>	<b>(4,600,663)</b>
Finance cost paid		(4,673)	(2,851)
Income tax paid		(4,310)	(4,526)
<b>Net cash generated from (utilized in ) operating activities</b>		<b>31,085,564</b>	<b>(4,608,040)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Profit on bank deposits received	6	909,611	4,284
<b>Net cash from investing activities</b>		<b>909,611</b>	<b>4,284</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Borrowings-net		(12,256,080)	4,525,000
<b>Net (utilized in) / cash from financing activities</b>		<b>(12,256,080)</b>	<b>4,525,000</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>19,739,095</b>	<b>(78,756)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>66,262</b>	<b>113,215</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>19,805,357</b>	<b>34,459</b>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

  
**Humayun Mazhar**  
Chief Executive Officer

  
**Khurram Mazhar Karim**  
Director

  
**Saif Ullah**  
Chief Financial Officer



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PRODUCTS LTD.

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## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

### FOR THE HALF YEAR ENDED 31 DECEMBER 2021 (UN-AUDITED)

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#### 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 was dismissed by the Lahore High Court, Lahore on 26-10-2021. The Company filed intra court appeal on 11-01-2022 against the impugned order of SECP which has been accepted by the honorable Lahore High Court Lahore vide Order dated 19-1-2022 and suspended the operation of the Impugned Order till the date of next hearing. Moreover, the Company's shares were suspended by the PSX for trading another period of sixty days effective from November 27, 2021 vide their letter PSX/Gen-2365 dated November 26, 2021. The first notice by PSX in this regard was issued on 18 December 2017.

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

Shortage of working capital and reduction in demand of finished goods resulted in the closure of Company's operations since 02 May 2011. The Company in its Annual General Meeting on 31 October 2011 decided to dispose of the property, plant and equipment of the Company. Whole of the property, plant and equipment have been disposed of up till 30 June 2019. During the period ended 31 December 2021, the Company has profit after taxation of Rupees 57.772 million. The Company has suffered accumulated loss of Rupees 446.135 million as on 31 December 2021 which has turned equity into negative balance of Rupees 172.868 million.

In view of the aforesaid reasons, the Company is not considered a going concern. These condensed interim



**CRESCENT JUTE  
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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 adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the audited financial statements of the Company for the year ended 30 June 2021.

### **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 audited financial statements for the year ended 30 June 2021.

#### **2.1.2 Accounting convention**

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. 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.



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### 2.1.3 Critical accounting estimates, judgments and financial risk management

The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions which affect the application of accounting policies and the reported amounts. Actual results may differ from these judgments, estimates and assumptions.

During the preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the audited financial statements of the Company for the year ended 30 June 2021.

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

Expected profit on disposal of operating fixed assets (Note 3) of the Company shall be Rupees 0.850 million. Hence, there is an upside of Rupees 0.850 million not recognized in the profit or loss on operating fixed assets.

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

### 2.1.4 Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited financial statements of the Company for the year ended 30 June 2021.

		Un-audited December 31, 2021	Audited June 30, 2021
	<b>NOTE</b>	<b>RUPEES</b>	
<b>3 OPERATING FIXED ASSETS</b>			
Opening book value		2,469,819	27,508,366
Depreciation charged for the period / year		(123,770)	(25,038,547)
		<u>2,346,049</u>	<u>2,469,819</u>
<b>4 BORROWINGS</b>			
<b>From banking company and financial institution - secured</b>			
The Bank of Punjab	4.1	-	588,080
B.R.R. Guardian Modaraba	4.2	33,810,398	33,810,398
<b>Unsecured</b>			
<b>Related party</b>			
Crescent Ventures (Private) Limited	4.3	-	11,668,000
<b>Others</b>			
Innovative Investment Bank Limited	4.4	18,083,326	18,083,326
Loan from sponsor	4.5	4,461,237	4,461,237
Crescent Jute Mills Limited	4.6	55,138,715	55,138,715
		<u>111,493,676</u>	<u>123,749,756</u>





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- 4.1 This included cash finance, FIM-180 days and FE-25 obtained from The Bank of Punjab under mark-up arrangement at the rate of average 3 months KIBOR plus 3 percent per annum with no floor or cap. These finances were secured against effective pledge of finished goods with 25% margin and first pari passu charge over present and future fixed assets (including land, building, plant and machinery) for Rupees 300 million through registered mortgage, first pari passu charge over present and future current assets for Rupees 293.340 million, pledge of shares owned by Company and sponsors / directors of various companies keeping 30 percent margin, effective pledge of raw jute at invoice value and personal guarantee of the directors of the Company. As per the terms of the respective sanction advice, these borrowing facilities were expired on July 31, 2011 and not renewed.

The Bank filed a suit in Lahore High Court, Lahore against the Company for the recovery of principal amount and accrued mark-up of these facilities. However, the Bank provided No Objection Certificate for vacation of charge on assets on deposit of Rupees 120 million by the company with Deputy Registrar (Judicial) of Lahore High Court, Lahore, as per the order of Lahore High Court, Lahore dated October 09, 2013. On May 21, 2021, The Bank of Punjab and the Company agreed to an out of court settlement regarding the outstanding dues and a settlement document was signed by both the parties. According to the settlement document, the Bank agreed to receive Rupees 138,615,841 against all outstanding principal liabilities and to waive off all the accrued mark-up. The said settlement document was filed with Lahore High Court, Lahore so that Rupees 120 million security deposit along with profit thereon can be released by the Lahore High Court, Lahore. The Lahore High Court, Lahore through its order dated May 31, 2021 accepted the settlement document and ordered on 09 June 2021 to release Rupees 138,027,761 to the Bank and the remaining profit to the Company. Although in the settlement document between the Bank and Company, on payment of principal liabilities, entire mark-up was agreed to be waived off by the Bank. However, due to Bank claiming mark-up in the direct balance confirmation letter to the auditors, the accrued mark-up was not written back by the Company as at June 30, 2021. Subsequent to year ended June 30, 2021 the BOP issued No Liability Certificate to the company and the accrued mark up has been written back in these interim financial statements during the period(see note 6.1).

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 December 24, 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.

- 4.2 This facility was obtained from B.R.R. Guardian Modaraba which was repayable upto 30 June 2012, but the Company could not pay the balance up till the expiry of the prescribed



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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 (2020: 18 percent) per annum on the outstanding balance. As per agreement, B.R.R. Guardian Modaraba agreed to waive off mark-up on default amounting to Rupees 15.290 million subject to liquidation of entire murabaha facility by 30 June 2012. However as the Company failed to pay the entire facility uptill agreed date, the waiver of the above mentioned mark-up was withdrawn by B.R.R. Guardian Modaraba.

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 by B.R.R. Guardian Modaraba. The case has been decided against the Company. Now the Company has filed an appeal in Lahore High Court, Lahore against the Order of Modaraba Tribunal. Moreover B.R.R. Guardian Modaraba 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. Furthermore B.R.R. Guardian Modaraba has filed an execution petition before the Modaraba Tribunal. The Company has filed an objection petition against the decree and execution petition mentioned above. Moreover as per the advice of the legal counsel of the Company, further mark-up is not being charged on the principal amount from the financial year ended June 30, 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.

- 4.3 This represents interest free loan obtained from Crescent Ventures (Private) Limited, a related party. The loan was obtained to meet day to day expenses of the Company. The loan has been repaid during the period ended December 31, 2021.
- 4.4 This represents interest free loan obtained from Innovative Investment Bank Limited with sixty equal monthly installments commenced on January 01, 2009 up till December 01, 2013. According to the loan agreement, in case the Company fails to pay any one of the installment, the entire outstanding amount on that date would be reinstated and immediately fell due carrying mark-up at the rate of 14% (2021: 14%) per annum. Due to non-payment of installments within due period, entire outstanding amount of the loan has become immediately due.
- 4.5 This represents interest free loan obtained from a sponsor of the Company repayable on demand.
- 4.6 This represents interest free loan obtained from Crescent Jute Mills Limited (CJML) with whom the Company had approved the scheme of merger in the annual general meeting held on December 31, 2005. The time limit allowed in the scheme of merger has lapsed on January 01, 2008 and no agreement for further period has been executed by the Company with CJML. However, CJML showed its interest to covert this loan into equity on November 28, 2008. But the matter is still pending on behalf of the Company.



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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 (2021: 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. The 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 filed an appeal in Supreme Court of Pakistan in 2012 against the decision of the Lahore High Court, Lahore. Moreover, the Company also approached Federal Board of Revenue (FBR) for a decision by Alternate Dispute Resolution Committee (the Committee). The Committee has given its recommendations in favour of the company. 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. The honorable Supreme Court in its order dated 30-9-2021 disposed of the review petition in terms that the judgment under review shall not prejudice the rights of the petitioner arising out of the legislative amendments introduced in sub-section (4) of Section 47-A of the Sales Tax Act, 1990. Based on the advise of the legal counsel, no provision has been made in these condensed interim financial statements as the management is of the view that after decision of the honorable supreme court the recommendations made by the ADRC shall be treated to be an order passed by the FBR under the Sales Tax Act, 1990.
- ii) Deputy Commissioner Inland Revenue, Lahore ordered on June 19, 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 July 14, 2017. However on June 20, 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 May 17, 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 May 13, 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 up till December 31, 2021.

The name of the Company, under the heading of National Bank of Pakistan (NBP), is included in the list of 222 individuals / companies. On August 10, 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. Later, on May 08, 2021 a suit was also filed by NBP in Banking Court, Lahore against the Company claiming recovery of US Dollars 211,051.22 against principal and mark-up balances of FE-25 loan. 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 December 24, 2018. However, NAB has challenged this judgment of Lahore High Court, Lahore before Supreme Court of Pakistan on March 09, 2019 which is pending for decision. Based 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.

## 5.2 Commitments

There was no capital or other commitment as at December 31, 2021 (30 June 2021: Rupees Nil).

	(UN-AUDITED)		(UN-AUDITED)	
	HALF YEAR ENDED		QUARTER ENDED	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
<b>6 OTHER INCOME-NET</b>	------(RUPEES)-----			
<b>Income from financial assets</b>				
Profit on deposits with banks	909,611	4,353	242,281	2,007
Dividend income	28,720	1,442	28,720	1,442
Markup waived off (Note 6.1)	63,745,048	-	-	-
Un-realized gain on remeasurement of investments at fair value through profit or loss	(294,171)	302,116	(244,480)	302,116
	<u>64,389,208</u>	<u>307,911</u>	<u>26,521</u>	<u>305,565</u>
<b>Income from non-financial assets</b>				
Exchange gain	-	6,002,759	-	4,228,359
	<u>64,389,208</u>	<u>6,310,670</u>	<u>26,521</u>	<u>4,533,924</u>



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6.1 The Bank of Punjab and the Company agreed an out of court settlement regarding the outstanding liabilities and a memorandum of understanding (settlement document) regarding the settlement of outstanding dues was signed by both the parties on May 21, 2021. According to the settlement document, the Bank agreed to receive rupees 138,615,841 against all outstanding principal liabilities, and to waive off all the accrued mark-up. However, due to mark-up claimed by the Bank in the direct balance confirmation letter to the auditors, the mark-up accrued was not written back by the Company as at June 30, 2021. Subsequent to year ended June 30, 2021 the BOP issued No Liability Certificate to the company and the accrued mark up has been written back in these interim financial statements during the period (see note 4.1).

## 7 TAXATION

7.1 Provision for current taxation represents tax on other income under the relevant provisions of the Income Tax Ordinance, 2001. The Company has accumulated tax losses of Rupees 431.832 million (2021: Rupees 431.546 million) including unabsorbed depreciation as at December 31, 2021, amounting to Rupees 224.528 million. Reconciliation of tax expenses and product of accounting profit multiplied by the applicable tax rate is not required in view of accumulated tax losses of the Company.

7.2 As company has ceased its operation and its sole income is income from other sources. Therefore, company was not required to provide the deferred taxation as there will be no timing difference as per IAS-12 "Income Taxes".

7.3 Unabsorbed tax losses include Rupees 207,303,805 related to business losses excluding unabsorbed depreciation. The expiry dates of these business losses are given hereunder:

<b>Accounting year to which the business loss relates</b>	<b>Amount of business loss</b>	<b>Accounting year in which business loss will expire</b>
<b>Year</b>	<b>-----Rupees-----</b>	<b>Year</b>
2016	46,230,478	2022
2017	44,066,750	2023
2018	49,995,634	2024
2019	50,455,235	2025
2020	12,471,401	2026
2021	4,084,307	2027
	<b>207,303,805</b>	



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## 8 EARNING PER SHARE- BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

<b>(UN-AUDITED)</b>		<b>(UN-AUDITED)</b>	
<b>HALF YEAR ENDED</b>		<b>QUARTER ENDED</b>	
<b>December 31, 2021</b>	<b>December 31, 2020</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>

Earning / (loss) after taxation-(Rupees)	<b>57,772,470</b>	(162,523)	<b>(3,676,776)</b>	672,928
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Weighted average number of ordinary shares	<b>23,763,468</b>	23,763,468	<b>23,763,468</b>	23,763,468
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Earning / (loss) per share - (Rupees)	<b>2.43</b>	(0.01)	<b>(0.15)</b>	0.03
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## 9 TRANSACTIONS WITH RELATED PARTIES

Detail of transactions and balances with related parties is as follows:

<b>(UN-AUDITED)</b>		<b>(UN-AUDITED)</b>	
<b>HALF YEAR ENDED</b>		<b>QUARTER ENDED</b>	
<b>December 31, 2021</b>	<b>December 31, 2020</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>

### (i) Transactions

#### Associated companies

(common directorship)

Loan received	<b>5,755,000</b>	4,525,000	-	2,405,000
Loan repaid	<b>17,423,000</b>	-	<b>17,423,000</b>	-
Expenses paid and reimbursed	<b>367,698</b>	327,647	<b>186,067</b>	165,988

#### Directors/Executives

Remuneration and meeting fee of directors and executive	<b>1,119,100</b>	1,121,600	<b>579,550</b>	582,050
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<b>Un-audited December 31, 2021</b>	Audited June 30, 2021
<b>RUPEES</b>	

### (ii) Period end balances - Associated Companies

Borrowings	-	<b>11,668,000</b>
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## 10 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

### (i) Fair value hierarchy

The judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels. The description of each level and its explanation is given in the table below:

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
<b>At 31 December 2021 (Un-audited)</b>				
<b>Financial assets</b>				
At fair value through profit or loss	<u>1,616,105</u>	<u>-</u>	<u>-</u>	<u>1,616,105</u>
<b>At 30 June 2021 (Audited)</b>				
<b>Financial assets</b>				
At fair value through profit or loss	<u>3,068,369</u>	<u>-</u>	<u>-</u>	<u>3,068,369</u>

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

There were no transfers between levels 1 and 2 for recurring fair value measurements during the half year ended December 31, 2021. Further there was no transfer in and out of level 3 measurements.

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

**Level 1:** The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. These instruments are included in level 1.

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



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

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

Valuation technique implemented to value financial instruments is the use of quoted market prices.

**11 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on February 26, 2022.

**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 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 rupees unless otherwise stated.

**Humayun Mazhar**  
Chief Executive Officer

**Khurram Mazhar Karim**  
Director

**Saif Ullah**  
Chief Financial Officer



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