Crescent Steel and Allied Products Limited

Consolidated Financial Statements

For the year ended 30 June 2014

Financial Statements of this Annual Report are printed on 100% recycled paper.

KEY FIGURES

BASED ON RESULTS OF THE GROUP AS PRESENTED IN THE CONSOLIDATED FINANCIAL STATEMENTS

SALES REVENUE (Rs. in million)	4,030
EBITDA (Rs. in million)	903
PROFIT BEFORE TAXATION AND DEPRECIATION (Rs. in million)	803
PROFIT AFTER TAXATION (Rs. in million)	553
EARNINGS PER SHARE (BASIC AND DILUTED) (Rupees)	8.9
PRICE EARNINGS RATIO (TIMES)	4.9
CASH DIVIDEND (INCLUDING FINAL PROPOSED) (Rupees per share)	2.5

CAPITAL EXPENDITURE
(Rs. in million)
254

RETURN ON AVERAGE CAPITAL EMPLOYED
(%)
14.6

TOTAL ASSETS
(Rs. in million)
6,165

CURRENT RATIO
(Ratio)
2.6:1

SHAREHOLDERS' EQUITY
(Rs. in million)
5,246

BREAK-UP VALUE PER SHARE
(Rupees)
84.5

PERFORMANCE INDICATORS CONSOLIDATED

FOR THE CURRENT AND PAST SIX FINANCIAL YEARS

PERFORMANCE INDICATORS	2014*	2013* Restated	2012* Restated	2011*	2010*	2009*	2008
A - Profitability Ratios							
Earnings before interest, taxation, depreciation and amortization (EBITDA) (Rs. in millions)	902.5	1,316.6	703.6	1,151.0	1,022.2	279.2	954.7
Profit before taxation and deprecation (Rs. in millions)	802.3	1,251.3	582.7	995.2	889.8	74.1	801.4
Gross profit ratio (%)	5.7	13.0	12.9	18.4	22.1	21.6	21.3
Operating profit margin to sales (net) (%)	11.5	19.1	7.8	17.5	22.3	2.9	17.4
Net profit / (loss) margin to sales (net) (%)	13.7	17.8	11.9	14.5	14.4	(7.2)	9.9
EBITDA margin to sales (net) (%)	22.4	26.3	17.8	26.2	27.6	8.4	22.7
Operating leverage ratio	1.8	4.4	4.1	0.9	63.1	4.1	(0.2)
Return on equity (%)	10.5	18.0	11.7	17.8	17.4	(9.4)	13.9
Return on average equity (%)	10.8	19.9	12.4	19.2	19.0	(8.7)	13.4
Return on capital employed (RoCE) (%)	14.4	22.5	12.8	22.0	21.4	2.7	17.4
Return on average capital employed (%)	14.6	25.0	12.7	23.4	22.2	2.4	18.0
Return on average assets (%)	9.2	16.3	9.4	13.1	11.9	(5.4)	8.7
B - Liquidity Ratios							
Current ratio	2.6 : 1	2.5 : 1	1.8 : 1	1.5 : 1	1.2 : 1	1.2 : 1	1.4 : 1
Quick / Acid-test ratio	2 : 1	1.8 : 1	1.3 : 1	0.8 : 1	0.6 : 1	0.8 : 1	1.1 : 1
Cash to current liabilities (%)	(11.8)	(23.6)	(23.5)	(49.1)	(27.0)	(45.8)	(52.7)
Cash flows from operations to sales (%)	4.3	(1.7)	11.1	4.1	12.3	10.1	13.5
Working capital (Net current assets)	1,123.6	1,340.9	856.4	595.2	384.7	308.0	706.0
Working capital turnover (times)	3.3	4.6	5.4	9.0	10.7	6.5	4.8
C - Activity / Turnover Ratios							
Debtors turnover ratio (times)	28.1	17.7	15.3	20.9	20.5	32.7	28.0
No. of days in receivables / Average collection period (days)	13	21	24	18	18	11	13
Inventory turnover ratio (times)	7.1	7.0	4.8	3.8	3.5	4.2	5.3
No. of days in inventory (days)	51	52	76	95	104	86	68
Creditors turnover ratio (times)	29.3	19.9	15.9	22.3	14.0	24.6	19.7
No. of days in creditors / Average payment period (days)	12	18	23	16	26	15	19
Property, plant and equipment turnover (times)	2.9	3.9	3.6	3.1	2.9	2.7	3.4
Total assets turnover (times)	0.7	0.9	0.8	0.9	0.8	0.8	0.9
Operating cycle (days)	52	55	77	96	96	82	63
D - Investment / Market Ratios							
Basic and diluted earnings / (loss) per share (Rs.) **	8.91	14.35	7.58	10.29	8.61	(3.85)	6.69
Price earnings ratio (times) ***	4.9	3.1	3.1	2.5	2.9	-	9.2
Dividend yield (%) ***	5.7	7.8	8.6	13.4	12.0	-	4.9
Dividend payout ratio (%) ***	28.1	28.5	24.0	30.9	31.7	-	49.4
Dividend cover ratio (times) ***	3.6	4.1	3.8	2.9	2.9	-	2.2
Cash dividend (Rs. in millions) ***	155.3	197.6	112.9	197.6	169.4	-	154.0
Cash dividend per share (Rs.) ***	2.5	3.5	2.0	3.5	3.0	-	3.0
Stock dividend / Bonus shares (Rs. in millions) ***	-	56.4	-	-	-	-	51.3
Stock dividend / Bonus shares (%) ***	-	10.0	-	-	-	-	10
Market value per share (at the end of the year) (Rs.)	43.5	45.0	23.2	26.1	25.1	18.0	61.7
- Lowest during the year (Rs.)	43.5	21.6	18.0	23.8	18.0	13.0	58.0
- Highest during the year (Rs.)	74.8	54.5	28.5	31.7	34.0	61.0	108.0
Break-up value per share (Rs.)	84.5	79.8	64.7	58.0	49.6	41.0	48.2
E - Capital Structure Ratios							
Financial leverage ratio (%)	6.3	9.8	9.0	23.6	27.2	42.1	49.2
Long term debt to equity ratio (%)	1.2	0.7	0.5	3.6	-	2.2	5.6
Cost of debt	13.7	14.4	16.7	16.5	14.4	15.8	12.5
Long term debt : Equity ratio	1 : 99	1 : 99	0 : 100	3 : 97	0 : 100	2 : 98	5 : 95
Total liabilities to total assets (%)	14.9	15.6	21.1	26.6	37.1	38.1	38.2
Gearing ratio (%)	3.4	7.6	6.8	18.7	17.5	29.5	32.9
Interest coverage (times)	8.5	19.5	5.1	6.8	6.9	0.5	5.1

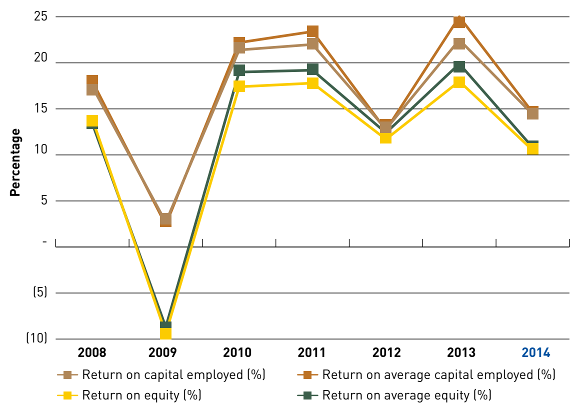
Notes:

* The figures presented in this analysis for the financial years ended 30 June 2014, 2013, 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.

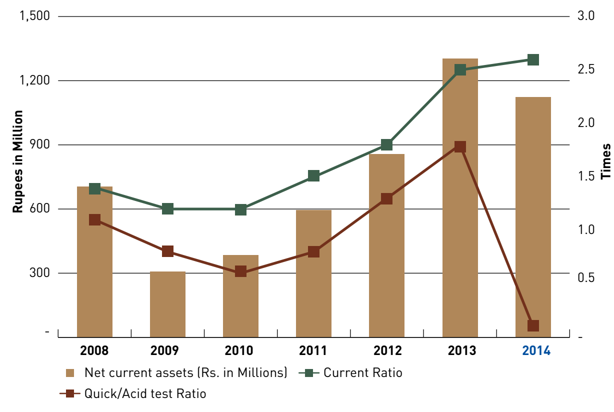
** The basic and diluted earnings / (loss) per share for prior years have been restated to take into account the issue of bonus shares in the financial year ended 2013.

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

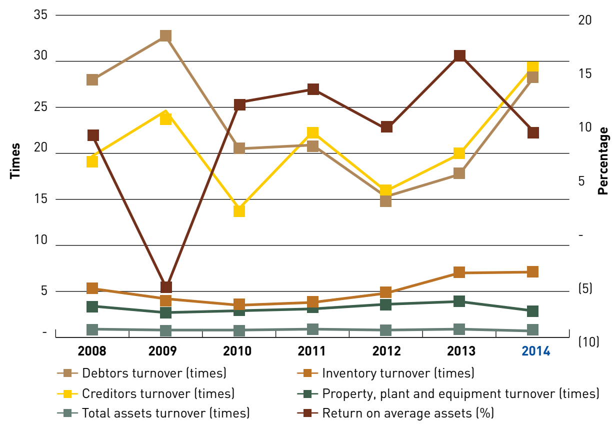
Return on capital and equity



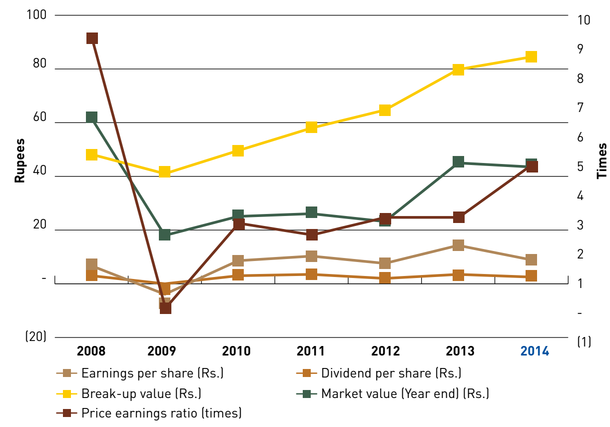
Liquidity



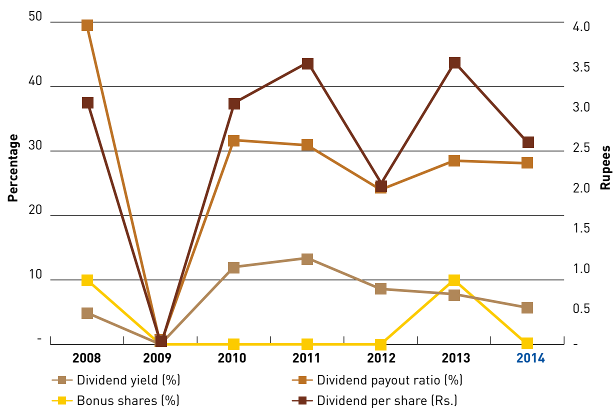
Asset Management



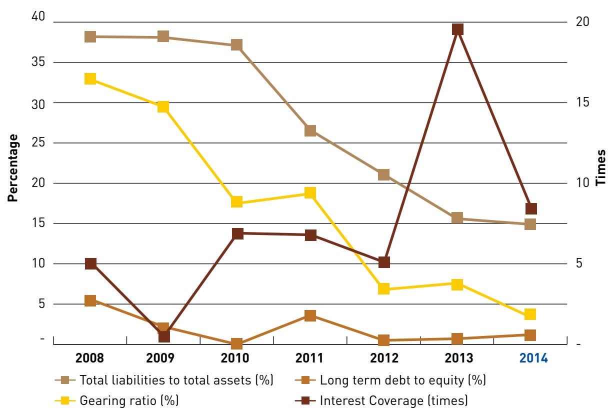
Per Share Result



Dividend and Returns



Debt Management



VERTICAL ANALYSIS CONSOLIDATED

FOR THE LAST SIX FINANCIAL YEARS

Rupees in million	2014	%	2013	% Restated	2012	% Restated	2011	%	2010	%	2009	%
Consolidated Balance Sheet												
Property, plant and equipment	1,404	22.8	1,281	21.8	1,086	21.3	1,431	29.2	1,257	25.7	1,225	29.8
Intangible assets	39	0.6	14	0.2	2	-	13	0.3	24	0.5	1	-
Investment property	73	1.2	62	1.1	36	0.7	40	0.8	45	0.9	47	1.1
Investment in equity accounted investees	2,540	41.2	2,040	34.6	1,806	35.5	1,498	30.6	1,231	25.1	1,031	25.2
Other long term investments	221	3.6	221	3.7	221	4.3	189	3.9	206	4.2	86	2.1
Long term loans and deposits	51	0.8	20	0.3	21	0.4	15	0.3	3	0.1	4	0.1
Deferred taxation	-	-	-	-	8	0.2	-	-	-	-	-	-
Stores, spares and loose tools	72	1.2	79	1.3	66	1.3	66	1.3	73	1.5	84	2.0
Stock-in-trade	407	6.6	662	11.3	587	11.5	841	17.1	1,027	21.0	617	15.0
Trade debts	89	1.4	197	3.4	369	7.3	145	3.0	277	5.7	84	2.0
Advances	58	0.9	32	0.5	138	2.7	30	0.6	55	1.1	40	1.0
Trade deposits and short term prepayments	7	0.1	10	0.2	6	0.1	6	0.1	6	0.1	6	0.1
Investments	758	12.3	946	16.1	523	10.3	491	10.0	463	9.5	655	16.0
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	-
Other receivables	143	2.3	135	2.3	48	0.9	62	1.3	25	0.5	161	3.9
Taxation - net	159	2.6	76	1.3	93	1.8	41	0.8	19	0.4	28	0.7
Cash and bank balances	144	2.3	80	1.4	69	1.4	19	0.4	183	3.7	4	0.1
Non-current asset held for sale	-	-	19	0.3	-	-	-	-	-	-	-	-
Total assets	6,165	100	5,874	100	5,087	100	4,905	100.0	4,895	100.0	4,110	100.0
Issued, subscribed and paid-up capital	621	10.1	565	9.6	565	11.1	565	11.5	565	11.5	565	13.7
Capital reserves	388	6.3	554	9.4	402	7.9	326	6.6	274	5.6	163	4.0
Revenue reserves	4,237	68.7	3,836	65.3	3,049	59.9	2,711	55.3	2,241	45.8	1,818	44.2
Shareholders' equity	5,246	85.1	4,955	84.3	4,016	78.9	3,602	73.4	3,080	62.9	2,546	61.9
Long term loans	-	-	-	-	-	-	115	2.3	-	-	56	1.4
Liabilities against assets subject to finance lease	62	1.0	34	0.6	20	0.4	15	0.3	-	-	-	-
Deferred income	2	-	1	-	-	-	-	-	-	-	-	-
Deferred taxation	141	2.3	6	0.1	-	-	50	1.0	72	1.5	100	2.4
Trade and other payables	434	7.0	415	7.1	692	13.6	378	7.8	873	17.9	374	9.1
Mark-up accrued	9	0.1	9	0.2	16	0.3	26	0.5	34	0.7	19	0.5
Short term borrowings	228	3.6	418	7.1	335	6.6	707	14.5	780	15.9	903	22.0
Current portion of deferred income	2	-	1	-	-	-	-	-	-	-	-	-
Current portion of long term loan	-	-	-	-	-	-	-	-	56	1.1	112	2.7
Current portion of liabilities against assets subject to finance lease	41	0.7	32	0.5	8	0.2	12	0.2	-	-	-	-
Total equity and liabilities	6,165	100	5,871	100	5,087	100.0	4,905	100.0	4,895	100.0	4,110	100.0
Consolidated Profit and Loss Account												
Sales - net	4,030	100.0	5,002	100	3,943	100	4,400	100	3,704	100.0	3,311	100.0
Cost of sales	3,800	94.3	4,351	87.0	3,434	87.1	3,590	82	2,887	77.9	2,597	78.4
Gross profit	230	5.7	651	13.0	509	12.9	810	18.4	817	22.1	714	21.6
Income from / (loss on) investments - net	441	10.9	348	7.0	68	1.7	189	4.3	223	6.0	(339)	(10.2)
Distribution and selling expenses	52	1.3	68	1.4	46	1.2	39	0.9	27	0.7	17	0.5
Administrative expenses	172	4.3	177	3.5	170	4.3	160	3.6	160	4.3	127	3.8
Other operating expenses	33	0.8	169	3.4	66	1.7	60	1.4	64	1.7	175	5.3
Other income	47	1.2	371	7.4	12	0.3	31	0.7	38	1.0	39	1.2
Operating profit before finance costs	461	11.4	956	19.1	307	7.7	771	17.5	827	22.4	95	3.0
Finance costs	95	2.4	63	1.3	110	2.8	144	3.3	122	3.3	204	6.2
Share of profit in equity accounted investees - net of taxation	341	8.5	269	5.4	255	6.5	207	4.7	11	0.3	4	0.1
Profit / (loss) before taxation	707	17.5	1,162	23.2	452	11.4	834	18.9	716	19.4	(105)	(3.1)
Taxation	154	3.8	272	5.4	(19)	(0.5)	194	4.4	181	4.9	135	4.1
Profit / (loss) after taxation	553	13.7	890	17.8	471	11.9	640	14.5	535	14.5	(240)	(7.2)

HORIZONTAL ANALYSIS CONSOLIDATED

FOR THE LAST SIX FINANCIAL YEARS

Rupees in million	2014	%	2013	%	2012	%	2011	%	2010	%	2009	%
				Restated		Restated						
Consolidated Balance Sheet												
Property, plant and equipment	1,404	9.6	1,281	18.0	1,086	(24.1)	1,431	13.8	1,257	2.6	1,225	(0.6)
Intangible assets	39	178.6	14	600.0	2	(84.6)	13	(45.8)	24	2,300.0	1	-
Investment property	73	17.7	62	72.2	36	(10.0)	40	(11.1)	45	(4.3)	47	(6.0)
Investment in equity accounted investees	2,540	24.5	2,040	13.0	1,806	20.6	1,498	21.7	1,231	19.4	1,031	(19.5)
Other long term investments	221	-	221	-	221	16.9	189	(8.3)	206	139.5	86	100.0
Long term loans and deposits	51	155.0	20	(4.8)	21	40.0	15	400.0	3	(25.0)	4	-
Deferred taxation	-	-	-	(100.0)	8	100.0	-	-	-	-	-	-
Stores, spares and loose tools	72	(8.9)	79	19.7	66	-	66	(9.6)	73	(13.1)	84	9.1
Stock-in-trade	407	(38.5)	662	12.8	587	(30.2)	841	(18.1)	1,027	66.5	617	1.8
Trade debts	89	(54.8)	197	(46.6)	369	154.5	145	(47.7)	277	229.8	84	(29.4)
Advances	58	81.3	32	(76.8)	138	360.0	30	(45.5)	55	37.5	40	60.0
Trade deposits and short term prepayments	7	(30.0)	10	66.7	6	-	6	-	6	-	6	200.0
Investments	758	(19.9)	946	80.9	523	6.5	491	6.0	463	(29.3)	655	(53.5)
Current portion of long term investments	-	-	-	(100.0)	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)
Other receivables	143	5.9	135	181.3	48	(22.6)	62	148.0	25	(84.5)	161	403.1
Taxation - net	159	109.2	76	(18.3)	93	126.8	41	115.8	19	(32.1)	28	100.0
Cash and bank balances	144	80.0	80	15.9	69	263.2	19	(89.6)	183	4,475.0	4	(50.0)
Non-current asset held for sale	-	(100.0)	19	100.0	-	-	-	-	-	-	-	-
Total assets	6,165	5.0	5,874	15.5	5,087	3.7	4,905	0.2	4,895	19.1	4,110	(15.2)
Issued, subscribed and paid-up capital	621	9.9	565	-	565	-	565	-	565	-	565	10.1
Capital reserves	388	(30.0)	554	37.8	402	23.3	326	19.0	274	68.1	163	(56.1)
Revenue reserves	4,237	10.5	3,836	25.8	3,049	12.5	2,711	21.0	2,241	23.3	1,818	(13.8)
Shareholders' equity	5,246	5.9	4,955	23.4	4,016	11.5	3,602	16.9	3,080	21.0	2,546	(15.0)
Long term loans	-	-	-	-	-	(100.0)	115	100.0	-	(100.0)	56	(66.7)
Liabilities against assets subject to finance lease	62	82.4	34	70.0	20	33.3	15	100.0	-	-	-	-
Deferred income	2	100.0	1	100.0	-	-	-	-	-	-	-	-
Deferred taxation	141	2,250.0	6	100.0	-	(100.0)	50	(30.6)	72	(28.0)	100	(10.7)
Trade and other payables	434	4.6	415	(40.0)	692	83.1	378	(56.7)	873	133.4	374	55.2
Mark-up accrued	9	-	9	(43.8)	16	(38.5)	26	(23.5)	34	78.9	19	(5.0)
Short term borrowings	228	(45.5)	418	24.8	335	(52.6)	707	(9.4)	780	(13.6)	903	(19.3)
Current portion of deferred income	2	100.0	1	100.0	-	-	-	-	-	-	-	-
Current portion of long term loan	-	-	-	-	-	-	-	(100.0)	56	(50.0)	112	-
Current portion of liabilities against assets subject to finance lease	41	28.1	32	300	8	(33.3)	12	100.0	-	-	-	-
Total equity and liabilities	6,165	5.0	5,871	15.4	5,087	3.7	4,905	0.2	4,895	19.1	4,110	(15.2)
Consolidated Profit and Loss Account												
Sales - net	4,030	(19.4)	5,002	26.9	3,943	(10.4)	4,400	18.8	3,704	11.9	3,311	(21.2)
Cost of sales	3,800	(12.7)	4,351	26.7	3,434	(4.3)	3,590	24.4	2,887	11.2	2,597	(21.4)
Gross profit	230	(64.7)	651	27.9	509	(37.2)	810	(0.9)	817	14.4	714	(20.3)
Income from / (loss on) investments - net	441	26.7	348	411.8	68	(64.0)	189	(15.2)	223	165.8	(339)	(558.1)
Distribution and selling expenses	52	(23.5)	68	47.8	46	17.9	39	44.4	27	58.8	17	13.3
Administrative expenses	172	(2.8)	177	4.1	170	6.3	160	-	160	26.0	127	(6.6)
Other operating expenses	33	(80.5)	169	156.1	66	10.0	60	(6.3)	64	(63.4)	175	59.1
Other income	47	(87.3)	371	2,991.7	12	(61.3)	31	(18.4)	38	(2.6)	39	95.0
Operating profit before finance costs	461	(51.7)	956	211.4	307	(60.2)	771	(6.8)	827	770.5	95	(87.0)
Finance costs	95	50.8	63	(42.7)	110	(23.6)	144	18.0	122	(40.2)	204	33.3
Share of profit in equity accounted investees - net of taxation	341	26.8	269	5.5	255	23.2	207	1,781.8	11	175.0	4	(92.2)
Profit / (loss) before taxation	707	(39.1)	1,162	157.0	452	(45.8)	834	16.5	716	781.9	(105)	(116.7)
Taxation	154	(43.4)	272	1,531.6	(19)	(109.8)	194	7.2	181	34.1	135	(36.0)
Profit / (loss) after taxation	553	(37.8)	890	88.9	471	(26.4)	640	19.6	535	322.9	(240)	(157.7)

KEY OPERATING AND FINANCIAL DATA

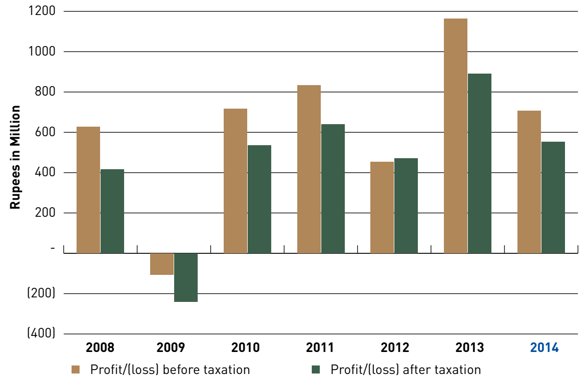
FOR THE CURRENT AND PAST SIX FINANCIAL YEAR(S)

	SUMMARIZED FINANCIAL DATA	2014*	2013* Restated	2012* Restated	2011*	2010*	2009*	2008
A	**Summary of Profit and Loss Account (Rupees in millions)**							
	Sales - net	4,030.2	5,001.7	3,942.9	4,400.0	3,704.4	3,310.9	4,200.2
	Cost of sales	3,799.9	4,350.8	3,434.1	3,590.1	2,887.3	2,597.2	3,303.8
	Gross profit	230.3	650.9	508.8	809.9	817.1	713.7	896.4
	Income from / (loss on) investments - net	441.4	348.1	67.8	188.6	222.7	(338.8)	73.6
	Distribution, selling and administrative expenses	223.7	244.9	216.0	198.8	187.5	143.8	151.0
	Other operating expenses	33.5	169.0	65.8	60.3	63.5	175.2	109.7
	Other income	47.3	371.2	11.6	31.6	37.7	39.0	19.6
	Operating profit before finance costs	461.8	956.3	306.4	771.0	826.5	94.9	728.9
	Finance costs	94.9	62.9	109.5	144.0	121.9	203.6	153.0
	Share of profit in equity accounted investees - net of taxation	340.5	269.5	255.3	206.9	11.2	3.7	50.8
	Profit / (loss) before taxation	707.4	1,162.9	452.2	833.9	715.8	(105.0)	626.7
	Taxation	154.2	272.0	(18.9)	194.1	181.0	134.7	210.9
	Net income / (loss)	553.2	890.9	471.1	639.8	534.8	(239.7)	415.8
B	**Summary of Balance Sheet (Rupees in millions)**							
	Current assets	1,836.8	2,216.1	1,908.0	1,718.4	2,128.8	1,716.2	2,279.1
	Stock-in-trade	407.2	662.4	586.7	840.6	1,026.6	616.4	606.1
	Trade debts	89.5	196.9	368.9	145.1	276.9	83.9	118.7
	Current liabilities	713.2	875.2	1,051.6	1,123.2	1,744.1	1,408.2	1,573.1
	Trade and other payables	432.8	414.8	692.3	378.0	873.4	373.9	240.8
	Property, plant and equipment	1,404.4	1,280.7	1,086.2	1,431.2	1,256.9	1,224.6	1,233.2
	Total assets	6,165.2	5,872.7	5,087.2	4,905.2	4,894.8	4,109.7	4,846.7
	Long term financing (excluding current maturity)	62.0	34.5	19.8	130.4	-	55.9	168.1
	Deferred income (including current maturity)	4.0	2.3	-	-	-	-	-
	Deferred liabilities	141.5	6.2	-	50.4	71.6	99.8	111.5
	Short term financing (including current maturity of long-term financing)	269.4	450.5	343.0	719.0	836.4	1,015.3	1,306.4
	Reserves	4,625.1	4,391.0	3,451.2	3,036.7	2,514.6	1,981.2	2,480.7
	Shareholders' equity	5,246.2	4,955.6	4,015.8	3,601.3	3,079.2	2,545.8	2,994.0
C	**Summary of Cash Flow Statement (Rupees in millions)**							
	Cash and cash equivalents at the beginning of the year	(206.3)	(247.0)	(551.1)	(470.1)	(644.7)	(828.9)	26.3
	Net cash generated / (used in) from operating activities	171.9	(85.1)	437.0	180.6	455.8	335.9	565.9
	Net cash inflows / (outflows) from investing activities	283.4	77.9	254.8	(195.0)	27.9	70.4	(893.3)
	Net cash (outflows) / inflows from financing activities	(333.1)	47.9	(387.7)	(66.6)	(309.1)	(222.1)	(527.8)
	Net increase / (decrease) in cash and cash equivalents	122.2	40.7	304.1	(81.0)	174.6	184.2	(855.2)
	Cash and cash equivalents at the end of the year	(84.1)	(206.3)	(247.0)	(551.1)	(470.1)	(644.7)	(828.9)
D	**Other Data (Rupees in millions)**							
	Depreciation and amortization	100.2	90.8	141.9	173.1	184.5	180.6	175.0
	Capital expenditure	253.9	348.5	97.4	326.3	228.9	169.1	153.5
	No. of ordinary shares (no. of shares in millions)	62.1	56.5	56.5	56.5	56.5	56.5	51.3
	Payments to National Exchequer	361.4	731.4	290.4	360.3	499.2	520.4	712.3

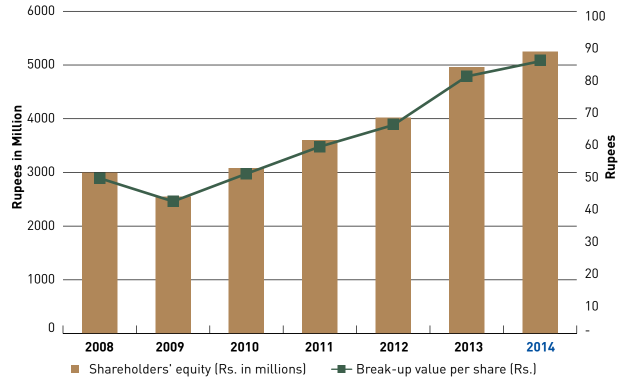
* Note:

The figures presented in this analysis for the financial years ended 30 June 2014, 2013, 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.

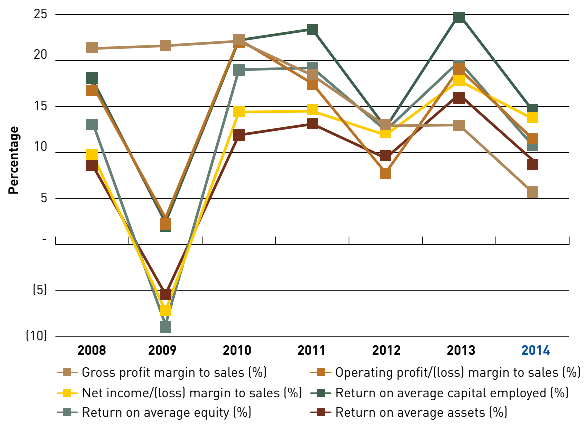
Profit/(loss) before and after taxation



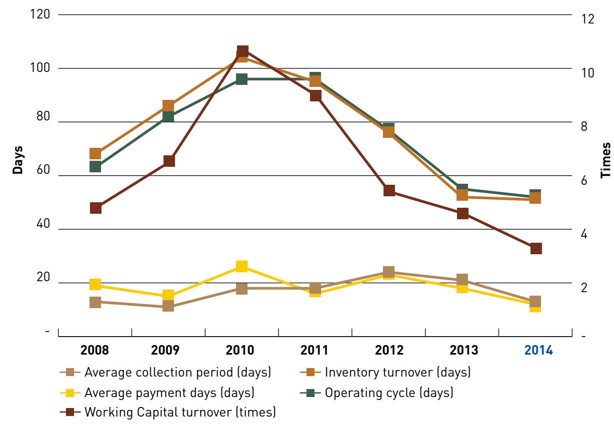
Shareholders' equity and Break-up value per share



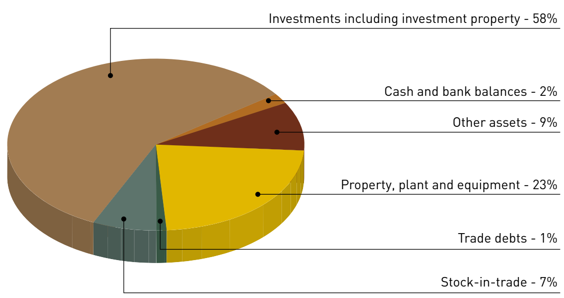
Profitability and Return



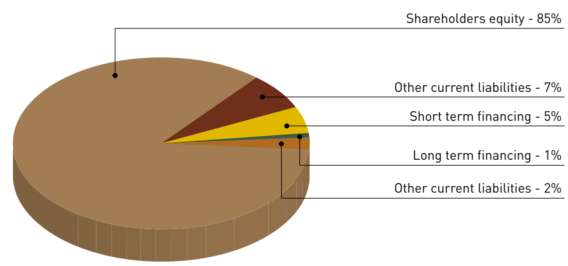
Management of Working Capital



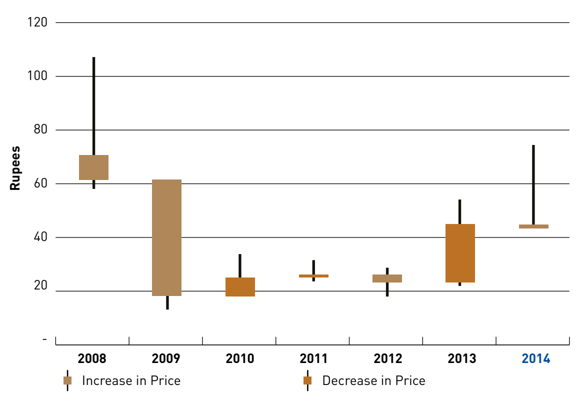
Total Assets as of 30 June 2014



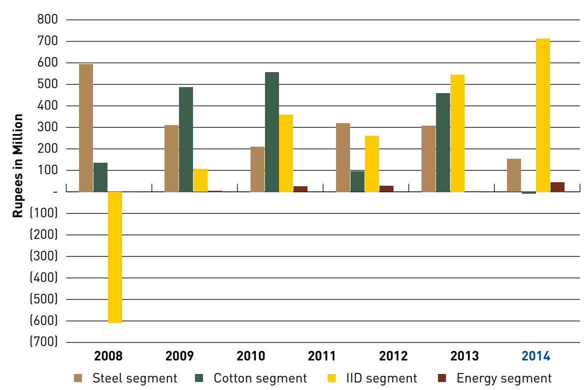
Total Liabilities as of 30 June 2014



Movement in Stock Prices



Earnings Before Interest, Taxation, Depreciation and Amortization (EBITDA)

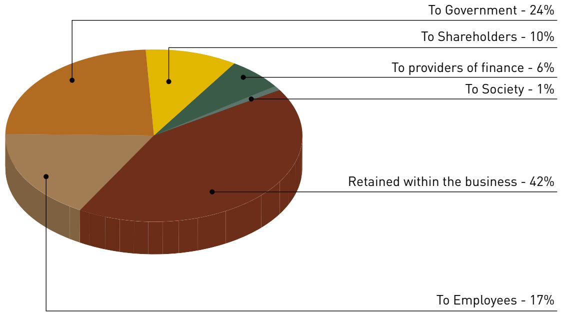


STATEMENT OF VALUE ADDITION

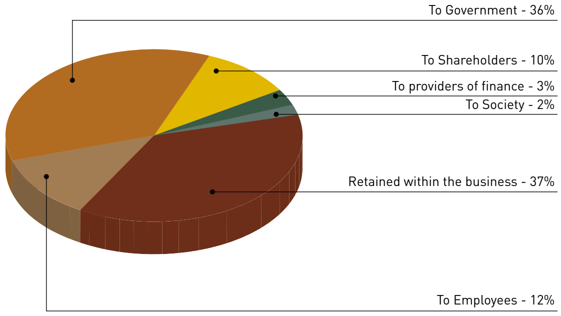
	2014 Rupees in '000	%	2013 Rupees in '000	%
WEALTH GENERATED				
Total revenue	5,122,064	100	6,317,756	100
Bought-in-material and services	(3,596,477)	70	(4,271,062)	68
	1,525,587	30	2,046,694	32
WEALTH DISTRIBUTED				
To Employees				
Salaries, wages and other benefits	255,105	17	252,397	12
To Government				
Income tax, sales tax, custom duties, WWF and WPPF	361,399	24	731,392	36
To Shareholders				
Dividend *	155,265	10	197,610	10
To providers of finance				
Finance costs	94,911	6	62,907	3
To Society				
Donation towards education, health and environment	22,275	1	35,150	2
Retained within the business for future growth				
Depreciation, amortization and retained earnings	636,632	42	767,238	37
	1,525,587	100	2,046,694	100

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

Distribution of Wealth 2014



Distribution of Wealth 2013



COMMENTS ON CONSOLIDATED ANALYSIS SIX YEARS

The Group comprise of CSAPL and three wholly owned subsidiaries i.e. Shakarganj Energy (Private) Limited (SEL), CS Capital (Private) Limited (CSCL) and Crescent Hadeed (Private) Limited (CHL).

CONSOLIDATED PROFIT AND LOSS:

The Company started presenting consolidated financial statements since 2010. The difference between the results of Separate and Consolidated financial statements mainly represents share of profits from equity accounted investments and investment income of CSCL. Share of profit has significantly increased from Rs. 11 million in 2010 to Rs. 341 million in 2014 mainly from investment in Altern Energy Limited, whereas, investment income contributed by CSCL amounted to Rs. 65 million in FY14 (2013: Rs. 50 million). SEL and CHL have not yet commenced operations, therefore the related impact in the consolidated profit and loss is insignificant.

CONSOLIDATED BALANCE SHEET:

With respect to balance sheet, the gradual increase in property plant and equipment from 2010 represents capital expenditure in relation to SEL. During the year CHL also incurred capital expenditure of Rs. 82 million related to land and capital work in progress.

Also, investments in equity accounted investments have more than doubled from Rs. 1,031 million in 2009 to Rs. 2,540 million in 2014 mainly due to recognition of share of profits from Altern Energy Limited.

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 2014. The Group comprises of CSAPL and its wholly owned subsidiary companies Shakarganj Energy (Private) Limited, CS Capital (Private) Limited, Crescent Hadeed (Pvt) 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 2014 has been presented separately.

GROUP RESULTS

The consolidated financial results of the Group are summarized below:

Rupees in '000		2014	2013 Restated
Profit for the year before taxation		707,603	1,162,728
Taxation		(154,247)	(272,039)
Profit after taxation		553,356	890,689
Total other comprehensive (Loss)/ income for the year		(5,565)	65,836
Unappropriated profit brought forward		1,993,754	1,206,609
Profit available for appropriation		2,541,545	2,163,134
Appropriations:			
- Final dividend	2012 - @10%	-	(56,460)
- First interim dividend	2013 - @10%	-	(56,460)
- Second interim dividend	2013 - @10%	-	(56,460)
- Final dividend	2013 - @15%	(84,690)	-
- First interim dividend	2014 - @10%	(62,106)	-
		(146,796)	(169,380)
Transfer to general reserve		(800,000)	-
Unappropriated profit carried forward		1,594,749	1,993,754
Basic and diluted earnings per share		Rs.8.91	Rs.14.34

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 the Group 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

The Directors endorse the contents of the Chief Executive's Review for the year ended 30 June 2014 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
21 August 2014

AUDITORS' REPORT TO THE MEMBERS

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

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of Crescent Steel and Allied Products Limited and its subsidiary companies (the Group) as at 30 June 2014 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 Crescent Steel and Allied Products Limited and its subsidiary companies namely CS Capital (Private) Limited and Crescent Hadeed (Private) Limited. The subsidiary company Shakarganj Energy (Private) Limited was audited by other firm of auditors whose 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 such other auditor. These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an 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 Crescent Steel and Allied Products Limited and its subsidiary companies as at 30 June 2014 and the results of their operations for the year then ended.

Date: 21 August 2014
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

CONSOLIDATED BALANCE SHEET

As at 30 June 2014

Rupees in '000	Note	2014	2013 (Restated)	2012 (Restated)
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorized capital				
100,000,000 ordinary shares of Rs. 10 each		1,000,000	1,000,000	1,000,000
Issued, subscribed and paid-up capital	6	621,060	564,600	564,600
Capital reserves		388,388	555,198	402,574
Revenue reserves		4,236,749	3,835,754	3,048,609
		5,246,197	4,955,552	4,015,783
Non-current liabilities				
Liabilities against assets subject to finance lease	7	61,963	34,450	19,811
Deferred taxation	19	141,503	6,171	–
Deferred income	8	2,324	1,413	–
		205,790	42,034	19,811
Current liabilities				
Trade and other payables	9	432,818	414,826	692,342
Mark-up accrued	10	9,221	9,002	16,262
Short term borrowings	11	228,366	418,365	334,958
Current portion of deferred income	8	1,764	847	–
Current portion of liabilities against assets subject to finance lease	7	41,066	32,116	8,073
		713,235	875,156	1,051,635
Contingencies and commitments	12			
Total equity and liabilities		6,165,222	5,872,742	5,087,229

Rupees in '000	Note	2014	2013 (Restated)	2012 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	13	1,404,441	1,280,704	1,086,169
Intangible assets	14	39,292	13,645	1,617
Investment property	15	73,316	62,408	35,632
Investment in equity accounted investees	16	2,540,064	2,040,213	1,805,860
Other long term investments	17	220,717	220,717	220,717
Long term loans and deposits	18	50,603	19,944	20,867
Deferred taxation	19	–	–	8,394
		4,328,433	3,637,631	3,179,256
Current assets				
Stores, spares and loose tools	20	71,956	78,639	65,860
Stock-in-trade	21	407,199	662,419	586,720
Trade debts	22	89,479	196,857	368,930
Advances	23	57,550	31,654	137,896
Trade deposits and short term prepayments	24	7,410	9,503	5,753
Investments	25	757,696	945,997	523,077
Current portion of long term investments		–	–	8,313
Mark-up accrued	26	473	–	275
Other receivables	27	142,096	135,841	48,426
Taxation - net	28	158,668	75,649	93,357
Cash and bank balances	29	144,262	79,552	69,366
		1,836,789	2,216,111	1,907,973
Non-current asset held for sale		–	19,000	–
Total assets		6,165,222	5,872,742	5,087,229

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

Chief Executive

Director

Chief Financial Officer

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 30 June 2014

Rupees in '000	Note	2014	2013 (Restated)
Sales - net	30	4,030,170	5,001,667
Cost of sales	31	3,799,868	4,350,808
Gross profit		230,302	650,859
Income from investments	32	441,423	348,051
		671,725	998,910
Distribution and selling expenses	33	52,072	68,065
Administrative expenses	34	171,662	176,786
Other operating expenses	35	33,431	169,034
		257,165	413,885
		414,560	585,025
Other income	36	47,312	371,158
Operating profit before finance costs		461,872	956,183
Finance costs	37	94,911	62,907
Share of profit in equity accounted investees			
- net of taxation (including gain on dilution of investment)	38	340,642	269,452
Profit before taxation		707,603	1,162,728
Taxation	39	154,247	272,039
Profit after taxation		553,356	890,689
		(Rupees)	
Basic and diluted earnings per share	40	8.91	14.34

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

Chief Executive

Director

Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2014

Rupees in '000	Note	2014	2013 (Restated)
Profit after taxation for the year		553,356	890,689
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Unrealized appreciation during the year on remeasurement of investments classified as 'available for sale'		49,345	153,595
Reclassification adjustments relating to gain realized on disposal of investments classified as 'available for sale'		(211,393)	(971)
(Loss) / gain on remeasurement of staff retirement benefit plan - net of tax		(5,565)	65,836
Proportionate share of other comprehensive income of equity accounted investees		51,698	–
Other comprehensive income for the year		(115,915)	218,460
Total comprehensive income for the year		437,441	1,109,149

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

Chief Executive Director Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2014

Rupees in '000	Note	2014	2013 (Restated)
Cash flows from operating activities			
Cash generated from operations	41	490,140	408,726
Taxes paid		(120,678)	(279,071)
Finance costs paid		(94,692)	(67,945)
Contribution to gratuity and pension funds		(12,252)	(12,232)
Contribution to Workers' Profit Participation Fund		(49,610)	–
Payment of infrastructure fee and liquidated damages		(10,554)	(5,890)
Compensated absences paid		(157)	(547)
Deferred income on sale and lease back		2,752	2,260
10-C bonus paid		(2,360)	(4,909)
Long term loans and deposits - net		(30,659)	(125,526)
Net cash generated from / (used in) operating activities		171,930	(85,134)
Cash flows from investing activities			
Capital expenditure		(253,917)	(348,469)
Acquisition of intangible assets		(30,712)	(14,457)
Sale proceeds on disposal of held for sale		4,249	–
Proceeds from disposal of operating fixed assets		34,355	25,368
Proceeds from disposal of operating fixed assets under sale and leaseback arrangement		69,898	62,150
Proceeds from assets subject to insurance claim		–	281,531
Investments - net		333,884	11,108
Dividend income received		124,883	59,495
Interest income received		762	1,185
Net cash inflows from investing activities		283,402	77,911
Cash flows from financing activities			
Proceeds from long term loan / (repayments against long term loan) - net		–	126,444
Payments against finance lease obligations		(42,807)	(25,005)
Proceeds from short term loans / (repayments against short term loans) - net		(132,475)	113,927
Dividends paid		(157,816)	(167,437)
Net cash (used in) / inflows from financing activities		(333,098)	47,929
Net increase in cash and cash equivalents		122,234	40,706
Cash and cash equivalents at beginning of the year		(206,338)	(247,044)
Cash and cash equivalents at end of the year	42	(84,104)	(206,338)

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

Chief Executive | Director | Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

Rupees in '000	Issued, subscribed and paid-up capital	Capital reserves			Revenue reserves		Total
		Share premium	Unrealized appreciation / (diminution) on remeasurement of investments classified as 'available for sale'	Other*	General reserve	Unappropriated profit	
Balance as at 1 July 2012 - as previously reported	564,600	349,959	27,343	25,272	1,842,000	1,198,788	4,007,962
Change in accounting policy for reversal of defined benefit liability recognition of actuarial gains and losses (refer note 4.1.1)	–	–	–	–	–	7,821	7,821
Balance as at 1 July 2012 - as restated	564,600	349,959	27,343	25,272	1,842,000	1,206,609	4,015,783
Total comprehensive income for the year ended 30 June 2013							
Profit after taxation	–	–	–	–	–	890,689	890,689
Other comprehensive income							
Total Other comprehensive income for the year	–	–	152,624	–	–	65,836	218,460
Total comprehensive income for the year	–	–	152,624	–	–	956,525	1,109,149
Transactions with owners							
Dividend:							
- Final @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2012	–	–	–	–	–	(56,460)	(56,460)
- First interim @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2013	–	–	–	–	–	(56,460)	(56,460)
- Second interim @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2013	–	–	–	–	–	(56,460)	(56,460)
	–	–	–	–	–	(169,380)	(169,380)
Balance as at 30 June 2013 - as restated	564,600	349,959	179,967	25,272	1,842,000	1,993,754	4,955,552
Balance as at 1 July 2013 as previously reported	564,600	349,959	179,967	25,272	1,842,000	1,919,907	4,881,705
Effect of change in accounting policy (refer note 4.1.1)	–	–	–	–	–	73,847	73,847
Balance as at 1 July 2013 - restated	564,600	349,959	179,967	25,272	1,842,000	1,993,754	4,955,552
Transfer to general reserves	–	–	–	–	800,000	(800,000)	–
Total comprehensive income for the year ended 30 June 2013							
Profit after taxation	–	–	–	–	–	553,356	553,356
Other comprehensive income							
Total Other comprehensive income for the year	–	–	(162,048)	51,698	–	(5,565)	(115,915)
Total comprehensive income for the year	–	–	(162,048)	51,698	–	547,791	437,441
Transactions with owners							
Dividend:							
- Final @ 15% (i.e. Rs. 1.5 per share) for the year ended 30 June 2013	–	–	–	–	–	(84,690)	(84,690)
- First interim @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2014	–	–	–	–	–	(62,106)	(62,106)
	–	–	–	–	–	(146,796)	(146,796)
Issuance of Bonus shares final 2013 @ 10%	56,460	(56,460)	–	–	–	–	–
Balance as at 30 June 2014	621,060	293,499	17,919	76,970	2,642,000	1,594,749	5,246,197

* This represents the Group's share of various reserves held by equity accounted investees.
The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

Chief Executive	Director	Chief Financial Officer

1. THE GROUP AND ITS OPERATIONS

1.1 The Group consists of Crescent Steel and Allied Products Limited ('the Holding Company') and its wholly owned subsidiary companies namely; CS Capital (Private) Limited, Shakarganj Energy (Private) Limited, Solution de Energy (Private) Limited, Crescent Hadeed (Private) Limited and Crescent Continental Gas Pipelines Limited. 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 offices of the Holding Company and its subsidiary companies are located at 10th floor, BOP Tower, 10-B, Block E-2, Main Boulevard, Gulberg-III, Lahore, whereas their principal offices are situated at 9th floor Sidco Avenue Centre 264 R.A. Lines, Karachi.

1.2 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. 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'. The Holding Company also deals in equity shares.

1.3 CS Capital (Private) Limited was incorporated on 5 November 2010 as a private limited company in Pakistan under the Companies Ordinance,1984. The principal activity of the subsidiary company is to effectively manage investment portfolios in shares, commodities and other securities (strategic as well as short term). On 26 September 2011, the Holding Company has purchased the entire shareholding from its previous principal shareholder. Consequently, the Company becomes the wholly owned subsidiary of the Holding Company.

1.4 Shakarganj Energy (Private) Limited was incorporated on 02 April 2008 as a private limited company in Pakistan under the Companies Ordinance, 1984. The principal activity of the subsidiary company is to build, own, operate and maintain a power plant and to generate, accumulate, distribute, sell and supply electricity / power to PEPCO / DISCOS under agreement with the Government of Pakistan or to any other consumer as permitted. The subsidiary company has commissioned a 100 TPH high pressure boiler with 15 MW back pressure turbine to operate and generate 15 MW of electricity for onward sale of 8 MW to Shakarganj Mills Limited - a related party and balance to Faisalabad Electric Supply Company Limited (FESCO) during sugar crushing season only as per the feasibility business plan.

1.5 Solution de Energy (Private) Limited was incorporated as a private limited company in Pakistan under the provisions of the Companies Ordinance, 1984 as a result of a Joint Venture (JV) agreement between the Holding Company and a partnership concern. The principal activity of the subsidiary company is to build, own, operate and maintain 100MW solar power project (the Project) and to generate, accumulate, distribute, sell and supply electricity / power to PEPCO / DISCOS under the agreement with the Government of Pakistan or to any other consumer as permitted. As at 30 June 2014, all the shares are held by Shakarganj Energy (Private) Limited. The Company has been granted Letter of Interest (LOI) by the Punjab Power Development Board (PPDB) and currently the Company is in the phase of completing the requirements specified in LOI.

1.6 Crescent Hadeed (Private) Limited was incorporated on 15 May 2013 as a private limited company in Pakistan under the provisions of the Companies Ordinance,1984. The principal business of the subsidiary company will be to manufacture and sale of steel billets through a Steel Melting plant, to be located at Bhone, District Jhang, Punjab. The subsidiary company is currently in the process of setting up its plant / factory.

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

2. BASIS OF PREPARATION

2.1 Consolidated financial statements

These consolidated financial statements have been prepared from the information available in the separate financial statements of the Holding Company, CS Capital (Private) Limited, Crescent Hadeed (Private) Limited and the consolidated financial statements of Shakarganj Energy (Private) Limited for the year ended 30 June 2014. 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 16 to these consolidated financial statements.

The accounting policies used by the subsidiary companies in preparation of their 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. Where policies are different, necessary adjustments are made to the financial statements of that associate to bring its accounting policies in line with those used by the Group.

2.2 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.

2.3 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 gratuity and pension schemes which are measured at present value of defined benefit obligation less fair value of the plan assets.

2.4 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.

3. USE OF ESTIMATES AND JUDGEMENTS

The preparation of consolidated 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 accounting 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 financial year are set forth below:

Property, plant and equipment and depreciation (refer note 5.2)
Intangible assets and amortization (refer note 5.3)
Investments (refer note 5.5 and 5.6)
Stock-in-trade, stores, spares and loose tools (refer note 5.8 and 5.9)
Staff retirement benefits (refer note 5.12)
Leases (refer note 5.14)
Income taxes (refer note 5.16)
Impairment (refer note 5.2, 5.3, 5.5 and 5.20)

4. NEW OR AMENDMENTS TO EXISTING STANDARD / INTERPRETATION AND FORTHCOMING REQUIREMENTS

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

During the year, certain amendments to standards became effective, however, the amendments or interpretation did not have any material effect on the consolidated financial statements of the Group except for the revised IAS 19 'Employees Benefits' detail of which are stated in note 4.1.1.

4.1.1 Employee Benefits - change in accounting policy

With effect from 01 January 2013, the revised IAS 19 'Employee Benefits' became effective. The revised IAS 19 requires actuarial gains and losses to be recognized immediately in other comprehensive income. Previously, actuarial gains and losses over and above the corridor limit were amortized over the expected average remaining working lives of employees as allowed under the relevant provision of previous IAS 19. Further, any past service costs are now recognized immediately in the consolidated profit and loss as soon as the change in the benefit plans are made. Previously, only vested past service costs were recognized immediately in consolidated profit and loss account and non-vested cost were amortized to consolidated profit and loss account over the vesting period. The standard also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit assets or liability and the discount rate, measured at the beginning of the year. Refer note 5.12.2.2 for revised accounting policy.

These changes have been accounted for retrospectively in accordance with International Accounting Standard - 8 "Accounting Policies, Changes in Accounting Estimates and Errors", resulting in restatement of financial statements of prior periods. Resultantly, the cumulative balance for un-recognised actuarial losses that existed as at 1 July 2012 have been presented and disclosed as part of the statement of changes in equity, while the corresponding period adjustment through other comprehensive income is re-stated and disclosed as part of the Consolidated Statement of Comprehensive Income. The consolidated balance sheet also presents the prior year numbers as restated, due to the said change.

The effect of the change in accounting policy has been demonstrated below:

	30 June 2013			1 July 2012		
Rupees in '000	As previously reported	Effect due to change in policy	As restated	As previously reported	Effect due to change in policy	As restated
Effect on balance sheet						
Trade and other payables	415,057	(231)	414,826	692,709	(367)	692,342
Deferred taxation	(33,593)	39,764	6,171	(12,606)	4,212	(8,394)
Revenue reserves	3,761,907	73,847	3,835,754	3,040,788	7,821	3,048,609
Other receivables	22,461	113,380	135,841	36,760	11,666	48,426

Rupees in '000	2013
Effect on profit and loss account	
Decrease in profit before tax due to recognition of past service cost in prior years	(190)
Effect on other comprehensive income	
Recognition of actuarial gain	(101,388)
Recognized tax charge	35,552
	(65,836)

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

The following new standards, amendments to existing standards and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2014:

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation is not likely to have an impact on Group's consolidated financial statements.

- 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. The amendments are not likely to have an impact on Group's consolidated financial statements.

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments are not likely to have an impact on Group's consolidated financial statements.

- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge accounting after derivative novation (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria. The amendments are not likely to have an impact on Group's consolidated financial statements.

- Amendments to IAS 19 "Employee Benefits" Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria. The amendments are not likely to have an impact on Group's consolidated financial statements.

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Group's consolidated financial statements.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on Group's consolidated financial statements.

- Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

    - IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.

    - IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.

    - IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

    - Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

    - IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

    - IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

The above amendments are not likely to have an impact on the Group's consolidated financial statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 except as disclosed in notes 4.1.1 and 5.12.2.2.

5.1 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 directly or indirectly (through subsidiaries) 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, if any, 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 consolidated profit and loss account and consolidated statement of comprehensive income. 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 reporting 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 consolidated 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 carrying amount that would have been determined if no impairment loss had been recognized. A reversal of impairment loss is recognized in the consolidated profit and loss account.

5.2 Property, plant and equipment and depreciation

Owned assets

Property, plant and equipment, except freehold land are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land is stated at cost.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets include the cost of materials and direct labour, any other cost directly attributable to bring 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, if any.

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 13.1 to these consolidated 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 or retained.

The assets' residual values and useful lives are reviewed at each financial year end and adjusted if appropriate.

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.

Capital work in progress

Capital work in progress is stated at cost and consists of expenditure incurred and advances made in respect of tangible and intangible assets in the course of their construction and installation. Transfers are made to relevant assets category as and when assets are available for intended use.

Impairment

The carrying amount of property, plant and equipment is reviewed at each reporting date to determine 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 exceeds its estimated recoverable amount.

5.3 Intangible assets

Intangible assets 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.

Research and development expenditures

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the subsidiary company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalized borrowing costs. Other development expenditure is recognized in consolidated profit or loss as incurred. Capitalised development expenditure is stated at cost less accumulated amortization and accumulated impairment loss, if any. During the period expenses incurred in respect of the project have been capitalized (Refer note 14).

Impairment

All intangible assets with an indefinite useful life are systematically tested for impairment at each reporting 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 reporting 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 higher of its value in use and fair value less cost to sell. An impairment is recognized if the carrying amount exceeds its estimated recoverable amount.

5.4 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, if any.

Depreciation is charged to income 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 reporting date and adjusted if appropriate.

The Group assesses at each reporting 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 consolidated 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.

5.5 Investments

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 consolidated 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 consolidated 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, held to maturity financial assets are measured at amortized cost using the effective interest method, less any impairment loss, if any.

Loans and receivables

Loans and receivables are recognized initially at fair value, plus attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using effective interest method, less impairment losses, if any.

Available for sale investments

Other investments not covered in any of the above categories are classified as 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 year's consolidated 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

The carrying amount of all investments, other than those at fair value through profit or loss, is reviewed at each reporting date to determine whether there is any indication of impairment. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event(s) had an impact on the estimated future cashflows of that asset that can be estimated reliably. In case of investment in equity security classified as available for sale, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

An impairment loss in respect of financial assets measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cashflows discounted at the assets original effective interest rate. Losses are recognized in consolidated profit and loss account. When an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through consolidated profit and loss account. Impairment losses on available for sale financial assets are recognized by reclassifying the losses accumulated in reserves in equity to consolidated profit and loss account. The cumulative loss that is reclassified from equity to consolidated profit and loss account is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss recognized previously in consolidated profit and loss account. If in subsequent period, the fair value of an impaired available for sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed with the amount of reversal recognized in consolidated profit and loss account. However, any subsequent recovery in the fair value of an impaired available for sale equity security is recognized in other comprehensive income.

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 reporting 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.

5.6 Investment in commodities

Investment in commodities is stated at fair value less cost to sell. Such commodities are principally acquired with the purpose of selling in near future and generating a profit from fluctuations in price.

5.7 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.

5.8 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.

5.9 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 assigned by using specific identification of their individual costs. Scrap stocks are valued at their estimated net realizable value.

5.10 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.

5.11 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 consolidated cash flow statement.

5.12 Employee benefits

5.12.1 Compensated absences

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

5.12.2 Post retirement benefits

5.12.2.1 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%.

5.12.2.2 Defined benefit plans

Pension and gratuity fund schemes

The Holding Company provides gratuity benefits to all its permanent employees who have completed their minimum qualifying service as per the terms of employment. The pension scheme provides life time pension to retired employees or to their spouses as per pension fund rules.

The Holding Company's obligation is determined through actuarial valuations carried out under the "Projected Unit Credit Method". Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income. The Holding Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. Net interest expense, current service costs and any past service costs are recognized in consolidated profit and loss account. Any assets resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan. The latest actuarial valuation was conducted at the reporting date by a qualified professional firm of actuaries.

5.13 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 consolidated profit and loss account over the period of the borrowings on an effective interest basis.

5.14 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 consolidated profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalized as more fully explained in note 5.18 below.

Payments made under operating leases (net of any incentives received from the lessor) are charged 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 consolidated 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 consolidated profit and loss account.

5.15 Trade and other payables

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

5.16 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 reporting 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.

5.17 Revenue recognition

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

Interest income and profit on bank deposits is recognized 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 consolidated 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.

Unrealized gains and losses arising on revaluation of securities classified as 'available for sale' are recognized in the consolidated statement of comprehensive income in the period in which they arise.

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.

5.18 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 consolidated profit and loss account currently.

5.19 Provisions

A provision is recognized in the consolidated 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 reporting date and adjusted to reflect the current best estimate.

5.20 Impairment

The carrying amount of the Group's assets is reviewed at each reporting 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. The recoverable amount is the higher of its value in use and fair value less cost to sell. Impairment losses are recognized in consolidated profit and loss account.

5.21 Foreign currency translation

Foreign currency transactions are translated into Pakistani 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 reporting date. Exchange differences, if any, are recognized in consolidated profit and loss account.

5.22 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.

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

5.24 Proposed dividend and transfer between reserves

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

6. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2014	2013		2014	2013
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
39,875,805	34,229,805	Ordinary shares of Rs. 10 each issued as bonus shares	398,758	342,298
62,105,993	56,459,993		621,060	564,600

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

	2014		2013	
	Percentage of holding	Number of shares	Percentage of holding	Number of shares
Crescent Steel and Allied Products Limited - Gratuity Fund	1.90%	1,176,987	1.90%	1,069,989
Crescent Steel and Allied Products Limited - Pension Fund	4.16%	2,584,145	4.16%	2,349,223
Crescent Steel and Allied Products Limited - Staff Provident Fund	0.85%	525,220	0.80%	450,200
Crescent Cotton Products - Staff Provident Fund	0.10%	59,840	0.10%	54,400
Muhammad Amin Muhammad Bashir Limited	0.00%	679	0.00%	618
Shakarganj Mills Limited	4.82%	2,992,068	4.82%	2,720,062
The Crescent Textile Mills Limited	11.00%	6,830,643	11.00%	6,209,676

7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Minimum lease payments		Future finance costs		Present value of minimum lease payments	
Rupees in '000	2014	2013	2014	2013	2014	2013
Not later than one year	51,578	38,577	10,512	6,461	41,066	32,116
Later than one year and not later than five years	67,976	37,505	6,013	3,055	61,963	34,450
	119,554	76,082	16,525	9,516	103,029	66,566
Less: Current portion shown under current liabilities					41,066	32,116
					61,963	34,450

7.1 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 (30 June 2013: three years) and the liability is payable by the month ranging from one month to thirty-five months (30 June 2013: ten months to thirty-two months). The periodic lease payments include built-in rates of mark-up ranging between 14.59% to 20.25% (2013: 14.59% to 20.25%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 95.550 million (30 June 2013: Rs. 64.161 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.

8. DEFERRED INCOME

The Holding Company entered into sale and lease back arrangements resulting in deferred income (representing excess of sales proceed over the carrying amount of respective assets) out of which Rs. 1.764 million (30 June 2013: Rs. 0.847 million) is classified in current liabilities; being current portion of deferred income of Rs. 4.088 million (30 June 2013: Rs. 2.260 million). The deferred income will be amortized to profit and loss account over the lease term. During the year Rs. 0.924 million (2013: Rs. 0.284 million) is amortized in consolidated profit and loss account.

Rupees in '000	Note	2014	2013 (Restated)
9. TRADE AND OTHER PAYABLES			
Trade creditors		29,837	57,642
Bills payable		15,784	–
Commission payable		2,707	12,601
Customer's security deposits		4,228	200
Accrued liabilities	9.1	71,991	81,610
Advances from customers		25,505	15,123
Provisions	9.2	89,805	93,849
Due to related parties	9.3	340	198
Payable against purchase of investments		110,197	–
Payable to provident fund		1,492	87
Retention money		287	486
Sales Tax payable		89	–
Withholding tax payable		4,559	50
Workers' Profit Participation Fund	9.4	9,023	52,395
Workers' Welfare Fund		615	18,794
Unclaimed dividend		56,853	67,873
Others		9,506	13,918
		432,818	414,826
9.1 Accrued liabilities			
Salaries, wages and other benefits		12,792	17,807
Accrual for 10-C bonus		1,204	2,405
Compensated absences		11,269	11,544
Others	9.1.1	46,726	49,854
		71,991	81,610

9.1.1 This includes liability against Gas Infrastructre Development Cess of Rs. 3.381 million (2013: Nil).

9.2 Movement in provisions

Rupees in '000	Infrastructure fee Note 9.2.1	Sales Tax Note 9.2.2	Liquidated damages Note 9.2.3	Total
Opening balance as at 1 July 2013	56,656	3,242	33,951	93,849
Reversal of provision for the year	–	–	(3,456)	(3,456)
Provision for the year	7,814	–	2,152	9,966
Payments during the year	(3,955)	–	(6,599)	(10,554)
Closing balance as at 30 June 2014	60,515	3,242	26,048	89,805

9.2.1 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. 34.119 million (2013: Rs. 31.618 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. However, on prudent basis full provision has been recognized.

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 customers 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.

9.3 This represents balances due to Shakarganj Mills Limited (Associated Company) and Premier Insurance Company amounting to Rs. 0.258 million (2013: Rs. 0.198 million) and Rs. 0.082 million (2013: Rs. Nil) respectively.

Rupees in '000	Note	**2014**	2013
9.4 Workers' Profit Participation Fund			
Opening balance as at 1 July		52,395	15,376
Allocation for the year	35	4,851	34,797
Mark-up on funds utilized in the Holding Company's business	37	1,387	2,222
		58,633	52,395
Amount paid to the trustees of the fund		(49,610)	–
Closing balance as at 30 June		9,023	52,395
10. MARK-UP ACCRUED			
Mark-up accrued on :			
- Finance lease obligations		345	207
- Running finance and short term loans		8,876	8,795
		9,221	9,002
11. SHORT TERM BORROWINGS			
Secured from banking companies			
Running finances under mark-up arrangements	11.1	228,366	285,890
Short term loans	11.2	–	132,475
		228,366	418,365

11.1 Short term running finance available from various commercial banks under mark-up arrangements amounted to Rs. 600 million (2013: Rs. 500 million) out of which Rs. 250 million (2013: Rs. 250 million) is interchangeable with letters of credit. During the year, mark-up on such arrangements ranged between 10.58% to 12.38% (2013: 10.81% to 15.10%) per annum.

11.2 Short term loan financing available from various commercial banks under mark-up arrangements amounted to Rs. 1,300 million (2013: Rs. 1,100 million) out of which Rs. 400 million (2013: Rs. 300 million) is interchangeable with letters of credit. During the year, mark-up on such arrangements ranged between 11.26% to 13.20% (2013: 14.17% to 16.56%) per annum.

11.3 The facilities for opening letters of credit amounted to Rs. 1,815 million (2013: Rs. 1,400 million) out of which Rs. 250 million (2013: Rs. 250 million) and Rs. 400 million (2013: Rs. 300 million) are interchangeable with short term running finance and short term loans respectively as mentioned in notes 11.1 and 11.2 above. The facility for letters of guarantee as at 30 June 2014 amounted to Rs. 538 million (2013: Rs. 500 million). Amounts unutilized for letters of credit and guarantees as at 30 June 2014 were Rs. 1,599.693 million and Rs. 278.360 million (2013: Rs. 1,356.764 million and Rs. 191.017 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 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 (refer note 18.1) 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.

12.2 The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance), thus rendering the Group liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In 2011, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. However, in 2013, a larger bench of Sindh High Court (SHC) passed an order declaring that the amendments introduced through Finance Act 2008 do not suffer from any constitutional and legal infirmity. Both the decisions of LHC and SHC are pending before Supreme Court for adjudication. The management's tax advisor is of the view that the decision of LHC will remain applicable to the Group as the registered office of the Holding Company is situated in its jurisdiction till the decision of Supreme Court. Accordingly aggregate net of tax provision of Rs. 10.076 million has not been recorded in these consolidated financial statements.

12.3 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 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.

12.4 Aggregate amount of guarantees issued by banks on behalf of the Holding Company against various contracts aggregated Rs. 258.215 million (2013: Rs. 308.893 million).

12.5 Commitments in respect of capital expenditure contracted for by the Group as at 30 June 2014 amounted to Rs. 71.649 million (2013: Rs. 17.592 million) which includes Rs. 7.462 million related to office premises located in Islamabad payable on completion of project. This also includes commitments contracted by the subsidiary companies aggregating Rs. 64.187 million (2013: Rs. 10.130 millon) in respect of civil work and capital expenditure to acquire plant and machinery.

12.6 Commitments under letters of credit as at 30 June 2014 amounted to Rs. 201.846 million (2013: Rs. 43.236 million)

Rupees in '000	Note	2014	2013
13. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	13.1	726,398	682,345
Capital work-in-progress	13.5	678,043	598,359
		1,404,441	1,280,704

13.1 Operating fixed assets

Description Rupees in '000	Note	Land: Freehold	Land: Leasehold including improvements	Buildings: On freehold land	Buildings: On leasehold land	Office premises	Plant and machinery: Owned *	Plant and machinery: Leased	Electrical / office equipment and installation	Furniture and fittings	Computers	Motor vehicles: Owned	Motor vehicles: Leased	Total
Net carrying value as at 1 July 2013														
Opening net book value (NBV)		217,479	3,970	98,277	4,192	29	222,519	70,771	13,568	2,605	2,977	19,921	26,037	682,345
Additions / transfers		38,554	-	4,593	-	-	91,943	69,708	1,799	4,170	4,247	13,478	9,562	238,054
Disposals (at NBV)	13.5	(8,336)	-	-	-	-	(69,358)	(15,163)	-	-	-	(4,502)	(6,041)	(103,400)
Depreciation charge	13.1.1	-	(53)	(14,232)	(1,132)	(6)	(47,014)	(9,926)	(4,130)	(709)	(1,657)	(5,082)	(6,660)	(90,601)
Balance as at 30 June 2014 (NBV)		247,697	3,917	88,638	3,060	23	198,090	115,390	11,237	6,066	5,567	23,815	22,898	726,398
Gross carrying value as at 30 June 2014														
Cost	13.2	247,697	5,646	206,750	70,027	40,493	1,242,820	125,139	49,421	22,144	55,204	65,018	32,241	2,162,600
Accumulated depreciation		-	(1,729)	(118,112)	(66,967)	(40,470)	(1,044,730)	(9,749)	(38,184)	(16,078)	(49,637)	(41,203)	(9,343)	(1,436,202)
Net book value		247,697	3,917	88,638	3,060	23	198,090	115,390	11,237	6,066	5,567	23,815	22,898	726,398
Net carrying value as at 1 July 2012														
Opening net book value (NBV)		147,479	4,023	86,877	5,470	2,641	229,668	23,906	15,568	2,896	960	13,224	15,892	548,604
Additions / transfers		70,000	-	25,152	-	-	93,204	50,376	1,939	205	2,801	26,820	14,290	284,787
Disposals (at NBV)		-	-	-	-	-	(47,914)	-	-	-	-	(14,779)	-	(62,693)
Depreciation charge		-	(53)	(13,752)	(1,278)	(2,612)	(52,439)	(3,511)	(3,939)	(496)	(784)	(5,344)	(4,145)	(88,353)
Balance as at 30 June 2013 (NBV)		217,479	3,970	98,277	4,192	29	222,519	70,771	13,568	2,605	2,977	19,921	26,037	682,345
Gross carrying value as at 30 June 2013														
Cost		217,479	5,646	202,157	70,027	40,493	1,221,336	77,093	47,622	17,974	50,997	59,938	31,783	2,042,545
Accumulated depreciation		-	(1,676)	(103,880)	(65,835)	(40,464)	(998,817)	(6,322)	(34,054)	(15,369)	(48,020)	(40,017)	(5,746)	(1,360,200)
Net book value		217,479	3,970	98,277	4,192	29	222,519	70,771	13,568	2,605	2,977	19,921	26,037	682,345
Depreciation rate (% per annum)		-	1	5 & 10	5 & 10	10	5 - 20	10	5 - 20	10	33.33	20	20	

* Net book value of plant and machinery (owned) includes an aggregate amount of Rs. 0.805 million (2013: Rs. 0.989 million) representing net book value of capitalized spares.

Rupees in '000	Note	2014	2013
13.1.1 The depreciation charge for the year has been allocated as follows :			
Cost of sales	31.1	82,280	79,254
Distribution and selling expenses	33	852	623
Administrative expenses	34	7,246	8,476
Intangible under development phase		223	–
		90,601	88,353

13.2 Property, plant and equipment as at 30 June 2014 include items having an aggregate cost of Rs. 1,003.318 million (2013: Rs. 969.540 million) that have been fully depreciated and are still in use by the Holding Company.

13.3 The fair value of property, plant and equipment of the Group as at 30 June 2013 approximated to Rs. 2,402.438 million.

Rupees in '000	Note	2014	2013
13.4 Capital work-in-progress			
Advances to suppliers		33,747	14,931
Civil work	13.4.1 & 13.4.2	138,742	105,419
Plant and machinery		502,771	475,344
Others		2,783	2,665
		678,043	598,359

13.4.1 This includes advance against purchase of land and building aggregating Rs. 68.385 million (2013: Rs. 68.385 million) out of which an amount of Rs.50 million (2013: Rs. 50 million) pertain to advance against purchase of land located at Lahore. The Holding Company holds possession of the land and has applied for transfer of title in its name.

This also includes an amount of Rs. 26.4 million (2013: Rs. 26.4 million) paid by the Holding Company to Pakistan Steel Mills Limited (PSML) against allotment of plot measuring 24,200 square yards. However third party has filed a case in Honourable High Court of Sindh for declaration and injunction against said property. The Holding Company has filed a suit in Honourable High Court of Sindh for specific performance and declaration against PSML with respect to the said property and also filed an application for vacation of the injunction operating against the property. The Honourable High Court vide its interim order has restrained PSML from creating any third party interest till the disposition of the case. The applications are pending for hearing. Management believe that it has a reasonable grounds in the case and expects a favourable outcome.

13.4.2 The Holding Company has recognized a provision for an amount of Rs. 20.619 million (2013: Rs. 20.619) against construction work at a site which has been halted since last year.

13.4.3 Capital work-in-progress includes expenditure aggregating Rs. 596.076 million (2013: Rs. 539.379 million) incurred by the subsidiary company in respect of Bagasse Fired Thermal Generation power plant at Bhone. The plant is expected to commence operations during the next year.

13.5 The following assets were disposed off during the year:

Description Rupees in '000	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particular of buyers
Plant and machinery	70,460	1,102	69,358	68,863	Sales & Lease back	Pak Gulf Leasing Company Limited
	21,662	6,498	15,164	15,164	Transfer to own asset	Pak Gulf Leasing Company Limited
Land	8,336	-	8,336	10,080	Negotiation	Mr. Mehmood Ahmed
Motor vehicles	3,787	-	3,787	3,787	Sales & Lease back	Orix Leasing Pakistan Limited
	1,759	1,759	-	600	Negotiation	
	1,900	1,900	-	1,600	Negotiation	
	6,763	2,145	4,618	4,557	Transfer to own asset	Orix Leasing Pakistan Limited
	942	279	663	562	Company scheme	Mr. Hussain Baber
	1,614	560	1,054	1,361	Insurance claim	EFU General Insurance
Others	614	194	420	431	Various	Various
2014	117,837	14,437	103,400	107,005		
2013	105,215	42,522	62,693	89,785		

Rupees in '000	Note	**2014**	2013
14. INTANGIBLE ASSETS			
Intangible assets			
- Under use	14.1	14,031	13,645
- Under project development	14.2	25,261	–
		39,292	13,645
14.1 Intangible assets - under use			
Net carrying value as at 1 July			
Net book value as at 1 July		13,645	1,617
Additions		5,674	14,457
Amortization	14.1.1	(5,288)	(2,429)
Net book value as at 30 June	14.1.2	14,031	13,645
Gross carrying value as at 30 June			
Cost		65,909	60,232
Accumulated amortization		(49,238)	(43,947)
Accumulated impairment		(2,640)	(2,640)
Net book value		14,031	13,645
Amortization rate (% per annum)		33.33	33.33

14.1.1 The amortization charge for the year has been allocated to administrative expenses (Note 34).

14.1.2 Intangible assets as at 30 June 2014 include items having an aggregate cost of Rs. 43.139 million (2013: Rs. 43.099 million) that have been fully amortized and are still in use of the Holding Company.

14.2 This pertains to payments made on account of feasibility and other project related activities related to the subsidiary company -Solution de Energy (Private) Limited. The costs incurred have been capitalized as project development expenditure (intangible asset) in these financial statements in accordance with the requirements of IAS 38.

Rupees in '000	Note	2014	2013
15. INVESTMENT PROPERTY			
Investment property			
- Under use	15.1	73,316	31,268
- Under project development		–	31,140
		73,316	62,408

15.1 Investment property under use

Description Rupees in '000	Note	Leasehold land and improvements	Buildings on leasehold land	Office premises	Total
Net carrying value as at 1 July 2013					
Opening net book value (NBV)		3,773	15,854	11,641	31,268
Additions		44,836	1,757	–	46,593
Depreciation charge	15.1.1	(633)	(1,097)	(2,815)	(4,545)
Balance as at 30 June 2014 (NBV)	15.1.2	47,976	16,514	8,826	73,316
Gross carrying value as at 30 June 2014					
Cost		49,445	23,365	29,655	102,465
Accumulated depreciation		(1,469)	(6,851)	(20,829)	(29,149)
Net book value		47,976	16,514	8,826	73,316
Net carrying value as at 1 July 2012					
Opening net book value (NBV)		4,011	16,936	14,685	35,632
Depreciation charge		(238)	(1,082)	(3,044)	(4,364)
Balance as at 30 June 2013 (NBV)		3,773	15,854	11,641	31,268
Gross carrying value as at 30 June 2013					
Cost		4,609	21,608	29,655	55,872
Accumulated depreciation		(836)	(5,754)	(18,014)	(24,604)
Net book value		3,773	15,854	11,641	31,268
Depreciation rate (% per annum)		1 & 10	5	10 - 20	

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

15.1.2 Fair value of the investment property based on recent valuation is Rs. 216.988 million (2013: Rs. 146.125).

16. 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'.

2014	2013		Note	2014	2013
Number of shares				Rupees in '000	
		Unquoted			
72,103,141	69,175,416	Altern Energy Limited (Chief Executive Officer - Mr. Taimur Dawood)	16.1	2,479,138	2,040,213
19,471,769	15,244,665	Shakarganj Mills Limited (Chief Executive Officer - Mr. Ahsan M. Saleem)	16.2	26,626	–
3,430,000	–	Crescent Socks (Private) Limited (Chief Executive Officer - Mr. Shehryar Mazhar)	16.3	34,300	–
				2,540,064	2,040,213

16.1 The Holding Company and the Subsidiary Companies hold 16.64% and 3.2% respectively i.e. aggregrate holding of 19.84% in the investee company. There is no common directorship in the investee company. However, the Company directly and / or indirectly has significant influence as per IAS 28 ' Investments in Associates', therefore only for the purpose of the equity accounting as required under IAS 28 it has been treated as an accociate.

During the year the Group has further invested Rs. 60.194 million. Share of profit from associates recognized and dividend received during the year amounted to Rs. 450.834 million and Rs. 72.103 million respectively.

The Holding Company has assessed the recoverable amount of investment in Altern Energy Limited based on value in use calculation. This calculation has been made on free cash flows to firm method (FCFF) which assumes discount rate of 8.23%.

16.2 During the year, the Group has further invested Rs. 85.120 million in the investee company, which has increased the holding of the group upto 28.29% (2013: 21.93%). As at 30 June 2014 the carrying amount of equity accounted investment in Shakarganj Mills Limited has been reduced to Rs. 26.626 million (2013: Rs. Nil) due to recognition of Group's share of losses incurred by the investee company.

The share of net loss and reserves for the year amounting to Rs. 58.494 million (2013: Rs. 125.092 million) have been recognised, including effect of unrecognized share of losses pertaining to prior years, resulting in the cumulative share of unrecognized net losses as at 30 June 2014 of Rs. Nil (2013: Rs. 1.471 million).

16.3 Crescent Socks (Private) Limited was incorporated in April 2014. Therefore, this represents approximately its fair value.

16.4 The above figures are based on unaudited condensed interim financial information of these companies as at 31 March 2014. The latest financial statements of these companies as at 30 June 2014 are not presently available.

Rupees in '000	Note	2014	2013
16.5 Market value of investments in associates is as follows:			
Quoted			
Altern Energy Limited		1,551,660	855,008
Shakarganj Mills Limited		329,462	333,248
		1,881,122	1,188,256

Percentage of holding	2014	2013
16.6 Percentage of holding of equity in associates is as follows:		
Quoted		
Altern Energy Limited	19.84	19.04
Shakarganj Mills Limited	28.01	21.93

16.7 Summarized financial information of associated companies as at 31 March 2014 is as follows:

Rupees in '000		Total assets	Total liabilities	Revenues	Profit/(loss) after tax
2014					
Altern Energy Limited	16.7.1	38,455,246	17,845,678	14,961,495	2,843,004
Shakarganj Mills Limited	16.7.2	10,399,779	8,567,559	7,561,306	(265,350)
2013					
Altern Energy Limited		39,799,918	21,856,204	15,234,247	2,078,811
Shakarganj Mills Limited		13,416,336	11,251,061	6,559,851	432,627

16.7.1 These figures are based on the latest available condensed interim consolidated financial information as at 31 March 2014 including its subsidiary company Rousch (Pakistan) Power Limited being managed by Power Management Company holding 59.98% shares.

16.7.2 These figures are based on the latest available condensed interim financial information of the investee company as at 31 March 2014.

Rupees in '000	Note	2014	2013
17. OTHER LONG TERM INVESTMENTS			
Investments in related parties			
Available for sale	17.1	–	–
Other investments			
Available for sale	17.4	220,717	220,717
		220,717	220,717

17.1 Available for sale

2014	2013			2014	2013
Number of shares			Note	Rupees in '000	
		Unquoted			
2,403,725	2,403,725	Crescent Bahuman Limited	17.2	24,037	24,037
1,047,000	1,047,000	Crescent Industrial Chemicals Limited	17.3	10,470	10,470
				34,507	34,507
		Less: Provision for impairment		34,507	34,507
				–	–

17.2 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 (2013: Rs. Nil per share), calculated on the basis of audited annual financial statements for the year ended 30 June 2013.

17.3 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.

17.4 Available for sale

2014	2013			2014	2013
Number of shares			Note	Rupees in '000	
		Unquoted			
1,852,500	1,852,500	Central Depository Company of Pakistan Limited (CDC)		60,717	60,717
16,000,000	16,000,000	Shakarganj Food Products Limited	17.4.1	160,000	160,000
				220,717	220,717

17.4.1 The Group has assessed the recoverable amount of investment in Shakarganj Food Products Limited based on value in use calculation. This calculation has been made on discounted cash flow methodology which assumes gross profit margin of 13.59% - 14.70%, EBITDA of 3.98% - 5.05%, terminal growth rate of 3% and discount rate of approximately 18.95%. Based on valuation the recoverable amount exceeds the carrying amount and accordingly, no impairment is required.

Rupees in '000	Note	2014	2013
18. LONG TERM LOANS AND DEPOSITS			
Security deposits - leasing companies		13,552	7,327
Security deposits - others	18.1 & 18.2	37,051	12,617
		50,603	19,944

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

18.2 This includes amortized cost of Rs. 24.434 million which pertains to long term deposit relating to Shakarganj Energy (Private) Limited (subsidiary company) of Rs. 32.486 million deposited for interconnectivity of 11KV feeder to FESCO under Power Purchase Agreement (PPA) for sale of 4-6 MW power. Under the PPA, initially this cost was required to be borne by the subsidiary company, however, it is agreed that the cost so incurred will be paid back to the subsidiary company by FESCO in five years time through ten (10), half yearly equal instalments, without mark-up, commencing after one month from commercial operation date. For fair presentation, this interest free long term deposit has been discounted under International Accounting Standard (IAS) - 39 "Financial Instruments: Recognition and Measurement" using approximate of open market interest rate thereby stating it at amortized cost in these consolidated financial statements.

Rupees in '000		Note	2014	2013 (Restated)
19.	DEFERRED TAXATION			
	Deferred tax credits / (debits) arising in respect of :			
	Taxable temporary differences			
	Accelerated tax depreciation / amortization		27,178	28,951
	Finance lease obligations		12,341	10,284
	Unrealized gain on held for trading investments		9,547	–
	Effect of change in accounting policy under IAS-19 (revised)		36,767	39,764
	Share of profit from equity accounted investees		128,881	–
			214,714	78,999
	Deductible temporary differences			
	Provision for slow moving stores, spares and loose tools		(24,464)	(21,539)
	Provisions for doubtful trade debts, doubtful advances and others		(31,289)	(35,481)
	Provisions for impairment of fixed assets		(7,217)	(7,010)
	Provision of Government Infrastructure Development Cess		(1,183)	-
	Provision for diminution in the value of investments		(9,058)	(8,798)
			(73,211)	(72,828)
			141,503	6,171
19.1	Break up of deferred tax charge / (reversal) is as following:			
	Profit and loss		138,330	20,987
	Other comprehensive income		(2,998)	(35,552)
			135,332	(14,565)

Rupees in '000		Note	2014	2013
20.	STORES, SPARES AND LOOSE TOOLS			
	Stores - steel segment		7,735	9,870
	Spare parts - steel segment		55,512	50,185
	Loose tools - steel segment		1,135	1,193
	Stores and spares - cotton segment		53,388	56,657
			117,770	117,905
	Less: Provision for slow moving items	20.1	45,814	39,266
			71,956	78,639
20.1	Movement in provision for slow moving items			
	Opening balance		39,266	38,554
	Provision made during the year		6,548	1,277
	Reversal of provision made during the year		–	(565)
	Closing balance		45,814	39,266

Rupees in '000	Note	2014	2013
21. STOCK-IN-TRADE			
Raw materials			
Hot rolled steel coils (HR Coil)		19,823	11,142
Coating materials		88,798	103,232
Others		15,246	16,762
Raw cotton	21.1	144,193	313,503
Stock-in-transit (HR Coil)		19,401	–
	21.2	287,461	444,639
Work-in-process	21.3 & 31.1	42,007	17,574
Finished goods	21.2 & 31.1	71,054	196,283
Scrap / cotton waste		6,677	3,923
		119,738	217,780
		407,199	662,419

21.1 This includes raw cotton amounting to Rs. Nil million (2013: Rs. 132.475 million) pledged as security with financial institutions.

21.2 Stock-in-trade as at 30 June 2014 includes items valued at net realisable value (NRV) as follows. The write down to NRV amounting to Rs. 9.936 million (2013: Rs. 51.626 million) has been recognized in cost of goods sold.

Rupees in '000	Cost	NRV
Finished goods	79,557	71,054
Raw material	288,894	287,461
	368,451	358,515

21.3 Work in Process include Rs. 13.801 million (2013: Rs. Nil) which is held with third parties for the purpose of conversion of yarn into fabric.

Rupees in '000	Note	2014	2013
22. TRADE DEBTS			
Secured			
Considered good		72,110	36,605
Unsecured			
Considered good		17,369	160,252
Considered doubtful		2,786	13,701
Provision for doubtful trade debts	22.1	(2,786)	(13,701)
		17,369	160,252
		89,479	196,857
22.1 Movement in provision for doubtful trade debts			
Opening balance		13,701	1,139
Provision made during the year		–	12,662
Reversal of provision made during the year		(10,915)	(100)
Closing balance		2,786	13,701

Rupees in '000	Note	2014	2013
23. ADVANCES			
Unsecured			
Advances - considered good			
Executives		2,326	2,645
Suppliers for goods and services		26,780	29,009
Advances to others	23.1	28,444	–
Advances - considered doubtful			
Suppliers for goods and services		47	47
Provision for doubtful advances		(47)	(47)
		–	–
		57,550	31,654

23.1 This represents advance made for offer of sale of Pakistan Petroleum Limited (PPL) shares through book building process at a floor price of Rs. 205 per share. Subsequent to the year end, the advance has been received back as the said offer has been declined by the Privatization Commission of Pakistan since it was below the cut off price.

Rupees in '000	Note	2014	2013
24. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Deposits to leasing companies		1,434	6,082
Security deposits		1,343	1,735
Prepayments		4,633	1,686
		7,410	9,503
25. INVESTMENTS			
Investments in related parties			
Available for sale	25.1	66,305	8,007
Held to maturity	25.2	23,995	29,994
		90,300	38,001
Other investments			
Available for sale	25.3	–	258,011
Held for trading	25.4	654,693	647,899
Short term deposits		10,575	–
Investment in commodity	25.5	2,128	2,086
		667,396	907,996
		757,696	945,997

25.1 Available for sale

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

2014	2013	Name of investee company	Note	2014	2013
Number of shares				Rupees in '000	
		Quoted			
3,235,973	452,379	The Crescent Textile Mills Limited	25.1.1	66,305	8,007

25.1.1 The Group has recognized impairment loss amounting to Rs. 4.537 million (2013: Rs. 4.537 million) against the investment.

25.2 This represents 2,999,396 (2013: 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 Holding Company does not intend to exercise the option to convert the preference shares into ordinary shares as mentioned above. A provision of Rs. 11.105 million (2013: Rs. 5.106 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 2014 amounts to Rs. 23.995 million (2013: Rs. 29.994 million).

25.3 Available for sale

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

2014	2013	Name of investee company	Note	2014	2013
(Number os share / certificates)				Rupees in '000	
		Quoted			
–	9,060,000	Asian Stocks Fund Limited		–	94,677
91,300	91,300	Crescent Jute Products Limited	25.3.1	–	–
1,996	1,996	Innovative Investment Bank Limited		–	–
26,490	26,490	Jubilee Spinning and Weaving			
		Mills Limited	25.3.2	–	–
–	7,944,263	Safeway Mutual Fund Limited		–	163,334
				–	258,011

25.3.1 The investment in Crescent Jute Products Limited is carried at break-up value, which is Rs. Nil per share (2013: Rs. Nil) [break-up value including surplus on revaluation of property, plant and equipment Rs. Nil (Rs. Nil per share based on audited financial statements for the year ended 30 June 2013)], calculated on the basis of the unaudited condensed interim financial information for the nine months ended 31 March 2014.

25.3.2 Investment in Jubilee Spinning and Weaving Mills Limited is carried at Rs. Nil per share (2013: Rs. Nil). The break-up value of shares of the investee company is Rs. Nil per share (2013: Rs. Nil) [break-up value including surplus on revaluation of property, plant and equipment and investment property Rs. 15.91 per share (2013 : Rs. 16.49 per share)], calculated on the basis of the unaudited condensed interim financial information for the nine months ended 31 March 2014.

25.3.3 Investments having an aggregate market value of Rs. 802.024 million (2013: Rs. 909.398 million) have been pledged with financial institutions as security against financing facilities (see note 11.4) out of which Rs. 570.280 million (2013: Rs. 664.659 million) relates to long term investments.

25.4 Held for trading

The Group holds investments in ordinary shares of listed companies and certificates of close end mutual funds. Details are as follows. The face value of the shares is Rs. 10 per share unless otherwise stated.

2014	2013	Name of investee company	2014	2013
(Number os share / certificates)			Rupees in '000	
41,466	–	Adamjee Insurance Company Limited	1,898	–
237,859	201,859	Agriauto Industries Limited *	19,479	15,166
183,600	77,707	Al-Ghazi Tractors Limited *	24,189	15,891
–	5,000	Atlas Fund of Funds	–	58
12,000	10,000	Attock Petroleum Limited	7,078	5,611
60,000	–	Avanceon Limited	1,457	–
126,000	–	Century Insurance Company Limited	2,068	–
		Balance carried forward	56,169	36,726

2014	2013	Name of investee company	2014	2013
(Number os share / certificates)			Rupees in '000	
		Balance brought forward	56,169	36,726
110,000	16,000	Cherat Cement Company Limited	7,200	931
1,403,500	1,807,500	D.G. Khan Cement Company Limited	123,452	151,270
–	10,000	Dawood Hercules Corporation	–	461
10,000	60,000	Engro Corporation Limited	1,785	7,312
6,500	–	Engro Fertilizer Limited	372	–
15,000	15,000	Engro Polymer Limited	203	182
85,000	–	Fatima Fertilizer Company Limited	2,465	–
35,000	10,000	Fauji Cement Company Limited	673	133
325,000	150,000	Fauji Fertilizer Bin Qasim Limited	12,925	5,631
85,000	85,000	Fauji Fertilizer Company Limited	9,542	9,132
20,000	20,000	First Habib Bank Modaraba**	–	200
172,500	172,500	Golden Arrow Selected Stocks Fund*	1,656	1,423
5,000	–	Honda Atlas Cars (Pakistan) Limited	465	–
30,000	–	IGI Insurance Limited	6,831	–
1,350	1,350	Innovative Investment Bank Limited	–	–
90,000	90,000	International Industries Limited	4,450	4,060
–	68,801	International Steels Limited	–	1,217
187,500	–	K-Electric Limited	1,592	–
151,000	100,000	Kohinoor Energy Limited	6,254	3,750
60,000	–	Kohat Cement Limited	7,669	–
60,000	60,000	Kot Addu Power Company Limited	3,542	3,713
10,000	–	Maple Leaf Cement Limited	301	–
10,000	–	Meezan Bank Limited	432	–
10,000	–	Nishat (Chunian) Limited	424	–
60,000	350,000	Nishat Mills Limited	6,715	32,974
230,000	–	Nishat Power Limited	8,183	–
96,000	43,000	Oil and Gas Development Company Limited	25,083	9,836
–	10,000	Pak Elektron Limited	-	161
245,400	100,000	Pak Suzuki Motor Company Limited	67,212	14,872
120,000	100,000	Pakgen Power Limited	2,165	2,453
50,000	141,252	Pakistan National Shipping Corporation	3,556	6,498
98,000	63,500	Pakistan Oilfields Limited	56,281	31,583
560,000	514,560	Pakistan Petroleum Limited	125,632	108,871
31,700	301,368	Pakistan State Oil Company Limited	12,327	96,552
280,000	230,000	Pakistan Telecommunication Company Limited	7,132	5,104
313,306	240,109	PICIC Energy Fund**	3,559	3,366
1,430,399	1,391,399	PICIC Growth Fund	45,401	33,602
765,173	765,173	PICIC Investment Fund	10,866	8,769
14,000	–	Pioneer Cement Limited	653	–
–	8,329,764	Samba Bank Limited	–	21,407
–	50,924	Security Paper Limited	–	3,411
3,906	3,125	Shell Pakistan Limited	1,079	447
1,019	1,221	Siemens Pakistan Engineering Company Limited	1,281	795
25,000	38,500	Sui Northern Gas Pipelines Limited	566	772
25,000	35,000	Sui Southern Gas Company Limited	917	683
100,000	–	Telecard Limited	412	–
440,376	642,376	The Hub Power Company Limited	25,868	39,602
100,000	–	TRG Pakistan Limited	1,403	–
			654,693	647,899

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

** Securities delisted as per KSE quotation sheet as at 30 June 2014. However, the units of PICIC Energy Fund are valued at Net Assets Value due to maturity of the Fund.

25.5 This represents 2,857 tolas of Silver held by the Company and valued at Rs. 2.128 million (2013: Rs. 2.086 million) being its fair value. The management considers cost to sell of underlying as insignificant, hence not considered while ascertaining fair value.

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

Name of investee company	2014	2013
Altern Energy Limited	570,280	664,659
Attock Petroleum Limited	7,078	–
Cherat Cement Company Limited	6,873	–
Engro Corporation Limited	–	1,219
Engro Polymer Limited	203	–
Fauji Fertilizer Bin Qasim Limited	11,633	5,631
Fauji Fertilizer Company Limited	9,542	4,834
International Industries Limited	4,450	4,060
Kot Addu Power Company Limited	3,542	–
Kohinoor Energy Limited	6,254	3,750
Meezan Bank Limited	432	–
Oil and Gas Development Company Limited	19,857	4,575
Pakistan Oilfields Limited	56,281	24,869
Pakistan Petroleum Limited	22,434	82,846
Pak Suzuki Motor Company Limited	45,191	7,436
Pakistan State Oil Company Limited	2,800	63,907
Pakistan Telecommunication Company Limited	7,132	2,885
Shell Pakistan Limited	691	358
Sui Northern Gas Pipelines Limited	566	–
Sui Southern Gas Company Limited	917	–
The Hub Power Company Limited	25,868	38,369
	802,024	909,398

26. MARK-UP ACCRUED

	2014	2013
Considered good		
Mark-up accrued on		
- Others	4	–
- Term Deposit	469	–
	473	–

27. OTHER RECEIVABLES

Rupees in '000	Note	2014	2013 (Restated)
Dividend receivable		935	6,393
Receivable against sale of non-current assets held for sale		4,816	–
Receivable against sale of investments		800	–
Receivable against rent from investment property		1,031	1,051
Claim receivable		10,059	3,786
Due from related parties	27.1	245	1,200
Sales tax refundable		7,635	19,570
Provision there against		–	(4,346)
Reversal of provision during the year		–	4,346
Written off during the year		–	(11,376)
		–	(11,376)
		7,635	8,194
Receivable from staff retirement benefit funds	44.1.3	116,177	113,380
Others		398	1,837
		142,096	135,841

Rupees in '000		2014	2013
27.1	Due from related parties		
	Crescent Jute Products Limited	118	–
	Shakarganj Mills Limited	127	1,200
		245	1,200

Rupees in '000		2014	2013
28.	TAXATION - NET		
	Advance taxation	1,576,932	1,451,606
	Provision for taxation	(1,418,264)	(1,375,957)
		158,668	75,649

28.1 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 certain tax years, 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 certain tax years 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.

Full provision has been made in these consolidated financial statements up to tax year 2013, 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 in respect of Holding Company has not been made in these consolidated financial statements in respect of Tax Years as mentioned above, since based on the tax consultant's opinion the management is confident of favourable outcome of these appeals.

During the current year, order under section 161/205 of the Income Tax Ordinance, 2001 relating to monitoring of withholding taxes has been issued for the tax year 2010 where by demand aggregating to Rs. 61.953 million has been raised, the appeal against which is pending before the Commissioner Inland Revenue (Appeals). No provision has been made in these financial statements as management is of the view that the demand is frivolous and based on tax consultant's opinion favourable outcome is expected.

The Income Tax assessments of the Subsidiary Companies, based on tax returns, are deemed to be finalized under section 120 of the Income Tax Ordinance, 2001 unless selected for an amendment / audit by the taxation authorities.

Rupees in '000			Note	2014	2013
29.	CASH AND BANK BALANCES				
	With banks	in profit and loss account			
		- local currency	29.1	53,480	9,894
		- foreign currency		2	2
				53,482	9,896
		in current accounts		88,632	61,293
	Cash in hand			2,148	8,363
				144,262	79,552

29.1 These carry profit at the rate 5% to 7.25% (2013: 5% to 7.25%).

Rupees in '000		2014	2013
30. SALES - NET			
Local sales			
Bare pipes (own product excluding coating revenue)		1,385,656	1,522,072
Revenue from conversion		13,645	9,839
Coating of pipes		53,434	644,859
Cotton yarn / raw cotton		2,533,891	2,537,542
Others (including pipes laboratory testing)		18,721	60,983
Scrap / waste		65,291	83,709
Sales returns		(30,529)	(28,607)
		4,040,109	4,830,397
Export sales			
Raw Cotton / Cotton yarn		252,578	498,698
		4,292,687	5,329,095
Sales tax		(262,517)	(327,428)
		4,030,170	5,001,667
31. COST OF SALES			
Steel segment	31.1	1,037,366	1,500,309
Cotton segment	31.1	2,762,502	2,850,499
		3,799,868	4,350,808

31.1 Cost of sales

Rupees in '000	Note	Steel segment 2014	Steel segment 2013 (Restated)	Cotton Segment 2014	Cotton Segment 2013 (Restated)	Total 2014	Total 2013 (Restated)
Raw materials consumed		845,170	1,158,021	1,891,841	2,007,209	2,737,011	3,165,230
Cost of raw cotton sold		–	–	122,261	321,549	122,261	321,549
Packing materials consumed		–	–	24,568	25,137	24,568	25,137
Outside Conversion charges		–	–	171,161	241,067	171,161	241,067
Stores and spares consumed		35,845	35,466	29,680	49,095	65,525	84,561
Fuel, power and electricity		26,253	43,507	192,343	153,839	218,596	197,346
Salaries, wages and other benefits	31.2	75,328	80,985	99,520	92,997	174,848	173,982
Insurance		1,780	1,552	2,962	3,770	4,742	5,322
Repairs and maintenance		7,319	3,884	2,875	19,428	10,194	23,312
Depreciation	13.1.1	23,698	18,821	58,582	60,433	82,280	79,254
Stock-in-trade written down to NRV		7,508	45,645	2,428	5,981	9,936	51,626
Other expenses		53,443	57,142	24,507	15,753	77,950	72,895
		1,076,344	1,445,023	2,622,728	2,996,258	3,699,072	4,441,281
Opening stock of work-in-process	21	3,661	13,089	13,913	9,179	17,574	22,268
Closing stock of work-in-process		(10,153)	(3,661)	(31,854)	(13,913)	(42,007)	(17,574)
		(6,492)	9,428	(17,941)	(4,734)	(24,433)	4,694
Cost of goods manufactured		1,069,852	1,454,451	2,604,787	2,991,524	3,674,639	4,445,975
Opening stock of finished goods	21	22,580	68,438	173,703	32,678	196,283	101,116
Closing stock of finished goods		(55,066)	(22,580)	(15,988)	(173,703)	(71,054)	(196,283)
		(32,486)	45,858	157,715	(141,025)	125,229	(95,167)
		1,037,366	1,500,309	2,762,502	2,850,499	3,799,868	4,350,808

31.2 Detail of salaries, wages and other benefits

Rupees in '000	Note	Steel segment 2014	Steel segment 2013 (Restated)	Cotton Segment 2014	Cotton Segment 2013 (Restated)	Total 2014	Total 2013 (Restated)
Salaries, wages and other benefits		72,749	74,994	97,539	90,569	170,288	165,563
Gratuity fund	31.3	(91)	796	(7)	31	(98)	827
Pension fund	31.3	344	3,013	122	753	466	3,766
Provident fund contributions		2,326	2,182	1,866	1,644	4,192	3,826
		75,328	80,985	99,520	92,997	174,848	173,982

Rupees in '000	2014 Pension	2014 Gratuity	2013 Pension (Restated)	2013 Gratuity (Restated)
31.3 Staff retirement benefits				
Current service costs	4,168	1,109	4,158	1,014
Interest costs	8,592	2,014	9,285	2,118
Expected return on plan assets excluding interest income	(12,294)	(3,221)	(9,677)	(2,305)
	466	(98)	3,766	827

Rupees in '000	Note	2014	2013
32 INCOME FROM INVESTMENTS			
Return on UBL's Term Finance Certificate		–	76
Dividend income		47,323	65,044
Loss on commodity		43	(692)
Gain / (loss) on sale of investments - net		307,738	97,034
Unrealized gain on held for trading investments		74,090	175,809
Rent from investment property	32.1	12,229	10,780
		441,423	348,051

32.1 Direct operating expenses incurred against rental income from investment property amounted to Rs. 4.577 million (2013: Rs. 3.657 million). Further, Rs. 1.293 million (2013: Rs. 1.209 million) were incurred against the non rented out area.

33. DISTRIBUTION AND SELLING EXPENSES

Rupees in '000	Note	Steel segment 2014	Steel segment 2013 (Restated)	Cotton Segment 2014	Cotton Segment 2013 (Restated)	Total 2014	Total 2013 (Restated)
Salaries, wages and other benefits	33.1	8,026	6,785	4,334	3,934	12,360	10,719
Commission		–	–	23,100	27,675	23,100	27,675
Travelling, conveyance and entertainment		472	450	192	1,244	664	1,694
Depreciation	13.1.1	852	622	–	1	852	623
Insurance		156	181	20	18	176	199
Postage, telephone and telegram		202	105	214	231	416	336
Advertisement		3,039	1,242	–	135	3,039	1,377
Bid bond expenses		902	644	–	–	902	644
Legal and professional charges		1,138	2,154	11	126	1,149	2,280
Others		810	947	8,604	21,571	9,414	22,518
		15,597	13,130	36,475	54,935	52,072	68,065

33.1 Detail of salaries, wages and other benefits

		Steel segment		Cotton Segment		Total	
		2014	2013	**2014**	2013	**2014**	2013
Rupees in '000	Note		(Restated)		(Restated)		(Restated)
Salaries, wages and other benefits		7,711	5,841	4,319	3,929	12,030	9,770
Gratuity fund	33.2	(16)	136	–	–	(16)	136
Pension fund	33.2	65	559	–	–	65	559
Provident fund contributions		266	249	15	5	281	254
		8,026	6,785	4,334	3,934	12,360	10,719

	2014		2013	
	Pension	Gratuity	Pension	Gratuity
Rupees in '000			(Restated)	
33.2 Staff retirement benefits				
Current service costs	581	181	617	167
Interest costs	1,199	329	1,378	350
Return on plan assets excluding interest income	(1,715)	(526)	(1,436)	(381)
	65	(16)	559	136

34. ADMINISTRATIVE EXPENSES

		Steel segment		Cotton segment		IID segment		Energy segment		Total	
		2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Rupees in '000	Note		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)
Salaries, wages and other benefits	34.1	50,914	51,653	13,254	12,160	3,722	3,914	–	–	67,890	67,727
Rents, rates and taxes		2,442	2,643	3,031	624	1,081	458	326	305	6,880	4,030
Travelling, conveyance and entertainment		8,266	5,885	2,223	1,421	517	345	186	–	11,192	7,651
Fuel and power		9,153	7,831	831	1,148	475	421	–	–	10,459	9,400
Postage, telephone and telegram		2,433	1,786	776	511	149	91	–	–	3,358	2,388
Insurance		1,089	835	231	227	127	112	600	545	2,047	1,719
Repairs and maintenance		3,698	4,305	762	634	381	365	–	–	4,841	5,304
Auditors' remuneration	34.3	1,119	1,069	250	439	195	175	30	90	1,594	1,773
Legal, professional and corporate service charges		7,692	10,245	1,363	1,804	3,672	2,222	371	80	13,098	14,351
Advertisement		64	90	7	9	3	3	–	–	74	102
Donations	34.4	11,369	26,772	10,272	7,232	634	1,146	–	–	22,275	35,150
Depreciation	13.1.1 & 15.1.1	5,623	7,129	1,299	1,066	4,869	4,645	–	–	11,791	12,840
Amortization of intangible assets	14.1.1	4,230	1,943	846	389	212	97	–	–	5,288	2,429
Printing, stationery and office supplies		3,641	3,597	856	774	269	328	28	5	4,794	4,704
Newspapers, subscriptions and periodicals		566	530	1,001	431	43	39	–	–	1,610	1,000
Others		2,302	4,308	568	1,096	1,595	796	6	18	4,471	6,218
		114,601	130,621	37,570	29,965	17,944	15,157	1,547	1,043	171,662	176,786
34.1 Detail of salaries, wages and other benefits											
Salaries, wages and other benefits		48,443	44,517	12,735	10,764	3,528	3,358	–	–	64,706	58,639
Gratuity fund	34.2	(120)	1,025	(23)	198	(10)	80	–	–	(153)	1,303
Pension fund	34.2	492	4,181	96	808	40	327	–	–	628	5,316
Provident fund contributions		2,099	1,930	446	390	164	149	–	–	2,709	2,469
		50,914	51,653	13,254	12,160	3,722	3,914	–	–	67,890	67,727

Rupees in '000	2014 Pension	2014 Gratuity	2013 (Restated) Pension	2013 (Restated) Gratuity
34.2 Staff retirement benefits				
Current service costs	5,618	1,732	5,870	1,598
Interest costs	11,578	3,144	13,106	3,338
Return on plan assets excluding interest income	(16,568)	(5,029)	(13,660)	(3,633)
	628	(153)	5,316	1,303

Rupees in '000	Note	2014	2013
34.3 Auditors' remuneration			
Audit fee	34.3.1	1,422	1,345
Fee for audit of funds' financial statements and other reports		20	220
Out of pocket expenses		152	208
		1,594	1,773

34.3.1 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 Central Depositry Company of Pakistan Limited.

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 2014	Amount donated 2013
Rupees in '000				
Mr. Ahsan M. Saleem	Director	The Citizens Foundation Plot No. 20, Sector - 14, Near Brookes Chowrangi, Korangi Industrial Area, Karachi.	19,820	26,580
	Director	Pakistan Centre for Philanthropy 1-A, Street 14, F-8/3, Islamabad.	–	2,500
	Managing Trustee	Commecs Educational Trust Gulistan-e-Johar Block-13, Karachi.	–	2,000
	Chairman	CSAP Foundation 10th Floor, BOP Tower, 10-B, Block E-2, Main Boulevard, Gulberg - III, Lahore.	285	1,945
			20,105	33,025

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.

Rupees in '000		Note	2014	2013
35.	OTHER OPERATING EXPENSES			
	Exchange loss		–	19,781
	Sales tax refundabale written off		–	11,376
	Impairment on non-current asset held-for-sale		–	29,810
	Loss on disposal of assets held for sale		9,935	–
	Impairment of capital work in progress	35.1	–	22,406
	Provision for			
	– Workers' Welfare Fund		565	18,886
	– Workers' Profit Participation Fund		4,851	34,797
	– Doubtful trade debts		–	12,662
	– Liquidated damages		2,152	12,794
	– Slow moving stores, spares and loose tools - net		6,548	1,278
	– Diminution in the value of investments	25.2	5,999	–
	– Government Infrastructure Development Cess		3,381	–
	– Dividend receivable on preference shares		–	5,106
	Others		–	138
			33,431	169,034

35.1 Comparative figure includes Rs. 20.619 million of construction work at the site which has been halted since last year due to differences between Defence Housing Authority and the developer and is still uncertain in near future. Consequently, based on prudence principal the Holding Company has provided the above advance in full.

This further includes an impairment of Rs. 1.787 million relating to plant and machinery of Cotton division Unit II which was no more usable due to fire incident occurred last year.

Rupees in '000		Note	2014	2013
36.	OTHER INCOME			
	Income from financial assets			
	Return on deposits		1,235	834
	Income from non-financial assets			
	Gain on disposal of operating fixed assets	36.1	965	306,633
	Exchange gain		16,939	-
	Gain on settlement of non-executed contracts		-	-
	Insurance commission		708	1,105
	Liability written back		3,521	-
	Reversal of provision			
	- stock-in-trade		-	565
	- doubtful trade debts		10,916	100
	- sales tax refundabale		-	4,346
	- liquidated damages		3,456	8,934
	Others	36.1	9,572	48,641
			46,077	370,324
			47,312	371,158

36.1 Comparative figures includes an amount of Rs. 310.872 million on account of gain on final settlement of insurance claim received against damages caused by fire in the Spinning Unit No. 2 of the Cotton segment of the Holding Company situated in Jaranwala on 7 January 2012.

Rupees in '000	2014	2013
37. FINANCE COSTS		
Incurred on		
- finance lease obligations	9,427	5,208
- running finances	38,354	36,433
- short term loans	30,719	15,126
- Workers' Profit Participation Fund	1,387	2,222
Discount on long term deposit	8,429	–
Bank charges	6,595	3,918
	94,911	62,907
38. SHARE OF PROFIT IN EQUITY ACCOUNTED INVESTEES - NET OF TAXATION (INCLUDING GAIN ON DILUTION OF INVESTMENT)		
Altern Energy Limited		
Share of profit after taxation	450,834	216,067
Gain on dilution of investment	–	18,285
	450,834	234,352
Shakarganj Mills Limited	(110,192)	35,100
	340,642	269,452

Rupees in '000	2014	2013 (Restated)
39. TAXATION		
Current		
- for the year	18,715	300,631
- for prior years	(2,798)	(7,605)
	15,917	293,026
Deferred		
- for the year	43,262	(20,987)
- for prior years	95,068	–
	138,330	(20,987)
	154,247	272,039
39.1 Relationship between taxation expense and accounting profit		
Profit before taxation	707,603	1,162,728
Tax at the applicable rate of 34% (2013: 35%)	240,585	406,955
Tax effect of inadmissible expenses / losses	3,536	(88,890)
Tax effect of exempt income and export sales under final tax regime	(10,665)	–
Tax effect of income taxed at lower rates	(168,296)	(134,456)
Tax effect of operating fixed assets subject to insurance claim	–	106,735
Prior year tax effect	92,270	(101,293)
Tax effect of change in effective tax rate and other adjustments	(3,183)	988
	154,247	272,039
40. BASIC AND DILUTED EARNINGS PER SHARE		
Profit after taxation	553,356	890,689

		(Restated)
	(Number of shares)	
Weighted average number of ordinary shares in issue during the year	62,105,993	62,105,993
	Rupees	
Basic and diluted earnings per share	8.91	14.34

Rupees in '000	Note	2014	2013 (Restated)
41. CASH GENERATED FROM OPERATIONS			
Profit before taxation		707,603	1,162,728
Adjustments for non cash charges and other items			
Depreciation on operating fixed assets and investment property		94,924	88,353
Amortization of intangible assets		5,288	2,429
Charge for the year on staff retirement benefit funds		892	11,907
(Reversal) / charge for compensated absences		(189)	2,072
Provision for 10-C bonus		1,159	2,331
Amortization of advances to staff		–	5
Dividend income		(47,323)	(65,044)
Unrealised gain on held for trading investments - net		(74,090)	(175,809)
Gain on sale of investments		(307,738)	(97,034)
Unrealized (gain) / loss on commodity - Silver		(43)	692
Provision for stock-in-trade and stores, spares and loose tools - net		6,548	713
(Reversal of provision) / provision for doubtful trade debts		(10,916)	12,562
Provision for Workers' Welfare Fund		565	18,791
Provision for Workers' Profit Participation Fund		4,851	34,797
Reversal of provision against sales tax refundable		–	(4,346)
(Reversal of provision) / provision for liquidated damages		(1,304)	3,860
Provision for Gas Infrastructure Development Cess		3,381	–
Provision for diminution in the value of investments - net		5,999	–
Return on deposits and investments		(1,235)	(910)
Gain on disposal of operating fixed assets		(965)	(25,031)
Gain on disposal of assets subject to insurance claim		–	(281,531)
Deferred income		(924)	(71)
Impairment on non-current asset held for sale		-	29,810
Loss on disposal of assets held for sale		9,935	–
Impairment charge relating to capital work in process		–	22,406
Provision against dividend receivable on preference shares		–	5,106
Finance costs		94,911	62,907
Share of profit from equity acounted investees - net of taxation		(340,642)	(269,452)
Working capital changes	41.1	339,453	(133,515)
		490,140	408,726

41.1 Working capital changes			
Decrease / (increase) in current assets			
Stores, spares and loose tools		135	(13,491)
Stock-in-trade		263,034	(62,684)
Trade debts		118,293	159,511
Advances		(16,927)	106,241
Trade deposits and short term prepayments		2,093	(3,750)
Other receivables		(13,370)	22,476
		353,258	208,303
(Decrease) / increase in current liabilities			
Trade and other payables		(13,805)	(341,818)
		339,453	(133,515)

Rupees in '000		2014	2013
42. CASH AND CASH EQUIVALENTS			
Running finances under mark-up arrangements	11	(228,366)	(285,890)
Cash and bank balances	29	144,262	79,552
		(84,104)	(206,338)

43. SEGMENT REPORTING

43.1 Reportable segments

The Group's reportable segments 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 1.4).

Information regarding the Group's reportable segments is presented below.

43.2 Segment revenues and results

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

Rupees in '000	Steel segment	Cotton segment	IID segment	Energy segment	Total
For the year ended 30 June 2014					
Sales - net*	1,280,643	2,749,527	–	–	4,030,170
Cost of sales*	1,037,366	2,762,502	–	-	3,799,868
Gross profit	243,277	(12,975)	–	–	230,302
Income from investments	–	–	441,423	–	441,423
	243,277	(12,975)	441,423	–	671,725
Distribution and selling expenses	15,597	36,475	–	–	52,072
Administrative expenses	114,601	37,570	17,944	1,547	171,662
Other operating expenses	8,778	8,536	6,182	9,935	33,431
	138,976	82,581	24,126	11,482	257,165
	104,301	(95,556)	417,297	(11,482)	414,560
Other income	14,157	27,630	4,847	678	47,312
Operating profit / (loss) before finance costs	118,458	(67,926)	422,144	(10,804)	461,872
Finance costs	34,207	46,304	5,952	8,448	94,911
Share of profit in equity accounted					
investees - net of taxation	-	-	285,185	55,457	340,642
Profit / (loss) before taxation	84,251	(114,230)	701,377	36,205	707,603
Taxation					154,247
Profit after taxation					553,356

*The sales of goods to subsidiary company has been eliminated in sales and cost of sales.

Rupees in '000	Steel segment	Cotton segment	IID segment (Restated)	Energy segment	Total
For the year ended 30 June 2013					
Sales - net	1,964,574	3,037,093	–	–	5,001,667
Cost of sales	1,500,309	2,850,499	–	–	4,350,808
Gross profit	464,265	186,594	–	–	650,859
Income from investments	–	–	348,051	–	348,051
	464,265	186,594	348,051	–	998,910
Distribution and selling expenses	13,130	54,935	–	–	68,065
Administrative expenses	130,621	29,965	15,157	1,043	176,786
Other operating expenses	62,705	48,987	27,532	29,810	169,034
	206,456	133,887	42,689	30,853	413,885
	257,809	52,707	305,362	(30,853)	585,025
Other income	23,494	345,389	2,113	162	371,158
Operating profit / (loss) before finance costs	281,303	398,096	307,475	(30,691)	956,183
Finance costs	19,870	28,116	14,917	4	62,907
Share of profit in equity accounted investees - net of taxation	–	–	239,978	29,474	269,452
Profit / (loss) before taxation	261,433	369,980	532,536	(1,221)	1,162,728
Taxation					272,039
Profit after taxation					890,689

43.2.1 Revenue reported above represents revenue generated from external customers. There were no inter-segment sale during the year (2013: Rs. Nil).

43.2.2 Transfer prices between reportable segments are on an arm's length basis in a manner similar to transactions between third parties.

43.2.3 The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 5 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.

43.3 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 30 to these consolidated financial statements.

43.4 Information about major customers

Revenue from major customers of Steel segment represents an aggregate amount of Rs. 1,197.032 million (2013: Rs. 1,516.231 million) of total Steel segment revenue of Rs. 1,280.643 million (2013: Rs. 1,964.574 million). Further, revenue from major customers of Cotton segment represents an aggregate amount of Rs. 260.990 million (2013: Rs. 873.076 million) of total Cotton segment revenue of Rs. 2,749.527 million (2013: Rs. 3,037.093 million).

43.5 Geographical information

43.5.1 The Group's revenue from external customers by geographical location is detailed below :

Rupees in '000	2014	2013
Far East	252,578	498,697
Pakistan	3,777,592	4,502,970
	4,030,170	5,001,667

43.5.2 All non-current assets of the Company as at 30 June 2014 and 2013 were located and operating in Pakistan.

43.6 Segment assets and liabilities

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

Rupees in '000	Steel segment	Cotton segment	IID segment	Energy segment	Total
As at 30 June 2014					
Segment assets for reportable segments	1,122,218	882,112	1,208,524	607,606	3,820,460
Investment in equity accounted investees	–	–	2,293,501	246,563	2,540,064
Unallocated corporate assets					(195,302)
Total assets as per balance sheet					6,165,222
Segment liabilities for reportable segments	198,594	130,675	114,607	4,276	448,152
Unallocated corporate liabilities and deferred income					470,873
Total liabilities as per balance sheet					919,025
As at 30 June 2013 - as restated					
Segment assets for reportable segments	781,190	1,250,852	1,340,044	526,847	3,898,933
Investment in equity accounted investees	-	-	1,840,398	199,815	2,040,213
Unallocated corporate assets					(66,404)
Total assets as per balance sheet					5,872,742
Segment liabilities for reportable segments	148,375	210,486	3,031	2,313	364,205
Unallocated corporate liabilities and deferred income					552,985
Total liabilities as per balance sheet					917,190

43.6.1 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 receivable therefrom and payable thereon, respectively are not allocated to reporting segments as these are managed by the Group's central treasury function.

43.7 Other segment information

Rupees in '000	Steel segment	Cotton segment	IID segment	Energy segment	Total
For the year ended 30 June 2014					
Capital expenditure	131,984	54,942	15,536	24,785	227,247
Depreciation and amortization	34,403	60,727	5,082	–	100,212
Non-cash items other than depreciation and amortization - net	36,270	51,292	(706,989)	(37,701)	(657,128)
For the year ended 30 June 2013					
Capital expenditure	50,472	82,195	(630)	132,304	264,341
Depreciation and amortization	28,515	61,889	378	–	90,782
Non-cash items other than depreciation and amortization	64,737	(241,306)	(534,688)	178	(711,079)

44. STAFF RETIREMENT BENEFITS

44.1 Defined benefit plans

44.1.1 The actuarial valuation of both pension and gratuity schemes has been conducted in accordance with IAS 19, 'Employee benefits' as at 30 June 2014. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation:

	2014	2013
Financial assumptions		
- Discount rate used for Interest Cost in P&L Charge	10.5%	13%
- Discount rate used for year end obligation	13.25%	10.5%
- Expected rate of increase in salaries	13.25%	10.5%
Demographic assumptions		
- Retirement Assumption	Age 58	Age 58
- Expected mortality for active members	SLIC (2001-05)	EFU (61-66)

44.1.2 The amounts recognised in balance sheet are as follows:

		2014			2013		
Rupees in '000	Note	Pension	Gratuity	Total	Pension	Gratuity (Restated)	Total
Present value of defined benefit obligations	44.1.4	259,928	57,568	317,496	208,373	52,639	261,012
Fair value of plan assets	44.1.5	(336,183)	(97,490)	(433,673)	(291,929)	(82,463)	(374,392)
(Asset) / liability recognized in balance sheet		(76,255)	(39,922)	(116,177)	(83,556)	(29,824)	(113,380)

44.1.3 Movement in the net defined benefit liability / (asset)

Rupees in '000	Note	2014 Pension	2014 Gratuity	2014 Total	2013 Pension	2013 Gratuity	2013 Total
						(Restated)	
Opening balance		(83,556)	(29,824)	(113,380)	(7,723)	(3,943)	(11,666)
Net benefit cost / (income) charged to profit and loss	44.1.7	1,166	(269)	897	9,641	2,266	11,907
Remeasurements recognized in other comprehensive income		14,925	(6,362)	8,563	(76,734)	(24,654)	(101,388)
Contributions by the Holding Company	44.1.5	(8,790)	(3,467)	(12,257)	(8,740)	(3,493)	(12,233)
Closing balance		(76,255)	(39,922)	(116,177)	(83,556)	(29,824)	(113,380)

44.1.4 Movement in the present value of defined benefit obligations

Rupees in '000	2014 Pension	2014 Gratuity	2014 Total	2013 Pension	2013 Gratuity	2013 Total
					(Restated)	
Present value of defined benefit obligations - 1 July	208,373	52,639	261,012	182,831	44,661	227,492
Current service cost	10,430	3,045	13,475	10,645	2,779	13,424
Interest cost	21,497	5,527	27,024	23,768	5,806	29,574
Benefits paid during the year	(6,716)	–	(6,716)	(6,338)	(939)	(7,277)
Benefit due but not paid	(571)	–	(571)	–	–	–
Remeasurement (gain) / loss from changes in demographic assumptions	24,298	–	24,298	–	–	–
Remeasurement (gain) / loss of experience adjustments	2,617	(3,643)	(1,026)	(2,533)	332	(2,201)
Remeasurement (gain) / loss of defined benefit obligation	26,915	(3,643)	23,272	(2,533)	332	(2,201)
Present value of defined benefit obligations - 30 June	259,928	57,568	317,496	208,373	52,639	261,012

44.1.5 Movement in the fair value of plan assets are as follows

Rupees in '000	2014 Pension	2014 Gratuity	2014 Total	2013 Pension	2013 Gratuity	2013 Total
					(Restated)	
Fair value of plan assets - 1 July	291,929	82,463	374,392	190,554	48,604	239,158
Contributions by the Holding Company	8,790	3,467	12,257	8,740	3,493	12,233
Interest income on plan assets	30,761	8,841	39,602	24,772	6,319	31,091
Benefits paid during the year	(6,716)	–	(6,716)	(6,338)	(939)	(7,277)
Benefit due but not paid	(571)	–	(571)	–	–	–
Return on plan assets, excluding interest income	11,990	2,719	14,709	74,201	24,986	99,187
Fair value of plan assets - 30 June	336,183	97,490	433,673	291,929	82,463	374,392
44.1.6 Actual return on plan assets	42,751	11,560	54,311	98,973	31,305	130,278

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

	2014			2013		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity (Restated)	Total
Current service cost	10,430	3,045	13,475	10,645	2,779	13,424
Interest cost	21,497	5,527	27,024	23,768	5,806	29,574
Interest income on plan assets	(30,761)	(8,841)	(39,602)	(24,772)	(6,319)	(31,091)
Charge recognized in profit and loss account	1,166	(269)	897	9,641	2,266	11,907

44.1.8 Following amounts of remeasurements have been charged in the other comprehensive income in respect of these benefits

	2014			2013		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity (Restated)	Total
Remeasurement (gain) / loss from changes in demographic assumptions	24,298	–	24,298	–	–	–
Remeasurement (gain) / loss of experience adjustments	2,617	(3,643)	(1,026)	(2,533)	332	(2,201)
Remeasurement (gain) / loss of defined benefit obligation	26,915	(3,643)	23,272	(2,533)	332	(2,201)
Return on plan assets, excluding interest income	(11,990)	(2,719)	(14,709)	(74,201)	(24,986)	(99,187)
Remeasurement loss / (gain) charged in the other comprehensive income	14,925	(6,362)	8,563	(76,734)	(24,654)	(101,388)

	2014			2013		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity (Restated)	Total
44.1.9 Total defined benefit cost recognized in profit and loss account and other comprehensive income	16,091	(6,631)	9,460	(67,093)	(22,388)	(89,481)
Expected contributions to funds in the following year	11,238	4,365	15,603	9,993	3,902	13,895
Re-measurements: Accumulated actuarial (gains) / losses recognised in equity	14,925	(6,362)	8,563	(76,734)	(24,654)	(101,388)
Weighted average duration of the defined benefit obligation (years)	11	4				
Analysis of present value of defined benefit obligation						
Type of Members:						
Pensioners	21	–		21	–	
Beneficiaries	70	69		68	67	
	91	69		89	67	
Vested / Non-Vested						
Vested benefits	32,201	500	32,701	179,790	52,237	232,027
Non - vested benefits	227,727	57,068	284,795	28,584	401	28,985
	259,928	57,568	317,496	208,374	52,638	261,012

Rupees in '000	2014 Pension	2014 Gratuity	2014 Total	2013 Pension	2013 Gratuity (Restated)	2013 Total
Disaggregation of fair value of plan assets						
The fair value of the plan assets at balance sheet date for each category are as follows:						
Cash and cash equivalents (comprising bank balances and adjusted for current liabilities) - quoted	6,669	1,288	7,957	13,669	383	14,052
Debt instruments						
AA+	24,645	–	24,645	23,687	–	23,687
A+	3,970	–	3,970	–	–	–
AA-	233	–	233	7,812	498	8,310
AM2-	14,282	–	14,282	9,860	–	9,860
B-	100,294	27,475	127,769	55,259	14,292	69,551
	143,424	27,475	170,899	96,618	14,790	111,408
Equity instruments						
Beverages	630	–	630	–	–	–
Chemicals	1,873	331	2,204	1,349	317	1,666
Commercial Banks	1,458	–	1,458	454	–	454
Construction and Materials (Cement)	7,418	–	7,418	6,672	–	6,672
Electricity	29,201	8,442	37,643	30,461	8,860	39,321
Food Producer	1,091	321	1,412	1,410	415	1,825
Industrial Metals and Minning	112,436	51,211	163,647	105,691	48,139	153,830
Non Life Insurance	167	–	167	121	–	121
Oil and Gas	13,372	3,777	17,149	10,331	3,213	13,544
Personal Goods (Textile)	2,798	–	2,798	2,355	–	2,355
	170,444	64,082	234,526	158,844	60,944	219,788
Mutual funds						
Income Fund	3,409	2,272	5,681	3,233	2,155	5,388
Equity Fund	11,014	2,371	13,385	11,053	2,486	13,539
Capital Protected Fund	–	–	–	7,388	1,705	9,093
Money Market Fund	1,222	–	1,222	1,122	–	1,122
	15,645	4,643	20,288	22,796	6,346	29,142
	329,513	96,200	425,713	278,258	82,080	360,338

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Discount rate +1%	233,385	55,576
Discount rate -1%	291,929	59,807
Long term pension / salary increase +1%	266,109	59,786
Long term pension / salary decrease -1%	254,339	55,559
Long term pension increase +1%	285,342	–
Long term pension decrease -1%	237,920	–

The actuary of the company has assessed that present value of future refunds or reduction in future contribution is not lower than receivable from pension and gratuity funds recorded by the Holding Company.

44.2 Defined contribution plan

The Holding Company has set up provident fund for its permanent employees and the contributions were made by the Holding Company to the Trust in accordance with the requirement of Section 227 of the Companies Ordinance, 1984. The total charge against provident fund for the year ended 30 June 2014 was Rs. 7.182 million (2013: Rs. 6.549 million). The audit of the provident fund for the years ended 31 December 2010, 2011 and 2012 is in progress. The net assets based on audited financial statements of Provident Fund as at 31 December 2009 was Rs. 91.725 million out of which 95% was invested in different financial instruments categories as provided in Section 227 of the Companies Ordinance, 1984 and rules formulated for the purpose. The fair value of investments of provident fund as at 31 December 2009 was Rs. 87.608 million and the cost of investment was Rs. 75.141 million. The above investments out of provident fund have been made in accordance with the requirement of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

45. 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.

45.1 Credit risk

Credit risk represents the financial loss that would be recognized at the reporting 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 reporting date is as follows:

Rupees in '000	**2014**	2013 (Restated)
Investments	37,551	40,419
Loans and deposits	51,946	21,679
Trade debts	89,479	196,857
Mark-up accrued	473	–
Other receivables	18,284	2,891
Bank balances	142,114	71,189
	339,847	333,035

Trade and other receivables

To manage exposure to credit risk in respect of trade and other 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 reporting date represent domestic parties except one export party.

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

Rupees in '000	**2014**	2013
Steel segment	46,445	99,438
Cotton segment	43,034	97,419
	89,479	196,857
The aging of trade debts at the reporting date is		
Not past due	38,472	68,146
Past due 1 - 30 days	985	55,627
Past due 30 - 180 days	35,340	63,941
Past due 180 days	17,468	22,844
	92,265	210,558
Less: Impaired	2,786	13,701
	89,479	196,857

One of the major customer accounts for Rs. 28.969 million of the trade debts carrying amount as at 30 June 2014 (2013: Rs. 44.352 million) that has a good track record with the Group.

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. 30.853 million (2013: Rs. 36.606 million) is 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-.

The credit quality of the units of mutual fund held by the Group can be assessed with reference to external credit ratings as follows:

	Rating		Rating		
Rupees in '000	Short term	Long term	Agency	**2014**	2013
Mutual Funds					
PICIC Investment Fund	MFR 3 star	MFR 3 star	JCR - VIS	3,749	3,025
PICIC Growth Fund	MFR 3 star	MFR 3 star	JCR - VIS	4,592	2,552
PICIC Energy Fund	MFR 3 star	MFR 3 star	JCR - VIS	3,559	3,366
Golden Arrow Selected Stocks Fund	MFR 4-star	MFR 5-star	PACRA	1,656	1,423
				13,556	10,366

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 2014, the Holding Company has recognized a provision of Rs. 11.105 million (2013: Rs. 5.106 million) against its exposure to preference shares of an associated company which has been given a credit rating of 'D' grade.

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 Holding Company believes that it is not exposed to major concentration of credit risk.

45.2 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:

Rupees in '000				2014			
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
Financial liabilities							
Liabilities against assets subject to finance lease	103,029	–	119,554	28,310	24,003	41,987	25,254
Trade and other payables (refer note 9)	288,572	–	288,572	288,572	–	–	–
Mark-up accrued	9,221	–	9,221	9,221	–	–	–
Short term borrowings	228,366	228,366	–	–	–	–	–
	629,188	228,366	417,347	326,103	24,003	41,987	25,254

Rupees in '000				2013			
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
Financial liabilities							
Liabilities against assets subject to finance lease	66,566	–	76,082	16,602	21,975	23,918	13,587
Trade and other payables (refer note 9) - as restated	223,071	–	223,071	223,071	–	–	–
Mark-up accrued	9,002	–	9,002	9,002	–	–	–
Short term borrowings	418,365	418,365	–	–	–	–	–
	717,004	418,365	308,155	248,675	21,975	23,918	13,587

45.3 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.

45.3.1 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:

		2014	
	USD	Euro	Total
Foreign creditors	(160)	–	(160)
Foreign currency bank account	2	–	2
Gross balance sheet exposure	(158)	–	(158)
Outstanding letters of credit	533,650	–	533,650
Net exposure	533,492	–	533,492

		2013	
	GBP	Euro	Total
Foreign creditors	(5,031)	–	(5,031)
Foreign currency bank account	2	–	2
Gross balance sheet exposure	(5,029)	–	(5,029)
Outstanding letters of credit	(73,000)	(279,010)	(352,010)
Net exposure	(78,029)	(279,010)	(357,039)

The following significant exchange rate has been applied :

	Average rate		Reporting date rate	
	2014	2013	**2014**	2013
USD to PKR	102.83	97.57	98.75	98.80
Euro to PKR	139.61	126.30	134.73	129.11

Sensitivity analysis

At the reporting date, if the PKR had strengthened by 10% against the USD 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

	2014	2013
USD	53,349	(7,803)
Euro	–	(27,901)
	53,349	(35,704)

The weakening of the PKR against USD 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.

45.3.2 Interest rate risk

At the reporting date, the interest rate profile of the Group's significant interest bearing financial instruments was as follows:

	2014	2013	**2014**	2013
	Effective interest rate (Percentage)		Carrying amount (Rupees in '000)	
Financial assets				
Fixed rate instruments				
Preference shares	8.5	8.5	23,995	29,994
Financial liabilities				
Fixed rate instruments				
Liabilities against assets subject to finance lease	14.59-20.25	14.59-20.25	103,029	66,566
Variable rate instruments				
Short term borrowings	10.58-12.38	10.81-15.10	228,366	418,365

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 reporting 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 2013.

	Profit and loss 100bp	
Rupees in '000	Increase	Decrease
As at 30 June 2014		
Cash flow sensitivity - Variable rate financial liabilities	(2,284)	2,284
As at 30 June 2013		
Cash flow sensitivity - Variable rate financial liabilities	(4,184)	4,184

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

45.3.3 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:

Rupees in '000	**2014**	2013
Effect on profit	65,469	50,208
Effect on equity	6,631	26,602
Effect on investments	72,100	76,810

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

45.4 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 and preference shares of listed companies and certificates of closed end scheme 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. Investment in unquoted securities fall within level 3 as mentioned above.

46. REMUNERATION TO THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Chief Executive		Director		Executives		Total	
Rupees in '000	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Managerial remuneration	10,467	9,854	–	–	30,978	32,970	41,445	42,824
House rent	4,710	4,435	–	–	11,717	11,628	16,427	16,063
Utilities	1,047	985	–	–	2,604	2,686	3,651	3,671
Travelling expenses	545	863	–	–	–	–	545	863
Others	1,102	1,225	–	–	–	–	1,102	1,225
Medical	816	669	–	–	1,233	1,246	2,049	1,915
Contributions to								
- Gratuity fund	872	821	–	–	1,964	1,502	2,836	2,323
- Pension fund	2,093	1,971	–	–	5,111	3,961	7,204	5,932
- Provident fund	1,047	985	–	–	2,512	2,009	3,559	2,994
Club subscription and expenses	1,001	768	–	–	88	99	1,089	867
Entertainment	–	–	–	–	24	24	24	24
Conveyance	–	–	–	–	1,656	1,513	1,656	1,513
Telephone	–	–	–	–	6	6	6	6
	23,700	22,576	–	–	57,893	57,644	81,593	80,220
Number of persons	1	1	–	–	18	22	19	23

46.1 The aggregate amount charged in respect of directors' fees paid to six (2013: six) directors is Rs. 0.660 million (2013: Rs. 0.920 million). Also, during the year remuneration paid to the non-executive Chairman of the Board of Directors amounted to Rs. 0.510 million (2013: Nil).

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

46.3 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. 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	Nature of transaction	**2014**	2013
Rupees in '000				
Altern Energy Limited	Associated company	Dividend received	72,103	–
Shakarganj Mills Limited	Associated company	Dividend paid	8,813	4,896
		Purchase of Land	36,240	70,000
		Sales of finished goods	3,171	170,343
		Services received	4,406	1,169
		Reimbursable expenses	1,556	2,625

Name	Nature of relationship	Nature of transaction	2014	2013
Rupees in '000				
Commecs Educational Trust *	Related party	Donation given	–	2,000
Crescent Jute Products Limited *	Related party	Purchase of assets	5,909	–
		Services received	137	
		Reimbursable expenses	648	–
CSAP Foundation*	Related party	Donation given	285	1,945
Muhammad Amin Muhammad Bashir Limited *	Related party	Dividend paid	2	1
Pakistan Centre for Philanthropy *	Related party	Donation given	–	2,500
		Annual subscription charges	180	180
Premier Insurance Company *	Related party	Dividend paid	–	11
		Insurance premium	9,839	1,643
The Crescent Textile Mills Limited *	Related party	Dividend paid	20,119	11,177
The Citizens' Foundation *	Related party	Donation given	19,820	26,580
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Contribution made	1,831	1,650
		Dividend paid	16	9
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Contribution made	3,797	3,492
		Dividend paid	3,852	1,676
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Contribution made	9,623	8,740
		Dividend paid	8,457	3,003
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Contribution made	5,344	4,901
		Dividend paid	1,651	850
CSAP - Staff Benevolent Fund	Staff welfare fund	Contribution made	–	10,000
Key management personnel	Related parties	Remuneration and benefits	94,376	57,364

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

47.1 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.

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

47.3 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.

47.4 Outstanding balances and other information with respect to related parties as at 30 June 2014 and 2013 are included in issued, subscribed and paid-up capital (note 6.1), trade and other payables (note 9.3), investment in equity accounted investees (note 16), other long term investments (note 17.1), trade debts (note 22.1), investments (note 25.1), other receivables (note 27.1), administrative expenses (note 34.4) and staff retirement benefits (note 44).

48. 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 2013.

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.

48.1 Gearing ratio

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

Rupees in '000	Note	2014	2013
Total debt	48.1.1	331,395	484,931
Less: Cash and bank balances		144,262	79,552
Net debt		187,133	405,379
Total equity	48.1.2	5,246,197	4,955,552
Total capital		5,433,330	5,360,931
Gearing ratio		3%	8%

48.1.1 Total debt is defined as long term and short term borrowings (excluding derivatives), as described in notes 7 and 11 to these consolidated financial statements.

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

49. PLANT CAPACITY AND PRODUCTION

49.1 Steel segment

Pipe plant

The plant's installed / rated capacity for production based on single shift is 30,000 tons (2013: 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 10,248 tons (2013: 12,266 tons) line pipes of varied sizes and thickness, which is equivalent to 21,676 tons (2013: 26,790 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 line pipes based on notional size of 14" dia on single shift working. Coating of 82,125 meters (2013: 340,472 meters) of different dia pipes (58,651 square meters surface area) was achieved during the year (2013: 245,505 square meters surface area).

49.2 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 (2013: 6,452,874 kilograms). Actual production converted into 20s count was 5,749,028 kilograms (2013: 4,953,253 kilograms).

The capacities of the plant were utilized to the extent of orders received. The production of spinning unit was also affected due to power and gas shutdowns.

49.3 Energy segment

Power plant

The power plant is under installation phase with a maximum output capacity of 14 MWh (2013: 14 MWh).

50. GENERAL

50.1 Number of employees

The number of employees including contractual employees of the Group as at 30 June 2014 were 742 (2013: 859) and weighted average number of employees were 846 (2013: 878).

50.2 Non adjusting event after reporting date

The Board of Directors of the Holding Company in their meeting held on 21 August 2014 have proposed final cash dividend for the year ended 30 June 2014 of Rs. 1.5 per share (i.e. 15%) (2013: Rs. 1.5 per share) amounting to Rs. 93.159 million (2013: Rs. 84.690 million). This is in addition to the first interim cash dividends of Re. 1 per share each (i.e. 10% each) already distributed and recorded in these consolidated financial statements; this make a total distribution of Rs. 2.5 per share (i.e. 25%) for the year ended 30 June 2014. The above proposed final cash dividend is subject to the approval of the members at the Annual General Meeting to be held on 23 October 2014. These consolidated financial statements do not include the effect of above proposals which will be accounted for in the period in which it is approved by the members.

51. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue in the Board of Directors meeting held on 21 August 2014.

Chief Executive	Director	Chief Financial Officer

PATTERN OF SHAREHOLDING

As at 30 June 2014

No. of Shareholders	Shareholding From	Shareholding To	Total Shares held
444	1	100	13,991
691	101	500	233,607
534	501	1,000	432,891
879	1,001	5,000	2,238,603
258	5,001	10,000	2,035,392
103	10,001	15,000	1,289,475
66	15,001	20,000	1,182,720
47	20,001	25,000	1,064,665
26	25,001	30,000	743,813
22	30,001	35,000	715,791
17	35,001	40,000	637,952
10	40,001	45,000	429,743
23	45,001	50,000	1,120,327
12	50,001	55,000	636,186
4	55,001	60,000	235,000
3	60,001	65,000	188,000
5	65,001	70,000	341,038
5	70,001	75,000	367,128
5	75,001	80,000	386,606
2	80,001	85,000	163,202
3	85,001	90,000	261,593
2	90,001	95,000	182,500
6	95,001	100,000	592,738
2	105,001	110,000	216,962
2	115,001	120,000	235,502
1	125,001	130,000	130,000
1	135,001	140,000	136,523
1	140,001	145,000	143,458
6	145,001	150,000	887,455
1	155,001	160,000	156,572
5	160,001	165,000	821,177
1	165,001	170,000	165,072
1	170,001	175,000	171,500
2	175,001	180,000	358,000
1	195,001	200,000	200,000
2	215,001	220,000	440,000
2	225,001	230,000	456,852
1	240,001	245,000	243,601
1	245,001	250,000	247,260
2	255,001	260,000	517,240

PATTERN OF SHAREHOLDING

As at 30 June 2014

No. of Shareholders	Shareholding From	Shareholding To	Total Shares held
1	265,001	270,000	268,372
2	270,001	275,000	547,162
1	285,001	290,000	285,219
1	290,001	295,000	292,000
1	300,001	305,000	302,600
1	305,001	310,000	310,000
1	330,001	335,000	332,368
1	355,001	360,000	355,759
2	375,001	380,000	753,500
1	390,001	395,000	390,646
2	395,001	400,000	800,000
1	410,001	415,000	411,017
2	425,001	430,000	855,967
1	455,001	460,000	459,500
1	470,001	475,000	470,690
1	485,001	490,000	485,300
1	525,001	530,000	525,220
1	560,001	565,000	561,800
1	730,001	735,000	734,500
1	1,175,001	1,180,000	1,176,987
1	1,360,001	1,365,000	1,362,500
1	1,995,001	2,000,000	2,000,000
1	2,100,001	2,105,000	2,104,556
1	2,580,001	2,585,000	2,584,145
1	2,625,001	2,630,000	2,629,385
1	2,680,001	2,685,000	2,682,068
1	3,375,001	3,380,000	3,377,789
1	3,400,001	3,405,000	3,401,000
1	3,795,001	3,800,000	3,795,165
1	6,830,001	6,835,000	6,830,643
3,233			62,105,993

CATEGORIES OF SHAREHOLDING

As at 30 June 2014

Categories of Shareholder	Physical	CDC	Total	% age
1 Directors, Chief Executive Officer, Their Spouses and Minor Childern				
Chief Executive				
Mr. Ahsan M. Saleem	-	426,467	426,467	0.69
Directors				
Mr. Ahmad Waqar	27	-	27	0.00
Mr. Khurram Mazhar Karim	-	5,293	5,293	0.01
Mr. Nasir Shafi	-	37,876	37,876	0.06
Mr. Zahid Bashir	-	86,088	86,088	0.14
Syed Mahmood Ehtishamullah	-	13,196	13,196	0.02
Director's Spouses and Their Minor Childern				
Mrs. Shahnaz A. Saleem	-	520,471	520,471	0.84
	27	1,089,391	1,089,418	1.75
2 Executives	12,298	45,695	57,993	0.09
3 Associated Companies, Undertakings & Related Parties				
Muhammad Amin Muhammad Bashir Limited	679	-	679	0.00
Shakarganj Mills Limited	-	2,992,068	2,992,068	4.82
The Crescent Textile Mills Limited	-	6,830,643	6,830,643	11.00
Trustee - Crescent Cotton Products P. Fund	-	55,000	55,000	0.09
Trustees - Crescent Cotton Staff P. Fund	-	4,840	4,840	0.01
Trustees - CSAPL Employees Gratuity Fund	-	1,176,987	1,176,987	1.90
Trustees - CSAPL Employees Pension Fund	-	2,584,145	2,584,145	4.16
Trustees - CSAPL Employees SP Fund	-	525,220	525,220	0.85
	679	14,168,903	14,169,582	22.82
4 NIT & ICP (Name Wise Detail)				
CDC - Trustee National Investment (Unit) Trust	-	3,377,789	3,377,789	5.44
	-	3,377,789	3,377,789	5.44
5 Mutual Funds (Name Wise Detail)				
CDC - Trustee First Capital Mutual Fund	-	16,500	16,500	0.03
CDC - Trustee NAFA Stock Fund	-	377,500	377,500	0.61
CDC - Trustee NIT- Equity Market Opportunity Fund	-	228,762	228,762	0.37
	-	622,762	622,762	1.00
6 Banks, NBFCs, DFIs, Takaful, Pension Funds	3,800,054	5,404,101	9,204,155	14.82
Modarabas	190	-	190	0.00
Insurance Companies	-	2,331,056	2,331,056	3.75
Other Companies,Corporate Bodies, Trust etc.	38,203	2,686,097	2,724,300	4.39
9 General Public				
Local	694,807	27,833,941	28,528,748	45.94
	4,546,258	57,559,735	62,105,993	100.00

Shareholders More Than 5.00%		
The Crescent Textile Mills Limited	6,830,643	11.00
Islamic Development Bank (Non-Resident)	3,795,165	6.11
Bilquis Saleem	3,401,000	5.48
CDC - Trustee National Investment (Unit) Trust	3,377,789	5.44

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 30th Annual General Meeting of shareholders of Crescent Steel and Allied Products Limited (the "Company") will be held on Thursday, 23 October 2014 at 12:00 noon at Qasr-e-Noor, 9 E-2 Main Boulevard, Gulberg-III, Lahore to transact the following 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 2014.

2. To approve the payment of final cash dividend @ Rs.1.50 per share (15%) and also the interim cash dividend @ Re. 1.00 per share (10%) already paid, making a total of Rs. 2.50 per share (25%) for the year ended 30 June 2014.

3. To appoint Company's auditor for the financial year ending 30 June 2015 and to fix their remuneration.

Lahore: 1 October 2014

BY ORDER OF THE BOARD
Muhammad Saad Thaniana
Company Secretary

Notes

1. The Share Transfer Books of the Company will remain closed from 17 October 2014 to 23 October 2014 (both days inclusive). Transfers received in order at Share Registrar Office of the Company, CorpTec Associates (Pvt) Limited, 503-E, Johar Town, Lahore by the close of business on 16 October 2014, 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.

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.

5. Notice to Shareholders who have not provided CNIC:

The Company has made several requests through advertisements in Urdu and English newspapers having circulation throughout the country and Independent Share Registrar of the Company has also sent letters through Registered Post to the shareholders who have not yet provided valid copies of their Computerized National Identity Card (CNIC), requesting them to provide their CNIC's. The directive of the Securities and Exchange Commission of Pakistan contained in S.R.O. 831(I)/2012 dated 5 July 2012 requires that the dividend warrants should bear the Computerized National Identity Card Numbers (CNIC) of the registered shareholders or the authorized person except in the case of minor(s) and corporate shareholders.

CNIC number of the shareholders is, therefore, mandatory for the issuance of future dividend warrants and in the absence of such information, payment of dividend may be withheld in term of SECP's above mentioned directive. Therefore, the shareholders who have not yet provided their CNICs are once again advised to provide the attested copies of their CNICs directly to our Independent Share Registrar at the address given herein above without any further delay.

6. Mandate for E-DIVIDENDS for shareholders

In order to make process of payment of cash dividend more efficient, e-dividend mechanism has been envisaged where shareholders can get amount of dividend credited into their respective bank accounts electronically without any delay. In this way, dividends may be instantly credited to respective bank accounts and there are no chances of dividend warrants getting lost in the post, undelivered or delivered to the wrong address, etc. The Securities and Exchange Commission of Pakistan (SECP) through Notice No. 8(4) SM/CDC 2008 dated 5 April 2013 has advised all Listed Companies to adopt e-dividend mechanism due to the benefits it entails for shareholders. In view of the above, you are hereby encouraged to provide a dividend mandate in favour of e-dividend by providing dividend mandate form duly filled in and signed.

7. Deduction of Income Tax from Dividend at Revised Rates

Pursuant to the provisions of Finance Act, 2014 effective 1 July 2014, deduction of income tax from dividend payments shall be made on the basis of filers and non-filers as follows:

S.No	Nature of Shareholders	Rate of deduction
1	Filers of Income Tax Return	10%
2	Non- Filers of Income Tax Return	15%

Income Tax will be deducted on the basis of Active Tax Payers List posted on the Federal Board of Revenue website.
Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax certificate or necessary documentary evidence, as the case may be.

8. Placement of Financial Statements

The Company has placed the Audited Annual Separate and Consolidated Financial Statements for the year ended 30 June 2014 along with Auditors and Directors Reports thereon on its website: www.crescent.com.pk

GLOSSARY / LIST OF ABBREVIATIONS

AFS	Available For Sale
API	American Petroleum Institute
APTMA	All Pakistan Textile Mills Association
Board	Board of Directors
BMR	Balancing, Modernization and Replacement
BSC	Balanced Scorecard
BU	Business Unit
CCP	Crescent Cotton Products
CDC	Central Depository Company of Pakistan
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIO	Chief Information Officer
COLA	Cost of Living Allowance
CSAPL	Crescent Steel and Allied Products Limited
CSCL	CS Capital (Private) Limited
CSR	Corporate Social Responsibility
Dia	Diameter
DRP	Disaster Recovery Plan
EBIT	Earnings before Interest and Taxation
EBITDA	Earnings before Interest, Taxation Depreciation and Amortization
EDB	Engineering Development Board of Pakistan
EIA	Energy Information Administration
EOBI	Employees' Old Age Benefit Institute
EPS	Earning Per Share
E&P	Exploration and Production
ERP	Enterprise Resource Planning
ERS	Expeditious Refund System
FBR	Federal Board of Revenue
FDI	Foreign Direct Investment
GoP	Government of Pakistan
HFT	Held for Trading
HR & R	Human Resource and Remuneration
HR Coil	Hot Rolled 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
IT	Information Technology
KG	Kilo Gram
KIBOR	Karachi Interbank Offer Rate
KSE	Karachi Stock Exchange
Lbs	Pounds
LC	Letter of Credit
LED	Light Emitting Diode
LNG	Liquefied Natural Gas
LRQA	Lloyd`s Register Quality Assurance
LSM	Large Scale Manufacturing
MT	Management Trainee
MSCI	Morgan Stanley Capital International
NBV	Net Book Value
NRV	Net Realisable Value
OHSAS	Occupational Health and Safety Advisory Services
OPS	Ounce Per Spindle
OSH&E	Occupational Safety, Health and Environment
PEPCO	Pakistan Electric Power Company
PICG	Pakistan Institute of Corporate Governance
PNAC	Pakistan National Accreditation Council
PSDP	Public Sector Development Programme
SECP	Securities and Exchange Commission of Pakistan
SEL	Shakarganj Energy (Private) Limited
SMEDA	Small and Medium Enterprise Development Authority
SML	Shakarganj Mills Limited
SP	Spiral Machine
TCF	The Citizens Foundation
TFC	Term Finance Certificate
THF	The Health Foundation
USDA	United States Department of Agrictulture
WPPF	Workers' Profit Participation Fund
WWF	Workers' Welfare Fund

FORM OF PROXY

30th Annual General Meeting

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 # __________/CDC Investor Account ID #_______________do hereby appoint ________________________ _______________ of _______________________________________ or failing him/her _______________________________ of _______________________________ having Folio No.______CDC Participation ID # ___________ and Sub Account # __________/CDC Investor Account ID #_______________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 Thursday, 23 October 2014 at 12:00 noon, at Qasr-e-Noor, 9-E-2, Main Boulevard, Gulberg-III, Lahore. and at any adjournment thereof.

At witness my/our hand this __________________ day of ___________________ 2014.

1. Name____
   N.I.C____
   Address______________________________________
   ____

2. Name____
   N.I.C____
   Address______________________________________
   ____

Please affix here Revenue Stamp Rs. 5/-

Members' Signature

Note:

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, 503-E, Johar Town, 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.

ELECTRONIC TRANSMISSION OF ANNUAL REPORT AND NOTICE OF AGM

Our environmental strategy is centered around the reduction of our carbon footprint. To do this, we strive to reduce the materials that we use and to reuse and recycle as far as possible. Last year, we planted over 4,400 trees and as you all may have noticed the financial statements of our annual report were printed on recycled paper. Our policy of environmental conservation, advocacy for our planet and, reducing, reusing and recycling helped us reduce our carbon footprint by 26 tons of carbon annually - equivalent to emissions from burning over 3,400 gallons of fuel.

This year the Securities and Exchange Commission of Pakistan is championing the cause of environmental conservation by encouraging Corporates to review their distribution of Annual and Periodic Accounts by allowing electronic transmission of these to shareholders subject to their consent.

We have assessed the impact of this provision - not only will this initiative help Corporates to create greater value for shareholders by reducing costs, it will also help reduce Pakistan's carbon footprint with only a small effort. Estimates suggest that every 500 e-copies will help save 29 trees and reduce carbon emissions by 170 kg annually.
Please help us by signing up for an e-copy and saving a tree.

Fill out the enclosed consent form, and send it to the below mentioned mailing/email address, and let us know you CARE!"

Share Registrar Office
M/s CorpTec Associates (Private) Limited
503-E Johar Town, Lahore
info@corptec.com.pk

Principal Office
Crescent Steel and Allied Products Limited
9th Floor, Sidco Avenue Centre, 264 R.A.
Lines, Karachi-74200
arif.raza@crescent.com.pk

CONSENT FORM FOR ELECTRONIC TRANSMISSION OF ANNUAL REPORT AND NOTICE OF AGM

M/s Corptec Associates (Private) Limited
503-E Johar Town, Lahore
Email: info@corptec.com.pk

Subject: CONSENT FORM FOR ELECTRONIC TRANSMISSION OF ANNUAL REPORT AND NOTICE OF AGM

Dear Sirs,

I/we, being the shareholder(s) of Crescent Steel and Allied Products Limited ("Company"), do hereby consent and authorize the Company for electronic transmission of the Annual Audited Financial Statements of the Company along with Notice of Annual General Meeting via the Email provided herein below and further undertake to promptly notify the Company of any change in my Email address.

I understand that the transmission of Annual Audited Financial Statements of the Company along with Notice of Annual General Meeting via the Email shall meet the requirements as mentioned under Section 50, 158 and 233 of the Companies Ordinance, 1984.

1. Name of Shareholder(s): ____________________

2. Fathers / Husband Name: ____________________

3. CNIC: ____________________

4. NTN: ____________________

5. Participant ID / Folio No: ____________________

6. E-mail address: ____________________

7. Telephone: ____________________

8. Mailing address: ____________________

____

____
Signature:
(In case of corporate shareholders,
the authorized signatory must sign)

Date: ____________________

CRESCENT.COM.PK

FINANCIAL STATEMENTS OF THIS ANNUAL REPORT ARE PRINTED ON 100% RECYCLED PAPER.