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Crescent Steel and Allied Products Limited

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

KEY FIGURES

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

2,303 (Rs. in million)
Sales Revenue

389 (Rs. in million)
EBITDA

295 (Rs. in million)
Profit before taxation and depreciation

200 (Rs. in million)
Profit after taxation

3.2 (Rupees)
Earnings per share (basic and diluted)

16.1 (Times)
Price earnings ratio

0.7 (Rupees per share)
Cash dividend (including final proposed)

(Rs. in million) **745**
Capital expenditure

(%) **4.4**
Return on average capital employed

(Rs. in million) **6,837**
Total assets

(Ratio) **1.9:1**
Current ratio

(Rs. in million) **5,390**
Shareholders' equity

(Rupees) **86.8**
Break-up value per share

PERFORMANCE INDICATORS CONSOLIDATED

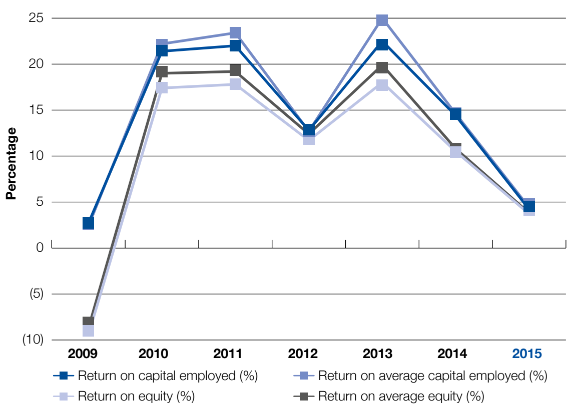
FOR THE CURRENT AND PAST SIX FINANCIAL YEARS

PERFORMANCE INDICATORS	2015	2014	2013	2012	2011	2010*	2009*
A Profitability Ratios							
Earnings before interest, taxation, depreciation and amortization (EBITDA) (Rs. in millions)	389.4	902.5	1,316.6	703.6	1,151.0	1,022.2	279.2
Profit before taxation and deprecation (Rs. in millions)	295.1	802.3	1,251.3	582.7	995.2	889.8	74.1
Gross profit ratio (%)	0.9	5.7	13.0	12.9	18.4	22.1	21.6
Operating profit margin to sales (net) (%)	2.2	11.5	19.1	7.8	17.5	22.3	2.9
Net profit / (loss) margin to sales (net) (%)	8.7	13.7	17.8	11.9	14.5	14.4	(7.2)
EBITDA margin to sales (net) (%)	16.9	22.4	26.3	17.8	26.2	27.6	8.4
Operating leverage ratio	1.6	1.8	4.4	4.1	0.9	63.1	4.1
Return on equity (%)	3.7	10.5	18.0	11.7	17.8	17.4	(9.4)
Return on average equity (%)	3.8	10.8	19.9	12.4	19.2	19.0	(8.7)
Return on capital employed (RoCE) (%)	4.2	14.4	22.5	12.8	22.0	21.4	2.7
Return on average capital employed (%)	4.4	14.6	25.0	12.7	23.4	22.2	2.4
Return on average assets (%)	3.1	9.8	16.3	9.4	13.1	11.9	(5.4)
B Liquidity Ratios							
Current ratio	1.9 : 1	2.6 : 1	2.5 : 1	1.8 : 1	1.5 : 1	1.2 : 1	1.2 : 1
Quick / Acid-test ratio	1.4 : 1	2 : 1	1.8 : 1	1.3 : 1	0.8 : 1	0.6 : 1	0.8 : 1
Cash to current liabilities (%)	(18.9)	(11.8)	(23.6)	(23.5)	(49.1)	(27.0)	(45.8)
Cash flows from operations to sales (%)	4.1	4.3	(1.7)	11.1	4.1	12.3	10.1
Working capital (Net current assets)	929.3	1,123.6	1,340.9	856.4	595.2	384.7	308.0
Working capital turnover (times)	2.2	3.3	4.6	5.4	9.0	10.7	6.5
C Activity / Turnover Ratios							
Debtors turnover ratio (times)	30.7	28.1	17.7	15.3	20.9	20.5	32.7
No. of days in receivables / Average collection period (days)	12	13	21	24	18	18	11
Inventory turnover ratio (times)	5.3	7.1	7.0	4.8	3.8	3.5	4.2
No. of days in inventory (days)	69	51	52	76	95	104	86
Creditors turnover ratio (times)	8.5	29.3	19.9	15.9	22.3	14.0	24.6
No. of days in creditors / Average payment period (days)	43	12	18	23	16	26	15
Property, plant and equipment turnover (times)	1.1	2.9	3.9	3.6	3.1	2.9	2.7
Total assets turnover (times)	0.3	0.7	0.9	0.8	0.9	0.8	0.8
Operating cycle (days)	38	52	55	77	96	96	82
D Investment / Market Ratios							
Basic and diluted earnings / (loss) per share (Rs.)	3.22	8.91	14.35	7.58	10.29	8.61	(3.85)
Price earnings ratio (times) *	16.1	4.9	3.1	3.1	2.5	2.9	-
Dividend yield (%) *	1.3	5.7	7.8	8.6	13.4	12.0	-
Dividend payout ratio (%) *	21.7	28.1	28.5	24.0	30.9	31.7	-
Dividend cover ratio (times) *	4.6	3.6	4.1	3.8	2.9	2.9	-
Cash dividend (Rs. in millions) *	43.5	155.3	197.6	112.9	197.6	169.4	-
Cash dividend per share (Rs.) *	0.7	2.5	3.5	2.0	3.5	3.0	-
Stock dividend / Bonus shares (Rs. in millions) *	-	-	56.4	-	-	-	-
Stock dividend / Bonus shares (%) *	-	-	10.0	-	-	-	-
Market value per share (at the end of the year) (Rs.)	51.9	43.5	45.0	23.2	26.1	25.1	18.0
- Lowest during the year (Rs.)	34.9	43.5	21.6	18.0	23.8	18.0	13.0
- Highest during the year (Rs.)	62.4	74.8	54.5	28.5	31.7	34.0	61.0
Break-up value per share (Rs.)	86.8	84.5	79.8	64.7	58.0	49.6	41.0
E Capital Structure Ratios							
Financial leverage ratio (%)	12.8	6.3	9.8	9.0	23.6	27.2	42.1
Long term debt to equity ratio (%)	5.3	1.2	0.7	0.5	3.6	-	2.2
Cost of debts	10.9	13.7	14.4	16.7	16.5	14.4	15.8
Long term debt : Equity ratio	5 : 95	1 : 99	1 : 99	0 : 100	3 : 97	0 : 100	2 : 98
Total liabilities to total assets (%)	21.1	14.9	15.6	21.1	26.6	37.1	38.1
Gearing ratio (%)	9.8	3.4	7.6	6.8	18.7	17.5	29.5
Interest coverage (times)	2.9	8.5	19.5	5.1	6.8	6.9	0.5

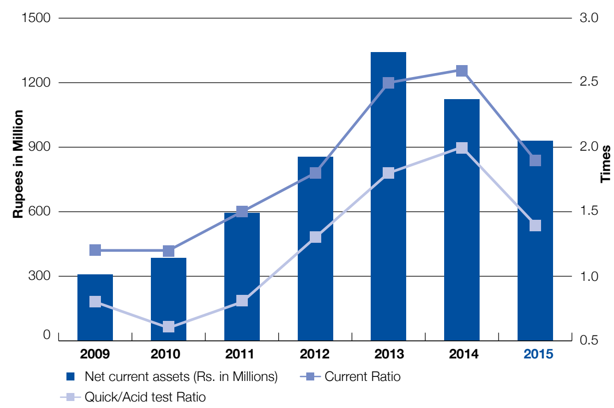
Notes:

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

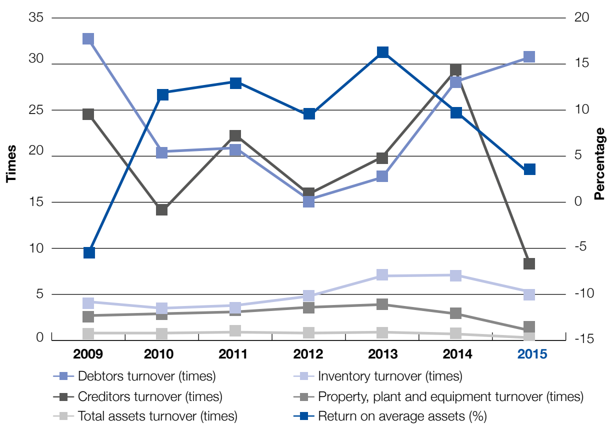
Return on capital and equity



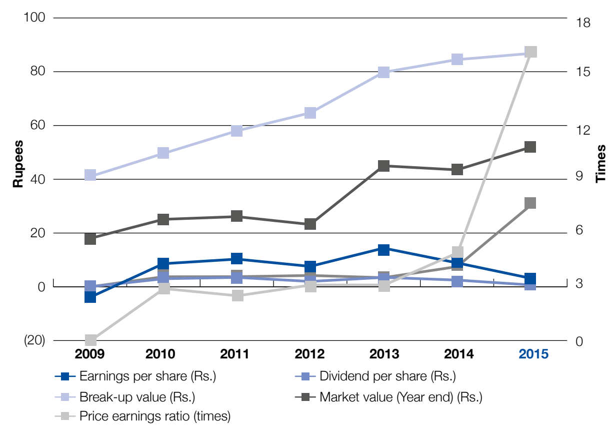
Liquidity



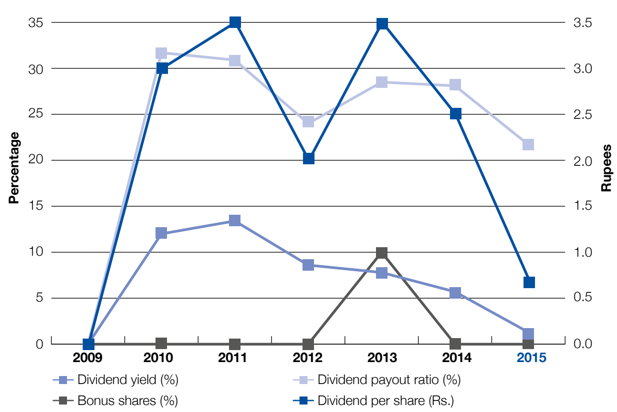
Asset Management



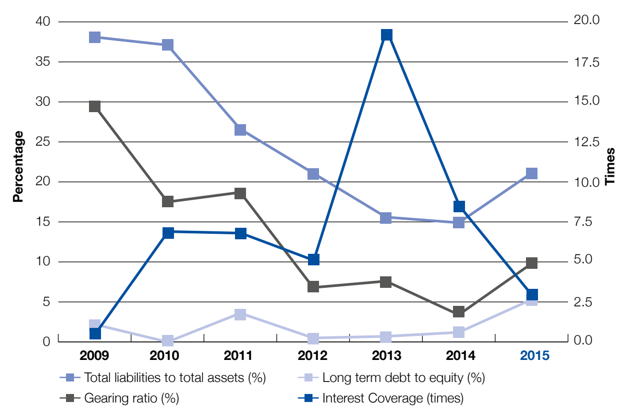
Per Share Result



Dividend and Returns



Debt Management



VERTICAL ANALYSIS CONSOLIDATED

FOR THE LAST SIX FINANCIAL YEARS

CONSOLIDATED BALANCE SHEET

Rupees in million	2015	%	2014	%	2013	%	2012	%	2011	%	2010	%
Property, plant and equipment	2,019	29.5	1,404	22.8	1,281.0	21.8	1,086	21.3	1,431	29.2	1,257	25.7
Intangible assets	68	1.0	39	0.6	14.0	0.2	2	-	13	0.3	24	0.5
Investment property	67	1.0	73	1.2	62.0	1.1	36	0.7	40	0.8	45	0.9
Investment in equity accounted investees	2,423	35.4	2,540	41.2	2,040.0	34.6	1,806	35.5	1,498	30.6	1,231	25.1
Other long term investments	221	3.2	221	3.6	221.0	3.7	221	4.3	189	3.9	206	4.2
Long term loans and deposits	48	0.7	51	0.8	20.0	0.3	21	0.4	15	0.3	3	0.1
Deferred taxation	-	-	-	-	-	-	8	0.2	-	-	-	-
Stores, spares and loose tools	67	1.0	72	1.2	79.0	1.3	66	1.3	66	1.3	73	1.5
Stock-in-trade	453	6.6	407	6.6	662.0	11.3	587	11.5	841	17.1	1,027	21.0
Trade debts	61	0.9	89	1.4	197.0	3.4	369	7.3	145	3.0	277	5.7
Advances	58	0.8	58	0.9	32.0	0.5	138	2.7	30	0.6	55	1.1
Trade deposits and short term prepayments	15	0.2	7	0.1	9.0	0.2	6	0.1	6	0.1	6	0.1
Investments	824	12.1	758	12.3	946.0	16.1	523	10.3	491	10.0	463	9.5
Current portion of long term investments	-	-	-	-	-	-	8	0.2	17	0.3	-	-
Mark-up accrued on term finance certificates	-	-	-	-	-	-	-	-	1	-	1	-
Other receivables	187	2.7	143	2.3	135.0	2.3	48	0.9	62	1.3	25	0.5
Taxation - net	225	3.3	159	2.6	76.0	1.3	93	1.8	41	0.8	19	0.4
Cash and bank balances	101	1.5	144	2.3	80.0	1.4	69	1.4	19	0.4	183	3.7
Non-current asset held for sale	-	-	-	-	19.0	0.3	-	-	-	-	-	-
Total assets	6,837	100	6,165	100	5,873	100	5,087	100	4,905	100.0	4,895	100.0
Issued, subscribed and paid-up capital	621	9.1	621	10.1	565.0	9.6	565	11.1	565	11.5	565	11.5
Capital reserves	396	5.8	388	6.3	555.0	9.4	402	7.9	326	6.6	274	5.6
Revenue reserves	4,374	64.0	4,237	68.7	3,836.0	65.3	3,049	59.9	2,711	55.3	2,241	45.8
Shareholders' equity	5,391	78.9	5,246	85.1	4,956	84.3	4,016	78.9	3,602	73.4	3,080	62.9
Long term loans	239	3.5	-	-	-	-	-	-	115	2.3	-	-
Liabilities against assets subject to finance lease	46	0.7	62	1.0	34	0.6	20	0.4	15	0.3	-	-
Deferred income	1	-	2	-	1	-	-	-	-	-	-	-
Deferred taxation	98	1.4	142	2.3	6	0.1	-	-	50	1.0	72	1.5
Trade and other payables	643	9.4	433	7.0	415	7.1	692	13.6	378	7.8	873	17.9
Mark-up accrued	13	0.2	9	0.1	9	0.2	16	0.3	26	0.5	34	0.7
Short term borrowings	302	4.3	228	3.7	418	7.1	335	6.6	707	14.5	780	15.9
Current portion of deferred income	2	-	2	-	1	-	-	-	-	-	-	-
Current portion of long term loan	55	0.8	-	-	-	-	-	-	-	-	56	1.1
Current portion of liabilities against assets subject to finance lease	47	0.7	41	0.7	32	0.5	8	0.2	12	0.2	-	-
Total equity and liabilities	6,837	100	6,165	100	5,873	100	5,087	100.0	4,905	100.0	4,895	100.0

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Rupees in million	2015	%	2014	%	2013	%	2012	%	2011	%	2010	%
Sales - net	2,303	100.0	4,030	100	5,002.0	100	3,943	100	4,400	100	3,704	100.0
Cost of sales	2,282	99.1	3,800	94.3	4,351.0	87	3,434	87.1	3,590	82	2,887	77.9
Gross profit	21	0.9	230	5.7	651	13.0	509	12.9	810	18.4	817	22.1
Income from / (loss on) investments - net	219	9.5	441	10.9	348.0	7	68	1.7	189	4.3	223	6.0
Distribution and selling expenses	27	1.2	52	1.3	68.0	1.4	46	1.2	39	0.9	27	0.7
Administrative expenses	181	7.9	172	4.3	177.0	3.5	170	4.3	160	3.6	160	4.3
Other operating expenses	11	0.5	33	0.8	169.0	3.4	66	1.7	60	1.4	64	1.7
Other income	32	1.4	47	1.2	371.0	7.4	12	0.3	31	0.7	38	1.0
Operating profit before finance costs	52	2.2	461	11.4	956	19.1	307	7.7	771	17.5	827	22.4
Finance costs	87	3.8	95	2.4	63.0	1.3	110	2.8	144	3.3	122	3.3
Share of profit in equity accounted investees - net of taxation	203	8.8	341	8.5	269.0	5.4	255	6.5	207	4.7	11	0.3
Profit / (loss) before taxation	168	7.2	707	17.5	1,162	23.2	452	11.4	834	18.9	716	19.4
Taxation	(32)	(1.4)	154	3.8	272.0	5.4	(19)	(0.5)	194	4.4	181	4.9
Profit / (loss) after taxation	200	8.6	553	13.7	890	17.8	471	11.9	640	14.5	535	14.5

HORIZONTAL ANALYSIS CONSOLIDATED

FOR THE LAST SIX FINANCIAL YEARS

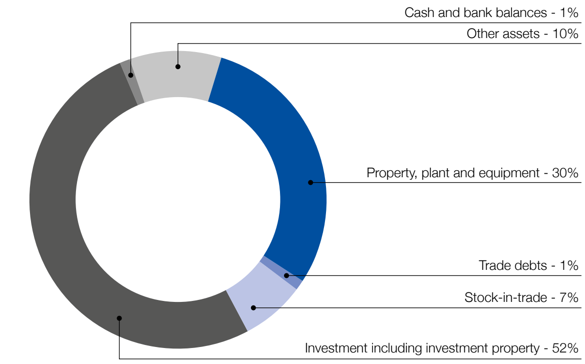
Rupees in million	2015	%	2014	%	2013	%	2012	%	2011	%	2010	%
CONSOLIDATED BALANCE SHEET												
Property, plant and equipment	2,019	43.8	1,404	9.6	1,281	18.0	1,086	(24.1)	1,431	13.8	1,257	2.6
Intangible assets	68	74.4	39	178.6	14	600.0	2	(84.6)	13	(45.8)	24	2,300.0
Investment property	67	(8.2)	73	17.7	62	72.2	36	(10.0)	40	(11.1)	45	(4.3)
Investment in equity accounted investees	2,423	(4.6)	2,540	24.5	2,040	13.0	1,806	20.6	1,498	21.7	1,231	19.4
Other long term investments	221	-	221	-	221	-	221	16.9	189	(8.3)	206	139.5
Long term loans and deposits	48	(5.9)	51	155.0	20	(4.8)	21	40.0	15	400.0	3	(25.0)
Deferred taxation	-	-	-	-	-	(100.0)	8	100.0	-	-	-	-
Stores, spares and loose tools	67	(6.9)	72	(8.9)	79	19.7	66	-	66	(9.6)	73	(13.1)
Stock-in-trade	453	11.3	407	(38.5)	662	12.8	587	(30.2)	841	(18.1)	1,027	66.5
Trade debts	61	(31.5)	89	(54.8)	197	(46.6)	369	154.5	145	(47.7)	277	229.8
Advances	58	-	58	81.3	32	(76.8)	138	360.0	30	(45.5)	55	37.5
Trade deposits and short term prepayments	15	114.3	7	(22.2)	9	50.0	6	-	6	-	6	-
Investments	824	8.7	758	(19.9)	946	80.9	523	6.5	491	6.0	463	(29.3)
Current portion of long term investments	-	-	-	-	-	(100.0)	8	(52.9)	17	100.0	-	(100.0)
Mark-up accrued on term finance certificates	-	-	-	-	-	-	-	(100.0)	1	-	1	-
Other receivables	187	30.8	143	5.9	135	181.3	48	(22.6)	62	148.0	25	(84.5)
Taxation - net	225	41.5	159	109.2	76	(18.3)	93	126.8	41	115.8	19	(32.1)
Cash and bank balances	101	(29.9)	144	80.0	80	15.9	69	263.2	19	(89.6)	183	4,475.0
Non-current asset held for sale	-	-	-	(100.0)	19	100.0	-	-	-	-	-	-
Total assets	6,837	10.9	6,165	5.0	5,873	15.5	5,087	3.7	4,905	0.2	4,895	19.1
Issued, subscribed and paid-up capital	621	-	621	9.9	565	-	565	-	565	-	565	-
Capital reserves	396	2.1	388	(30.0)	555	38.1	402	23.3	326	19.0	274	68.1
Revenue reserves	4,374	3.2	4,237	10.5	3,836	25.8	3,049	12.5	2,711	21.0	2,241	23.3
Shareholders' equity	5,391	2.8	5,246	5.9	4,956	23.4	4,016	11.5	3,602	16.9	3,080	21.0
Long term loans	239	100.0	-	-	-	-	-	(100.0)	115	100.0	-	(100.0)
Liabilities against assets subject to finance lease	46	(25.8)	62	77.14	35	75.0	20	33.3	15	100.0	-	-
Deferred income	1	(50.0)	2	100.0	1	100.0	-	-	-	-	-	-
Deferred taxation	98	(31.0)	142	2,267.0	6	100.0	-	(100.0)	50	(30.6)	72	(28.0)
Trade and other payables	643	48.5	433	4.3	415	(40.0)	692	83.1	378	(56.7)	873	133.4
Mark-up accrued	13	44.4	9	-	9	(43.8)	16	(38.5)	26	(23.5)	34	78.9
Short term borrowings	302	32.5	228	(45.5)	418	24.8	335	(52.6)	707	(9.4)	780	(13.6)
Current portion of deferred income	2	-	2	100.0	1	100.0	-	-	-	-	-	-
Current portion of long term loan	55	100.0	-	-	-	-	-	-	-	(100.0)	56	(50.0)
Current portion of liabilities against assets subject to finance lease	47	14.6	41	28.1	32	300.0	8	(33.3)	12	100.0	-	-
Total equity and liabilities	6,837	10.9	6,165	5.0	5,873	15.5	5,087	3.7	4,905	0.2	4,895	19.1
CONSOLIDATED PROFIT AND LOSS ACCOUNT												
Sales - net	2,303	(42.9)	4,030	(19.4)	5,002	26.9	3,943	(10.4)	4,400	18.8	3,704	11.9
Cost of sales	2,282	(39.9)	3,800	(12.7)	4,351	26.7	3,434	(4.3)	3,590	24.4	2,887	11.2
Gross profit	21	(90.9)	230	(64.7)	651	27.9	509	(37.2)	810	(0.9)	817	14.4
Income from / (loss on) investments - net	219	(50.3)	441	26.7	348	411.8	68	(64.0)	189	(15.2)	223	165.8
Distribution and selling expenses	27	(48.1)	52	(23.5)	68	47.8	46	17.9	39	44.4	27	58.8
Administrative expenses	181	5.5	172	(2.8)	177	4.1	170	6.3	160	-	160	26.0
Other operating expenses	11	(65.8)	33	(80.5)	169	156.1	66	10.0	60	(6.3)	64	(63.4)
Other income	32	(32.3)	47	(87.3)	371	2,991.7	12	(61.3)	31	(18.4)	38	(2.6)
Operating profit before finance costs	52	(88.7)	461	(51.7)	956	211.4	307	(60.2)	771	(6.8)	827	770.5
Finance costs	87	(8.1)	95	50.8	63	(42.7)	110	(23.6)	144	18.0	122	(40.2)
Share of profit in equity accounted investees - net of taxation	203	(40.4)	341	26.8	269	5.5	255	23.2	207	1,781.8	11	175.0
Profit / (loss) before taxation	168	(76.2)	707	(39.1)	1,162	157.0	452	(45.8)	834	16.5	716	781.9
Taxation	(32)	(121.0)	154	(43.4)	272	1,531.6	(19)	(109.8)	194	7.2	181	34.1
Profit / (loss) after taxation	200	(63.8)	553	(37.8)	890	88.9	471	(26.4)	640	19.6	535	322.9

KEY OPERAITNG AND FINANCIAL DATA

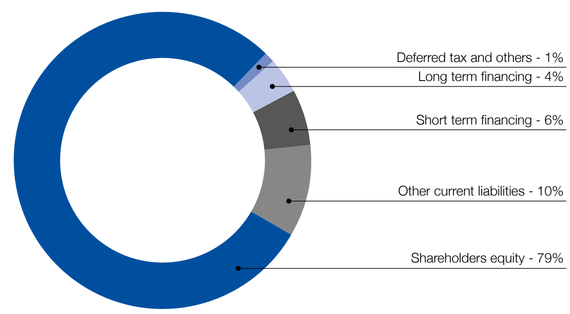
FOR THE CURRENT AND PAST SIX FINANCIAL YEARS

SUMMARIZED FINANCIAL DATA Rupees in millions	2015	2014	2013	2012	2011	2010	2009
A SUMMARY OF PROFIT AND LOSS ACCOUNT							
Sales - net	2,302.5	4,030.2	5,001.7	3,942.9	4,400.0	3,704.4	3,310.9
Cost of sales	2,281.9	3,799.9	4,350.8	3,434.1	3,590.1	2,887.3	2,597.2
Gross profit	20.6	230.3	650.9	508.8	809.9	817.1	713.7
Income from / (loss on) investments - net	219.2	441.4	348.1	67.8	188.6	222.7	(338.8)
Distribution, selling and administrative expenses	208.7	223.7	244.9	216.0	198.8	187.5	143.8
Other operating expenses	11.3	33.4	169.0	65.8	60.3	63.5	175.2
Other income	31.8	47.3	371.2	11.6	31.6	37.7	39.0
Operating profit before finance costs	51.6	461.9	956.3	306.4	771.0	826.5	94.9
Finance costs	87.3	94.9	62.9	109.5	144.0	121.9	203.6
Share of profit in equity accounted investees - net of taxation	203.3	340.5	269.5	255.3	206.9	11.2	3.7
Profit / (loss) before taxation	167.6	707.5	1,162.9	452.2	833.9	715.8	(105.0)
Taxation	(32.4)	154.2	272.0	(18.9)	194.1	181.0	134.7
Net income / (loss)	200.0	553.3	890.9	471.1	639.8	534.8	(239.7)
B SUMMARY OF BALANCE SHEET							
Current assets	1,991.0	1,836.8	2,216.1	1,908.0	1,718.4	2,128.8	1,716.2
Stock-in-trade	453.1	407.2	662.4	586.7	840.6	1,026.6	616.4
Trade debts	60.6	89.5	196.9	368.9	145.1	276.9	83.9
Current liabilities	1,061.7	713.2	875.2	1,051.6	1,123.2	1,744.1	1,408.2
Trade and other payables	642.8	432.8	414.8	692.3	378.0	873.4	373.9
Property, plant and equipment	2,018.5	1,404.4	1,280.7	1,086.2	1,431.2	1,256.9	1,224.6
Total assets	6,836.7	6,165.2	5,872.7	5,087.2	4,905.2	4,894.8	4,109.7
Long term financing (excluding current maturity)	285.2	62.0	34.5	19.8	130.4	-	55.9
Deferred income (including current maturity)	3.1	4.0	2.3	-	-	-	-
Deferred liabilities	98.2	141.5	6.2	-	50.4	71.6	99.8
Short term financing (including current maturity of long-term financing)	404.2	269.4	450.5	343.0	719.0	836.4	1,015.3
Reserves	4,769.2	4,625.1	4,391.0	3,451.2	3,036.7	2,514.6	1,981.2
Shareholders' equity	5,390.2	5,246.2	4,955.6	4,015.8	3,601.3	3,079.2	2,545.8
C SUMMARY OF CASH FLOW STATEMENT							
Cash and cash equivalents at the beginning of the year	(84.1)	(206.3)	(247.0)	(551.1)	(470.1)	(644.7)	(828.9)
Net cash generated / (used in) from operating activities	94.1	169.2	(85.1)	437.0	180.6	455.8	335.9
Net cash (outflows) / inflows from investing activities	(309.2)	286.2	77.9	254.8	(195.0)	27.9	70.4
Net cash inflows / (outflows) from financing activities	98.8	(333.1)	47.9	(387.7)	(66.6)	(309.1)	(222.1)
Net (decrease) / increase in cash and cash equivalents	(116.3)	122.2	40.7	304.1	(81.0)	174.6	184.2
Cash and cash equivalents at the end of the year	(200.4)	(84.1)	(206.3)	(247.0)	(551.1)	(470.1)	(644.7)
D OTHER DATA							
Depreciation and amortization	134.5	100.2	90.8	141.9	173.1	184.5	180.6
Capital expenditure	745.3	253.9	348.5	97.4	326.3	228.9	169.1
No. of ordinary shares (no. of shares in millions)	62.1	62.1	56.5	56.5	56.5	56.5	56.5
Payments to National Exchequer	210.7	361.4	731.4	290.4	360.3	499.2	520.4

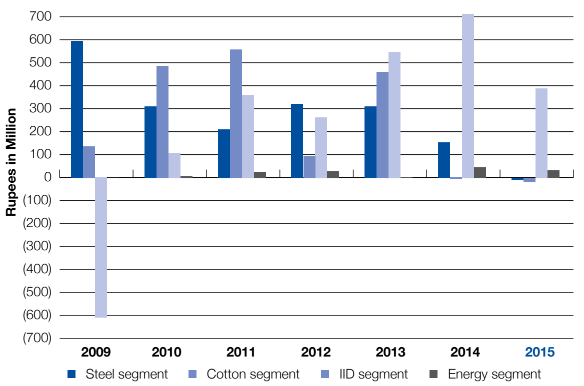
Total Assets as of 30 June 2015



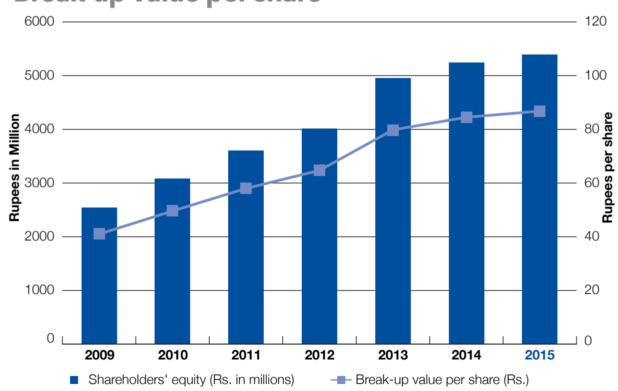
Total Liabilities as of 30 June 2015



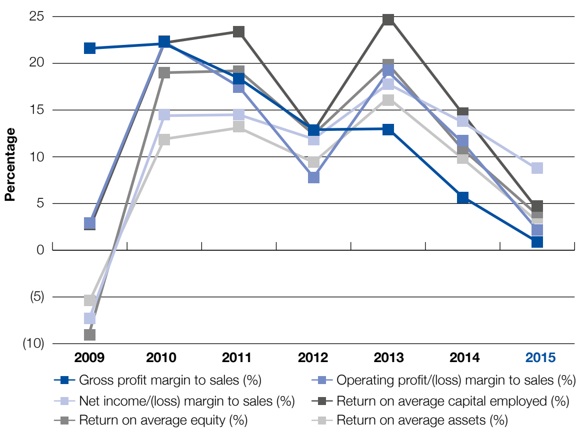
Earnings Before Interest, Taxation, Depreciation and Amortization (EBITDA)



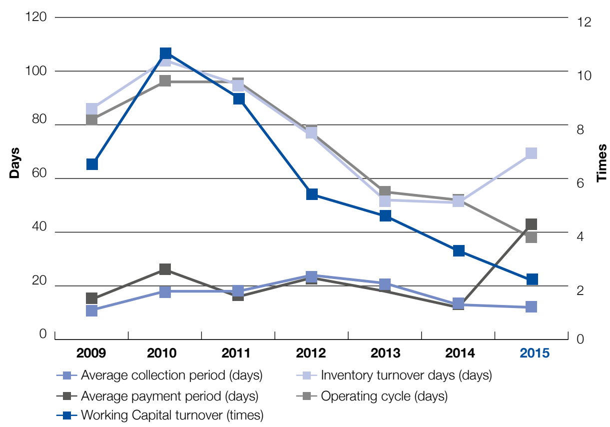
Shareholders' equity and Break-up value per share



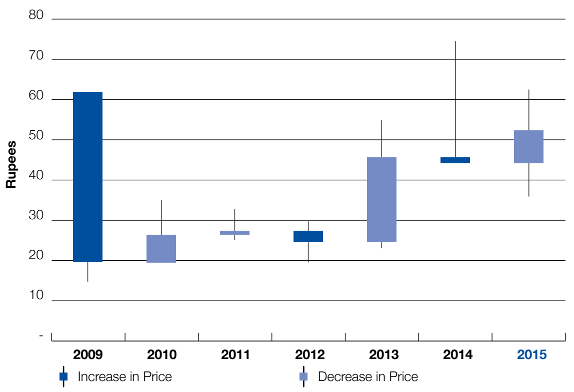
Profitability and Return



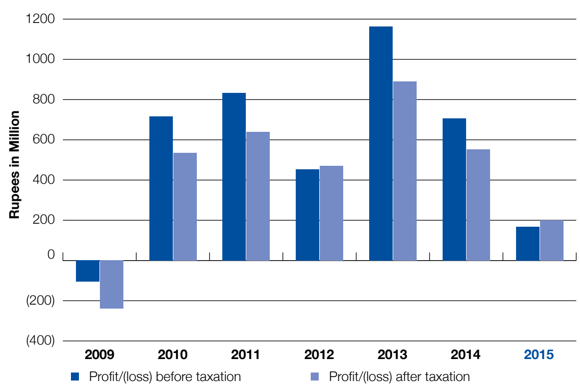
Management of Working Capital



Movement in Stock Prices



Profit/(loss) before and after taxation

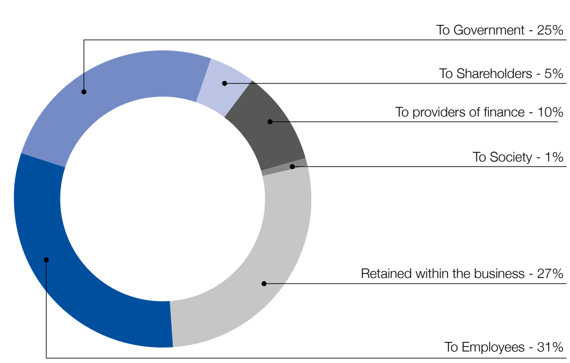


STATEMENT OF VALUE ADDITION

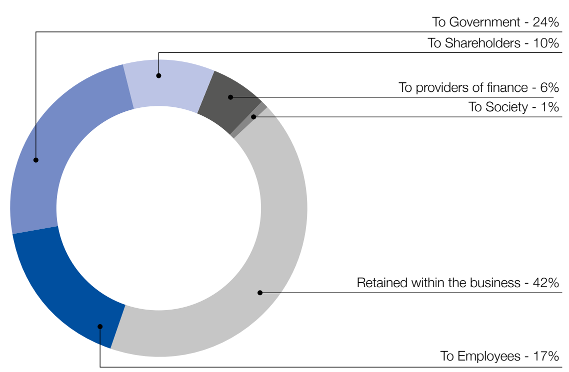
	2015 Rupees in '000	2015 %	2014 Rupees in '000	2014 %
WEALTH GENERATED				
Total revenue	2,921,879	100%	5,122,064	100%
Bought-in-material and services	(2,070,656)	71%	(3,596,477)	70%
	851,223	29%	1,525,587	30%
WEALTH DISTRIBUTED				
To Employees				
Salaries, wages and other benefits	266,935	31%	255,105	17%
To Government				
Income tax, sales tax, custom duties, WWF and WPPF	210,678	25%	361,399	24%
To Shareholders				
Dividend *	43,474	5%	155,265	10%
To providers of finance				
Finance costs	87,315	10%	94,911	6%
To Society				
Donation towards education, health and environment	9,148	1%	22,275	1%
Retained within the business for future growth				
Depreciation, amortization and retained earnings	233,673	27%	636,632	42%
	851,223	100%	1,525,587	100%

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

Distribution of Wealth 2015



Distribution of Wealth 2014



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).

Commercial operations of SEL commenced in December 2014. Whereas, major plant and machinery for CHL have been installed and civil works including pre-engineering shed is in completion phase.

CONSOLIDATED PROFIT AND LOSS:

The Company started presenting consolidated financial statements since 2010. The difference between the results of Unconsolidated 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. 11.2 million in 2010 to Rs. 203.3 million in 2015 mainly from investment in Altern Energy Limited, whereas, investment income amounted to Rs. 219.2 million in FY15 (2014: Rs. 441.4 million) out of which Rs. 85.6 million was contributed by CSCL (2014: Rs. 61.8 million). Impact of SEL and CHL on group bottom line was insignificant.

CONSOLIDATED BALANCE SHEET:

With respect to balance sheet, carrying amount of property plant and equipment (PPE) increased by 43.7% from last year. PPE of CHL increased by Rs. 641.6 million which mainly represents capital work in progress.
Furthermore, investments in equity accounted investments have almost doubled from Rs. 1,231 million in 2010 to Rs. 2,423 million in 2015 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 2015. The Group comprises of CSAPL and its wholly owned subsidiary companies namely; Shakarganj Energy (Private) Limited, CS Capital (Private) Limited, Crescent Hadeed (Private) Limited and Crescent Continental Gas Pipelines Limited (CCGPL). CCGPL is not carrying on any business operations and accordingly no financial statements are being prepared.

The Directors' Report giving commentary on the performance of CSAPL for the year ended 30 June 2015 has been presented separately.

GROUP RESULTS

The consolidated financial results of the Group are summarized below:

Rupees in '000		2015	2014
Profit for the year before taxation		167,669	707,603
Taxation reversal / change		32,362	(154,247)
Profit after taxation		200,031	553,356
Total other comprehensive income / (loss) for the year		30,002	(5,565)
Unappropriated profit brought forward		1,594,749	1,993,754
Profit available for appropriation		1,824,782	2,541,545
Appropriations:			
- Final dividend	2013 - @ 15%	–	(84,690)
- First interim dividend	2014 - @ 10%	–	(62,106)
- Final dividend	2014 - @ 15%	(93,159)	–
		(93,159)	(146,796)
Transfer to general reserve		–	(800,000)
Unappropriated profit carried forward		1,731,623	1,594,749
Basic and diluted earning per share		Rs. 3.22	Rs. 8.91

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 2015 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 Rule Book of the Stock Exchanges.

By order of the Board

Ahsan M. Saleem
Chief Executive Officer
31 July 2015

AUDITORS' REPORT TO THE MEMBERS

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

Telephone +92 (21) 3568 5847
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 2015 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, 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 consolidated 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 2015 and the results of their operations for the year then ended.

Date: 31 July 2015
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

CONSOLIDATED BALANCE SHEET

As at 30 June 2015

Rupees in '000	Note	2015	2014
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
100,000,000 ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid-up capital	6	621,060	621,060
Capital reserves		395,534	388,388
Revenue reserves		4,373,623	4,236,749
		5,390,217	5,246,197
Non-current liabilities			
Long term loan	7	238,875	–
Liabilities against assets subject to finance lease	8	46,367	61,963
Deferred taxation	20	98,208	141,503
Deferred income	9	1,315	2,324
		384,765	205,790
Current liabilities			
Trade and other payables	10	642,765	432,818
Mark-up accrued	11	12,856	9,221
Short term borrowings	12	301,822	228,366
Current portion of long term loans	7	55,125	–
Current portion of deferred income	9	1,858	1,764
Current portion of liabilities against assets subject to finance lease	8	47,283	41,066
		1,061,709	713,235
Contingencies and commitments	13		
Total equity and liabilities		6,836,691	6,165,222

Rupees in '000	Note	**2015**	2014
ASSETS			
Non-current assets			
Property, plant and equipment	14	2,018,522	1,404,441
Intangible assets	15	68,211	39,292
Investment properties	16	67,026	73,316
Investment in equity accounted investees	17	2,423,250	2,540,064
Other long term investments	18	220,717	220,717
Long term loans and deposits	19	48,011	50,603
		4,845,737	4,328,433
Current assets			
Stores, spares and loose tools	21	66,801	71,956
Stock-in-trade	22	453,108	407,199
Trade debts	23	60,639	89,479
Advances	24	58,395	57,550
Trade deposits and short term prepayments	25	14,552	7,410
Investments	26	823,918	757,696
Mark-up accrued	27	475	473
Other receivables	28	186,669	142,096
Taxation - net	29	224,989	158,668
Cash and bank balances	30	101,408	144,262
		1,990,954	1,836,789
Total assets		6,836,691	6,165,222

The annexed notes from 1 to 52 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 2015

Rupees in '000	Note	2015	2014
Sales - net	31	2,302,528	4,030,170
Cost of sales	32	2,281,931	3,799,868
Gross profit		20,597	230,302
Income from investments	33	219,246	441,423
		239,843	671,725
Distribution and selling expenses	34	27,247	52,072
Administrative expenses	35	181,457	171,662
Other operating expenses	36	11,302	33,431
		220,006	257,165
		19,837	414,560
Other income	37	31,841	47,312
Operating profit before finance costs		51,678	461,872
Finance costs	38	87,315	94,911
Share of profit in equity accounted investees - net of taxation	39	203,306	340,642
Profit before taxation		167,669	707,603
Taxation	40	(32,362)	154,247
Profit after taxation		200,031	553,356
		(Rupees)	
Basic and diluted earnings per share	41	3.22	8.91

The annexed notes from 1 to 52 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 2015

Rupees in '000	2015	2014
Profit after taxation for the year	200,031	553,356
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'	7,890	49,345
Reclassification adjustments relating to gain realized on disposal of investments classified as 'available for sale'	–	(211,393)
Gain / (loss) on remeasurement of staff retirement benefit plan - net of tax	30,002	(5,565)
Proportionate share of other comprehensive income of equity accounted investees	(744)	51,698
Other comprehensive income for the year	37,148	(115,915)
Total comprehensive income for the year	237,179	437,441

The annexed notes from 1 to 52 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 2015

Rupees in '000	Note	2015	2014
Cash flows from operating activities			
Cash generated from operations	42	274,038	490,140
Taxes paid		(91,954)	(120,678)
Finance costs paid		(70,791)	(94,692)
Contribution to gratuity and pension funds		(14,879)	(12,252)
Contribution to Workers' Profit Participation Fund		(4,851)	(49,610)
Payment of infrastructure fee		(888)	(10,554)
Compensated absences paid		(556)	(157)
10-C bonus paid		(1,067)	(2,360)
Long term loans and deposits - net		4,998	(30,659)
Net cash generated from operating activities		94,050	169,178
Cash flows from investing activities			
Capital expenditure		(745,304)	(253,917)
Acquisition of intangible assets		(35,462)	(30,712)
Sale proceeds on disposal of held for sale		–	4,249
Proceeds from disposal of operating fixed assets		15,488	34,355
Proceeds from disposal of operating fixed assets under sale and leaseback arrangement		37,552	72,650
Investments - net		279,431	333,884
Dividend income received		133,172	124,883
Interest income received		5,916	762
Net cash (used in) / flow from investing activities		(309,207)	286,154
Cash flows from financing activities			
Proceeds from long term loan		294,000	–
Payments against finance lease obligations		(57,151)	(42,807)
Proceeds from short term loans / (repayments against short term loans) - net		–	(132,475)
Dividend paid		(138,002)	(157,816)
Net cash flow from / (used in) from financing activities		98,847	(333,098)
Net (decrease) / increase in cash and cash equivalents		(116,310)	122,234
Cash and cash equivalents at beginning of the year		(84,104)	(206,338)
Cash and cash equivalents at end of the year	43	(200,414)	(84,104)

The annexed notes from 1 to 52 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 2015

Rupees in '000	Issued, subscribed and paid-up capital	Capital reserves: Share premium	Capital reserves: Unrealized (diminution) / appreciation on remeasurement of investments classified as 'available for sale'	Capital reserves: Other *	Revenue reserves: General reserve	Revenue reserves: Unappropriated profit	Total
Balance as at 30 June 2013	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 2014							
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
Total comprehensive income for the year ended 30 June 2015							
Profit after taxation	–	–	–	–	–	200,031	200,031
Other comprehensive income							
Total Other comprehensive income for the year	–	–	7,890	(744)	–	30,002	37,148
Total comprehensive income for the year	–	–	7,890	(744)	–	230,033	237,179
Transactions with owners							
Dividend:							
- Final @ 15% (i.e. Rs. 1.5 per share) for the year ended 30 June 2014	–	–	–	–	–	(93,159)	(93,159)
Balance as at 30 June 2015	621,060	293,499	25,809	76,226	2,642,000	1,731,623	5,390,217

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

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

Chief Executive

Director

Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

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 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 2015, 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 unconsolidated 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 2015. Crescent Continental Gas Pipelines Limited is not carrying on any business operations and accordingly no financial statements are being prepared. Details regarding the financial information of associates used in the preparation of these consolidated financial statements are given in note 17 to these consolidated financial statements.

The accounting policies used by the subsidiary companies in preparation of 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 There are new and amended standards and interpretations that are mandatory for accounting periods beginning July 01, 2014 but are considered not to be relevant or do not have any significant effect on the financial statements and are therefore not detailed in these consolidated financial statements.

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2015:

- 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.

- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016. The amendments are not likely to have an impact on Group's consolidated financial statements.

- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The amendments are not likely to have an impact on Group's consolidated financial statements.

- IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The adoption of this standard will result in certain additional disclosures in the Group's consolidated financial statements.

- IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard is not likely to have an impact on Group's consolidated financial statements.

- Amendments to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The adoption of the amended standard is not likely to have an impact on Group's consolidated financial statements.

- Agriculture: Bearer Plants [Amendments 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 adoption of the amended standard is not likely to have an impact on Group's consolidated financial statements.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [Amendments to IFRS 10 and IAS 28] (effective for annual periods beginning on or after 1 January 2016). The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The adoption of these amendments is not likely to have an impact on Group's consolidated financial statements.

- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

    - IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

    - IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

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.

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 and capital work-in-progress 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.

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 the consolidated profit and loss account as incurred.

Depreciation

Depreciation is charged to income on a straight line basis at the rates specified in note 14.1 to these 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 in the consolidated profit and loss account.

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 during 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 consolidated profit and loss account 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 recognized in the consolidated 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 capitalized 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 the consolidated profit or loss account as incurred. Capitalized development expenditure is stated at cost less accumulated amortization and accumulated impairment loss, if any. However, during the year expenses incurred in respect of the project have been capitalized (Refer note 15).

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 greater of its value 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 in the consolidated profit and loss account.

5.5 Financial assets

Financial assets at fair value through profit or loss

A non-derivative financial asset is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Investments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognized in the 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 as being available for sale and are initially recognized at fair value plus attributable transactions costs. Subsequent to initial recognition these are measured at fair value, with any resultant gain or loss being recognized in other comprehensive income. Gains or losses on available for sale investments are recognized in other comprehensive income until the investments are sold or disposed off or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in other comprehensive income is included in current 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 of financial assets

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, 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 the 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 the 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 the consolidated profit and loss account. The cumulative loss that is reclassified from equity to the 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 the 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 the 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. 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 consolidated balance sheet. The resultant gains and losses from derivatives held for trading purposes are recognized in the consolidated 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 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 the 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 consolidated 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 the 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 to the consolidated profit and loss account 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 payables 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 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 consolidated 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.

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 the 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 the 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 consolidated 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 to the Holding Company's shareholders are recognized as a liability in the period in which dividends are approved. Transfer between reserves made subsequent to the 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.

5.25 Earnings per share

The Group presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

6. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2015	2014		2015	2014
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	39,875,805	Ordinary shares of Rs. 10 each issued as bonus shares	398,758	398,758
62,105,993	62,105,993		621,060	621,060

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

	2015		2014	
	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%	1,176,987
Crescent Steel and Allied Products Limited - Pension Fund	4.16%	2,584,145	4.16%	2,584,145
Crescent Steel and Allied Products Limited - Staff Provident Fund	0.85%	525,220	0.85%	525,220
Crescent Cotton Products - Staff Provident Fund	0.10%	59,840	0.10%	59,840
Muhammad Amin Muhammad Bashir Limited	0.00%	679	0.00%	679
Shakarganj Limited (Formerly Shakarganj Mills Limited)	4.82%	2,992,068	4.82%	2,992,068
The Crescent Textile Mills Limited	11.00%	6,830,643	11.00%	6,830,643

7. LONG TERM LOAN

Rupees in '000	2015	2014
Secured		
Allied Bank Limited	294,000	–
Less: Current portion shown under current liabilities	55,125	–
	238,875	–

7.1 During the year, the Holding Company entered into a long term loan arrangement with Allied Bank Limited for an amount of Rs. 315 million, out of which Rs. 294 million have been disbursed till date. The term of the loan is 5 years from the date of disbursement with a grace period of 1 year, repayable in 16 equal quarterly installments starting from December 2015. Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum prevailing on the last day of previous quarter. During the year, mark-up on such arrangements ranged between 8.34% to 11.68% per annum. The facility is secured against first pari passu hypothecation / equitable mortgage on plant, machinery and property of the Holding Company.

8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Minimum lease payments		Future finance costs		Present value of minimum lease payments	
Rupees in '000	2015	2014	2015	2014	2015	2014
Not later than one year	55,490	51,578	8,207	10,512	47,283	41,066
Later than one year and not later than five years	49,481	67,976	3,114	6,013	46,367	61,963
	104,971	119,554	11,321	16,525	93,650	103,029
Less: Current portion shown under current liabilities					47,283	41,066
					46,367	61,963

8.1 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 2014: three years) and the liability is payable by the month ranging from seven months to thirty five months (30 June 2014: one month to thirty-five months). The periodic lease payments include built-in rates of mark-up ranging between 12.04% to 20.25% (2014: 14.59% to 20.25%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 91.058 million (30 June 2014: Rs. 95.550 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.

9. 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. 1.858 million (30 June 2014: Rs. 1.764 million) is classified in current liabilities; being current portion of deferred income of Rs. 3.173 million (30 June 2014: Rs. 4.088 million). The deferred income will be amortized in the consolidated profit and loss account over the lease term. During the year Rs. 2.043 million (2014: 0.924 million) is amortized in the consolidated profit and loss account.

Rupees in '000	Note	**2015**	2014
10. TRADE AND OTHER PAYABLES			
Trade creditors		24,034	29,837
Bills payable		307,854	15,784
Commission payable		1,074	2,707
Customer's security deposits		2,075	4,228
Accrued liabilities	10.1	83,533	71,991
Advances from customers		78,236	25,505
Provisions	10.2	91,897	89,805
Due to related parties	10.3	16	340
Payable against purchase of investments		–	110,197
Payable to provident fund		1,251	1,492
Retention money		7,320	287
Sales Tax payable		2,255	89
Withholding tax payable		12,161	4,559
Advance tax payable collected on electricity supply		3,840	–
Workers' Profit Participation Fund	10.4	4,302	9,023
Workers' Welfare Fund		67	615
Unclaimed dividend		12,012	56,853
Others		10,838	9,506
		642,765	432,818
10.1 Accrued liabilities			
Salaries, wages and other benefits		9,798	12,792
Accrual for 10-C bonus		137	1,204
Compensated absences		11,857	11,269
Others	10.1.1	61,741	46,726
		83,533	71,991

10.1.1 This includes liability against Gas Infrastructure Development Cess of Rs. 11.988 million (30 June 2014: 3.381 million).

10.2 Movement in provisions

Rupees in '000	Infrastructure fee Note 10.2.1	Sales Tax Note 10.2.2	Liquidated damages Note 10.2.3	Total
Opening balance as at 1 July 2014	60,515	3,242	26,048	89,805
Provision for the year	2,748	–	232	2,980
Payments during the year	(888)	–	–	(888)
Closing balance as at 30 June 2015	62,375	3,242	26,280	91,897

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

The above appeals were disposed off in May 2011 with a joint statement of the parties that, during the pendency of the appeal, another law came into existence which was not subject matter in the appeal, therefore, the decision thereon be first obtained from the High Court before approaching the Supreme Court with the right to appeal. The petition was filed in the High Court in respect of the above view. During the pendency of the appeal an interim arrangement was agreed whereby bank guarantee furnished for consignments cleared upto 27 December 2006 were returned. Bank guarantees were furnished for 50% of the levy for consignment released subsequent to 28 December 2006 while payment was made against the balance amount. Similar arrangement continued for the consignments released during the current year.

Under the arrangement if the 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 Group has provided bank guarantees amounting to Rs. 39.469 million (2014: Rs. 34.119 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 Group's favour. 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 the consolidated profit and loss account. However, on prudent basis full provision has been recognized.

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

10.2.3 The provision has been recognized on account of liquidated damages claimed by 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.

10.3 This represents balances due to Shakarganj Limited (formerly known as Shakarganj Mills Limited) - associated company and Premier Insurance Company amounting to Rs. Nil (30 June 2014: Rs. 0.258 million) and Rs. 0.02 million (30 June 2014: Rs. 0.082 million) respectively.

Rupees in '000	Note	**2015**	2014
10.4 Workers' Profit Participation Fund			
Opening balance as at 1 July		9,023	52,395
Allocation for the year	36	–	4,851
Mark-up on funds utilized in the Company's business	38	130	1,387
		9,153	58,633
Amount paid to the trustees of the fund		(4,851)	(49,610)
Closing balance as at 30 June		4,302	9,023

Rupees in '000	Note	2015	2014

11. MARK-UP ACCRUED

Mark-up accrued on :			
- Finance lease obligations		346	345
- Long term loan		2,268	–
- Running finance and short term loans		10,242	8,876
		12,856	9,221

12. SHORT TERM BORROWINGS

Secured from banking companies			
Running finances under mark-up arrangements	12.1	301,822	228,366
Short term loans	12.2	–	–
		301,822	228,366

12.1 Short term running finance available from various commercial banks under mark-up arrangements amounted to Rs. 650 million (2014: Rs. 600 million) out of which Rs. 250 million (2014: Rs. 250 million) and Rs. 50 million is interchangeable with letters of credit and with Finance against Import Material (FIM) respectively. During the year, mark-up on such arrangements ranged between 8.33% to 12.37% (2014: 10.58% to 12.38%) per annum.

12.2 Short term loans financing available from various commercial banks under mark-up arrangements amounted to Rs. 1,300 million (2014: Rs. 1,300 million) out of which Rs. 400 million (2014: Rs. 400 million) and Rs. 50 million is interchangeable with letters of credit and with running finance respectively . During the year, mark-up on such arrangements ranged between 9.76% to 12.62% (2014: 11.26% to 13.20%) per annum.

12.3 The facilities for opening letters of credit amounted to Rs. 1,600 million (2014: Rs. 1,815 million) out of which Rs. 250 million (2014: Rs. 250 million) and Rs. 400 million (2014: Rs. 400 million) are interchangeable with short term running finance and short term loans respectively as mentioned in notes 12.1 and 12.2 above. The facility for letters of guarantee as at 30 June 2015 amounted to Rs. 772.250 million (2014: Rs. 538 million). Amounts unutilized for letters of credit and guarantees as at 30 June 2015 were Rs. 639.790 million and Rs. 53.176 million (2014: Rs. 1,599.693 million and Rs. 278.360 million) respectively.

12.4 The above facilities are expiring on various dates and are secured by way of hypothecation of plant and machinery, stock-in-trade, trade debts and other current assets, pledge of shares and cotton / cotton yarn; and lien over import / export document (refer note 26.6).

13. CONTINGENCIES AND COMMITMENTS

13.1 The Holding Company has filed a suit in the Sindh High Court against the Federation of Pakistan and others, for levy of import license fee at the rate of 6% against import of coating plant in 1992. The Holding Company contested that as per SRO 1317(I)/94 dated 22 December 1990, the coating plant being located in rural area, is only liable to pay import license fee at the rate of 2%. The Holding Company has provided demand draft of Rs. 3.420 million (refer note 19.1) as directed by the Honourable Court. The petition was dismissed by the High Court as having been incompetently filed. On appeal the Honourable Supreme Court has set aside the order passed by the High Court and remanded the case back to the High Court to decide afresh. No provision has been recognized in these consolidated financial statements as management considers that the case would be decided in the Holding Company's favour.

13.2 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. 11.817 million has not been recorded in these consolidated financial statements.

13.3 During the year a show cause notice was issued by the Deputy Director, Directorate of Post Clearance Audit (Customs) Karachi for payment of duties and taxes on import of certain raw materials. In response the Holding Company had contested that the said imports were exempt under bilateral agreement between Government of Pakistan and Government of Japan for projects under grant and accordingly these were cleared by the customs. However, the collector customs has issued an order dated 22 May 2015 for recovery of the said duty and taxes amounting to Rs. 34.773 million. Subsequent to the year end, the Holding Company has filed an appeal with Appellate Tribunal (Customs) against the order. No provision has been recognized in these financial statements as the case is under appeal and management considers that the same would be decided in Holding Company's favour.

13.4 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.

13.5 Aggregate amount of guarantees issued by banks on behalf of the Group against various contracts aggregated Rs. 719.074 million (2014: Rs. 258.215 million).

13.6 Commitments in respect of capital expenditure contracted for by the Group as at 30 June 2015 amounted to Rs. 96.922 million (2014: Rs. 71.649 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. 83.821 million (2014: Rs. 64.187 millon) in respect of civil work and capital expenditure to acquire plant and machinery.

13.7 Commitments under letters of credit as at 30 June 2015 amounted to Rs. 653.225 million (2014: Rs. 201.846 million).

Rupees in '000	Note	**2015**	2014
14. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	14.1	1,227,329	726,398
Capital work-in-progress	14.4	791,193	678,043
		2,018,522	1,404,441

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

14.1 Operating fixed assets

Description		Land		Buildings		Office	Plant and machinery		Electrical /	Furniture	Computers	Motor vehicles		Total
Rupees in '000		Freehold	Leasehold including improvements	On freehold land	On leasehold land	premises	Owned *	Leased	office equipment and installation	and fittings		Owned	Leased	
Net carrying value as at 1 July 2014														
Opening net book value (NBV)		247,697	3,917	88,638	3,060	23	198,090	115,390	11,942	5,361	5,567	23,815	22,898	726,398
Additions / transfers		3,270	–	–	–	–	598,141	33,836	6,804	991	3,273	18,804	3,810	668,929
Disposals (at NBV)	14.5	–	–	–	–	–	(33,724)	(3,539)	(43)	–	–	(5,115)	(4,055)	(46,476)
Depreciation charge	14.1.1	–	(53)	(12,938)	(1,110)	(6)	(70,310)	(14,783)	(4,758)	(807)	(2,972)	(7,616)	(6,169)	(121,522)
Balance as at 30 June 2015 (NBV)		250,967	3,864	75,700	1,950	17	692,197	130,904	13,945	5,545	5,868	29,888	16,484	1,227,329
Gross carrying value as at 30 June 2015														
Cost	14.3	250,967	5,646	206,750	70,027	40,493	1,778,081	153,919	56,024	22,352	58,477	65,359	26,167	2,734,262
Accumulated depreciation		–	(1,782)	(131,050)	(68,077)	(40,476)	(1,085,884)	(23,015)	(42,079)	(16,807)	(52,609)	(35,471)	(9,683)	(1,506,933)
Net book value		250,967	3,864	75,700	1,950	17	692,197	130,904	13,945	5,545	5,868	29,888	16,484	1,227,329
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	2,582	3,387	4,247	13,478	9,562	238,054
Disposals (at NBV)		(8,336)	–	–	–	–	(69,358)	(15,163)	–	–	–	(4,502)	(6,041)	(103,400)
Depreciation charge		–	(53)	(14,232)	(1,132)	(6)	(47,014)	(9,926)	(4,208)	(631)	(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	11,942	5,361	5,567	23,815	22,898	726,398
Gross carrying value as at 30 June 2014														
Cost		247,697	5,646	206,750	70,027	40,493	1,242,820	125,139	50,204	21,361	55,204	65,018	32,241	2,162,600
Accumulated depreciation		–	(1,729)	(118,112)	(66,967)	(40,470)	(1,044,730)	(9,749)	(38,262)	(16,000)	(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	11,942	5,361	5,567	23,815	22,898	726,398
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. 0.620 million (2014: Rs. 0.805 million) representing net book value of capitalized spares.

Rupees in '000	Note	**2015**	2014
14.1.1 The depreciation charge for the year has been allocated as follows			
Cost of sales	32.1	106,568	82,280
Distribution and selling expenses	34	1,080	852
Administrative expenses	35	9,658	7,246
Allocated against rental income	37	3,771	–
Intangible under development phase		445	223
		121,522	90,601

14.2 Property, plant and equipment as at 30 June 2015 include items having an aggregate cost of Rs. 1,001.015 million (2014: Rs. 1,003.318 million) that have been fully depreciated and are still in use by the Holding Company.

14.3 The fair value of property, plant and equipment of the Group as at 30 June 2015 approximated to Rs. 2,402.438 million.

Rupees in '000	Note	**2015**	2014
14.4 Capital work-in-progress			
Advances to suppliers		4,594	33,747
Civil work	14.4.1 & 14.4.2	315,057	138,742
Plant and machinery		470,428	502,771
Software		1,042	–
Others		72	2,783
		791,193	678,043

14.4.1 This includes advance against purchase of land and building aggregating Rs. 68.385 million (2014: Rs. 68.385 million) out of which an amount of Rs.50 million (2014: 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 (2014: 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 favorable outcome.

14.4.2 The Holding Company has recognized a provision for an amount of Rs. 20.619 million (2014: Rs. 20.619 million) against construction work at a site which has been halted since last year.

14.5 The following assets were disposed off during the year:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particular of buyers
Rupees in '000						
Plant and machinery	22,018	–	22,018	21,000	Sales & Lease back	Pak Gulf Leasing Company Limited
	9,193	–	9,193	10,000	Sales & Lease back	Pak Gulf Leasing Company Limited
	5,055	1,516	3,539	3,539	Transfer to own assets	Pak Gulf Leasing Company Limited
	1,440	144	1,296	1,440	Sales & Lease back	Pak Gulf Leasing Company Limited
	1,325	177	1,148	1,325	Sales & Lease back	Pak Gulf Leasing Company Limited
	350	283	67	100	Negotiation	
Motor vehicles	3,877	129	3,748	3,787	Sales & Lease back	Orix Leasing Pakistan Limited
	1,289	1,096	193	1,200	Insurance claim	Premier Insurance Limited
	1,635	981	654	654	Transfer to own assets	Orix Leasing Pakistan Limited
	1,503	902	601	601	Transfer to own asset	Orix Leasing Pakistan Limited
	1,503	902	601	601	Transfer to own asset	Orix Leasing Pakistan Limited
	1,003	552	451	451	Transfer to own asset	Orix Leasing Pakistan Limited
	1,003	552	451	451	Transfer to own asset	Orix Leasing Pakistan Limited
	1,084	650	434	434	Transfer to own asset	Orix Leasing Pakistan Limited
	1,084	650	434	434	Transfer to own asset	Orix Leasing Pakistan Limited
	1,069	641	428	428	Transfer to own asset	Orix Leasing Pakistan Limited
	514	334	180	220	Company policy	Mr. Athar Shahzad
	469	269	200	183	Company policy	Mr. Yasir Ahmed
	77	5	72	74	Company policy	Mr. Imran
	72	5	67	67	Insurance claim	Premier Insurance Limited
	73	11	62	58	Insurance claim	Premier Insurance Limited
	72	10	62	56	Company policy	Mr. Mian Iftakhar Ali
	72	11	61	56	Company policy	Mr. Ghulam Rasool
	72	11	61	56	Company policy	Mr. Allah Ditta
	72	11	61	56	Company policy	Mr. Salamat Ali
	71	14	57	54	Company policy	Mr. Waseem Sajjad
	71	16	55	54	Company policy	Mr. Mohammad Yousuf
Others	20,982	20,700	282	5,671	Various	Various
2015	77,048	30,572	46,476	53,050		
2014	117,837	14,437	103,400	107,005		

15. INTANGIBLE ASSETS

Rupees in '000	Note	2015	2014
Intangible assets			
- Under use	15.1	9,525	14,031
- Under project development	15.2	58,686	25,261
		68,211	39,292

Rupees in '000		Note	2015	2014
15.1	Intangible assets - under use			
	Net carrying value as at 1 July			
	Net book value as at 1 July		14,031	13,645
	Additions		2,482	5,674
	Amortization	15.1.1	(6,988)	(5,288)
	Net book value as at 30 June	15.1.2	9,525	14,031
	Gross carrying value as at 30 June			
	Cost		68,391	65,909
	Accumulated amortization		(56,226)	(49,238)
	Accumulated impairment		(2,640)	(2,640)
	Net book value		9,525	14,031
	Amortization rate (% per annum)		33.33	33.33

15.1.1 The amortization charge for the year has been allocated to administrative expenses (Note 35).

15.1.2 Intangible assets as at 30 June 2015 include items having an aggregate cost of Rs. 43.139 million (2014: Rs. 43.139 million) that have been fully amortized and are still in use of the Holding Company.

15.2 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 consolidated financial statements in accordance with the requirements of IAS 38.

16. INVESTMENT PROPERTIES

Description Rupees in '000	Note	Leasehold land and improvements	Buildings on leasehold land	Office premises	Total
Net carrying value as at 1 July 2014					
Opening net book value (NBV)		47,976	16,514	8,826	73,316
Additions		–	–	175	175
Depreciation charge	16.1	(2,607)	(1,186)	(2,672)	(6,465)
Balance as at 30 June 2015 (NBV)		45,369	15,328	6,329	67,026
Gross carrying value as at 30 June 2015					
Cost	16.2	49,445	23,366	29,830	102,641
Accumulated depreciation		(4,075)	(8,039)	(23,501)	(35,615)
Net book value		45,370	15,327	6,329	67,026
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		(633)	(1,097)	(2,815)	(4,545)
Balance as at 30 June 2014 (NBV)		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
Depreciation rate (% per annum)		1 & 10	5	10 - 20	

16.1 Depreciation charged for the year has been allocated to administrative expenses (Note 35).

16.2 Fair value of the investment property based on recent valuation is Rs. 223.550 million (2014: Rs. 216.988 million).

17. INVESTMENT IN EQUITY ACCOUNTED INVESTEES

The following associates, over which the Group has significant influence either due to representation on the investee company's board or percentage of holding of voting power or both, are accounted for under the equity method of accounting as defined in IAS 28, 'Investments in Associates'.

2015	2014		Note	2015	2014
Number of shares				Rupees in '000	
		Quoted			
64,491,500	72,103,141	Altern Energy Limited	17.1	2,397,727	2,479,138
		(Chief Executive Officer -			
		Mr. Taimur Dawood)			
19,471,769	19,471,769	Shakarganj Limited	17.2	–	26,626
		(Formerly Shakarganj Mills Limited)			
		(Chief Executive Officer -			
		Mr. Ahsan M. Saleem)			
		Unquoted			
3,430,000	3,430,000	Crescent Socks (Private) Limited	17.3	25,523	34,300
		(Chief Executive Officer -			
		Mr. Shehryar Mazhar)			
				2,423,250	2,540,064

17.1 The Holding Company and the subsidiary companies hold 16.64% and 1.11% respectively i.e. aggregate holding of 17.75% 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 associate.

Share of profit and reserves from associates recognized during the year amounted to Rs. 262.703 million and Rs. 0.744 million respectively. The Group has also received dividend amounting to Rs. 72.103 million during the year.

The Holding Company has also assessed the recoverable amount of the 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 7.06%.

17.2 As at 30 June 2015, the carrying amount of equity accounted investment in Shakarganj Limited has been reduced to Nil due to recognition of the Group's share of losses and reserves amounting to Rs. 26.626 million incurred by the investee company. The Group further recognized its share of losses amounting to Rs. 23.995 million against the carrying amount in respect of preference shares of the investee company held by the Group (see note 26.2). Unrecognized share of losses and reserves as at 30 June 2015 amounted to Rs. 80.425 million.

17.3 During the year, share of loss from associate recognized amounted to Rs. 8.777 million.

17.4 The above figures are based on unaudited condensed interim financial information of these companies as at 31 March 2015. The latest financial statements of these companies as at 30 June 2015 are not presently available.

Rupees in '000	Note	2015	2014
17.5 Market value of investments in associates is as follows :			
Quoted			
Altern Energy Limited		2,063,728	1,551,660
Shakarganj Limited		331,020	329,462
		2,394,748	1,881,122

	2015	2014
17.6 Percentage of holding of equity in associates is as follows :		
Quoted		
Altern Energy Limited	17.75	19.84
Shakarganj Limited	28.01	28.01

17.7 Summarized financial information of associated companies as at 31 March 2015 is as follows:

		Total assets	Total liabilities	Revenues	Profit / (loss) after tax
2015					
Altern Energy Limited	17.7.1	37,171,398	14,649,811	13,333,803	2,517,106
Shakarganj Limited	17.7.2	13,388,146	8,830,508	4,634,778	(100,868)
Crescent Socks (Private) Limited	17.7.2	72,607	20,508	27,734	(12,646)
2014					
Altern Energy Limited		38,455,246	17,845,678	14,961,495	2,843,004
Shakarganj Limited		10,399,779	8,567,559	7,561,306	(265,350)

17.7.1 These figures are based on the latest available condensed interim consolidated financial information as at 31 March 2015 including its subsidiary company Rousch (Pakistan) Power Limited being managed by Power Management Company holding 59.98% shares.

17.7.2 These figures are based on the latest available condensed interim financial information of the investee company as at 31 March 2015.

Rupees in '000	Note	2015	2014
18. OTHER LONG TERM INVESTMENTS - Available for sale			
Investments in related parties	18.1	60,717	–
Other investments	18.5	160,000	220,717
		220,717	220,717

18.1 Investment in related parties

2015	2014		Note	2015	2014
Number of shares				Rupees in '000	
		Unquoted			
2,403,725	2,403,725	Crescent Bahuman Limited	18.2	24,037	24,037
1,047,000	1,047,000	Crescent Industrial Chemicals Limited	18.3	10,470	10,470
1,852,500	–	Central Depository Company of Pakistan Limited (CDC)	18.4	60,717	–
				95,224	34,507
		Less: Provision for impairment		34,507	34,507
				60,717	–

18.2 The chief executive of Crescent Bahuman Limited is Mr. Nasir Shafi. The break-up value of shares of the investee company is Rs. Nil per share (2014: Rs. Nil per share), calculated on the basis of audited annual financial statements for the year ended 30 June 2014.

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

18.4 During the year, this investment has been reclassifed as investment in related parties due to common directorship.

18.5 Other investments

2015	2014		Note	2015	2014
Number of shares				Rupees in '000	
		Unquoted			
–	1,852,500	Central Depository Company of Pakistan Limited (CDC)	18.4	–	60,717
16,000,000	16,000,000	Shakarganj Food Products Limited	18.5.1	160,000	160,000
				160,000	220,717

18.5.1 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 at a discount rate of approximately 11.2%. Based on valuation the recoverable amount exceeds the carrying amount and accordingly, no impairment is required.

Rupees in '000	Note	2015	2014
19. LONG TERM LOANS AND DEPOSITS			
Security deposits - leasing companies		11,601	13,552
Security deposits - others	19.1 & 19.2	36,410	37,051
		48,011	50,603

19.1 This includes demand drafts of Rs. 3.420 million provided to the Secretary Ministry of Commerce as explained in note 13.1.

19.2 This includes amortized cost of Rs. 23.591 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	2015	2014
20. DEFERRED TAXATION			
Deferred tax credits / (debits) arising in respect of :			
Taxable temporary differences			
Accelerated tax depreciation / amortization		18,408	27,178
Finance lease obligations		17,197	12,341
Unrealized gain on held for trading investments		11,524	9,547
Employee Benefits		50,885	36,767
Share of profit from equity accounted investees		130,021	128,881
		228,035	214,714
Deductible temporary differences			
Tax loss		(57,947)	–
Provision for slow moving stores, spares and loose tools		(23,249)	(24,464)
Provisions for doubtful trade debts, doubtful advances and others		(29,915)	(31,289)
Provisions for impairment of fixed assets		(6,598)	(7,217)
Provision of Government Infrastructure Development Cess		(3,836)	(1,183)
Provision for diminution in the value of investments		(8,282)	(9,058)
		(129,827)	(73,211)
		98,208	141,503
20.1 Break up of deferred tax (reversal) / charge is as following:			
Profit and loss		(57,414)	138,330
Other comprehensive income		14,120	(2,998)
		(43,294)	135,332
21. STORES, SPARES AND LOOSE TOOLS			
Stores - steel segment		9,680	7,735
Spare parts - steel segment		53,416	55,512
Loose tools - steel segment		1,122	1,135
Stores and spares - cotton segment		51,158	53,388
		115,376	117,770
Less: Provision for slow moving items	21.1	48,575	45,814
		66,801	71,956
21.1 Movement in provision for slow moving items			
Opening balance		45,814	39,266
Provision made during the year		2,761	6,548
Closing balance		48,575	45,814

Rupees in '000	Note	2015	2014
22. STOCK-IN-TRADE			
Raw materials			
Hot rolled steel coils (HR Coil)		11,727	19,823
Coating materials		31,546	88,798
Others		19,331	15,246
Raw cotton		32,901	144,193
Stock-in-transit (HR Coil)		315,294	19,401
	22.1	410,799	287,461
Work-in-process	22.2 & 32.1	13,480	42,007
Finished goods	22.1 & 32.1	26,062	71,054
Scrap / cotton waste		2,767	6,677
		42,309	119,738
		453,108	407,199

22.1 Stock-in-trade as at 30 June 2015 includes items valued at net realisable value (NRV) as follows. The write down to NRV amounting to Rs. 8.914 million (2014: Rs. 9.936 million) has been recognized in cost of goods sold.

Rupees in '000	Cost	NRV
Finished goods	30,506	26,062
Raw material	415,269	410,799
	445,775	436,861

22.2 Work in Process include Rs. Nil million (2014: Rs. 13.801 million) which is held with third parties for the purpose of conversion of yarn into fabric.

Rupees in '000	Note	2015	2014
23. TRADE DEBTS			
Secured			
Considered good		6,466	72,110
Unsecured			
Considered good		54,173	17,369
Considered doubtful		5,684	2,786
Provision for doubtful trade debts	23.1	(5,684)	(2,786)
		54,173	17,369
		60,639	89,479

23.1 Movement in provision for doubtful trade debts	2015	2014
Opening balance	2,786	13,701
Provision made during the year	3,936	–
Reversal of provision made during the year	(201)	(10,915)
Written off during the year against provision	(837)	–
Closing balance	5,684	2,786

Rupees in '000	Note	2015	2014
24. ADVANCES			
Unsecured			
Advances - considered good			
Executives		3,069	2,326
Suppliers for goods and services		55,326	26,780
Advances to others	24.1	–	28,444
Advances - considered doubtful			
Suppliers for goods and services		47	47
Provision for doubtful advances		(47)	(47)
		–	–
		58,395	57,550

24.1 This represents advance made for offer of sale of Pakistan Petroleum Limited shares through book building process at a floor price of Rs. 205 per share. During the year the advance has been received back as the said offer has been declined by the Privatization Commission of Pakistan.

Rupees in '000	Note	2015	2014
25. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Deposits to leasing companies		5,154	1,434
Security deposits		848	1,343
Prepayments		8,550	4,633
		14,552	7,410
26. INVESTMENTS			
Investments in related parties			
Available for sale	26.1	92,634	66,305
Held to maturity	26.2	–	23,995
		92,634	90,300
Other investments			
Available for sale	26.3	–	–
Held for trading	26.4	717,631	654,693
Short term deposits		11,825	10,575
Investment in commodity	26.5	1,828	2,128
		731,284	667,396
		823,918	757,696

26.1 Available for sale

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

2015	2014	Name of investee company	Note	2015	2014
Number of shares				Rupees in '000	
		Quoted			
4,379,871	3,235,973	The Crescent Textile Mills Limited	26.1.1	92,634	66,305

26.1.1 The Group has recognized impairment loss amounting to Rs. 4.537 million (2014: Rs. 4.537 million) against the investment.

26.2 This represents 2,999,396 (2014: 2,999,396) preference shares of Rs. 10 each of Shakarganj 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.

The Group's share of losses on equity accounted investments in Shakarganj Limited has been allocated to the preference shares and dividend receivables thereon in accordance with the requirement of IAS 28, 'Investment in Associates' (refer note 17.2).

The fair value of preference shares as at 30 June 2015 amounts to Rs. 13.347 million (2014: Rs. 23.995 million).

26.3 Available for sale

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

2015	2014	Name of investee company	Note	2015	2014
(Number of shares)				Rupees in '000	
		Quoted			
–	91,300	Crescent Jute Products Limited		–	–
1,996	1,996	Innovative Investment Bank Limited	26.3.1	–	–
26,490	26,490	Jubilee Spinning and Weaving Mills Limited	26.3.1	–	–
				–	–

26.3.1 These investments are fully impaired as their break-up value of shares are Rs. Nil per share (2014: Rs. Nil).

26.4 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.

2015	2014	Name of investee company	2015	2014
(Number of share / certificates)			Rupees in '000	
–	41,466	Adamjee Insurance Company Limited	–	1,898
98,300	237,859	Agriauto Industries Limited *	18,278	19,479
23,800	183,600	Al-Ghazi Tractors Limited *	11,665	24,189
11,300	–	Attock Cement Pakistan Limited	2,154	–
12,000	12,000	Attock Petroleum Limited	6,807	7,078
60,000	60,000	Avanceon Limited	2,006	1,457
126,000	126,000	Century Insurance Company Limited	2,646	2,068
284,800	110,000	Cherat Cement Company Limited	24,787	7,200
737,500	1,403,500	D.G. Khan Cement Company Limited	105,293	123,452
–	10,000	Engro Corporation Limited	–	1,785
10,000	6,500	Engro Fertilizer Limited	887	372
15,000	15,000	Engro Polymer Limited	147	203
70,000	85,000	Fatima Fertilizer Company Limited	2,735	2,465
35,000	35,000	Fauji Cement Company Limited	1,220	673
		Balance carried forward	178,625	192,319

2015	2014	Name of investee company	2015	2014
(Number of share / certificates)			Rupees in '000	
		Balance brought forward	178,625	192,319
325,000	325,000	Fauji Fertilizer Bin Qasim Limited	17,979	12,925
115,000	85,000	Fauji Fertilizer Company Limited	17,183	9,542
–	20,000	First Habib Bank Modaraba	–	–
25,000	–	Ghani Glass Limited	708	–
172,500	172,500	Golden Arrow Selected Stocks Fund*	1,911	1,656
–	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	6,043	4,450
175,000	–	International Steels Limited	4,917	–
4,800,000	187,500	K-Electric Limited	40,416	1,592
639,000	151,000	Kohinoor Energy Limited	32,270	6,254
90,000	60,000	Kohat Cement Limited	17,986	7,669
343,500	60,000	Kot Addu Power Company Limited	29,555	3,542
360,000	–	Lafarge Pakistan Cement Limited	7,006	–
–	10,000	Maple Leaf Cement Limited	–	301
60,000	10,000	Meezan Bank Limited	2,460	432
35,000	10,000	Nishat (Chunian) Limited	1,286	424
70,000	60,000	Nishat Mills Limited	7,996	6,715
230,000	230,000	Nishat Power Limited	13,464	8,183
81,000	96,000	Oil and Gas Development Company Limited	14,518	25,083
–	245,400	Pak Suzuki Motor Company Limited	–	67,212
370,000	120,000	Pakgen Power Limited	11,104	2,165
–	50,000	Pakistan National Shipping Corporation	–	3,556
130,000	98,000	Pakistan Oilfields Limited	52,497	56,281
410,000	–	Pakistan International Bulk Terminals	14,678	–
460,000	560,000	Pakistan Petroleum Limited	75,560	125,632
92,200	31,700	Pakistan State Oil Company Limited	35,569	12,327
910,000	280,000	Pakistan Telecommunication Company Limited	18,655	7,132
–	313,306	PICIC Energy Fund	–	3,559
2,400,000	1,430,399	PICIC Growth Fund	65,880	45,401
765,173	765,173	PICIC Investment Fund	10,008	10,866
10,000	14,000	Pioneer Cement Limited	852	653
–	3,906	Shell Pakistan Limited	–	1,079
–	1,019	Siemens Pakistan Engineering Company Limited	–	1,281
160,000	25,000	Sui Northern Gas Pipelines Limited	4,262	566
25,000	25,000	Sui Southern Gas Company Limited	1,068	917
100,000	100,000	Telecard Limited	426	412
350,000	440,376	The Hub Power Company Limited	32,749	25,868
–	100,000	TRG Pakistan Limited	–	1,403
			717,631	654,693

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

26.5 This represents 2,857 tolas of Silver held by the Company and valued at Rs. 1.828 million (2014: Rs. 2.128 million) being its fair value. The management considers cost to sell of underlying as insignificant, hence not considered while ascertaining fair value.

26.6 The market value of investments which have been pledged with financial institutions as security against financing facilities (refer note 12.4) are as follow:

Rupees in '000	Note	2015	2014
Name of investee company			
Altern Energy Limited (Associated company)		1,200,000	570,280
Attock Cement Pakistan Limited		2,154	–
Attock Petroleum Limited		6,807	7,078
Cherat Cement Company Limited		16,083	6,873
D.G. Khan Cement Company Limited		49,256	–
Engro Polymer Limited		147	203
Fauji Fertilizer Bin Qasim Limited		17,979	11,633
Fauji Fertilizer Company Limited		12,701	9,542
Fatima Fertilizer Company Limited		1,563	–
The Hub Power Company Limited		32,749	25,868
International Industries Limited		6,043	4,450
Kot Addu Power Company Limited		29,254	3,542
Kohinoor Energy Limited		7,625	6,254
Meezan Bank Limited		410	432
Nishat Power Limited		5,854	–
Oil and Gas Development Company Limited		14,518	19,857
Pakistan Oilfields Limited		52,497	56,281
Pakistan Petroleum Limited		75,560	22,434
Pak Suzuki Motor Company Limited		–	45,191
Pakistan State Oil Company Limited		35,569	2,800
Pakistan Telecommunication Company Limited		18,655	7,132
Shell Pakistan Limited		–	691
Sui Northern Gas Pipelines Limited		2,930	566
Sui Southern Gas Company Limited		1,067	917
		1,589,421	802,024

27. MARK-UP ACCRUED

Considered good			
Mark-up accrued on			
- Others		–	4
- Term deposit receipt		475	469
		475	473

28. OTHER RECEIVABLES

Dividend receivable		1,027	935
Receivable against sale of non-current assets held for sale		–	4,816
Receivable against sale of investments		1,333	800
Receivable against rent from investment property		386	1,031
Claim receivable		562	10,059
Due from related parties	28.1	–	245
Sales tax refundable		2,426	7,635
Receivable from staff retirement benefits funds	45.1.3	177,575	116,177
Others		3,360	398
		186,669	142,096

Rupees in '000	2015	2014
28.1 Due from related parties		
Crescent Jute Products Limited	–	118
Shakarganj Limited	–	127
	–	245

29. TAXATION - NET

Rupees in '000	2015	2014
Advance taxation	1,697,436	1,576,932
Provision for taxation	(1,472,447)	(1,418,264)
	224,989	158,668

29.1 The Income Tax assessments of the Holding Company have been finalized up to and including tax year 2003, except for pending appeal effect orders in respect of assessment years 2001-2002 and 2002-2003. Tax returns of subsequent tax years, except for tax year 2009, 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 resulting in additional demand of Rs. 109.227 million (2014: Rs. 109.227 million) which is currently pending in appeals before the Appellate Tribunal Inland Revenue and the Commissioner Inland Revenue (Appeals).

During the current year, the Additional Commissioner Inland Revenue amended the deemed assessment of tax year 2009 whereby demand amounting to Rs 4.937 million has been raised. Subsequent to year end, the Company filed appeal before Commissioner Inland Revenue (Appeals) which is pending to be heard.

Further, during the current year, on appeal filed by the Holding Company, the Commissioner Inland Revenue (Appeals) vide appellate order no. 31 dated September 25, 2014 remanded back all issues raised in order under section 161/205 of the Income Tax Ordinance, 2001 for tax year 2010 issued in financial year 2014 whereby demand aggregating to Rs. 61.953 was raised. The remand back proceedings are yet to be concluded.

No provision 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.

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 selcted for an amendment / audit by taxation authorities.

29.2 The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40 percent of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year.

The Board of Directors in their meeting held on 31 July 2015 has proposed cash dividend for the year ended 30 June 2015 (refer note 51.2) which complies with the above stated requirements. Accordingly, no provision for tax on undistributed of the Holding Company reserves has been recognized in these consolidated financial statements for the year ended 30 June 2015.

30. CASH AND BANK BALANCES

Rupees in '000	Note	2015	2014
With banks - In saving account			
- local currency	30.1	40,571	53,480
- foreign currency		57,741	2
		98,312	53,482
- In current accounts		962	88,632
Cash in hand		2,134	2,148
		101,408	144,262

30.1 This includes term deposit receipts (TDR) amounting to Rs. 36 million which carry mark-up rate of 7% - 8% and has a monthly maturity. Further, mark-up rate on saving account ranges between 5% to 7.25% (2014: 5% to 7.25%).

Rupees in '000	Note	2015	2014
31. SALES - NET			
Local sales			
Bare pipes (own product excluding coating revenue)		370,277	1,385,656
Revenue from conversion		3,612	13,645
Coating of pipes		248,478	53,434
Cotton yarn / raw cotton		1,465,557	2,533,891
Electricity Sales		95,713	–
Steam Sales		171,930	–
Others (including pipes laboratory testing)		50,510	18,721
Scrap / waste		48,275	65,291
Sales returns		(27,126)	(30,529)
		2,427,226	4,040,109
Export sales			
Raw Cotton / Cotton yarn		40,260	252,578
		2,467,486	4,292,687
Sales tax		(164,958)	(262,517)
		2,302,528	4,030,170
32. COST OF SALES			
Steel segment	32.1	494,597	1,037,366
Cotton segment	32.1	1,550,853	2,762,502
Energy segment	32.1	236,481	–
		2,281,931	3,799,868

32.1 Cost of sales

		Steel segment		Cotton Segment		Energy segment		Total	
Rupees in '000	Note	2015	2014	2015	2014	2015	2014	2015	2014
Raw materials consumed		261,930	845,170	1,049,343	1,891,841	212,593	–	1,523,866	2,737,011
Cost of raw cotton sold		–	–	52,839	122,261	–	–	52,839	122,261
Packing materials consumed		–	–	21,777	24,568	–	–	21,777	24,568
Outside Conversion charges		–	–	3,869	171,161	–	–	3,869	171,161
Stores and spares consumed		22,894	35,845	31,588	29,680	–	–	54,482	65,525
Fuel, power and electricity		23,964	26,253	164,513	192,343	–	–	188,477	218,596
Salaries, wages and other benefits	32.2	78,627	75,328	100,799	99,520	2,019	–	181,445	174,848
Insurance		1,664	1,780	3,100	2,962	–	–	4,764	4,742
Repairs and maintenance		5,604	7,319	3,284	2,875	1,240	–	10,128	10,194
Depreciation	14.1.1	27,310	23,698	58,629	58,582	20,629	–	106,568	82,280
Stock-in-trade written down to NRV		8,914	7,508	–	2,428	–	–	8,914	9,936
Other expenses		37,901	53,443	13,382	24,507	–	–	51,283	77,950
		468,808	1,076,344	1,503,123	2,622,728	236,481	–	2,208,412	3,699,072
Opening stock of work-in-process		10,153	3,661	31,854	13,913	–	–	42,007	17,574
Closing stock of work-in-process	22	(13,368)	(10,153)	(112)	(31,854)	–	–	(13,480)	(42,007)
		(3,215)	(6,492)	31,742	(17,941)	–	–	28,527	(24,433)
Cost of goods manufactured		465,593	1,069,852	1,534,865	2,604,787	236,481	–	2,236,939	3,674,639
Opening stock of finished goods		55,066	22,580	15,988	173,703	–	–	71,054	196,283
Closing stock of finished goods	22	(26,062)	(55,066)	–	(15,988)	–	–	(26,062)	(71,054)
		29,004	(32,486)	15,988	157,715	–	–	44,992	125,229
		494,597	1,037,366	1,550,853	2,762,502	236,481	–	2,281,931	3,799,868

32.2 Detail of salaries, wages and other benefits

Rupees in '000	Note	Steel segment 2015	Steel segment 2014	Cotton Segment 2015	Cotton Segment 2014	Energy segment 2015	Energy segment 2014	Total 2015	Total 2014
Salaries, wages and other benefits		77,361	72,749	98,617	97,539	2,019	–	177,997	170,288
Gratuity fund	32.3	(954)	(91)	104	(7)	–	–	(850)	(98)
Pension fund	32.3	(309)	344	260	122	–	–	(49)	466
Provident fund contributions		2,529	2,326	1,818	1,866	–	–	4,347	4,192
		78,627	75,328	100,799	99,520	2,019	–	181,445	174,848

Rupees in '000	2015 Pension	2015 Gratuity	2014 Pension	2014 Gratuity
32.3 Staff retirement benefits				
Current service costs	4,308	1,212	4,168	1,109
Interest costs	13,627	2,824	8,592	2,014
Expected return on plan assets	(17,984)	(4,886)	(12,294)	(3,221)
	(49)	(850)	466	(98)

33. INCOME FROM INVESTMENTS

Rupees in '000	Note	2015	2014
Dividend income		61,160	47,323
Unrealized (loss) / gain on commodity		(300)	43
Gain on sale of investments - net	33.1	108,117	307,738
Unrealized gain on held for trading investments		40,780	74,090
Rent from investment property	33.2	9,489	12,229
		219,246	441,423

33.1 This includes share of loss amounting of Rs. 7.906 million in respect of sale of shares of Altern Energy Limited.

33.2 Direct operating expenses incurred against rental income from investment property amounted to Rs. 7.667 million (2014: Rs. 4.577 million). Further, Rs. 3.419 million (2014: Rs. 1.293 million) were incurred against the non rented out area.

34. DISTRIBUTION AND SELLING EXPENSES

Rupees in '000	Note	Steel segment 2015	Steel segment 2014	Cotton Segment 2015	Cotton Segment 2014	Total 2015	Total 2014
Salaries, wages and other benefits	34.1	8,442	8,026	1,509	4,334	9,951	12,360
Commission		–	–	8,842	23,100	8,842	23,100
Travelling, conveyance and entertainment		904	472	109	192	1,013	664
Depreciation	14.1.1	1,080	852	–	–	1,080	852
Insurance		222	156	17	20	239	176
Postage, telephone and telegram		88	202	104	214	192	416
Advertisement		–	3,039	–	–	–	3,039
Bid bond expenses		1,801	902	–	–	1,801	902
Legal and professional charges		1	1,138	–	11	1	1,149
Others		1,901	810	2,227	8,604	4,128	9,414
		14,439	15,597	12,808	36,475	27,247	52,072

34.1 Detail of salaries, wages and other benefits

		Steel segment		Cotton Segment		Total	
Rupees in '000	Note	**2015**	2014	**2015**	2014	**2015**	2014
Salaries, wages and other benefits		8,289	7,711	1,498	4,319	9,787	12,030
Gratuity fund	34.2	(136)	(16)	–	–	(136)	(16)
Pension fund	34.2	(7)	65	–	–	(7)	65
Provident fund contributions		296	266	11	15	307	281
		8,442	8,026	1,509	4,334	9,951	12,360

	2015		2014	
Rupees in '000	Pension	Gratuity	Pension	Gratuity
34.2 Staff retirement benefits				
Current service costs	615	194	581	181
Interest costs	1,948	452	1,199	329
Expected return on plan assets	(2,570)	(782)	(1,715)	(526)
	(7)	(136)	65	(16)

35. ADMINISTRATIVE EXPENSES

		Steel segment		Cotton segment		IID segment		Energy segment		Total	
Rupees in '000	Note	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Salaries, wages and other benefits	35.1	58,668	50,914	13,122	13,254	3,690	3,722	163	–	75,643	67,890
Rents, rates and taxes		1,776	2,442	404	3,031	983	1,081	2,170	326	5,333	6,880
Travelling, conveyance and entertainment		4,749	8,266	1,208	2,223	195	517	67	186	6,219	11,192
Fuel and power		7,935	9,153	727	831	1,380	475	–	–	10,042	10,459
Postage, telephone and telegram		2,069	2,433	530	776	108	149	–	–	2,707	3,358
Insurance		1,043	1,089	233	231	158	127	1,078	600	2,512	2,047
Repairs and maintenance		5,364	3,698	547	762	286	381	–	–	6,197	4,841
Auditors' remuneration	35.3	1,196	1,119	410	250	187	195	205	30	1,998	1,594
Legal, professional and corporate service charges		12,049	7,692	2,180	1,363	4,086	3,672	1,310	371	19,625	13,098
Advertisement		412	64	50	7	21	3	–	–	483	74
Donations	35.4	8,691	11,369	-	10,272	457	634	–	–	9,148	22,275
Depreciation	14.1.1 & 16.1	7,522	5,623	1,716	1,299	6,886	4,869	–	–	16,124	11,791
Amortization of intangible assets	15.1.1	5,590	4,230	1,118	846	280	212	–	–	6,988	5,288
Printing, stationery and office supplies		6,298	3,641	1,219	856	621	269	7	28	8,145	4,794
Newspapers, subscriptions and periodicals		1,391	566	700	1,001	82	43	–	–	2,173	1,610
Others		5,649	2,302	1,247	568	608	1,595	616	6	8,120	4,471
		130,402	114,601	25,411	37,570	20,028	17,944	5,616	1,547	181,457	171,662
35.1 Detail of salaries, wages and other benefits											
Salaries, wages and other benefits		57,539	48,443	12,831	12,735	3,592	3,528	163	–	74,125	64,706
Gratuity fund	35.2	(1,030)	(120)	(183)	(23)	(76)	(10)	–	–	(1,289)	(153)
Pension fund	35.2	(53)	492	(9)	96	(4)	40	–	–	(66)	628
Provident fund contributions		2,212	2,099	483	446	178	164	–	–	2,873	2,709
		58,668	50,914	13,122	13,254	3,690	3,722	163	–	75,643	67,890

Rupees in '000	2015 Pension	2015 Gratuity	2014 Pension	2014 Gratuity
35.2 Staff retirement benefits				
Current service costs	5,803	1,837	5,618	1,732
Interest costs	18,354	4,282	11,578	3,144
Expected return on plan assets	(24,223)	(7,408)	(16,568)	(5,029)
	(66)	(1,289)	628	(153)

Rupees in '000	Note	2015	2014
35.3 Auditors' remuneration			
Audit fee	35.3.1	1,647	1,422
Fee for audit of funds' financial statements and other reports		196	20
Out of pocket expenses		155	152
		1,998	1,594

35.3.1 Audit fee includes services for audit of annual unconsolidated 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 Depository Company of Pakistan Limited.

35.4 Donations

Donations include the following in which a director is interested:

Name of director	Interest in donee	Name and address of the donee	Amount donated 2015	Amount donated 2014
Rupees in '000				
Mr. Ahsan M. Saleem	Director	The Citizens Foundation Plot No. 20, Sector - 14, New Brookes Chowrangi, Korangi Industrial Area, Karachi	7,875	19,820
	Chairman	CSAP Foundation 10th Floor, BOP Tower, 10-B, Block E-2, Main Boulevard, Gulberg - III, Lahore.	569	285
			8,444	20,105

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

Rupees in '000	2015	2014
36. OTHER OPERATING EXPENSES		
Loss on disposal of assets held for sale	–	9,935
Provision for:		
- Workers' Welfare Fund	56	565
- Workers' Profit Participation Fund	–	4,851
- Doubtful trade debts	8,253	–
- Liquidated damages	232	2,152
- Slow moving stores, spares and loose tools - net	2,761	6,548
- Diminution in the value of investments	–	5,999
- Government Infrastructure Development Cess	–	3,381
	11,302	33,431

Rupees in '000	2015	2014
37. OTHER INCOME		
Income from financial assets		
Return on deposits	5,969	1,235
Income from non-financial assets		
Gain on disposal of operating fixed assets	5,439	965
Deferred income amortized	2,043	924
Exchange gain	2,097	16,939
Insurance commission	166	708
Liability written back	2,789	3,521
Reversal of provision:		
- doubtful trade debts	202	10,916
- liquidated damages	–	3,456
Discount on long term deposit	2,406	–
Rent income	8,229	–
Others	2,501	8,648
	25,872	46,077
	31,841	47,312

Rupees in '000	2015	2014
38. FINANCE COSTS		
Incurred on :		
- finance lease obligations	12,410	9,427
- long term loans	23,741	–
- running finances	41,206	38,354
- short term loans	6,843	30,719
- Workers' Profit Participation Fund	130	1,387
Discount on long term deposit	–	8,429
Bank charges	2,985	6,595
	87,315	94,911

Rupees in '000	2015	2014
39. SHARE OF PROFIT IN EQUITY ACCOUNTED INVESTEES - NET OF TAXATION		
Altern Energy Limited	262,703	450,834
Shakarganj Limited	(50,621)	(110,192)
Crescent Socks (Private) Limited	(8,776)	–
	203,306	340,642
40. TAXATION		
Current		
- for the year	25,191	18,715
- for prior years	(139)	(2,798)
	25,052	15,917
Deferred		
- for the year	(57,414)	43,262
- for prior years	–	95,068
	(57,414)	138,330
	(32,362)	154,247

40.1 Minimum tax liability of Rs. 20.613 million for the year ended 30 June 2015 and Rs. 37.790 million for the year ended 30 June 2014 has not been recognized in view of expectation of availability of sufficient future taxable profits resulting in tax liability under normal tax regime in near future.

Rupees in '000	2015	2014
40.2 Relationship between taxation expense and accounting profit		
Profit before taxation	167,669	707,603
Tax at the applicable rate of 33% (2014: 34%)	55,330	240,585
Tax effect of inadmissible expenses / losses	51,745	3,536
Tax effect of exempt income and export sales under final tax regime	(83,119)	(10,665)
Tax effect of income taxed at a lower rate	(63,519)	(168,296)
Prior year tax effect	(139)	92,270
Tax effect of change in effective tax rate and other adjustments	7,340	(3,183)
	(32,362)	154,247
41. BASIC AND DILUTED EARNINGS PER SHARE		
Profit after taxation	200,031	553,356
	(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	3.22	8.91

Rupees in '000	Note	2015	2014
42. CASH GENERATED FROM OPERATIONS			
Profit before taxation		167,669	707,603
Adjustments for non cash charges and other items			
Depreciation on operating fixed assets and investment property		127,473	94,924
Amortization of intangible assets		6,988	5,288
Charge for the year on staff retirement benefit funds		(2,397)	892
Charge / (reversal) for compensated absences		1,111	(189)
Provision for 10-C bonus		–	1,159
Dividend income		(61,160)	(47,323)
Unrealized gain on held for trading investments - net		(40,780)	(74,090)
Gain on sale of investments		(108,116)	(307,738)
Unrealized loss / (gain) on commodity - Silver		300	(43)
Provision for stock-in-trade and stores, spares and loose tools - net		2,761	6,548
Provision / (reversal of provision) for doubtful trade debts		8,051	(10,916)
Provision for Workers' Welfare Fund		3	565
Provision for Workers' Profit Participation Fund		–	4,851
Provision / (reversal of provision) for liquidated damages		232	(1,304)
Provision for Gas Infrastructure Development Cess		–	3,381
Provision for diminution in the value of investments - net		–	5,999
Return on deposits and investments		(8,325)	(1,235)
Gain on disposal of operating fixed assets		(5,441)	(965)
Deferred income		(2,043)	(924)
Liabilities written back		(2,789)	–
Loss on disposal of assets held for sale		–	9,935
Finance costs		87,314	94,911
Share of profit from equity accounted investees - net of taxation		(203,305)	(340,642)
Working capital changes	42.1	306,492	339,453
		274,038	490,140

42.1 Working capital changes			
Decrease / (increase) in current assets			
Stores, spares and loose tools		2,394	135
Stock-in-trade		(44,060)	263,034
Trade debts		25,104	118,293
Advances		(9,814)	(16,927)
Trade deposits and short term prepayments		(6,787)	2,093
Other receivables		24,760	(13,370)
		(8,403)	353,258
Increase / (decrease) in current liabilities			
Trade and other payables		314,895	(13,805)
		306,492	339,453

Rupees in '000	Note	2015	2014
43. CASH AND CASH EQUIVALENTS			
Running finances under mark-up arrangements	12	(301,822)	(228,366)
Cash and bank balances	30	101,408	144,262
		(200,414)	(84,104)

44. SEGMENT REPORTING

44.1 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 presented below.

44.2 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 2015					
Sales - net	581,318	1,492,459	–	228,751	2,302,528
Cost of sales	494,597	1,550,853	–	236,481	2,281,931
Gross profit / (loss)	86,721	(58,394)	–	(7,730)	20,597
Income from investments	–	–	219,150	96	219,246
	86,721	(58,394)	219,150	(7,634)	239,843
Distribution and selling expenses	14,439	12,808	–	–	27,247
Administrative expenses	130,402	25,411	20,028	5,616	181,457
Other operating expenses	2,829	4,103	54	4,316	11,302
	147,670	42,322	20,082	9,932	220,006
	(60,949)	(100,716)	199,068	(17,566)	19,837
Other income	8,783	16,191	568	6,299	31,841
Operating (loss) / profit before finance costs	(52,166)	(84,525)	199,636	(11,267)	51,678
Finance costs	37,303	39,530	10,186	296	87,315
Share of profit in equity accounted investees - net of taxation	–	–	181,920	21,386	203,306
(Loss) / profit before taxation	(89,469)	(124,055)	371,370	9,823	167,669
Taxation					(32,362)
Profit after taxation					200,031

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 / (loss)	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

44.2.1 Revenue reported above represents revenue generated from external customers. There were no inter-segment sale during the year (2014: Rs. Nil).

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

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

44.3 Revenue from major products and services

The analysis of the Group's revenue from external customers for major products and services is given in note 31 to these consolidated financial statements.

44.4 Information about major customers

Revenue from major customers of Steel segment represents an aggregate amount of Rs. 406.368 million (2014: Rs. 1,197.032 million) of total Steel segment revenue of Rs. 581.318 million (2014: Rs. 1,280.643 million). Revenue from major customers of Cotton segment represents an aggregate amount of Rs. 726.724 million (2014: Rs. 260.990 million) of total Cotton segment revenue of Rs. 1,492.459 million (2014: Rs. 2,749.527 million). Revenue from major customers of Energy segment represent an aggregate amount of Rs. 212.593 million (2014: Rs. Nil) of total Energy segment revenue of Rs. 228.751 million (2014: Rs. Nil).

44.5 Geographical information

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

Rupees in '000	**2015**	2014
Far East	40,260	252,578
Pakistan	2,262,268	3,777,592
	2,302,528	4,030,170

44.5.2 All non-current assets of the Group as at 30 June 2015 and 2014 were located and operating in Pakistan.

44.6 Segment assets and liabilities

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

Rupees in '000	Steel segment	Cotton segment	IID segment	Energy segment	Total
As at 30 June 2015					
Segment assets for reportable segments	1,732,551	488,312	1,106,190	786,512	4,113,565
Investment in equity accounted investees	–	–	2,169,198	254,052	2,423,250
Unallocated corporate assets					299,876
Total assets as per balance sheet					6,836,691
Segment liabilities for reportable segments	508,236	163,564	3,228	23,034	698,062
Unallocated corporate liabilities and deferred income					748,412
Total liabilities as per balance sheet					1,446,474

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

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

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

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

44.7 Other segment information

Rupees in '000	Steel segment	Cotton segment	IID segment	Energy segment	Total
For the year ended 30 June 2015					
Capital expenditure	665,734	64,525	593	11,101	741,953
Depreciation and amortization	41,431	65,234	7,167	–	113,832
Non-cash items other than depreciation and amortization - net	32,973	40,472	(381,437)	(23,134)	(331,126)
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	36,270	51,292	(706,989)	(37,701)	(657,128)

45. STAFF RETIREMENT BENEFITS

45.1 Defined benefit plans

45.1.1 The actuarial valuation of both pension and gratuity schemes has been conducted in accordance with IAS 19, 'Employee benefits' as at 30 June 2015. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation:

	2015		2014	
	Pension	Gratuity	Pension	Gratuity
Financial assumptions				
- Discount rate used for Interest Cost in the consolidated profit and loss charge	13.25%	13.25%	10.5%	10.5%
- Discount rate used for year end obligation	10.5%	9.75%	13.25%	13.25%
- Expected rate of increase in salaries	10.5%	9.75%	13.25%	13.25%
Demographic assumptions				
- Retirement Assumption	Age 58		Age 58	
- Expected mortality for active members	SLIC (2001-05)		SLIC (2001-05)	

45.1.2 The amounts recognized in the consolidated balance sheet are as follows:

		2015			2014		
Rupees in '000	Note	Pension	Gratuity	Total	Pension	Gratuity	Total
Present value of defined benefit obligations	45.1.4	290,974	65,769	356,743	259,928	57,568	317,496
Fair value of plan assets	45.1.5	(410,636)	(123,682)	(534,318)	(336,183)	(97,490)	(433,673)
Asset recognized in the consolidated balance sheet		(119,662)	(57,913)	(177,575)	(76,255)	(39,922)	(116,177)

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

		2015			2014		
Rupees in '000	Note	Pension	Gratuity	Total	Pension	Gratuity	Total
Opening balance		(76,255)	(39,922)	(116,177)	(83,556)	(29,824)	(113,380)
Net benefit (income) / cost charged to the consolidated profit and loss	45.1.7	(122)	(2,296)	(2,418)	1,166	(269)	897
Remeasurements recognized in other comprehensive income		(32,652)	(11,470)	(44,122)	14,925	(6,362)	8,563
Contributions by the Holding Company	45.1.5	(10,633)	(4,225)	(14,858)	(8,790)	(3,467)	(12,257)
Closing balance		(119,662)	(57,913)	(177,575)	(76,255)	(39,922)	(116,177)

45.1.4 Movement in the present value of defined benefit obligations

	2015			2014		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity	Total
Present value of defined benefit obligations - 1 July	259,928	57,568	317,496	208,373	52,639	261,012
Current service costs	10,726	3,273	13,999	10,430	3,045	13,475
Interest costs	33,927	7,628	41,555	21,497	5,527	27,024
Benefits paid during the year	(7,147)	–	(7,147)	(6,716)	–	(6,716)
Benefits due but not paid	(609)	–	(609)	(571)	–	(571)
Remeasurement loss from changes in demographic assumptions	–	–	–	24,298	–	24,298
Remeasurement (gain) / loss of experience adjustments	(5,851)	(2,700)	(8,551)	2,617	(3,643)	(1,026)
Remeasurement (gain) / loss of defined benefit obligations	(5,851)	(2,700)	(8,551)	26,915	(3,643)	23,272
Present value of defined benefit obligations - 30 June	290,974	65,769	356,743	259,928	57,568	317,496

45.1.5 Movement in the fair value of plan assets are as follows:

	2015			2014		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity	Total
Fair value of plan assets - 1 July	336,183	97,490	433,673	291,929	82,463	374,392
Contributions by the Holding Company	10,633	4,225	14,858	8,790	3,467	12,257
Interest income on plan assets	44,775	13,197	57,972	30,761	8,841	39,602
Benefits paid during the year	(7,147)	–	(7,147)	(6,716)	–	(6,716)
Benefits due but not paid	(609)	–	(609)	(571)	–	(571)
Return on plan assets, excluding interest income	26,801	8,770	35,571	11,990	2,719	14,709
Fair value of plan assets - 30 June	410,636	123,682	534,318	336,183	97,490	433,673
45.1.6 Actual return on plan assets	71,576	21,967	93,543	42,751	11,560	54,311

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

	2015			2014		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity	Total
Current service cost	10,726	3,273	13,999	10,430	3,045	13,475
Interest cost	33,927	7,628	41,555	21,497	5,527	27,024
Expected return on plan assets	(44,775)	(13,197)	(57,972)	(30,761)	(8,841)	(39,602)
Charge recognized in the consolidated profit and loss account	(122)	(2,296)	(2,418)	1,166	(269)	897

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

	2015			2014		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity	Total
Remeasurement loss from changes in demographic assumptions	–	–	–	24,298	–	24,298
Remeasurement (gain) / loss of experience adjustments	(5,851)	(2,700)	(8,551)	2,617	(3,643)	(1,026)
Remeasurement (gain) / loss of defined benefit obligation	(5,851)	(2,700)	(8,551)	26,915	(3,643)	23,272
Return on plan assets, excluding interest income	(26,801)	(8,770)	(35,571)	(11,990)	(2,719)	(14,709)
Remeasurement (gain) / loss charged in the other comprehensive income	(32,652)	(11,470)	(44,122)	14,925	(6,362)	8,563
45.1.9 Total defined benefit cost recognized in the consolidated profit and loss account and other comprehensive income	(32,774)	(13,766)	(46,540)	16,091	(6,631)	9,460
Expected contributions to funds in the following year	12,405	4,959	17,364	11,238	4,365	15,603
Re-measurements: Accumulated actuarial (gains) / losses recognized in other comprehensive income	(32,652)	(11,470)	(44,122)	14,925	(6,362)	8,563
Weighted average duration of the defined benefit obligation (years)	11	4		11	4	
Analysis of present value of defined benefit obligation						
Type of Members:						
Pensioners	21	–		21	–	
Beneficiaries	73	73		70	69	
	94	73		91	69	
Vested / Non-Vested						
Vested benefits	255,684	64,828	320,512	227,727	57,068	284,795
Non - vested benefits	35,290	941	36,231	32,201	500	32,701
	290,974	65,769	356,743	259,928	57,568	317,496

	2015			2014		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity	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	29,066	1,962	31,028	6,669	1,288	7,957
Debt instruments						
AA+	26,979	–	26,979	24,645	–	24,645
A+	–	–	–	3,970	–	3,970
AA-	232	–	232	233	–	233
AM2-	–	–	–	14,282	–	14,282
B-	113,884	38,384	152,268	100,294	27,475	127,769
	141,095	38,384	179,479	143,424	27,475	170,899
Equity instruments						
Beverages	–	–	–	630	–	630
Cement	11,704	–	11,704	–	–	–
Chemicals	114	–	114	1,873	331	2,204
Commercial Banks	–	–	–	1,458	–	1,458
Construction and Materials (Cement)	–	–	–	7,418	–	7,418
Electricity	–	–	–	29,201	8,442	37,643
Engineering	134,393	61,168	195,561	–	–	–
Fertilizer	2,644	441	3,085	–	–	–
Food and Personal care products	449	–	449	–	–	–
Food Producer	–	–	–	1,091	321	1,412
Industrial Metals and Minning	–	–	–	112,436	51,211	163,647
Insurance	242	–	242	–	–	–
Non Life Insurance	–	–	–	167	–	167
Oil and Gas	–	–	–	13,372	3,777	17,149
Oil and Gas Exploration Companies	9,993	2,677	12,670	–	–	–
Oil and Gas Marketing Companies	265	–	265	–	–	–
Personal Goods (Textile)	–	–	–	2,798	–	2,798
Pharmaceuticals	56	–	56	–	–	–
Power Generation and Distribution	46,502	13,408	59,910	–	–	–
Sugar and Allied Industries	1,097	323	1,420	–	–	–
Technology and Communication	9	–	9	–	–	–
Textile Composite	3,243	–	3,243	–	–	–
Transport	340	–	340	–	–	–
	211,051	78,017	289,068	170,444	64,082	234,526
Mutual funds						
Income Fund	3,937	2,625	6,562	3,409	2,272	5,681
Equity Fund	25,487	2,694	28,181	11,014	2,371	13,385
Money Market Fund	–	–	–	1,222	–	1,222
	29,424	5,319	34,743	15,645	4,643	20,288
	410,636	123,682	534,318	336,182	97,488	433,670

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%	261,203	63,564
Discount rate -1%	326,963	68,254
Long term pension / salary increase +1%	297,770	68,247
Long term pension / salary decrease -1%	284,849	63,530
Long term pension increase +1%	320,062	–
Long term pension decrease -1%	266,350	–

The actuary of the Holding 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.

45.2 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 2015 was Rs. 7.527 million (2014: Rs. 7.182 million). Period end of Provident Fund Financial Statements is 31 December and 30 June for Steel & IID Division and Cotton Division respectively.

The following information is based on the latest financial statements of the fund:

	2014	2013	2014	2013
Rupees in '000	Steel and IID Division		Cotton Division	
Cost of investments made	148,090	135,009	30,788	21,949
Size of the Fund	203,460	176,256	32,223	27,401
Fair value of investments	189,220	167,555	30,999	25,908
Percentage of investments made	93.0%	95.1%	96.2%	94.6%
Amount wise breakup of Fair value of investments is as follows:				
Equity Securities	59,993	51,837	12,216	12,202
Government Securities	92,640	73,000	18,783	9,816
Debt Securities	–	–	–	3,140
Mutual Funds	36,587	42,718	–	750
	189,220	167,555	30,999	25,908
Percentage wise breakup of fair value of investments out of size of fund is as follows:				
Equity Securities	29%	29%	38%	45%
Government Securities	46%	41%	58%	36%
Debt Securities	–	–	–	11%
Mutual Funds	18%	24%	–	3%

Investments out of the provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

46. FINANCIAL INSTRUMENTS

The Group has exposure to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk

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

46.1 Credit risk

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

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

Rupees in '000	2015	2014
Investments	13,556	37,551
Loans and deposits	48,859	51,946
Trade debts	60,639	89,479
Mark-up accrued	475	473
Other receivables	6,668	18,284
Bank balances	99,274	142,114
	229,471	339,847

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 balance sheet date represent domestic parties except one export party.

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

Rupees in '000	2015	2014
Steel segment	47,682	46,445
Cotton segment	7,859	43,034
	55,541	89,479
The aging of trade debts at the balance sheet date is		
Not past due	13,839	38,472
Past due 1 - 30 days	9,502	985
Past due 30 - 180 days	16,296	35,340
Past due 180 days	26,688	17,468
	66,325	92,265
Less: Impaired	5,686	2,786
	60,639	89,479

The movement in the allowance for impairment in respect of trade debts and loan and advances is given in note 22.2 and note 23 respectively.

Based on past experience the management believes that no impairment allowance is necessary, expect mentioned above, 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.

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 A1+.

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

	Rating		Rating	**2015**	2014
	Short term	Long term	Agency	(Rupees)	
Mutual Funds					
PICIC Investment Fund	MFR 1 star	MFR 1 star	JCR - VIS	10,008	10,866
PICIC Growth Fund	MFR 3 star	MFR 3 star	JCR - VIS	65,880	45,401
PICIC Energy Fund	MFR 3 star	MFR 3 star	JCR - VIS	–	3,559
Golden Arrow Selected					
Stocks Fund	MFR 4 star	MFR 5 star	PACRA	1,911	1,656
				77,799	61,482

Loans and deposits

The Company has provided security deposits as per the contractual terms with counter parties as security and does not expect material loss against those deposits.

Investment in debt securities

Credit risk arising on debt securities is mitigated by investing principally in investment grade rated instruments. Where the investment is considered doubtful a provision is created there against.

Concentration of credit risk

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

46.2 Liquidity risk

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

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

Rupees in '000				2015			
	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							
Long term loan	294,000	–	294,000	18,375	36,750	73,500	165,375
Liabilities against assets subject to finance lease	93,650	–	104,971	27,656	27,903	39,845	9,567
Trade and other payables (refer note 10)	438,609	–	438,609	438,609	–	–	–
Mark-up accrued	12,856	–	12,856	12,856	–	–	–
Short term borrowings	301,822	301,822	–	–	–	–	–
	1,140,937	301,822	850,436	497,496	64,653	113,345	174,942

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 10)	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

46.3 Market risk

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

46.3.1 Currency risk

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

		2015	
	USD	Euro	Total
Foreign creditors	(2,890,633)	(114,300)	(3,004,933)
Outstanding letters of credit	(6,423,065)	–	(6,423,065)
Net exposure	(9,313,698)	(114,300)	(9,427,998)

	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	(533,808)	–	(533,808)

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2015	2014	**2015**	2014
USD to PKR	101.51	102.83	101.70	98.75
Euro to PKR	121.10	139.61	113.79	134.73

Sensitivity analysis

At the balance sheet 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

	2015	2014
USD	(931,370)	(53,381)
Euro	(11,430)	–
	(942,800)	(53,381)

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.

46.3.2 Interest rate risk

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

	2015	2014	**2015**	2014
	Effective interest rate (Percentage)		Carrying amount (Rupees in '000)	
Financial assets				
Fixed rate instruments - Preference shares	8.5	8.5	13,347	23,995

	2015	2014	**2015**	2014
	Effective interest rate (Percentage)		Carrying amount (Rupees in '000)	
Financial liabilities				
Variable rate instruments:				
Long term loan	8.88-11.68	–	294,000	–
Liabilities against assets subject to finance lease	12.04-20.25	14.59-20.25	93,650	103,029
Short term borrowings	8.33-12.62	10.58-12.38	301,822	228,366

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 the consolidated profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the balance sheet date would have (increased) /decreased 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 2014.

Rupees in '000	Profit and loss 100 bp Increase	Decrease
As at 30 June 2015		
Cash flow sensitivity - Variable rate financial liabilities	(3,018)	3,018
As at 30 June 2014		
Cash flow sensitivity - Variable rate financial liabilities	(2,284)	2,284

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

46.3.3 Other price risk

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

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

Rupees in '000	**2015**	2014
Effect on consolidated profit	71,763	65,469
Effect on consolidated equity	9,262	6,631
Effect on investments	81,025	72,100

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

46.4 Fair value of financial instruments

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

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

Investment in ordinary 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.

47. REMUNERATION TO THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Chief Executive		Director		Executives		Total	
Rupees in '000	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Managerial remuneration	11,100	10,467	–	–	41,082	39,290	52,182	49,757
House rent	4,995	4,710	–	–	16,568	14,222	21,563	18,932
Utilities	1,110	1,047	–	–	3,527	3,270	4,637	4,317
Travelling expenses	263	545	–	–	–	–	263	545
Others	2,412	1,102	–	–	–	33	2,412	1,135
Medical	1,994	816	–	–	1,908	1,568	3,902	2,384
Contributions to								
- Gratuity fund	925	872	–	–	2,135	1,964	3,060	2,836
- Pension fund	2,220	2,093	–	–	5,613	5,755	7,833	7,848
- Provident fund	1,110	1,047	–	–	2,795	2,817	3,905	3,864
Club subscription and expenses	1,134	1,001	–	–	82	88	1,216	1,089
Entertainment	187	–	–	–	46	42	233	42
Conveyance	–	–	–	–	2,093	1,656	2,093	1,656
Telephone	–	–	–	–	6	6	6	6
	27,450	23,700	–	–	75,855	70,711	103,305	94,411
Number of persons	1	1	–	–	28	29	29	30

47.1 The aggregate amount charged in respect of directors' fees paid to seven (2014: six) directors is Rs. 1.240 million (2014: Rs. 0.660 million). Also, during the year remuneration paid to the non-executive Chairman of the Board of Directors amounted to Rs. 1.095 million (2014: 0.510 million).

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

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

48. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated companies, directors, companies where directors also hold directorship, related group companies, key management personnel and staff retirement benefit funds. Balances and transactions between the Holding Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

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

Name	Nature of relationship	Nature of transaction	2015	2014
Rupees in '000				
Altern Energy Limited	Associated company	Dividend received	72,103	72,103
Shakarganj Limited	Associated company	Dividend paid	4,488	8,813
		Purchase of Land	–	36,240
		Purchase of raw material	212,593	–
		Sale of finished goods	250,241	3,171
		Services received	3,600	4,406
		Reimbursable expenses	1,557	1,556
		Purchase of assets	40	–
		Advance against goods	40,000	–
Central Depository Company of Pakistan Limited	Related party	Services received	108	–
Crescent Jute Products Limited *	Related party	Purchase of assets	–	5,909
		Services received	90	137
		Reimbursable expenses	459	648
CSAP Foundation*	Related party	Donation given	569	285
Muhammad Amin Muhammad Bashir Limited *	Related party	Dividend paid	1	2
Pakistan Centre for Philanthropy *	Related party	Annual subscription charges	–	180
Premier Insurance Company *	Related party	Insurance premium	6,467	9,839
The Crescent Textile Mills Limited *	Related party	Dividend paid	10,246	20,119
		Dividend received	565	–
The Citizens' Foundation *	Related party	Donation given	7,875	19,820
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Contribution made	1,744	1,831
		Dividend paid	7	16
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Contribution made	4,225	3,797
		Dividend paid	1,765	3,852

Name	Nature of relationship	Nature of transaction	2015	2014
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Contribution made	10,632	9,623
		Dividend paid	3,959	8,457
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Contribution made	5,824	5,344
		Dividend paid	788	1,651
Key management personnel	Related parties	Remuneration and benefits	66,329	58,797

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

48.1 Sale and purchase of finished goods and raw materials, rendering of services and insurance premium are based on commercial terms and at market prices which are approved by the Board of Directors.

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

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

48.4 Outstanding balances and other information with respect to related parties as at 30 June 2015 and 2014 are included in issued, subscribed and paid-up capital (note 6.1), trade and other payables (note 10.3), investment in equity accounted investees (note 17), other long term investments (note 18.1), investments (note 26.1), other receivables (note 28.1), administrative expenses (note 35.4) and staff retirement benefits (note 45).

49. CAPITAL RISK MANAGEMENT

The Group's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company's overall strategy remains unchanged from year 2014.

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

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

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

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

49.1 Gearing ratio

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

Rupees in '000	Note	2015	2014
Total debt	49.1.1	689,472	331,395
Less: Cash and bank balances		101,408	144,262
Net debt		588,064	187,133
Total equity	49.1.2	5,390,217	5,246,197
Total capital		5,978,281	5,433,330
Gearing ratio		10%	3%

49.1.1 Total debt is defined as long term and short term borrowings (excluding derivatives), as described in notes 7, 8 and 12 to these consolidated financial statements.

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

50. PLANT CAPACITY AND PRODUCTION

50.1 Steel segment

Pipe plant

The plant's installed / rated capacity for production based on single shift is 30,000 tons (2014: 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 2,837 tons (2014: 10,248 tons) line pipes of varied sizes and thickness, which is equivalent to 13,590 tons (2014: 21,676 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 1,524 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 79,764 meters (2014: 82,125 meters) of different dia pipes (90,735 square meters surface area) was achieved during the year (2014: 58,651 square meters surface area).

50.2 Cotton segment

Spinning unit 1

The plant capacity converted to 20s count based on three shifts per day for 1,080 shifts is 6,452,874 kilograms (2014: 6,452,874 kilograms). Actual production converted into 20s count was 5,082,052 kilograms (2014: 5,749,028 kilograms).

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

50.3 Energy segment

Power plant

The power plant has a maximum output capacity of 14 MWh (2014: 14 MWh).

51. GENERAL

51.1 Number of employees

The number of employees including contractual employees of the Group as at 30 June 2015 were 397 (2014: 742) and weighted average number of employees were 812 (2014: 846).

51.2 Non adjusting event after balance sheet date

The Board of Directors of the Holding Company in their meeting held on 31 July 2015 have proposed final cash dividend for the year ended 30 June 2015 of Re. 0.7 per share (i.e. 7%) (2014: Rs. 1.5 per share) amounting to Rs. 43.474 million (2014: Rs. 93.159 million). The above proposed final cash dividend is subject to the approval of the members at the Annual General Meeting to be held on 28 September 2015. These consolidated financial statements do not include the effect of above proposal which will be accounted for in the period in which it is approved by the members.

52. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue in the Board of Directors meeting held on 31 July 2015.

Chief Executive

Director

Chief Financial Officer

Crescent Steel and Allied Products Limited

PATTERN OF SHAREHOLDING

AS AT 30 JUNE 2015

PATTERN OF SHAREHOLDING

AS AT 30 JUNE 2015

No. of Shareholders	Shareholding		Total Shares held
	From	To	
445	1	100	13,004
595	101	500	192,293
402	501	1,000	319,122
620	1,001	5,000	1,587,720
175	5,001	10,000	1,356,742
86	10,001	15,000	1,087,844
50	15,001	20,000	889,412
35	20,001	25,000	783,181
16	25,001	30,000	437,776
19	30,001	35,000	611,675
12	35,001	40,000	446,602
10	40,001	45,000	431,957
12	45,001	50,000	581,327
9	50,001	55,000	477,735
4	55,001	60,000	237,840
5	60,001	65,000	311,900
1	65,001	70,000	65,288
6	70,001	75,000	438,173
5	75,001	80,000	389,956
1	80,001	85,000	82,500
2	85,001	90,000	174,093
8	95,001	100,000	783,970
4	105,001	110,000	432,462
2	110,001	115,000	222,000
2	115,001	120,000	235,298
2	120,001	125,000	248,500
2	135,001	140,000	272,023
5	145,001	150,000	739,659
1	155,001	160,000	156,572
4	160,001	165,000	656,177
1	165,001	170,000	165,072
1	170,001	175,000	171,500
2	175,001	180,000	358,500
1	180,001	185,000	185,000
2	195,001	200,000	400,000

No. of Shareholders	Shareholding		Total Shares held
	From	To	
2	225,001	230,000	456,852
1	240,001	245,000	243,601
2	245,001	250,000	497,260
2	255,001	260,000	517,240
1	260,001	265,000	263,000
1	265,001	270,000	268,372
1	270,001	275,000	272,162
1	285,001	290,000	285,219
1	295,001	300,000	300,000
1	305,001	310,000	310,000
1	310,001	315,000	312,000
1	330,001	335,000	332,368
1	355,001	360,000	355,759
1	390,001	395,000	390,646
2	395,001	400,000	800,000
1	415,001	420,000	418,526
1	420,001	425,000	425,000
1	425,001	430,000	426,467
1	445,001	450,000	450,000
3	495,001	500,000	1,499,500
1	510,001	515,000	513,190
1	525,001	530,000	525,220
1	595,001	600,000	600,000
1	1,175,001	1,180,000	1,176,987
1	1,455,001	1,460,000	1,457,500
1	1,795,001	1,800,000	1,798,500
2	1,995,001	2,000,000	3,999,385
1	2,100,001	2,105,000	2,104,556
1	2,555,001	2,560,000	2,556,000
1	2,580,001	2,585,000	2,584,145
1	2,680,001	2,685,000	2,682,068
1	3,310,001	3,315,000	3,314,789
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
2,589			62,105,993

CATEGORIES OF SHAREHOLDING

AS AT 30 JUNE 2015

Categories of Shareholder	Physical	CDC	Total	% age
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. Syed Zahid Hussain	2	-	2	0.00
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
	29	1,089,391	1,089,420	1.75
Executives	12,298	40,695	52,993	0.09
Associated Companies, Undertakings & Related Parties				
Muhammad Amin Muhammad Bashir Limited	679	-	679	0.00
Shakarganj Limited	-	2,992,068	2,992,068	4.82
The Crescent Textile Mills Limited	-	6,830,643	6,830,643	11.00
Trustees - Crescent Cotton Staff P. Fund	-	59,840	59,840	0.10
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
NIT & ICP (Name Wise Detail)				
CDC - Trustee National Investment (Unit) Trust	-	3,314,789	3,314,789	5.34
	-	3,314,789	3,314,789	5.34
Mutual Funds (Name Wise Detail)				
CDC - Trustee AKD Opportunity Fund	-	450,000	450,000	0.72
CDC - Trustee First Capital Mutual Fund	-	30,500	30,500	0.05
CDC - Trustee NAFA Asset Allocation Fund	-	185,000	185,000	0.30
CDC - Trustee NAFA Islamic Asset Allocation Fund	-	263,000	263,000	0.42
CDC - Trustee NAFA Multi Asset Fund	-	106,500	106,500	0.17
CDC - Trustee NAFA Stock Fund	-	54,500	54,500	0.09
CDC - Trustee NIT- Equity Market Opportunity Fund	-	228,762	228,762	0.37
CDC - Trustee Pakistan Capital Market Fund	-	135,500	135,500	0.22
CDC - Trustee Pakistan Sarmaya Mehfooz Fund	-	75,000	75,000	0.12
CDC - Trustee Pakistan Stock Market Fund	-	1,798,500	1,798,500	2.90
	-	3,327,262	3,327,262	5.36
Banks, NBFCs, DFIs, Takaful, Pension Funds	3,800,054	5,067,101	8,867,155	14.28
Modarabas	190	15,000	15,190	0.02
Insurance Companies	-	4,929,556	4,929,556	7.94
Other Companies, Corporate Bodies, Trust etc.	37,980	2,108,264	2,146,244	3.46
General Public	660,573	23,533,229	24,193,802	38.96
	4,511,803	57,594,190	62,105,993	100.00
Shareholders More Than 5.00%				
The Crescent Textile Mills Limited			6,830,643	11.00
Islamic Development Bank			3,795,165	6.11
Bilquis Saleem			3,401,000	5.48
CDC - Trustee National Investment (Unit) Trust			3,314,789	5.34

Crescent Steel and Allied Products Limited

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 31st Annual General Meeting of shareholders of Crescent Steel and Allied Products Limited (the "Company") will be held on Monday, 28 September 2015 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 Unconsolidated and Consolidated Financial Statements for the year ended 30 June 2015.

2. To approve the payment of final cash dividend of Re.0.7 per share (i.e. @7%) for the year ended 30 June 2015.

3. To appoint Company's auditors for the financial year ending 30 June 2016 and to fix their remuneration.

Lahore: 7 September 2015

BY ORDER OF THE BOARD
Muhammad Saad Thaniana
Company Secretary

Notes

1. **Right Shares and Book Closure:**

   The Board of Directors of the Company in their meeting held on 22nd August 2015 has declared 25% right shares (25 shares for every 100 shares held) at Rs.58 per share (including a premium of Rs.48 per share) to all the members whose names will appear on the Company's register of members at the close of business on September 21, 2015. The Share Transfer Books of the Company will remain closed from 22 September 2015 to 28 September 2015 (both days inclusive). Transfers received in order at Share Registrar's Office, CorpTec Associates (Pvt) Limited, 503-E, Johar Town, Lahore by the close of business on 21 September 2015, will be treated in time for the entitlement of cash dividend and right shares 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(l)/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, 2015 effective 1 July 2015, 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	12.5%
2	Non- Filers of Income Tax Return	17.5%

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 Unconsolidated and Consolidated Financial Statements for the year ended 30 June 2015 along with Auditors and Directors Reports thereon on its website: www.crescent.com.pk

GLOSSARY / LIST OF ABBREVIATIONS

ABD	Asian Development Bank
AFS	Available For Sale
API	American Petroleum Institute
APTMA	All Pakistan Textile Mills Association
BCI	Better Cotton Initiative
Board	Board of Directors
BOI	Board of Investment
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
CPEC	China Pakistan Economic Corridor
CSAPL	Crescent Steel and Allied Products Limited
CSCL	CS Capital (Private) Limited
CSR	Corporate Social Responsibility
GDP	Gross Domestic Product
Dia	Diameter
GIDC	Gross Infrastructure Development Cess
DRP	Disaster Recovery Plan
DSC	Differential Scanning Calorimeter
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
MFI	Melt Flow Index
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
QMS	Quality Management System
SECP	Securities and Exchange Commission of Pakistan
SEL	Shakarganj Energy (Private) Limited
SMEDA	Small and Medium Enterprise Development Authority
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
YoY	Year on Year

FORM OF PROXY 31st 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 Monday, 28 September 2015 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 ________________2015.

1. Name ___________________________________

   N.I.C ___________________________________

   Address ___________________________________

   ____

Please affix here Revenue Stamps of Rs. 5/-

Members' Signature

2. Name ___________________________________

   N.I.C ___________________________________

   Address ___________________________________

   ____

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 the 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.

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: ____________________

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

crescent.com.pk