Pearls of Wisdom

Crescent Steel &
Allied Products Ltd.

ANNUAL REPORT TWO THOUSAND AND TWELVE

PEARLS OF WISDOM

Words strung together to form thoughts and ideas that inspire, motivate, encourage, sometimes solemnly, sometimes with wit, some philosophically and some down to earth. These are words from men of learning who have been honored as a source of great wisdom and their words and deeds have Illuminated our life in order to plan and design; and to solve our problems.

These pearls of wisdom have affected humankind positively since times immemorial. Similarly, Crescent Steel and Allied Products, by reproducing these pearls here, is grasping the whole from the words and offering it as a horizon opener for all.

Mission, Vision, Values

"To grow and enhance company value."

"To gain and maintain cost and quality leadership in the international competitive environment."

"To promote best use and development of human talent in a safe environment; as an equal opportunity employer."

"To conduct business as a responsible corporate citizen, and to seek and support promising programs from non-profit entities especially in the fields of education, health and environment."

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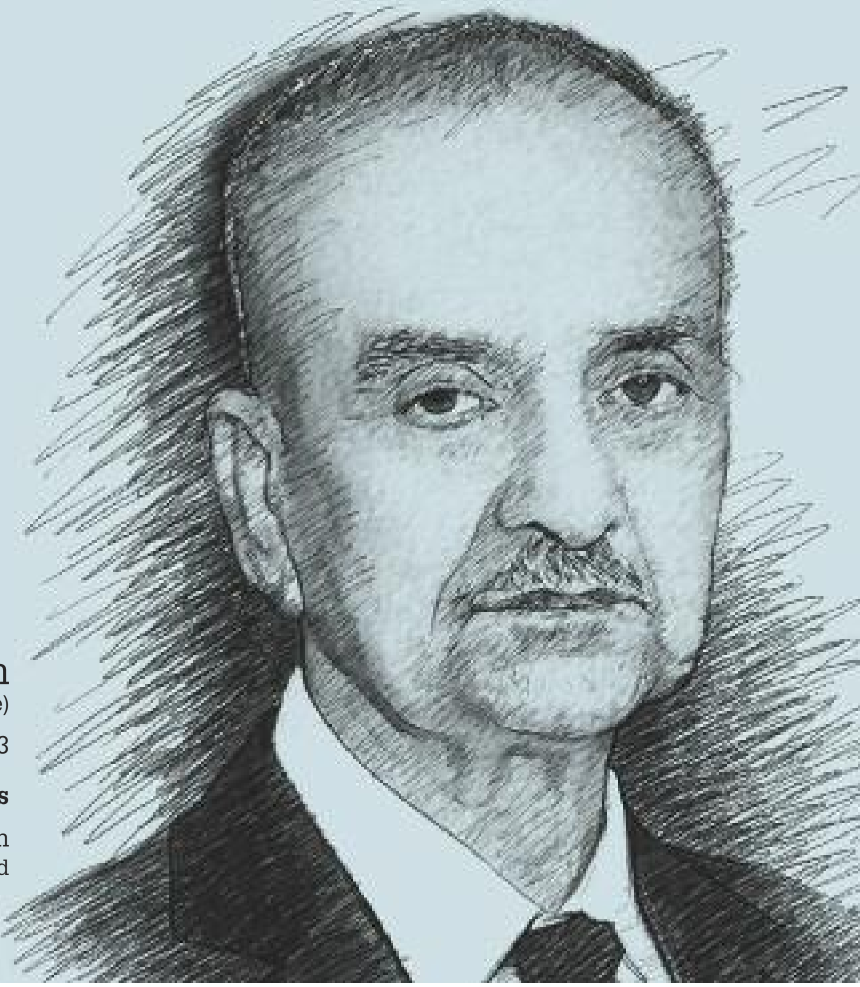


Mr. Mazhar Karim
Chairman (Non – Executive)

Joined Board 01 August 1983

Other Engagements

Chairman
Shakarganj Mills Limited

Mr. Ahsan M. Saleem
Masters in Economics
Chief Executive Officer

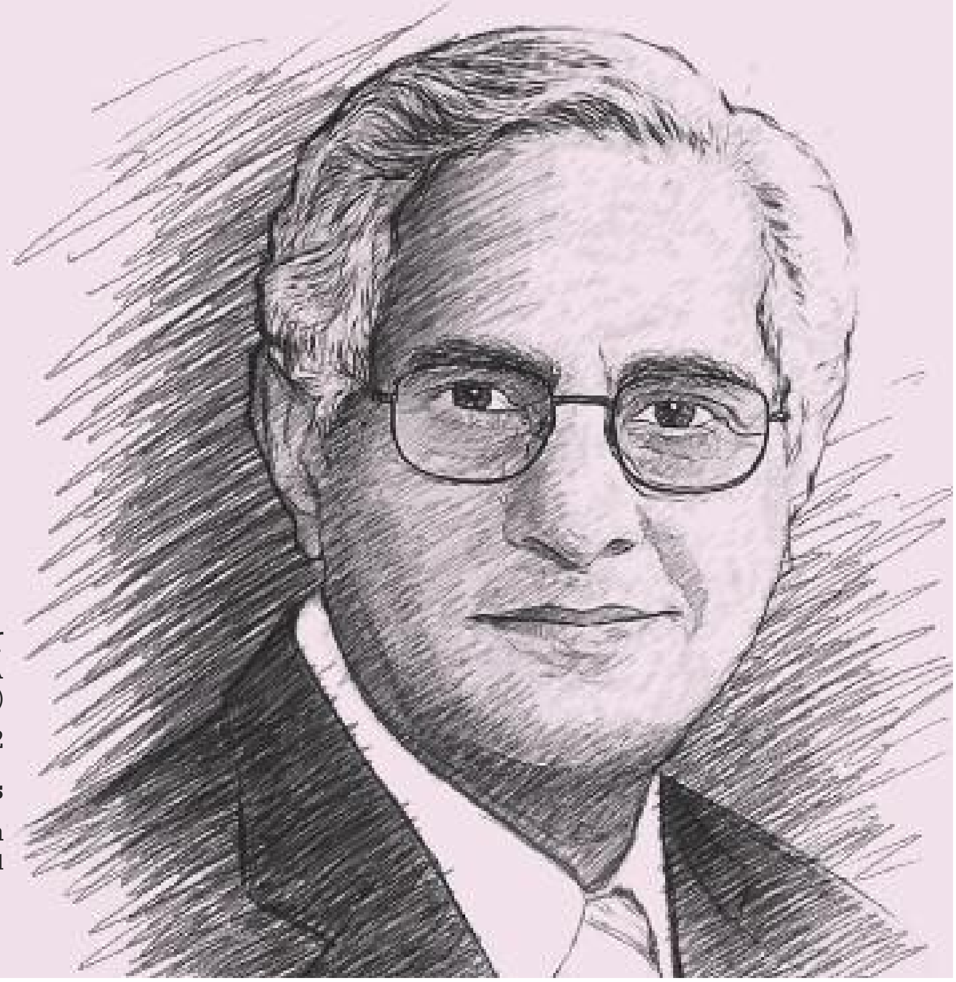
Joined Board 01 August 1983

Other Engagements

Chairman
Commecs Education Trust
Commecs Institute of Business and Emerging Sciences

Chief Executive Officer
Shakarganj Mills Limited

Director
The Citizens Foundation
Pakistan Centre for Philanthropy



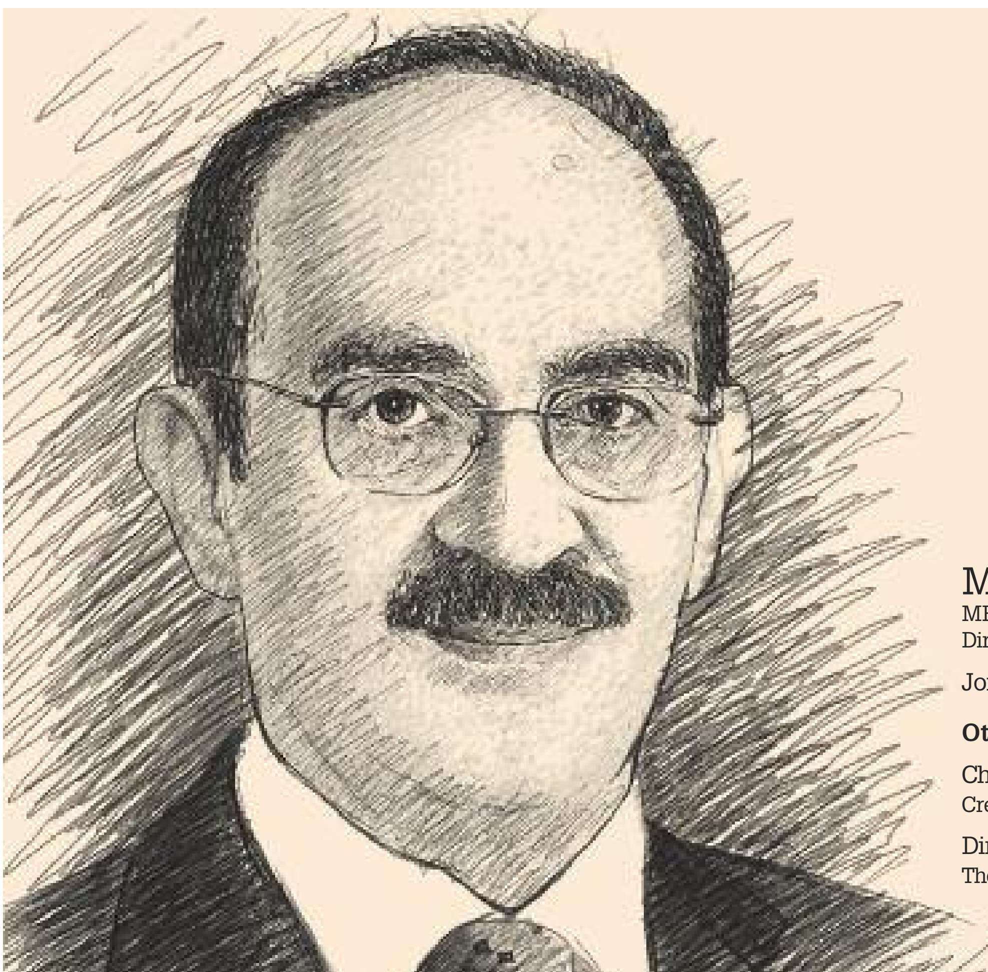
Mr. Ahmad Waqar

Masters in English Literature, MBA
Director (Non-Executive, Independent)

Joined Board 30 January 2012

Other Engagements

Chairman
Pangea Growth (Private) Limited



Mr. Nasir Shafi

MBA
Director (Non-Executive)

Joined Board 01 August 1983

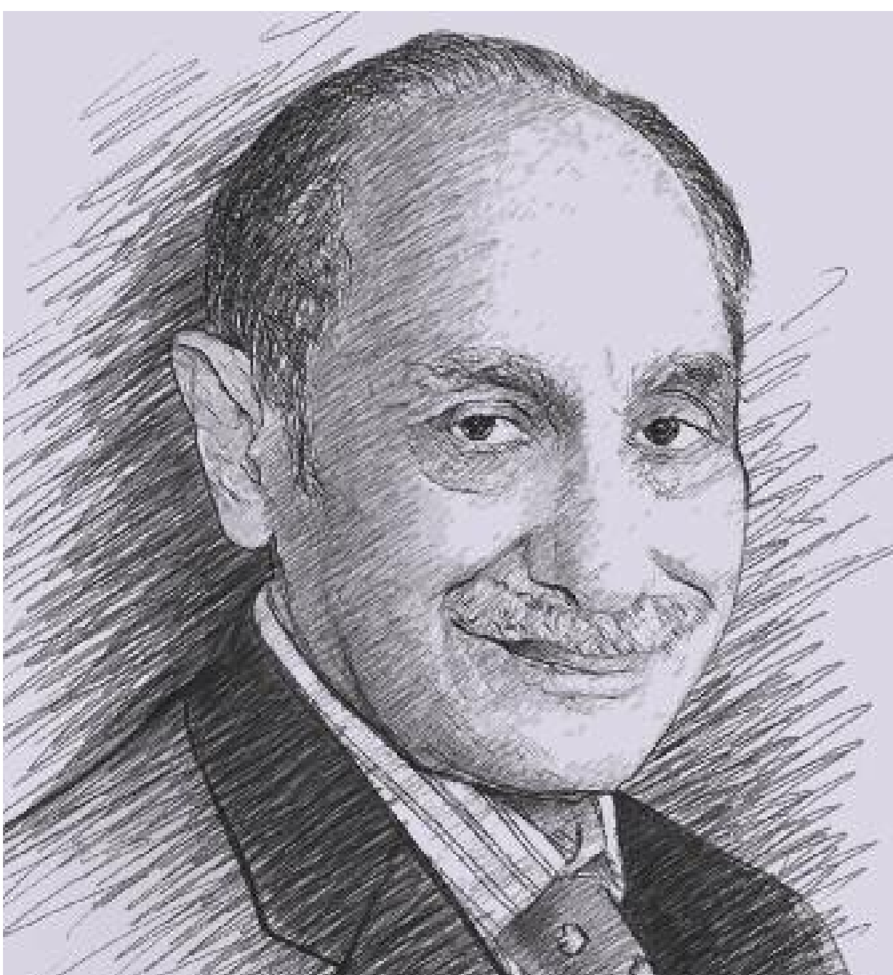
Other Engagements

Chief Executive Officer
Crescent Bahuman Limited

Director
The Crescent Textile Mills Limited

Mr. S.M. Ehtishamullah
FCA
Director (Non-Executive)

Joined Board 30 January 2000



Mr. Zahid Bashir
MBA
Director (Non-Executive)

Joined Board 01 August 1983

Other Engagements

Chairman
Equity Textile Mills Limited
Mohammad Amin Mohammad Bashir Limited
Premier Financial Services (Pvt) Limited
Premier Insurance Co. of Pakistan Limited

Director
Asian Care Health and Life
Insurance Company Limited
Crescent Powertec Limited

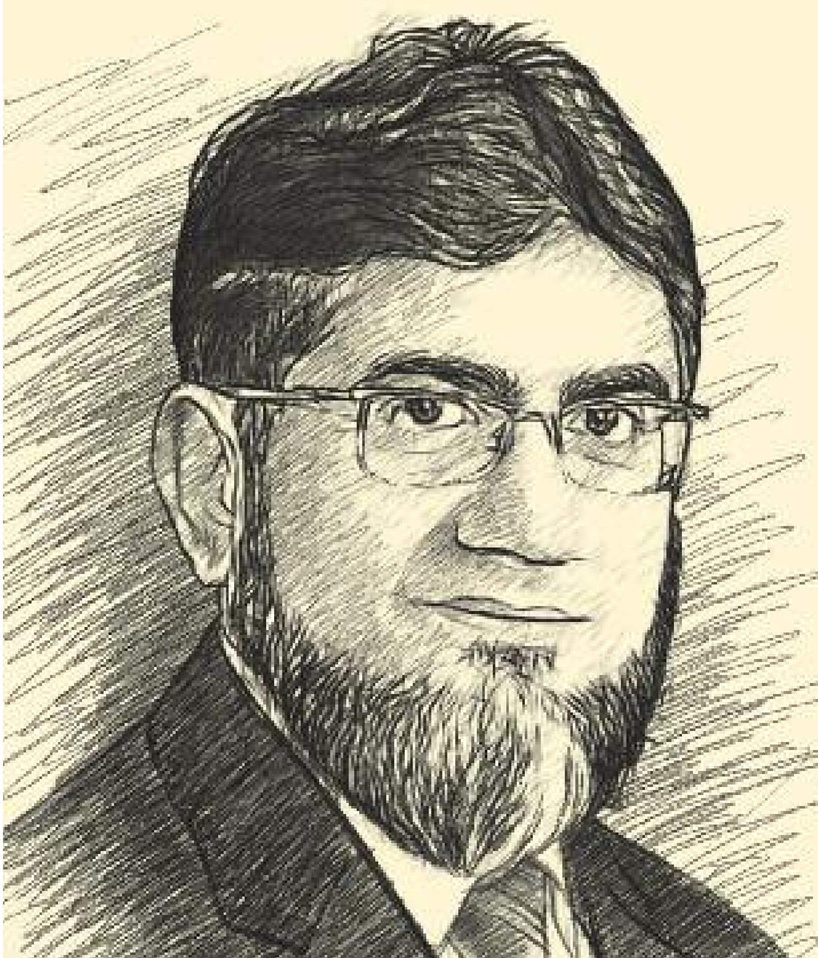
Syed Zahid Hussain

B.Sc, LLB, MA
Director (Non-Executive, Independent)

Joined Board 01 September 2010

Other Engagements

Director
Nishat Mills Limited



Muhammad Saad Thaniana

FCA, ACMA,
Certified Director of Corporate Governance from PICG
Company Secretary & Chief Financial Officer

Other Engagements

Chief Executive Officer
CS Capital (Private) Limited
Shakerganj Energy (Private) Limited

Director
Safeway Fund Limited
Shakarganj Food Products Limited

Crescent Steel & Allied Products Ltd.

Our Governing Principles

CSAPL conducts its business in a responsible manner and with honesty, and integrity. We also have the same expectations from all those with whom we have relationships. We insist on doing what is right which sets the tone of our actions and underpins the functioning of our employees. We also insist that all transactions be open, transparent and within the legal framework culminating in responsible financial reporting.

Integrity

CSAPL does not use bribe as an instrument for any business or financial gain. Employees are not authorized to give or receive any gift or payment which may be construed as such. Employees are also required to avoid engaging in any personal activity or financial interests which would conflict with their responsibility to the Company.

Role of the Board of Directors

The Board has a fiduciary responsibility for the proper direction and control of the activities of the Company. This responsibility includes such areas of stewardship as the identification and control of the Company's business risks, the integrity of management information systems and clear, transparent reporting to shareholders. The Board accepts its primary responsibility for the overall control architecture of the Company. However, it recognizes that the internal control system has to be cost effective and that no cost effective system will preclude all errors or irregularities. The system is based upon written procedures, policies, guidelines, an organogram that provides an appropriate division of responsibility, a programme of internal audit, manning of all key functions by qualified personnel and constant training.

Code of Conduct

The Board has adopted a code of conduct for its members, executives and staff, specifying the business standards and ethical considerations in conducting its business. The code includes:

- Corporate governance
- Relationship with employees, customers and regulators
- Confidentiality of information
- Trading in Company's shares
- Environmental responsibilities

Board Committees

The Board has constituted the following committees:

- Audit Committee
- Human Resource and Remuneration Committee
- Governance and Evaluation Committee

Our Governing Principles

Through its committees, the Board provides proactive oversight in some of the key areas of business and the performance of CEO. The Board regularly reviews the respective charters of these Committees.

Audit Committee

The Audit Committee operates under a charter approved by the Board. The governing charter of the Audit Committee addresses the requirement of the code of corporate governance issued by the SECP and includes the requirements of best practices. The Committee is accountable to the Board for the recommendation of appointment of external auditors, directing and monitoring the audit function and reviewing the adequacy and quality of the audit process. CEO and the CFO are responsible for the accuracy of financial information for inclusion in the annual report; the Committee provides the Board with additional assurance.

The Committee also ensures that the Company has an effective internal control framework. These controls include safe-guarding of assets, maintaining of proper accounting records complying with legislation and ensuring the reliability of financial information.

Human Resource and Remuneration Committee (HR & R)

The HR & R Committee reviews the human resource architecture of the Company and addresses the requirement of the Code of Corporate Governance. The committee has been constituted to address and improve the crucial area of human

I HEAR,
I KNOW.

I SEE,
I REMEMBER.

I DO,
I UNDERSTAND.

Confucius

Crescent Steel
supports
Education,
Health,
Environment
and Arts.

CONFUCIUS (551 – 479 BC)

A philosopher, teacher and political figure, Confucius founded Confucianism, a humanistic school of thought that emphasizes the moral principles of benevolence, propriety and ritual. Today he is widely considered one of the most influential thinkers in Chinese history.

Our Governing Principles

resource development. Its aim is to assist the Board and guide the management in the formulation of market driven HR policies regarding performance management, HR staffing, compensation and benefits. The expanded role of the Committee is to review CEO performance and recommend CEO compensation. Further, the selection, evaluation and compensation of CFO, Company Secretary and Head of Internal Audit is also reviewed and recommended to the Board by the Committee.

Governance and Evaluation Committee

The role of Governance and Evaluation Committee is to assist the Board in the discharge of its function as well as compliance with the Company's governing principles. The Committee takes a leadership role in shaping the code of business conduct (governing principles) in order to keep them in line with International best practices. The committee will also monitor compliance with the Code of Corporate Governance other than those areas which fall under the oversight of the Audit Committee. The Committee also reviews from time to time, the adequacy of succession and alignment of key factors with the Company strategy.

Management Structure

The Company has three distinct business units, a Steel Division, a Cotton Division, and an Investment and Infrastructure Development Division. The accounting for these units is done separately in an arm's length manner to arrive at the true profit before tax for each unit. Three business unit heads and three corporate functional heads as defined in the management structure with clear responsibility and authority matrix have direct reporting lines to the Chief Executive Officer. Limits of authority at all levels are clearly defined in our control manual. The Internal Audit function is responsible to monitor compliance with the manual.

In addition the company operates an Energy Division through its 100% subsidiary Shakarganj Energy (Private) Limited.

Responsibility to Stakeholders

Our primary purpose is to run our business efficiently and profitably to enhance shareholders' value but we do it with responsibility to all stakeholders. Profitability is essential to discharge this responsibility and the corporate resources are primarily deployed in the achievement of this end. However the Company does not operate in isolation with its environment and accordingly feels responsible to all stakeholders which are:

Our Governing Principles

- **Our Shareholders:** To protect shareholders' investments and provide an acceptable return to them.

- **Our Customers:** To win and maintain customers by developing and providing products and services, which offer value in terms of price, quality, safety and environmental impact supported by requisite technological expertise.

- **Our People:** To respect the human and legal rights of its employees with good and safe conditions of work and competitive terms of service.

- **Our Business Partners:** To seek mutually beneficial relationships with contractors and suppliers of goods and services to the Company.

- **Our Society:** To conduct business as a responsible member of society, to observe laws, express support for basic human rights and give proper regard to health, safety and environment not only at our various campuses but also beyond, extending it to society at large.

Service to Society

We are increasingly conscious of the role we have to play as responsible corporate citizens in fulfilling a wide variety of community needs. We believe in "giving something back" by helping address issues such as education, healthcare, public safety, environmental health etc. This is also arising from our basic belief that individual entities when they work together can create powerful synergies and help to improve the conditions of the societies in which they are operating.

THE MOST
DIFFICULT THING
IN LIFE IS TO

KNOW YOURSELF

Thales

Crescent Steel supports Education, Health, Environment and Arts.

THALES OF MILETUS
(624 – 546 BC)

The first person to investigate the basic principles, the question of the originating substances of matter and, therefore, the founder of the school of natural philosophy, Thales was a mathematician rather than a philosopher. He was an exceptional man, and a thinker whose thoughts were ahead of his time.

Our Governing Principles

These principles are not just put forth on paper but we have over the years actively strived to promote issues of education, health and environment. Major portion of our budget for philanthropy and sponsorship is allocated to primary and secondary schooling for less privileged children.

Health, Safety and Environment

At CSAPL we take maintenance of health and safety standards at our plants and offices seriously. We are committed to actively managing health and safety risks associated with our business and are actively working towards improving our procedures to reduce, remove or control the risk of fire, accidents or injuries to employees and visitors.

All our activities at all our campuses are required to conform to international standards for health and safety certified by ISO14001:2004 and OHSAS 18001:2007.

We also ensure that our products are shipped in a safe manner complying with the safety standards and legal requirements.

Role of Shareholders

The Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to the shareholders in the annual report and the interim quarterly reports. The Board encourages the shareholders' participation at the Annual General Meetings to ensure a high level of accountability. The Company's financial statements are available on the Company's website and an officer is designated to answer all shareholder enquiries.

Company Information

Board of Directors

Mazhar Karim	*Chairman, Non-Executive Director*
Ahsan M. Saleem	*Chief Executive & Managing Director*
Ahmad Waqar	*Non-Executive Director (Independent)*
Nasir Shafi	*Non-Executive Director*
S.M. Ehtishamullah	*Non-Executive Director*
Syed Zahid Hussain	*Non-Executive Director (Independent)*
Zahid Bashir	*Non-Executive Director*
Muhammad Saad Thaniana	*Company Secretary*

Audit Committee

Syed Zahid Hussain	*Chairman, Non-Executive Director (Independent)*
Nasir Shafi	*Member, Non-Executive Director*
S.M. Ehtishamullah	*Member, Non-Executive Director*

Human Resource and Remuneration Committee

Syed Zahid Hussain	*Chairman, Non-Executive Director (Independent)*
S.M. Ehtishamullah	*Member, Non-Executive Director*
Zahid Bashir	*Member, Non-Executive Director*

Governance and Evaluation Committee

Ahmad Waqar	*Chairman, Non-Executive Director (Independent)*
Zahid Bashir	*Member, Non-Executive Director*

The Management

Chief Executive &
Managing Director
Ahsan M. Saleem, 59
1983*

Chief Financial Officer
Muhammad Saad Thaniana, 45
2007*

BU Head – Steel Division
Iqbal Zafar Siddiqui, 62
2008*

BU Head – Cotton Division
Abdul Rouf, 52
2000*

Human Resource Advisor
Ehsan Durrani, 64
2008*

Head of Marketing
Steel Division
Arif Raza, 50
1985*

* *Year joined Company*

Money buys everything except love, personality, freedom, immortality, silence, and peace.

Carl Sandburg

Crescent Steel supports Education, Health, Environment and Arts.

CARL SANDBURG
(1878 – 1967)

Sandburg was an American writer, editor, poet, singer of folk songs and ballads, and biographer, best known for his biography of Abraham Lincoln (1809–1865). He was the recipient of three Pulitzer Prizes: two for his poetry and the other for his biography of Abraham Lincoln.
H. L. Mencken called Carl Sandburg "indubitably an American in every pulse-beat."

Company Profile

Crescent Steel &
Allied Products Ltd.

Crescent Steel and Allied Products Limited is a Public Limited Company listed on all the Stock Exchanges of Pakistan. It started commercial production in March 1987. The manufacturing facilities consist of a Spiral Pipe Production line and a multi-layer Polyolefin and stand-alone Epoxy Coating line, both located side by side at the Sindh Industrial Trading Estate, Nooriabad in Jamshoro district of Sindh and a Cotton Spinning Unit of 19,680 spindles at Jaranwala, Faisalabad.

Company's Investment and Infrastructure Development Division manages an investment portfolio and real estate.

Crescent Steel and Allied Products Limited is an equal opportunity employer with a sense of social responsibility and strongly supports education, healthcare and environmental causes.

Steel Division

The Spiral Pipe Plant has a capability of manufacturing high quality steel pipes in the diameter range of 8" – 90" (219 mm – 2,286mm) in wall thickness from 4 mm – 20 mm and material grades up to API 5L X-80. The Company has been gradually enhancing and upgrading the pipe production capacity which has increased from 80,000 tons initially to the present notional capacity of 90,000 tons extendable upto maximum 200,000 tons per annum. The Company has authorization to use API monogram of the American Petroleum Institute – the highest international standard accredited for quality of steel line pipe. It also has the ISO 9001:2000 certification. In addition, we have become the first Pakistani company to have acquired oil and gas industry specifics ISO/TS 29001, Quality Management System Certification from API.

The Polyolefin Coating Plant was added adjacent to the pipe mills which is capable of applying single and multi-layer Coatings comprising of Fusion Bonded Epoxy, Co-Polymer Adhesive and High Density Polyethylene / Poly-propylene and Polyethylene Tape Coating on steel pipes ranging from 4" – 60" (114 mm – 1,524 mm). During the last year we diversified our product offering by adding capabilities to fabricate and erect machinery specially for sugar and cement industry. We have also developed capability for manufacturing of boilers, cane shredders upto dia 1700mm, juice heaters, evaporators, batch and continuous vacuum pans, centrifugal machines, stainless steel spray clusters and multijet condensers, perforated plates and vibro screens, and high voltage transformer tanks. Crescent Steel


Certificate of Authority to use the Official API Monogram

CRESCENT STEEL AND ALLIED PRODUCTS LTD

American Petroleum Institute

Company Profile

maintains high quality norms in all its products and has consistently exceeded the requirements of international standards both in steel line pipe and multi-layer coatings and will continue to remain at the cutting edge in terms of technology, quality control and quality assurance.

Cotton Division

The Company is running cotton spinning mill located at Jaranwala near Faisalabad, which is the hub of textile industry and carries out this activity under the name and title of "Crescent Cotton Products" (CCP) a division of Crescent Steel and Allied Products Limited. CCP is a division of the Company but its operating results are shown separately. CCP as a division holds ISO 9001: 2000 Quality Management Credential. CCP produces good quality cotton yarn of various counts from 10s to 30s having a notional capacity based on 20s of 6.5 million kgs per annum and its products are consistently in demand and generally sold at a premium.

Investment and Infrastructure Development Division

The division manages an investment portfolio in shares and other securities, across diversified sectors and real estate. Our strategy has been to focus on those sectors and projects which have potential for growth and where real investments are being made.

To further strengthen our investment portfolio, the Company acquired 100% stake in CS Capital (Private) Limited on 26 September 2011. The principal activity of the subsidiary is to effectively manage investment portfolios in shares, commodities and other securities (strategic as well as short term).

Energy Division – Subsidiary Company Shakarganj Energy (Private) Limited

The Company acquired a 100% stake in Shakarganj Energy (Private) Limited on 4 January 2010 to build, own, operate and maintain a bagasse fired thermal generation power plant.

This company will generate, accumulate, distribute, sell and supply electricity to PEPCO and to other distribution companies under agreement with the Government of Pakistan or to any other company as permitted. This plant is under commissioning at Bhone.

A DAY WITHOUT LAUGHTER IS A DAY WASTED

Charlie Chaplin

Crescent Steel supports Education, Health, Environment and Arts.

SIR CHARLES SPENCER "Charlie" Chaplin, KBE (16 April 1889 – 25 December 1977) was an English comic actor, film director and composer best known for his work during the silent film era.

Crescent Steel & Allied Products Ltd.

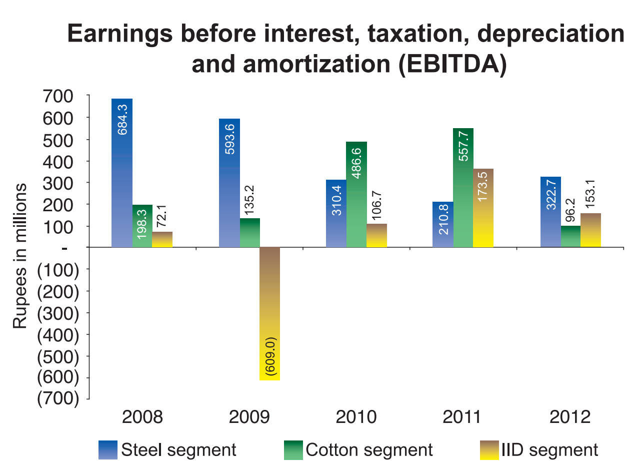
Corporate Strategy

Pakistan's economy is going through testing times. Faced with multiple challenges the economy requires the determination and will power to implement greater policy correction measures and economic reforms. Pakistan has battled and survived a catastrophic earthquake, two floods and a balance of payments crisis, while being at war at one border - all during the past decade. The twin deficits, rising oil prices, the prolonged energy crisis & weak reforms continue to remain a challenge. The economy continues to remain resilient, evident in its recovery after flooding in Sindh in early FY12. Food inflation has been on a downward trend, pushing headline inflation down to single digit for the first time in two years. Despite these challenges, our outlook on FY13 and beyond is cautiously optimistic.

Our operational strategy is centered on:

- Customer-driven business
- Strong capital and financial position
- Conservative, sound risk management
- Operational agility by maintaining cost and quality leadership
- Ethical behavior, observing the letter and the spirit of rules and regulations

Our corporate strategy focuses on agility to enhance Company's value by means of achieving financial growth through higher profitability and financial efficiency, maintaining optimum quality, product diversification and continuously lowering our cost base.



We continue to believe that the engine for growth in Pakistan is an expanded and efficient engineering and energy sector. Notwithstanding the limited opportunities available for expansion and diversification, our strategic thrust will be to expand in the energy, food and engineering sectors organically as well as through acquisition.

With respect to the textile sector, in view of loss of our production capacity of fine count yarn in a fire incident, we seek new avenues of revenue generation. Our focus will be to develop and strengthen exports to defend our top-line. We will also undertake comprehensive upgrading and overhauling of existing plant and machinery to enhance quality and improve returns.

On the technology front, we plan to remain at the cutting edge by large scale refurbishment of our plants both in Steel and Cotton Divisions. We also plan to fully leverage our intangible assets such as knowledge and enterprise resource planning systems to increase operational agility and provide business intelligence for sound decision-making.

Corporate Strategy

At CSAPL, Corporate Social Responsibility is a strategic management–driven initiative that integrates our business, environmental and citizenship activities. We take pride in supporting our community and are committed to our investment in Pakistan through strategic contributions to the education and health sectors. We remain committed to our planet and seek to implement and adopt environmentally sound processes for the conservation of energy and other resources. We believe people are our greatest asset and developing, training and retaining talent is fundamental to our operations.

At CSAPL, we are striving to attain complete alignment across functions and integration of silos. We realize that even the best-written strategic plans are only as good as their implementation, and use BSC tools for strategy execution.

Happiness is a wondrous commodity: the more you give the more you have

Madame de Staël

Crescent Steel supports Education, Health, Environment and Arts.

ANNE LOUISE GERMAINE DE STAËL-HOLSTEIN (1766 – 1817)

French-Swiss writer, political propagandist, and salon hostess, Madame de Staël gained a reputation as a lively wit. She had a brilliant career publishing political, literary and moral essays, novels, history, and memoirs. Probably her most important work is *Germany* (1810), a serious study of German manners, literature and art, philosophy and morals, and religion.

Crescent Steel & Allied Products Ltd.

Board of Directors and its Committees

Board of Directors

The Board has formulated formal policies including risk management, procurement of fixed assets, goods and services, investments, borrowings, donations, charities and contributions, delegation of financial authority, transactions with related parties and transfer pricing, provision for slow moving store and spares and impairment of assets etc. which are implemented and monitored through delegation of duties to three standing committees of the Board i.e. the Audit Committee, the Human Resources and Remuneration Committee and the Governance and Evaluation Committee.

Audit Committee

The Committee comprises three members who all are Non-Executive Directors including an Independent Director as Chairman.

The terms of reference of the Audit Committee includes the following:

- To provide the Board of Directors ("the Board") with an independent and objective evaluation of the operations, policies, procedures and controls implemented within the Company,

- To provide supplemental assistance and resources to the internal audit department of the Company in order for them to provide the management and the Board of the Company with an independent, objective evaluation of their operations, policies, procedures and controls,

- To provide the Board with an oversight of the internal audit department in the Company to assure that an effective internal audit function is in place system-wide, which includes a risk based annual and long-range audit plan, a reporting mechanism and a quality control plan,

- To provide assistance to BOD in fulfilling their oversight responsibility relating to integrity of the financial statements and financial reporting,

- To review and evaluate procedures established to comply with laws and regulations and to monitor compliance thereof, and

- To assess the Company's risk management process including risk related to Financial Statement and Financial Reporting.

Human Resources and Remuneration Committee

The HR Committee was renamed as Human Resource and Remuneration Committee and reconstituted with the expanded role during the year to bring it in line with the requirements of the Code

Board of Directors and its Committees

of Corporate Governance as revised in April 2012. The new committee now comprises three members who are Non-Executive Directors including one Independent Director as Chairman instead of previous two members (one Executive and one Non-Executive). The Committee has been constituted to address and improve the area of Human Resource Development. The main aim of the committee is to assist the Board and guide the management in the formulation of the market driven HR policies regarding performance management, HR staffing, compensation and benefits, that are compliant with the laws and regulations.

The revised terms of reference of the reconstituted Committee includes the following:

- Recommending human resource management policies to the Board;

- Recommending to the Board the selection, evaluation, compensation (including retirement benefits) of the CEO, CFO, Company Secretary and Head of Internal Audit.

- Ensure a proper system of succession planning for top management is in place and the adequacy of the same in the rest of the organization.

- Review the organizational structure and recommend changes, if any, to increase the effectiveness and efficiency of reporting lines and the division of authority and responsibility.

- Review the effectiveness of the recruitment and recommend changes if any.

A wise man
will make more
opportunities
than he finds.

Francis Bacon

Crescent Steel supports Education, Health, Environment and Arts.

SIR FRANCIS BACON
(1561 – 1626)

An English philosopher, statesman, scientist, jurist and author, Francis Bacon is regarded as the "father of the scientific method", thus a pioneer of the scientific revolution. The intellect of Bacon was one of the most powerful and searching ever possessed by man, and his developments of the inductive philosophy revolutionized the future thought of the human race.

Board of Directors and its Committees

- Guide management in development/revision of all employee benefits, policies and rewards.

- Oversee employee development by monitoring HR aspects of organizational learning and development.

- Ensure that the performance management system is achieving its objectives of fairly rewarding employees' performance and is in line with company objectives.

Governance and Evaluation Committee

The Committee was constituted during the year and comprises two Non-Executive Directors of the Board. The role of the Committee is to assist the Board in the discharge of its function as well as compliance with the Company's governing principles. The Committee will take a leadership role in shaping the code of business conduct (governing principles) in order to keep them in line with International best practices. The committee will also monitor compliance with the Code of Corporate Governance other than those areas which fall under the oversight of the Audit Committee.

The Committee will meet at least once a year and will be convened by the Chairman of the Committee. It will be responsible for the following:

- Monitoring compliance with the Code of Corporate Governance (SECP's and Company's Governing Principles) other than those areas which fall under the oversight of the Audit Committee.

- Reviewing that the key functions of the Company and assignment / responsibilities of main functionaries are consistent with the business objectives.

- Advising the CEO on the adequacy of available skills and expertise for achieving the business objectives.

- Examining the need for additional Board Committees and recommending changes / modifications in the structure / functions of the existing Board Committees.

- Evaluation of the performance of the Board and its committees.

- Advising Directors on Governance principles periodically.

Management Committees

Executive Committee

Chairman	Ahsan M. Saleem
	Iqbal Zafar Siddiqui
	Muhammad Saad Thaniana

This Committee devises long term policies and visions for the Company with the sole objective for providing the best returns to shareholders by optimum allocation of existing resources. The Committee is also responsible for review of Company's operation on an ongoing basis, establishing and ensuring adequacy of internal controls and monitoring compliance of key policies. Executive committee meets on quarterly basis. Terms of reference of the committee include the following:

- Prepare, approve and keep an updated long term plan.
- Provide guidelines to the Business Strategy Committee for medium and short term tactics.
- Discuss new ideas and new business lines, new product lines, new markets, and / or refer new opportunities and feasible ideas to another committee for refinement.
- To analyze current market situation with a view to maintain sustainable competitive advantage.
- To discuss in detail the plans of the Group and accordingly adjust the policies of the company to avoid any conflict.
- Analyze any group investment opportunities and refer to investment committee if required.

Business Strategy Committee

Chairman	Ahsan M. Saleem
	Abdul Rouf
	Arif Raza
	Iqbal Zafar Siddiqui
	Muhammad Saad Thaniana

This Committee is responsible for formulation of business strategy, review of risks and their mitigation plan. Further, the Committee is also responsible for staying abreast of developments and trends in the Industry to assist the Board in planning for future capital intensive investments and growth of the Company. The committee meets at least twice a year. The terms of reference include the following:

- Prepare, approve and recommend to the Board a framework of business strategy.
- To develop and approve medium term plan(s) to meet interim objectives and milestone for any long term project approved by the Executive Committee.
- Review the progress of different new projects of the company.
- Approve short term goals which will be qualitative and quantitative for different segments of the company.
- Reviews periodically the targets achieved and revise the operational targets if required.
- Review allocation of resources to different segments such as investments, core business etc.
- Gather information of the competitors' business and prepare an updated SWOT analysis of the Company, to be submitted to the Executive Committee.

NOTHING GREAT WAS EVER ACHIEVED WITHOUT ENTHUSIASM

Ralph Waldo Emerson

Crescent Steel
supports
Education,
Health,
Environment
and Arts.

RALPH WALDO EMERSON
(1803 – 1882)

An American essayist, lecturer, and poet, Emerson is truly the center of the American transcendental movement, setting out most of its ideas and values in a little book, *Nature*, published in 1836, that represented at least ten years of intense study in philosophy, religion, and literature, and in his First Series of essays.

Crescent Steel & Allied Products Ltd.

Management Committees

System and Technology Committee

Chairman	Ahsan M. Saleem
	Muhammad Saad Thaniana
	Asif Masroor

The System and Technology Committee monitors the implementation of IT Strategy on a regular basis. It ensures that CSAPL stays current with the evolving new technologies and Information System Processes. The Committee prepares long term IT plan including fostering an IT culture at all levels. Terms of reference of the committee include the following:

- Guide the IS Department and Management in preparing the IT Strategy of the Company in a cost effective manner.
- Monitor the implementation of the IT Strategy on a regular basis.
- Ensure that CSAPL stays current with the evolving new technologies and the latest Information System Processes as applicable to the business and growth of CSAPL.
- Provide the basis for preparing long term IT plans while not losing sight of the immediate goals and objectives.
- Facilitate the promotion of IT Culture in the company at all levels. This has been done by traditional training interventions including Company wide workshops at all levels.
- Assist the Board to ensure that the IT vision provided by the Board is manifested in the IT Strategy and its subsequent implementation

Investment Committee

Chairman	Ahsan M. Saleem
	Muhammad Saad Thaniana
	Hajerah A. Saleem

This Committee helps to maintain a balanced portfolio of investments and maximize returns while keeping risk at a desirable low level. Terms of reference of the committee include the following:

- Determine the sector wise weightage of the portfolio based on market condition.
- Assess and monitor the risk associated to the portfolio.
- Review the performance of the investment and take decision relating to scrip wise entry and exit.

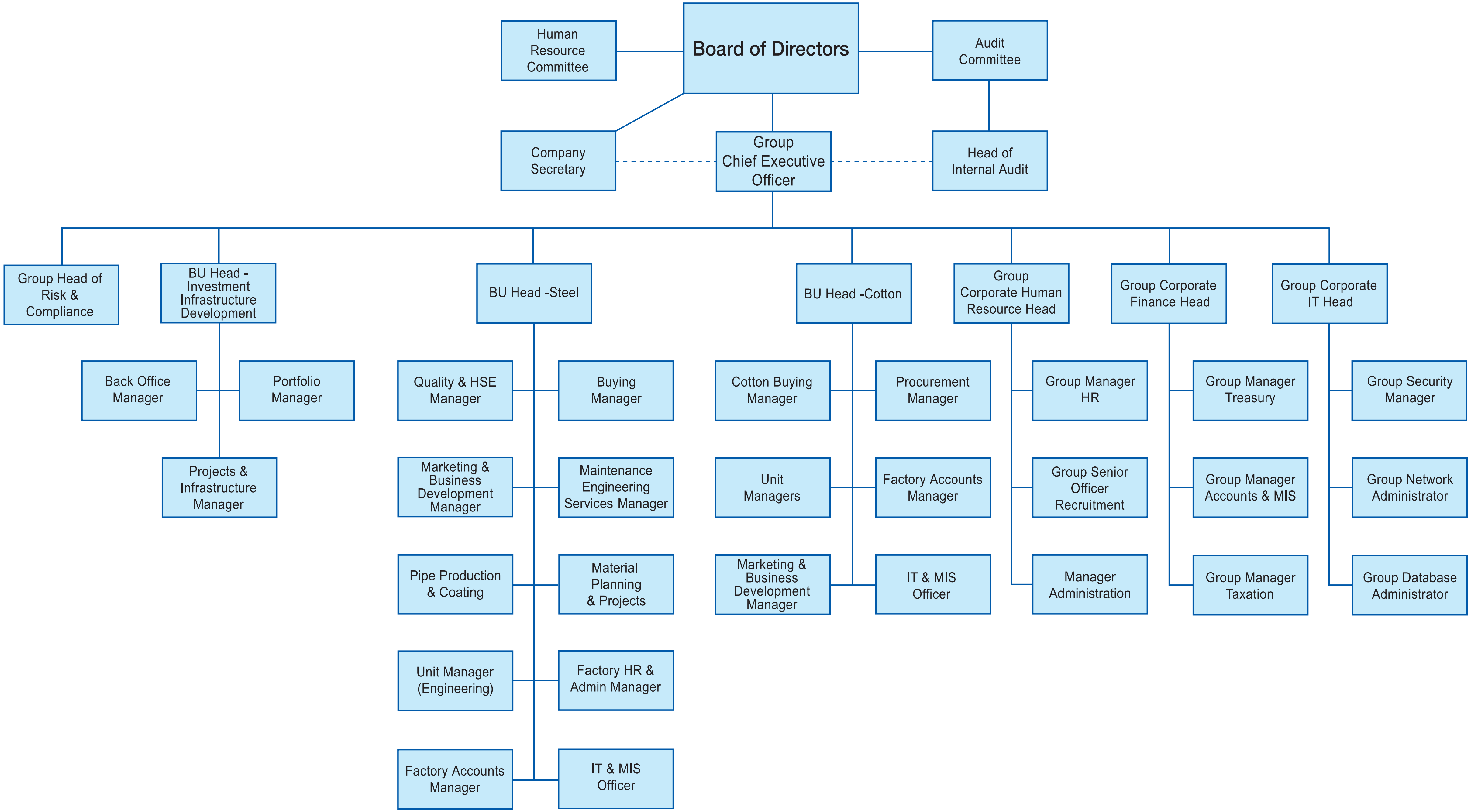
Social Investment Committee

Chairman	Muhammad Saad Thaniana
	Abdul Rouf
	Iqbal Zafar Siddiqui

This Committee will review the distribution of charitable contribution in line with Company's Policy for donations, charities and contributions.

- Review and recommend any changes to Company's policy relating to Corporate Social Responsibility for the approval of BOD.
- Review and recommend the distribution of charitable contribution in line with the Corporate Social Responsibility policy.

Management Structure / Organization Chart



Small things
make perfection
but perfection
is no small thing.

Michelangelo Bounarotti

Crescent Steel supports Education, Health, Environment and Arts.

MICHELANGELO BUONARROTI (1475 – 1564)

A sculptor, painter, architect, poet, and engineer, Michelangelo was a great leader in the Italian Renaissance. His greatest glory was painting the *Sistine Chapel* and *The Last Judgement*, and among his sculptures, the most noted are *Pieta*, *David*, *Madonna of the Stairs* and *Doni Tondo*. Michelangelo was noted for use of color, light, tone design, and draftsmanship.

Crescent Steel & Allied Products Ltd.

Shareholders' Information

Stock Exchange Listing

Crescent Steel and Allied Products Limited is a listed Company and its shares are traded on all the three stock exchanges of Pakistan. The Company's shares are quoted in leading dailies under the Industrial metals and Mining Sector.

Public Information

Financial analysts, stock brokers, interested investors and financial media desiring information regarding the company should contact Mr. Abdul Wahab at the Company's Principal Office, Karachi.
Telephone: 021-35674881-5
Email: abdul.wahab@crescent.com.pk

Shareholders' Information

Enquiries concerning lost share certificates, dividend payments, change of address, verification of transfer deeds and share transfers should be directed to M/s CorpTec Associates (Private) Limited, 7/3-G, Mushtaq Ahmed Gurmani Road, Gulberg-II, Lahore.
Telephone: 042-35788097-98
Fax: 042-35755215
Email: info@corptec.com.pk

Products

Steel Division

Manufacturer of DSAW steel line pipes in diameters ranging from 8" to 90" and applicator of internal and external coating conforming to international standards.

Cotton Division

Manufacturer of quality cotton yarn of various counts of 10s to 30s.

Annual General Meeting

The 28th Annual General Meeting of Crescent Steel and Allied Products Limited will be held on Tuesday, 18 September 2012 at 12:30 p.m at Qasr-e-Noor, 9 E-2, Main Boulevard, Gulberg-III, Lahore.

Auditors

KPMG Taseer Hadi & Co.

Legal Advisor

Hassan & Hassan, Advocates, Lahore

Bankers

Allied Bank Limited
Barclays Bank PLC, Pakistan
Habib Metropolitan Bank Limited
HSBC Bank Middle East Limited
MCB Bank Limited
Summit Bank Limited

Registered Office

10th Floor, BOP Tower, 10-B, Block E-2,
Main Boulevard, Gulberg-III, Lahore.
Telephone: 042-35783801-2, 042-35783811

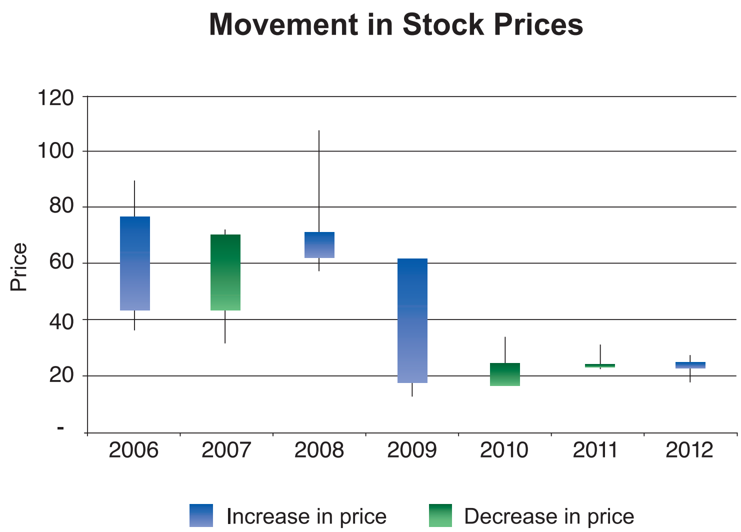
Liaison Office Lahore

10th Floor, BOP Tower, 10-B, Block E-2,
Main Boulevard, Gulberg-III, Lahore.
Telephone: 042-35783811
Fax: 042-35783811
Email: ejazahmed@shakarganj.com.pk

Principal Office

9th Floor, Sidco Avenue Centre,
264 R.A. Lines, Karachi-74200.
Telephone: 021-35674881-5
Fax: 021-35680476
Email: arif.raza@crescent.com.pk

Shareholders' Information



Factory – Steel Division

Pipe & Coating Plants
A/25, S.I.T.E., Nooriabad, District
Jamshoro, Sindh.
Telephone: 025-4670020-2
Email: iqbal.siddiqui@crescent.com.pk

Engineering Unit

17 Km Summundri Road, Dalowal,
District Faisalabad, Punjab.
Telephone: 041-2569825
Fax: 041-2569826

Mills – Cotton Division

Crescent Cotton Products
(Spinning Unit)
1st Mile, Lahore Road, Jaranwala,
District Faisalabad, Punjab.
Telephone: 0414-4318061-5,
Fax: 0414-318066
Email: abdul.rouf@crescent.com.pk

POWER PLANT

Shakarganj Energy (Private) Limited
57 Km Jhang Sargodha Road,
Bhone, District Jhang.
Telephone: 048-6889210-12
Fax: 048-6889211

Corporate Website

To visit our website, go to
www.crescent.com.pk or

For Annual Report for the year ended
June 2012, go to http://www.crescent.com.pk/
Financial_Reports/Annual_June12.pdf or
scan QR code

Imagination is more important than knowledge.

Albert Einstein

Crescent Steel supports Education, Health, Environment and Arts.

ALBERT EINSTEIN
(1879 – 1955)

Well known for his Theory of Relativity (e=mc2) for which he received the Nobel Prize in Physics, Einstein unlocked mysteries of the Universe unknown before this. The practical applications of his theories include the development of the television, remote control devices, automatic door openers, lasers, and DVD-players.

Year in brief / Highlights of major events during the year

Performance

- The Company's after tax profit and EPS for the year stood at Rs. 342 million and Rs. 6.05. Based on the performance, an interim cash dividend of 10% was announced together with a final cash dividend of 10% totaling a distribution of 20% (i.e. Rs. 2 per share) for the year.
- Sales revenue and gross profit of Steel division were higher by 3% and 46% respectively, compared to last year.
- Break-up value per share increased to Rs. 54.9 from Rs. 50.9 as at 30 June 2011.
- Cash generated from operations during the year was up by 40% at Rs. 805.4 million.
- The Company's share of profits from associates amounted to a record Rs. 255 million.

Developments

- To further strengthen our Investment portfolio, the Company acquired 100% stake in CS Capital (Private) Limited on 26 September 2011. The principal activity of the subsidiary is to effectively manage investment portfolios in shares, commodities and other securities (strategic as well as short term).
- The existing facilities of steel division were upgraded with state of the art digital control systems and HMI (Human Machine Interface) capabilities. This modernization allows for better control, reduced downtime and the capture of useful data during the pipe manufacturing process.
- Heat shrink tape coating systems were introduced to the product suite for pipeline coatings which improves and diversifies our product offering for pipe coatings.
- On 7 January 2012, a major fire broke out in the main production area of the Spinning Unit-II of the Cotton division situated in Jaranwala. The entire production area including stock was damaged rendering Unit-II inoperative

Corporate Governance

- On 28 January 2012, the shareholders elected a seven member Board for a three-year term, which comprises of six Non – Executive Directors (including two Independent Directors) and the Chief Executive. On the same day, an Audit Committee was also appointed comprising of one Independent and two Non – Executive Directors.
- During the year, the Board reconstituted the Human Resource and Remuneration Committee that now comprises solely of Non-Executive Directors.
- Corporate Governance and Evaluation Committee was formed to assist the Board to discharge its function as well as monitor compliance of the Company's governing principles.

Awards and accolades

Top 25 Companies Award 2010 (KSE)

- The Company was again selected for the 'KSE Top 25 Companies Award' for 2010 by the premier stock exchange of the country for acknowledgment of its performance and growth.

Best Corporate Report Awards 2010 (ICAP and ICMAP)

- The Annual Report of the Company for the year 2010 secured 2nd position in the Engineering Sector of 'Best Corporate Report Awards 2010'.

Award of Excellence – Best Management & Decent Work Practices

- The Company secured 1st position in the competition for "Best Management & Decent Work Practices" organized by the Employers' Federation of Pakistan.

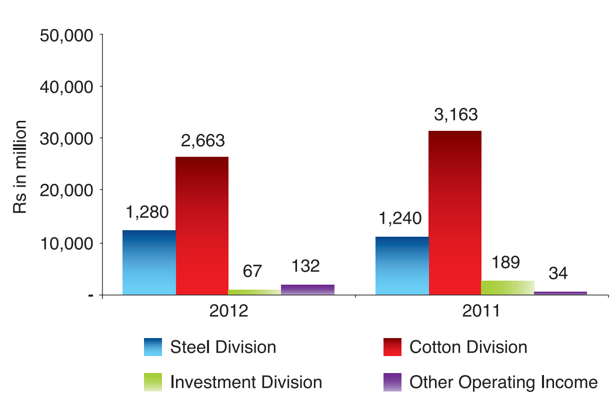
Best Practices Award On OSH&E (Occupational Safety, Health and Environment)

- The Company also secured 2nd Prize in the competition of 7th Employers' Federation of Pakistan Best Practices Award on OSH&E (Occupational Safety, Health and Environment) in the Processing and Allied Sector.

Laboratory Management Systems- ISO 17025

- Our Steel Division Engineering and Quality experts have been making efforts to obtain Laboratory Management Systems accreditation and pre-assessment activities in this regard have been fulfilled by PNAC during the course of the year.

Total Revenue and Income (FY12)



Key Figures

(Based on result of the Company as precented in the seperate financial statements)

	2012	2011
Sales revenue (Rs. in millions)	3,943	4,403
EBITDA (Rs. in millions)	574	942
Profit before taxation and depreciation (Rs. in millions)	453	787
Profit after taxation (Rs. in millions)	342	432
Earning per share (basic and diluted) (Rupees)	6.05	7.65
Price earning ratio (Times)	3.8	3.4
Cash dividend (including final proposed) (Rupees per share)	2.0	3.5
No. of ordinary shares in issue (No. in millions)	56.5	56.5
Capital expenditure (Rs. in millions)	68	114
Return on average capital employed (%)	12.2	21.8
Total assets (Rs. in millions)	4,172	4,055
Current ratio (Ratio)	1.8:1	1.6:1
Shareholders' equity (Rs. in millions)	3,101	2,876
Break-up value per share (Rupees)	54.9	50.9

Legend

Favourable / Increase

No change

Unfavourable / Decrease

When
you are
everywhere,
you are
nowhere.

When
you are
somewhere,
you are
everywhere.

Jalaluddin Muhammed Rumi

Crescent Steel supports Education, Health, Environment and Arts.

JALALUDDIN MUHAMMED RUMI (1207 – 1273)

Maulana Rumi is one of the great spiritual masters and poetical geniuses of mankind and was the founder of the Mawlawi Sufi order, a leading mystical brotherhood of Islam. The general idea underlying Rumi's poetry is the absolute love of God. His influence on thought, literature and all forms of aesthetic expression in the world of Islam cannot be overrated.

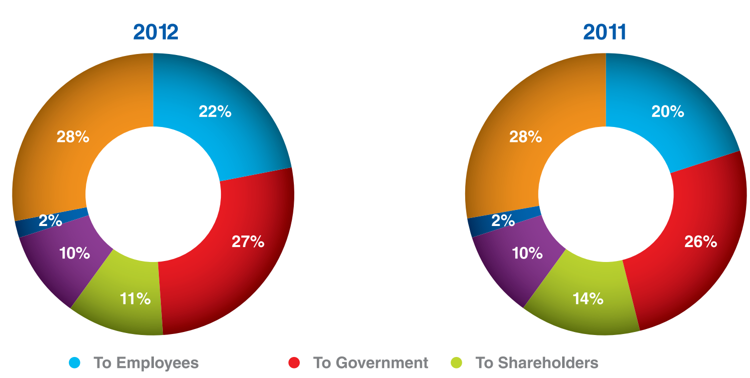
Crescent Steel & Allied Products Ltd.

Statement of Value Added
For the year ended 30 June 2012

	2012 Rupees in '000	%	2011 Rupees in '000	%
WEALTH GENERATED				
Total revenue	4,342,147	100%	4,741,968	100%
Bought-in-material and services	(3,260,729)	75%	(3,355,947)	71%
	1,081,418	25%	1,386,021	29%
WEALTH DISTRIBUTED				
To Employees Salaries, benefits and other costs	238,300	22%	277,927	20%
To Government Income tax, sales tax, custom duty, WWF and WPPF	290,310	27%	360,336	26%
To Shareholders Dividend*	112,920	11%	197,610	14%
To Providers of Finance Finance cost	109,514	10%	143,172	10%
To Society Donation towards education, health and environment	22,621	2%	21,168	2%
Retained within the business for future growth Depreciation, amortization and retained earnings	307,753	28%	385,808	28%
	1,081,418	100%	1,386,021	100%

* This includes final dividend recommended by the Board of Directors subsequent to year end.

Distribution of Wealth



Vertical Analysis

	2012*	%	2011*	%	2010*	%	2009*	%	2008	%	2007	%
Balance Sheet (Rs. in million)												
Property, plant and equipment	667	16.0	1,021	25.2	1,061	23.9	1,225	31.5	1,233	25.5	1,307	27.8
Intangible assets	2	–	13	0.3	24	0.5	1	–	1	–	1	–
Investment property	36	0.9	40	1.0	45	1.0	47	1.2	50	1.0	–	–
Long term investments	1,321	31.7	1,169	28.8	1,185	26.7	900	23.1	1,280	26.4	1,259	26.8
Long term loans and deposits	244	5.8	15	0.4	3	0.1	4	0.1	4	0.1	5	0.1
Deferred taxation	13	0.3	–	–	–	–	–	–	–	–	–	–
Stores, spares and loose tools	66	1.6	66	1.6	73	1.6	84	2.2	77	1.6	49	1.0
Stock-in-trade	587	14.1	841	20.7	1,027	23.2	617	15.8	606	12.5	633	13.5
Trade debts	369	8.8	145	3.6	277	6.2	84	2.2	119	2.5	181	3.9
Loan and advances	138	3.3	104	2.6	55	1.2	40	1.0	25	0.5	83	1.8
Trade deposits and short term prepayments	5	0.1	6	0.1	6	0.1	6	0.2	2	–	5	0.1
Investments	497	11.9	491	12.1	464	10.6	655	16.9	1,408	29.0	1,041	22.2
Current portion of long term investments	25	0.6	24	0.6	17	0.4	36	0.9	–	–	–	–
Mark-up accrued	17	0.4	3	0.1	1	–	1	–	2	–	2	–
Other receivables	29	0.7	60	1.5	25	0.6	161	4.1	32	0.7	73	1.6
Taxation - net	93	2.2	41	1.0	19	0.4	28	0.7	–	–	20	0.4
Cash and bank balances	63	1.6	17	0.4	154	3.5	4	0.1	8	0.2	37	0.8
Total assets	**4,172**	**100.0**	**4,056**	**100.0**	**4,436**	**100.0**	**3,893**	**100.0**	**4,847**	**100.0**	**4,696**	**100.0**
Issued, subscribed and paid-up capital	565	13.5	565	13.9	565	12.7	565	14.5	513	10.6	467	9.9
Capital reserves	377	9.0	353	8.7	362	8.2	371	9.5	371	7.7	792	16.9
Revenue reserves	2,159	51.7	1,959	48.3	1,696	38.2	1,393	35.8	2,110	43.5	1,941	41.3
Shareholders' equity	**3,101**	**74.2**	**2,877**	**70.9**	**2,623**	**59.1**	**2,329**	**59.8**	**2,994**	**61.8**	**3,200**	**68.1**
Long term loan	–	–	–	–	–	–	56	1.4	168	3.5	280	6.0
Redeemable capital	–	–	–	–	–	–	–	–	–	–	74	1.6
Liabilities against assets subject to finance lease	20	0.5	15	0.4	–	–	–	–	–	–	–	–
Deferred taxation	–	–	51	1.3	72	1.6	100	2.6	112	2.3	65	1.4
Trade and other payables	692	16.6	370	9.1	871	19.6	374	9.6	241	5.0	435	9.3
Mark-up accrued	16	0.4	24	0.6	34	0.8	19	0.5	20	0.4	16	0.3
Short term borrowings	335	8.1	707	17.4	780	17.6	903	23.2	1,119	23.1	433	9.2
Current portion of long term loan	–	–	–	–	56	1.3	112	2.9	112	2.3	112	2.4
Current portion of redeemable capital	–	–	–	–	–	–	–	–	75	1.5	75	1.6
Current portion of liabilities against assets subject to finance lease	8	0.2	12	0.3	–	–	–	–	–	–	6	0.1
Taxation - net	–	–	–	–	–	–	–	–	6	0.1	–	–
Total equity and liabilities	**4,172**	**100.0**	**4,056**	**100.0**	**4,436**	**100.0**	**3,893**	**100.0**	**4,847**	**100.0**	**4,696**	**100.0**
Profit and Loss Account (Rs. in million)												
Sales - net	3,943	100.0	4,403	100.0	3,704	100.0	3,311	100.0	4,200	100.0	2,950	100.0
Cost of sales	3,434	87.1	3,593	81.6	2,887	77.9	2,597	78.4	3,304	78.7	2,440	82.7
Gross profit	**509**	**12.9**	**810**	**18.4**	**817**	**22.1**	**714**	**21.6**	**896**	**21.3**	**510**	**17.3**
Income from / (loss on) investments - net	67	1.7	189	4.3	172	4.6	(338)	(10.2)	74	1.8	411	13.9
Distribution and selling expenses	46	1.2	39	0.9	27	0.7	17	0.5	15	0.4	13	0.4
Administrative expenses	164	4.2	157	3.6	159	4.3	127	3.8	136	3.2	133	4.5
Other operating expenses	66	1.7	68	1.5	101	2.7	332	10.0	110	2.6	126	4.3
Other operating income	132	3.3	34	0.8	18	0.5	39	1.2	20	0.5	107	3.6
Operating profit / (loss) before finance costs	**432**	**11**	**769**	**17.5**	**720**	**19.5**	**(61)**	**(1.7)**	**729**	**17.4**	**756**	**25.6**
Finance costs	109	2.8	143	3.2	122	3.3	204	6.2	153	3.6	128	4.3
Share of profit in equity accounted investees - net of taxation	–	–	–	–	–	–	–	–	51	1.2	99	3.4
Profit / (loss) before taxation	**323**	**8.2**	**626**	**14.3**	**598**	**16.2**	**(265)**	**(7.9)**	**627**	**15.0**	**727**	**24.7**
Taxation	(19)	(0.5)	194	4.4	181	4.9	135	4.1	211	5.0	64	2.2
Profit / (loss) after taxation	**342**	**8.7**	**432**	**9.9**	**417**	**11.3**	**(400)**	**(12.0)**	**416**	**10.0**	**663**	**22.5**

* **Note:** The figures presented in this analysis for the financial years ended 30 June 2012, 2011, 2010 and 2009 are those based on the Company's separate financial statements (please refer to note 3.1 to the financial statements for further information). The figures presented for the financial years prior to 2009 are based on the Company's individual financial statements as published in the annual reports in those respective years.

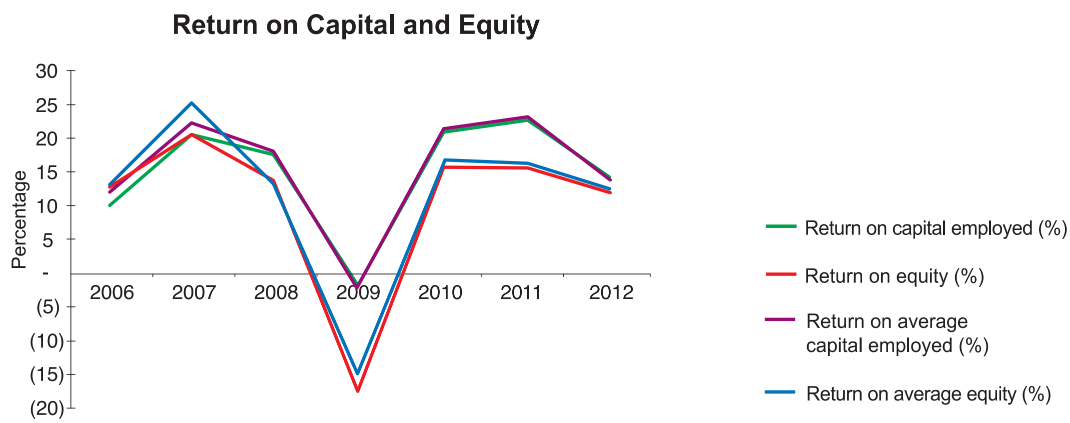
Crescent Steel &
Allied Products Ltd.

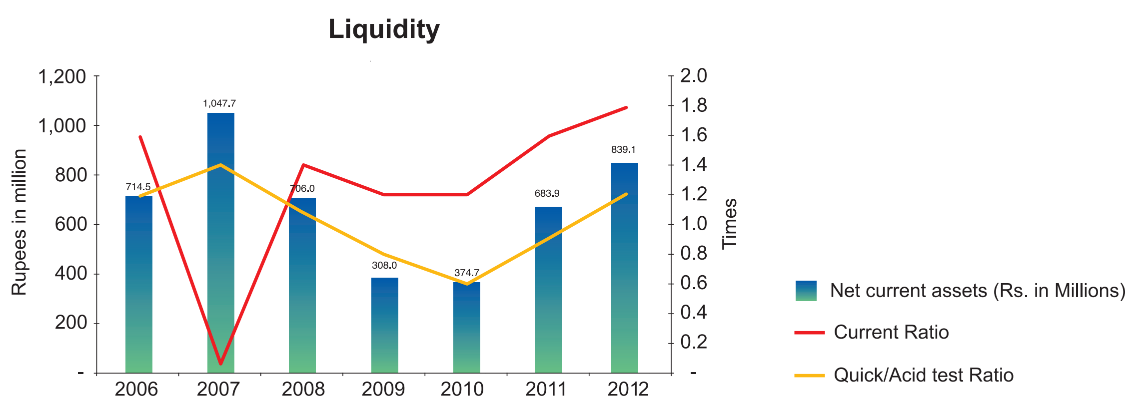
Horizontal Analysis

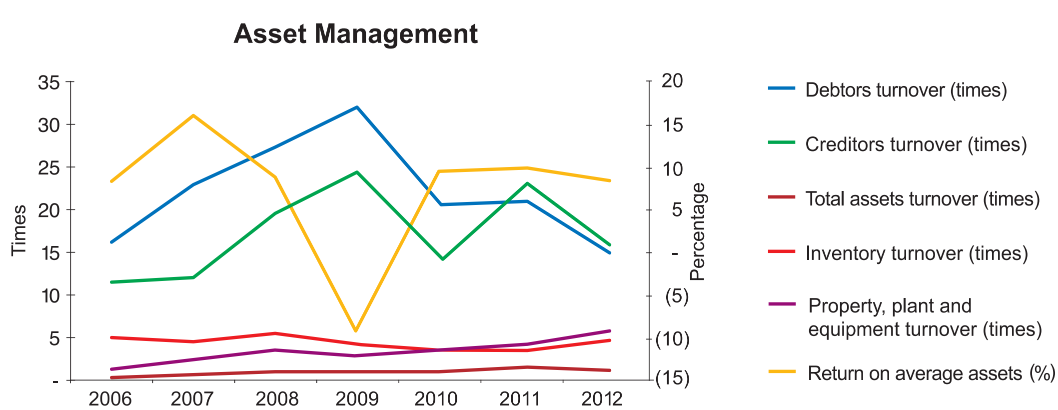
	2012*	%	2011*	%	2010*	%	2009*	%	2008	%	2007	%
Balance Sheet (Rs. in million)												
Property, plant and equipment	667	(34.7)	1,021	(3.8)	1,061	(13.4)	1,225	(0.6)	1,233	(5.7)	1,307	(5.4)
Intangible assets	2	(84.6)	13	(45.8)	24	2,300.0	1	–	1	–	1	–
Investment property	36	(10.0)	40	(11.1)	45	(4.3)	47	(6.0)	50	100.0	–	–
Long term investments	1,321	13.0	1,169	(1.4)	1,185	31.7	900	(29.7)	1,280	1.7	1,259	159.6
Long term loans and deposits	244	1,526.7	15	400.0	3	(25.0)	4	–	4	(20.0)	5	(16.7)
Deferred taxation	13	100.0	–	–	–	–	–	–	–	–	–	–
Stores, spares and loose tools	66	–	66	(9.6)	73	(13.1)	84	9.1	77	57.1	49	36.1
Stock-in-trade	587	(30.2)	841	(18.1)	1,027	66.5	617	1.8	606	(4.3)	633	35.0
Trade debts	369	154.5	145	(47.7)	277	229.8	84	(29.4)	119	(34.3)	181	141.3
Loan and advances	138	32.7	104	89.1	55	37.5	40	60.0	25	(69.9)	83	(62.4)
Trade deposits and short term prepayments	5	(16.7)	6	–	6	–	6	200.0	2	(60.0)	5	66.7
Investments	497	1.2	491	5.8	464	(29.2)	655	(53.5)	1,408	35.3	1,041	25.9
Current portion of long term investments	25	4.2	24	41.2	17	(52.8)	36	100.0	–	–	–	–
Mark-up accrued	17	466.7	3	200.0	1	–	1	(50.0)	2	–	2	(77.8)
Other receivables	29	(51.7)	60	140.0	25	(84.5)	161	403.1	32	(56.2)	73	(56.8)
Taxation - net	93	126.8	41	115.8	19	(32.1)	28	100.0	–	(100.0)	20	17.6
Cash and bank balances	63	270.6	17	(89.0)	154	3,750.0	4	(50.0)	8	(78.4)	37	131.3
Total assets	**4,172**	**2.9**	**4,056**	**(8.6)**	**4,436**	**13.9**	**3,893**	**(19.7)**	**4,847**	**3.2**	**4,696**	**26.4**
Issued, subscribed and paid-up capital	565	–	565	–	565	–	565	10.1	513	9.9	467	33.4
Capital reserves	377	6.8	353	(2.5)	362	(2.4)	371	–	371	(53.2)	792	150.6
Revenue reserves	2,159	10.2	1,959	15.5	1,696	21.8	1,393	(34.0)	2,110	8.7	1,941	41.5
Shareholders' equity	**3,101**	**7.8**	**2,877**	**9.7**	**2,623**	**12.6**	**2,329**	**(22.2)**	**2,994**	**(6.4)**	**3,200**	**57.0**
Long term loan	–	–	–	–	–	(100.0)	56	(66.7)	168	(40.0)	280	(28.8)
Redeemable capital	–	–	–	–	–	–	–	–	–	(100.0)	74	(50.0)
Liabilities against assets subject to finance lease	20	33.3	15	100.0	–	–	–	–	–	–	–	(100.0)
Deferred taxation	–	(100.0)	51	(29.2)	72	(28.0)	100	(0.7)	112	72.3	65	3,150.0
Trade and other payables	692	87.0	370	(57.5)	81	132.9	374	55.2	241	(44.6)	435	89.1
Mark-up accrued	16	(33.3)	24	(29.4)	34	78.9	19	(5.0)	20	25.0	16	(20.0)
Short term borrowings	335	(52.6)	707	(9.4)	780	(13.6)	903	(19.3)	1,119	158.4	433	(41.4)
Current portion of long term loan	–	–	–	(100.0)	56	(50.0)	112	–	112	–	112	100.0
Current portion of redeemable capital	–	–	–	–	–	–	–	(100.0)	75	–	75	–
Current portion of liabilities against assets subject to finance lease	8	(33.3)	12	100.0	–	–	–	–	–	(100.0)	6	–
Taxation - net	–	–	–	–	–	–	–	(100.0)	6	100.0	–	–
Total equity and liabilities	**4,172**	**2.9**	**4,056**	**(8.6)**	**4,436**	**13.9**	**3,893**	**(19.7)**	**4,847**	**3.2**	**4,696**	**26.4**
Profit and Loss Account (Rs. in million)												
Sales - net	3,943	(10.4)	4,403	18.9	3,704	11.9	3,311	(21.2)	4,200	42.4	2,950	72.8
Cost of sales	3,434	(4.4)	3,593	24.5	2,887	11.2	2,597	(21.4)	3,304	35.4	2,440	55.7
Gross profit	**509**	**(37.2)**	**810**	**(0.9)**	**817**	**14.4**	**714**	**(20.3)**	**896**	**75.7**	**510**	**264.3**
Income from / (loss on) investments - net	67	(64.6)	189	9.9	172	150.9	(338)	(556.8)	74	(82.0)	411	23.4
Distribution and selling expenses	46	17.9	39	44.4	27	58.8	17	13.3	15	15.4	13	(13.3)
Administrative expenses	164	4.5	157	(1.3)	159	25.2	127	(6.6)	136	2.3	133	27.9
Other operating expenses	66	(2.9)	68	(32.7)	101	(69.6)	332	201.8	110	(12.7)	126	472.7
Other operating income	132	288.2	34	88.9	18	(53.8)	39	95.0	20	(81.3)	107	328.0
Operating profit / (loss) before finance costs	**432**	**(43.8)**	**769**	**6.9**	**720**	**1,280.3**	**(61)**	**(108.4)**	**729**	**(3.6)**	**756**	**111.8**
Finance costs	109	(23.8)	143	17.2	122	(40.2)	204	33.3	153	19.5	128	54.2
Share of profit in equity accounted investees - net of taxation	–	–	–	–	–	–	–	(100.0)	51	(48.5)	99	925.0
Profit / (loss) before taxation	**323**	**(48.4)**	**626**	**4.7**	**598**	**325.7**	**(265)**	**(142.3)**	**627**	**(13.8)**	**727**	**177.5**
Taxation	(19)	(109.8)	194	7.2	181	34.1	135	(36.0)	211	229.7	64	2033.3
Profit / (loss) after taxation	**342**	**(20.8)**	**432**	**3.6**	**417**	**204.3**	**(400)**	**(196.2)**	**416**	**(37.3)**	**663**	**156.0**

* **Note:** The figures presented in this analysis for the financial years ended 30 June 2012, 2011, 2010 and 2009 are those based on the Company's separate financial statements (please refer to note 3.1 to the financial statements for further information). The figures presented for the financial years prior to 2009 are based on the Company's individual financial statements as published in the annual reports in those respective years.

Performance Indicators







Crescent Steel & Allied Products Ltd.

Performance Indicators

PERFORMANCE INDICATORS

A - Profitability Ratios

	2012*	2011*	2010*	2009*	2008	2007	2006
Earnings before interest, taxation, depreciation and amortization (EBITDA) (Rs. in millions)	574.3	942.0	903.9	120.1	954.7	1,029.2	444.8
Profit / (loss) before taxation and deprecation (Rs. in millions)	453.4	787.1	771.5	(85.0)	801.4	899.9	359.9
Gross profit ratio (%)	12.9	18.4	22.1	21.6	21.3	17.3	8.2
Operating profit / (loss) margin to sales (net) (%)	11.0	17.5	19.4	(1.8)	17.4	25.6	20.9
Net profit / (loss) margin to sales (net) (%)	8.7	9.8	11.2	(12.0)	9.9	22.5	15.2
EBITDA margin to sales (net) (%)	14.6	21.4	24.4	3.6	22.7	34.9	26.1
Operating leverage ratio	4.2	0.4	(108.5)	5.1	(0.2)	2.0	0.6
Return on equity (%)	11.0	15.0	15.9	(17.1)	13.9	20.7	12.7
Return on average equity (%)	11.4	15.7	16.8	(15.0)	13.4	25.3	13.3
Return on capital employed (RoCE) (%)	12.5	21.3	20.8	(1.8)	17.4	20.5	10.0
Return on average capital employed (%)	12.2	21.8	21.0	(1.5)	18.0	22.4	11.9
Return on average assets (%)	8.3	10.2	10.0	(9.1)	8.7	15.8	8.3

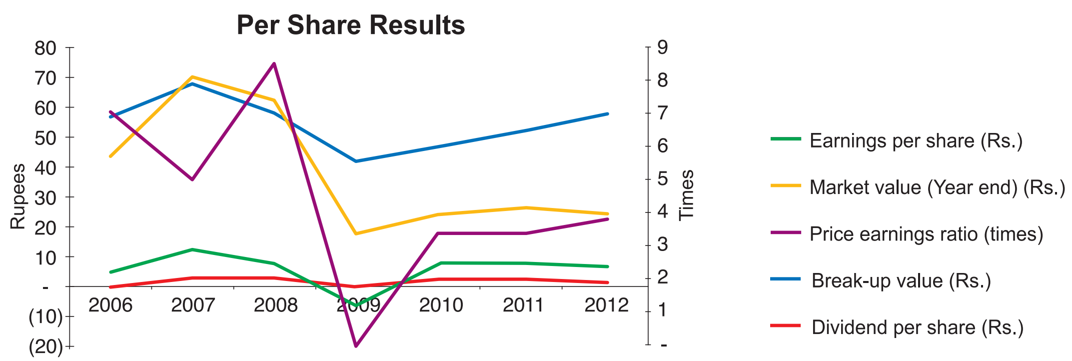
B - Liquidity Ratios

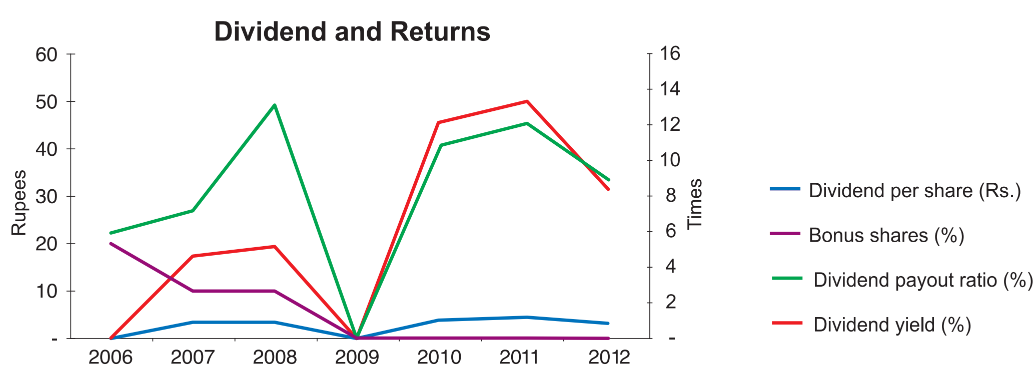
	2012*	2011*	2010*	2009*	2008	2007	2006
Current ratio	1.8 : 1	1.6 : 1	1.2 : 1	1.2 : 1	1.4 : 1	2 : 1	1.6 : 1
Quick / Acid-test ratio	1.2 : 1	0.9 : 1	0.6 : 1	0.8 : 1	1.1 : 1	1.4 : 1	1.2 : 1
Cash to current liabilities (%)	(24.1)	(49.8)	(28.7)	(45.8)	(52.7)	2.4	(13.6)
Cash flows from operations to sales (%)	7.3	2.5	12.2	10.1	13.5	16.5	(5.2)
Working capital (Net current assets)	839.1	683.9	374.7	308.0	706.0	1,047.7	714.5
Working capital turnover (times)	5.2	8.3	10.9	6.5	4.8	3.3	1.7

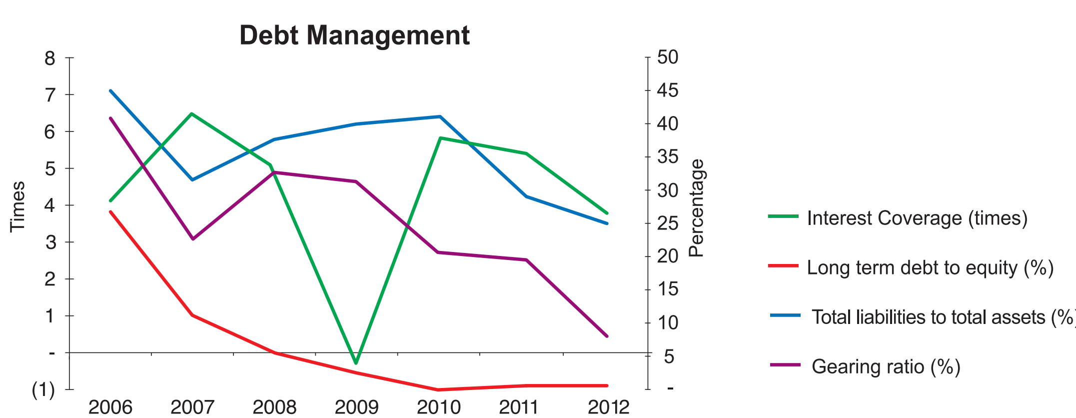
C - Activity / Turnover Ratios

	2012*	2011*	2010*	2009*	2008	2007	2006
Debtors turnover ratio (times)	15.3	20.9	20.5	32.7	28.0	23.0	16.5
No. of days in receivables / Average collection period (days)	24	17	18	11	13	16	22
Inventory turnover ratio (times)	4.8	3.8	3.5	4.2	5.3	4.4	4.7
No. of days in inventory (days)	76	95	104	86	68	82	77
Creditors turnover ratio (times)	16.2	23.1	14.1	24.6	19.7	11.5	11.3
No. of days in creditors / Average payment period (days)	23	16	26	15	19	32	32
Property, plant and equipment turnover (times)	5.9	4.3	3.5	2.7	3.4	2.3	1.2
Total assets turnover (times)	0.9	1.1	0.8	0.9	0.9	0.6	0.5
Operating cycle (days)	77	97	96	82	63	66	67

Performance Indicators







Crescent Steel & Allied Products Ltd.

Performance Indicators

PERFORMANCE INDICATORS

D - Investment / Market Ratios

	2012*	2011*	2010*	2009*	2008	2007	2006
Basic and diluted earnings / (loss) per share (Rs.) **	6.05	7.64	7.38	(7.06)	7.36	12.10	6.10
Price earnings ratio (times)	3.8	3.4	3.4	–	8.4	5.9	7.1
Dividend yield (%) ***	8.6	13.4	12.0	–	4.9	4.2	–
Dividend payout ratio (%) ***	33.0	45.8	40.7	–	49.4	28.2	22.4
Dividend cover ratio (times) ***	3.0	2.2	2.5	–	2.5	4.0	–
Cash dividend (Rs. in millions) ***	112.9	197.6	169.4	–	154.0	140.0	–
Cash dividend per share (Rs.) ***	2.0	3.5	3.0	–	3.0	3.0	–
Stock dividend / Bonus shares (Rs. in millions) ***	–	–	–	–	51.3	46.7	58.3
Stock dividend / Bonus shares (%) ***	–	–	–	–	10	10	20
Market value per share (at the end of the year) (Rs.)	23.2	26.1	25.1	18.0	61.7	71.0	43.5
- Lowest during the year (Rs.)	18.0	23.8	18.0	13.0	58.0	32.0	37.0
- Highest during the year (Rs.)	28.5	31.7	34.0	61.0	108.0	72.0	90.0
Break-up value per share (Rs.)	54.9	50.9	46.4	41.2	58.4	68.5	58.2

E - Capital Structure Ratios

	2012*	2011*	2010*	2009*	2008	2007	2006
Financial leverage ratio (%)	11.7	25.5	31.9	46.0	49.2	30.6	69.9
Long term debt to equity ratio (%)	0.6	0.5	–	2.4	5.6	11.1	26.9
Long term debt : Equity ratio	1 : 99	1 : 99	0 : 100	2 : 98	5 : 95	10 : 90	21 : 79
Total liabilities to total assets (%)	25.7	29.1	40.9	40.2	38.2	31.8	45.1
Gearing ratio (%)	8.8	20.0	20.7	31.4	32.9	22.8	40.9
Interest coverage (times)	3.9	5.4	5.9	(0.3)	5.1	6.7	4.2

Notes:

* The figures presented in this analysis for the financial years ended 30 June 2012, 2011, 2010 and 2009 are those based on the Company'sseparate financial staements (please refer to note 3.1 to the financial statements for further information). The figures presented for the financial years prior to 2009 are based on the Company's individual financial statements as published in the annual reports in those respective years.

**The basic and diluted earnings / (loss) per share for prior years have been restated to take into account the issue of bonus shares in the financial years ended 2008, 2007 and 2006.

*** This includes declaration of final cash dividend and issue of bonus shares recommended by the Board of Directors subsequent to year end.

Directors' Report

The Directors of the Company have the pleasure in submitting their report together with audited financial statements of the Company for the year ended 30 June 2012.

Operating Results

The financial results of the Company are summarized below:

		2012	2011
		(Rupees in '000)	
Profit for the year		322,868	625,910
Taxation		18,906	(194,121)
Profit after taxation		341,774	431,789
Unappropriated profit / (loss) brought forward		116,719	(145,690)
Profit available for appropriation		458,493	(286,099)
Appropriations:			
- Final dividend	2010 - @10%	–	(56,460)
- First interim dividend	2011 - @10%	–	(56,460)
- Second interim dividend	2011 - @10%	–	(56,460)
- Final dividend	2011 - @15%	(84,690)	–
- First interim dividend	2012 - @10%	(56,460)	–
		(141,150)	(169,380)
Unappropriated profit carried forward		317,343	116,719
Basic and diluted earnings per share		Rs.6.05	Rs.7.65

The Board of Directors in their meeting held on 28 July 2012 has proposed a final cash dividend for the year ended 30 June 2012 of Re. 1 per share (i.e. 10%) amounting to Rs. 56.460 million. This is in addition to the interim cash dividend of Re. 1 per share (i.e. 10%), making a total distribution of Rs. 2 per share (i.e. 20%). The approval of the members for the dividend shall be obtained at the Annual General Meeting to be held on 18 September 2012. These financial statements do not include the effect of this proposed final cash dividend.

Statement on corporate and financial reporting framework

- These financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements.

OTHER THAN
NATURE

EVERYTHING
ON PLANET
EARTH

MUST BE
DESIGNED.

Marko Pavlović

Crescent Steel supports Education, Health, Environment and Arts.

MARKO PAVLOVIĆ (BORN 1981)

A young designer who created a didactic toy, three dimensional jigsaw (Oblo), Pavlović got the third award at D&AD's contest (2007) in the product design and innovation category. It was sponsored by Hamleys, one of the biggest companies for toys. He was also awarded the Golden IDEA'08 – IDSA Awards among 1517 competitors and one in the student's category for industrial / product design.

- The system of internal control is sound in design and has been effectively implemented. The system is continuously monitored by Internal Audit and through other such monitoring procedures. The process of monitoring internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring improvements in the system.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Details of significant changes in the Company's operations during the current year as compared to last year and significant plans and decisions for the future prospects of profits are stated in the Chief Executive's Review as endorsed by Board of Directors.
- Key operating and financial data for last six years in summarized form is annexed.
- Information about taxes and levies is given in the notes to the financial statements.
- The number of employees at the end of year was 875 (2011:1,165).
- The following is the value of investments of the following funds based on the audited accounts for the year ended 31 December 2009:
  – Provident fund
    Rs. 87.608 million
  – Gratuity fund
    Rs. 27.882 million
  – Pension fund
    Rs.108.774 million
  – CCP Provident fund
    Rs.11.570 million
- During the year six meetings of Board of Directors, four of Audit Committee and two of Human Resource and Remuneration Committee were held and the attendance by each Director is attached separately.

Pattern of Shareholding and Shares Traded

The pattern of shareholding and additional information regarding pattern of shareholding is attached separately.

No trading in the shares of the Company were carried out by the Directors, the Chief Executive Officer, the Chief Financial Officer and the Company Secretary and their spouses and minor children except the following:

Mr. Mazhar Karim, Chairman and Mr. Arif Raza, Executive have sold 137,300 shares and 25 shares respectively while Mr. Ahmad Waqar, Director, and Mr. Hameed Alam, Executive have purchased

Directors' Report

25 shares and 2,000 shares of the Company respectively.

Directors

During the year Mr. Muhammad Abdul Aleem resigned from the Board with effect from 5 October 2011. The casual vacancy was filled by the appointment of Mr. Muhammad Saad Thaniana with effect from 29 October 2011, for the remaining term ending 29 January 2012.

At the Extra Ordinary General meeting of the Company held on 28 January 2012, a seven member Board was elected by the shareholders for a three year term ending 29 January 2015 namely, Messrs Mazhar Karim, Ahsan M. Saleem, Ahmad Waqar, Nasir Shafi, S. M. Ehtishamullah, Syed Zahid Hussain and Zahid Bashir. Subsequently, at a meeting of Directors held on 30 January 2012, Mr. Mazhar Karim was appointed as Chairman and Mr. Ahsan M. Saleem as Chief Executive of the Company each for a term of three years.

During the period Mr. Muhammad Abdul Aleem, Mr. Mohammad Anwar and Mr. Muhammad Saad Thaniana retired from the Board of Directors. The Board places on record its appreciation for the valuable contribution made by the outgoing Directors.

CEO's Performance Evaluation

The Board has established a formal process for CEO's performance evaluation reflecting a commitment to the principal of using a performance-based evaluation system. During the year, the Human Resource and Remuneration Committee

Life
without liberty
is like a body
without spirit.

Khalil Gibran

Crescent Steel supports Education, Health, Environment and Arts.

KHALIL GIBRAN (1883 – 1931)

A Lebanese American artist, poet, and writer, Gibran is chiefly known in the English speaking world for his 1923 book *The Prophet*, an early example of inspirational fiction including a series of philosophical essays written in poetic English prose. The book sold well despite a cool critical reception, and became extremely popular in the 1960s counterculture. Gibran is the third best-selling poet of all time, behind Shakespeare and Lao-Tzu.

of the Board evaluated the performance of the CEO which was recommended to the Board for their review and approval.

This evaluation was reviewed against the following criteria:

- Leadership
- Policy and strategy
- People Management
- Business Processes / Excellence
- Governance and Compliance
- Financial Performance
- Impact on Society

Financial statements

As required under listing regulations 35(xxi) of Karachi Stock Exchange the Chief Executive Officer and Chief Financial Officer present the financial statements, duly endorsed under their respective signatures, for consideration and approval of the Board of Directors and the Board, after consideration and approval, authorize the signing of financial statements for issuance and circulation.

The financial statements of the Company have been duly audited and approved without qualification by the auditors of the Company, KPMG Taseer Hadi & Co., Chartered Accountants and their report is attached with the financial statements.

No material changes and commitments affecting the financial position of your Company have occurred between the end of the financial year to which this Balance Sheet relates and the date of the Directors' Report.

During the year, a major fire broke out in the main production area of the Spinning Unit No.2 (comprising of 25,344 spindles) of the Cotton segment of the Company situated in Jaranwala. This caused damage to the entire production area including building, plant & machinery, equipment and work in process. The above assets are fully insured and the Company had lodged insurance claim in respect of loss of work in process and damage to building, plant & machinery and equipment. The claim lodged as stated above is under assessment and verification.

Auditors

The auditors, KPMG Taseer Hadi & Co. retire and offer themselves for re-appointment. The Board Audit Committee and the Board of Directors of the Company have endorsed their appointment for shareholders consideration at the forthcoming Annual General Meeting.

Chief Executive's Review

The Directors endorse the contents of the Chief Executive's Review for the year ended 30 June 2012 which contains the state of the Company's affairs, operational performance, future prospects of profits and other requisite information. The contents of the said review shall be read along with this report and shall form an integral part of the Directors' Report in terms of section 236 of the Companies Ordinance, 1984 and the requirements of the Code of Corporate Governance under the Listing Regulations of the Stock Exchanges.

By order of the Board

Ahsan M. Saleem
Chief Executive Officer
28 July 2012

Chief Executive's Review

I take pleasure in presenting the Annual Report of your company along with audited Financial Statements (Separate and Consolidated) for the year ended 30 June 2012.

Economic Outlook

The fiscal year 2011-2012 started with high expectations and real GDP was projected to grow by 4.5% compared to 3% for 2010-2011. The optimism was short-lived however; the economy only grew by an estimated 3.7%. The weak macroeconomic performance can be attributed to the burgeoning energy crisis augmented by high inflationary pressures and weak economic policies. Consequently, current and fiscal account deficits soared during the year and the depreciating PKR to USD parity posed severe threats to the ongoing economic stability and growth.

Real GDP growth for 2012-2013 is projected at 4.3%. The total outlay for the period 2012-2013 is Rs. 2.9 trillion of which the proportioned amount for the Public Sector Development Programme (PSDP) is Rs. 873 billion.

The government is focusing on implementing an efficient system to streamline its tax collection process for the purposes of revenue generation. At the same time, it needs to ensure that the economy does not drift away from the road to recovery.

Be humble and gentle, anger brings sorrows and confusion.

Shah Abdul Latif Bhitai

Crescent Steel supports Education, Health, Environment and Arts.

SHAH ABDUL LATIF BHITAI
(1689 – 1752)

A devout Muslim Sufi, Bhitai's spirituality was broad and welcoming, making room for Muslims and Hindus. Bhitai was a missionary and believed in practical learning. It is through his journeys that he acquired the background for most of his poems. He denounced extravagance, injustice and exploitation in all forms and at all levels, and praised simplicity and hospitality. His spiritual and mystic poetry carries a message of love and universality of the human race.

Financial and Operational Performance

Overall financial performance

The Company's after tax profit for the year ended 30 June 2012 (FY12) stood at Rs. 342 million as compared to Rs. 432 million in the last year. EPS for the current year stood at Rs. 6.05 as compared to Rs. 7.65 in last year.

On Group basis (including the results of the wholly owned subsidiary companies Shakarganj Energy (Private) Limited (SEL) and CS Capital (Private) Limited), consolidated profit after taxation for the year amounted to Rs. 471 million and EPS stood at Rs. 8.34.

Financial and Operational Performance based on Separate Financial Statements

The steel division's contribution to the bottom line was higher than last year, while IID remained at par in comparison to last year's performance. The cotton division's financial performance however, fared negatively and had an adverse impact on the Company's bottom line.

Sales revenue in FY12 decreased by 10.5%, to Rs. 3,943 million (FY11: 4,403 million). Steel and IID Divisions' contribution to the FY12 profit before tax amounted to Rs. 279 million and Rs. 132 million (FY11: Rs. 170 million and Rs. 147 million), respectively. The cotton division posted a loss of Rs. 87.6 million in FY12 (FY11: profits of Rs. 309 million), down by 128% YoY. The fall in profits can largely be attributed to inventory losses of Rs. 82 million and Rs. 23 million, charged in the first and last quarters, respectively in addition to a decrease in average selling prices and reduced margins.

Summary of operating results as per Separate Financial Statements:

- Sales revenue was Rs. 3,943 million in FY12 (FY11: Rs. 4,403 million).
- Gross profit margin was 13% (FY11: 18%) – the decrease in gross profit margin is mainly attributable to the Cotton Division's performance.
- EBIT stood at Rs. 432 million for the current year (FY11: 769 million).
- EBITDA stood at Rs. 574 million in FY12 (FY11: Rs. 942 million).
- EPS stood at Rs. 6.05 for the current year (FY11: Rs. 7.65).
- Return on average capital employed (annualized) was 12.2% (FY11: 21.8%).

Chief Executive's Review

- Return on average equity (annualized) was 11.4% for the current period (FY11: 15.7%).
- Break-up value per share increased to Rs. 54.9 (FY11: Rs. 50.9).

Business Segments

Steel Division – Operational and Financial review

The actual mix diameter bare pipe production during the year was 5,236 tons (FY11: 8,341 tons) while capacity utilization of the pipe plant was 14% (FY11: 24%). Coating activities increased by 11.8% in terms of area and stood at 275,332 square meters of pipe (FY11: 246,125 square meters).

Sales revenue from Steel was up by Rs. 40 million in FY12 at Rs. 1,280 million (FY11: Rs. 1,240 million). During the year, the proportion of coating revenue as a percentage of total sales increased to 38.4% (FY11: 26.7%) resulting in a higher GP ratio and an improved PBT ratio. Sales revenue and gross profit were higher by 3.2% and 46% respectively, compared to the corresponding period last year.

Cotton Division – Operational and Financial review

Unit-II of the cotton division has been inoperative given damages from a fire in early 2012. Consequently, Unit-I has been the sole source of revenue generation for the Cotton Division. During the year, Unit-I and Unit II worked an average of 260 working days and produced

The divine
is found
by those
with pure
and true
heart.

Bulleh Shah

Crescent Steel supports Education, Health, Environment and Arts.

BULLEH SHAH (1680 – 1757)

Bulleh Shah practiced and enhanced the Sufi tradition of Punjabi poetry. His style of writing is called *Kafi* (Refrain) – an established style of Punjabi poetry used by Punjabi Sufis and Sikh gurus. He was arguably the greatest Punjabi poet of all time, and perhaps one of the greatest humanist minds of his era. Much of what is known today about Bulleh Shah, comes through folklore, and is anecdotal; some parts have been connected together from his own writings; others passed down through oral traditions.

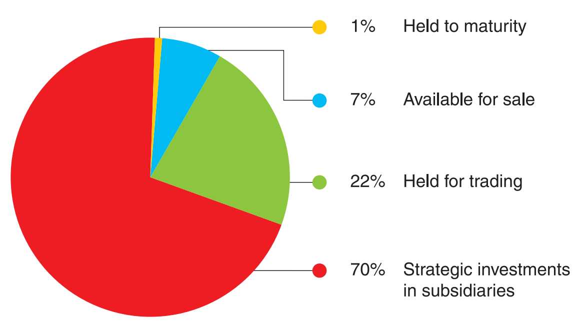
19.8 million Lbs. and 22.3 million Lbs. of mixed count yarn (FY11: 17.7 million Lbs. and 28.8 million), respectively. Electricity and gas shutdowns continue to hamper production and caused the facilities to remain closed for an average 106 days during the period under review.

Cotton sales revenue stood at Rs. 2,663 million in FY12 (FY11: Rs. 3,163 million), down by 15.8%. This decrease is attributable to falling cotton prices and thinner margins and lower sales during the year.

Gross profit for the year, fell by 86.1% to Rs. 71.1 million (FY11: Rs. 510.4 million) and is mainly attributable to inventory losses of Rs. 82 million and Rs. 23 million, provisioned for in the first and last quarters of FY12, respectively. Margins came under pressure as with falling cotton prices average selling prices fell by 28.6% during the year but average cotton consumption costs decreased by 20.6%.

The pre-tax net loss for the year was Rs. 87.6 million, compared to net profit of Rs. 308.8 million over the same period last year. As mentioned above, the Cotton Division's profitability was impacted by write-downs at Rs. 22 million of imported cotton inventories, rendered surplus after fire damages at the fine count unit.

Investment Portfolio



Investment and Infrastructure Development (IID) Division – Operational and Financial review

The Karachi Stock Exchange (KSE) 100 Index opened FY12 at 12,496.03 points and closed 10.45% higher at 13,801.41 points at the close of FY12. The index remained range bound during the first two quarters declining 1.61% during December 2011 to close at 11,347 points. The country faced multi faceted challenges during the period including increasing political uncertainty, deteriorating security conditions and a reduction in military and civil aid.

The index resumed its momentum during H2FY12 primarily due to a revision of and subsequent amendment in tax laws through the Finance Act 2012 facilitating the market to peak and close May 2012 at 14,617 points. The main sectors that contributed to the growth in KSE 100 index were from the FMCG, Chemicals, Oil and Gas and Construction sectors.

Chief Executive's Review

Accumulated profit before tax from IID for FY12 fell 10.2% (by Rs. 14.7 million) to Rs. 132 million (FY11: Rs. 146.7 million) of which unrealized / realized losses on investments 'Held for Trading' equal Rs. 1.7 million. IID revenues include dividend income of Rs. 57.5 million on the 'Held for Trading' and 'Available for Sale' portfolio classifications and Rs. 100.5 million on account of reversals of impairment on shares of Shakarganj Mills Limited.

Income from investments in the HFT segment valued an average of Rs. 382.4 million and stood at 9.52% (KSE 100 index rose by 10.45%). Income from investments (excluding strategic investments) on an average investment of Rs. 510.6 million stood at 13.02% (KSE 100 index rose by 10.45%).

The value of investments in marketable securities (excluding strategic investments) amounted to Rs. 497.4 million (FY11: Rs. 490.6 million). During the period under review, shares valuing Rs. 516.4 million were purchased while shares equaling Rs. 513.1 million were sold on account of trading positions.

Financial and Operational Performance based on Consolidated Financial Statements

Consolidated profit after tax and EPS for the Group in FY12 stood at Rs. 471 million and Rs. 8.34 per share (FY11: Rs. 640 million and Rs. 11.33 per share), respectively. The increase in profit after taxation in the consolidated financial statements is due to the accounting treatment used for equity accounted investments and consolidation of the results of Shakarganj Energy (Private) Limited (SEL). During the year, SEL posted profit before tax of Rs. 27.4 million (FY11 Rs. 24.3 million).

The combined share of profits from associates amounted to Rs. 255 million out of which 12.5% equaling Rs. 32 million was contributed by SEL.

Balance Sheet

The balance sheet as per separate financial statements continues to remain healthy with an asset footing of Rs. 4,172.3 million in FY12 (FY11: Rs. 4,054.9 million) and current ratio increased to 1.8:1 (FY11: 1.6:1), reflective of prudent asset-liability management. The break-up value per share has improved to Rs. 54.9 (FY11: Rs. 50.9).

On a Group basis, the consolidated asset footing stood at Rs. 5,079.8 million (FY11: Rs. 4,905.2 million). The break-up value per share has improved to Rs. 70.9 (FY11: Rs. 63.7). The shareholder's fund stood at Rs. 4,007.9 million (FY11: Rs. 3,601.3 million).

Cash Flow Management

Cash generated from operations during the year was up by 40% at Rs. 805.4 million (FY11: Rs. 574.7 million). Net increase in cash and cash equivalents stood at Rs. 300.6 million due to outflows of Rs. 267.7 million used for financing activities. This was offset by inflows of Rs. 288.7 million from operating activities and Rs. 279.6 million from investing activities.

Initiatives

Steel Division

Various improvement projects were successfully completed during the year. The existing facilities were upgraded with state of the art digital control systems and HMI (Human Machine Interface) capabilities. This modernization allows for better control, reduced downtime and the capture of useful data during the pipe manufacturing process. The data is later analyzed and leveraged to improve the production process.

Heat shrink tape coating systems were introduced to the product suite for pipeline coatings. This addition further improves and diversifies our product offering enabling us to penetrate new markets.

These system and product investments are in accordance

with our policies to ensure the highest quality of product and our ambition to maintain our position as market leaders.

Contribution to National Exchequer and Economy

The Company has contributed Rs. 290.3 million towards the national exchequer on account of government levies and taxes (FY11: Rs. 360.3 million).

During the year, the Company manufactured 5,236 tons of steel pipes and 19.8 million lbs. of cotton yarn. Contribution to the economy included Rs. 109.5 million on account of payments to providers of capital, Rs. 112.9 million in the shape of shareholders' returns through cash dividends, and Rs. 238.3 million for employees' remuneration and benefits.

Quality

CSAPL is committed to the highest standards of quality in product delivery with a focus on the customer. We strive to apply cutting edge technology and remain client centric to drive profitability and efficiency, with no compromise on quality. Every year, we make sure incremental improvements are made through specific quality improvement projects that run in parallel with our overall strategic and process improvement initiatives. Effectiveness of our Quality Management System is ensured through an independent quality function.

The company retains its authorization to use API monogram of the American Petroleum Institute. Since its inception in 1987, API signifies the highest international standard accredited for quality of steel line pipes. In 1997, the CSAPL was awarded ISO 9001 Quality Management Standard Certificate which it continues to maintain as ISO 9001:2008.

CSAPL retains ISO 14001:2004 & OHSAS 18001:2007 standards certification awarded in 2010. Obtaining this HSE certification was possible through consistent dedication and hard work of all our people and reinforces our commitment to the highest standards of HSE and Quality.

With quality at the core of everything we do, we have become the first Pakistani Company to have acquired oil and gas industry specific ISO/TS 29001 and API Q1 management system certifications. Our team of young engineers and quality experts are working to obtain the accreditation of Laboratory Management Systems to fulfill requirements of ISO 17025. Pre-assessment activities to have the laboratory internationally accredited

were carried out by PNAC during the year.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is our strategic management-driven initiative that integrates our business, environmental and citizenship activities to uphold our values.

At CSAPL sustainability forms an integral part of our corporate policy and we seek to ensure that the design and execution of the solutions we offer are as sustainable as possible.

Throughout each fiscal year, impact investment activities are carried out at the workplace as well as in the local community. We have developed a community investment strategy with the core aim of helping disadvantaged people achieve economic independence and security through a designed and structured societal investment programme. Our CSR activities are structured around societal, environmental, social and economic objectives.

We believe in giving back to the society where we live and operate and our impact investment strategy allocates 2% to 5% of pretax profit is investment in education, health and social development sectors. The company invested Rs. 22.6 million during the year (FY11: Rs. 21.17 million) in various programmes.

We aspire to be recognized as an innovative, customer-focused company that delivers quality products, ensures excellent careers for its people and contributes positively to the communities in which we live and work. To meet our CSR objectives we believe in developing long-term strategic alliances with our community partners.

Commitment to Education:

The Citizens Foundation (TCF)

The Citizens Foundation is working for the provision of quality education to under privileged children in rural and urban slums through its network of 830 schools units spread across 54 districts in 93 towns and cities of Pakistan. TCF is currently providing quality education to 115,000 children (of which approximately 50% are girls) with an all female faculty of 5,800 teachers - providing employment to over 8,800 people nationwide.

With 15 CSAPL campuses, our seventeen-year journey with TCF has been a tremendous experience. Combined enrolment in these schools is 3,144 children from the most impoverished segments of the Pakistan society - 45% of these children are girls. The 15th schooling unit held its first classes during the year and is located at Bhone, Jhang.

We remain committed to operational support to all TCF-CSAPL schooling units.

Commitment to Health:

The Health Foundation (THF)

THF's main mandate is to educate the public on prevention and management methods of viral hepatitis - a disease that is affecting millions of people in Pakistan. CSAPL supports THF's "A Hepatitis Free Community – Model" project that spans over a period of four years and is to be completed in FY15.

Indus Hospital and Dar us Sakoon

We continue to contribute and support our partners, The Indus Hospital and Dar ul Sukoon through our annual budget allocated for contributions in the Health Sector.

Commitment to Community and the Environment:

WWF - Pakistan

At the head office, 800 Square Feet of office space has been allocated to WWF Pakistan allowing them to free up funds and labor in rent and maintenance so that the organization is able to focus on its core mission. We have enjoyed sharing our facilities with WWF for the past 18 years and are committed to continuing

this partnership to conserve the environment and to instill a culture of care for our planet.

Earth Hour

Earth Hour is the world's largest public environmental action and a global testament of a commitment to protect the planet. Earth Hour was observed at 8:30 pm on Saturday 31 March 2012 and CSAPL with hundreds of millions of people in thousands of cities across the globe participated by switching off unnecessary lights appliances to highlight the threat of climate change to our planet.

We aspire to go beyond Earth Hour to protest climate change both, at the work place and at home to support the global campaign for environmental change.

At CSAPL, we encourage our employees to be active and responsible global citizens who act in an environmentally friendly way when performing everyday tasks that impact our environment. We also encourage our people to take active interest in the community projects that we support and give time off to employees for volunteering for causes that are supported by us.

Paperless CSAPL

Our 'Go Green- Go Paperless' initiative aims to reduce and where possible, recycle paper consumption at the workplace. Through this initiative we hope to a move towards digital storage of documents that are searchable, shareable, editable, and verifiable. CSAPL's paperless initiative is environment friendly, utilizing Digital e-Signatures for internal documentation requirements.

Tree Plantations

At our facilities, we encourage our employees to participate in plantation activities. We have undertaken various initiatives to go green at our facilities in Nooriabad - an arid area on the outskirts of Karachi and our Jaranwala campus. Over the years our plantation size has increased to over 3,000 trees.

Reducing Resource Use: Conserving Energy

We make a conscious effort to conserve energy at our offices, including an employee led effort to voluntary shut down air conditioners for two hours every day, CSAPL participates in an energy management system organized by SMEDA and APTMA.

In FY11, an energy audit was conducted at our Jaranwala facility to help ensure efficient utilization of energy. Based on the recommendations of

that audit, we have installed energy efficient fixtures and are continually exploring new methods of energy conservation.

Clean Water Initiative

During the year a Reverse Osmosis (R.O) plant was installed at our spinning plant in Jaranwala to provide accessible, clean drinking water to our plant workers. Through this initiative, we hope to decrease the spread of water borne diseases such as hepatitis and severe diarrhea.

CSAPL Flood Relief Efforts

CSAPL actively engaged in relief efforts after the August and September 2011 floods left over 5 million displaced across 16 districts of Sindh. Our employees volunteered participation in relief effort, visiting affected areas to distribute ration, clothing and medicines among flood victims in Districts Tandoo Allah Yar, Mir Pur Khas, Guddo and Badin.

Health, Safety and Environment

We impose the highest standards of safety and protection on our staff, the plant and the space in which we operate. The Company is committed to continually improve the work place environment by educating and briefing all its employees, contractors and visitors with regards to Health, Safety and Environment standards.

Through our reporting system we are building a culture in which all employees can discuss safety openly. This is reflected in the growing number of preventive reports, which enable us to take prompt and more effective action to prevent unsafe situations.

We strive to be a step ahead in complying with current legislations, legal and regulatory requirements through an adoption of safe working practices that protect people, property, computing systems, facilities and human health within our boundaries. Outside of our internal safety practices, one of our prime goals is to protect the environment by conserving resources and preventing pollution in a cost effective way.

People

People are central and fundamental to our existence as an enterprise and the success of our business has been achieved through their continuous professionalism and dedication. We strive to engage our people through recognition, to enhance skills development and instill a passion for challenge. Over the years, we have observed that our people have evolved, personally and professionally, and have developed an increased appreciation of their surrounding environment, community and the values championed by CSAPL.

Training, Development and Sustainability

Sustainable development and impact investment is at the core of our business. We support continuous development of our people, their capabilities and skills. We encourage and push our people to pursue professional qualifications and certifications enabling them to achieve further career growth. "Jugnoo Sabaq", an adult literacy programme launched in 2003 is progressing well. The program was initiated to help improve literacy levels among workers at our facilities. Workers lacking basic primary education at the time of induction were enrolled and are schooled through the Jugnoo curriculum. The program has remained committed to its objectives and with every passing year, literacy rates at our facilities are improving.

Succession Planning

Talent management and succession planning is carried out annually. A performance development and retention plan is designed for selected candidates. This process allows us to strategize and develop management roles for the business ensuring that a talented pool of able employees is ready to step up once the need arises.

Governance

The Board places paramount importance on good governance and to this effect has developed effective governance structures through various processes and frameworks. These include "Core values", "Standard of Conduct for Directors", "Standard of Conduct for Employees" and "Policy statement of ethics and business practices" in conformance with the Code of Corporate Governance in Pakistan and International best practices.

Values and ethics exemplify an organisation's relationship with its business and strategic alliances. Governance standards are regularly reviewed and updated to ensure their effectiveness and relevance in line with the long-term objectives of the Company. The Board acknowledges its responsibility for the overall strategy, management, identification of and solution for risks and challenges, sustained business prosperity and safeguarding shareholders' rights.

The Board endorses the Best Practices of the Code of Corporate Governance as an effective tool in discharging these duties in addition to enhancing the timeliness, accuracy, comprehensiveness and transparency of financial and non-financial information through accountability and integrity.

On 28 January 2012, the shareholders elected a seven member Board for a three-year term, which comprises of six Non – Executive Directors (including two Independent Directors) and the Chief Executive. On the same day, an audit committee was also appointed comprising of one Independent and two Non – Executive Directors.

During the year, the Board reconstituted the Human Resource and Remuneration committee that now comprises solely of Non-Executive Directors. Furthermore, a Corporate Governance and Evaluation Committee was formed to assist the Board to discharge its function as well as monitor compliance of the Company's governing principles. The above changes in the Board and its committees were already in place before they were incorporated in the revised Code of Corporate Governance launched by SECP on 10 April 2012 highlighting the forward planning of the Company.

Four meetings of the Board were held during the year

Chief Executive's Review

to review and approve all issues and matters referred by the audit and other committees. The issues discussed included periodical and annual financial statements, corporate and financial reporting framework, corporate strategy, budgets, budget forecasts with actual cash flows, management letters issued by the external auditors, compliance with relevant laws and regulations including amendments during the year, acquisitions and disposals of fixed assets, review of risks identified and their mitigation, accounting and internal control system including IS controls and other significant management issues.

During the year, four Audit Committee meetings were held to review periodical and annual financial statements, audit plans and reports issued by the internal audit function. Two meetings of the Human Resource and Remuneration (HR & R) Committee were held to address changes in the regulatory environment and review policies relating to employee compensation and benefit plans.

The Board of Directors approved the appointment, remuneration and terms and conditions of employment of the Chief Executive Officer, the Chief Financial Officer, the Company Secretary and the Head of Internal Audit. The Chief Executive Officer, the Chief Financial Officer and the Company Secretary did not take part during the discussion in the Board when their respective employment contracts were being discussed.

The Board has formulated and approved long-term strategy at the Corporate and Business Unit levels and placed a strong emphasis on its monitoring. The Board also approves the key metrics upon which the performance of all business segments is measured. At the management level, we have a robust system of monitoring performance of all business segments and overall entity performance. Each functional area has clearly spelt out objectives and key performance indicators. Employee performance measures and incentive compensation plans are linked to meeting the established objectives. Entity performance is measured against a set of 48 financial and non financial metrics that include: key financial ratios and operating statistics, Health & Safety indicators, sustainability indicators, customer and supply chain data, production parameters, a quality index, employee satisfaction results and employee turnover numbers.

The Board continuously reviews and approves its existing policies on rotation basis so that the said policies are reviewed once at least every three years.

Achievements 2012

Top 25 Companies Award (KSE) 2010
The Company's performance was acknowledged by the premier stock exchange of the country by including Crescent Steel and Allied Products Limited in the top 25 companies for second time in last three years. KSE evaluates listed companies on the basis of dividend payout, capital efficiency, profitability, free float of shares, transparency and investor relations, compliance with the listing regulations and good corporate governance. The top 25 companies are selected based on the highest scores obtained on the basis of the aforementioned selection criteria. This award is recognition of our focus on its mission - to continue to add value to share holders and the economy by giving the best returns and continuing to operate as a responsible corporate citizen while meeting the highest level of compliance.

Best Corporate Report Awards 2010 (ICAP & ICMAP)
In continuation with previous years, our Annual Report 2010 received 2nd position in Engineering Sector of "Best corporate Report Award - 2010". The Institute of Chartered Accountants of Pakistan and the Institute of Cost and Management Accountants of Pakistan held the award jointly on

an annual basis. This reflects our focus on excellence in corporate governance and the importance given to transparency, reliability of information and its accurate and timely reporting to our stakeholders.

Award of Excellence – Best Management & Decent Work Practices

Our company participated and secured 1st position in the competition for "Best Management & Decent Work Practices" organized by the Employers' Federation of Pakistan on their 60 years celebrations. The participating organizations were categorized into Multinationals, Public and Private Sector companies. Our Company was the winner in the category of small private sector companies.

Best Practices Award On OSH&E (Occupational Safety, Health and Environment)

The Company also secured 2nd prize in the competition of 7th Employers' Federation of Pakistan Best Practices Award on OSH&E (Occupational Safety, Health and Environment) in the Processing and Allied Sector.

Future prospects and outlook

Our outlook on 2012-13 remains optimistic; we anticipate an improved performance outlook as we expect a healthier order book, and for certain pipeline projects to be completed throughout FY13. The pending LNG Project, if commissioned in FY13, will be supplying gas to the power producing plants in Punjab; a province that has increasingly faced prolonged gas shortages. Coal gasification projects are also being firmed up and, if successful, will lead to increased requirements for gas pipelines.

Significant developments have taken place in the Iran-Pakistan (IP) pipeline project. A pipeline design and construction supervision contract has been awarded; production is expected to commence in H2 2013 and is being targeted for completion by Q4 2014. We are the only Pakistani company to be pre-qualified for the project. Geo-political issues continue to mar the progress on the IP Project. Whether the project will be completed is heavily dependent on how Pakistan tackles the political challenges of going through with the project and the economic challenges it faces due to the crippling power crisis.

Chief Executive's Review

We foresee increasing demand for pipelines as various public and private sector initiatives are at their advanced stages, in the government's effort to expand Pakistan's power generation and distribution capabilities.

On the spinning side, after the arrival of the new cotton crop, prices are expected to decline further in Q2FY13. YoY depreciation of the Pakistan Rupee against the US Dollar is just over 4%, lower than the regional counterparts Bangladesh Taka (11%) and the Indian Rupee (10%). Given the positive yarn export parity and stable market conditions locally, the next quarter is expected to be promising for the spinning sector. CCP's strategy is to explore international markets and develop the yarn export desk to capitalize on higher margins and minimize effects of the loss in production capacity and product offering.

Challenges

Liquidity:
Funding remains a major challenge for our main customers who, like the rest of the energy sector in Pakistan, are grappling with issues of circular debt.

Trade Protection:
In order to protect the local Carbon Steel Pipe Industry North America, Europe and Australia have imposed Antidumping (AD) and Countervailing Duties (CVD) on the import of Carbon Steel Pipes from several countries including China and India.

The US Department of Commerce has "preliminarily determined" that circular welded carbon-quality steel pipes were being sold by certain international manufacturers at 48.43% below fair market value of the product.

Industry and Trade Regulation continues to remain a challenge. Local manufacturers in Pakistan face unfair local and regional competition as large diameter pipe imports are largely unregulated, with just a 5% variance between duties on raw material and finished product. Our market share for FY12 fell to 31.2% (FY11: 44.3%) in the Bare Pipe - 12 inch and above, product segment. The fall in market share was due to an anomalous tariff structure and unabated dumping.

Consequently, the local industry lost 25% of market in FY 12 to (FY11: 20%) to imported products, at a time when the industry was highly underutilized due to lack of orders. We maintained our market share for pipe coatings at 26%.

We have been consistently addressing this issue with EDB and FBR in an attempt to seek trade remedies for the local pipe manufacturing industry.

Major Business Risks and Challenges

The Company is conducting business in a complex and challenging environment and is therefore exposed to a number of external and internal risks that may present threats to its success and profitability. Every business decision taken is based on weighing the associated risks against rewarding opportunities. We take measured risks as we strive to seize business opportunities that are compatible with our policies helping ensure measured sustainable growth.

Risk management is one of the essential elements of the Company's corporate governance and creates a balance between entrepreneurial attitude and risk levels associated with business opportunities. The Company has developed and implemented a comprehensive risk management framework that is integrated with the overall business strategy of the Company. The aim of this system is to identify risks early on as well as to assess, manage, and deal with them. It supports recognition of developments likely to jeopardize the future performance of the Company and helps take pre-emptive action against unnecessary risks.

The risk management system also serves as a means to systematically record business risks of the Company and present them in a transparent and comparable manner. It provides reasonable assurance that our business objectives can be achieved and our obligations to stakeholders; namely, customers, shareholders, employees and the surrounding communities are met with the highest level of compliance and integrity. Risk management is primarily the responsibility of the business managers; however, top management takes responsibility for the oversight of key risks and compliance with legal requirements.

With an explicit understanding that this is not an exhaustive enumeration, the major risks and challenges faced by the Company along with measures taken for their mitigations are set forth below

Major business risks	Mitigating factors / actions in place
Macro economic situation and political instability The overall liquidity position in the economy, fiscal deficit, reduction in PSDP and political instability in the Country may adversely affect the business of our customers, in particular of the Steel segment, thereby indirectly having an impact on the Company's operations.	The Company operates through diversified business segments competing in different industries each with its distinct opportunities and risks. The Company constantly seeks to increase its customer base and product offering to maintain and grow its revenues.
Raw material sourcing / pricing Inability to access raw materials and growth in cost and expenses for raw materials may adversely influence the operations and non-availability of raw materials may lead to liquidated damages. Further, sensitivity in price movements of raw materials may lead to erosion of margins.	The Company aims to use its purchasing power and long term relationships with suppliers to acquire raw materials and safeguard their constant delivery at the best conditions. The supplier base is constantly increased to ensure uninterrupted procurement and reduction in lead times. The Company uses various available means including hedging to minimize any losses due to adverse price movements.

Chief Executive's Review

Major business risks	Mitigating factors / actions in place
Investment risk Adverse stock market developments may affect the profitability and valuation of assets.	The Company has significant investments in marketable securities. To reduce this risk to an acceptably low level, it follows a diversified investment policy and actively manages its portfolio to match the required risk profiles.
Currency risk Exchange rate fluctuations may have an impact on financial results due to reliance on imported raw material.	The Company uses various available means to hedge against currency fluctuations to minimize any resulting exchange losses.
Credit risk Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet their contractual obligations, and arises principally from trade receivables, bank balances, security deposits, markup accrued and investment in debt securities.	To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. The tender approval committee approves sales tenders and credit terms. Where considered necessary, advance payments are obtained from certain parties whereas sales made to major customers are secured through letters of credit. Further, we limit our exposure to credit risk by investing in counterparties that have high credit ratings.
Safety and Security of Asset There is a risk that operational assets of the company may be lost, damaged or made redundant due to theft, fire or any other unforeseen events that will adversely affect the operations of the Company.	The company has designed and implemented high quality standards for safety and security of all the operational assets and compliance with such standards is strictly ensured and monitored. Apart from safety and security policies and procedures, the Company has fully insured all the assets

Major business risks	Mitigating factors / actions in place
	of the Company to safeguard them from any unforeseen adverse event and to reduce the resulting financial and operational loss to a minimum level.
Cost and availability of funds Exhaustion in the steady availability of funds and rise in interest rates may adversely affect liquidity and overall financial conditions.	The significant portion of working capital requirements of the Company is arranged through short term financing. To successfully mitigate these risks, the Company has secured sufficient financing facilities to meet these requirements. Further, the Company's held for trading investments portfolio is also managed to meet the working capital needs, if required.
Internal controls In the absence of effective internal controls, the Company may be exposed to financial irregularities and resultant losses.	A robust internal control system is in place that is continuously monitored by the Company's Internal Audit Function and through other monitoring procedures. The process of monitoring internal controls is an ongoing process with the objective to further strengthen the controls and bring improvements in the system. The controls in place also cover areas ranging from safeguarding of assets, compliance with laws and regulations and accuracy and reliability of records and financial reporting.
Power and gas outage Power and gas shortage may adversely impact the continuity of operations.	Smooth operations of the Company may get affected; in particular, of the Cotton segment which relies primarily on gas generators to meet its power requirements. The Company has made arrangements to

Major business risks	Mitigating factors / actions in place
	provide alternative power source to ensure that operations are carried out uninterrupted and as planned.
Increase in competition through leveraging of technological changes Competitors may be able to identify and implement a major technological step, resulting in product substitution, improvement in their production efficiencies and lower costs. The Company's inability to implement similar steps may make it uncompetitive.	Through corporate agility and strong market sensing, the Company remains abreast with information on product changes, demand and any technological advancements in current manufacturing processes to ensure that the Company at least matches but ideally, exceeds the quality and service performance of competitors. The Company continuously adds to its product and service offering along with constant expansion efforts to meet growing capacity demands and specific product needs.
Employee recruitment and retention Failure to attract and retain the right people may adversely affect the achievement of the Company's growth plans.	A strong emphasis is placed on the Company's human resource and its skill set. We operate the best talent management and human resource instruments to attract, retain, motivate, educate and nurture personnel and staff.

Chief Executive's Review

General

I would like to propose a warm vote of thanks for the proactive role of the Board and its committees in guiding the management in these difficult times. Our employees also deserve a vote of thanks for all of their continued dedication and hard work.

I am pleased to record our appreciation to all the stakeholders and look forward towards their continued support next year.

For and on behalf of the Board of Directors

Ahsan M. Saleem
Chief Executive Officer
28 July 2012

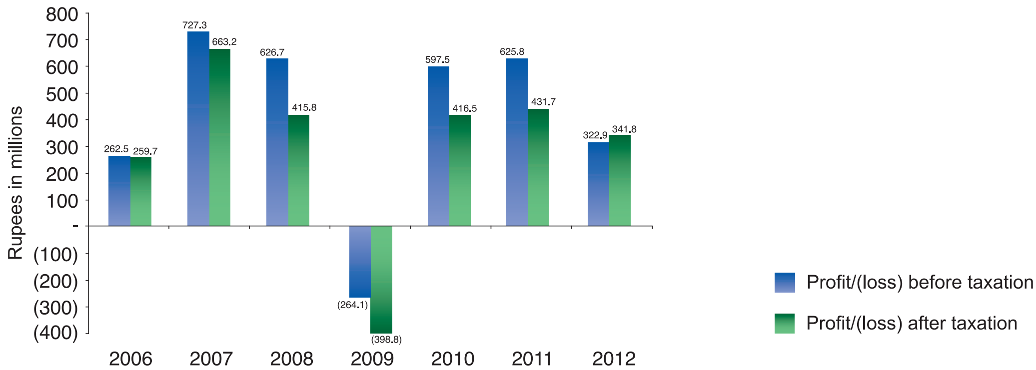
Separate Financial Statements

For the year ended 30 June 2012

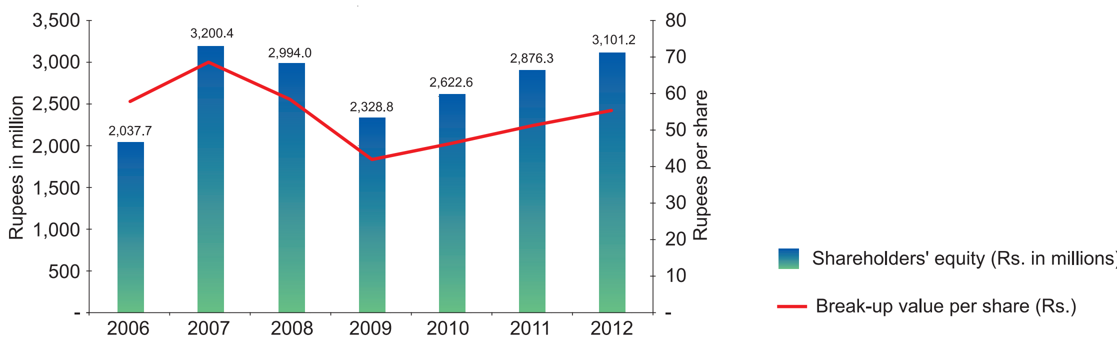
Key Operating and Financial data

For the current and past six financial year(s)

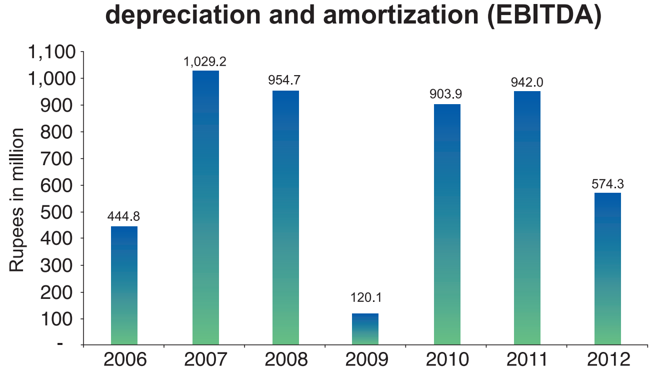
Profit/(loss) before and after taxation



Shareholders' equity and Break-up value per share



Earnings before interest, taxation, depreciation and amortization (EBITDA)



Crescent Steel & Allied Products Ltd.

Key Operating and Financial data

For the current and past six financial year(s)

SUMMARIZED FINANCIAL DATA

A - Summary of Profit and Loss Account (Rupees in millions)

	2012*	2011*	2010*	2009*	2008	2007	2006
Sales - net	3,942.9	4,402.7	3,704.4	3,310.9	4,200.2	2,950.1	1,707.1
Cost of sales	3,434.1	3,592.5	2,887.3	2,597.2	3,303.8	2,439.7	1,566.8
Gross profit	**508.8**	**810.2**	**817.1**	**713.7**	**896.4**	**510.4**	**140.3**
Income from / (loss on) investments - net	67.2	188.6	171.6	(337.9)	73.6	411.4	332.9
Distribution, selling and administrative expenses	210.0	196.1	186.2	143.8	151.0	146.6	118.6
Other operating expenses	65.8	68.1	101.4	331.5	109.7	125.5	21.9
Other operating income	132.2	34.4	18.3	39.0	19.6	107.0	24.6
Operating profit / (loss) before finance costs	**432.4**	**769.0**	**719.4**	**(60.5)**	**728.9**	**756.7**	**357.3**
Finance costs	109.5	143.2	121.9	203.6	153.0	128.5	82.9
Share of profit / (loss) in equity accounted investees - net of taxation	–	–	–	–	50.8	99.1	(11.9)
Profit / (loss) before taxation	**322.9**	**625.8**	**597.5**	**(264.1)**	**626.7**	**727.3**	**262.5**
Taxation	(18.9)	194.1	181.0	134.7	210.9	64.1	2.8
Net income / (loss)	**341.8**	**431.7**	**416.5**	**(398.8)**	**415.8**	**663.2**	**259.7**

B - Summary of Balance Sheet (Rupees in millions)

	2012*	2011*	2010*	2009*	2008	2007	2006
Current assets	1,890.3	1,796.7	2,116.8	1,716.2	2,279.1	2,124.8	1,841.6
Stock-in-trade	586.7	840.6	1,026.6	616.4	606.1	633.5	468.5
Trade debts	368.9	145.1	276.9	83.9	118.7	181.4	75.1
Current liabilities	1,051.2	1,112.8	1,742.1	1,408.2	1,573.1	1,077.1	1,127.1
Trade and other payables	691.9	370.1	871.5	373.9	240.8	435.1	229.9
Property, plant and equipment	666.8	1,020.8	1,061.4	1,224.6	1,233.2	1,306.6	1,381.1
Total assets	4,172.3	4,054.9	4,436.3	3,892.7	4,846.7	4,696.1	3,714.7
Long term financing (excluding current maturity)	19.8	15.4	–	55.9	168.1	354.0	548.3
Deferred liabilities	–	50.4	71.6	99.8	111.5	64.6	1.6
Short term financing (including current maturity of long-term financing)	343.0	719.0	836.4	1,015.3	1,306.4	625.8	876.9
Reserves	2,536.6	2,311.7	2,058.0	1,764.2	2,480.7	2,733.8	1,687.7
Shareholders' equity	3,101.2	2,876.3	2,622.6	2,328.8	2,994.0	3,200.4	2,037.7

C - Summary of Cash Flow Statement (Rupees in millions)

	2012*	2011*	2010*	2009*	2008	2007	2006
Cash and cash equivalents at the beginning of the year	(553.7)	(499.2)	(644.7)	(828.9)	26.3	(153.6)	30.9
Net cash generated from / (used in) operating activities	288.7	111.6	451.3	335.9	565.9	486.0	(88.6)
Net cash inflows / (outflows) from investing activities	279.6	15.5	3.3	70.4	(893.3)	(391.7)	(778.0)
Net cash (outflows) / inflows from financing activities	(267.7)	(181.6)	(309.1)	(222.1)	(527.8)	85.6	682.1
Net (decrease) / increase in cash and cash equivalents	300.6	(54.5)	145.5	184.2	(855.2)	179.9	(184.5)
Cash and cash equivalents at the end of the year	(253.1)	(553.7)	(499.2)	(644.7)	(828.9)	26.3	(153.6)

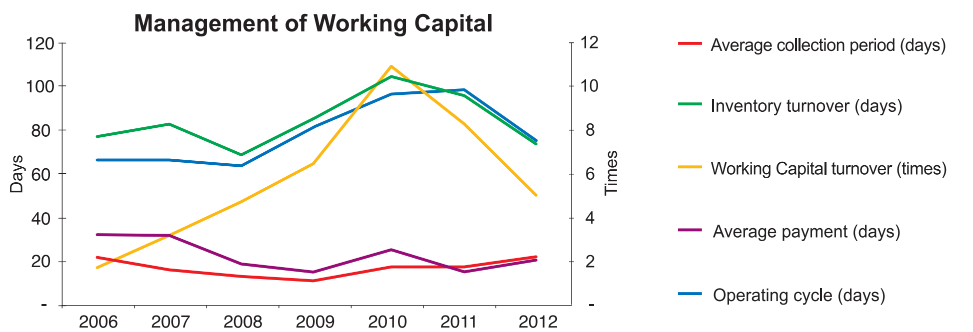
D - Other Data (Rupees in millions)

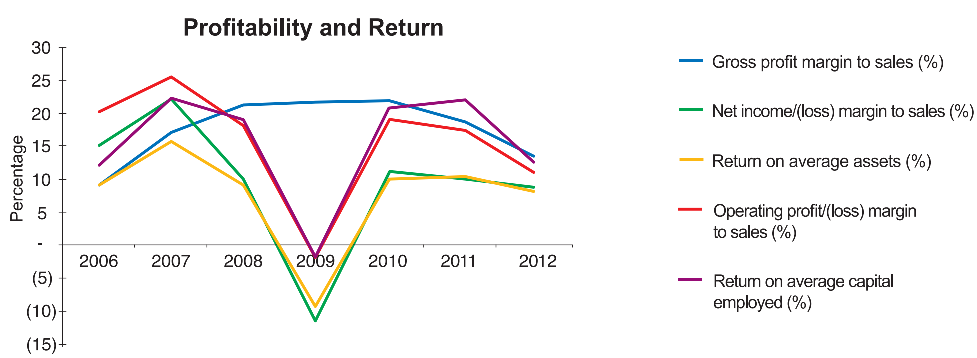
	2012*	2011*	2010*	2009*	2008	2007	2006
Depreciation and amortization	141.9	173.0	184.6	180.6	175.0	173.4	99.4
Capital expenditure	68.2	113.9	34.5	169.1	153.5	126.9	996.5
No. of ordinary shares (no. of shares in millions)	56.5	56.5	56.5	56.5	51.3	46.7	35.0
Payments to National Exchequer	290.3	360.3	360.3	520.4	712.3	303.6	154.9

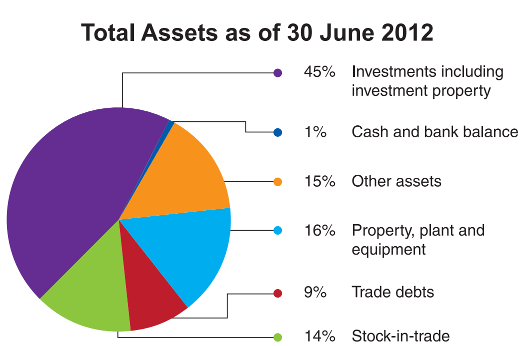
* Note:

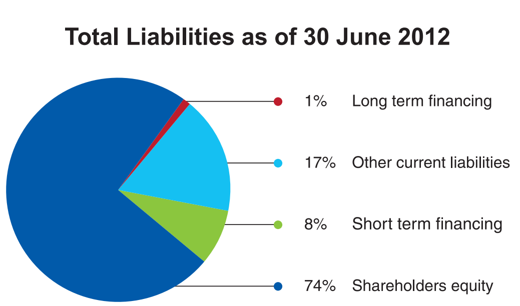
The figures presented in this analysis for the financial years ended 30 June 2012, 2011, 2010 and 2009 are those based on the Company's separate financial staements (please refer to note 3.1 to the financial statements for further information). The figures presented for the financial years prior to 2009 are based on the Company's individual financial statements as published in the annual reports in those respective years.

Key Operating and Financial data
For the current and past six financial year(s)









Crescent Steel & Allied Products Ltd.

Board and its Committees' Meetings

Balance of the Board

		Independent	Dependent	
		Non-Executive Directors	Executive Directors	Non-Executive Directors
1 July 2011		2	1	5
Resignation	Date			
Muhammad Abdul Aleem	05-Oct-11	(1)	–	–
Mohammad Anwar	29-Jan-12	–	–	(1)
Muhammad Saad Thaniana *	29-Jan-12	–	(1)	–
Appointment				
Ahmed Waqar	30-Jan-12	1	–	–
Muhammad Saad Thaniana *	29-Oct-11	–	1	–
30 June 2012		2	1	4

* During the year casual vacancy in the board due to resignation of Mr. Muhammad Abdul Aleem was filled up by the appointment of Mr. Muhammad Saad Thaniana for the remaining term ending 29 January 2012.

Attendance in Meetings

	Board		Audit Committee		HR and Remuneration Committee	
Name of Directors	Required	Attended	Required	Attended	Required	Attended
NON - EXECUTIVE DIRECTORS						
Mr. Mazhar Karim	6	–	–	–	–	–
Mr. Ahmad Waqar	3	3	–	–	–	–
Mr. Mohammad Abdul Aleem	2	2	1	1	–	–
Mr. Muhammad Anwar	3	3	–	–	–	–
Mr. Nasir Shafi	6	5	4	4	–	–
Mr. S.M. Ehtishamullah	6	5	4	4	2	2
Syed Zahid Hussain	6	6	3	3	1	1
Mr. Zahid Bashir	6	5	–	–	1	1
EXECUTIVE DIRECTORS						
Mr. Ahsan M. Saleem	6	6	–	–	1	1

Statement of Compliance with the Code of Corporate Governance

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

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

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Independent Directors
Mr. Ahmad Waqar
Mr. Syed Zahid Hussain

Executive Directors
Mr. Ahsan M. Saleem

Non-Executive Directors
Mr. Mazhar Karim
Mr. Nasir Shafi
Mr. S.M. Ehtishamullah
Mr. Zahid Bashir

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

2. The Directors have confirmed that none of them is serving as a Director in more than seven listed companies, including this company.
3. All the resident Directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or being a member of a Stock Exchange has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurred on the board on 05 October 2011 was filled up by the directors within 30 days.
5. The company has prepared a 'Code of Conduct', and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision, mission and values statement, and significant policies of the Company. A complete record of particulars of significant policies alongwith the dates on which they were approved or amended has been maintained. The corporate strategy of the Company is reviewed and approved by the Board along with the annual plan.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive and non-executive directors, have been taken by the board/shareholders.
8. All the meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board met six times during the year ended 30 June 2012 including once in every quarter to approve the financial statements of the Company. A separate meeting of the Board was held to approve the Annual plan/Budget. Written notices of the Board meetings, alongwith agenda and working papers, were circulated at least seven days prior to the meetings. The minutes of the meetings were appropriately recorded and circulated in time.
9. The directors were apprised about the changes in the CCG , applicable laws and their duties and responsibilities to effectively manage the affairs of the company for and on behalf of the shareholders.

The directors of the Company having 15 years of experience on the board of a listed company are exempted from the requirement of directors' training program. All the board members except one director qualify for exemption under this provision of the CCG. The Company will, however, arrange training

Statement of Compliance with the Code of Corporate Governance

programs for all directors as provided under the CCG.

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

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

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

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

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

15. The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive Directors and the Chairman of the Committee is an independent director.

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

17. The board has formed an HR and Remuneration Committee. It comprises 3 members, all of whom are non-executive directors and the chairman of the committee is an independent director.

18. The Board has set-up an effective internal audit function. This function has been outsourced to BDO Ebrahim & Co., Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company, and they (or their representatives) are involved in the internal audit function on a full time basis.

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

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

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

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all other material principles enshrined in the CCG have been complied with.

By order of the Board

Ahsan M. Saleem
Chief Executive Officer
28 July 2012

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi 75530 Pakistan

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Fax +92 (21) 3568 5095
Internet www.kpmg.com.pk

Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Crescent Steel and Allied Products Limited** ("the Company") to comply with the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges where the company is listed.

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

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

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

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

KPMG Taseer Hadi & Co

KPMG Taseer Hadi & Co.
Chartered Accountants.
Moneeza Usman Butt

28 July 2012
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi 75530 Pakistan

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Auditors' Report to the Members

We have audited the annexed balance sheet of Crescent Steel and Allied Products Limited ("the Company") as at 30 June 2012 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2012 and of the profits, its cash flows and changes in equity for the year then ended; and

d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

KPMG Taseer Hadi & Co

KPMG Taseer Hadi & Co.
Chartered Accountants.
Moneeza Usman Butt

28 July 2012
Karachi

Balance Sheet
As at 30 June 2012

	Note	2012	2011
		(Rupees in '000)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
100,000,000 ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid-up capital	7	564,600	564,600
Capital reserves		377,302	353,007
Revenue reserves		2,159,343	1,958,719
		3,101,245	2,876,326
Non-current liabilities			
Liabilities against assets subject to finance lease	8	19,811	15,362
Deferred taxation	18	–	50,357
		19,811	65,719
Current liabilities			
Trade and other payables	9	691,904	370,138
Mark-up accrued	10	16,262	23,735
Short term borrowings	11	334,958	706,966
Current portion of liabilities against assets subject to finance lease	8	8,073	11,987
		1,051,197	1,112,826
Contingencies and commitments	12		
Total equity and liabilities		4,172,253	4,054,871

Crescent Steel & Allied Products Ltd.

Balance Sheet
As at 30 June 2012

	Note	2012	2011
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	13	666,793	1,020,812
Intangible assets	14	1,617	12,964
Investment property	15	35,632	40,234
Long term investments	16	1,321,397	1,168,777
Long term loans and deposits	17	243,867	15,348
Deferred taxation	18	12,606	–
		2,281,912	2,258,135
Current assets			
Stores, spares and loose tools	19	65,860	66,217
Stock-in-trade	20	586,720	840,571
Trade debts	21	368,930	145,072
Loan and advances	22	137,895	103,765
Trade deposits and short term prepayments	23	5,471	5,803
Investments	24	497,414	490,605
Current portion of long term investments	25	25,320	23,974
Mark-up accrued	26	16,989	2,807
Other receivables	27	29,318	60,264
Taxation - net	28	93,090	41,140
Cash and bank balances	29	63,334	16,518
		1,890,341	1,796,736
Total assets		4,172,253	4,054,871

The annexed notes from 1 to 50 form an integral part of these financial statements.

Chief Executive

Director

Profit and Loss Account
For the year ended 30 June 2012

	Note	2012	2011
		(Rupees in '000)	
Sales - net	30	3,942,869	4,402,706
Cost of sales	31	3,434,086	3,592,487
Gross profit		508,783	810,219
Income from investments	32	67,235	188,635
		576,018	998,854
Distribution and selling expenses	33	46,098	38,806
Administrative expenses	34	163,942	157,292
Other operating expenses	35	65,806	68,050
		275,846	264,148
		300,172	734,706
Other operating income	36	132,210	34,376
Operating profit before finance costs		432,382	769,082
Finance costs	37	109,514	143,172
Profit before taxation		322,868	625,910
Taxation	38	(18,906)	194,121
Profit after taxation		341,774	431,789
		(Rupees)	
Basic and diluted earnings per share	39	6.05	7.65

The annexed notes from 1 to 50 form an integral part of these financial statements.

Chief Executive

Director

Crescent Steel & Allied Products Ltd.

Statement of Comprehensive Income
For the year ended 30 June 2012

	Note	2012	2011
		(Rupees in '000)	
Profit after taxation		341,774	431,789
Other comprehensive income			
Unrealized appreciation / (diminution) during the year on remeasurement of investments classified as 'available for sale'		5,261	(8,695)
Impairment loss on investments classified as 'available for sale'	24.1.1 & 24.2.4	19,034	–
Other comprehensive income		24,295	(8,695)
Total comprehensive income		366,069	423,094

The annexed notes from 1 to 50 form an integral part of these financial statements.

Chief Executive

Director

Cash Flow Statement
For the year ended 30 June 2012

	Note	2012	2011
		(Rupees in '000)	
Cash flows from operating activities			
Cash generated from operations	40	805,414	574,721
Taxes paid		(109,417)	(251,215)
Finance costs paid		(116,424)	(153,635)
Contribution to gratuity and pension funds		(11,253)	(16,699)
Contribution to Workers' Profit Participation Fund		(25,862)	(28,666)
Payment of infrastructure fee		(23,188)	–
Compensated absences paid		(1,071)	(10)
10-C bonus paid		(874)	(842)
Long term loans and deposits - net		(228,594)	(12,050)
Net cash generated from operating activities		288,731	111,604
Cash flows from investing activities			
Capital expenditure		(68,200)	(113,938)
Acquisition of intangible assets		–	(41)
Proceeds from disposal of operating fixed assets		1,435	9,199
Proceeds from asset subject to Insurance claim		304,961	–
Investments - net		(24,599)	51,290
Dividend income received		56,939	60,964
Interest income received		9,017	8,013
Net cash inflows from investing activities		279,553	15,487
Cash flows from financing activities			
Repayments against long term loan		–	(56,250)
Proceeds from disposal of operating fixed assets under sale and leaseback arrangement		4,980	21,363
Payments against finance lease obligations		(13,728)	(1,428)
(Repayments against short term loans) / proceeds from short term loans obtained - net		(118,239)	9,374
Dividends paid		(140,712)	(154,615)
Net cash outflows from financing activities		(267,699)	(181,556)
Net increase / (decrease) in cash and cash equivalents		300,585	(54,465)
Cash and cash equivalents at beginning of the year		(553,661)	(499,196)
Cash and cash equivalents at end of the year	41	(253,076)	(553,661)

The annexed notes from 1 to 50 form an integral part of these financial statements.

Chief Executive

Director

Crescent Steel & Allied Products Ltd.

Statement of Changes in Equity
For the year ended 30 June 2012

	Issued, subscribed and paid-up capital	Capital reserve: Share Premium	Capital reserve: Unrealized appreciation / (diminution) on remeasurement of investments classified as 'available for sale'	Revenue reserves: General reserve	Revenue reserves: Unappro-priated (loss) / profit	Total
	(Rupees in '000)					
Balance as at 1 July 2010	**564,600**	**349,959**	**11,743**	**1,842,000**	**(145,690)**	**2,622,612**
Total comprehensive income for the year ended 30 June 2011						
Profit after taxation	–	–	–	–	431,789	431,789
Other comprehensive income						
Unrealized diminution during the year on remeasurement of investments classified as 'available for sale'	–	–	(8,695)	–	–	(8,695)
	–	–	(8,695)	–	–	(8,695)
	–	–	(8,695)	–	431,789	423,094
Transactions with owners						
Dividend:						
- Final @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2010	–	–	–	–	(56,460)	(56,460)
- First interim @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2011	–	–	–	–	(56,460)	(56,460)
- Second interim @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2011	–	–	–	–	(56,460)	(56,460)
	–	–	–	–	(169,380)	(169,380)
Balance as at 30 June 2011	**564,600**	**349,959**	**3,048**	**1,842,000**	**116,719**	**2,876,326**
Total comprehensive income for the year ended 30 June 2012						
Profit after taxation	–	–	–	–	341,774	341,774
Other comprehensive income						
Unrealized appreciation during the year on remeasurement of investments classified as 'available for sale'	–	–	5,261	–	–	5,261
Impairment loss on investments classified as 'available for sale'	–	–	19,034	–	–	19,034
	–	–	24,295	–	–	24,295
	–	–	24,295	–	341,774	366,069
Transactions with owners						
Dividend:						
- Final @ 15% (i.e. Rs. 1.5 per share) for the year ended 30 June 2011	–	–	–	–	(84,690)	(84,690)
- First interim @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2012	–	–	–	–	(56,460)	(56,460)
	–	–	–	–	(141,150)	(141,150)
Balance as at 30 June 2012	**564,600**	**349,959**	**27,343**	**1,842,000**	**317,343**	**3,101,245**

The annexed notes from 1 to 50 form an integral part of these financial statements.

Chief Executive

Director

Notes to the Financial Statements
For the year ended 30 June 2012

1. THE COMPANY AND ITS OPERATIONS

1.1 Crescent Steel and Allied Products Limited ("the Company") was incorporated on 1 August 1983 as a public limited company in Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984) and is quoted on all stock exchanges of Pakistan. The registered office of the Company is located at 10th floor, BOP Tower, 10-B, Block E-2, Main Boulevard, Gulberg-III, Lahore.

1.2 The Company's steel segment is one of the down stream industries of Pakistan Steel Mills, manufacturing large diameter spiral arc welded steel line pipes at Nooriabad (District Dadu). The Company has a coating facility capable of applying three layer high density polyethylene coating on steel line pipes. The coating plant commenced commercial production from 16 November 1992.

1.3 The Company acquired a running spinning unit of 14,400 spindles (now 19,680 spindles) at Jaranwala (District Faisalabad) on 30 June 2000 from Crescent Jute Products Limited. Another spinning unit CCP-II was added with 25,344 spindles in 2006 (currently not operational). The cotton spinning activity is carried out by the Company under the name and title of "Crescent Cotton Products a division of Crescent Steel and Allied Products Limited".

1.4 Details about the Company's investment in subsidiaries and associates are stated in notes 16.1 and 16.2.

2. SIGNIFICANT EVENT DURING THE YEAR

2.1 On 7 January 2012, a major fire broke out in the main production area of the Spinning Unit No.2 (comprising of 25,344 spindles) of the Cotton segment of the Company situated in Jaranwala. This caused damage to the entire production area including building, plant & machinery, equipment and work in process. The above assets are fully insured and the Company had lodged insurance claim in respect of loss of work in process and damage to building, plant & machinery and equipment. The claim lodged as stated above is under assessment and verification.

3. BASIS OF PREPARATION

3.1 Separate financial statements

These financial statements are the separate financial statements of the Company in which investments in subsidiaries and associates are accounted for on the basis of direct equity interest rather than on the basis of reported results and net assets of the investees. Consolidated financial statements of the Company are prepared separately.

3.2 Statement of compliance

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

3.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except for investments classified as held for trading and available for sale which are stated at fair value and obligations in respect of gratuity and pension schemes which are measured at present value.

3.4 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the Company's functional currency and has been rounded to the nearest thousand.

4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are set forth below.

Property, plant and equipment

The Company reviews the rates of depreciation, useful lives, residual values and values of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

Intangible assets

The Company reviews the rate of amortization and value of intangible assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of intangible assets with a corresponding effect on the amortization charge and impairment.

Investment stated at fair value

Management has determined fair value of certain investments by using quotations from active market conditions and information about the financial instruments. These estimates are subjective in nature and involve some uncertainties and matters of judgment (e.g. valuation, interest rate, etc.) and therefore, cannot be determined with precision.

Held to maturity investments

The Company has classified certain investments as held to maturity. In this regard, judgement is involved in evaluating the intention and ability to hold these investments till their respective maturities.

Stock-in-trade and stores, spares and loose tools

The Company reviews the net realizable value of stock-in-trade and stores, spares and loose tools to assess any diminution in their respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade and stores, spares and loose tools with a corresponding effect on the amortization charge and impairment. Net realizable value is determined with respect to estimated selling price less estimated expenditure to make the sale.

Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 43 to these financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Changes in these assumptions in future years may affect the liability under these schemes in those years.

Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax laws and the decisions of appellate authorities on certain issues in the past.

5. AMENDMENTS / INTERPRETATION TO EXISTING STANDARD AND FORTHCOMING REQUIREMENTS

5.1 Standards, amendments or interpretations which became effective during the year

During the year certain amendments to Standards or new interpretations became effective, however, the amendments or interpretation did not have any material effect on the financial statements of the Company

5.2 New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards are only effective for annual periods beginning from the dates specified below. Except for the amendment in International Accounting Standard (IAS) 19 which results in immediate recognition of actuarial gains or losses and revised basis of calculation for net finance costs, these standards are either not relevant to the Company's operations or are not expected to have a significant impact on the Company's financial statements, other than increased disclosures in certain cases:

- Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after 1 January 2012). The amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation.

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments:

Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

- Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following standards, with consequential amendments to other standards and interpretations.

  IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements.

  IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment.

  IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction.

  IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the preparation of these financial statements are set forth below and have been applied consistently to all years presented.

6.1 Property, plant and equipment and depreciation

Owned assets

Property, plant and equipment, except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land and capital work-in-progress are stated at cost.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other cost directly attributable to bringing the assets to a working condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs.

Subsequent cost
The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Company and its cost can be measured reliably. The carrying amount of the part so replaced is derecognized. The costs relating to day-to-day servicing of property, plant and equipment are recognized in profit and loss account as incurred.

Depreciation
Depreciation is charged to income on a straight line basis at the rates specified in note 13.1 to these financial statements. Depreciation on additions to property, plant and equipment is charged from the month in which an item is acquired or capitalized while no depreciation is charged for the month in which the item is disposed off.

The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Disposal
The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Leased assets
Upon initial recognition, an asset acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments, each determined at the inception of the lease. Subsequent to initial recognition, the asset is stated at the amount determined at initial recognition less accumulated depreciation and impairment losses, if any.

Depreciation is charged on the same basis as used for owned assets.

Impairment
The carrying amount of property, plant and equipment is reviewed at each balance sheet date to determined whether there is any indication of impairment. If any such indication exists then the assets recoverable amount is estimated. The recoverable amount is the greater of its value in use and fair value less cost to sell. An impairment is recognized if the carrying amount exceed its estimated recoverable amount.

6.2 Intangible assets

Intangible assets acquired by the Company are stated at cost less accumulated amortization and impairment losses, if any.

Subsequent expenditure

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Amortization

Amortization is charged to the income statement on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Amortization on additions to intangible assets is charged from the month in which an item is acquired or capitalized while no amortization is charged for the month in which the item is disposed off.

Impairment

All intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Where the carrying amount of an asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount. The carrying amount of other intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exist than the assets recoverable amount is estimated. The recoverable amount is the greater of its value and fair value less cost to sell. An impairment is recognized if the carrying amount exceed its estimated recoverable amount.

6.3 Investment property

Investment property, principally comprising of land and buildings, is held for long term rental yields / capital appreciation. The investment property of the Company comprises of land and buildings and is valued using the cost method i.e. at cost less any accumulated depreciation and impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs.

Depreciation is charged to profit on the straight line method so as to allocate the depreciable amount over its estimated useful life. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalized while no depreciation is charged for the month in which the property is disposed off.

The residual values and useful lives of investment property are reviewed at each balance sheet date and adjusted if impact on depreciation is significant.

The Company assesses at each balance sheet date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future period to allocate the asset's revised carrying amount over its estimated useful life.

The gain or loss on disposal of investment property represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as income or expense.

6.4 Investments

Investments in subsidiaries
Investments in subsidiaries are stated at cost less accumulated impairment, if any.

Investments in associates
Investments in associates are stated at cost less accumulated impairment, if any.

Financial assets at fair value through profit or loss
A non-derivative financial asset is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Investments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognized in the profit and loss account when incurred. Investments at fair value through profit or loss are measured at fair value, and changes therein are recognized in the profit and loss account.

Held to maturity investments
Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has positive intention and ability to hold to maturity.

Investments classified as held to maturity are recognized initially at fair value, plus attributable transaction costs. Subsequent to initial recognition, these are stated at amortized cost with any difference between cost and redemption value being recognized in the profit and loss account over the period of the investments on an effective yield method.

Loans and receivables

Loans and receivables are recognized initially at fair value, plus attributable transaction costs. Subsequent to initial recognition, loans and receivables are stated at amortized cost with any difference between cost and redemption value being recognized in the profit and loss account over the period of the investments on an effective yield method.

Available for sale investments

Other investments not covered in any of the above categories including investments in associates in which the Company has no significant influence are classified as being available for sale and are initially recognized at fair value plus attributable transactions costs. Subsequent to initial recognition these are measured at fair value, with any resultant gain or loss being recognized in other comprehensive income. Gains or losses on available for sale investments are recognized in other comprehensive income until the investments are sold or disposed off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in other comprehensive income is included in current period's profit and loss account.

Fair value of listed securities are the quoted prices on stock exchange on the date it is valued. Unquoted securities are valued at cost.

The Company follows trade date accounting for regular way purchase and sale of securities, except for sale and purchase of securities in the future market.

Impairment

The carrying amount of all investments, other than those at fair value through profit or loss, is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the investment is estimated which is higher of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount and is charged to profit and loss account. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of initial cost of investment. A reversal of impairment loss is recognized in the profit and loss account.

Derivative financial instruments

The Company enters into derivative financial instruments, which include future contracts in stock market. Derivatives are initially recorded at fair value and are remeasured to fair value on subsequent balance sheet dates. The fair value of a derivative is equivalent to the unrealized gain or loss from marking to market the derivative using prevailing market rates. Derivatives with positive market values (unrealized gains) are included in other receivables and derivatives with negative market values (unrealized losses) are included in other liabilities in the balance sheet. The resultant gains and losses from derivatives held for trading purposes are recognized in the profit and loss account. No derivative is designated as hedging instrument by the Company.

6.5 Non-current assets held for sale

Non-current assets or disposal groups comprising of assets or liabilities that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets or components of a disposal group, are remeasured in accordance with Company's accounting policies. Thereafter these are measured at lower of their carrying amount and fair value less costs to sell.

6.6 Stores, spares and loose tools

Stores, spares and loose tools are valued at lower of weighted average cost and net realizable value, less provision for impairment, if any. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

Provision for obsolete and slow moving stores, spares and loose tools is determined based on management's estimate regarding their future usability.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to be incurred to make the sale.

Spare parts of capital nature which can be used only in connection with an item of property, plant and equipment are classified as fixed assets under the 'plant and machinery' category and are depreciated over a time period not exceeding the useful life of the related assets.

6.7 Stock-in-trade

Stock-in-trade is stated at the lower of cost and net realizable value. Cost is arrived at on a weighted average basis. Cost of work-in-process and finished goods include cost of materials and appropriate portion of production overheads. Net realizable value is the estimated selling price in the ordinary course of business less costs of completion and selling expenses. The cost of finished goods of Steel segment is measured on the specific identification method. Scrap stocks are valued at their estimated net realizable value.

6.8 Trade debts and other receivables

These are initially stated at fair value and subsequently measured at amortized cost using the effective interest rate method less provisions for any uncollectible amounts. An estimate is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written off.

Notes to the Financial Statements
For the year ended 30 June 2012

6.9 Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of cash flow statement.

6.10 Employee benefits

6.10.1 Compensated absences

The Company accounts for all accumulated compensated absences when employees render services that increase their entitlement to future compensated absences.

6.10.2 Post retirement benefits

6.10.2.1 Defined contribution plan - Provident fund

The Company operates a provident fund scheme for its permanent employees. Equal monthly contributions are made by the Company and its employees. Obligation for contributions to the fund are recognized as an expense in the profit and loss account when they are due.

Cotton segment

Provision and collection from employees are made at the rate of 6.25% of basic pay plus Cost Of Living Allowance (COLA) of Cotton segment employees. A trust has been established and its approval has been obtained from the Commissioner of Income Tax.

All employees except Cotton segment

Contributions to the fund are made at the rate of 8.33% of basic pay plus COLA for those employees who have served the Company for a period of less than five years and after completion of five years, contributions are made at the rate of 10%.

6.10.2.2 Defined benefit plans

Pension and gratuity fund schemes

The Company operates pension and gratuity fund schemes for its permanent management employees as per the terms of employment. The pension scheme provides life time pension to retired employees or to their spouses.

Contributions are paid to the pension and gratuity funds on the basis of actuarial recommendations. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses which exceed 10% of the greater of the present value of the Company's obligations and the fair value of plan assets are amortized over the expected average remaining working lives of the eligible employees. Past service cost is recognized immediately to the extent that the benefits are already vested. For non-vested benefits past service cost is amortized on a straight line basis over the average period until the amended benefits become vested.

Amounts recognized in the balance sheet represent the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost and as reduced by the fair value of plan assets. Any assets resulting from this calculation is limited to the unrecognized actuarial losses and unrecognized past service cost plus the present value of available refunds and reductions in future contributions to the plan.

6.11 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at fair value, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the profit and loss account over the period of the borrowings on an effective interest basis.

6.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Company. All other leases are classified as operating leases.

Assets held under finance leases along with corresponding lease liabilities are initially recognized at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance costs and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recognized in the profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalized as more fully explained in note 6.16 below.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

In the context of sale and leaseback transactions, where a sale and leaseback transaction is classified as a finance lease, any excess of the sale proceeds over the carrying values is deferred and recognized in the profit and loss account over the lease term. Any loss representing the excess of the carrying values over the sale proceeds is recognized immediately in the profit and loss account.

Notes to the Financial Statements
For the year ended 30 June 2012

6.13 Trade and other payables

Trade and other amounts payable are recognized initially at fair value and subsequently carried at amortized cost.

6.14 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any.

Deferred

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted at the balance sheet date.

Deferred tax liabilities are recognized for all taxable temporary differences. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

6.15 Revenue recognition

Revenue from sales is recognized when significant risks and rewards of ownership are transferred to the buyer.

Interest income is recognized on an accrual basis using the effective interest method.

Dividend income is recognized when the right to receive the same is established i.e. the book closure date of the investee company declaring the dividend.

Gains and losses on sale of investments are accounted for when the commitment (trade date) for sale of security is made.

Unrealized gains and losses arising on revaluation of securities classified as 'held for trading' are recognized in the profit and loss account in the period in which they arise. Gains and losses arising on revaluation of derivatives to the fair value are also recognized in the profit and loss account.

Rental income (net of any incentives given to lessees) from investment property is recognized on a straight line basis over the lease term.

Miscellaneous income is recognized on receipt basis.

6.16 Borrowing costs

Borrowing costs incurred on long term finances directly attributable for the construction / acquisition of qualifying assets are capitalized up to the date the respective assets are available for intended use. All other mark-up, interest and other related charges are taken to the profit and loss account currently.

6.17 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

6.18 Impairment

The carrying amount of the Company's assets is reviewed at each balance sheet date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset's or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account.

6.19 Foreign currency translation

Foreign currency transactions are translated into Pakistan Rupees at exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing at the balance sheet date. Exchange differences, if any, are recognized in profit and loss account.

6.20 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amount and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

6.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of its business units separately for the purpose of making decisions regarding resource allocation and performance assessment.

Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis. Segment assets consist primarily of property, plant and equipment, intangibles, stores, spares and loose tools, stock-in-trade and trade debts and other receivables. Segment liabilities comprise of operating liabilities and exclude items such as taxation and corporate.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets.

6.22 Proposed dividend and transfer between reserves

Dividend distributions to the Company's shareholders are recognized as a liability in the period in which dividends are approved. Transfer between reserves made subsequent to the balance sheet date is considered as a non-adjusting event and is recognized in the financial statements in the period in which such transfers are made.

7. ISSUED, SUBSCRIBED AND PAID-UP-CAPITAL

2012	2011		2012	2011
(Number of shares)			(Rupees in '000)	
22,230,188	22,230,188	Ordinary shares of Rs. 10 each fully paid in cash	222,302	222,302
34,229,805	34,229,805	Ordinary shares of Rs. 10 each issued as bonus shares	342,298	342,298
56,459,993	56,459,993		564,600	564,600

7.1 Ordinary shares of the Company held by related parties as at year end are as follows :

	2012		2011	
	(Percentage of holding)	(Number of shares)	(Percentage of holding)	(Number of shares)
Crescent Sugar Mills & Distillery Limited	0.02%	13,147	0.02%	13,147
Crescent Steel and Allied Products Limited - Gratuity Fund	0.99%	557,989	0.83%	466,353
Crescent Steel and Allied Products Limited - Pension Fund	1.95%	1,102,245	1.61%	910,504
Crescent Steel and Allied Products Limited - Staff Provident Fund	0.71%	400,200	0.71%	400,200
Crescent Cotton Products - Staff Provident Fund	0.57%	323,418	0.01%	4,400
Muhammad Amin Muhammad Bashir Limited	0.00%	618	0.00%	618
Premier Insurance Limited	0.04%	24,500	0.08%	44,500
Shakarganj Mills Limited	4.82%	2,720,062	4.82%	2,720,062
The Crescent Textile Mills Limited	11.00%	6,209,676	11.00%	6,209,676

8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Minimum lease payments		Future finance costs		Present value of minimum lease payments	
	2012	2011	2012	2011	2012	2011
	(Rupees in '000)					
Not later than one year	11,171	15,049	3,098	3,062	8,073	11,987
Later than one year and not later than five years	21,391	17,272	1,580	1,910	19,811	15,362
	32,562	32,321	4,678	4,972	27,884	27,349
Less: Current portion shown under current liabilities					8,073	11,987
					19,811	15,362

8.1 The Company has entered into finance lease arrangements with leasing companies for lease of plant and machinery and motor vehicles. The lease term of these arrangments is three years (2011: three years) and the liability is payable by the year 2015. The periodic lease payments include built-in rates of mark-up ranging between 18.50% to 20.25% (2011: 19.29% to 20.25%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 14.128 million (2011: Rs. 20.285 million) which pertains to obligations arising from sale and leaseback of assets.

The Company intends to exercise its options to purchase the leased assets upon completion of the lease term. The Company's obligations under these arrangements are secured by the lessor's title to the leased assets.

9. TRADE AND OTHER PAYABLES

		2012	2011
		(Rupees in '000)	
Trade creditors		45,612	40,715
Bills payable		35,584	12,687
Commission payable		6,133	5,923
Customer's security deposits		200	500
Accrued liabilities	9.1	64,274	77,424
Advances from customers		106,282	25,776
Provisions	9.2	82,864	91,699
Due to related parties	9.3	35	1,364
Payable against purchase of investments		–	1,508
Payable to provident fund		183	72
Payable to staff retirement benefit funds	43	367	–
Retention money		140	188
Sales Tax payable		19,881	106
Special Excise Duty payable		–	946
Withholding tax payable		238	309
Workers' Profit Participation Fund	9.4	15,376	25,862
Workers' Welfare Fund		3,755	13,524
Unclaimed dividend		65,930	65,492
Advance against Insurance Claim	9.5	235,952	–
Others		9,098	6,043
		691,904	370,138

9.1 Accrued liabilities

		2012	2011
		(Rupees in '000)	
Salaries, wages and other benefits		14,979	17,802
Accrual for 10-C bonus		4,982	4,960
Compensated absences		10,019	9,122
Others	9.1.1	34,294	45,540
		64,274	77,424

9.1.1 This includes an amount of Rs. 10 million (2011: Rs. 10 million) allocated by the Company for formation of a fund for staff welfare, the registration requirements in respect of which are in process as at 30 June 2012.

9.2 Movement in provisions

	Infrastructure fee	Sales Tax	Liquidated damages	Total
	(Rupees in '000)			
	(Note 9.2.1)	(Note 9.2.2)	(Note 9.2.3)	
Opening balance as at 1 July 2011	67,300	3,242	21,157	91,699
Provision for the year	5,419	–	8,934	14,353
Payments during the year	(23,188)	–	–	(23,188)
Trade debts written off against provision	–	–	–	–
Closing balance as at 30 June 2012	49,531	3,242	30,091	82,864

9.2.1 This provision has been recognized against infrastructure fee levied by the Government of Sindh through Sindh Finance (Amendment) Ordinance, 2001. The Company has contested this issue in the High Court. The Company filed an appeal in the Supreme Court against the judgement of the High Court dated 15 September 2008 partly accepting the appeal by declaring that the levy and collection of infrastructure fee prior to 28 December 2006 was illegal and ultra vires and after that it was legal. Additionally, the Government of Sindh also filed appeal against the part of judgement decided against them.

The above appeals were disposed off in May 2011 with a joint statement of the parties that, during the pendency of the appeal, another law came into existence which was not subject matter in the appeal, therefore, the decision thereon be first obtained from the High Court before approaching the Supreme Court with the right to appeal. The petition was filed in the High Court in respect of the above view. During the pendency of the appeal an interim arrangement was agreed whereby bank guarantee furnished for consignments cleared upto 27 December

2006 were returned. Bank guarantees were furnished for 50% of the levy for consignment released subsequent to 28 December 2006 while payment was made against the balance amount. Similar arrangement continued for the consignments released during the current year.

Under the arrangement if the Company succeed in the petition, Government of Sindh will refund the amount subject to their right to appeal before Honourable Supreme Court. To date the Company has provided bank guarantees amounting to Rs. 23.188 million (2011: Rs. 70.750 million) in favour of Excise and Taxation Department. Based on the legal advice, the management believes that the chance of success in the petition is in the Company's favor. Current year charge has been estimated on the value of imports during the year and forms a component of cost of such imported raw materials. Any subsequent adjustment with respect to increase or decrease in the estimate has been recognized in profit and loss account.

9.2.2 These have been made against sales tax claims long outstanding with the sales tax department.

9.2.3 The provision has been recognized on account of liquidated damages claimed by a customer on delayed supply of goods. The Company is in the process of negotiating this matter and expects that this may be resolved. However, on a prudent basis full provision has been recognized.

9.3 This represents expenses incurred by related parties on behalf of the Company.

9.4 Workers' Profit Participation Fund

		2012	2011
		(Rupees in '000)	
Opening balance as at 1 July		25,862	28,666
Allocation for the year	35	14,813	25,862
Mark-up on funds utilized in the Company's business	37	563	540
		41,238	55,068
Amount paid to the trustees of the fund		(25,862)	(29,206)
Closing balance as at 30 June		15,376	25,862

9.5 This represents claim against certain assets for which the Company is currently under negotiation with insurance company for ascertaining final settlement amount.

10. MARK-UP ACCRUED

	2012	2011
	(Rupees in '000)	
Mark-up accrued on :		
- Finance lease obligations	102	3
- Running finance and short term loans	16,160	23,732
	16,262	23,735

11. SHORT TERM BORROWINGS

		2012	2011
Secured from banking companies			
Running finances under mark-up arrangements	11.1	316,410	570,179
Short term loans / Murabaha	11.2	18,548	136,787
		334,958	706,966

11.1 Short term running finance available from various commercial banks under mark-up arrangements amounted to Rs. 500 million (2011: Rs. 844 million) out of which Rs. Nil (2011: Rs. 500 million) is interchangeable with Term Finance / Demand Finance and letters of credit. During the year, mark-up on such arrangements ranged between 13.92% to 16.56% (2011: 13.44% to 16.65%) per annum.

11.2 Short term loan / Murabaha financing available from various commercial banks under mark-up arrangements amounted to Rs. 1,100 million (2011: Rs. 1,000 million) out of which Rs. 300 million (2011: Rs. 300 million) is interchangeable with letters of credit. During the year, mark-up on such arrangements ranged between 14.17% to 16.56% (2011: 15.26% to 16.81%) per annum.

11.3 The facilities for opening letters of credit amounted to Rs. 1,150 million (2011: Rs. 1,650 million) out of which Rs. Nil (2011: Rs. 500 million), Rs. 300 million (2011: Rs. 300 million) and Rs. Nil (2011: Rs. 150 million) are interchangeable with short term running finance, short term loans and letters of guarantee respectively as mentioned in notes 11.1 and 11.2 above. The facility for letters of guarantee as at 30 June 2012 amounted to Rs. 500 million (2011: Rs. 500 million). Amounts unutilized for letters of credit and guarantees as at 30 June 2012 were Rs. 815.627 million and Rs. 123.035 million (2011: Rs. 999.895 million and Rs. 224.419 million) respectively.

11.4 The above facilities are expiring on various dates and are secured by way of hypothecation of plant and machinery, stock-in-trade, trade debts and other current assets, pledge of shares and cotton / cotton yarn; and lien over import / export document.

12. CONTINGENCIES AND COMMITMENTS

12.1 The Company has filed a suit in the Sindh High Court against the Federation of Pakistan and others, for levy of import license fee at the rate of 6% against import of coating plant in 1992. The Company contested that as per SRO 1317(I)/94 dated 22 December 1990, the coating plant being located in rural area, is only liable to pay import license fee at the rate of 2%. The Company has provided demand draft of Rs. 3.420 million as directed by the Honourable Court. The petition was dismissed by the High Court as having been incompetently filed. The Company has filed the appeal with Honourable Supreme Court and no hearing has taken place since then. No provision has been recognized in these financial statements as management considers that the case would be decided in the Company's favour.

12.2 Sindh Industrial Trade Estate (SITE) has cancelled allotment of plot A-26 and A-27 and charged non-utilization fees of Rs. 0.285 million and Rs. 0.621 million respectively. The Company has challenged the cancellation and filed a suit in the Sindh High Court. The High Court has restrained SITE from taking any adverse action against the Company. Therefore, management considers that the case would be decided in the Company's favour and no provision is required to be recognized.

12.3 Aggregate amount of guarantees issued by banks on behalf of the Company against various contracts aggregated Rs. 376.965 million (2011: Rs. 275.581 million).

12.4 Commitments in respect of capital expenditure contracted for as at 30 June 2012 amounted to Rs. 16.230 million (2011: Rs. 19.164 million) payable by December 2013 representing office premises located in Islamabad.

12.5 Commitments under letters of credit as at 30 June 2012 amounted to Rs. 298.789 million (2011: Rs. 41.335 million).

12.6 Commitment in respect of future purchase of shares as at 30 June 2012 amounted to Rs. Nil (2011: Rs. 30.980 million).

13. PROPERTY, PLANT AND EQUIPMENT

		2012	2011
		(Rupees in '000)	
Operating fixed assets	13.1	548,604	906,813
Capital work-in-progress	13.5	118,189	113,999
		666,793	1,020,812

13.1 Operating fixed assets

Description		Land		Buildings		Office premises
		Freehold	Leasehold including improvement	On freehold Land	On Lease hold Land	
		(Rupees in '000)				
Net carrying value as at 1 July 2011						
Opening net book value (NBV)	13.1.1 & 13.1.2	147,479	4,076	170,055	6,998	5,253
Additions / transfers		–	–	1,081	–	–
Disposals (at NBV)	13.6	–	–	–	–	–
Assets subject to insurance claim (at NBV)	13.1.3	–	–	(63,622)	–	–
Depreciation charge	13.2	–	(53)	(20,637)	(1,528)	(2,612)
Balance as at 30 June 2012 (NBV)		147,479	4,023	86,877	5,470	2,641
Gross carrying value as at 30 June 2012						
Cost	13.3	147,479	5,646	177,005	70,027	40,493
Accumulated depreciation		–	(1,623)	(90,128)	(64,557)	(37,852)
Net book value		147,479	4,023	86,877	5,470	2,641
Net carrying value as at 1 July 2010						
Opening net book value (NBV)		122,575	4,130	196,490	8,672	7,873
Additions / transfers		24,904	–	950	–	–
Disposals (at NBV)		–	–	–	–	–
Depreciation charge		–	(54)	(27,385)	(1,674)	(2,620)
Balance as at 30 June 2011 (NBV)		147,479	4,076	170,055	6,998	5,253
Gross carrying value as at 30 June 2011						
Cost		147,479	5,646	311,708	70,027	40,493
Accumulated depreciation		–	(1,570)	(141,653)	(63,029)	(35,240)
Net book value		147,479	4,076	170,055	6,998	5,253
Depreciation rate (% per annum)		–	1	5 & 10	5 & 10	10

* Net book value of plant and machinery (owned) includes an aggregate amount of Rs. 1.174 million (2011: Rs. 1.359 million) representing net b

![Crescent Steel & Allied Products Ltd.]

Crescent Steel &
Allied Products Ltd.

Plant and machinery		Electrical / Office equipment and Installation	Furniture and fittings	Computers	Motor vehicles		TOTAL
Owned*	Leased				Owned	Leased	
(Rupees in '000)							
504,596	21,481	18,522	3,278	1,252	18,130	5,693	906,813
56,224	5,055	1,103	186	654	2,292	11,679	78,274
(4,880)	–	–	–	(57)	(671)	–	(5,608)
(241,102)	–	(237)	–	–	–	–	(304,961)
(85,170)	(2,630)	(3,820)	(568)	(889)	(6,527)	(1,480)	(125,914)
229,668	23,906	15,568	2,896	960	13,224	15,892	548,604
1,215,884	26,717	45,683	17,769	48,196	54,912	17,493	1,867,304
(986,216)	(2,811)	(30,115)	(14,873)	(47,236)	(41,688)	(1,601)	(1,318,700)
229,668	23,906	15,568	2,896	960	13,224	15,892	548,604
585,940	–	8,836	2,384	3,733	15,480	–	956,113
56,373	21,662	11,665	1,332	722	10,561	5,814	133,983
(25,440)	–	–	–	–	(1,120)	–	(26,560)
(112,277)	(181)	(1,979)	(438)	(3,203)	(6,791)	(121)	(156,723)
504,596	21,481	18,522	3,278	1,252	18,130	5,693	906,813
1,678,139	21,662	44,844	17,583	47,625	54,605	5,814	2,445,625
(1,173,543)	(181)	(26,322)	(14,305)	(46,373)	(36,475)	(121)	(1,538,812)
504,596	21,481	18,522	3,278	1,252	18,130	5,693	906,813
5 - 20	10	5 - 20	10	33.33	20	20	

book value of capitalized spares.

13.1.1 This includes freehold land measuring 1.976 acres (71,150 square feet) provisionally allotted to the Company in Woven Garment Zone Value Addition City by Faisalabad Industrial Estate Development Management Company (FIEDMC), which is owned by the Government of Punjab. Final sale deed execution in the Company's name is subject to certain conditions which include installation of industrial unit and obtaining completion certificate from FIEDMC.

13.1.2 This includes freehold land measuring 2.8625 acres (124,691 square feet) acquired in 2011 from Crescent Jute Products Limited. The final sale deed has been executed along with all formalities relating to completion of the sale. The Company has applied for transfer of title in its name which is in process as at 30 June 2012.

13.1.3 As explained in note 2, items of building, plant & machinery and equipments with book value of Rupees 304.961 million were damaged due to fire in the Spinning Unit No.2 of the Cotton segment of the Company situated in Jaranwala on 7 January 2012.

13.2 The depreciation charge for the year has been allocated as follows :

		2012	2011
		(Rupees in '000)	
Cost of sales	31.1	117,439	147,085
Distribution and selling expenses	33	146	168
Administrative expenses	34	8,329	9,470
		125,914	156,723

13.3 Property, plant and equipment as at 30 June 2012 include items having an aggregate cost of Rs. 855.535 million (2011: Rs. 743.424 million) that have been fully depreciated and are still in use by the Company.

13.4 The fair value of property, plant and equipment as at 30 June 2010 approximated to Rs. 2,252.631 million. Management believes that there is no material change in the fair value during the year. Hence, no further valuation has been carried out.

13.5 Capital work-in-progress

		2012	2011
		(Rupees in '000)	
Advance to supplier		–	1,728
Civil work	13.5.1	116,089	111,960
Plant and machinery		2,100	311
		118,189	113,999

13.5.1 This includes advance against purchase of land and building aggregating Rs. 85.515 million (2011: Rs. 85.515 million).

13.6 The following assets were disposed off during the year:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particular of buyers
		(Rupees in '000)				
Plant and machinery	4,880	–	4,880	4,980	Sale and leaseback arrangement	Pak-Gulf Leasing Company Limited
Motor vehicles	69	3	66	66	Company Scheme	Mr. Mohammad Essa (employee)
	69	6	63	62	Insurance Claim	EFU General Insurance
	69	6	63	62	Insurance Claim	EFU General Insurance
	69	9	60	59	Insurance Claim	EFU General Insurance
	63	13	50	63	Insurance Claim	EFU General Insurance
Others	1,737	1,311	426	1,124	Various	Various
2012	6,956	1,348	5,608	6,416		
2011	38,428	11,868	26,560	30,562		

14. INTANGIBLE ASSETS

	Note	2012	2011
		(Rupees in '000)	
Net carrying value as at 1 July			
Net book value as at 1 July		12,964	24,457
Additions / transfers		–	41
Amortization	14.1	(11,347)	(11,534)
Net book value as at 30 June	14.2 & 14.3	1,617	12,964
Gross carrying value as at 30 June			
Cost		45,775	45,775
Accumulated amortization		(41,518)	(30,171)
Accumulated impairment		(2,640)	(2,640)
Net book value		1,617	12,964
Amortization rate (% per annum)		33.33	33.33

14.1 The amortization charge for the year has been allocated as follows :

	Note	2012	2011
		(Rupees in '000)	
Cost of sales	31.1	4	24
Administrative expenses	34	11,343	11,510
		11,347	11,534

14.2 Intangible assets comprise of computer software and includes ERP software (Oracle) implemented and used by the Company having carrying amount as at 30 June 2012 of Rs. 0.866 million (2011: Rs. 11.262 million) and remaining unamortized period of 2 months (2011: 14 months).

14.3 Intangible assets as at 30 June 2012 include items having an aggregate cost of Rs. 9.504 million (2011: Rs. 8.948 million) that have been fully amortized and are still in use of the Company.

15. INVESTMENT PROPERTY

Description	Note	Leasehold land and improve-ments	Buildings on leasehold land	Office premises	Total
		(Rupees in '000)			
Net carrying value as at 1 July 2011					
Opening net book value (NBV)		4,249	18,016	17,969	40,234
Depreciation charge	15.1	(238)	(1,080)	(3,284)	(4,602)
Balance as at 30 June 2012 (NBV)	**15.2**	**4,011**	**16,936**	**14,685**	**35,632**
Gross carrying value as at 30 June 2012					
Cost		4,609	21,608	29,655	55,872
Accumulated depreciation		(598)	(4,672)	(14,970)	(20,240)
Net book value		**4,011**	**16,936**	**14,685**	**35,632**
Net carrying value as at 1 July 2010					
Opening net book value (NBV)		4,487	19,096	21,253	44,836
Depreciation charge		(238)	(1,080)	(3,284)	(4,602)
Balance as at 30 June 2011 (NBV)		4,249	18,016	17,969	40,234
Gross carrying value as at 30 June 2011					
Cost		4,609	21,608	29,655	55,872
Accumulated depreciation		(360)	(3,592)	(11,686)	(15,638)
Net book value		4,249	18,016	17,969	40,234
Depreciation rate (% per annum)		1 & 10	5	10 - 20	

15.1 Depreciation charged for the year has been allocated to administrative expenses.

15.2 Fair value of the investment property based on recent valuation is Rs. 118.885 million (2011: Rs. 121.875 million).

16. LONG TERM INVESTMENTS

		2012	2011
		(Rupees in '000)	
Subsidiary companies - at cost	16.1	400,114	330,100
Associated companies - at cost	16.2	742,337	651,418
Other long term investments	16.3	178,946	187,259
		1,321,397	1,168,777

16.1 Subsidiary companies - at cost

2012	2011			2012	2011
(Number of shares)				(Rupees in '000)	
		Unquoted			
33,010,000	33,010,000	Shakarganj Energy (Private) Limited (Chief Executive Officer - Mr. Muhammad Saad Thaniana)	16.1.1	330,100	330,100
7,001,400	–	CS Capital (Private) Limited (Chief Executive Officer - Mr. Muhammad Saad Thaniana)	16.1.2	70,014	–
2	2	Crescent Continental Gas Pipelines Limited (US $ 1 each)	16.1.3	–	–
				400,114	330,100

16.1.1 This represents the Company's investment in 100% ordinary shares of Shakarganj Energy (Private) Limited. The Company has acquired Shakarganj Energy (Private) Limited on 4 January 2010.

16.1.2 This represents the Company's investment in 100% ordinary shares of CS Capital (Private) Limited. The Company has acquired CS Capital (Private) Limited on 26 September 2011.

16.1.3 This represents investment in subsidiary of Rs. 90 only. The subsidiary company has not commenced operation and accordingly no financial statements have been prepared.

16.2 Associated companies - at cost

2012	2011			2012	2011
(Number of shares)				(Rupees in '000)	
		Quoted			
60,475,416	60,475,416	Altern Energy Limited (Chief Executive Officer - Syed Zamanat Abbas)	16.2.1	593,488	593,488
15,244,665	15,244,665	Shakarganj Mills Limited (Chief Executive Officer - Mr. Ahsan M. Saleem)		388,562	388,562
				982,050	982,050
		Less: Provision for impairment	16.2.2	239,713	330,632
				742,337	651,418

16.2.1 The Company holds 17.65% shareholding in Altern Energy Limited and has no common directorship. In the consolidated financial statements, the investee company has been treated as an associate due to the Group companies' effective holding of over 20%. Consequently, as per the requirements of IAS 28 'Investments in Associates', the investee company has also been treated as an associate in these financial statements.

16.2.2 This represents provision for diminution in the value of investments of ordinary shares of Shakarganj Mills Limited. During the year, a reversal of provision amounting to Rs. 90.919 million has been made.

16.2.3 Market value of investments in associates is as follows :

	2012	2011
	(Rupees in '000)	
Quoted		
Altern Energy Limited	579,354	550,326
Shakarganj Mills Limited	196,351	96,651
	775,705	646,977

16.2.4 Percentage of holding of equity in associates is as follows :

	2012	2011
	(Percentage of holding)	
Quoted		
Altern Energy Limited	17.65	17.65
Shakarganj Mills Limited	21.93	21.93

16.3 Other long term investments

	Note	2012	2011
		(Rupees in '000)	
Investments related parties			
Available for sale	16.3.1	–	–
Other investments			
Available for sale	16.3.4	178,946	178,946
Held to maturity	16.3.5	–	8,313
		178,946	187,259

16.3.1 Available for sale

2012	2011			2012	2011
(Number of shares)				(Rupees in '000)	
		Unquoted			
2,403,725	2,403,725	Crescent Bahuman Limited	16.3.2	24,037	24,037
1,047,000	1,047,000	Crescent Industrial Chemicals Limited	16.3.3	10,470	10,470
				34,507	34,507
		Less: Provision for impairment		34,507	34,507
				–	–

16.3.2 The chief executive of Crescent Bahuman Limited is Mr. Nasir Shafi. The break-up value of shares of the investee company is Rs. Nil per share (2011 : Rs. 1.05 per share) [break-up value including surplus on revaluation of property, plant and equipment Rs.1.07 per share (2011 : Rs. 6.67 per share)], calculated on the basis of audited annual financial statements for the year ended 30 June 2011.

16.3.3 The chief executive of Crescent Industrial Chemicals Limited is Mr. Tariq Shafi. The investee company's break-up value of shares could not be ascertained as the financial statements of the investee company are not available.

16.3.4 Available for sale

2012	2011		2012	2011
(Number of shares)			(Rupees in '000)	
		Unquoted		
1,425,000	1,425,000	Central Depository Company of Pakistan Limited (CDC)	58,946	58,946
12,000,000	12,000,000	Shakarganj Food Products Limited	120,000	120,000
			178,946	178,946

16.3.5 Held to maturity

	Note	2012	2011
		(Rupees in '000)	
Term Finance Certificates (TFCs)			
United Bank Limited (5,000 TFCs of Rs. 5,000 each)		8,313	24,938
Less: Current portion shown under current assets	25	8,313	16,625
		–	8,313

This represents investment in TFCs issued on 10 February 2004 by United Bank Limited. The tenor of the TFCs is eight years with semi-annual installments comprising of principal and mark-up. The rate of mark-up on these TFCs is 8.45% (2011: 8.45%) per annum. Fair value of the TFCs as at 30 June 2012 amounted to Rs. 8.191 million (2011: Rs. 22.693 million).

17. LONG TERM LOANS AND DEPOSITS

	Note	2012	2011
		(Rupees in '000)	
Loan term loan - Considered good (Unsecured)			
- to subsidiary company	17.1	223,000	–
- to staff	17.2	6	81
Security deposits - leasing companies		8,256	6,082
Security deposits - others	17.3	12,605	9,185
		243,867	15,348

17.1 The Company entered in a short term loan agreement with its wholly owned subsidiary company Shakarganj Energy (Private) Limited on 15 September 2010. Under the arrangement, the Company shall disburse loan to the subsidiary company of Rupees 150 million in one or more tranches on a short term basis. During the year, the Company increased the approved limit of bridge finance by

Rupees 235 million and revised the agreement to convert the entire outstanding balance into long term loan as at 30 June 2012. The aggregate approved limit was Rupees 385 million as at the reporting date. However, the repayment schedule of this long term financing will be finalized after the commencement of commercial operations of the subsidiary company which is expected during the next year.

The mark-up rate on the said loan is three months KIBOR prevailing on the base rate setting date plus 2.5% per annum (2011: 3% per annum). Mark-up is payable on a quarterly basis. The effective mark-up charged during the year ranged between 14.36% to 16.60% (2011: 15.82% to 16.54%) per annum.

17.2 This represents interest free house loans provided to employees for a period of 5 years.

17.3 This includes demand drafts of Rs. 3.420 million provided to the Secretary Ministry of Commerce as explained in note no. 12.1.

18. DEFERRED TAXATION

	2012	2011
	(Rupees in '000)	
Deferred tax credits / (debits) arising in respect of :		
Taxable temporary differences		
Accelerated tax depreciation / amortization	44,007	114,112
Finance lease obligations	4,171	–
	48,178	114,112
Deductible temporary differences		
Finance lease obligations	–	(61)
Provision for slow moving stores, spares and loose tools	(21,922)	(20,154)
Provisions for doubtful trade debts, doubtful advances and others	(29,804)	(34,482)
Provision for diminution in the value of investments	(9,058)	(9,058)
	(60,784)	(63,755)
	(12,606)	50,357

19. STORES, SPARES AND LOOSE TOOLS

	Note	2012	2011
Stores - steel segment		9,502	10,288
Spare parts - steel segment	19.1	45,603	41,739
Loose tools - steel segment		999	1,049
Stores and spares - cotton segment	19.2	48,310	46,640
		104,414	99,716
Less: Provision for slow moving items	19.3	38,554	33,499
		65,860	66,217

19.1 This includes items in-transit as at 30 June 2012 aggregating Rs. 0.701 million (2011: Rs. 1.245 million).

19.2 These include items in-transit as at 30 June 2012 aggregating Rs. Nil million (2011: Rs. 4.633 million).

19.3 Movement in provision for slow moving items

	2012	2011
	(Rupees in '000)	
Opening balance	33,499	21,268
Provision made during the year - net	5,055	12,231
Closing balance	38,554	33,499

20. STOCK-IN-TRADE

	Note	2012	2011
Raw materials			
Hot rolled steel coils (HR Coil)		11,237	27,080
Coating materials	20.1	64,683	44,064
Others		19,489	16,619
Raw cotton	20.1	323,887	493,592
Stock-in-transit	20.2	35,649	28,577
		454,945	609,932
Work-in-process	31.1	22,268	51,481
Finished goods	20.3 & 31.1	101,116	174,766
Scrap / cotton waste		8,391	4,392
		131,775	230,639
		586,720	840,571

20.1 This includes coating materials amounting to Rs. 18.548 million (2011: Rs. 18.631) and raw cotton amounting to Rs. 174.604 million (2011: Rs. 118.157 million) pledged as security with financial institutions.

20.2 This includes raw cotton amounting to Rs. 35.547 million (2011: Rs. Nil).

20.3 Stock-in-trade as at 30 June 2012 includes items valued at net realisable value (NRV) as follows. The write down to NRV amounting to Rs. 30.248 million (2011: Rs. 21.831 million) has been recognized in cost of goods sold.

	Cost	NRV
	(Rupees in '000)	
Finished goods	108,469	101,116
Raw material	477,840	454,945
	586,309	556,061

21. TRADE DEBTS

	Note	2012	2011
		(Rupees in '000)	
Secured			
Considered good		230,537	10,243
Unsecured			
Considered good	21.1 & 21.2	138,393	134,829
Considered doubtful		1,139	5,561
Provision for doubtful trade debts	21.3	(1,139)	(5,561)
		138,393	134,829
		368,930	145,072

21.1 This includes an amount of Rs. 78.072 million (2011: Rs. 4.985 million) due from Shakarganj Mills Limited, a related party.

21.2 This includes retentions held by a customer for contract work amounting to Rs. 0.762 million (2011: Rs. 0.762 million).

21.3 Movement in provision for doubtful trade debts

	2012	2011
	(Rupees in '000)	
Opening balance	5,561	2,387
Provision made during the year	202	3,348
Reversal of provision made during the year	(4,624)	–
Written off during the year against provision	–	(174)
Closing balance	1,139	5,561

Notes to the Financial Statements
For the year ended 30 June 2012

22. LOAN AND ADVANCES

		2012	2011
		(Rupees in '000)	
Unsecured			
Loan to related party - considered good			
Loan to subsidiary company	17.1	–	74,000
Advances - considered good			
Advances to executives		3,333	300
Suppliers for goods and services		134,562	29,465
Advances - considered doubtful			
Suppliers for goods and services		47	157
Provision for doubtful advances	22.1	(47)	(157)
		–	–
		137,895	103,765

22.1 Movement in provision for doubtful advances

	2012	2011
Opening balance	157	290
(Reversal) / provision made during the year	(38)	45
Written off during the year against provision	(72)	(178)
Closing balance	47	157

23. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	2012	2011
Security deposits	3,279	2,730
Prepayments	2,192	3,073
	5,471	5,803

24. INVESTMENTS

		2012	2011
Investments in related parties			
Available for sale	24.1	4,026	7,044
Other investments			
Available for sale	24.2	110,274	101,995
Held for trading	24.3	383,114	381,566
		493,388	483,561
		497,414	490,605

24.1 Available for sale

The Company holds investments in ordinary shares of Rs. 10 each in the following listed investee company.

2012	2011	Name of investee company		2012	2011
(Number of shares)				(Rupees in '000)	
		Quoted			
452,379	452,379	The Crescent Textile Mills Limited	24.1.1	4,026	7,044

24.1.1 The Company has recognized impairment loss amounting to Rupees 4.537 million against that investment.

24.2 Available for sale

The Company holds investments in ordinary shares of Rs. 10 each in the following listed investee companies

2012	2011	Name of investee company		2012	2011
(Number of shares/certificate)				(Rupees in '000)	
		Quoted			
9,060,000	9,060,000	Asian Stocks Fund Limited	24.2.4	46,750	46,659
91,300	91,300	Crescent Jute Products Limited	24.2.1	–	–
1,996	1,996	Innovative Investment Bank Limited		–	–
26,490	26,490	Jubilee Spinning and Weaving Mills Limited	24.2.2	–	–
175,000	175,000	PICIC Investment Fund		965	1,024
7,944,263	7,944,263	Safeway Mutual Fund Limited		61,647	52,988
1,221	1,221	Siemens (Pakistan) Engineering Company Limited		912	1,324
				110,274	101,995

24.2.1 The investment in Crescent Jute Products Limited is carried at break-up value, which is Rs. Nil per share (2011: Rs. Nil) [break-up value including surplus on revaluation of property, plant and equipment Rs. 9.93 per share (2010 : Rs. 15.69 per share)], calculated on the basis of financial statements for the year ended 30 June 2011.

24.2.2 Investment in Jubilee Spinning and Weaving Mills Limited is carried at Rs. Nil per share (2011: Rs. Nil). The break-up value of shares of the investee company is Rs. Nil per share [break-up value including surplus on revaluation of property, plant and equipment Rs. 16.03 per share (30 June 2011 : Rs. 18.82 per share)], calculated on the basis of the unaudited condensed interim financial information for the nine months ended 31 March 2012.

24.2.3 Investments having an aggregate market value of Rs. 776.595 million (2011: Rs. 345.335 million) have been pledged with financial institutions as security against financing facilities (see note 11.4) out of which Rs. 515.164 million (2011: Rs. 248.203 million) relates to long term investments.

24.2.4 The Company has recognized impairment loss amounting to Rupees 14.497 million against that investment.

24.3 Held for trading

The Company holds investments in ordinary shares of Rs. 10 each, unless stated otherwise, in the following listed investee companies :

2012	2011	Name of investee company	2012	2011
(Number of shares/certificate)			(Rupees in '000)	
79,707	80,000	Al Ghazi Tractors Limited *	16,367	18,432
190,859	190,859	Agriauto Industries Limited *	15,460	13,265
–	30,000	Attock Cement Pakistan Limited	–	1,456
10	–	Atlas Funds	–	–
10,000	–	Attock Petroleum Limited	4,744	–
–	7,000	Attock Refinery Limited	–	859
400,000	–	Colony Mills Limited	688	–
275,000	–	D.G. Khan Cement Company Limited	10,830	–
10,000	–	Engro Corporation Limited	1,018	–
20,000	–	Fatima Fertilizer Company Limited	493	–
172,480	200,000	Fauji Fertilizer Bin Qasim Limited	7,041	8,430
–	71,562	Fauji Fertilizer Company Limited	–	10,759
–	5,000,000	First Credit and Investment Bank Limited	–	26,200
20,000	20,000	First Habib Bank Modaraba	163	160
172,500	5,247,500	Golden Arrow Selected Stocks Fund Limited *	828	16,530
		Balance carried forward	57,632	96,091

2012	2011	Name of investee company	2012	2011
(Number of shares/certificate)			(Rupees in '000)	
		Balance brought forward	57,632	96,091
1,350	1,350	Innovative Investment Bank Limited	–	–
90,000	65,000	International Industries Limited	2,543	3,218
69,801	25,000	International Steel Limited	835	340
–	335,555	Johnson and Philips Pakistan Limited	–	3,020
100,000	100,000	Kohinoor Energy Limited	2,150	1,650
–	341,400	Kot Addu Power Company Limited	–	14,547
70,000	290,000	Lotte Pakistan PTA Limited	492	4,011
32,762	–	National Refinery Limited	7,581	–
–	25,000	Nishat (Chunian) Limited	–	557
–	40,000	Nishat Chunian Power Limited	–	549
88,625	107,000	Nishat Mills Limited	4,217	5,386
–	25,000	Nishat Power Limited	–	386
20,000	–	Oil and Gas Development Company Limited	3,209	–
357,640	397,640	Pakistan Oilfields Limited	131,232	142,756
180,000	–	Pakistan Telecommunication Company Limited	2,464	–
–	153,386	Pakistan National Shipping Corporation	–	3,681
318,560	21,200	Pakistan Petroleum Limited	59,982	4,390
171,474	139,474	Pakistan State Oil Company Limited	40,440	36,902
–	205,000	PICIC Energy Fund	–	1,507
885,719	880,719	PICIC Growth Fund	10,850	11,784
501,173	481,173	PICIC Investment Fund	2,761	2,815
8,429,764	12,029,764	Samba Bank Limited	19,388	20,570
32,924	11,067	Security Papers Limited	1,449	448
3,125	2,500	Shell Pakistan Limited	399	563
155,340	129,450	Thal Limited *	14,447	13,080
473,776	355,076	The Hub Power Company Limited	19,846	13,315
13,315	350,000	TRG Pakistan Limited	1,197	–
			383,114	381,566

* The face value of these ordinary shares / certificate is Rs. 5 per share.

24.4 The following investments are deposited as security with commercial banks :

Name of investee company	2012	2011
	(Rupees in '000)	
Altern Energy Limited	515,165	248,203
Agriauto Industries Limited	15,390	13,205
Al Ghazi Tractors Limited	–	17,856
Attock Refinery Limited	–	614
Attock Cement Pakistan Limited	–	1,456
Attock Petroleum Limited	4,744	–
Engro Corporation Limited	1,018	–
Fauji Fertilizer Bin Qasim Limited	7,041	4,215
Fauji Fertilizer Company Limited	–	7,216
International Industries Limited	1,836	1,733
Kohinoor Energy Limited	2,150	1,650
Kot Addu Power Company Limited	–	14,487
National Refinery Limited	6,248	–
Nishat Mills Limited	–	5,386
Oil and Gas Development Company Limited	3,209	–
Pakistan Oilfields Limited	85,497	139,167
Pakistan Petroleum Limited	59,982	–
Pakistan State Oil Company Limited	40,440	34,130
Pakistan Telecommunication Company Limited	2,464	–
PICIC Growth Fund	–	11,784
PICIC Investment Fund	–	3,839
Shell Pakistan Limited	319	563
Thal Limited	14,447	10,508
The Hub Power Company Limited	16,646	11,865
	776,596	527,877

25. CURRENT PORTION OF LONG TERM INVESTMENTS

	Note	2012	2011
Preference shares of Shakarganj Mills Limited	25.1	29,994	29,994
Term Finance Certificates of United Bank Limited	16.3.5	8,313	16,625
Dividend receivable on preference shares of Shakarganj Mills Limited		5,106	5,106
		43,413	51,725
Less: Provision for impairment	25.1	18,093	27,751
		25,320	23,974

25.1 This represents 2,999,396 (2011: 2,999,396) preference shares of Rs. 10 each of Shakarganj Mills Limited, a related party, issued in October 2004. These shares carry dividend rate of 8.5% per annum payable annually and were due for redemption in October 2009. The preference shares are convertible into ordinary shares of Rs. 10 each. The conversion option is exercisable at the end of every financial year of the investee company.

The Company does not intend to exercise the option to convert the preference shares into ordinary shares as mentioned above. A provision of Rs. 18.093 million (2011: Rs. 27.751 million) has been recognized against the exposure as the balance amount is considered to be recovered in due course of time.

The fair value of preference shares as at 30 June 2012 amounts to Rs. 17.007 million (2011: Rs. 7.349 million).

26. MARK-UP ACCRUED

		2012	2011
		(Rupees in '000)	
Considered good			
Mark-up accrued on :			
- Loan to subsidiary company	17.1	16,714	1,987
- Term Finance Certificates	16.3.5	275	820
		16,989	2,807

27. OTHER RECEIVABLES

		2012	2011
Dividend receivable		844	256
Receivable against sale of investments		–	33,576
Receivable against rent from investment property		4,403	-
Claim receivable		1,682	4,101
Due from related parties	27.1	13,667	277
Sales tax refundable		12,459	19,946
Provision there against		(4,346)	(4,346)
		8,113	15,600
Receivable from staff retirement benefit funds	43	–	2,144
Others		609	4,310
		29,318	60,264

27.1 Due from related parties

	2012	2011
Shakarganj Mills Limited	1,003	277
The Crescent Textile Mills Limited	12,664	–
	13,667	277

28. TAXATION - NET

	2012	2011
	(Rupees in '000)	
Advance taxation	1,202,360	1,106,352
Provision for taxation	(1,109,270)	(1,065,212)
	93,090	41,140

28.1 The Income Tax assessments of the Company have been finalized up to and including tax year 2003, except for pending appeal effect orders in respect of assessment years 2001-2002 and 2002-2003. Tax returns of subsequent tax years, except for the tax years mentioned below, are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 unless selected for an amendment / audit by the taxation authorities. Deemed assessments for tax years 2004, 2006 and 2007 were amended by the department and currently appeals in respect of these tax years are pending before the Appellate Tribunal Inland Revenue. Additional tax liability of Rs. 109.277 million may arise against the above mentioned assessments in case decisions are made against the Company.

Full provision has been made in these financial statements up to tax year 2012 except for short credit of taxes paid & deducted at source, and adjustments of refunds in respect of the said Assessment / Tax years. However, additional provision has not been made in these financial statements in respect of Tax Years 2004, 2006 and 2007 as mentioned above, since based on the tax consultant's opinion the management is confident of favourable outcome of these appeals.

29. CASH AND BANK BALANCES

		2012	2011
		(Rupees in '000)	
With banks	in deposit accounts		
	- local currency	9,502	11,832
	- foreign currency	2	2
		9,504	11,834
	in current accounts	49,450	1,171
Cash in hand		4,380	3,513
		63,334	16,518

30. SALES - NET

		2012	2011
		(Rupees in '000)	
Local sales			
Bare pipes (own product excluding coating revenue)		745,976	900,037
Revenue from conversion		17,093	7,219
Coating of pipes		568,016	384,781
Cotton yarn / raw cotton		2,369,845	3,085,829
Others (including pipes laboratory testing)		138,607	45,225
Scrap / waste		101,703	152,111
Sales returns		(18,907)	(76,306)
		3,922,333	4,498,896
Export sales			
Cotton yarn		220,369	5,761
Cotton waste		–	14,300
		220,369	20,061
		4,142,702	4,518,957
Sales tax and special excise duty		(199,833)	(116,251)
		3,942,869	4,402,706

31. COST OF SALES

		2012	2011
Steel segment	31.1	842,145	939,841
Cotton Segment	31.1	2,591,941	2,652,646
		3,434,086	3,592,487

31.1 Cost of sales

		Steel Segment		Cotton Segment		Total	
		2012	2011	2012	2011	2012	2011
		(Rupees in '000)					
Raw materials consumed		638,293	688,072	1,835,264	2,079,273	2,473,557	2,767,345
Cost of raw cotton sold		–	–	144,204	91,160	144,204	91,160
Packing materials consumed		–	–	33,751	24,967	33,751	24,967
Store and spares consumed		23,536	31,921	44,589	53,284	68,125	85,205
Fuel, power and electricity		33,196	27,270	201,022	183,151	234,218	210,421
Salaries, wages and other benefits	31.2	72,086	74,102	90,162	109,249	162,248	183,351
Insurance		1,435	1,702	4,080	4,751	5,515	6,453
Repairs and maintenance		3,908	4,724	4,811	26,780	8,719	31,504
Depreciation	13.2	21,610	22,039	95,829	125,046	117,439	147,085
Amortization of intangible assets	14.1	–	–	4	24	4	24
Stock-in-trade written down to NRV		1,852	–	28,396	21,831	30,248	21,831
Other expenses		40,601	94,790	12,594	9,517	53,195	104,307
		836,517	944,620	2,494,706	2,729,033	3,331,223	3,673,653
Opening stock of work-in-process		24,715	13,716	26,766	16,440	51,481	30,156
Closing stock of work-in-process		(13,089)	(24,715)	(9,179)	(26,766)	(22,268)	(51,481)
		11,626	(10,999)	17,587	(10,326)	29,213	(21,325)
Cost of goods manufactured		848,143	933,621	2,512,293	2,718,707	3,360,436	3,652,328
Opening stock of finished goods		62,440	68,660	112,326	46,265	174,766	114,925
Closing stock of finished goods		(68,438)	(62,440)	(32,678)	(112,326)	(101,116)	(174,766)
		(5,998)	6,220	79,648	(66,061)	73,650	(59,841)
		842,145	939,841	2,591,941	2,652,646	3,434,086	3,592,487

31.2 Detail of salaries, wages and other benefits

Salaries, wages and other benefits		63,961	66,980	87,677	105,786	151,638	172,766
Gratuity fund	31.3	681	1,295	33	126	714	1,421
Pension fund	31.3	5,443	3,977	713	1,392	6,156	5,369
Provident fund contributions		2,001	1,850	1,739	1,945	3,740	3,795
		72,086	74,102	90,162	109,249	162,248	183,351

31.3 Staff retirement benefits

	2012		2011	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Current service cost	6,249	756	4,466	1,068
Interest cost	12,268	1,362	6,691	1,497
Expected return on plan assets	(12,768)	(1,454)	(6,075)	(1,313)
Actuarial losses recognized	–	–	–	100
Past service cost recognized	407	50	287	69
	6,156	714	5,369	1,421

32. INCOME FROM INVESTMENTS

		2012	2011
		(Rupees in '000)	
Return on UBL's Term Finance Certificates		1,211	2,108
Dividend income		57,527	60,691
(Loss) / gain on sale of investments classified as held for trading		(4,214)	87,791
Unrealized gains on held for trading investments		2,484	28,958
Gain on conversion of debt into equity instruments		–	225
Rent from investment property	32.1	10,227	8,862
		67,235	188,635

32.1 Direct operating expenses incurred against rental income from investment property amounted to Rs. 3.594 million (2011: Rs. 4.884 million). Further Rs. 1.232 million (2011: Rs. 2.791 million) were incurred against the non rented out area.

33. DISTRIBUTION AND SELLING EXPENSES

		Steel Segment		Cotton Segment		Total	
		2012	2011	2012	2011	2012	2011
		(Rupees in '000)					
Salaries, wages and other benefits	33.1	7,357	7,593	3,648	3,461	11,005	11,054
Commission		–	–	19,932	21,102	19,932	21,102
Travelling, conveyance and entertainment		1,073	766	211	3	1,284	769
Depreciation	13.2	139	161	7	7	146	168
Insurance		102	144	12	–	114	144
Postage, telephone and telegram		139	114	98	72	237	186
Advertisement		905	750	–	–	905	750
Bid bond expenses		1,249	200	–	–	1,249	200
Legal and professional charges		1,147	1,337	71	–	1,218	1,337
Others		689	1,524	9,319	1,572	10,008	3,096
		12,800	12,589	33,298	26,217	46,098	38,806

33.1 Detail of salaries, wages and other benefits

Salaries, wages and other benefits		6,530	6,351	3,648	3,461	10,178	9,812
Gratuity fund	33.2	180	236	–	–	180	236
Pension fund	33.2	432	792	–	–	432	792
Provident fund contributions		215	214	–	–	215	214
		7,357	7,593	3,648	3,461	11,005	11,054

33.2 Staff retirement benefits

	2012		2011	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Current service cost	437	191	659	177
Interest cost	861	343	987	249
Expected return on plan assets	(896)	(367)	(896)	(218)
Actuarial losses recognized	–	–	–	17
Past service cost recognized	30	13	42	11
	432	180	792	236

34. ADMINISTRATIVE EXPENSES

		Steel Segment		Cotton Segment		IID Segment		Total	
		2012	2011	2012	2011	2012	2011	2012	2011
		(Rupees in '000)							
Salaries, wages and other benefits	34.1	44,460	35,465	17,088	22,836	3,532	3,755	65,080	62,056
Rents, rates and taxes		2,340	496	557	285	513	552	3,410	1,333
Travelling, conveyance and entertainment		6,174	3,428	1,736	2,225	371	198	8,281	5,851
Fuel and power		6,202	6,167	800	1,060	332	334	7,334	7,561
Postage, telephone and telegram		1,554	1,068	554	824	87	59	2,195	1,951
Insurance		699	617	191	296	115	115	1,005	1,028
Repairs and maintenance		4,942	4,808	483	1,525	534	658	5,959	6,991
Auditors' remuneration	34.3	895	717	281	579	104	83	1,280	1,379
Legal, professional and corporate service charges		8,111	5,881	2,264	3,420	2,499	3,809	12,874	13,110
Advertisement		123	71	37	16	6	8	166	95
Donations	34.4	11,955	15,909	10,037	4,422	629	837	22,621	21,168
Depreciation	13.2 & 15.1	6,974	6,715	1,082	2,516	4,875	4,841	12,931	14,072
Amortization of intangible assets	14.1	8,790	6,782	2,099	4,379	454	349	11,343	11,510
Printing, stationery and office supplies		2,565	1,808	849	1,219	277	179	3,691	3,206
Newspapers, subscriptions and periodicals		561	550	605	702	45	43	1,211	1,295
Others		3,375	2,841	780	1,589	406	256	4,561	4,686
		109,720	93,323	39,443	47,893	14,779	16,076	163,942	157,292

34.1 Salaries, wages and other benefits

		Steel 2012	Steel 2011	Cotton 2012	Cotton 2011	IID 2012	IID 2011	Total 2012	Total 2011
Salaries, wages and other benefits		38,007	28,658	15,215	18,615	3,007	3,057	56,229	50,330
Gratuity	34.2	1,402	1,293	329	807	110	128	1,841	2,228
Pension fund	34.2	3,365	4,323	790	2,698	286	463	4,441	7,484
Provident fund contributions		1,686	1,191	754	716	129	107	2,569	2,014
		44,460	35,465	17,088	22,836	3,532	3,755	65,080	62,056

34.2 Staff retirement benefits

	2012		2011	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Current service cost	4,508	1,952	6,224	1,671
Interest cost	8,850	3,509	9,327	2,347
Expected return on plan assets	(9,211)	(3,750)	(8,467)	(2,057)
Actuarial losses recognized	–	–	–	157
Past service cost recognized	294	130	400	110
	4,441	1,841	7,484	2,228

34.3 Auditors' remuneration

		2012	2011
		(Rupees in '000)	
Audit fee	34.3.1	1,100	1,000
Fee for audit of funds' financial statements and other reports		87	188
Out of pocket expenses		93	191
		1,280	1,379

34.3.1 Audit fee includes services for audit of annual separate and consolidated financial statements, limited review of unconsolidated condensed interim financial information for the six months period, review report on statement of compliance with best practices of the Code of Corporate Governance and audit of reconciliation statement of nominee shareholding of CDC.

34.4 Donations

Donations include the following in which a director is interested :

Name of director	Interest in donee	Name and address of the donee	Amount donated 2012	2011
			(Rupees in '000)	
Mr. Ahsan M. Saleem	Director	The Citizens Foundation 9th Floor, NIC Building, Karachi.	21,686	17,887
	Director	Pakistan Centre for Philanthropy 1-A, Street 14, F-8/3, Islamabad.	–	837
			21,686	18,724

34.4.1 Donations other than those mentioned above were not made to any donee in which a director or his spouse had any interest at any time during the year.

35. OTHER OPERATING EXPENSES

	2012	2011
	(Rupees in '000)	
Exchange loss	14,087	4,127
Provision for slow moving stores, spares and loose tools - net	5,055	12,231
Provision for doubtful trade debts	202	3,348
Bad debts written off directly against trade debts	40	–
Provision for doubtful advances	–	45
Provision for Workers' Welfare Fund	3,641	13,525
Provision for Workers' Profit Participation Fund	14,813	25,862
Provision for infrastructure fee	–	1,195
Provision for liquidated damages	8,934	–
Provision for diminution in the value of investments - net	19,034	7,717
	65,806	68,050

36. OTHER OPERATING INCOME

	Note	2012	2011
Income from financial assets			
Mark-up on loan to subsidiary company		20,233	6,553
Return on deposits		1,755	1,339
		21,988	7,892
Income from non-financial assets			
Gain on disposal of operating fixed assets		808	4,002
Gain on settlement of non-executed contracts		213	13,814
Insurance commission		833	1,076
Liabilities written-back		943	2,167
Reversal of provision for :			
- doubtful trade debts		4,624	–
- advances to Suppliers		38	–
Reversal of provision for :			
- diminution in the value of investments	36.1	100,577	–
- liquidated damages		–	2,782
Others		2,186	2,643
		110,222	26,484
		132,210	34,376

36.1 This represents reversal of provision for diminution in the value of investments of ordinary and preference shares of Shakarganj Mills Limited amounting to Rs. 90.919 million and Rs. 9.658 million respectively.

37. FINANCE COSTS

	2012	2011
	(Rupees in '000)	
Incurred on :		
- finance lease obligations	4,007	84
- long term loan	–	1,064
- running finances	88,183	115,733
- short term loans	12,212	23,494
- Workers' Profit Participation Fund	563	540
Bank charges	4,549	2,257
	109,514	143,172

38. TAXATION

	2012	2011
Current		
- for the year	47,630	216,063
- for prior years	(3,572)	(712)
	44,058	215,351
Deferred	(62,964)	(21,230)
	(18,906)	194,121

38.1 Relationship between taxation expense and accounting profit

	2012	2011
Profit before taxation	322,868	625,910
Tax at the applicable rate of 35%	113,004	219,069
Tax effect of inadmissible expenses / losses	(28,387)	(9,809)
Tax effect of income taxed at a lower rate	(7,585)	(34,265)
Tax effect of operating fixed assets subject to insurance claim	(106,735)	–
Prior year tax effect	3,364	9,945
Effect of higher tax as surcharge	–	9,181
Excess of minimum tax over normal tax	7,433	–
	(18,906)	194,121

39. BASIC AND DILUTED EARNINGS PER SHARE

	2012	2011
	(Rupees in '000)	
Profit after taxation	341,774	431,789
	(Number of shares)	
Average number of ordinary shares in issue during the year	56,459,993	56,459,993
	(Rupees)	
Basic and diluted earnings per share	6.05	7.65

40. CASH GENERATED FROM OPERATIONS

	Note	2012	2011
		(Rupees in '000)	
Profit before taxation		322,868	625,910
Adjustments for non cash charges and other items :			
Depreciation on operating fixed assets and investment property		130,516	161,325
Amortization of intangible assets		11,347	11,534
Charge for the year on staff retirement benefit funds		13,762	17,530
Charge for compensated absences		1,968	652
Provision for 10-C bonus		898	4,891
Amortization of advances to staff		75	168
Amortization of initial transaction costs		–	107
Dividend income		(57,527)	(60,691)
Unrealized gain on held for trading investments - net		(2,484)	(28,958)
Loss / (gain) on sale of investments		4,214	(87,791)
Gain on conversion of debt into equity instruments		–	(225)
Provision for stock-in-trade and stores, spares and loose tools - net		5,055	12,231
(Reversal) / provision for doubtful trade debts - net		(4,422)	3,348
Bad debts written off directly against trade debts		40	–
(Reversal) / provision for doubtful advances		(38)	45
Provision for Workers' Welfare Fund		3,641	13,525
Provision for Workers' Profit Participation Fund		14,813	25,862
Provision for infrastructure fee		–	1,195
Provision / (reversal of provision) for liquidated damages		8,934	(2,782)
Provision for diminution in the value of investments		19,034	9,645
Reversal of provision for diminution in the value of investments		(100,577)	(1,928)
Return on deposits, loan and investments		(23,199)	(10,000)
Gain on disposal of operating fixed assets		(808)	(4,002)
Liabilities written back		(943)	(2,167)
Finance costs		109,514	143,172
Working capital changes	40.1	348,733	(257,875)
		805,414	574,721

40.1 Working capital changes

		2012	2011
		(Rupees in '000)	
(Increase) / decrease in current assets			
Stores, spares and loose tools		(4,698)	(5,529)
Stock-in-trade		259,270	197,120
Trade debts		(219,476)	128,303
Loan and advances		(34,092)	(48,891)
Trade deposits and short term prepayments		332	604
Other receivables		(4,186)	(2,636)
		(2,850)	268,971
Increase / (decrease) in current liabilities			
Trade and other payables		351,583	(526,846)
		348,733	(257,875)

41. CASH AND CASH EQUIVALENTS

		2012	2011
Running finances under mark-up arrangements	11.1	(316,410)	(570,179)
Cash and bank balances	29	63,334	16,518
		(253,076)	(553,661)

42. SEGMENT REPORTING

42.1 Reportable segments

The Company's reportable segments under IFRS 8 are as follows :

- Steel segment - It comprises of manufacturing and coating of steel pipes (note 1.2).
- Cotton segment - It comprises of manufacturing of yarn (note 1.3).
- Investment and Infrastructure Development (IID) segment - To effectively manage the investment portfolio in shares and other securities (strategic as well as short term) and investment property (held for rentals as well as long term appreciation).

Information regarding the Company's reportable segments is presented below:

42.2 Segment revenues and results

Following is an analysis of the Company's revenue and results by reportable segment :

	Steel Segment	Cotton Segment	IID Segment	Total
	(Rupees in '000)			
For the year ended 30 June 2012				
Sales - net	1,279,837	2,663,032	–	3,942,869
Cost of sales	842,145	2,591,941	–	3,434,086
Gross profit	437,692	71,091	–	508,783
Income from investments	–	–	67,235	67,235
	437,692	71,091	67,235	576,018
Distribution and selling expenses	12,800	33,298	–	46,098
Administrative expenses	109,720	39,443	14,779	163,942
Other operating expenses	41,195	4,890	19,721	65,806
	163,715	77,631	34,500	275,846
	273,977	(6,540)	32,735	300,172
Other operating income	11,269	5,847	115,094	132,210
Operating profit / (loss) before finance costs	285,246	(693)	147,829	432,382
Finance costs	6,811	86,884	15,819	109,514
Profit / (loss) before taxation	**278,435**	**(87,577)**	**132,010**	**322,868**
Taxation				(18,906)
Profit after taxation				**341,774**
For the year ended 30 June 2011				
Sales - net	1,239,619	3,163,087	–	4,402,706
Cost of sales	939,841	2,652,646	–	3,592,487
Gross profit	299,778	510,441	–	810,219
Income from investments	–	–	188,635	188,635
	299,778	510,441	188,635	998,854
Distribution and selling expenses	12,589	26,217	–	38,806
Administrative expenses	93,323	47,893	16,076	157,292
Other operating expenses	30,639	28,315	9,096	68,050
	136,551	102,425	25,172	264,148
	163,227	408,016	163,463	734,706
Other operating income	11,838	17,741	4,797	34,376
Operating profit before finance costs	175,065	425,757	168,260	769,082
Finance costs	4,679	116,917	21,576	143,172
Profit before taxation	**170,386**	**308,840**	**146,684**	**625,910**
Taxation				194,121
Profit after taxation				**431,789**

42.2.1 Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year (2011: Nil).

42.2.2 The accounting policies of the reportable segments are the same as the Company's accounting policies described in note 6 to these financial statements. The Steel segment allocates certain percentage of the common expenditure to the Cotton and IID segments. In addition, finance costs between Steel and Cotton segments are allocated at average mark-up rate on the basis of funds utilized. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

42.3 Revenue from major products and services

The analysis of the Company's revenue from external customers for major products and services is given in note 30 to these financial statements.

42.4 Information about major customers

Revenue from major customers of Steel segment represents an aggregate amount of Rs. 931.932 million (2011: Rs. 1,011.620 million) of total Steel segment revenue of Rs. 1,279.837 million (2011: Rs. 1,239.619 million). Further, revenue from major customers of Cotton segment represents an aggregate amount of Rs. 550.394 million (2011: Rs. 722.581 million) of total Cotton segment revenue of Rs. 2,663.032 million (2011: Rs. 3,163.087 million).

42.5 Geographical information

42.5.1 The Company's revenue from external customers by geographical location is detailed below

	2012	**2011**
	(Rupees in '000)	
Europe	–	14,300
Far East	220,369	5,761
Pakistan	3,722,500	4,382,645
	3,942,869	4,402,706

42.5.2 All non-current assets of the Company as at 30 June 2012 and 2011 were located and operating in Pakistan.

42.6 Segment assets and liabilities

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	Steel Segment	Cotton Segment	IID Segment	Total
		(Rupees in '000)		
As at 30 June 2012				
Segment assets for reportable segments	858,360	1,147,382	1,995,770	4,001,512
Unallocated corporate assets				170,741
Total assets as per balance sheet				4,172,253
Segment liabilities for reportable segments	154,224	475,746	2,695	632,665
Unallocated corporate liabilities				438,343
Total liabilities as per balance sheet				1,071,008
As at 30 June 2011				
Segment assets for reportable segments	568,387	1,626,917	1,867,006	4,062,310
Unallocated corporate assets				(7,439)
Total assets as per balance sheet				4,054,871
Segment liabilities for reportable segments	149,065	146,966	4,449	300,480
Unallocated corporate liabilities				878,065
Total liabilities as per balance sheet				1,178,545

42.6.1 For the purposes of monitoring segment performance and allocating resources between segments :

- all assets are allocated to reportable segments other than those directly relating to corporate and taxation assets; and

- all liabilities are allocated to reportable segments other than those directly relating to corporate and taxation.

Cash and bank balances, borrowings and related mark-up payable thereon and receivable there from are not allocated to reporting segments as these are managed by the Company's central treasury function.

42.7 Other segment information

	Steel Segment	Cotton Segment	IID Segment	Total
		(Rupees in '000)		
For the year ended 30 June 2012				
Capital expenditure	**5,360**	**59,127**	**35**	**64,522**
Depreciation and amortization	**37,513**	**99,021**	**5,329**	**141,863**
Non-cash items other than depreciation and amortization - net	**40,385**	**87,642**	**(136,077)**	**(8,050)**
For the year ended 30 June 2011				
Capital expenditure	7,181	75,594	10,000	92,775
Depreciation and amortization	35,697	131,972	5,190	172,859
Non-cash items other than depreciation and amortization	35,139	151,965	(153,277)	33,827

43. STAFF RETIREMENT BENEFITS

43.1 Defined benefit plans

43.1.1 The actuarial valuation of both pension and gratuity schemes has been conducted in accordance with IAS 19, 'Employee benefits' as at 30 June 2012. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation

	2012	2011
- Discount rate	13%	14%
- Expected rate of increase in salaries	13%	14%
- Expected rate of return on plan assets	13%	14%
- Average expected remaining working life of employees	09 years	10 years
- Expected mortality for active members	As per EFU (61-66) mortality table	

43.1.2 Reconciliation of (receivable from) / payable to defined benefit plans

	Note	2012			2011		
		Pension	Gratuity	Total	Pension	Gratuity	Total
		(Rupees in '000)					
Present value of defined benefit obligations	43.1.4	182,831	44,661	227,492	156,971	37,243	194,214
Fair value of plan assets	43.1.5	(190,554)	(48,604)	(239,158)	(163,371)	(39,778)	(203,149)
Unrecognized net actuarial gains	43.1.8	10,699	2,097	12,796	7,129	1,344	8,473
Unrecognized past service cost		–	(763)	(763)	(729)	(953)	(1,682)
(Asset) / liability recognized in balance sheet		2,976	(2,609)	367	–	(2,144)	(2,144)

43.1.3 Movement in (receivable from) / payable to defined benefit plans

	Note	2012 Pension	2012 Gratuity	2012 Total	2011 Pension	2011 Gratuity	2011 Total
Opening balance		–	(2,144)	(2,144)	110	(3,085)	(2,975)
Charge for the year	43.1.9	11,028	2,734	13,762	13,645	3,885	17,530
Contributions by the Company	43.1.5	(8,052)	(3,199)	(11,251)	(13,755)	(2,944)	(16,699)
Closing balance		2,976	(2,609)	367	–	(2,144)	(2,144)

43.1.4 Reconciliation of present value of defined benefit obligations

	2012 Pension	2012 Gratuity	2012 Total	2011 Pension	2011 Gratuity	2011 Total
Present value of defined benefit obligations - 1 July	156,971	37,243	194,214	141,712	34,115	175,827
Current service cost	11,195	2,899	14,094	11,349	2,916	14,265
Interest cost	21,976	5,214	27,190	17,005	4,094	21,099
Benefits paid during the year	(5,782)	(885)	(6,667)	(4,625)	(700)	(5,325)
Actuarial (gain) / loss on obligations	(1,529)	190	(1,339)	(8,470)	(3,182)	(11,652)
Present value of defined benefit obligations - 30 June	182,831	44,661	227,492	156,971	37,243	194,214

43.1.5 Changes in the fair value of plan assets are as follows

	2012 Pension	2012 Gratuity	2012 Total	2011 Pension	2011 Gratuity	2011 Total
Fair value of plan assets - 1 July	163,371	39,778	203,149	128,646	29,906	158,552
Expected return on plan assets	22,872	5,569	28,441	15,438	3,589	19,027
Contributions by the Company	8,052	3,199	11,251	13,755	2,944	16,699
Benefits paid during the year	(5,782)	(885)	(6,667)	(4,625)	(700)	(5,325)
Actuarial gain on plan assets	2,041	943	2,984	10,157	4,039	14,196
Fair value of plan assets - 30 June	190,554	48,604	239,158	163,371	39,778	203,149

		2012 Pension	2012 Gratuity	2012 Total	2011 Pension	2011 Gratuity	2011 Total
43.1.6	Actual return on plan assets	24,913	6,512	31,425	25,595	7,628	33,223

43.1.7 Actuarial losses to be recognized

		2012		2011	
		Pension	Gratuity	Pension	Gratuity
		(Rupees in '000)			
Corridor limit					
The limits of corridor as at 1 July					
- 10% of present value of obligations		15,697	3,724	14,171	3,412
- 10% of fair value of plan assets		16,337	3,978	12,865	2,991
Which works out to		16,337	3,978	14,171	3,412
Unrecognized net actuarial losses as at 1 July	43.1.8	7,129	1,344	(11,498)	(6,151)
Excess		–	–	–	(2,739)
Average expected remaining working lives in years		9	9	10	10
Actuarial losses recognized		–	–	–	(274)

43.1.8 Unrecognized net actuarial gains / (losses)

		2012			2011		
		Pension	Gratuity	Total	Pension	Gratuity	Total
		(Rupees in '000)					
Unrecognized net actuarial gains / (losses) as at 1 July		7,129	1,344	8,473	(11,498)	(6,151)	(17,649)
Actuarial gain / (loss) on obligations	43.1.4	1,529	(190)	1,339	8,470	3,182	11,652
Actuarial gain on plan assets	43.1.5	2,041	943	2,984	10,157	4,039	14,196
		10,699	2,097	12,796	7,129	1,070	8,199
Less: Actuarial (losses) recognized	43.1.7	–	–	–	–	(274)	(274)
Unrecognized net actuarial gains as at 30 June		10,699	2,097	12,796	7,129	1,344	8,473

43.1.9 Following amounts have been charged in the profit and loss account in respect of these benefits

	2012 Pension	2012 Gratuity	2012 Total	2011 Pension	2011 Gratuity	2011 Total
Current service cost	11,195	2,899	14,094	11,349	2,916	14,265
Interest cost	21,976	5,214	27,190	17,005	4,094	21,099
Expected return on plan assets	(22,872)	(5,569)	(28,441)	(15,438)	(3,589)	(19,027)
Actuarial losses recognized	–	–	–	–	274	274
Past service cost recognized	729	190	919	729	190	919
Charge recognized in profit and loss account	11,028	2,734	13,762	13,645	3,885	17,530

43.1.10 Amounts for the current year and previous four years of the present value of defined benefit obligations, fair value of plan assets, surplus / (deficit) and experience adjustments arising thereon are as follows :

	2012	2011	2010	2009	2008
			(Rupees in '000)		
Pension					
As at 30 June					
Present value of defined benefit obligation	182,831	156,971	141,712	126,611	110,954
Fair value of plan assets	190,554	163,371	128,646	91,742	98,915
Surplus / (deficit)	7,723	6,400	(13,066)	(34,869)	(12,039)
Experience adjustments					
Actuarial gain on obligation	(1,529)	(8,470)	(6,268)	(5,853)	(6,440)
Actuarial gain / (loss) on plan assets	2,041	10,157	13,499	(32,216)	(11,355)
Gratuity					
As at 30 June					
Present value of defined benefit obligation	44,661	37,243	34,115	28,177	28,404
Fair value of plan assets	48,604	39,778	29,906	23,254	31,684
Surplus / (deficit)	3,943	2,535	(4,209)	(4,923)	3,280
Experience adjustments					
Actuarial gain / (loss) on obligation	190	(3,182)	1,001	(3,256)	(3,774)
Actuarial gain / (loss) on plan assets	943	4,039	2,374	(11,348)	(6,091)

43.1.11 Expected contribution for the next year

The expected contribution to the pension and gratuity schemes for the year ending June 30, 2013 works out to Rs. 8.786 million (2012: Rs. 8.643 million) and Rs. 3.485 million (2012: Rs. 3.356 million) respectively.

43.2 Defined contribution plan

The total charge against provident fund for the year was Rs. 6.524 million (2011: Rs. 6.023 million).

44. FINANCIAL INSTRUMENTS

The Company has exposure to the following risks from its use of financial instruments

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board of Directors is also responsible for developing and monitoring the Company's risk management policies.

44.1 Credit risk

Credit risk represents the financial loss that would be recognized at the balance sheet date if counterparties fail completely to perform as contracted / fail to discharge an obligation / commitment that it has entered into with the Company. It arises principally from trade receivables, bank balances, security deposits, mark-up accrued and investment in debt securities.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the balance sheet date is as follows

	2012	2011
	(Rupees in '000)	
Investments	25,320	48,912
Loans and deposits	247,140	91,997
Trade debts	368,930	145,072
Mark-up accrued	16,989	2,807
Other receivables	20,361	42,264
Bank balances	58,954	13,005
	737,694	344,057

Trade receivables

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Sales tenders and credit terms are approved by the tender approval committee. Where considered necessary, advance payments are obtained from certain parties. Sales made to major customers are secured through letters of credit. The management has set a maximum credit period of 15 days in respect of Cotton segment's sales to reduce the credit risk.

All the trade debtors at the balance sheet date represent domestic parties except one export party.

The maximum exposure to credit risk before any credit enhancements for trade debts at the balance sheet date by type of customer was

	2012	2011
	(Rupees in '000)	
Steel segment	324,873	53,100
Cotton segment	44,057	91,972
	368,930	145,072

The aging of trade debts at the balance sheet date is

	2012	2011
Not past due	165,520	98,997
Past due 1 - 30 days	187,823	24,138
Past due 30 - 180 days	11,169	10,431
Past due 180 days	5,557	17,067
	370,069	150,633
Less: Impaired	1,139	5,561
	368,930	145,072

One of the major customer accounts for Rs. 218.6 million of the trade debts carrying amount as at 30 June 2012 (2011: Rs. 23.029 million) that has a good track record with the Company.

The movement in the allowance for impairment in respect of trade debts and loan and advances is given in note 21.3 and note 22.1 respectively.

Based on past experience the management believes that no impairment allowance is necessary in respect of trade debts past due as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time. Non past due amounts of Rs. 108.506 million (2011: Rs. 23.820 million) and past due amounts of Rs. Nil (2011: Rs. Nil) are secured through letters of credit.

Settlement risk

All investing transactions are settled / paid for upon delivery as per the advice of investment committee. The Company's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits.

Bank balances

The Company kept its surplus funds with banks having good credit rating. Currently the surplus funds are kept with banks having rating from AAA to AA-.

Laons and deposits

The Company has provided loan to its wholly owned subsidiary and does not expect to incur material loss. The Company has provided security deposits as per the contractual terms with counter parties as security and does not expect material loss against those deposits.

Investment in debt securities

Credit risk arising on debt securities is mitigated by investing principally in investment grade rated instruments. Where the investment is considered doubtful a provision is created there against. As at 30 June 2012, the Company has recognized a provision of Rs. 18.093 million (2011: Rs. 27.751 million) against its exposure to preference shares of investee companies.

The analysis below summarizes the credit quality of the Company's investments in debt securities of investee companies

		2012	**2011**
UBL's Term Finance Certificates	16.3.5	AA	AA
Preference shares of Shakarganj Mills Limited	25.1	D	D

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

44.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligation arising from financial liabilities that are settled by delivering cash or another financial asset or that such obligation will have to be settled in a manner disadvantageous to the Company. The Company is not materially exposed to liquidity risk as substantially all obligation / commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company has obtained running finance facilities from various commercial banks to meet the short term liquidity commitments, if any.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	2012						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
	(Rupees in '000)						
Financial liabilities							
Liabilities against assets subject to finance lease	27,884	–	32,562	5,586	5,585	16,571	4,820
Trade and other payables	96,802	–	96,802	96,802	–	–	–
Mark-up accrued	16,262	–	16,262	16,262	–	–	–
Short term borrowings	334,958	334,958	–	–	–	–	–
	475,906	334,958	145,626	118,650	5,585	16,571	4,820

	2011						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
	(Rupees in '000)						
Financial liabilities							
Liabilities against assets subject to finance lease	27,349	–	32,321	7,939	7,110	5,936	11,336
Trade and other payables	68,928	–	68,928	68,928	–	–	–
Mark-up accrued	23,735	–	23,735	23,735	–	–	–
Short term borrowings	706,966	706,966	–	–	–	–	–
	826,978	706,966	124,984	100,602	7,110	5,936	11,336

44.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Investment Committee monitors the portfolio of its investments and adjust the portfolio in light of changing circumstances.

44.3.1 Currency risk

The Company is exposed to currency risk on import of raw materials, stores and spares, export of goods and foreign currency bank accounts denominated in US Dollars (USD), Great Britain Pounds (GBP) and Euros. The Company's exposure to foreign currency risk for these currencies is as follows :

	2012			
	USD	GBP	Euro	Total
	(Rupees in '000)			
Foreign creditors	(35,584)	–	–	(35,584)
Foreign currency bank account	2	–	–	2
Gross balance sheet exposure	(35,582)	–	–	(35,582)
Outstanding letters of credit	(281,662)	–	(17,127)	(298,789)
Net exposure	(317,244)	–	(17,127)	(334,371)

	2011			
	USD	GBP	Euro	Total
	(Rupees in '000)			
Foreign creditors	(12,701)	–	–	(12,701)
Foreign currency bank account	2	–	–	2
Gross balance sheet exposure	(12,699)	–	–	(12,699)
Outstanding letters of credit	(1,945)	(1,173)	(38,216)	(41,334)
Net exposure	(14,644)	(1,173)	(38,216)	(54,033)

The following significant exchange rate has been applied :

	Average rate		Reporting date rate	
	2012	2011	2012	2011
USD to PKR	89.36	85.48	94.20	86.05
GBP to PKR	141.11	136.37	147.07	138.62
Euro to PKR	119.18	116.67	118.50	124.89

Sensitivity analysis

At the balance sheet date, if the PKR had strengthened by 10% against the USD, GBP and Euro with all other variables held constant, post-tax profit for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of foreign currency bank account and foreign creditors.

Effect on profit or loss	2012	2011
	(Rupees in '000)	
USD	3,172	1,464
GBP	–	117
Euro	(171)	3,822
	3,001	5,403

The weakening of the PKR against USD, GBP and Euro would have had an equal but opposite impact on the post tax profits.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

44.3.2 Interest rate risk

At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows :

	2012	2011	2012	2011
	Effective interest rate (Percentage)		Carrying amount (Rupees in '000)	
Financial assets				
Fixed rate instruments				
Preference shares	8.5	8.5	17,007	7,349
UBL's Term Finance Certificates	8.45	8.45	8,313	24,938
Variable rate instruments				
Long term loan	15.27	–	223,000	–
Short term loan	–	10.19	–	74,000
Financial liabilities				
Variable rate instruments				
Liabilities against assets subject to finance lease	18.50-20.25	19.29-20.25	27,884	27,349
Short term borrowings	13.13-16.56	13.44-16.81	334,958	706,966

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the balance sheet date would have decreased / (increased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2011.

	Profit and loss 100 bp	
	Increase	**Decrease**
	(Rupees in '000)	
As at 30 June 2012		
Cash flow sensitivity - Variable rate financial liabilities	(1,675)	1,675
As at 30 June 2011		
Cash flow sensitivity - Variable rate financial liabilities	(3,535)	3,535

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

44.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk arises from the Company's investment in units of mutual funds and ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the Company diversifies its portfolio and continuously monitors developments in equity markets. In addition the Company actively monitors the key factors that affect stock price movement.

A 10% increase / decrease in redemption and share prices at year end would have decreased / increased the Company's gain / loss in case of held for trading investments and increase / decrease surplus on re-measurement of investments in case of 'available for sale' investments as follows :

	2012	**2011**
	(Rupees in '000)	
Effect on profit	38,311	38,157
Effect on equity	11,430	10,903
Effect on investments	49,741	49,060

The sensitivity analysis prepared is not necessarily indicative of the effects on profit / equity and assets of the Company.

44.4 Fair value of financial instruments

The carrying values of other financial assets and financial liabilities reported in balance sheet approximate their fair values. The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Valuation techniques using significant unobservable inputs.

Investment in ordinary shares of listed companies is valued using quoted prices in active market, hence, fair value of such investments fall within Level 1 in fair value hierarchy as mentioned above.

45. REMUNERATION TO THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Cheif Executive		Director		Executive		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	(Rupees in '000)							
Managerial remuneration	9,630	7,509	848	–	29,901	24,654	40,379	32,163
House rent	4,334	3,375	382	–	10,107	8,756	14,823	12,131
Utilities	963	750	85	–	2,352	2,016	3,400	2,766
Travelling expenses	425	764	–	–	–	–	425	764
Others	869	866	664	1,281	–	–	1,533	2,147
Medical	141	264	36	–	1,113	1,021	1,290	1,285
Contributions to								
- Gratuity fund	802	625	70	–	1,161	1,143	2,033	1,768
- Pension fund	1,926	1,500	170	–	3,350	3,078	5,446	4,578
- Provident fund	963	750	70	–	1,576	1,464	2,609	2,214
Club subscription and expenses	720	1,139	9	–	74	69	803	1,208
Entertainment	–	–	6	–	36	42	42	42
Conveyance	–	–	–	–	1,337	1,967	1,337	1,967
Telephone	–	–	2	–	4	6	6	6
	20,773	17,542	2,342	1,281	51,011	44,216	74,126	63,039
Number of persons	1	1	2	1	22	20	25	22

45.1 The aggregate amount charged in respect of directors' fees paid to six (2011: seven) directors is Rs. 0.680 million (2011: Rs. 0.270 million).

45.2 The chief executive and nine executives are provided with free use of company maintained cars, in accordance with their entitlements.

45.3 The chief executive, executives and their families are also covered under group life and hospitalization insurance. A director is also covered under group hospitalization scheme.

45.4 Directors include one of the executive for three months.

46. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of subsidiary and associated companies, directors of the Company, companies in which directors also hold directorship, related group companies, key management personnel and staff retirement benefit funds.

Transactions with related parties other than those disclosed elsewhere are as follows

Name	Nature of relationship	Name and address of the donee	Amount donated 2012	2011
			(Rupees in '000)	
Crescent Sugar Mills & DistilleryLimited *	Related party	Dividend paid	–	692
Equity Textile Mills Limited *	Related party	Sale of raw cotton	–	16,785
Muhammad Amin Muhammad Bashir Limited *	Related party	Dividend paid	2	2
Pakistan Centre for Philanthropy *	Related party	Donation given	–	837
Pakistan Institute of Corporate Governance *	Related party	Annual subscription charges	100	115
Premier Insurance Company *	Related party	Dividend paid	122	119
		Insurance premium	1,397	708
Shakarganj Energy (Private) Limited	Subsidiary company	Short term loan provided	149,000	74,000
		Mark-up on short term loan provided	20,232	6,553
		Sale of finished goods	–	2,727

Name	Nature of relationship	Name and address of the donee	Amount donated 2012	2011
			(Rupees in '000)	
CS Capital (Private) Limited	Subsidiary company	Right shares subscribed	70,004	–
		Services rendered	50	
Shakarganj Mills Limited	Associated company	Dividend paid	8,568	6,862
		Sales of finished goods	109,395	7,969
		Sales of operating fixed assets	–	2,571
		Services received	1,664	4,592
		Services rendered	1,364	1,384
Shakarganj Food Products Limited **	Associated company	Rental income	832	–
The Citizens' Foundation *	Related party	Donation given	21,686	17,887
The Crescent Textile Mills Limited *	Related party	Dividend paid	19,560	16,673
		Sale of raw cotton	22,718	–
		Sale of cotton waste	–	1,497
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Contribution made	3,913	1,865
		Dividend paid	2,180	13
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Contribution made	3,199	2,944
		Dividend paid	1,669	1,075
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Contribution made	8,052	13,755
		Dividend paid	3,413	2,105
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Contribution made	4,461	4,158
		Dividend paid	1,401	1,153
Key management personnel	Related parties	Remuneration and benefits	53,189	42,890

* These entities are / have been related parties of the Company by virtue of common directorship only.

** The Company no longer has / held significant influence over the entity as at 30 June 2012 and 2011.

46.1 Sale of finished goods and raw materials, rendering of services and rental income are based on commercial terms and at market prices which are approved by the Board of Directors.

46.2 Contributions to the employee retirement benefit funds are made in accordance with the terms of employee retirement benefit schemes and actuarial advice.

46.3 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including directors of the Company. There were no transactions with the key management personnel during the year other than their terms of employment / entitlements.

46.4 Outstanding balances and other information with respect to related parties as at 30 June 2012 and 2011 are included in issued, subscribed and paid-up capital (note 7.1), trade and other payables (note 9.3), long term investments (notes 16.1, 16.2 and 16.3.1), long term loan (notes 17.1), trade debts (note 21.1), investments (note 24.1), current portion of long term investments (note 25.1), other receivables (note 27.1), income from investments (note 32.1), administrative expenses (note 34.4) and staff retirement benefits (note 43).

47. CAPITAL RISK MANAGEMENT

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company's overall strategy remains unchanged from year 2011.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payments to shareholders or issue new shares. The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

The Company is not subject to any externally imposed capital requirements.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total debt less cash and bank balances. Total capital is calculated as equity as shown in the balance sheet plus net debt.

47.1 Gearing ratio

The gearing ratio at end of the year is calculated as follows

		2012	2011
		(Rupees in '000)	
Total debt	47.1.1	362,842	734,315
Less: Cash and bank balances		63,334	16,518
Net debt		299,508	717,797
Total equity	47.1.2	3,101,245	2,876,326
Total capital		3,400,753	3,594,123
Gearing ratio		9%	20%

47.1.1 Total debt is defined as long term and short term borrowings (excluding derivatives), as described in notes 8 and 11 to these financial statements.

47.1.2 Total equity includes all capital and reserves of the Company that are managed as capital.

48. PLANT CAPACITY AND PRODUCTION

48.1 Steel segment

Pipe plant

The plant's installed / rated capacity for production based on single shift is 30,000 tons (2011: 30,000 tons) annually on the basis of notional pipe size of 30" dia x ½" thickness. The actual production achieved during the year was 5,236 tons (2011: 8,341 tons) line pipes of varied sizes and thickness, which is equivalent to 12,396 tons (2011: 21,457 tons) if actual production is translated to the notional pipe size of 30" diameter.

Coating plant

The coating plant has a capacity of externally shot blasting and coating of line pipes with 3 layer high / medium density polyethylene coating at a rate of 250 square meters of surface area per hour on pipe sizes ranging from 114 mm to 1524 mm outside dia and thickness ranging from 3 mm to 16 mm.

The annual capacity of the plant works out to 600,000 square meters outside surface area of pipes based on notional size of 14" dia on single shift working. Coating of 380,488 meters (2011: 193,526 meters) of different dia pipes (275,331 square meters surface area) was achieved during the year (2011: 195,490 square meters surface area).

48.2 Cotton segment

Spinning unit 1

The plant capacity converted to 20s count based on three shifts per day for 1,080 shifts is 6,452,874 kilograms (2011: 6,452,874 kilograms). Actual production converted into 20s count was 5,421,156 kilograms (2011: 3,692,778 kilograms).

Spinning unit 2

The plant capacity converted to 20s count based on three shifts per day for 1,080 shifts is 9,217,544 kilograms (2011: 9,284,825 kilograms). Actual production converted into 20s count was 4,558,920 kilograms (2011: 9,349,093 kilograms). The Unit no. 2 is not operational since January 2012 for reason explained in note 2 to these financial statements.

48.3 The capacities of the plant were utilized to the extent of orders received.

49. NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Company in their meeting held on 28 July 2012 has proposed a final cash dividend for the year ended 30 June 2012 of Re. 1 per share (i.e. 10%) (2011: Rs. 1.5 per share) amounting to Rs. 56.460 million (2011: Rs. 84.690 million). This is in addition to the interim cash dividend of Re. 1 per share (i.e. 10%) already distributed and recorded in these financial statements. This makes a total distribution of Rs. 2.0 per share (i.e. 20%) for the year. The approval of the members for the dividend shall be obtained at the Annual General Meeting to be held on 18 September 2012. These financial statements do not include the effect of this proposed final cash dividend and will be accounted for in the period in which it is approved by the members.

50. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue in the Board of Directors meeting held on 28 July 2012.

Chief Executive

Director

Consolidated Financial Statements

For the year ended 30 June 2012

Key Figures – Consolidated

			2012	2011
Sales revenue	(Rs. in millions)	Decrease	3,943	4,400
EBITDA	(Rs. in millions)	Decrease	704	1,151
Profit before taxation and depreciation	(Rs. in millions)	Decrease	583	995
Profit after taxation	(Rs. in millions)	Decrease	471	640
Earning per share (basic and diluted)	(Rupees)	Decrease	8.34	11.32
Price earning ratio	(Times)	Increase	2.8	2.3
Cash dividend (including final proposed)	(Rupees per share)	Decrease	2.0	3.5
No. of ordinary shares in issue	(No. in millions)	No change	56.5	56.5
Capital expenditure	(Rs. in millions)	Decrease	97	326
Return on average capital employed	(%)	Decrease	12.7	23.4
Total assets	(Rs. in millions)	Increase	5,080	4,905
Current ratio	(Ratio)	Increase	1.8:1	1.5:1
Shareholders' equity	(Rs. in millions)	Increase	4,008	3,601
Break-up value per share	(Rupees)	Increase	70.9	63.7

Legend

Favourable / Increase

No change

Unfavourable / Decrease

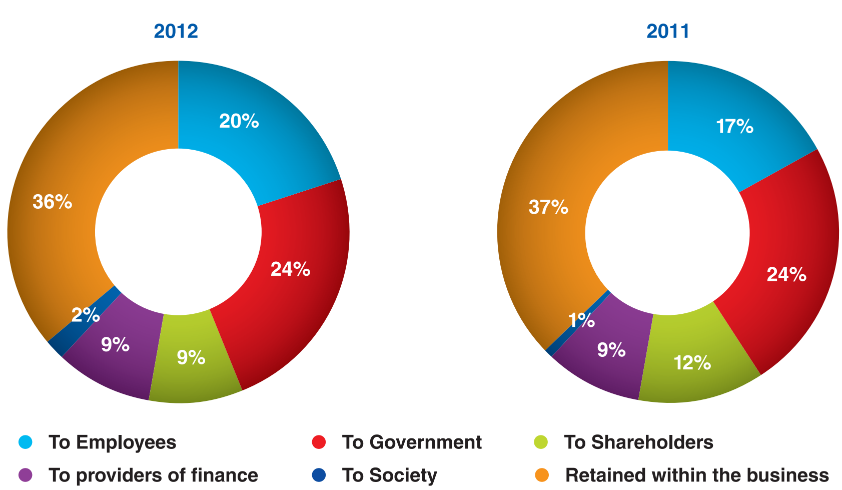
Crescent Steel & Allied Products Ltd.

Statement of Value Added – Consolidated
For the year ended 30 June 2012

	2012 Rupees in '000	%	2011 Rupees in '000	%
WEALTH GENERATED				
Total revenue	4,477,442	100%	4,943,377	100%
Bought-in-material and services	(3,266,749)	73%	(3,348,524)	68%
	1,210,693	27%	1,594,853	32%
WEALTH DISTRIBUTED				
To Employees Salaries, wages and other benefits	238,300	20%	277,927	17%
To Government Income tax, sales tax, custom duties, WWF and WPPF	290,360	24%	360,309	24%
To Shareholders Dividend *	112,920	9%	197,610	12%
To providers of finance Finance costs	109,527	9%	144,001	9%
To Society Donation towards education, health and environment	22,621	2%	21,168	1%
Retained within the business for future growth Depreciation, amortization and retained earnings	436,965	36%	593,838	37%
	1,210,693	100%	1,594,853	100%

* This includes final dividend recommended by the Board of Directors subsequent to year end.

Distribution of Wealth



Vertical Analysis – Consolidated

	2012*	%	2011*	%	2010*	%	2009*	%	2008	%	2007	%
Consolidated Balance Sheet (Rs. in million)												
Property, plant and equipment	1,086	21.4	1,431	29.2	1,257	25.7	1,225	29.8	1,233	25.4	1,307	27.8
Intangible assets	2	–	13	0.3	24	0.5	1	–	1	–	1	–
Investment property	36	0.7	40	0.8	45	0.9	47	1.1	50	1.0	–	–
Investment in equity accounted investees	1,806	35.5	1,498	30.6	1,231	25.1	1,031	25.2	1,280	26.4	1,259	26.8
Other long term investments	221	4.3	189	3.9	206	4.2	86	2.1	–	–	–	–
Long term loans and deposits	21	0.4	15	0.3	3	0.1	4	0.1	4	0.1	5	0.1
Deferred taxation	13	0.3	–	–	–	–	–	–	–	–	–	–
Stores, spares and loose tools	66	1.3	66	1.3	73	1.5	84	2.0	77	1.6	49	1.0
Stock-in-trade	587	11.6	841	17.1	1,027	21.0	617	15.0	606	12.5	633	13.5
Trade debts	369	7.3	145	3.0	277	5.7	84	2.0	119	2.5	181	3.9
Advances	138	2.7	30	0.6	55	1.1	40	1.0	25	0.5	83	1.8
Trade deposits and short term prepayments	6	0.1	6	0.1	6	0.1	6	0.1	2	-	5	0.1
Investments	523	10.3	491	10.0	463	9.5	655	16.0	1,408	29.1	1,041	22.2
Current portion of long term investments	8	0.2	17	0.3	–	–	36	0.9	–	–	–	–
Mark-up accrued on term finance certificates	–	–	1	–	1	–	1	–	2	–	2	–
Other receivables	36	0.7	62	1.3	25	0.5	161	3.9	32	0.7	73	1.6
Taxation - net	93	1.8	41	0.8	19	0.4	28	0.7	–	–	20	0.4
Cash and bank balances	69	1.4	19	0.4	183	3.7	4	0.1	8	0.2	37	0.8
Total assets	**5 ,080**	**100.0**	**4 ,905**	**100.0**	**4 ,895**	**100.0**	**4 ,110**	**100.0**	**4 ,847**	**100.0**	**4 ,696**	**100.0**
Issued, subscribed and paid-up capital	565	11.1	565	11.5	565	11.5	565	13.7	513	10.6	467	9.9
Capital reserves	402	7.9	326	6.6	274	5.6	163	4.0	371	7.7	792	16.9
Revenue reserves	3,041	59.9	2,711	55.3	2,241	45.8	1,818	44.2	2,110	43.5	1,941	41.3
Shareholders' equity	**4 ,008**	**78.9**	**3 ,602**	**73.4**	**3 ,080**	**62.9**	**2 ,546**	**61.9**	**2 ,994**	**61.8**	**3 ,200**	**68.1**
Long term loans	–	–	115	2.3	–	–	56	1.4	168	3.5	280	6.0
Redeemable capital	–	–	–	–	–	–	–	–	–	–	74	1.6
Liabilities against assets subject to finance lease	20	0.4	15	0.3	–	–	–	–	–	–	–	–
Deferred taxation	–	–	50	1.0	72	1.5	100	2.4	112	2.3	65	1.4
Trade and other payables	693	13.6	378	7.8	873	17.9	374	9.1	241	5.0	435	9.3
Mark-up accrued	16	0.3	26	0.5	34	0.7	19	0.5	20	0.4	16	0.3
Short term borrowings	335	6.6	707	14.5	780	15.9	903	22.0	1,119	23.1	433	9.2
Current portion of long term loan	–	–	–	–	56	1.1	112	2.7	112	2.3	112	2.4
Current portion of redeemable capital	–	–	–	–	–	–	–	–	75	1.5	75	1.6
Current portion of liabilities against assets subject to finance lease	8	0.2	12	0.2	–	–	–	–	–	–	6	0.1
Taxation - net	–	–	–	–	–	–	–	–	6	0.1	–	–
Total equity and liabilities	**5 ,080**	**100.0**	**4 ,905**	**100.0**	**4 ,895**	**100.0**	**4 ,110**	**100.0**	**4 ,847**	**100.0**	**4 ,696**	**100.0**
Consolidated Profit and Loss Account (Rs. in million)												
Sales - net	3,943	100.0	4,400	100.0	3,704	100.0	3,311	100.0	4,200	100.0	2,950	100.0
Cost of sales	3,434	87.1	3,590	81.6	2,887	77.9	2,597	78.4	3,304	78.7	2,440	82.7
Gross profit	**509**	**12.9**	**810**	**18.4**	**817**	**22.1**	**714**	**21.6**	**896**	**21.3**	**510**	**17.3**
Income from / (loss on) investments - net	68	1.7	189	4.3	223	6.0	(339)	(10.2)	74	1.8	411	13.9
Distribution and selling expenses	46	1.2	39	0.9	27	0.7	17	0.5	15	0.4	13	0.4
Administrative expenses	170	4.3	160	3.6	160	4.3	127	3.8	136	3.2	133	4.5
Other operating expenses	66	1.7	60	1.4	64	1.7	175	5.3	110	2.6	126	4.3
Other operating income	12	0.3	31	0.7	38	1.0	39	1.2	20	0.5	107	3.6
Operating profit before finance costs	**307**	**7.7**	**771**	**17.5**	**827**	**22.4**	**95**	**3.0**	**729**	**17.4**	**756**	**25.6**
Finance costs	110	2.8	144	3.3	122	3.3	204	6.2	153	3.6	128	4.3
Share of profit in equity accounted investees - net of taxation	255	6.5	207	4.7	11	0.3	4	0.1	51	1.2	99	3.4
Profit / (loss) before taxation	**452**	**11.4**	**834**	**18.9**	**716**	**19.4**	**(105)**	**(3.1)**	**627**	**15.0**	**727**	**24.7**
Taxation	(19.0)	(0.5)	194	4.4	181	4.9	135	4.1	211	5.0	64	2.2
Profit / (loss) after taxation	**471**	**11.9**	**640**	**14.5**	**535**	**14.5**	**(240)**	**(7.2)**	**416**	**10.0**	**663**	**22.5**

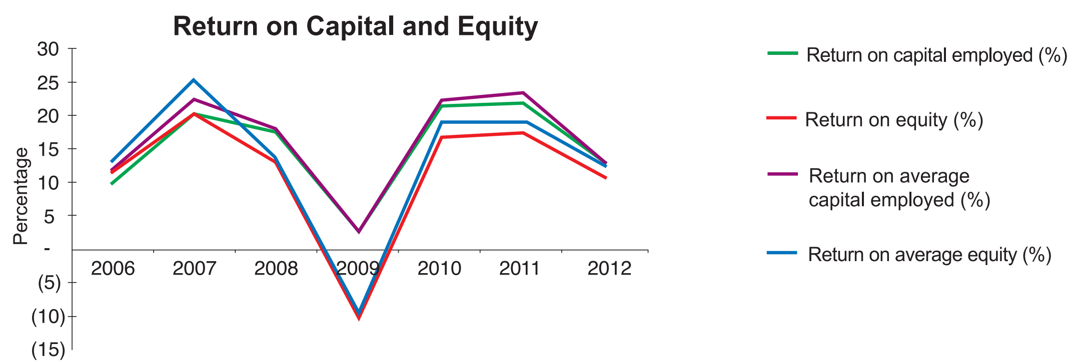
* **Note:** The figures presented in this analysis for the financial years ended 30 June 2012, 2011, 2010 and 2009 are those based on the Group's consolidated financial statements. The figures presented for the financial years prior to 2009 are based on the Holding Company's individual financial statements as published in the annual reports in those respective years.

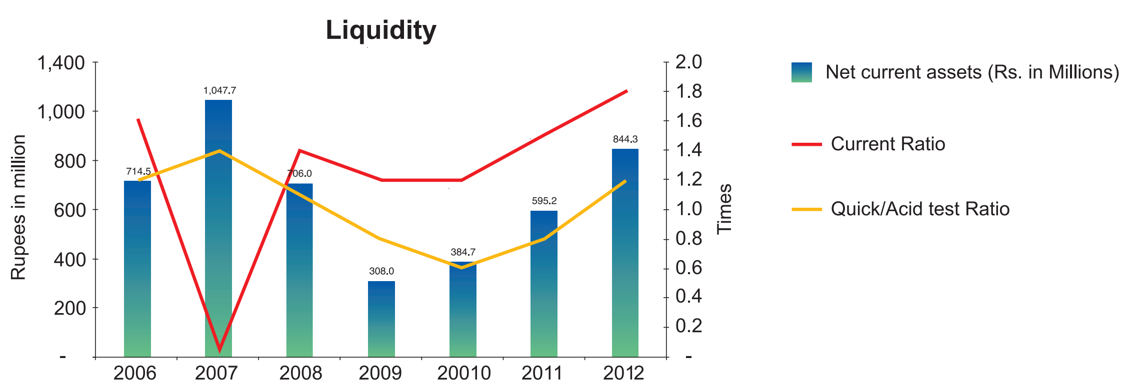
Horizontal Analysis – Consolidated

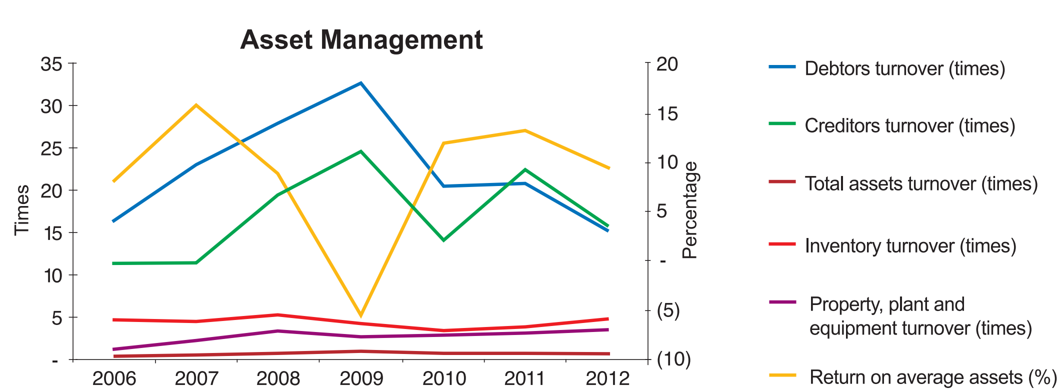
	2012*	%	2011*	%	2010*	%	2009*	%	2008	%	2007	%
Consolidated Balance Sheet (Rs. in million)												
Property, plant and equipment	1,086	(24.1)	1,431	13.8	1,257	2.6	1,225	(0.6)	1,233	(5.7)	1,307	(5.4)
Intangible assets	2	(84.6)	13	(45.8)	24	2,300.0	1	–	1	–	1	–
Investment property	36	(10.0)	40	(11.1)	45	(4.3)	47	(6.0)	50	100.0	–	–
Investment in equity accounted investees	1,806	20.6	1,498	21.7	1,231	19.4	1,031	(19.5)	1,280	1.7	1,259	159.6
Other long term investments	221	16.9	189	(8.3)	206	139.5	86	100.0	–	–	–	–
Long term loans and deposits	21	40.0	15	400.0	3	(25.0)	4	–	4	(20.0)	5	(16.7)
Deferred taxation	13	100.0	–	–	–	–	–	–	–	–	–	–
Stores, spares and loose tools	66	–	66	(9.6)	73	(13.1)	84	9.1	77	57.1	49	36.1
Stock-in-trade	587	(30.2)	841	(18.1)	1,027	66.5	617	1.8	606	(4.3)	633	35.0
Trade debts	369	154.5	145	(47.7)	277	229.8	84	(29.4)	119	(34.3)	181	141.3
Advances	138	360.0	30	(45.5)	55	37.5	40	60.0	25	(69.9)	83	(62.4)
Trade deposits and short term prepayments	6	–	6	–	6	–	6	200.0	2	(60.0)	5	66.7
Investments	523	6.5	491	6.0	463	(29.3)	655	(53.5)	1,408	35.3	1,041	25.9
Current portion of long term investments	8	(52.9)	17	100.0	–	(100.0)	36	100.0	–	–	–	–
Mark-up accrued on term finance certificates	–	(100.0)	1	–	1	–	1	(50.0)	2	–	2	(77.8)
Other receivables	36	(41.9)	62	148.0	25	(84.5)	161	403.1	32	(56.2)	73	(56.8)
Taxation - net	93	126.8	41	115.8	19	(32.1)	28	100.0	–	(100.0)	20	17.6
Cash and bank balances	69	263.2	19	(89.6)	183	4,475.0	4	(50.0)	8	(78.4)	37	131.3
Total assets	**5 ,080**	**3.6**	**4 ,905**	**0.2**	**4 ,895**	**19.1**	**4 ,110**	**(15.2)**	**4 ,847**	**3.2**	**4 ,696**	**26.4**
Issued, subscribed and paid-up capital	565	–	565	–	565	–	565	10.1	513	9.9	467	33.4
Capital reserves	402	23.3	326	19.0	274	68.1	163	(56.1)	371	(53.2)	792	150.6
Revenue reserves	3,041	12.2	2,711	21.0	2,241	23.3	1,818	(13.8)	2,110	8.7	1,941	41.5
Shareholders' equity	**4 ,008**	**11.3**	**3 ,602**	**16.9**	**3 ,080**	**21.0**	**2 ,546**	**(15.0)**	**2 ,994**	**(6.4)**	**3 ,200**	**57.0**
Long term loans	–	(100.0)	115	100.0	–	(100.0)	56	(66.7)	168	(40.0)	280	(28.8)
Redeemable capital	–	–	–	–	–	–	–	–	–	(100.0)	74	(50.0)
Liabilities against assets subject to finance lease	20	33.3	15	100.0	–	–	–	–	–	–	–	(100.0)
Deferred taxation	–	(100.0)	50	(30.6)	72	(28.0)	100	(10.7)	112	72.3	65	3,150.0
Trade and other payables	693	83.3	378	(56.7)	873	133.4	374	55.2	241	(44.6)	435	89.1
Mark-up accrued	16	(38.5)	26	(23.5)	34	78.9	19	(5.0)	20	25.0	16	(20.0)
Short term borrowings	335	(52.6)	707	(9.4)	780	(13.6)	903	(19.3)	1,119	158.4	433	(41.4)
Current portion of long term loan	–	–	–	(100.0)	56	(50.0)	112	–	112	–	112	100.0
Current portion of redeemable capital	–	–	–	–	–	–	–	(100.0)	75	–	75	–
Current portion of liabilities against assets subject to finance lease	8	(33.3)	12	100.0	–	–	–	–	–	(100.0)	6	–
Taxation - net	–	–	–	–	–	–	–	(100.0)	6	100.0	–	–
Total equity and liabilities	**5 ,080**	**3.6**	**4 ,905**	**0.2**	**4 ,895**	**19.1**	**4 ,110**	**(15.2)**	**4 ,847**	**3.2**	**4 ,696**	**26.4**
Consolidated Profit and Loss Account (Rs. in million)												
Sales - net	3,943	(10.4)	4,400	18.8	3,704	11.9	3,311	(21.2)	4,200	42.4	2,950	72.8
Cost of sales	3,434	(4.3)	3,590	24.4	2,887	11.2	2,597	(21.4)	3,304	35.4	2,440	55.7
Gross profit	**509**	**(37.2)**	**810**	**(0.9)**	**817**	**14.4**	**714**	**(20.3)**	**896**	**75.7**	**510**	**264.3**
Income from / (loss on) investments - net	68	(64.0)	189	(15.2)	223	165.8	(339)	(558.1)	74	(82.0)	411	23.4
Distribution and selling expenses	46	17.9	39	44.4	27	58.8	17	13.3	15	15.4	13	(13.3)
Administrative expenses	170	6.3	160	–	160	26.0	127	(6.6)	136	2.3	133	27.9
Other operating expenses	66	10.0	60	(6.3)	64	(63.4)	175	59.1	110	(12.7)	126	472.7
Other operating income	12	(61.3)	31	(18.4)	38	(2.6)	39	95.0	20	(81.3)	107	328.0
Operating profit before finance costs	**307**	**(60.2)**	**771**	**(6.8)**	**827**	**770.5**	**95**	**(87.0)**	**729**	**(3.6)**	**756**	**111.8**
Finance costs	110	(23.6)	144	18.0	122	(40.2)	204	33.3	153	19.5	128	54.2
Share of profit in equity accounted investees - net of taxation	255	23.2	207	1,781.8	11	175.0	4	(92.2)	51	(48.5)	99	925.0
Profit / (loss) before taxation	**452**	**(45.8)**	**834**	**16.5**	**716**	**781.9**	**(105)**	**(116.7)**	**627**	**(13.8)**	**727**	**177.5**
Taxation	(19)	(109.8)	194	7.2	181	34.1	135	(36.0)	211	229.7	64	2,033.3
Profit / (loss) after taxation	**471**	**(26.4)**	**640**	**19.6**	**535**	**322.9**	**(240)**	**(157.7)**	**416**	**(37.3)**	**663**	**156.0**

* **Note:** The figures presented in this analysis for the financial years ended 30 June 2012, 2011, 2010 and 2009 are those based on the Group's consolidated financial statements. The figures presented for the financial years prior to 2009 are based on the Holding Company's individual financial statements as published in the annual reports in those respective years.

Performance Indicators – Consolidated







Crescent Steel & Allied Products Ltd.

Performance Indicators – Consolidated

PERFORMANCE INDICATORS

A - Profitability Ratios

	2012*	2011*	2010*	2009*	2008	2007	2006
Earnings before interest, taxation, depreciation and amortization (EBITDA) (Rs. in millions)	703.6	1,151.0	1,022.2	279.2	954.7	1,029.2	444.8
Profit before taxation and deprecation (Rs. in millions)	582.7	995.2	889.8	74.1	801.4	899.9	359.9
Gross profit ratio (%)	12.9	18.4	22.1	21.6	21.3	17.3	8 .2
Operating profit margin to sales (net) (%)	7 .8	17.5	22.3	2 .9	17.4	25.6	20.9
Net profit / (loss) margin to sales (net) (%)	11.9	14.5	14.4	(7.2)	9 .9	22.5	15.2
EBITDA margin to sales (net) (%)	17.8	26.2	27.6	8 .4	22.7	34.9	26.1
Operating leverage ratio	4 .1	0 .9	63.1	4 .1	(0.2)	2 .0	0 .6
Return on equity (%)	11.8	17.8	17.4	(9.4)	13.9	20.7	12.7
Return on average equity (%)	12.4	19.2	19.0	(8.7)	13.4	25.3	13.3
Return on capital employed (RoCE) (%)	12.9	22.0	21.4	2 .7	17.4	20.5	10.0
Return on average capital employed (%)	12.7	23.4	22.2	2 .4	18.0	22.4	11.9
Return on average assets (%)	9 .4	13.1	11.9	(5.4)	8 .7	15.8	8 .3

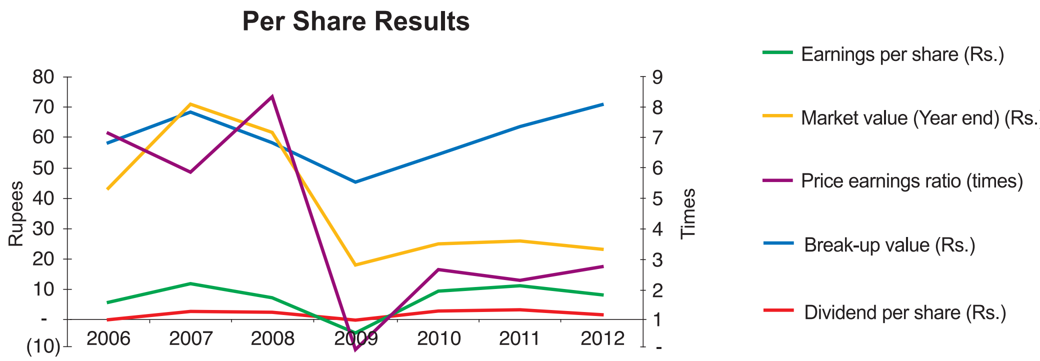
B - Liquidity Ratios

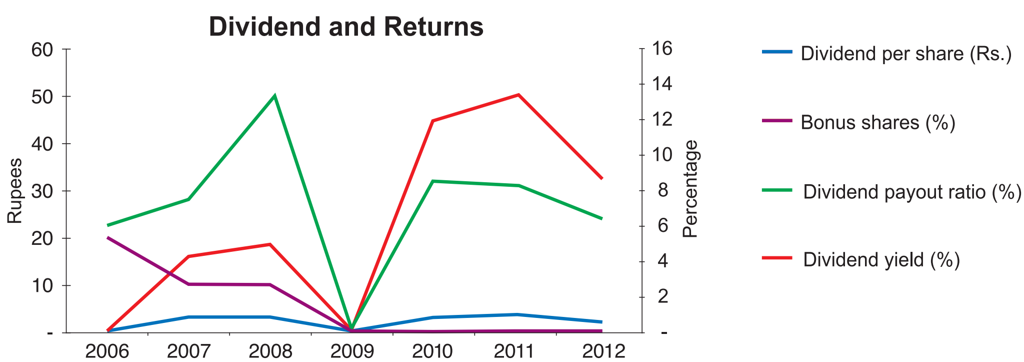
	2012*	2011*	2010*	2009*	2008	2007	2006
Current ratio	1.8 : 1	1.5 : 1	1.2 : 1	1.2 : 1	1.4 : 1	2 : 1	1.6 : 1
Quick / Acid-test ratio	1.2 : 1	0.8 : 1	0.6 : 1	0.8 : 1	1.1 : 1	1.4 : 1	1.2 : 1
Cash to current liabilities (%)	(23.5)	(49.1)	(27.0)	(45.8)	(52.7)	2 .4	(13.6)
Cash flows from operations to sales (%)	11.1	4 .1	12.3	10.1	13.5	16.5	(5.2)
Working capital (Net current assets)	844.3	595.2	384.7	308.0	706.0	1,047.7	714.5
Working capital turnover (times)	5 .5	9 .0	10.7	6 .5	4 .8	3 .3	1 .7

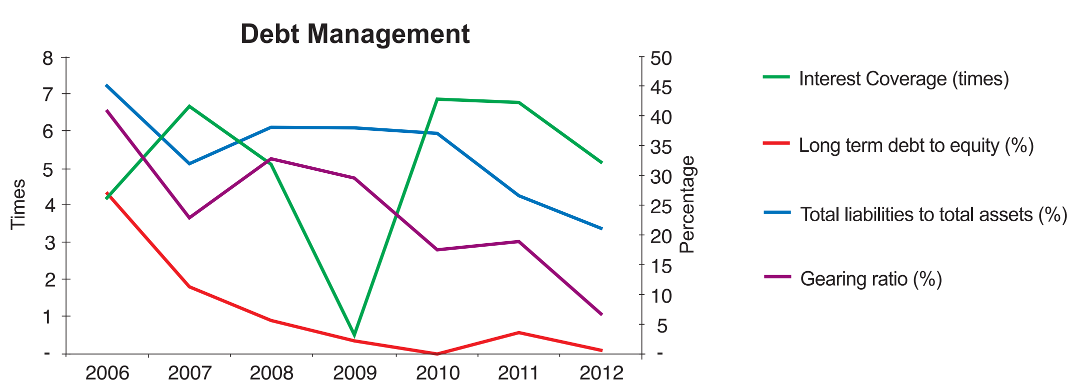
C - Activity / Turnover Ratios

	2012*	2011*	2010*	2009*	2008	2007	2006
Debtors turnover ratio (times)	15.3	20.9	20.5	32.7	28.0	23.0	16.5
No. of days in receivables / Average collection period (days)	24	18	18	11	13	16	22
Inventory turnover ratio (times)	4 .8	3 .8	3 .5	4 .2	5 .3	4 .4	4 .7
No. of days in inventory (days)	76	95	104	86	68	82	77
Creditors turnover ratio (times)	15.9	22.3	14.0	24.6	19.7	11.5	11.3
No. of days in creditors / Average payment period (days)	23	16	26	15	19	32	32
Property, plant and equipment turnover (times)	3 .6	3 .1	2 .9	2 .7	3 .4	2 .3	1 .2
Total assets turnover (times)	0 .8	0 .9	0 .8	0 .8	0 .9	0 .6	0 .5
Operating cycle (days)	77	96	96	82	63	66	67

Performance Indicators – Consolidated







Crescent Steel & Allied Products Ltd.

Performance Indicators – Consolidated

PERFORMANCE INDICATORS

D - Investment / Market Ratios

	2012*	2011*	2010*	2009*	2008	2007	2006
Basic and diluted earnings / (loss) per share (Rs.) **	8.34	11.32	9.48	(4.24)	7.36	12.10	6.10
Price earnings ratio (times)	2.8	2.3	2.6	–	8.4	5.9	7.1
Dividend yield (%) ***	8.6	13.4	12.0	–	4.9	4.2	–
Dividend payout ratio (%) ***	24.0	30.9	31.7	–	49.4	28.2	22.4
Dividend cover ratio (times) ***	4.2	3.2	3.2	–	2.5	4.0	–
Cash dividend (Rs. in millions) ***	112.9	197.6	169.4	–	154.0	140.0	–
Cash dividend per share (Rs.) ***	2.0	3.5	3.0	–	3.0	3.0	–
Stock dividend / Bonus shares (Rs. in millions) ***	–	–	–	–	51.3	46.7	58.3
Stock dividend / Bonus shares (%) ***	–	–	–	–	10	10	20
Market value per share (at the end of the year) (Rs.)	23.2	26.1	25.1	18.0	61.7	71.0	43.5
- Lowest during the year (Rs.)	18.0	23.8	18.0	13.0	58.0	32.0	37.0
- Highest during the year (Rs.)	28.5	31.7	34.0	61.0	108.0	72.0	90.0
Break-up value per share (Rs.)	70.9	63.7	54.5	45.1	58.4	68.5	58.2

E - Capital Structure Ratios

	2012*	2011*	2010*	2009*	2008	2007	2006
Financial leverage ratio (%)	9.1	23.6	27.2	42.1	49.2	30.6	69.9
Long term debt to equity ratio (%)	0.5	3.6	–	2.2	5.6	11.1	26.9
Long term debt : Equity ratio	0 : 100	3 : 97	0 : 100	2 : 98	5 : 95	10 : 90	21 : 79
Total liabilities to total assets (%)	21.1	26.6	37.1	38.1	38.2	31.8	45.1
Gearing ratio (%)	6.8	18.7	17.5	29.5	32.9	22.8	40.9
Interest coverage (times)	5.1	6.8	6.9	0.5	5.1	6.7	4.2

Notes:

* The figures presented in this analysis for the financial years ended 30 June 2012, 2011, 2010 and 2009 are those based on the Group's consolidated financial staements. The figures presented for the financial years prior to 2009 are based on the Holding Company's individual financial statements as published in the annual reports in those respective years.

** The basic and diluted earnings / (loss) per share for prior years have been restated to take into account the issue of bonus shares in the financial years ended 2008, 2007 and 2006.

*** This includes declaration of final cash dividend and issue of bonus shares recommended by the Board of Directors subsequent to year end.

Directors' Report – Consolidated

The Directors of Crescent Steel and Allied Products Limited (CSAPL) have pleasure in presenting their report together with the audited consolidated financial statements of the Group for the year ended 30 June 2012. The Group comprises of CSAPL and its wholly owned subsidiary companies Shakarganj Energy (Private) Limited, CS Capital (Private) Limited and Crescent Continental Gas Pipelines Limited (CCGPL). CCGPL is not carrying on any business operations and accordingly no financial statements are being prepared.

The Directors' Report giving commentary on the performance of CSAPL for the year ended 30 June 2012 has been presented separately.

Group Results

The consolidated financial results of the Group are summarized below:

		2012	2011
		(Rupees in '000)	
Profit for the year		452,130	833,940
Taxation		18,856	(194,121)
Profit after taxation		470,986	639,819
Unappropriated profit brought forward		868,952	398,513
Profit available for appropriation		1,339,938	1,038,332
Appropriations			
- Final dividend	2010 - @10%	–	(56,460)
- First interim dividend	2011 - @10%	–	(56,460)
- Second interim dividend	2011 - @10%	–	(56,460)
- Final dividend	2011 - @15%	(84,690)	–
- First interim dividend	2012 - @10%	(56,460)	–
		(141,150)	(169,380)
Unappropriated profit carried forward		1,198,788	868,952
Basic and diluted earnings per share		Rs. 8.34	Rs. 11.33

Directors' Report – Consolidated

Pattern of Shareholding

The pattern of shareholding and additional information relating thereto is attached separately.

Material Changes and Commitments

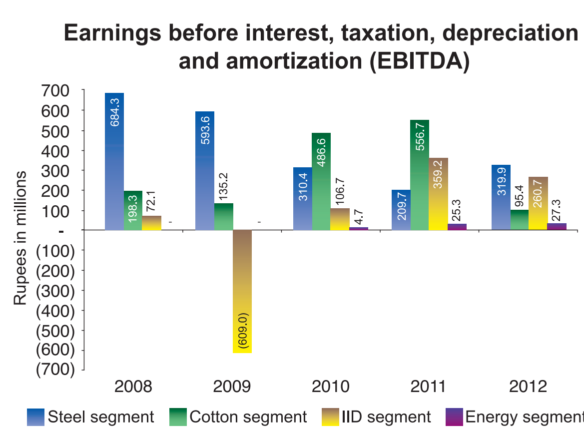
No material changes and commitments affecting the financial position of your Company have occurred between the end of the financial year to which this Balance Sheet relates and the date of the Directors' Report.

Chief Executive's Review

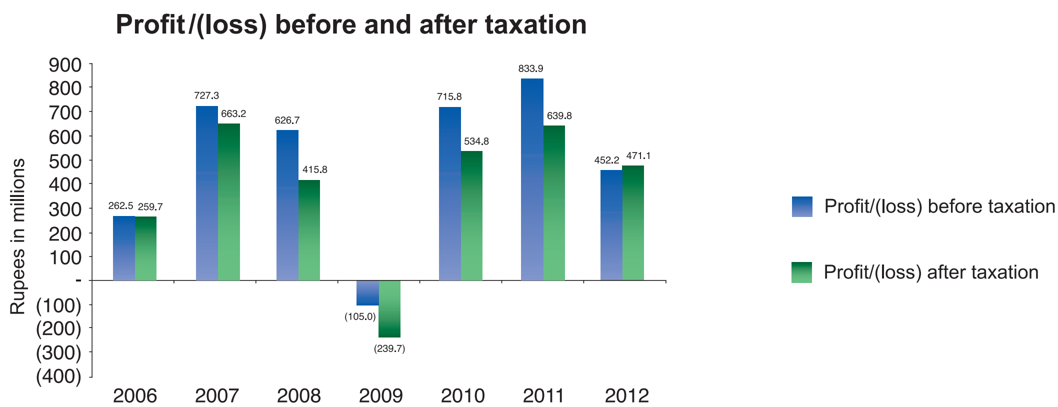
By order of the Board, the Directors endorse the contents of the Chief Executive's Review for the year ended 30 June 2012 which contains the state of the Group's affairs, operational performance of CSAPL and its subsidiary companies, future prospects of profits and other requisite information. The contents of the said review shall be read along with this report and shall form an integral part of the Director's Report in terms of section 236 of the Companies Ordinance, 1984 and the requirements of the Code of Corporate Governance under the Listing Regulations of the Stock Exchanges.

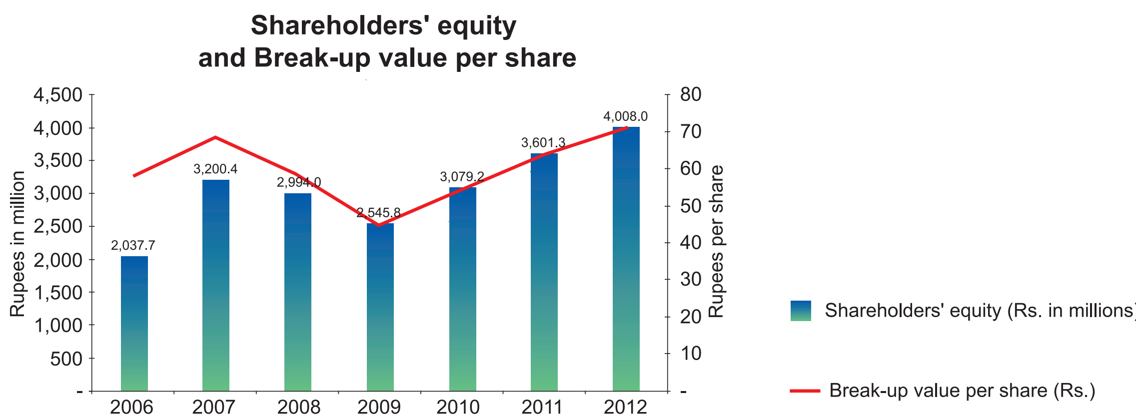
By order of the Board

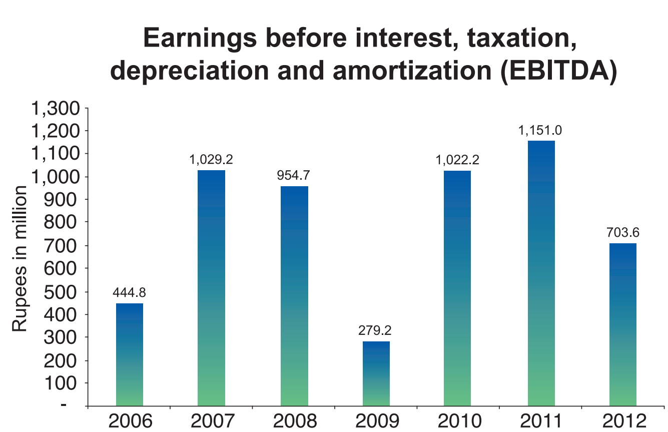
Ahsan M. Saleem
Chief Executive Officer
28 July 2012



Key Operating and Financial data – Consolidated







Crescent Steel & Allied Products Ltd.

Key Operating and Financial data – Consolidated

For the current and past six financial year(s)

SUMMARIZED FINANCIAL DATA

A - Summary of Profit and Loss Account (Rupees in millions)

	2012*	2011*	20010*	2009*	2008	2007	2006
Sales - net	3,942.9	4,400.0	3 ,704.4	3 ,310.9	4 ,200.2	2 ,950.1	1 ,707.1
Cost of sales	3,434.1	3,590.1	2 ,887.3	2 ,597.2	3 ,303.8	2 ,439.7	1 ,566.8
Gross profit	508.8	809.9	817.1	713.7	896.4	510.4	140.3
Income from / (loss on) investments - net	67.8	188.6	222.7	(338.8)	73.6	411.4	332.9
Distribution, selling and administrative expenses	216.0	198.8	187.5	143.8	151.0	146.6	118.6
Other operating expenses	65.8	60.3	63.5	175.2	109.7	125.5	21.9
Other operating income	11.6	31.6	37.7	39.0	19.6	107.0	24.6
Operating profit before finance costs	306.4	771.0	826.5	94.9	728.9	756.7	357.3
Finance costs	109.5	144.0	121.9	203.6	153.0	128.5	82.9
Share of profit / (loss) in equity accounted investees - net of taxation	255.3	206.9	11.2	3.7	50.8	99.1	(11.9)
Profit / (loss) before taxation	452.2	833.9	715.8	(105.0)	626.7	727.3	262.5
Taxation	(18.9)	194.1	181.0	134.7	210.9	64.1	2.8
Net income / (loss)	471.1	639.8	534.8	(239.7)	415.8	663.2	259.7

B - Summary of Balance Sheet (Rupees in millions)

	2012*	2011*	20010*	2009*	2008	2007	2006
Current assets	1 ,896.3	1 ,718.4	2 ,128.8	1 ,716.2	2 ,279.1	2 ,124.8	1,841.6
Stock-in-trade	586.7	840.6	1 ,026.6	616.4	606.1	633.5	468.5
Trade debts	368.9	145.1	276.9	83.9	118.7	181.4	75.1
Current liabilities	1 ,052.0	1 ,123.2	1 ,744.1	1 ,408.2	1 ,573.1	1 ,077.1	1,127.1
Trade and other payables	692.7	378.0	873.4	373.9	240.8	435.1	229.9
Property, plant and equipment	1 ,086.2	1 ,431.2	1 ,256.9	1 ,224.6	1 ,233.2	1 ,306.6	1,381.1
Total assets	5 ,079.8	4 ,905.2	4 ,894.8	4 ,109.7	4 ,846.7	4 ,696.1	3,714.7
Long term financing (excluding current maturity)	19.8	15.4	–	55.9	168.1	354.0	548.3
Deferred liabilities	–	50.4	71.6	99.8	111.5	64.6	1.6
Short term financing (including current maturity of long-term financing)	343.0	719.0	836.4	1 ,015.3	1,306.4	625.8	876.9
Reserves	3 ,443.4	3 ,036.7	2 ,514.6	1 ,981.2	2 ,480.7	2 ,733.8	1,687.7
Shareholders' equity	4 ,008.0	3 ,601.3	3 ,079.2	2 ,545.8	2,994.0	3,200.4	2,037.7

C - Summary of Cash Flow Statement (Rupees in millions)

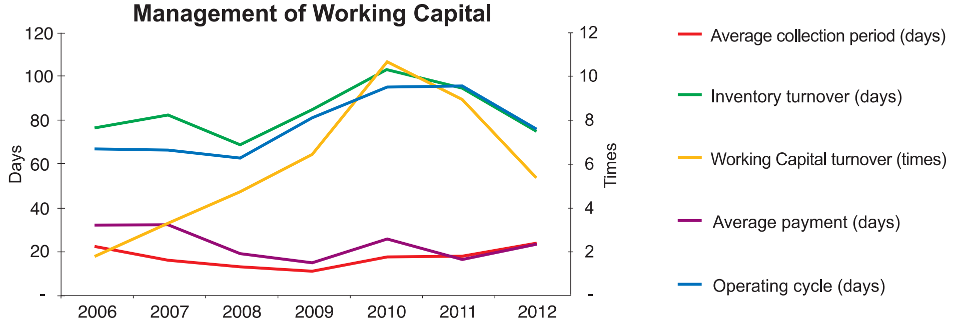
	2012*	2011*	20010*	2009*	2008	2007	2006
Cash and cash equivalents at the beginning of the year	(551.1)	(470.1)	(644.7)	(828.9)	26.3	(153.6)	30.9
Net cash generated from / (used in) operating activities	437.0	180.6	455.8	335.9	565.9	486.0	(88.6)
Net cash inflows / (outflows) from investing activities	249.9	(195.0)	27.9	70.4	(893.3)	(391.7)	(778.0)
Net cash (outflows) / inflows from financing activities	(382.7)	(66.6)	(309.1)	(222.1)	(527.8)	85.6	682.1
Net increase / (decrease) in cash and cash equivalents	304.2	(81.0)	174.6	184.2	(855.2)	179.9	(184.5)
Cash and cash equivalents at the end of the year	(246.9)	(551.1)	(470.1)	(644.7)	(828.9)	26.3	(153.6)

D - Other Data (Rupees in millions)

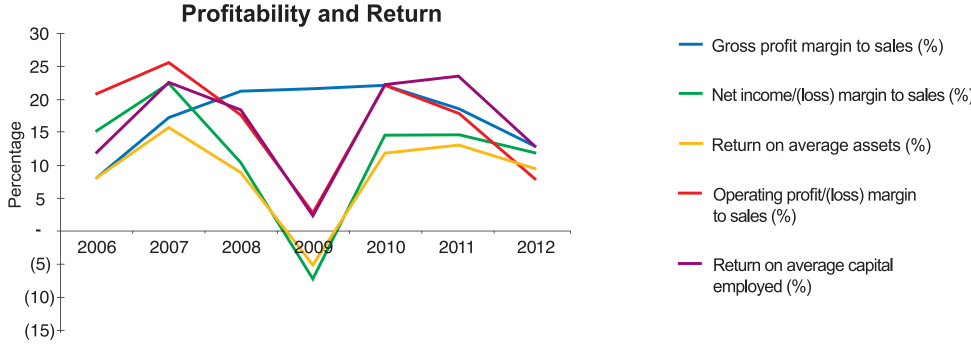
	2012*	2011*	20010*	2009*	2008	2007	2006
Depreciation and amortization	141.9	173.1	184.5	180.6	175.0	173.4	99.4
Capital expenditure	97.4	326.3	228.9	169.1	153.5	126.9	996.5
No. of ordinary shares (no. of shares in millions)	56.5	56.5	56.5	56.5	51.3	46.7	35.0
Payments to National Exchequer	290.4	360.3	499.2	520.4	712.3	303.6	154.9

* Note: The figures presented in this analysis for the financial years ended 30 June 2012, 2011, 2010 and 2009 are those based on the Group's consolidated financial statements. The figures presented for the financial years prior to 2009 are based on the Company's individual financial statements as published in the annual reports in those respective years.

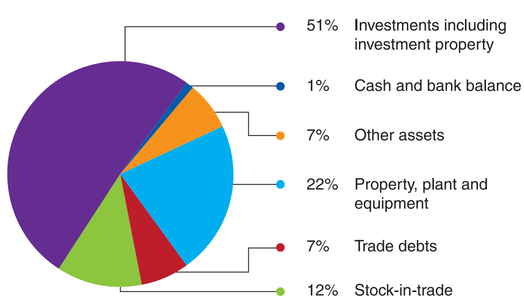
Management of Working Capital



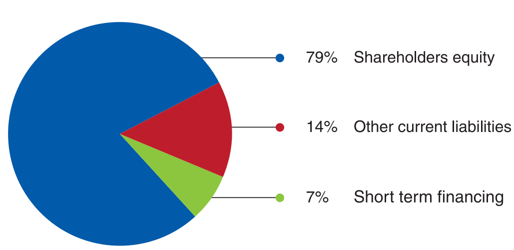
Profitability and Return



Total Assets as of 30 June 2012



Total Liabilities as of 30 June 2012



KPMG

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Karachi 75530 Pakistan

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Internet www.kpmg.com.pk

Auditors' Report to the Members

We have audited the annexed consolidated financial statements of **Crescent Steel and Allied Products Limited** ("the Holding Company") and its subsidiary companies Shakarganj Energy (Private) Limited and CS Capital (Private) Limited ("the Group") comprising consolidated balance sheet as at 30 June 2012 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of the Holding Company and its subsidiary company except for Shakarganj Energy (Private) Limited which was audited by another firm of chartered accountants whose audit report has been furnished to us and our opinion, in so far as it relates to the amounts included for such company, is based solely on the report of other auditor. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express our opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the consolidated financial statements present fairly the financial position of the Holding Company and its subsidiary companies as at 30 June 2012 and the results of their operations, changes in equity and cash flows for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

KPMG Taseer Hadi & Co

KPMG Taseer Hadi & Co.
Chartered Accountants.
Moneeza Usman Butt

28 July 2012
Karachi

Consolidated Balance Sheet
As at 30 June 2012

	Note	2012	2011
		(Rupees in '000)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
100,000,000 ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid-up capital	7	564,600	564,600
Capital reserves		402,574	325,764
Revenue reserves		3,040,788	2,710,952
		4,007,962	3,601,316
Non-current liabilities			
Long term loans	8	–	115,000
Liabilities against assets subject to finance lease	9	19,811	15,362
Deferred taxation	20	–	50,357
		19,811	180,719
Current liabilities			
Trade and other payables	10	692,709	377,995
Mark-up accrued	11	16,262	26,242
Short term borrowings	12	334,958	706,966
Current portion of liabilities against assets subject to finance lease	9	8,073	11,987
		1,052,002	1,123,190
Contingencies and commitments	13		
Total equity and liabilities		5,079,775	4,905,225

Crescent Steel & Allied Products Ltd.

Consolidated Balance Sheet
As at 30 June 2012

	Note	2012	2011
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	14	1,086,169	1,431,179
Intangible assets	15	1,617	12,964
Investment property	16	35,632	40,234
Investment in equity accounted investees	17	1,805,860	1,498,023
Other long term investments	18	220,717	189,030
Long term loans and deposits	19	20,867	15,348
Deferred taxation	20	12,606	–
		3,183,468	3,186,778
Current assets			
Stores, spares and loose tools	21	65,860	66,217
Stock-in-trade	22	586,720	840,571
Trade debts	23	368,930	145,072
Loan and advances	24	137,896	29,765
Trade deposits and short term prepayments	25	5,753	6,074
Investments	26	523,077	490,605
Current portion of long term investments	27	8,313	16,625
Mark-up accrued on term finance certificates		275	820
Other receivables	28	36,760	62,283
Taxation - net	29	93,357	41,415
Cash and bank balances	30	69,366	19,000
		1,896,307	1,718,447
Total assets		5,079,775	4,905,225

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.

Chief Executive

Director

Consolidated Profit and Loss Account
For the year ended 30 June 2012

	Note	2012	2011
		(Rupees in '000)	
Sales - net	31	3,942,869	4,400,006
Cost of sales	32	3,434,086	3,590,073
Gross profit		508,783	809,933
Income from investments	33	67,771	188,635
		576,554	998,568
Distribution and selling expenses	34	46,098	38,806
Administrative expenses	35	169,945	160,000
Other operating expenses	36	65,823	60,333
		281,866	259,139
		294,688	739,429
Other operating income	37	11,647	31,584
Operating profit before finance costs		306,335	771,013
Finance costs	38	109,527	144,001
Share of profit in equity accounted investees - net of taxation	39	255,322	206,928
Profit before taxation		452,130	833,940
Taxation	40	(18,856)	194,121
Profit after taxation		470,986	639,819
		(Rupees)	
Basic and diluted earnings per share	41	8.34	11.33

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.

Chief Executive

Director

Crescent Steel & Allied Products Ltd.

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2012

	Note	2012	2011
		(Rupees in '000)	
Profit after taxation		470,986	639,819
Other comprehensive income			
Unrealized appreciation / (diminution) during the year on remeasurement of investments classified as 'available for sale'		5,261	(8,695)
Proportionate share of other comprehensive income of equity accounted investees		52,515	60,393
Impairment loss on investments classified as 'available for sale'	24.1.1 & 24.2.4	19,034	–
Other comprehensive income		76,810	51,698
Total comprehensive income		547,796	691,517

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.

Chief Executive

Director

Consolidated Cash Flow Statement
For the year ended 30 June 2012

	Note	2012	2011
		(Rupees in '000)	
Cash flows from operating activities			
Cash generated from operations	42	935,981	649,325
Taxes paid		(109,458)	(251,404)
Finance costs paid		(98,712)	(159,031)
Contribution to gratuity and pension funds		(11,253)	(16,699)
Contribution to Workers' Profit Participation Fund		(25,862)	(28,666)
Payment of infrastructure fee		(23,188)	–
Compensated absences paid		(1,071)	(10)
10-C bonus paid		(874)	(842)
Long term loans and deposits - net		(228,594)	(12,050)
Net cash generated from operating activities		436,969	180,623
Cash flows from investing activities			
Capital expenditure		(97,441)	(326,286)
Acquisition of intangible assets		–	(41)
Proceeds from disposal of operating fixed assets		1,435	9,199
Proceeds from asset subject to insurance claim		304,961	–
Investments - net		(19,955)	51,290
Dividend income received		57,106	60,964
Interest income received		3,759	9,846
Net cash inflows / (outflows) from investing activities		249,865	(195,028)
Cash flows from financing activities			
Proceeds from long term loan / (repayments against long term loan) - net		(115,000)	58,750
Proceeds from disposal of operating fixed assets under sale and leaseback arrangement		4,980	21,363
Payments against finance lease obligations		(13,728)	(1,428)
Proceeds from short term loans / (repayments against short term loans) - net		(118,239)	9,374
Dividends paid		(140,712)	(154,615)
Net cash outflows from financing activities		(382,699)	(66,556)
Net increase / (decrease) in cash and cash equivalents		304,135	(80,961)
Cash and cash equivalents at beginning of the year		(551,179)	(470,218)
Cash and cash equivalents at end of the year	43	(247,044)	(551,179)

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.

Chief Executive

Director

Crescent Steel & Allied Products Ltd.

Consolidated Statement of Changes in Equity
For the year ended 30 June 2012

	Issued, subscribed and paid-up capital	Capital reserve: Share Premium	Capital reserve: Unrealized appreciation / (diminution) on remeasurement of investments classified as 'available for sale'	Capital reserve: Others*	Revenue reserves: General reserve	Revenue reserves: Unappro-priated (loss) / profit	Total
	(Rupees in '000)						
Balance as at 1 July 2010	**564,600**	**349,959**	**11,743**	**(87,636)**	**1,842,000**	**398,513**	**3,079,179**
Total comprehensive income for the year ended 30 June 2011							
Profit after taxation	–	–	–	–	–	639,819	639,819
Other comprehensive income							
Unrealized diminution during the year on remeasurement of investments classified as 'available for sale'	–	–	(8,695)	–	–	–	(8,695)
Proportionate share of other comprehensive incomeof equity accounted investees	–	–	–	60,393	–	–	60,393
	–	–	(8,695)	60,393	–	–	51,698
	–	–	(8,695)	60,393	–	639,819	691,517
Transactions with owners							
Dividend:							
- Final @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2010	–	–	–	–	–	(56,460)	(56,460)
- First interim @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2011	–	–	–	–	–	(56,460)	(56,460)
- Second interim @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2011	–	–	–	–	–	(56,460)	(56,460)
	–	–	–	–	–	(169,380)	(169,380)
Balance as at 30 June 2011	**564,600**	**349,959**	**3,048**	**(27,243)**	**1,842,000**	**868,952**	**3,601,316**
Total comprehensive income for the year ended 30 June 2012							
Profit after taxation	–	–	–	–	–	470,986	470,986
Other comprehensive income							
Unrealized appreciation during the year on remeasurement of investments classified as 'available for sale'	–	–	5,261	–	–	–	5,261
Proportionate share of other comprehensive income of equity accounted investees	–	–	–	52,515	–	–	52,515
Impairment loss on investments classified as 'available for sale'	–	–	19,034	–	–	–	19,034
	–	–	24,295	52,515	–	–	76,810
	–	–	24,295	52,515	–	470,986	547,796
Transactions with owners							
Dividend:							
- Final @ 15% (i.e. Rs. 1.5 per share) for the year ended 30 June 2011	–	–	–	–	–	(84,690)	(84,690)
- First interim @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2012	–	–	–	–	–	(56,460)	(56,460)
	–	–	–	–	–	(141,150)	(141,150)
Balance as at 30 June 2012	**564,600**	**349,959**	**27,343**	**25,272**	**1,842,000**	**1,198,788**	**4,007,962**

* This represents the Group's share of various reserves held by equity accounted investees.

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.

Chief Executive

Director

Notes to the Consolidated Financial Statements
For the year ended 30 June 2012

1. THE GROUP AND ITS OPERATIONS

1.1 The Group consists of Crescent Steel and Allied Products Limited ('the Holding Company') and it's wholly owned subsidiary companies Shakarganj Energy (Private) Limited, CS Capital (Private) Limited and Crescent Continental Gas Pipelines Limited.

1.2 The Holding Company was incorporated on 1 August 1983 as a public limited company in Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984) and is quoted on all stock exchanges of Pakistan. The registered office of the Holding Company is located at 10th floor, BOP Tower, 10-B, Block E-2, Main Boulevard, Gulberg-III, Lahore.

The Holding Company's steel segment is one of the down stream industries of Pakistan Steel Mills, manufacturing large diameter spiral arc welded steel line pipes at Nooriabad (District Dadu). The Holding Company has a coating facility capable of applying three layer high density polyethylene coating on steel line pipes. The coating plant commenced commercial production from 16 November 1992.

The Holding Company acquired a running spinning unit of 14,400 spindles (now 19,680 spindles) at Jaranwala (District Faisalabad) on 30 June 2000 from Crescent Jute Products Limited. Another spinning unit CCP-II was added with 25,344 spindles in 2006. The cotton spinning activity is carried out by the Holding Company under the name and title of 'Crescent Cotton Products a division of Crescent Steel and Allied Products Limited'.

1.3 Shakarganj Energy (Private) Limited was incorporated on 2 April 2008 as a private limited company in Pakistan under the Companies Ordinance, 1984. The Holding Company acquired this subsidiary on 4 January 2010. The principal activity of the Subsidiary Company will be to build, own, operate and maintain a power plant and to generate, accumulate, distribute, sell and supply electricity / power to the Pakistan Electric Power Company (Private) Limited (PEPCO) / power distribution companies under agreement(s) with the Government of Pakistan or to any other consumer as permitted.

1.4 CS Capital (Private) Limited was incorporated on 5 November 2010 as a private limited company in Pakistan under the Companies Ordinance, 1984. The Holding Company acquired this subsidiary on 26 September 2011. The principal activity of the Subsidiary Company is to manage porfolio of shares, commodities and other securities (strategic as well as short term).

1.5 Crescent Continental Gas Pipelines Limited is not carrying on any business operations.

1.6 Details regarding the Group's investment in associates are given in note 17 to these consolidated financial statements.

2. SIGNIFICANT EVENT DURING THE YEAR

On 7 January 2012, a major fire broke out in the main production area of the Spinning Unit No.2 (comprising of 25,344 spindles) of the Cotton segment of the Holding Company situated in Jaranwala. This caused damage to the entire production area including building, plant & machinery, equipment and work in process. The above assets are fully insured and the Holding Company had lodged insurance claim in respect of loss of work in process and damage to building, plant & machinery and equipment. The claim lodged as stated above is under assessment and verification.

3. BASIS OF PREPARATION

3.1 These consolidated financial statements have been prepared from the information available in the audited separate financial statements of the Holding Company for the year ended 30 June 2012 and the audited financial statements of Shakarganj Energy (Private) Limited and CS Capital (Private) Limited for the year ended 30 June 2012. Crescent Continental Gas Pipelines Limited is not carrying on any business operations and accordingly no financial statements are being prepared. Details regarding the financial information of associates used in the preparation of these consolidated financial statements are given in note 17 to these consolidated financial statements.

The accounting policies used by the Subsidiary Companies in preparation of its financial statements are consistent with that of the Holding Company. The accounting policies used by the Group's associates in preparation of their respective financial statements are also consistent with that of the Holding Company except for a certain policy for which necessary adjustments are made to the financial statements of that associate to bring its accounting policies into line with those used by the Group.

3.2 Statement of compliance

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

3.3 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for investments classified as held for trading and available for sale which are stated at fair value and obligations in respect of pension and gratuity schemes which are measured at present value.

3.4 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupees which is also the Group's functional currency and has been rounded to the nearest thousand.

4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are set forth below.

Property, plant and equipment

The Group reviews the rates of depreciation, useful lives, residual values and values of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

Intangible assets

The Group reviews the rate of amortization and value of intangible assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of intangible assets with a corresponding effect on the amortization charge and impairment.

Investment stated at fair value

Management has determined fair value of certain investments by using quotations from active market conditions and information about the financial instruments. These estimates are subjective in nature and involve some uncertainties and matters of judgment (e.g. valuation, interest rate, etc.) and therefore, cannot be determined with precision.

Held to maturity investments

The Group has classified certain investments as held to maturity. In this regard, judgement is involved in evaluating the intention and ability to hold these investments till their respective maturities.

Stock-in-trade and stores, spares and loose tools

The Group reviews the net realizable value of stock-in-trade and stores, spares and loose tools to assess any diminution in their respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade and stores, spares and loose tools with a corresponding effect on the amortization charge and impairment. Net realizable value is determined with respect to estimated selling price less estimated expenditure to make the sale.

Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 45 to these consolidated financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Changes in these assumptions in future years may affect the liability under these schemes in those years.

Income taxes

In making the estimates for income taxes currently payable by the Group, the management looks at the current income tax laws and the decisions of appellate authorities on certain issues in the past.

5. AMENDMENTS / INTERPRETATION TO EXISTING STANDARD AND FORTH-COMING REQUIREMENTS

5.1 Standards, amendments or interpretations which became effective during the year

During the year certain amendments to Standards or new interpretations became effective, however, the amendments or interpretation did not have any material effect on the consolidated financial statements of the Group.

5.2 New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards are only effective for annual periods beginning from the dates specified below. Except for the amendment in International Accounting Standard (IAS) 19 which results in immediate recognition of actuarial gains or losses and revised basis of calculation for net finance costs, these standards are either not relevant to the Group's operations or are not expected to have a significant impact on the Groups's financial statements, other than increased disclosures in certain cases:

- Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after 1 January 2012). The amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation.

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

- Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following standards, with consequential amendments to other standards and interpretations.

  IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements.

  IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment.

  IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction.

  IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set forth below and have been applied consistently to all years presented.

6.1 Basis of consolidation

Subsidiaries
The consolidated financial statements include the financial statements of the Holding Company and its subsidiary companies.

Subsidiaries are those entities in which the Holding Company directly or indirectly controls, beneficially owns or holds more than 50 percent of its voting securities or otherwise has power to elect and appoint more than 50 percent of its directors. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences. The financial statements of the subsidiaries are consolidated on a line-by-line basis and the carrying value of investment held by the Holding Company is eliminated against the Holding Company's share in paid up capital of the subsidiaries. The Group applies uniform accounting policies for like transactions and events in similar circumstances except where specified otherwise.

All material inter-group balances, transactions and resulting unrealized profits / losses are eliminated.

Investments in associates
Entities in which the Group has significant influence but not control and which are neither subsidiaries nor joint ventures of the members of the Group are associates and are accounted for under the equity method of accounting (equity accounted investees).

These investments are initially recognized at cost. The consolidated financial statements include the associates' share of profit or loss and movements in other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date it ceases. Share of post acquisition profit and loss of associates is recognized in the profit and loss account. Distributions received from associates reduce the carrying amount of investment. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that investment (including any long-term interests that, in substance, form part of the Group's net investment in the associate) is reduced to nil and the recognition of further losses is discontinued.

The carrying amount of investments in associates is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the investments is estimated which is higher of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount and is charged to profit and loss account. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of initial cost of the investments. A reversal of impairment loss is recognized in the profit and loss account.

6.2 Property, plant and equipment and depreciation

Owned assets

Property, plant and equipment, except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land and capital work-in-progress are stated at cost.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other cost directly attributable to bringing the assets to a working condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs.

Subsequent cost

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Group and its cost can be measured reliably. The carrying amount of the part so replaced is derecognized. The costs relating to day-to-day servicing of property, plant and equipment are recognized in profit and loss account as incurred.

Depreciation

Depreciation is charged to income on a straight line basis at the rates specified in note 14.1 to these financial statements. Depreciation on additions to property, plant and equipment is charged from the month in which an item is acquired or capitalized while no depreciation is charged for the month in which the item is disposed off.

The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Disposal
The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Leased assets
Upon initial recognition, an asset acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments, each determined at the inception of the lease. Subsequent to initial recognition, the asset is stated at the amount determined at initial recognition less accumulated depreciation and impairment losses, if any.

Depreciation is charged on the same basis as used for owned assets.

Impairment
The carrying amount of property, plant and equipment is reviewed at each balance sheet date to determined whether there is any indication of impairment. If any such indication exists then the assets recoverable amount is estimated. The recoverable amount is the greater of its value in use and fair value less cost to sell. An impairment is recognized if the carrying amount exceed its estimated recoverable amount.

6.3 Intangible assets

Intangible assets acquired by the Group are stated at cost less accumulated amortization and impairment losses, if any.

Subsequent expenditure
Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Amortization
Amortization is charged to the income statement on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Amortization on additions to intangible assets is charged from the month in which an item is acquired or capitalized while no amortization is charged for the month in which the item is disposed off.

Impairment

All intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Where the carrying amount of asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount. The carrying amount of other intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exist than the assets recoverable amount is estimated. The recoverable amount is the greater of its value and fair value less cost to sell. An impairment is recognized if the carrying amount exceed its estimated recoverable amount.

6.4 Investment property

Investment property, principally comprising of land and buildings, is held for long term rental yields / capital appreciation. The investment property of the Group comprises of land and buildings and is valued using the cost method i.e. at cost less any accumulated depreciation and impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs.

Depreciation is charged to profit on the straight line method so as to allocate the depreciable amount over its estimated useful life. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalized while no depreciation is charged for the month in which the property is disposed off.

The residual values and useful lives of investment property are reviewed at each balance sheet date and adjusted if impact on depreciation is significant.

The Group assesses at each balance sheet date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future period to allocate the asset's revised carrying amount over its estimated useful life.

The gain or loss on disposal of investment property represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as income or expense.

6.5 Financial assets

Financial assets at fair value through profit or loss
A non-derivative financial asset is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Investments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognized in the profit and loss account when incurred. Investments at fair value through profit or loss are measured at fair value, and changes therein are recognized in the profit and loss account.

Held to maturity investments
Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has positive intention and ability to hold to maturity.

Investments classified as held to maturity are recognized initially at fair value, plus attributable transaction costs. Subsequent to initial recognition, these are stated at amortized cost with any difference between cost and redemption value being recognized in the profit and loss account over the period of the investments on an effective yield method.

Loans and receivables
Loans and receivables are recognized initially at fair value, plus attributable transaction costs. Subsequent to initial recognition, loans and receivables are stated at amortized cost with any difference between cost and redemption value being recognized in the profit and loss account over the period of the investments on an effective yield method.

Available for sale investments
Other investments not covered in any of the above categories including investments in associates in which the Group has no significant influence are classified as being available for sale and are initially recognized at fair value plus attributable transactions costs. Subsequent to initial recognition these are measured at fair value, with any resultant gain or loss being recognized in other comprehensive income. Gains or losses on available for sale investments are recognized in other comprehensive income until the investments are sold or disposed off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in other comprehensive income is included in current period's profit and loss account.

Fair value of listed securities are the quoted prices on stock exchange on the date it is valued. Unquoted securities are valued at cost.

The Group follows trade date accounting for regular way purchase and sale of securities, except for sale and purchase of securities in the future market.

Impairment of financial assets

The carrying amount of all financial assets, other than those at fair value through profit or loss, is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the financial asset is estimated which is higher of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount and is charged to profit and loss account. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of initial cost of the financial asset. A reversal of impairment loss is recognized in the profit and loss account.

Derivative financial instruments

The Group enters into derivative financial instruments, which include future contracts in stock market. Derivatives are initially recorded at fair value and are remeasured to fair value on subsequent balance sheet dates. The fair value of a derivative is equivalent to the unrealized gain or loss from marking to market the derivative using prevailing market rates. Derivatives with positive market values (unrealized gains) are included in other receivables and derivatives with negative market values (unrealized losses) are included in other liabilities in the balance sheet. The resultant gains and losses from derivatives held for trading purposes are recognized in the profit and loss account. No derivative is designated as hedging instrument by the Group.

6.6 Non-current assets held for sale

Non-current assets or disposal groups comprising of assets or liabilities that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets or components of a disposal group, are remeasured in accordance with Group's accounting policies. Thereafter these are measured at lower of their carrying amount and fair value less costs to sell.

6.7 Stores, spares and loose tools

Stores, spares and loose tools are valued at lower of weighted average cost and net realizable value, less provision for impairment, if any. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

Provision for obsolete and slow moving stores, spares and loose tools is determined based on management's estimate regarding their future usability.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to be incurred to make the sale.

Spare parts of capital nature which can be used only in connection with an item of property, plant and equipment are classified as fixed assets under the 'plant and machinery' category and are depreciated over a time period not exceeding the useful life of the related assets.

6.8 Stock-in-trade

Stock-in-trade is stated at the lower of cost and net realizable value. Cost is arrived at on a weighted average basis. Cost of work-in-process and finished goods include cost of materials and appropriate portion of production overheads. Net realizable value is the estimated selling price in the ordinary course of business less costs of completion and selling expenses. The cost of finished goods of Steel segment is measured on the specific identification method. Scrap stocks are valued at their estimated net realizable value.

6.9 Trade debts and other receivables

These are initially stated at fair value and subsequently measured at amortized cost using the effective interest rate method less provisions for any uncollectible amounts. An estimate is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written off.

6.10 Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of cash flow statement.

6.11 Employee benefits

6.11.1 Compensated absences

The Holding Company accounts for all accumulated compensated absences when employees render services that increase their entitlement to future compensated absences.

6.11.2 Post retirement benefits

6.11.2.1 Defined contribution plan - Provident fund

The Holding Company operates a provident fund scheme for its permanent employees. Equal monthly contributions are made by the Holding Company and its employees. Obligation for contributions to the fund are recognized as an expense in the profit and loss account when they are due.

Cotton segment

Provision and collection from employees are made at the rate of 6.25% of basic pay plus Cost Of Living Allowance (COLA) of Cotton segment employees. A trust has been established and its approval has been obtained from the Commissioner of Income Tax.

All employees except Cotton segment

Contributions to the fund are made at the rate of 8.33% of basic pay plus COLA for those employees who have served the Holding Company for a period of less than five years and after completion of five years, contributions are made at the rate of 10%.

6.11.2.2 Defined benefit plans

Pension and gratuity fund schemes

The Holding Company operates pension and gratuity fund schemes for its permanent management employees as per the terms of employment. The pension scheme provides life time pension to retired employees or to their spouses.

Contributions are paid to the pension and gratuity funds on the basis of actuarial recommendations. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses which exceed 10% of the greater of the present value of the Holding Company's obligations and the fair value of plan assets are amortized over the expected average remaining working lives of the eligible employees. Past service cost is recognized immediately to the extent that the benefits are already vested. For non-vested benefits past service cost is amortized on a straight line basis over the average period until the amended benefits become vested.

Amounts recognized in the balance sheet represent the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost and as reduced by the fair value of plan assets. Any assets resulting from this calculation is limited to the unrecognized actuarial losses and unrecognized past service cost plus the present value of available refunds and reductions in future contributions to the plan.

6.12 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at fair value, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the profit and loss account over the period of the borrowings on an effective interest basis.

6.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Group. All other leases are classified as operating leases.

Assets held under finance leases along with corresponding lease liabilities are initially recognized at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance costs and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recognized in the profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalized as more fully explained in note 6.17 below.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

In the context of sale and leaseback transactions, where a sale and leaseback transaction is classified as a finance lease, any excess of the sale proceeds over the carrying values is deferred and recognized in the profit and loss account over the lease term. Any loss representing the excess of the carrying values over the sale proceeds is recognized immediately in the profit and loss account.

6.14 Trade and other payables

Trade and other amounts payable are recognized initially at fair value and subsequently carried at amortized cost.

6.15 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any.

Deferred

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted at the balance sheet date.

Deferred tax liabilities are recognized for all taxable temporary differences. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

6.16 Revenue recognition

Revenue from sales is recognized when significant risks and rewards of ownership are transferred to the buyer.

Interest income is recognized on an accrual basis using the effective interest method.

Dividend income is recognized when the right to receive the same is established i.e. the book closure date of the investee company declaring the dividend.

Gains and losses on sale of investments are accounted for when the commitment (trade date) for sale of security is made.

Unrealized gains and losses arising on revaluation of securities classified as 'held for trading' are recognized in the profit and loss account in the period in which they arise. Gains and losses arising on revaluation of derivatives to the fair value are also recognized in the profit and loss account.

Rental income (net of any incentives given to lessees) from investment property is recognized on a straight line basis over the lease term.

Miscellaneous income is recognized on receipt basis.

6.17 Borrowing costs

Borrowing costs incurred on long term finances directly attributable for the construction / acquisition of qualifying assets are capitalized up to the date the respective assets are available for intended use. All other mark-up, interest and other related charges are taken to the profit and loss account currently.

6.18 Provisions

A provision is recognized in the balance sheet when the Group has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

6.19 Impairment

The carrying amount of the Group's assets is reviewed at each balance sheet date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset's or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account.

6.20 Foreign currency translation

Foreign currency transactions are translated into Pakistan Rupees at exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing at the balance sheet date. Exchange differences, if any, are recognized in profit and loss account.

6.21 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amount and the Group intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

6.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of its business units separately for the purpose of making decisions regarding resource allocation and performance assessment.

Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis. Segment assets consist primarily of property, plant and equipment, intangibles, stores, spares and loose tools, stock-in-trade and trade debts and other receivables. Segment liabilities comprise of operating liabilities and exclude items such as taxation and corporate.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets.

6.23 Proposed dividend and transfer between reserves

Dividend distributions to the Holding Company's shareholders are recognized as a liability in the period in which dividends are approved. Transfer between reserves made subsequent to the balance sheet date is considered as a non-adjusting event and is recognized in the financial statements in the period in which such transfers are made.

7. ISSUED, SUBSCRIBED AND PAID-UP-CAPITAL

2012	2011		2012	2011
(Number of shares)			(Rupees in '000)	
22,230,188	22,230,188	Ordinary shares of Rs. 10 each fully paid in cash	222,302	222,302
34,229,805	34,229,805	Ordinary shares of Rs. 10 each issued as bonus shares	342,298	342,298
56,459,993	56,459,993		564,600	564,600

7.1 Ordinary shares of the Company held by related parties as at year end are as follows :

	2012		2011	
	(Percentage of holding)	(Number of shares)	(Percentage of holding)	(Number of shares)
Crescent Sugar Mills & Distillery Limited	0.02%	13,147	0.02%	13,147
Crescent Steel and Allied Products Limited - Gratuity Fund	0.99%	557,989	0.83%	466,353
Crescent Steel and Allied Products Limited - Pension Fund	1.95%	1,102,245	1.61%	910,504
Crescent Steel and Allied Products Limited - Staff Provident Fund	0.71%	400,200	0.71%	400,200
Crescent Cotton Products - Staff Provident Fund	0.57%	323,418	0.01%	4,400
Muhammad Amin Muhammad Bashir Limited	0.00%	618	0.00%	618
Premier Insurance Limited	0.04%	24,500	0.08%	44,500
Shakarganj Mills Limited	4.82%	2,720,062	4.82%	2,720,062
The Crescent Textile Mills Limited	11.00%	6,209,676	11.00%	6,209,676

8. LONG TERM LOANS

	2012	2011
	(Rupees in '000)	
Secured from banking companies		
Allied Bank Limited	–	56,143
MCB Bank Limited	–	115,000
Amortization of initial transaction costs	–	107
Repayments	–	(56,250)
	–	115,000
Less: Current portion shown under current liabilities	–	–
	–	115,000

9. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Minimum lease payments		Future finance costs		Present value of minimum lease payments	
	2012	2011	2012	2011	2012	2011
	(Rupees in '000)					
Not later than one year	11,171	15,049	3,098	3,062	8,073	11,987
Later than one year and not later than five years	21,391	17,272	1,580	1,910	19,811	15,362
	32,562	32,321	4,678	4,972	27,884	27,349
Less: Current portion shown under current liabilities					8,073	11,987
					19,811	15,362

9.1 The Holding company has entered into finance lease arrangements with leasing companies for lease of plant and machinery and motor vehicles. The lease term of these arrangments is three years (2011: three years) and the liability is payable by the year 2015. The periodic lease payments include built-in rates of mark-up ranging between 18.50% to 20.25% (2011: 19.29% to 20.25%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 14.128 million (2011: Rs. 20.285 million) which pertains to obligations arising from sale and leaseback of assets.

The Holding Company intends to exercise its options to purchase the leased assets upon completion of the respective lease terms. The Holding Company's obligations under these arrangements are secured by the lessor's title to the leased assets.

10. TRADE AND OTHER PAYABLES

	Note	2012	2011
		(Rupees in '000)	
Trade creditors		46,212	42,384
Bills payable		35,584	12,687
Commission payable		6,133	5,923
Customer's security deposits		200	500
Accrued liabilities	10.1	64,479	77,474
Advances from customers		106,282	25,776
Provisions	10.2	82,864	91,699
Due to related parties	10.3	35	7,031
Payable against purchase of investments		–	1,508
Payable to provident fund		183	72
Payable to staff retirement benefit funds		367	–
Retention money		140	188
Sales Tax payable		19,881	106
Special Excise Duty payable		–	946
Withholding tax payable		238	309
Workers' Profit Participation Fund	10.4	15,376	25,862
Workers' Welfare Fund		3,755	13,524
Unclaimed dividend		65,930	65,492
Advance against Insurance Claim	10.5	235,952	–
Others		9,098	6,514
		692,709	377,995

10.1 Accrued liabilities

	Note	2012	2011
Salaries, wages and other benefits		14,979	17,802
Accrual for 10-C bonus		4,982	4,960
Compensated absences		10,019	9,122
Others	10.1.1	34,499	45,590
		64,479	77,474

10.1.1 This includes an amount of Rs. 10 million (2011: Rs. 10 million) allocated by the Holding Company for formation of a fund for staff welfare, the registration requirements in respect of which are in process as at 30 June 2012.

10.2 Movement in provisions

	Infrastructure fee (Note 10.2.1)	Sales Tax (Note 10.2.2)	Liquidated damages (Note 10.2.3)	Total
	(Rupees in '000)			
Opening balance as at 1 July 2011	67,300	3,242	21,157	91,699
Provision for the year	5,419	–	8,934	14,353
Payments during the year	(23,188)	–	–	(23,188)
Trade debts written off against provision	–	–	–	–
Closing balance as at 30 June 2012	49,531	3,242	30,091	82,864

10.2.1 This provision has been recognized against infrastructure fee levied by the Government of Sindh through Sindh Finance (Amendment) Ordinance, 2001. The Holding Company has contested this issue in the High Court. The Holding Company filed an appeal in the Supreme Court against the judgement of the High Court dated 15 September 2008 partly accepting the appeal by declaring that the levy and collection of infrastructure fee prior to 28 December 2006 was illegal and ultra vires and after that it was legal. Additionally, the Government of Sindh also filed appeal against the part of judgement decided against them.

The above appeals were disposed off in May 2011 with a joint statement of the parties that, during the pendency of the appeal, another law came into existence which was not subject matter in the appeal, therefore, the decision thereon be first obtained from the High Court before approaching the Supreme Court with the right to appeal. The petition was filed in the High Court in respect of the above view. During the pendency of the appeal an interim arrangement was agreed whereby bank guarantee furnished for consignments cleared upto 27 Decemeber 2006 were returned. Bank guarantees were furnished for 50% of the levy for consignment released subsequent to 28 Decemeber 2006 while payment was made against the balance amount. Similar arrangement continued for the consignments released during the current year.

Under the arrangement if the Holding Company succeed in the petition, Government of Sindh will refund the amount subject to their right to appeal before honourable Supreme Court. To date the Holding Company has provided bank guarantees amounting to Rs. 23.188 million (2011: Rs. 70.750 million) in favour of Excise and Taxation Department. Based on the legal advice, the management believes that the chance of success in the petition is in the Holding Company's favor. Current year charge has been estimated on the value of imports during the year and forms a component of cost of such imported raw materials. Any subsequent adjustment with respect to increase or decrease in the estimate has been recognized in profit and loss account.

10.2.2 These have been made against sales tax claims long outstanding with the sales tax department.

10.2.3 The provision has been recognized on account of liquidated damages claimed by a customer on delayed supply of goods. The Holding Company is in the process of negotiating this matter and expects that this may be resolved. However, on a prudent basis full provision has been recognized.

10.3 This represents expenses incurred by related parties on behalf of the Holding Company.

10.4 Workers' Profit Participation Fund

	2012	2011
	(Rupees in '000)	
Opening balance as at 1 July	25,862	28,666
Allocation for the year	14,813	25,862
Mark-up on funds utilized in the Company's business	563	540
	41,238	55,068
Amount paid to the trustees of the fund	(25,862)	(29,206)
Closing balance as at 30 June	15,376	25,862

10.5 This represents claim agianst certain assets for which the Holding Company is currently under negotiation with insurance company for ascertaining final settlement amount.

11. MARK-UP ACCRUED

	2012	2011
	(Rupees in '000)	
Mark-up accrued on :		
- Finance lease obligations	102	3
- Long term loans	–	2,507
- Running finance and short term loans	16,160	23,732
	16,262	26,242

12. SHORT TERM BORROWINGS

Secured from banking companies

	2012	2011
Running finances under mark-up arrangements	316,410	570,179
Short term loans / Murabaha	18,548	136,787
	334,958	706,966

12.1 Short term running finance available from various commercial banks under mark-up arrangements amounted to Rs. 500 million (2011: Rs. 844 million) out of which Rs. Nil (2011: Rs. 500 million) is interchangeable with Term Finance / Demand Finance and letters of credit. During the year, mark- up on such arrangements ranged between 13.92% to 16.56% (2011: 13.44% to 16.65%) per annum.

12.2 Short term loan / Murabaha financing available from various commercial banks under mark-up arrangements amounted to Rs. 1,100 million (2011: Rs. 1,000 million) out of which Rs. 300 million (2011: Rs. 300 million) is interchangeable with letters of credit. During the year, mark-up on such arrangements ranged between 14.17% to 16.56% (2011: 15.26% to 16.81%) per annum.

12.3 The facilities for opening letters of credit amounted to Rs. 1,150 million (2011: Rs. 1,650 million) out of which Rs. Nil (2011: Rs. 500 million), Rs. 300 million (2011: Rs. 300 million) and Rs. Nil (2011: Rs. 150 million) are interchangeable with short term running finance, short term loans and letters of guarantee respectively as mentioned in notes 12.1 and 12.2 above. The facility for letters of guarantee as at 30 June 2012 amounted to Rs. 500 million (2011: Rs. 500 million) which is interchangeable with letters of credit as stated above. Amounts unutilized for letters of credit and guarantees as at 30 June 2012 were Rs. 815.627 million and Rs. 123.035 million (2011: Rs. 999.895 million and Rs. 224.419 million) respectively.

12.4 The above facilities are expiring on various dates and are secured by way of hypothecation of plant and machinery, stock-in-trade, trade debts and other current assets, pledge of shares and cotton / cotton yarn; and lien over import / export document.

13. CONTINGENCIES AND COMMITMENTS

13.1 The Holding Company has filed a suit in the Sindh High Court against the Federation of Pakistan and others, for levy of import license fee at the rate of 6% against import of coating plant in 1992. The Holding Company contested that as per SRO 1317(I)/94 dated 22 December 1990, the coating plant being located in rural area, is only liable to pay import license fee at the rate of 2%. The Holding Company has provided demand draft of Rs. 3.420 million as directed by the Honourable Court. The petition was dismissed by the High Court as having been incompetently filed. The Holding Company has filed the appeal with Honourable Supreme Court and no hearing has taken place since then. No provision has been recognized in these consolidated financial statements as management considers that the case would be decided in the Holding Company's favour.

13.2 Sindh Industrial Trading Estate (SITE) has cancelled allotment of plot A-26 and A-27 and charged non-utilization fees of Rs. 0.285 million and Rs. 0.621 million respectively. The Holding Company has challenged the cancellation and filed a suit in the Sindh High Court. The High Court has restrained SITE from taking any adverse action against the Holding Company. Therefore, management considers that the case would be decided in the Holding Company's favour and no provision is required to be recognized.

13.3 Aggregate amount of guarantees issued by banks on behalf of the Holding Company against various contracts aggregated Rs. 376.965 million (2011: Rs. 275.581 million).

13.4 Commitments in respect of capital expenditure contracted for by the Group as at 30 June 2012 amounted to Rs. 139.937 million (2011: Rs. 35.665 million) payable by December 2013 representing office premises located in Islamabad. This also includes commitments contracted by the Subsidiary Company aggregating Rs. 123.707 million (2011: Rs. 16.501 millon) in respect of capital expenditure to acquire plant and machinery.

13.5 Commitments under letters of credit as at 30 June 2012 amounted to Rs. 298.789 million (2011: Rs. 41.335 million).

13.6 Commitment in respect of future purchase of shares as at 30 June 2012 amounted to Rs. Nil (2011: Rs. 30.980 million).

14. PROPERTY, PLANT AND EQUIPMENT

		2012	2011
		(Rupees in '000)	
Operating fixed assets	14.1	548,604	906,813
Capital work-in-progress	14.5	537,565	524,366
		1,086,169	1,431,179

Notes to the Consolidated Financial Statements
For the year ended 30 June 2012

14.1 Operating fixed assets

Description		Land		Buildings		Office premises
		Freehold	Leasehold including improvement	On freehold Land	On Lease hold Land	
		(Rupees in '000)				
Net carrying value as at 1 July 2011						
Opening net book value (NBV)	14.1.1 & 14.1.2	147,479	4,076	170,055	6,998	5,253
Additions / transfers		–	–	1,081	–	–
Disposals (at NBV)	14.6	–	–	–	–	–
Assets subject to insurance claim (at NBV)	14.1.3	–	–	(63,622)	–	–
Depreciation charge	14.2	–	(53)	(20,637)	(1,528)	(2,612)
Balance as at 30 June 2012 (NBV)		147,479	4,023	86,877	5,470	2,641
Gross carrying value as at 30 June 2012						
Cost	14.3	147,479	5,646	177,005	70,027	40,493
Accumulated depreciation		–	(1,623)	(90,128)	(64,557)	(37,852)
Net book value		147,479	4,023	86,877	5,470	2,641
Net carrying value as at 1 July 2010						
Opening net book value (NBV)		122,575	4,130	196,490	8,672	7,873
Additions / transfers		24,904	–	950	–	–
Disposals (at NBV)		–	–	–	–	–
Depreciation charge		–	(54)	(27,385)	(1,674)	(2,620)
Balance as at 30 June 2011 (NBV)		147,479	4,076	170,055	6,998	5,253
Gross carrying value as at 30 June 2011						
Cost		147,479	5,646	311,708	70,027	40,493
Accumulated depreciation		–	(1,570)	(141,653)	(63,029)	(35,240)
Net book value		147,479	4,076	170,055	6,998	5,253
Depreciation rate (% per annum)		–	1	5 & 10	5 & 10	10

Plant and machinery		Electrical / Office equipment and Installation	Furniture and fittings	Computers	Motor vehicles		TOTAL
Owned*	Leased				Owned	Leased	
(Rupees in '000)							
504,596	21,481	18,522	3,278	1,252	18,130	5,693	906,813
56,224	5,055	1,103	186	654	2,292	11,679	78,274
(4,880)	–	–	–	(57)	(671)	–	(5,608)
(241,102)	–	(237)	–	–	–	–	(304,961)
(85,170)	(2,630)	(3,820)	(568)	(889)	(6,527)	(1,480)	(125,914)
229,668	23,906	15,568	2,896	960	13,224	15,892	548,604
1,215,884	26,717	45,683	17,769	48,196	54,912	17,493	1,867,304
(986,216)	(2,811)	(30,115)	(14,873)	(47,236)	(41,688)	(1,601)	(1,318,700)
229,668	23,906	15,568	2,896	960	13,224	15,892	548,604
585,940	–	8,836	2,384	3,733	15,480	–	956,113
56,373	21,662	11,665	1,332	722	10,561	5,814	133,983
(25,440)	–	–	–	–	(1,120)	–	(26,560)
(112,277)	(181)	(1,979)	(438)	(3,203)	(6,791)	(121)	(156,723)
504,596	21,481	18,522	3,278	1,252	18,130	5,693	906,813
1,678,139	21,662	44,844	17,583	47,625	54,605	5,814	2,445,625
(1,173,543)	(181)	(26,322)	(14,305)	(46,373)	(36,475)	(121)	(1,538,812)
504,596	21,481	18,522	3,278	1,252	18,130	5,693	906,813
5 - 20	10	5 - 20	10	33.33	20	20	

14.1.1 This includes freehold land measuring 1.976 acres (71,150 square feet) provisionally allotted to the Holding Company in Woven Garment Zone Value Addition City by Faisalabad Industrial Estate Development Management Company (FIEDMC), which is owned by the Government of Punjab. Final sale deed execution in the Holding Company's name is subject to certain conditions which include installation of industrial unit and obtaining completion certificate from FIEDMC.

14.1.2 This includes freehold land measuring 2.8625 acres (124,691 square feet) acquired during the year from Crescent Jute Products Limited. The final sale deed has been executed along with all formalities relating to completion of the sale. The Holding Company has applied for transfer of title in its name which is in process as at 30 June 2012.

14.1.3 As explained in note 2, items of building, plant & machinery and equipments with book value of Rupees 304.961 million were damaged due to fire in the Spinning Unit No.2 of the Cotton segment of the Holding Company situated in Jaranwala on 7 January 2012.

14.2 The depreciation charge for the year has been allocated as follows :

		2012	2011
		(Rupees in '000)	
Cost of sales	32.1	117,439	147,085
Distribution and selling expenses	34	146	168
Administrative expenses	35	8,329	9,470
		125,914	156,723

14.3 Property, plant and equipment as at 30 June 2012 include items having an aggregate cost of Rs. 855.535 million (2011: Rs. 743.424 million) that have been fully depreciated and are still in use by the Holding Company.

14.4 The fair value of property, plant and equipment of the Holding Company as at 30 June 2010 approximated to Rs. 2,252.631 million. Management believes that there is no material change in the fair value during the year. Hence, no further valuation has been carried out.

14.5 Capital work-in-progress

		2012	2011
		(Rupees in '000)	
Advance to supplier		14,255	16,492
Civil work	14.5.1	124,578	120,449
Plant and machinery		395,069	383,789
Others		3,663	3,636
		537,565	524,366

14.5.1 This includes advance against purchase of land and building aggregating Rs. 85.515 million (2011: Rs. 85.515 million).

14.5.2 Capital work-in-progress includes expenditure aggregating Rs. 419.376 million (2011: Rs. 410.367 million) incurred by the Subsidiary Company in respect of Bagasse Fired Thermal Generation power plant at Bhone. The plant is expected to commence operations by January 2013.

14.6 The following assets were disposed off during the year:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particular of buyers
	(Rupees in '000)					
Plant and machinery	4,880	–	4,880	4,980	Sale and leaseback arrangement	Pak-Gulf Leasing Company Limited
Motor vehicles	69	3	66	66	Company Scheme	Mr. Mohammad Essa (employee)
	69	6	63	62	Insurance Claim	EFU General Insurance
	69	6	63	62	Insurance Claim	EFU General Insurance
	69	9	60	59	Insurance Claim	EFU General Insurance
	63	13	50	63	Insurance Claim	EFU General Insurance
Others	1,737	1,311	426	1,124	Various	Various
2012	6,956	1,348	5,608	6,416		
2011	38,428	11,868	26,560	30,562		

15. INTANGIBLE ASSETS

	Note	2012	2011
		(Rupees in '000)	
Net carrying value as at 1 July			
Net book value as at 1 July		12,964	24,457
Additions / transfers		–	41
Amortization	15.1	(11,347)	(11,534)
Net book value as at 30 June	15.2 & 15.3	1,617	12,964
Gross carrying value as at 30 June			
Cost		45,775	45,775
Accumulated amortization		(41,518)	(30,171)
Accumulated impairment		(2,640)	(2,640)
Net book value		1,617	12,964
Amortization rate (% per annum)		33.33	33.33

15.1 The amortization charge for the year has been allocated as follows :

	Note	2012	2011
		(Rupees in '000)	
Cost of sales	32.1	4	24
Administrative expenses	35	11,343	11,510
		11,347	11,534

15.2 Intangible assets comprise of computer software and includes ERP software (Oracle) implemented and used by the Group having carrying amount as at 30 June 2012 of Rs. 0.866 million (2011: Rs. 11.262 million) and remaining unamortized period of 2 months (2011: 14 months).

15.3 Intangible assets as at 30 June 2012 include items having an aggregate cost of Rs. 9.504 million (2011: Rs. 8.948 million) that have been fully amortized and are still in use of the Group.

16. INVESTMENT PROPERTY

Description	Note	Leasehold land and improvements	Buildings on leasehold land	Office premises	Total
		(Rupees in '000)			
Net carrying value as at 1 July 2011					
Opening net book value (NBV)		4,249	18,016	17,969	40,234
Depreciation charge	16.1	(238)	(1,080)	(3,284)	(4,602)
Balance as at 30 June 2012 (NBV)	16.2	**4,011**	**16,936**	**14,685**	**35,632**
Gross carrying value as at 30 June 2012					
Cost		4,609	21,608	29,655	55,872
Accumulated depreciation		(598)	(4,672)	(14,970)	(20,240)
Net book value		**4,011**	**16,936**	**14,685**	**35,632**
Net carrying value as at 1 July 2010					
Opening net book value (NBV)		4,487	19,096	21,253	44,836
Depreciation charge		(238)	(1,080)	(3,284)	(4,602)
Balance as at 30 June 2011 (NBV)		4,249	18,016	17,969	40,234
Gross carrying value as at 30 June 2011					
Cost		4,609	21,608	29,655	55,872
Accumulated depreciation		(360)	(3,592)	(11,686)	(15,638)
Net book value		4,249	18,016	17,969	40,234
Depreciation rate (% per annum)		1 & 10	5	10 - 20	

16.1 Depreciation charged for the year has been allocated to administrative expenses.

16.2 Fair value of the investment property based on recent valuation is Rs. 118.885 million (2011: Rs. 121.875 million).

17. INVESTMENT IN EQUITY ACCOUNTED INVESTEES

The following associates, over which the Group has significant influence either due to representation on the investee company's board or percentage of holding of voting power or both, are accounted for under the equity method of accounting as defined in IAS 28, 'Investments in Associates'.

2012	2011			2012	2011
(Number of shares)				(Rupees in '000)	
		Quoted			
69,175,416	69,175,416	Altern Energy Limited (Chief Executive Officer - Syed Zamanat Abbas)	17.1	1,805,860	1,498,023
15,244,665	15,244,665	Shakarganj Mills Limited (Chief Executive Officer - Mr. Ahsan M. Saleem)	17.2	–	–
				1,805,860	1,498,023

17.1 The Holding Company and the Subsidiary Company - Shakarganj Energy (Private) Limited hold 17.65% and 2.54% shareholding in Altern Energy Limited respectively and have no common directorship. The Group has an effective holding of 20.19% in the investee company and accordingly has been treated as an associate and accounted for under the equity method.

17.2 As at 30 June 2012 and 2011, the carrying amount of equity accounted investment in Shakarganj Mills Limited has been reduced to Nil due to recognition of the Group's share of losses incurred by the investee company. The Group further recognized its share of losses against the carrying amount in respect of preference shares of the investee company held by the Group and dividend receivable thereon outstanding as at 30 June 2012 (see note 27.1).

The Group has discontinued any further recognition of its share of losses of the investee company. The unrecognized share of net profit for the year amounted to Rs.19.123 million (2011: Rs. 37.630 million) and cumulatively share of net losses as at 30 June 2012 amounted to Rs. 74.678 million (2011: Rs. 93.801 million). Included in the unrecognized share of net (losses) / profit for the year, is an amount aggregating Rs. (1.327) miilion (2011 : Rs.48.012 million) representing the Group's share of net profit from discontinued operations of the investee company.

17.3 The above figures are based on unaudited condensed interim financial information of these companies as at 31 March 2012. The latest financial statements of these companies as at 30 June 2012 are not presently available.

17.4 Market value of investments in associates is as follows:

	2012	2011
	(Rupees in '000)	
Quoted		
Altern Energy Limited	662,700	629,496
Shakarganj Mills Limited	196,351	96,651
	859,051	726,147

17.5 Percentage of holding of equity in associates is as follows:

	2012	2011
	(Percentage of holding)	
Quoted		
Altern Energy Limited	20.19	20.19
Shakarganj Mills Limited	21.93	21.93

17.6 Summarized financial information of associated companies as at 31 March 2012 is as follows:

		Total assets	Total liabilities	Revenues	Profit / (loss)
		(Rupees in '000)			
2012					
Altern Energy Limited	17.6.1	39,896,717	24,093,631	14,662,681	2,008,778
Shakarganj Mills Limited	17.6.2	12,522,908	11,786,995	7,313,707	470,917
2011					
Altern Energy Limited		33,843,219	20,750,643	16,182,210	1,017,108
Shakarganj Mills Limited		12,042,485	11,298,494	11,210,923	169,800

17.6.1 These figures are based on the latest available condensed interim consolidated financial information as at 31 March 2012 including its subsidiary company Rousch (Pakistan) Power Limited.

17.6.2 These figures are based on the latest available condensed interim financial information of the investee company as at 31 March 2012.

18. OTHER LONG TERM INVESTMENTS

		2012	2011
		(Rupees in '000)	
Investments in related parties			
Available for sale	18.1	–	–
Other investments			
Available for sale	18.4	220,717	180,717
Held to maturity	18.5	–	8,313
		220,717	189,030

18.1 Available for sale

2012	2011			2012	2011
(Number of shares)				(Rupees in '000)	
		Unquoted			
2,403,725	2,403,725	Crescent Bahuman Limited	18.2	24,037	24,037
1,047,000	1,047,000	Crescent Industrial Chemicals Limited	18.3	10,470	10,470
				34,507	34,507
		Less: Provision for impairment		34,507	34,507
				–	–

18.2 The chief executive of Crescent Bahuman Limited is Mr. Nasir Shafi. The break-up value of shares of the investee company is Rs. Nil per share (2011 : Rs. 1.05 per share) [break-up value including surplus on revaluation of property, plant and equipment Rs.1.07 per share (2011 : Rs. 6.67 per share)], calculated on the basis of audited annual financial statements for the year ended 30 June 2011.

18.3 The chief executive of Crescent Industrial Chemicals Limited is Mr. Tariq Shafi. The investee company's break-up value of shares could not be ascertained as the financial statements of the investee company are not available.

18.4 Available for sale

2012	2011		2012	2011
(Number of shares)			(Rupees in '000)	
		Unquoted		
1,425,000	1,425,000	Central Depository Company of Pakistan Limited (CDC)	60,717	60,717
16,000,000	12,000,000	Shakarganj Food Products Limited	160,000	120,000
			220,717	180,717

18.5 Held to maturity

	Note	2012	2011
		(Rupees in '000)	
Term Finance Certificates (TFCs)			
United Bank Limited (5,000 TFCs of Rs. 5,000 each)		8,313	24,938
Less: Current portion shown under current assets	27	8,313	16,625
		–	8,313

This represents investment in TFCs issued on 10 February 2004 by United Bank Limited. The tenor of the TFCs is eight years with semi-annual installments comprising of principal and mark-up. The rate of mark-up on these TFCs is 8.45% (2011: 8.45%) per annum. Fair value of the TFCs as at 30 June 2012 amounted to Rs. 8.191 million (2011: Rs. 22.693 million).

19. LONG TERM LOANS AND DEPOSITS

	Note	2012	2011
		(Rupees in '000)	
Loan term loan - considered good	19.1	6	81
Security deposits - leasing companies		8,256	6,082
Security deposits - others		12,605	9,185
		20,867	15,348

19.1 This represents interest free house loans provided to employees for a period of 5 years.

19.2 This includes demand drafts of Rs. 3.420 million provided to the Secretary Ministry of Commerce as explained in note no. 13.1.

20. DEFERRED TAXATION

	2012	2011
	(Rupees in '000)	
Deferred tax credits / (debits) arising in respect of :		
Taxable temporary differences		
Accelerated tax depreciation / amortization	44,007	114,112
Finance lease obligations	4,171	–
	48,178	114,112
Deductible temporary differences		
Finance lease obligations	–	(61)
Provision for slow moving stores, spares and loose tools	(21,922)	(20,154)
Provisions for doubtful trade debts, doubtful advances and others	(29,804)	(34,482)
Provision for diminution in the value of investments	(9,058)	(9,058)
	(60,784)	(63,755)
	(12,606)	50,357

21. STORES, SPARES AND LOOSE TOOLS

	Note	2012	2011
Stores - steel segment		9,502	10,288
Spare parts - steel segment	21.1	45,603	41,739
Loose tools - steel segment		999	1,049
Stores and spares - cotton segment	21.2	48,310	46,640
		104,414	99,716
Less: Provision for slow moving items	21.3	38,554	33,499
		65,860	66,217

21.1 This includes items in-transit as at 30 June 2012 aggregating Rs. 0.701 million (2011: Rs. 1.245 million).

21.2 These include items in-transit as at 30 June 2012 aggregating Rs. Nil million (2011: Rs. 4.633 million).

21.3 Movement in provision for slow moving items

	2012	2011
	(Rupees in '000)	
Opening balance	33,499	21,268
Provision made during the year - net	5,055	12,231
Closing balance	38,554	33,499

22. STOCK-IN-TRADE

	Note	2012	2011
		(Rupees in '000)	
Raw materials			
Hot rolled steel coils (HR Coil)		11,237	27,080
Coating materials	22.1	64,683	44,064
Others		19,489	16,619
Raw cotton	22.1	323,887	493,592
Stock-in-transit	22.2	35,649	28,577
		454,945	609,932
Work-in-process	32.1	22,268	51,481
Finished goods	22.3 & 32.1	101,116	174,766
Scrap / cotton waste		8,391	4,392
		131,775	230,639
		586,720	840,571

22.1 This includes coating materials amounting to Rs. 18.548 million (2011: Rs. 18.631 million) and raw cotton amounting to Rs. 174.604 million (2011: Rs. 118.157 million) pledged as security with financial institutions.

22.2 This includes raw cotton amounting to Rs. 35.547 million (2011: Rs. Nil).

22.3 Stock-in-trade as at 30 June 2012 includes items valued at net realisable value (NRV) as follows. The write down to NRV amounting to Rs. 30.248 million has been recognized in cost of goods sold.

	Cost	NRV
	(Rupees in '000)	
Finished goods	108,469	101,116
Raw material	477,840	454,945
	586,309	556,061

23. TRADE DEBTS

	Note	2012	2011
		(Rupees in '000)	
Secured			
Considered good		230,537	10,243
Unsecured			
Considered good	23.1 & 23.2	138,393	134,829
Considered doubtful		1,139	5,561
Provision for doubtful trade debts	23.3	(1,139)	(5,561)
		138,393	134,829
		368,930	145,072

23.1 This includes an amount of Rs. 78.072 million (2011: Rs. 4.985 million) due from Shakarganj Mills Limited, a related party.

23.2 This includes retentions held by a customer for contract work amounting to Rs. 0.762 million (2011: Rs. 0.762 million).

23.3 Movement in provision for doubtful trade debts

	2012	2011
	(Rupees in '000)	
Opening balance	5,561	2,387
Provision made during the year	202	3,348
Reversal of provision made during the year	(4,624)	–
Written off during the year against provision	–	(174)
Closing balance	1,139	5,561

24. ADVANCES

	Note	2012	2011
		(Rupees in '000)	
Unsecured - considered good			
Advances to executives		3,333	300
Suppliers for goods and services		134,563	29,465
Unsecured - considered doubtful			
Suppliers for goods and services		47	157
Provision for doubtful advances	24.1	(47)	(157)
		–	–
		137,896	29,765

24.1 Movement in provision for doubtful advances

	2012	2011
Opening balance	157	290
Provision made during the year	(38)	45
Written off during the year against provision	(72)	(178)
Closing balance	47	157

25. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	2012	2011
	(Rupees in '000)	
Security deposits	3,279	2,730
Prepayments	2,474	3,344
	5,753	6,074

26. INVESTMENTS

	Note	2012	2011
Investments in related parties			
Available for sale	26.1	4,026	7,044
Other investments			
Available for sale	26.2	110,274	101,995
Held for trading	26.3	408,777	381,566
		519,051	483,561
		523,077	490,605

26.1 Available for sale

The Group holds investments in ordinary shares of Rs. 10 each in the following listed investee company.

2012	2011	Name of investee company		2012	2011
(Number of shares)				(Rupees in '000)	
		Quoted			
452,379	452,379	The Crescent Textile Mills Limited	26.1.2	4,026	7,044

26.1.2 The Group has recognized impairment loss amounting to Rupees 4.537 million against that investment.

26.2 Available for sale

The Group holds investments in ordinary shares of Rs. 10 each in the following listed investee companies.

2012	2011	Name of investee company		2012	2011
(Number of shares)				(Rupees in '000)	
		Quoted			
9,060,000	9,060,000	Asian Stocks Fund Limited	26.2.1	46,750	46,659
91,300	91,300	Crescent Jute Products Limited	26.2.2	–	–
1,996	1,996	Innovative Investment Bank Limited		–	–
26,490	26,490	Jubilee Spinning and Weaving Mills Limited	26.2.3	–	–
175,000	175,000	PICIC Investment Fund		965	1,024
7,944,263	7,944,263	Safeway Mutual Fund Limited		61,647	52,988
1,221	1,221	Siemens (Pakistan) Engineering Company Limited		912	1,324
				110,274	101,995

26.2.1 The Group has recognized impairment loss amounting to Rupees 14.497 million against that investment.

26.2.2 The investment in Crescent Jute Products Limited is carried at break-up value, which is Rs. Nil per share (2011: Rs. Nil) [break-up value including surplus on revaluation of property, plant and equipment Rs. 9.93 per share (2010 : Rs. 15.69 per share)], calculated on the basis of financial statements for the year ended 30 June 2011.

26.2.3 Investment in Jubilee Spinning and Weaving Mills Limited is carried at Rs. Nil per share (2011: Rs. Nil). The break-up value of shares of the investee company is Rs. Nil per share [break-up value including surplus on revaluation of property, plant and equipment Rs. 16.03 per share (30 June 2011 : Rs. 18.82 per share)], calculated on the basis of the unaudited condensed interim financial information for the nine months ended 31 March 2012.

26.2.4 Investments having an aggregate market value of Rs. 776.595 million (2011: Rs. 345.335 million) have been pledged with financial institutions as security against financing facilities (see note 12.4) out of which Rs. 515.164 million (2011: Rs. 248.203 million) relates to long term investments.

26.3 Held for trading

The Group holds investments in ordinary shares of Rs. 10 each, unless stated otherwise, in the following listed investee companies :

2012	2011	Name of investee company	2012	2011
(Number of shares/certificate)			(Rupees in '000)	
79,707	80,000	Al Ghazi Tractors Limited *	16,367	18,432
190,859	190,859	Agriauto Industries Limited *	15,460	13,265
–	30,000	Attock Cement Pakistan Limited	–	1,456
5,010	–	Atlas Funds	44	–
10,000	–	Attock Petroleum Limited	4,744	–
–	7,000	Attock Refinery Limited	–	859
400,000	–	Colony Mills Limited	688	–
425,000	–	D.G. Khan Cement Company Limited	16,736	–
10,000	–	Engro Corporation Limited	1,018	–
25,000	–	Fatima Fertilizer Company Limited	615	–
172,480	200,000	Fauji Fertilizer Bin Qasim Limited	7,041	8,430
–	71,562	Fauji Fertilizer Company Limited	–	10,759
–	5,000,000	First Credit and Investment Bank Limited	–	26,200
20,000	20,000	First Habib Bank Modaraba	163	160
172,500	5,247,500	Golden Arrow Selected Stocks Fund Limited *	828	16,530
1,350	1,350	Innovative Investment Bank Limited	–	–
90,000	65,000	International Industries Limited	2,543	3,218
69,801	25,000	International Steel Limited	835	340
–	335,555	Johnson and Philips Pakistan Limited	–	3,020
100,000	100,000	Kohinoor Energy Limited	2,150	1,650
–	341,400	Kot Addu Power Company Limited	–	14,547
90,000	290,000	Lotte Pakistan PTA Limited	633	4,011
32,762	–	National Refinery Limited	7,581	–
–	25,000	Nishat (Chunian) Limited	–	557
–	40,000	Nishat Chunian Power Limited	–	549
88,625	107,000	Nishat Mills Limited	4,217	5,386
–	25,000	Nishat Power Limited	–	386
		Balance carried forward	81,663	129,755

2012	2011	Name of investee company	2012	2011
(Number of shares/certificate)			(Rupees in '000)	
		Balance brought forward	81,663	129,755
20,000	–	Oil and Gas Development Company Limited	3,209	–
357,640	397,640	Pakistan Oilfields Limited	131,232	142,756
350,000	–	Pakistan Telecommunication Company Limited	4,791	–
141,252	153,386	Pakistan National Shipping Corporation	2,177	3,681
358,560	21,200	Pakistan Petroleum Limited	67,514	4,390
171,474	139,474	Pakistan State Oil Company Limited	40,440	36,902
50,000	–	Pakistan Suzuki Motor Co.Ltd	4,787	–
205,000	205,000	PICIC Energy Fund	1,598	1,507
936,399	880,719	PICIC Growth Fund	11,532	11,784
564,173	481,173	PICIC Investment Fund	3,108	2,815
8,429,764	12,029,764	Samba Bank Limited	19,388	20,570
32,924	11,067	Security Papers Limited	1,449	448
3,125	2,500	Shell Pakistan Limited	399	563
155,340	129,450	Thal Limited *	14,447	13,080
473,776	355,076	The Hub Power Company Limited	19,846	13,315
350,000	–	TRG Pakistan Limited	1,197	–
			408,777	381,566

* The face value of these ordinary shares / certificate is Rs. 5 per share.

26.4 The following investments are deposited as security with commercial banks :

Name of investee company	2012	2011
	(Rupees in '000)	
Altern Energy Limited	515,165	248,203
Agriauto Industries Limited	15,390	13,205
Al Ghazi Tractors Limited	–	17,856
Attock Refinery Limited	–	614
Attock Cement Pakistan Limited	–	1,456
Attock Petroleum Limited	4,744	–
Engro Corporation Limited	1,018	–
Fauji Fertilizer Bin Qasim Limited	7,041	4,215
Fauji Fertilizer Company Limited	–	7,216
International Industries Limited	1,836	1,733
Kohinoor Energy Limited	2,150	1,650
Kot Addu Power Company Limited	–	14,487
National Refinery Limited	6,248	–
Nishat Mills Limited	–	5,386
Oil and Gas Development Company Limited	3,209	–
Pakistan Oilfields Limited	85,497	139,167
Pakistan Petroleum Limited	59,982	–
Pakistan State Oil Company Limited	40,440	34,130
Pakistan Telecommunication Company Limited	2,464	–
PICIC Growth Fund	–	11,784
PICIC Investment Fund	–	3,839
Shell Pakistan Limited	319	563
Thal Limited	14,447	10,508
The Hub Power Company Limited	16,646	11,865
	776,596	527,877

27. CURRENT PORTION OF LONG TERM INVESTMENTS

	Note	2012	2011
		(Rupees in '000)	
Preference shares of Shakarganj Mills Limited	27.1	29,994	29,994
TFCs of United Bank Limited	18.5	8,313	16,625
Dividend receivable on preference shares of Shakarganj Mills Limited		5,106	5,106
		43,413	51,725
Less: Share of loss on Shakarganj Mills Limited attributed to preference shares and dividend receivable thereon	27.1	35,100	35,100
		8,313	16,625

27.1 This represents 2,999,396 (2011: 2,999,396) preference shares of Rs. 10 each of Shakarganj Mills Limited, a related party, issued in October 2004. These shares carry dividend rate of 8.5% per annum payable annually and were due for redemption in October 2009. The preference shares are convertible into ordinary shares of Rs. 10 each. The conversion option is exercisable at the end of every financial year of the investee company.

The Group does not intend to exercise the option to convert the preference shares into ordinary shares as mentioned above. The Group's share of unadjusted loss on equity accounted investment in Shakarganj Mills Limited has been allocated to preference shares and dividend receivable as more fully explained in note 17.2 to these consolidated financial statements.

The fair value of preference shares as at 30 June 2012 amounts to Rs. 17.007 million (2011: Rs. 9.028 million).

28. OTHER RECEIVABLES

	Note	2012	2011
		(Rupees in '000)	
Dividend receivable		844	256
Receivable against sale of investments		–	33,576
Receivable against rent from investment property		4,401	-
Claim receivable		1,682	4,101
Due from related parties	28.1	18,706	277
Sales tax refundable		14,864	21,965
Provision there against		(4,346)	(4,346)
		10,518	17,619
Receivable from staff retirement benefit funds	45	–	2,144
Others		609	4,310
		36,760	62,283

28.1 Due from related parties

	2012	2011
	(Rupees in '000)	
Shakarganj Mills Limited	6,042	277
The Crescent Textile Mills Limited	12,664	–
	18,706	277

29. TAXATION - NET

Advance taxation	1,202,627	1,106,627
Provision for taxation	(1,109,270)	(1,065,212)
	93,357	41,415

29.1 The Income Tax assessments of the Holding Company have been finalized up to and including tax year 2003, except for pending appeal effect orders in respect of assessment years 2001-2002 and 2002-2003. Tax returns of subsequent tax years, except for the tax years mentioned below, are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 unless selected for an amendment / audit by the taxation authorities. Deemed assessments for tax years 2004, 2006 and 2007 were amended by the department and currently appeals in respect of these tax years are pending before the Appellate Tribunal Inland Revenue. Additional tax liability of Rs. 109.277 million may arise against the above mentioned assessments in case decisions are made against the Holding Company.

The Income Tax assessments of the Subsidiary Companies, based on tax returns, are deemded to be finalized under section 120 of the Income Tax Ordinance, 2001 unless selected for an amendment / audit by the taxation authorities.

Full provision has been made in these financial statements up to Tax year 2012, including for Subsidiary Companies, except for short credit of taxes paid & deducted at source, and adjustments of refunds in respect of the said Assessment / Tax years. However, additional provision has not been made in these financial statements in respect of Tax Years 2004, 2006 and 2007 as mentioned above, since based on the tax consultant's opinion the management is confident of favourable outcome of these appeals.

30. CASH AND BANK BALANCES

			2012	2011
			(Rupees in '000)	
With banks	in deposit accounts			
	- local currency		9,502	11,832
	- foreign currency		2	2
			9,504	11,834
	in current accounts		51,461	3,653
Cash in hand			8,401	3,513
			69,366	19,000

31. SALES - NET

	2012	2011
	(Rupees in '000)	
Local sales		
Bare pipes (own product excluding coating revenue)	745,976	900,037
Revenue from conversion	17,093	7,219
Coating of pipes	568,016	384,781
Cotton yarn / raw cotton	2,369,845	3,085,829
Others (including pipes laboratory testing)	138,607	42,498
Scrap / waste	101,703	152,111
Sales returns	(18,907)	(76,306)
	3,922,333	4,496,169
Export sales		
Cotton yarn	220,369	5,761
Cotton waste	–	14,300
	220,369	20,061
	4,142,702	4,516,230
Sales tax and special excise duty	(199,833)	(116,224)
	3,942,869	4,400,006

32. COST OF SALES

Steel segment	32.1	842,145	937,427
Cotton Segment	32.1	2,591,941	2,652,646
		3,434,086	3,590,073

32.1 Cost of sales

	Note	Steel Segment		Cotton Segment		Total	
		2012	2011	2012	2011	2012	2011
		(Rupees in '000)					
Raw materials consumed		638,293	685,658	1,835,264	2,079,273	2,473,557	2,764,931
Cost of raw cotton sold		–	–	144,204	91,160	144,204	91,160
Packing materials consumed		–	–	33,751	24,967	33,751	24,967
Stores and spares consumed		23,536	31,921	44,589	53,284	68,125	85,205
Fuel, power and electricity		33,196	27,270	201,022	183,151	234,218	210,421
Salaries, wages and other benefits	32.2	72,086	74,102	90,162	109,249	162,248	183,351
Insurance		1,435	1,702	4,080	4,751	5,515	6,453
Repairs and maintenance		3,908	4,724	4,811	26,780	8,719	31,504
Depreciation	14.2	21,610	22,039	95,829	125,046	117,439	147,085
Amortization of intangible assets	15.1	–	–	4	24	4	24
Stock-in-trade written down to NRV		1,852	–	28,396	21,831	30,248	21,831
Other expenses		40,601	94,790	12,594	9,517	53,195	104,307
		836,517	942,206	2,494,706	2,729,033	3,331,223	3,671,239
Opening stock of work-in-process		24,715	13,716	26,766	16,440	51,481	30,156
Closing stock of work-in-process		(13,089)	(24,715)	(9,179)	(26,766)	(22,268)	(51,481)
		11,626	(10,999)	17,587	(10,326)	29,213	(21,325)
Cost of goods manufactured		848,143	931,207	2,512,293	2,718,707	3,360,436	3,649,914
Opening stock of finished goods		62,440	68,660	112,326	46,265	174,766	114,925
Closing stock of finished goods		(68,438)	(62,440)	(32,678)	(112,326)	(101,116)	(174,766)
		(5,998)	6,220	79,648	(66,061)	73,650	(59,841)
		842,145	937,427	2,591,941	2,652,646	3,434,086	3,590,073

32.2 Detail of salaries, wages and other benefits

	Note	Steel 2012	Steel 2011	Cotton 2012	Cotton 2011	Total 2012	Total 2011
Salaries, wages and other benefits		63,961	66,980	87,677	105,786	151,638	172,766
Gratuity	32.3	681	1,295	33	126	714	1,421
Pension fund	32.3	5,443	3,977	713	1,392	6,156	5,369
Provident fund contributions		2,001	1,850	1,739	1,945	3,740	3,795
		72,086	74,102	90,162	109,249	162,248	183,351

32.3 Staff retirement benefits

	2012		2011	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Current service cost	6,249	756	4,466	1,068
Interest cost	12,268	1,362	6,691	1,497
Expected return on plan assets	(12,768)	(1,454)	(6,075)	(1,313)
Actuarial losses recognized	–	–	–	100
Past service cost recognized	407	50	287	69
	6,156	714	5,369	1,421

33. INCOME FROM INVESTMENTS

		2012	2011
		(Rupees in '000)	
Return on TCFs		1,211	2,108
Dividend income		57,694	60,691
(Loss) / gain on sale of investments classified as held for trading		(4,109)	87,791
Unrealized gains on held for trading investments		2,748	28,958
Gain on conversion of debt into equity instruments		–	225
Rent from investment property	33.1	10,227	8,862
		67,771	188,635

33.1 Direct operating expenses incurred against rental income from investment property amounted to Rs. 3.594 million (2011: Rs. 4.884 million). Further, Rs. 1.232 million (2011: Rs. 2.791 million) were incurred against the non rented out area.

34. DISTRIBUTION AND SELLING EXPENSES

	Note	Steel Segment 2012	Steel Segment 2011	Cotton Segment 2012	Cotton Segment 2011	Total 2012	Total 2011
		(Rupees in '000)					
Salaries, wages and other benefits	34.1	7,357	7,593	3,648	3,461	11,005	11,054
Commission		–	–	19,932	21,102	19,932	21,102
Travelling, conveyance and entertainment		1,073	766	211	3	1,284	769
Depreciation	14.2	139	161	7	7	146	168
Insurance		102	144	12	–	114	144
Postage, telephone and telegram		139	114	98	72	237	186
Advertisement		905	750	–	–	905	750
Bid bond expenses		1,249	200	–	–	1,249	200
Legal and professional charges		1,147	1,337	71	–	1,218	1,337
Others		689	1,524	9,319	1,572	10,008	3,096
		12,800	12,589	33,298	26,217	46,098	38,806

34.1 Detail of salaries, wages and other benefits

	Note	Steel Segment 2012	Steel Segment 2011	Cotton Segment 2012	Cotton Segment 2011	Total 2012	Total 2011
Salaries, wages and other benefits		6,530	6,351	3,648	3,461	10,178	9,812
Gratuity fund	34.2	180	236	–	–	180	236
Pension fund	34.2	432	792	–	–	432	792
Provident fund contributions		215	214	–	–	215	214
		7,357	7,593	3,648	3,461	11,005	11,054

34.2 Staff retirement benefits

	2012 Pension	2012 Gratuity	2011 Pension	2011 Gratuity
	(Rupees in '000)			
Current service cost	437	191	659	177
Interest cost	861	343	987	249
Expected return on plan assets	(896)	(367)	(896)	(218)
Actuarial losses recognized	–	–	–	17
Past service cost recognized	30	13	42	11
	432	180	792	236

35. ADMINISTRATIVE EXPENSES

	Note	Steel Segment 2012	Steel Segment 2011	Cotton Segment 2012	Cotton Segment 2011	IID Segment 2012	IID Segment 2011	Energy segment 2012	Energy segment 2011	Total 2012	Total 2011
		(Rupees in '000)									
Salaries, wages and other benefits	35.1	44,460	35,465	17,088	22,836	3,532	3,755	–	–	65,080	62,056
Rents, rates and taxes		2,340	496	557	285	523	552	547	–	3,967	1,333
Travelling, conveyance and entertainment		6,174	3,428	1,736	2,225	371	198	24	47	8,305	5,898
Fuel and power		6,202	6,167	800	1,060	332	334	–	–	7,334	7,561
Postage, telephone and telegram		1,554	1,068	554	824	87	59	–	–	2,195	1,951
Insurance		699	617	191	296	115	115	472	194	1,477	1,222
Repairs and maintenance		4,942	4,808	483	1,525	534	658	–	–	5,959	6,991
Auditors' remuneration	35.3	895	717	281	579	154	83	80	57	1,410	1,436
Legal, professional and corporate service charges		8,111	5,881	2,264	3,420	3,466	3,809	3,780	2,400	17,621	15,510
Advertisement		123	71	37	16	6	8	–	10	166	105
Donations	35.4	11,955	15,909	10,037	4,422	629	837	–	–	22,621	21,168
Depreciation	14.2 & 16.1	6,974	6,715	1,082	2,516	4,875	4,841	–	–	12,931	14,072
Amortization of intangible assets	15.1	8,790	6,782	2,099	4,379	454	349	–	–	11,343	11,510
Printing, stationery and office supplies		2,565	1,808	849	1,219	277	179	–	–	3,691	3,206
Newspapers, subscriptions and periodicals		561	550	605	702	45	43	–	–	1,211	1,295
Others		3,375	2,841	780	1,589	479	256	–	–	4,634	4,686
		109,720	93,323	39,443	47,893	15,879	16,076	4,903	2,708	169,945	160,000

35.1 Salaries, wages and other benefits

	Note	Steel Segment 2012	Steel Segment 2011	Cotton Segment 2012	Cotton Segment 2011	IID Segment 2012	IID Segment 2011	Energy segment 2012	Energy segment 2011	Total 2012	Total 2011
Salaries, wages and other benefits		38,007	28,658	15,215	18,615	3,007	3,057	–	–	56,229	50,330
Gratuity	35.2	1,402	1,293	329	807	110	128	–	–	1,841	2,228
Pension fund	35.2	3,365	4,323	790	2,698	286	463	–	–	4,441	7,484
Provident fund contributions		1,686	1,191	754	716	129	107	–	–	2,569	2,014
		44,460	35,465	17,088	22,836	3,532	3,755	–	–	65,080	62,056

35.2 Staff retirement benefits

	2012		2011	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Current service cost	4,508	1,952	6,224	1,671
Interest cost	8,850	3,509	9,327	2,347
Expected return on plan assets	(9,211)	(3,750)	(8,467)	(2,057)
Actuarial losses recognized	–	–	–	157
Past service cost recognized	294	130	400	110
	4,441	1,841	7,484	2,228

35.3 Auditors' remuneration

		2012	2011
		(Rupees in '000)	
Audit fee	35.3.1	1,225	1,030
Fee for audit of funds' financial statements and other reports		87	168
Out of pocket expenses		98	187
		1,410	1,385

35.3.1 Audit fee includes services for audit of annual separate and consolidated financial statements of the Holding Company and the individual financial statements of the Subsidiary Companies, limited review of unconsolidated condensed interim financial information for the six months period, review report on statement of compliance with best practices of the Code of Corporate Governance and audit of reconciliation statement of nominee shareholding of CDC.

35.4 Donations

Donations include the following in which a director is interested :

Name of director	Interest in donee	Name and address of the donee	Amount donated 2012	2011
			(Rupees in '000)	
Mr. Ahsan M. Saleem	Director	The Citizens Foundation 9th Floor, NIC Building, Karachi.	21,686	17,887
	Director	Pakistan Centre for Philanthropy 1-A, Street 14, F-8/3, Islamabad.	–	837
			21,686	18,724

35.4.1 Donations other than those mentioned above were not made to any donee in which a director or his spouse had any interest at any time during the year.

36. OTHER OPERATING EXPENSES

	2012	2011
	(Rupees in '000)	
Exchange loss	14,104	4,127
Provision for slow moving stores, spares and loose tools - net	5,055	12,231
Provision for doubtful trade debts	202	3,348
Bad debts written off directly against trade debts	40	–
Provision for doubtful advances	–	45
Provision for Workers' Welfare Fund	3,641	13,525
Provision for Workers' Profit Participation Fund	14,813	25,862
Provision for infrastructure fee	–	1,195
Provision for liquidated damages	8,934	–
Provision for diminution in the value of investments	19,034	–
	65,823	60,333

37. OTHER OPERATING INCOME

	2012	2011
Income from financial assets		
Return on deposits	2,002	3,172
Income from non-financial assets		
Gain on disposal of operating fixed assets	808	4,002
Gain on settlement of non-executed contracts	213	13,814
Insurance commission	833	1,076
Liabilities written-back	943	2,167
Reversal of provision for stock-in-trade		
- doubtful trade debts	4,624	–
- advances to Suppliers	38	–
Provision for liquidated damages	–	2,782
Provision for diminution in the value of investments	–	1,928
Others	2,186	2,643
	9,645	28,412
	11,647	31,584

38. FINANCE COSTS

	2012	2011
	(Rupees in '000)	
Incurred on :		
- finance lease obligations	4,007	84
- long term loan	–	1,064
- running finances	88,183	115,733
- short term loans	12,212	23,494
- Workers' Profit Participation Fund	563	540
Bank charges	4,562	3,086
	109,527	144,001

39. SHARE OF PROFIT IN EQUITY ACCOUNTED INVESTEES - NET OF TAXATION

Share of profit after taxation of Altern Energy Limited	255,322	206,928
	255,322	206,928

40. TAXATION

Current		
- for the year	47,680	216,063
- for prior years	(3,572)	(712)
	44,108	215,351
Deferred	(62,964)	(21,230)
	(18,856)	194,121

40.1 Relationship between taxation expense and accounting profit

Profit before taxation	452,130	833,940
Tax at the applicable rate of 35%	158,246	291,879
Tax effect of inadmissible expenses / losses	15,854	(10,295)
Tax effect of income taxed at a lower rate	(97,018)	(106,690)
Tax effect of operating fixed assets subject to insurance claim	(106,735)	–
Prior year tax effect	3,364	9,945
Effect of higher tax as surcharge	–	9,282
Excess of minimum tax over normal tax	7,433	–
	(18,856)	194,121

41. BASIC AND DILUTED EARNINGS PER SHARE

	2012	2011
	(Rupees in '000)	
Profit after taxation	470,986	639,819
	(Number of shares)	
Average number of ordinary shares in issue during the year	56,459,993	56,459,993
	(Rupees)	
Basic and diluted earnings per share	8.34	11.33

42. CASH GENERATED FROM OPERATIONS

	Note	2012	2011
		(Rupees in '000)	
Profit before taxation		452,130	833,940
Adjustments for non cash charges and other items			
Depreciation on operating fixed assets and investment property		130,516	161,325
Amortization of intangible assets		11,347	11,534
Charge for the year on staff retirement benefit funds		13,764	17,530
Charge for compensated absences		1,968	652
Provision for 10-C bonus		896	4,891
Amortization of advances to staff		75	168
Amortization of initial transaction costs		–	107
Dividend income		(57,694)	(60,691)
Unrealised gain on held for trading investments - net		(2,748)	(28,958)
Loss / (gain) on sale of investments		4,109	(87,791)
Gain on conversion of debt into equity instruments		–	(225)
Provision for stock-in-trade and stores, spares and loose tools - net		5,055	12,231
Provision for doubtful trade debts		(4,422)	3,348
Bad debts written off directly against trade debts		40	–
Provision for doubtful advances		(38)	45
Provision for Workers' Welfare Fund		3,641	13,525
Provision for Workers' Profit Participation Fund		14,813	25,862
Provision for infrastructure fee		–	1,195
Provision / (reversal of provision) for liquidated damages		8,934	(2,782)
Provision / (reversal of provision) for diminution in the value of investments - net		19,034	(1,928)
Return on deposits and investments		(3,213)	(5,280)
Gain on disposal of operating fixed assets		(808)	(4,002)
Liabilities written back		(943)	(2,167)
Finance costs		109,527	144,001
Share of profit from equity acounted investees - net of taxation		(255,322)	(206,928)
Working capital changes	42.1	485,320	(180,277)
		935,981	649,325

42.1 Working capital changes

		2012	2011
		(Rupees in '000)	
(Increase) / decrease in current assets			
Stores, spares and loose tools		(4,698)	(5,529)
Stock-in-trade		259,270	197,120
Trade debts		(219,476)	128,303
Advances		114,908	25,109
Trade deposits and short term prepayments		321	333
Other receivables		(9,545)	(4,655)
		140,780	340,681
Increase / (decrease) in current liabilities			
Trade and other payables		344,540	(520,958)
		485,320	(180,277)

43. CASH AND CASH EQUIVALENTS

Running finances under mark-up arrangements	12	(316,410)	(570,179)
Cash and bank balances	30	69,366	19,000
		(247,044)	(551,179)

44. SEGMENT REPORTING

44.1 Reportable segments

The Group's reportable segments under IFRS 8 are as follows

- Steel segment - It comprises of manufacturing and coating of steel pipes (note 1.2).
- Cotton segment - It comprises of manufacturing of yarn (note 1.2).
- Investment and Infrastructure Development (IID) segment - To effectively manage the investment portfolio in shares and other securities (strategic as well as short term) and investment property (held for rentals as well as long term appreciation).
- Energy segment - It comprises of operations of the Subsidiary Company (note 1.3).

Information regarding the Group's reportable segments is presented below:

44.2 Segment revenues and results

Following is an analysis of the Group's revenue and results by reportable segment:

	Steel Segment	Cotton Segment	IID Segment	Energy Segment	Total
			(Rupees in '000)		
For the year ended 30 June 2012					
Sales - net	1,279,837	2,663,032	–	–	3,942,869
Cost of sales	842,145	2,591,941	–	–	3,434,086
Gross profit	437,692	71,091	–	–	508,783
Income from investments	–	–	67,771	–	67,771
	437,692	71,091	67,771	–	576,554
Distribution and selling expenses	12,800	33,298	–	–	46,098
Administrative expenses	109,720	39,443	15,879	4,903	169,945
Other operating expenses	41,195	4,890	19,721	17	65,823
	163,715	77,631	35,600	4,920	281,866
	273,977	(6,540)	32,171	(4,920)	294,688
Other operating income	8,473	2,927	74	173	11,647
Operating profit / (loss) before finance costs	282,450	(3,613)	32,245	(4,747)	306,335
Finance costs	6,811	86,884	15,819	13	109,527
Share of profit in equity accounted investees - net of taxation	–	–	223,211	32,111	255,322
Profit before taxation	**275,639**	**(90,497)**	**239,637**	**27,351**	**452,130**
Taxation					(18,856)
Profit after taxation					**470,986**
For the year ended 30 June 2011					
Sales - net	1,236,919	3,163,087	–	–	4,400,006
Cost of sales	937,427	2,652,646	–	–	3,590,073
Gross profit	299,492	510,441	–	–	809,933
Income from investments	–	–	188,635	–	188,635
	299,492	510,441	188,635	–	998,568
Distribution and selling expenses	12,589	26,217	–	–	38,806
Administrative expenses	93,323	47,893	16,076	2,708	160,000
Other operating expenses	30,639	28,315	1,379	–	60,333
	136,551	102,425	17,455	2,708	259,139
	162,941	408,016	171,180	(2,708)	739,429
Other operating income	11,073	16,750	1,928	1,833	31,584
Operating profit / (loss) before finance costs	174,014	424,766	173,108	(875)	771,013
Finance costs	4,679	116,917	21,576	829	144,001
Share of profit in equity accounted investees - net of taxation	–	–	180,903	26,025	206,928
Profit before taxation	**169,335**	**307,849**	**332,435**	**24,321**	**833,940**
Taxation					194,121
Profit after taxation					**639,819**

44.2.1 Revenue reported above represents revenue generated from external customers. Inter-segment sale during the year was Rs. Nil (2011 : comprised of sale made by the Steel segment to the Energy segment amounting to Rs. 2.727 million).

44.2.2 Transfer prices between reportable segments are on an arm's length basis in a manner similar to transactions between third parties.

44.2.3 The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 6 to these consolidated financial statements. The Steel segment allocates certain percentage of the common expenditure to the Cotton and IID segments. In addition, finance costs between Steel and Cotton segments are allocated at average mark-up rate on the basis of funds utilized. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

44.3 Revenue from major products and services

The analysis of the Group's revenue from external customers for major products and services is given in note 31 to these consolidated financial statements.

44.4 Information about major customers

Revenue from major customers of Steel segment represents an aggregate amount of Rs. 931.932 million (2011: Rs. 1,011.620 million) of total Steel segment revenue of Rs. 1,279.837 million (2011: Rs. 1,236.919 million). Further, revenue from major customers of Cotton segment represents an aggregate amount of Rs. 550.394 million (2011: Rs. 722.581 million) of total Cotton segment revenue of Rs. 2,663.032 million (2011: Rs. 3,163.087 million).

44.5 Geographical information

44.5.1 The Group's revenue from external customers by geographical location is detailed below

	2012	2011
	(Rupees in '000)	
Europe	–	14,300
Far East	220,369	5,761
Pakistan	3,722,500	4,379,945
	3,942,869	4,400,006

44.5.2 All non-current assets of the Group as at 30 June 2012 and 2011 were located and operating in Pakistan.

44.6 Segment assets and liabilities

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	Steel Segment	Cotton Segment	IID Segment	Energy Segment	Total
			(Rupees in '000)		
As at 30 June 2012					
Segment assets for reportable segments	858,360	1,147,383	907,685	429,460	3,342,888
Investment in equity accounted investees	–	–	1,635,519	170,341	1,805,860
Unallocated corporate assets					(68,973)
Total assets as per balance sheet					5,079,775
Segment liabilities for reportable segments	154,224	475,746	2,825	675	633,470
Unallocated corporate liabilities					438,343
Total liabilities as per balance sheet					1,071,813
As at 30 June 2011					
Segment assets for reportable segments	568,387	1,626,917	879,910	415,414	3,490,628
Investment in equity accounted investees	–	–	1,349,446	148,577	1,498,023
Unallocated corporate assets					(83,426)
Total assets as per balance sheet					4,905,225
Segment liabilities for reportable segments	149,065	146,966	4,449	125,364	425,844
Unallocated corporate liabilities					878,065
Total liabilities as per balance sheet					1,303,909

44.6.1 For the purposes of monitoring segment performance and allocating resources between segments

- all assets are allocated to reportable segments other than those directly relating to corporate and taxation assets; and
- all liabilities are allocated to reportable segments other than those directly relating to corporate and taxation.

Cash and bank balances, borrowings and related mark-up payable thereon and receivable therefrom are not allocated to reporting segments as these are managed by the Group's central treasury function.

44.7 Other segment information

	Steel segment	Cotton segment	IID segment	Energy segment	Total
	(Rupees in '000)				
For the year ended 30 June 2012					
Capital expenditure	5,360	59,127	35	29,241	93,763
Depreciation and amortization	37,513	99,021	5,329	–	141,863
Non-cash items other than depreciation and amortization - net	43,181	90,562	(244,804)	(32,271)	(143,332)
For the year ended 30 June 2011					
Capital expenditure	7,181	75,594	10,000	212,348	305,123
Depreciation and amortization	35,697	131,972	5,190	–	172,859
Non-cash items other than depreciation and amortization	35,904	152,956	(329,383)	(27,029)	(167,552)

45. STAFF RETIREMENT BENEFITS

45.1 Defined benefit plans

45.1.1 The actuarial valuation of both pension and gratuity schemes has been conducted in accordance with IAS 19, 'Employee benefits' as at 30 June 2012. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation

	2012	2011
- Discount rate	13%	14%
- Expected rate of increase in salaries	13%	14%
- Expected rate of return on plan assets	13%	14%
- Average expected remaining working life of employees	09 years	10 years
- Expected mortality for active members	As per EFU (61-66) mortality table	

45.1.2 Reconciliation of (receivable from) / payable to defined benefit plans

		2012			2011		
		Pension	Gratuity	Total	Pension	Gratuity	Total
		(Rupees in '000)					
Present value of defined benefit obligations	45.1.4	182,831	44,661	227,492	156,971	37,243	194,214
Fair value of plan assets	45.1.5	(190,554)	(48,604)	(239,158)	(163,371)	(39,778)	(203,149)
Unrecognized net actuarial gains / (loss)	45.1.8	10,699	2,097	12,796	7,129	1,344	8,473
Unrecognized past service cost		–	(763)	(763)	(729)	(953)	(1,682)
(Asset) / liability recognized in balance sheet		2,976	(2,609)	367	–	(2,144)	(2,144)

45.1.3 Movement in (receivable from) / payable to defined benefit plans

		Pension	Gratuity	Total	Pension	Gratuity	Total
Opening balance		–	(2,144)	(2,144)	110	(3,085)	(2,975)
Charge for the year	45.1.9	11,028	2,734	13,762	13,645	3,885	17,530
Contributions by the Company	45.1.5	(8,052)	(3,199)	(11,251)	(13,755)	(2,944)	(16,699)
Closing balance		2,976	(2,609)	367	–	(2,144)	(2,144)

45.1.4 Reconciliation of present value of defined benefit obligations

	Pension	Gratuity	Total	Pension	Gratuity	Total
Present value of defined benefit obligations - 1 July	156,971	37,243	194,214	141,712	34,115	175,827
Current service cost	11,195	2,899	14,094	11,349	2,916	14,265
Interest cost	21,976	5,214	27,190	17,005	4,094	21,099
Benefits paid during the year	(5,782)	(885)	(6,667)	(4,625)	(700)	(5,325)
Actuarial (gain) / loss on obligations	(1,529)	190	(1,339)	(8,470)	(3,182)	(11,652)
Present value of defined benefit obligations - 30 June	182,831	44,661	227,492	156,971	37,243	194,214

45.1.5 Changes in the fair value of plan assets are as follows

	Pension	Gratuity	Total	Pension	Gratuity	Total
Fair value of plan assets - 1 July	163,371	39,778	203,149	128,646	29,906	158,552
Expected return on plan assets	22,872	5,569	28,441	15,438	3,589	19,027
Contributions by the Company	8,052	3,199	11,251	13,755	2,944	16,699
Benefits paid during the year	(5,782)	(885)	(6,667)	(4,625)	(700)	(5,325)
Actuarial gain on plan assets	2,041	943	2,984	10,157	4,039	14,196
Fair value of plan assets - 30 June	190,554	48,604	239,158	163,371	39,778	203,149

	Pension	Gratuity	Total	Pension	Gratuity	Total
45.1.6 Actual return on plan assets	24,913	6,512	31,425	25,595	7,628	33,223

45.1.7 Actuarial losses to be recognized

	2012		2011	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Corridor limit				
The limits of corridor as at 1 July				
- 10% of present value of obligations	15,697	3,724	14,171	3,412
- 10% of fair value of plan assets	16,337	3,978	12,865	2,991
Which works out to	16,337	3,978	14,171	3,412
Unrecognized net actuarial losses as at 1 July 45.1.8	7,129	1,344	(11,498)	(6,151)
Excess	–	–	–	(2,739)
Average expected remaining working lives in years	10	10	10	10
Actuarial losses recognized	–	–	–	(274)

45.1.8 Unrecognized net actuarial gains / (losses)

		2012			2011		
		Pension	Gratuity	Total	Pension	Gratuity	Total
		(Rupees in '000)					
Unrecognized net actuarial gains / (losses) as at 1 July		7,129	1,344	8,473	(11,498)	(6,151)	(17,649)
Actuarial gain / (loss) on obligations	45.1.4	1,529	(190)	1,339	8,470	3,182	11,652
Actuarial gain on plan assets	45.1.5	2,041	943	2,984	10,157	4,039	14,196
		10,699	2,097	12,796	7,129	1,070	8,199
Less: Actuarial (losses) recognized	45.1.7	–	–	–	–	(274)	(274)
Unrecognized net actuarial gains / (loss) as at 30 June		10,699	2,097	12,796	7,129	1,344	8,473

45.1.9 Following amounts have been charged in the profit and loss account in respect of these benefits

	2012 Pension	2012 Gratuity	2012 Total	2011 Pension	2011 Gratuity	2011 Total
Current service cost	11,195	2,899	14,094	11,349	2,916	14,265
Interest cost	21,976	5,214	27,190	17,005	4,094	21,099
Expected return on plan assets	(22,872)	(5,569)	(28,441)	(15,438)	(3,589)	(19,027)
Actuarial losses recognized	–	–	–	–	274	274
Past service cost recognized	729	190	919	729	190	919
Charge recognized in profit and loss account	11,028	2,734	13,762	13,645	3,885	17,530

45.1.10 Amounts for the current year and previous four years of the present value of defined benefit obligations, fair value of plan assets, surplus / (deficit) and experience adjustments arising thereon are as follows:

	2012	2011	2010	2009	2008
			(Rupees in '000)		
Pension					
As at 30 June					
Present value of defined benefit obligation	182,831	156,971	141,712	126,611	110,954
Fair value of plan assets	190,554	163,371	128,646	91,742	98,915
Surplus / (deficit)	7,723	6,400	(13,066)	(34,869)	(12,039)
Experience adjustments					
Actuarial gain on obligation	(1,529)	(8,470)	(6,268)	(5,853)	(6,440)
Actuarial gain / (loss) on plan assets	2,041	10,157	13,499	(32,216)	(11,355)
Gratuity					
As at 30 June					
Present value of defined benefit obligation	44,661	37,243	34,115	28,177	28,404
Fair value of plan assets	48,604	39,778	29,906	23,254	31,684
Surplus / (deficit)	3,943	2,535	(4,209)	(4,923)	3,280
Experience adjustments					
Actuarial gain / (loss) on obligation	190	(3,182)	1,001	(3,256)	(3,774)
Actuarial gain / (loss) on plan assets	943	4,039	2,374	(11,348)	(6,091)

45.1.11 Expected contribution for the next year

The expected contribution to the pension and gratuity schemes for the year ending 30 June 2013 works out to Rs. 8.786 million (2012: Rs. 8.643 million) and Rs. 3.485 million (2012: Rs. 3.356 million) respectively.

45.2 Defined contribution plan

The total charge against provident fund for the year was Rs. 6.524 million (2011: Rs. 6.023 million).

46. FINANCIAL INSTRUMENTS

The Group has exposure to the following risks from its use of financial instruments

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Group's risk management framework. The Board of Directors is also responsible for developing and monitoring the Group's risk management policies.

46.1 Credit risk

Credit risk represents the financial loss that would be recognized at the balance sheet date if counterparties fail completely to perform as contracted / fail to discharge an obligation / commitment that it has entered into with the Group. It arises principally from trade receivables, bank balances, security deposits, mark-up accrued and investment in debt securities.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the balance sheet date is as follows

	2012	2011
	(Rupees in '000)	
Investments	8,313	41,563
Loans and deposits	24,140	17,997
Trade debts	368,930	145,072
Mark-up accrued on TFCs	275	820
Other receivables	25,398	42,264
Bank balances	60,965	15,487
	488,021	263,203

Trade receivables

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Sales tenders and credit terms are approved by the tender approval committee. Where considered necessary, advance payments are obtained from certain parties. Sales made to major customers are secured through letters of credit. The management has set a maximum credit period of 15 days in respect of Cotton segment's sales to reduce the credit risk.

All the trade debtors at the balance sheet date represent domestic parties except one export party.

The maximum exposure to credit risk before any credit enhancements for trade debts at the balance sheet date by type of customer was

	2012	2011
	(Rupees in '000)	
Steel segment	324,873	53,100
Cotton segment	44,057	91,972
	368,930	145,072

The aging of trade debts at the balance sheet date is

	2012	2011
Not past due	165,520	98,997
Past due 1 - 30 days	187,823	24,138
Past due 30 - 150 days	11,169	10,431
Past due 180 days	5,557	17,067
	370,069	150,633
Less: Impaired	1,139	5,561
	368,930	145,072

One of the major customer accounts for Rs. 218.6 million of the trade debts carrying amount as at 30 June 2012 (2011: Rs. 23.029 million) that has a good track record with the Group.

The movement in the allowance for impairment in respect of trade debts and advances is given in note 23.3 and note 24.1 respectively.

Based on past experience the management believes that no impairment allowance is necessary in respect of trade debts past due as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time. Non past due amounts of Rs. 108.506 million (2011: Rs. 23.820 million) and past due amounts of Rs. Nil (2011: Rs. Nil) are secured through letters of credit.

Settlement risk

All investing transactions are settled / paid for upon delivery as per the advice of investment committee. The Group's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits.

Bank balances

The Group kept its surplus funds with banks having good credit rating. Currently the surplus funds are kept with banks having rating from AAA to AA-.

Investment in debt securities

Credit risk arising on debt securities is mitigated by investing principally in investment grade rated instruments. Where the investment is considered doubtful a provision is created there against. As at 30 June 2012, the Group has recognized a provision of Rs. 18.093 million (2011: Rs. 27.751 million) against its exposure to preference shares of investee companies.

The analysis below summarizes the credit quality of the Group's investments in debt securities of investee companies

		2012	2011
UBL's Term Finance Certificates	185	AA	AA
Preference shares of Shakarganj Mills Limited	27.1	D	D

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Group believes that it is not exposed to major concentration of credit risk.

46.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligation arising from financial liabilities that are settled by delivering cash or another financial asset or that such obligation will have to be settled in a manner disadvantageous to the Group. The Group is not materially exposed to liquidity risk as substantially all obligation / commitments of the Group are short term in nature and are restricted to the extent of available liquidity. In addition, the Group has obtained running finance facilities from various commercial banks to meet the short term liquidity commitments, if any.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	2012						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to six years
	(Rupees in '000)						
Financial liabilities							
Liabilities against assets subject to finance lease	27,884	–	32,562	5,586	5,585	16,571	4,820
Trade and other payables	97,402	–	97,402	97,402	–	–	–
Mark-up accrued	16,262	–	16,262	16,262	–	–	–
Short term borrowings	334,958	334,958	–	–	–	–	–
	476,506	334,958	146,226	119,250	5,585	16,571	4,820

	2011						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to six years
	(Rupees in '000)						
Financial liabilities							
Loan	115,000	–	115,000	–	–	23,000	92,00
Liabilities against assets subject to finance lease	27,349	–	32,321	7,939	7,110	5,936	11,336
Trade and other payables	76,735	–	76,735	76,735	–	–	–
Mark-up accrued	26,242	–	26,242	26,242	–	–	–
Short term borrowings	706,966	706,966	–	–	–	–	–
	952,292	706,966	250,298	110,916	7,110	28,936	103,336

46.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The Investment Committee monitors the portfolio of its investments and adjust the portfolio in light of changing circumstances.

46.3.1 Currency risk

The Group is exposed to currency risk on import of raw materials, stores and spares, export of goods and foreign currency bank accounts denominated in US Dollars (USD), Great Britain Pounds (GBP) and Euros. The Group's exposure to foreign currency risk for these currencies is as follows

	2012			
	USD	GBP	Euro	Total
	(Rupees in '000)			
Foreign creditors	(35,584)	–	–	(35,584)
Foreign currency bank account	2	–	–	2
Gross balance sheet exposure	(35,582)	–	–	(35,582)
Outstanding letters of credit	(281,662)	–	(17,127)	(298,789)
Net exposure	(317,244)	–	(17,127)	(334,371)

	2011			
	USD	GBP	Euro	Total
	(Rupees in '000)			
Foreign creditors	(12,701)	–	–	(12,701)
Foreign currency bank account	2	–	–	2
Gross balance sheet exposure	(12,699)	–	–	(12,699)
Outstanding letters of credit	(1,945)	(1,173)	(38,216)	(41,334)
Net exposure	(14,644)	(1,173)	(38,216)	(54,033)

The following significant exchange rate has been applied :

	Average rate		Reporting date rate	
	2012	2011	2012	2011
USD to PKR	89.36	85.48	94.20	86.05
GBP to PKR	141.11	136.37	147.07	138.62
Euro to PKR	119.18	116.67	118.50	124.89

Sensitivity analysis

At the balance sheet date, if the PKR had strengthened by 10% against the USD, GBP and Euro with all other variables held constant, post-tax profit for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of foreign currency bank account and foreign creditors.

Effect on profit or loss	2012	2011
	(Rupees in '000)	
USD	3,172	1,464
GBP	–	117
Euro	(171)	3,822
	3,001	5,403

The weakening of the PKR against USD, GBP and Euro would have had an equal but opposite impact on the post tax profits.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Group.

46.3.2 Interest rate risk

At the balance sheet date, the interest rate profile of the Group's significant interest bearing financial instruments was as follows

Financial assets	2012	2011	2012	2011
	Effective interest rate (Percentage)		Carrying amount (Rupees in '000)	
Fixed rate instruments				
Preference shares	8.5	8.5	17,007	7,349
TFCs	8.45	8.45	8,313	24,938
Financial liabilities				
Fixed rate instruments				
Liabilities against assets subject to finance lease	18.50-20.25	19.29-20.25	27,884	27,349
Variable rate instruments				
Loans	–	14.25-14.95	–	115,000
Short term borrowings	13.13-16.56	13.44-16.81	334,958	706,966

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the balance sheet date would have decreased / (increased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2011.

	Profit and loss 100 bp	
	Increase	Decrease
	(Rupees in '000)	
As at 30 June 2012		
Cash flow sensitivity - Variable rate financial liabilities	(1,675)	1,675
As at 30 June 2011		
Cash flow sensitivity - Variable rate financial liabilities	(3,535)	3,535

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Group.

46.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk arises from the Group's investment in units of mutual funds and ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the Group diversifies its portfolio and continuously monitors developments in equity markets. In addition the Group actively monitors the key factors that affect stock price movement.

A 10% increase / decrease in redemption and share prices at year end would have decreased / increased the Group's gain / loss in case of held for trading investments and increase / decrease surplus on re-measurement of investments in case of 'available for sale' investments as follows

	2012	2011
	(Rupees in '000)	
Effect on profit	38,311	38,157
Effect on equity	11,430	10,903
Effect on investments	49,741	49,060

The sensitivity analysis prepared is not necessarily indicative of the effects on profit / equity and assets of the Group.

46.4 Fair value of financial instruments

The carrying values of other financial assets and financial liabilities reported in balance sheet approximate their fair values. The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Valuation techniques using significant unobservable inputs.

Investment in ordinary shares of listed companies is valued using quoted prices in active market, hence, fair value of such investments fall within Level 1 in fair value hierarchy as mentioned above.

47. REMUNERATION TO THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Cheif Executive		Director		Executive		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	(Rupees in '000)							
Managerial remuneration	9,630	7,509	848	–	29,901	24,654	40,379	32,163
House rent	4,334	3,375	382	–	10,107	8,756	14,823	12,131
Utilities	963	750	85	–	2,352	2,016	3,400	2,766
Travelling expenses	425	764	–	–	–	–	425	764
Others	869	866	664	1,281	–	–	1,533	2,147
Medical	141	264	36	–	1,113	1,021	1,290	1,285
Contributions to								
- Gratuity fund	802	625	70	–	1,161	1,143	2,033	1,768
- Pension fund	1,926	1,500	170	–	3,350	3,078	5,446	4,578
- Provident fund	963	750	70	–	1,576	1,464	2,609	2,214
Club subscription and expenses	720	1,139	9	–	74	69	803	1,208
Entertainment	–	–	6	–	36	42	42	42
Conveyance	–	–	–	–	1,337	1,967	1,337	1,967
Telephone	–	–	2	–	4	6	6	6
	20,773	17,542	2,342	1,281	51,011	44,216	74,126	63,039
Number of persons	1	1	2	1	22	20	25	22

47.1 The aggregate amount charged in respect of directors' fees paid to six (2011: seven) directors is Rs. 0.680 million (2011: Rs. 0.270 million).

47.2 The chief executive and nine executives are provided with free use of company maintained cars, in accordance with their entitlements.

47.3 The chief executive, executives and their families are also covered under group life and hospitalization insurance. A director is also covered under group hospitalization scheme.

47.4 Directors include one of the executive for three months.

48. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated companies, directors, companies where directors also hold directorship, related group companies, key management personnel and staff retirement benefit funds. Balances and transactions between the Holding Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

Transactions with related parties other than those disclosed elsewhere are as follows

Name	Nature of relationship	Name of transaction	2012	2011
			(Rupees in '000)	
Crescent Sugar Mills & DistilleryLimited *	Related party	Dividend paid	–	692
Equity Textile Mills Limited *	Related party	Sale of raw cotton	–	16,785
Muhammad Amin Muhammad Bashir Limited *	Related party	Dividend paid	2	2
Pakistan Centre for Philanthropy *	Related party	Donation given	–	837
Pakistan Institute of Corporate Governance *	Related party	Annual subscription charges	100	115
Premier Insurance Company *	Related party	Dividend paid	122	119
		Insurance premium	1,397	708
Shakarganj Mills Limited	Associated company	Dividend paid	8,568	6,862
		Purchase of operating fixed assets	–	302,656
		Purchase of raw material	891	1,884
		Sales of finished goods	109,395	7,969
		Sales of operating fixed assets	–	2,571
		Services received	1,664	4,592
		Services rendered	1,364	1,384

Name	Nature of relationship	Name of transaction	2012	2011
			(Rupees in '000)	
Shakarganj Food Products Limited **	Associated company	Rental income	832	–
The Citizens' Foundation *	Related party	Donation given	21,686	17,887
The Crescent Textile Mills Limited *	Related party	Dividend paid	19,560	16,673
		Sale of raw cotton	22,718	–
		Sale of cotton waste	–	1,497
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Contribution made	3,913	1,865
		Dividend paid	2,180	13
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Contribution made	3,199	2,944
		Dividend paid	1,669	1,075
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Contribution made	8,052	13,755
		Dividend paid	3,413	2,105
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Contribution made	4,461	4,158
		Dividend paid	1,401	1,153
Key management personnel	Related parties	Remuneration and benefits	53,189	42,890

* These entities are / have been related parties of the Group by virtue of common directorship only.

** The Group no longer has / held significant influence over the entity as at 30 June 2012 and 2011.

48.1 Sale of finished goods and raw materials, rendering of services and rental income are based on commercial terms and at market prices which are approved by the Board of Directors.

48.2 Contributions to the employee retirement benefit funds are made in accordance with the terms of employee retirement benefit schemes and actuarial advice.

48.3 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including directors of the Group. There were no transactions with the key management personnel during the year other than their terms of employment / entitlements.

48.4 Outstanding balances and other information with respect to related parties as at 30 June 2012 and 2011 are included in issued, subscribed and paid-up capital (note 7.1), trade and other payables (note 10.3), investment in equity accounted investees (note 17), other long term investments (note 18.1), trade debts (note 23.1), investments (note 26.1), current portion of long term investments (note 27.1), other receivables (note 28.1), administrative expenses (note 35.4) and staff retirement benefits (note 45).

49. CAPITAL RISK MANAGEMENT

The Group's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's overall strategy remains unchanged from year 2011.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders or issue new shares. The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Group finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

The Group is not subject to any externally imposed capital requirements.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total debt less cash and bank balances. Total capital is calculated as equity as shown in the balance sheet plus net debt.

49.1 Gearing ratio

The gearing ratio at end of the year is calculated as follows

		2012	2011
		(Rupees in '000)	
Total debt	49.1.1	362,842	849,315
Less: Cash and bank balances		69,366	19,000
Net debt		293,476	830,315
Total equity	49.1.2	4,007,962	3,601,316
Total capital		4,301,438	4,431,631
Gearing ratio		7%	19%

49.1.1 Total debt is defined as long term and short term borrowings (excluding derivatives), as described in notes 9 and 12 to these consolidated financial statements.

49.1.2 Total equity includes all capital and reserves of the Holding Company that are managed as capital.

50. PLANT CAPACITY AND PRODUCTION

50.1 Steel segment

Pipe plant

The plant's installed / rated capacity for production based on single shift is 30,000 tons (2011: 30,000 tons) annually on the basis of notional pipe size of 30" dia x ½" thickness. The actual production achieved during the year was 5,236 tons (2011: 8,341 tons) line pipes of varied sizes and thickness, which is equivalent to 12,396 tons (2011: 21,457 tons) if actual production is translated to the notional pipe size of 30" diameter.

Coating plant

The coating plant has a capacity of externally shot blasting and coating of line pipes with 3 layer high / medium density polyethylene coating at a rate of 250 square meters of surface area per hour on pipe sizes ranging from 114 mm to 1524 mm outside dia and thickness ranging from 3 mm to 16 mm.

The annual capacity of the plant works out to 600,000 square meters outside surface area of pipes based on notional size of 14" dia on single shift working. Coating of 380,488 meters (2011: 193,526 meters) of different dia pipes (275,331 square meters surface area) was achieved during the year (2011: 195,490 square meters surface area).

50.2 Cotton segment

Spinning unit 1

The plant capacity converted to 20s count based on three shifts per day for 1,080 shifts is 6,452,874 kilograms (2011: 6,452,874 kilograms). Actual production converted into 20s count was 5,421,156 kilograms (2011: 3,692,778 kilograms).

Spinning unit 2

The plant capacity converted to 20s count based on three shifts per day for 1,080 shifts is 9,217,544 kilograms (2011: 9,284,825 kilograms). Actual production converted into 20s count was 4,558,920 kilograms (2011: 9,349,093 kilograms). The Unit no. 2 is not operational since January 2012 for reason explained in note 2 to these financial statements.

50.3 The capacities of the plant were utilized to the extent of orders received.

50.4 Energy segment

Power plant

The power plant is under installation phase with a maximum output capacity of 18 MWh (2011: 18 MWh).

51. NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Holding Company in their meeting held on 28 July 2012 has proposed a final cash dividend for the year ended 30 June 2012 of Re. 1 per share (i.e. 10%) (2011: Rs. 1.5 per share) amounting to Rs. 56.460 million (2011: Rs. 84.690 million). This is in addition to the interim cash dividend of Re. 1 per share (i.e. 10%) already distributed and recorded in these consolidated financial statements. This makes a total distribution of Rs. 2.0 per share (i.e. 20%) for the year. The approval of the members of the Holding Company for the dividend shall be obtained at the Annual General Meeting to be held on 18 September 2012. These consolidated financial statements do not include the effect of this proposed final cash dividend and will be accounted for in the period in which it is approved by the members.

52. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue in the Board of Directors meeting held on 28 July 2012.

Chief Executive

Director

Crescent Steel & Allied Products Ltd.

Form "34" Pattern of Holding of Shares

Held by Shareholders as at 30 June 2012

No. of Shareholders	Shareholding From	Shareholding To	Total Shares held
422	1	100	16,246
593	101	500	171,296
398	501	1,000	289,355
568	1,001	5,000	1,346,076
149	5,001	10,000	1,095,442
64	10,001	15,000	804,774
53	15,001	20,000	912,062
25	20,001	25,000	574,264
13	25,001	30,000	365,087
19	30,001	35,000	624,100
7	35,001	40,000	259,959
10	40,001	45,000	427,257
12	45,001	50,000	579,245
5	50,001	55,000	271,889
3	55,001	60,000	175,213
2	60,001	65,000	123,094
6	65,001	70,000	406,745
4	70,001	75,000	289,895
1	75,001	80,000	78,262
2	80,001	85,000	166,836
3	85,001	90,000	262,456
2	90,001	95,000	188,351
3	95,001	100,000	295,800
2	100,001	105,000	202,033
2	105,001	110,000	215,364
3	120,001	125,000	368,443
1	125,001	130,000	128,917
4	130,001	135,000	536,774
1	135,001	140,000	135,249
3	145,001	150,000	441,691
1	150,001	155,000	154,180
4	160,001	165,000	656,900
1	165,001	170,000	165,905
1	170,001	175,000	174,222
1	175,001	180,000	176,500
1	180,001	185,000	180,005
1	195,001	200,000	195,066
1	205,001	210,000	207,966

Pattern of Holding of Shares

No. of Shareholders	Shareholding From	To	Total Shares held
3	220,001	225,000	668,238
1	230,001	235,000	231,198
1	240,001	245,000	243,975
3	255,001	260,000	776,525
1	275,001	280,000	279,147
1	295,001	300,000	298,420
2	300,001	305,000	607,143
1	305,001	310,000	310,000
1	320,001	325,000	323,418
2	325,001	330,000	652,529
1	330,001	335,000	333,220
1	340,001	345,000	340,385
1	350,001	355,000	354,561
1	365,001	370,000	369,776
2	385,001	390,000	777,598
1	395,001	400,000	400,000
1	400,001	405,000	400,200
1	420,001	425,000	422,049
1	475,001	480,000	480,000
1	495,001	500,000	500,000
1	505,001	510,000	505,830
2	555,001	560,000	1,113,473
1	605,001	610,000	609,916
1	655,001	660,000	655,500
1	670,001	675,000	673,183
1	720,001	725,000	725,000
1	725,001	730,000	729,275
1	745,001	750,000	747,683
1	1,085,001	1,090,000	1,090,000
1	1,100,001	1,105,000	1,102,245
1	1,230,001	1,235,000	1,233,739
1	1,345,001	1,350,000	1,350,000
1	1,800,001	1,805,000	1,802,023
1	1,910,001	1,915,000	1,913,233
1	2,410,001	2,415,000	2,410,062
1	3,450,001	3,455,000	3,450,150
1	3,570,001	3,575,000	3,571,714
1	4,135,001	4,140,000	4,135,990
1	6,205,001	6,210,000	6,209,676
2,438			56,459,993

Crescent Steel & Allied Products Ltd.

Pattern of Holding of Shares

Held by Shareholders as at 30 June 2012

Categories of Shareholder	Physical	CDC	Total	% age
a) Directors, Chief Executive and Their Spouses and Minor Childern				
Chief Executive				
Mr. Ahsan M. Saleem	–	387,698	387,698	0.69
Directors				
Mr. Ahmad Waqar	25	–	25	0.00
Mr. Mazhar Karim	–	13,737	13,737	0.02
Mr. Nasir Shafi	–	34,433	34,433	0.06
Mr. Zahid Bashir	–	78,262	78,262	0.14
Syed Mahmood Ehtishamullah	–	11,997	11,997	0.02
Director's Spouse and Their Childern				
Mrs. Abida Mazhar	19,961	–	19,961	0.04
Mrs. Shahnaz A. Saleem	–	273,156	273,156	0.48
	19,986	799,283	819,269	1.45
b) Executives	11,181	7,500	18,681	0.03
c) Associated Companies, Undertakings & Related Parties				
Muhammad Amin Muhammad Bashir Limited	618	–	618	0.00
Premier Insurance Limited	–	24,500	24,500	0.04
Shakarganj Mills Limited	–	2,720,062	2,720,062	4.82
The Crescent Textile Mills Limited	–	6,209,676	6,209,676	11.00
Trustees - CSAPL Employees Gratuity Fund	–	557,989	557,989	0.99
Trustees - CSAPL Employees Pension Fund	–	1,102,245	1,102,245	1.95
Trustees - CSAPL Employees Staff Provident Fund	–	400,200	400,200	0.71
	618	11,014,672	11,015,290	19.51

Pattern of Holding of Shares

Categories of Shareholder	Physical	CDC	Total	% age
d) National Investment Trust Limited				
National Investment Trust Limited	–	100,033	100,033	0.18
NBP - Trustee Department NI(U)T Fund	–	4,135,990	4,135,990	7.33
	–	4,236,023	4,236,023	7.51
e) Mutual Funds				
CDC - Trustee NAFA Stock Fund	–	176,500	176,500	0.31
CDC - Trustee NIT- Equity Market Opportunity Fund	–	207,966	207,966	0.37
Golden Arrow Selected Stocks Fund Ltd.	–	258,035	258,035	0.46
MCBFSL - Trustee Namco Balanced Fund	–	279,147	279,147	0.49
Asian Stock Fund Limited	–	1,090,000	1,090,000	1.93
Safeway Mutual Fund Limited	–	1,233,739	1,233,739	2.19
	–	3,245,387	3,245,387	5.75
f) Banks, NBFC's, DFI's,Takaful, Pension Funds	3,454,596	7,110,242	10,564,838	18.71
g) Modarabas	173	42,229	42,402	0.08
h) Insurance Companies	–	1,968,233	1,968,233	3.49
i) Other Companies, Corporate Bodies, Trust etc.	34,735	3,467,221	3,501,956	6.20
j) General Public	718,468	20,329,446	21,047,914	37.28
	4,239,757	52,220,236	56,459,993	100.00

Shareholders More Than 5.00%

The Crescent Textile Mills Limited			6,209,676	11.00
NBP - Trustee Department NI(U)T Fund			4,135,990	7.33
National Bank of Pakistan			3,571,714	6.33
Islamic Development Bank (Non-Resident)			3,450,150	6.11

Crescent Steel & Allied Products Ltd.

Notice of Annual General Meeting

Notice is hereby given that the 28th Annual General Meeting of shareholders of Crescent Steel and Allied Products Limited (the "Company") will be held on Tuesday, 18 September 2012 at 12:30 p.m. at Qasr-e-Noor, 9 E-2 Main Boulevard, Gulberg-III, Lahore to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Reports of Directors and Auditors together with Audited Annual Separate and Consolidated Financial Statements for the year ended 30 June 2012.
2. To approve the payment of final cash dividend @ Re.1.00 per share (10%) and also the interim cash dividend @ Re.1.00 per share (10%) already paid, making a total of Rs.2.00 per share (20%) for the year ended 30 June 2012.
3. To appoint Company's auditors for the financial year ending 30 June 2013 and to fix their remuneration.

Special Business

4. To consider and approve the de-listing of the Company from the Lahore Stock Exchange (Guarantee) Limited and Islamabad Stock Exchnage (Guarantee) Limited while retaining the listing of the Company on Karachi Stock Exchange (Guarantee) Limited.

BY ORDER OF THE BOARD
Muhammad Saad Thaniana
Company Secretary
Lahore: 28 July 2012

Notes

1. The Share Transfer Books of the Company will remain closed from 12 September 2012 to 18 September 2012 (both days inclusive). Transfers received in order at Share Registrar Office of the Company, CorpTec Associates (Pvt) Limited, 7/3-G, Mushtaq Ahmed Gurmani Road, Gulberg-II, Lahore by the close of business on 11 September 2012, will be treated in time for the entitlement of dividend to the transferees and to attend the meeting.
2. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote instead of him/her. A Proxy must be a member of the Company.
3. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarially attested copy of the power of attorney must be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting.
4. Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting

a. In case of Individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.

b. In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

Notice of Annual General Meeting

B. For Appointing Proxies

a. In case of individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.

b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.

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

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

e. In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

Statement under Section 160 (1) (b) of the Companies Ordinance, 1984

This statement set out the material facts concerning the special business to be transacted at the annual general meeting of the Company to be held on 18 September 2012.

The Company is listed on all three stock exchanges of Pakistan i.e., Karachi, Lahore and Islamabad Stock Exchanges. The Board of Directors of the Company is of the view that there is no need to keep the Company listed on Lahore and Islamabad Stock Exchanges as it involves unnecessary expenditure (including annual listing fees, printing cost etc) which is not in the interest of the Company and its shareholders. These expenditures would continue to increase in future if the Company is not delisted from both these stock exchanges. It would be sufficient if the Company is listed on one stock exchange i.e., Karachi Stock Exchange (Guarantee) Limited. The following resolution is proposed to be passed as special resolution:

RESOLVED that the Company be de-listed from the Lahore Stock Exchange (Guarantee) Limited ("LSE"), and the Islamabad Stock Exchange (Guarantee) Limited ("ISE") under Section 9(5) of the Securities & Exchange Ordinance, 1969 while the Company shall remain listed on the Karachi Stock Exchange (Guarantee) Limited.

RESOLVED FURTHER that the Chief Executive Officer and /or the Company Secretary, be and are hereby authorized to fulfill all requisite legal and procedural formalities for accomplishing the de-listing of the Company from LSE and ISE and to make application, sign and submit requisite documents as may be reasonably required by LSE and ISE so as to effectuate the de-listing of the Company and to take all actions and do necessary acts, deeds and things for implementation of this resolution including filing of appeals before the appropriate forum, if need be.

The Directors have no other personal interest, directly or indirectly, in the proposed special business except in their capacities as shareholders and directors of the Company.

Statement under paragraph 3 of SRO 865(I)/2000 dated 6 December 2000

In the extraordinary general meeting of the Company held on 27 December 2006, the shareholders approved an additional investment of Rs.15.1 million in the shares of The Crescent Textile Mills Limited. However, to date no investment has been made against the said approval. In terms of Regulation 8 of the recently issued the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012, the said special resolution stand lapsed.

Glossary / List of Abbreviation

AFS	Available For Sale
API	American Petroleum Institute
APTMA	All Pakistan Textile Mills Association
Board	Board of Directors
BSC	Balanced Scorecard
BU	Business Unit
CCP	Crescent Cotton Products
CDC	Central Depository Company of Pakistan
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COLA	Cost of Living Allowance
CSAPL	Crescent Steel and Allied Products Limited
CSR	Corporate Social Responsibility
Dia	Diameter
EBIT	Earnings before Interest and Taxation
EBITDA	Earnings before Interest, Taxation Depreciation and Amortization
EDB	Engineering Development Board of Pakistan
EOBI	Employees' Old Age Benefit Institute
EPS	Earning Per Share
ERP	Enterprise Resource Planning
FBR	Federal Board of Revenue
GoP	Government of Pakistan
HFT	Held for Trading
HMI	Human Machine Interface
HR & R	Human Resource and Remuneration
HR Coil	Hot Roll Coil
HR	Human Resource
HSE	Health, Safety and Environment
HTM	Held to Maturity
IAS	International Accounting Standards
ICAP	Institute of Chartered Accountants of Pakistan
ICMAP	Institute of Cost and Management Accountants of Pakistan
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
IID	Investment and Infrastructure Development
IP Pipeline Project	Iran Pakistan Pipeline Project
ISO	International Organization for Standards

Glossary / List of Abbreviation

IT	Information Technology
KG	Kilo Gram
KIBOR	Karachi Interbank Offer Rate
KMS	Kilo Meters
KSE	Karachi Stock Exchange
Lbs	Pounds
LNG	Liquefied Natural Gas
NBV	Net Book Value
NRV	Net Realisable Value
OHSAS	Occupational Health and Safety Advisory Services
OSH&E	Occupational Safety, Health and Environment
PEPCO	Pakistan Electric Power Company
PICG	Pakistan Institute of Corporate Governance
PNAC	Pakistan National Accreditation Council
SECP	Securities and Exchange Commission of Pakistan
SEL	Shakarganj Energy (Private) Limited
SMEDA	Small and Medium Enterprise Development Authority
SML	Shakarganj Mills Limited
TCF	The Citizens Foundation
TFC	Term Finance Certificate
THF	The Health Foundation
UBL	United Bank Limited
WPPF	Workers' Profit Participation Fund
WWF	Workers' Welfare Fund

Crescent Steel & Allied Products Ltd.

Form of Proxy

I/We ____ , being member(s) of Crescent Steel And Allied Products Limited and holder of ____________ Shares as per Folio No.________ CDC Participation ID # ________________ and Sub Account # ________________ do hereby appoint ___________________________ of ___________________________ or failing him/her ___________________________ of ______________________ as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of Crescent Steel And Allied Products Limited scheduled to be held on Tuesday, 18 September 2012 at 12.30 p.m., at Qasr-e-Noor, 9-E-2, Main Boulevard, Gulberg-III, Lahore. and at any adjournment thereof.

As witness my / our hand this __________________ day of ___________________ 2012.

1. Name

   C.N.I.C

   Address

2. Name

   C.N.I.C

   Address

Please affix here Revenue Stamp of Rs. 5/-   ______________   Members' Signature

Notes:

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a proxy.
2. The instrument appointing a Proxy, together with the Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited at our Share Registrar Office of the Company, CorpTec Associates (Pvt) Limited, 7/3-G, Mushtaq Ahmed Gurmani Road, Gulberg-II, Lahore, not less than 48 hours before the time of holding the Meeting.
3. CDC account holders will further have to follow the under mentioned guidelines as laid down in circular # 1 dated January 26, 2000 of the Securities & Exchange Commission of Pakistan for appointing Proxies:
   - i) In case of individuals, the account holder or sub-account holder whose securities and their registration details are uploaded as per the Regulations, shall submit the Proxy form as per the above requirement.
   - ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
   - iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
   - iv) The proxy shall produce his original CNIC or original passport at the time of the meeting.
   - v) In case of a corporate entity, the Board of Directors' resolution/Power of attorney with specimen signatures of the proxy holder shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.