CRESCENT STEEL AND ALLIED PRODUCTS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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

KEY FIGURES

Based on results of the company as presented in the Consolidated financial statements

7,575 (Rs. in million)
Sales Revenue

557 (Rs. in million)
Capital expenditure

1,914.4 (Rs. in million)
EBITDA

21.5 (%)
Return on average capital employed

1,660.5 (Rs. in million)
Profit before taxation and depreciation

11,457 (Rs. in million)
Total assets

1,122 (Rs. in million)
Profit after taxation

1.6:1 (Ratio)
Current ratio

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

7,319 (Rs. in million)
Shareholders' equity

7.6 (Times)
Price earnings ratio

94.3 (Rupees)
Break-up value per share

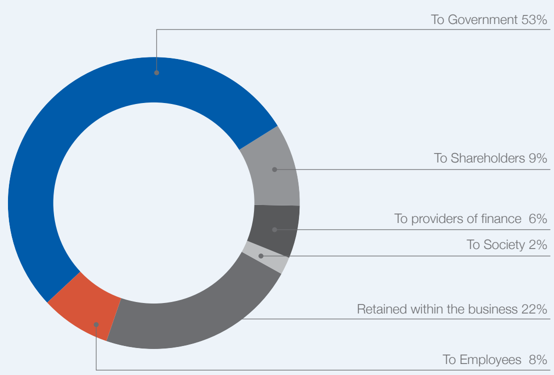
5 (Rupees per share)
Cash dividend (including final proposed)

STATEMENT OF VALUE ADDITION

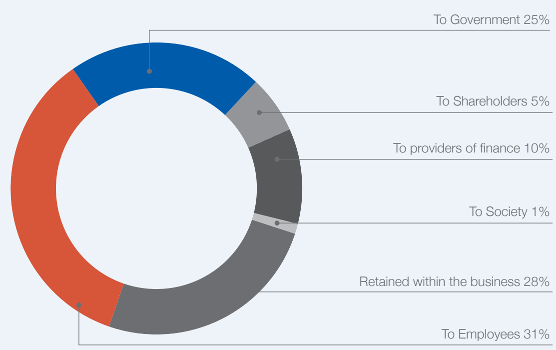
	2016 Rupees in '000	2016 %	2015 Rupees in '000	2015 %
WEALTH GENERATED				
Total revenue	9,337,070	100%	2,921,879	100%
Bought-in-material and services	(5,036,026)	54%	(2,070,656)	71%
	4,301,044	46%	851,223	29%
WEALTH DISTRIBUTED				
To Employees				
Salaries, wages and other benefits	345,057	8%	266,935	31%
To Government				
Income tax, sales tax, custom duties, WWF and WPPF	2,296,860	53%	210,678	25%
To Shareholders				
Dividend *	388,163	9%	43,474	5%
To providers of finance				
Finance costs	253,921	6%	87,315	10%
To Society				
Donation towards education, health and environment	70,892	2%	9,148	1%
Retained within the business for future growth				
Depreciation, amortization and retained earnings	946,151	22%	233,673	28%
	4,301,044	100%	851,223	100%

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

DISTRIBUTION OF WEALTH 2016



DISTRIBUTION OF WEALTH 2015



PERFORMANCE INDICATORS CONSOLIDATED

FOR THE CURRENT AND PAST SIX FINANCIAL YEARS

PERFORMANCE INDICATORS	2016	2015	2014	2013	2012	2011	2010
A - PROFITABILITY RATIOS							
Earnings before interest, taxation, depreciation and amortization (EBITDA) (Rs. in millions)	1,914.4	389.4	902.5	1,316.6	703.6	1,151.0	1,022.2
Profit before taxation and depreciation (Rs. in millions)	1,653.4	295.1	802.3	1,251.3	582.7	995.2	889.8
Gross profit ratio (%)	26.6	0.9	5.7	13.0	12.9	18.4	22.1
Operating profit margin to sales (net) (%)	18.6	2.2	11.5	19.1	7.8	17.5	22.3
Net profit margin to sales (net) (%)	14.8	8.7	13.7	17.8	11.9	14.5	14.4
EBITDA margin to sales (net) (%)	25.3	16.9	22.4	26.3	17.8	26.2	27.6
Operating leverage ratio	2.6	1.6	1.8	4.4	4.1	0.9	63.1
Return on equity (%)	15.3	3.7	10.5	18.0	11.7	17.8	17.4
Return on average equity (%)	17.7	3.8	10.8	19.9	12.4	19.2	19.0
Return on capital employed (RoCE) (%)	17.1	4.2	14.4	22.5	12.8	22.0	21.4
Return on average capital employed (%)	21.5	4.4	14.6	25.0	12.7	23.4	22.2
Return on average assets (%)	12.3	3.1	9.8	16.3	9.4	13.1	11.9
B - LIQUIDITY RATIOS							
Current ratio	1.6 : 1	1.9 : 1	2.6 : 1	2.5 : 1	1.8 : 1	1.5 : 1	1.2 : 1
Quick / Acid-test ratio	0.9 : 1	1.4 : 1	2 : 1	1.8 : 1	1.3 : 1	0.8 : 1	0.6 : 1
Cash to current liabilities (%)	(6.8)	(18.9)	(11.8)	(23.6)	(23.5)	(49.1)	(27.0)
Cash flows from operations to sales (%)	(31.0)	4.1	4.3	(1.7)	11.1	4.1	12.3
Working capital (Net current assets)	2,095.1	929.3	1,123.6	1,340.9	856.4	595.2	384.7
Working capital turnover (times)	5.0	2.2	3.3	4.6	5.4	9.0	10.7
C - ACTIVITY / TURNOVER RATIOS							
Debtors turnover ratio (times)	28.4	30.7	28.1	17.7	15.3	20.9	20.5
No. of days in receivables / Average collection period (days)	13	12	13	21	24	18	18
Inventory turnover ratio (times)	3.7	5.3	7.1	7.0	4.8	3.8	3.5
No. of days in inventory (days)	98	69	51	52	76	95	104
Creditors turnover ratio (times)	20.0	8.5	29.3	19.9	15.9	22.3	14.0
No. of days in creditors / Average payment period (days)	18	43	12	18	23	16	26
Property, plant and equipment turnover (times)	3.1	1.1	2.9	3.9	3.6	3.1	2.9
Total assets turnover (times)	0.7	0.3	0.7	0.9	0.8	0.9	0.8
Operating cycle (days)	93	38	52	55	77	96	96
D - INVESTMENT / MARKET RATIOS							
Basic and diluted earnings per share (Rs.)*	15.05	2.87	7.93	12.77	6.75	9.17	7.67
Price earnings ratio (times)*	7.6	18.1	5.5	3.5	3.4	2.8	3.3
Dividend yield (%) **	4.4	1.3	5.7	7.8	8.6	13.4	12.0
Dividend payout ratio (%) **	34.6	21.7	28.1	28.5	24.0	30.9	31.7
Dividend cover ratio (times) ***	3.0	4.1	3.2	3.6	3.4	2.6	2.6
Cash dividend (Rs. in millions) **	388.2	43.5	155.3	197.6	112.9	197.6	169.4
Cash dividend per share (Rs.) **	5.0	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.)	114.6	51.9	43.5	45.0	23.2	26.1	25.1
- Lowest during the year (Rs.)	54.6	34.9	43.5	21.6	18.0	23.8	18.0
- Highest during the year (Rs.)	134.8	62.4	74.8	54.5	28.5	31.7	34.0
Break-up value per share (Rs.)	94.3	86.8	84.5	79.8	64.7	58.0	49.6
E - CAPITAL STRUCTURE RATIOS							
Financial leverage ratio (%)	39.9	12.8	6.3	9.8	9.0	23.6	27.2
Long term debt to equity ratio (%)	6.4	5.3	1.2	0.7	0.5	3.6	-
Cost of debts	8.4	10.9	13.7	14.4	16.7	16.5	14.4
Long term debt : Equity ratio	6 : 94	5 : 95	1 : 99	1 : 99	0 : 100	3 : 97	0 : 100
Total liabilities to total assets (%)	36.0	21.1	14.9	15.6	21.1	26.6	37.1
Gearing ratio (%)	28.0	9.8	3.4	7.6	6.8	18.7	17.5
Interest coverage (times)	6.9	2.9	8.5	19.5	5.1	6.8	6.9

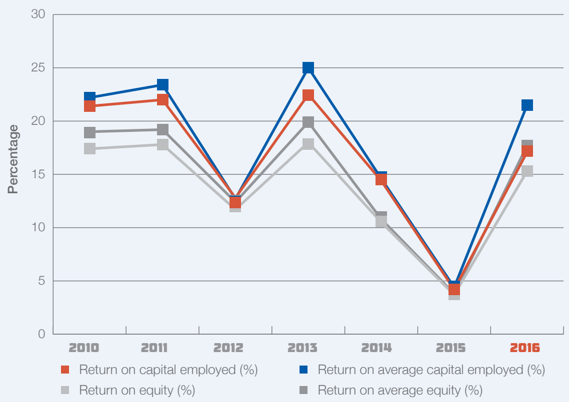
Notes:

* The basic and diluted earnings per share for prior years have been restated to take into account the right issue during the year ended 30 June 2016.

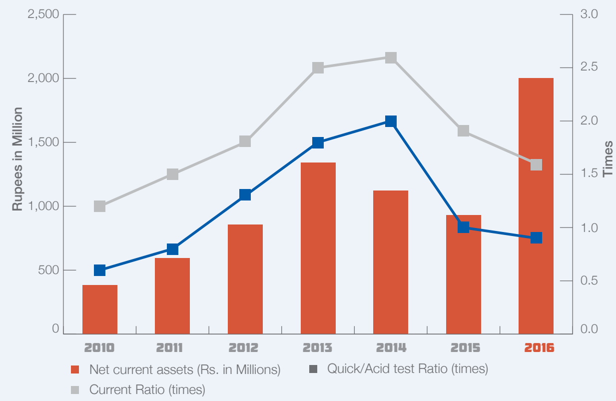
** This includes declaration of final cash dividend recommended by the Board of Directors subsequent to year end.

*** This includes declaration of final cash dividend recommended by the Board of Directors subsequent to year end and prior year have been restated to take into account right issue during the year end 30 June 2016.

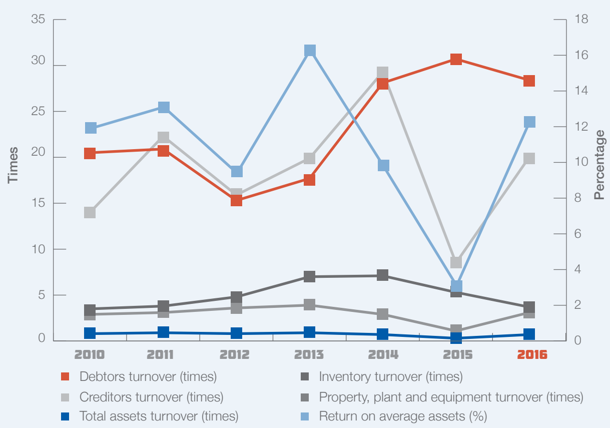
RETURN ON CAPITAL AND EQUITY



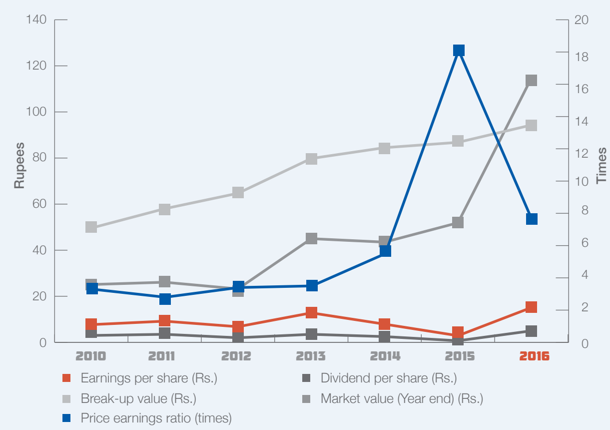
LIQUIDITY



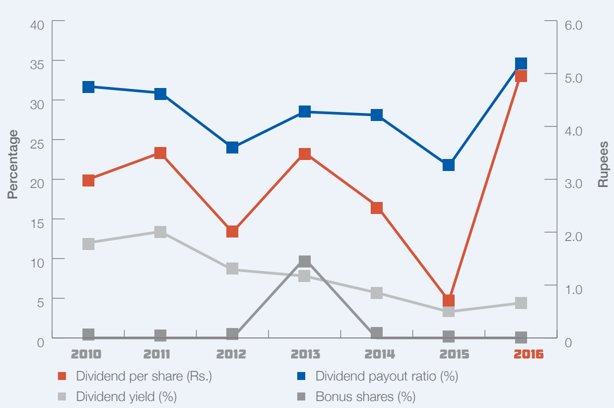
ASSET MANAGEMENT



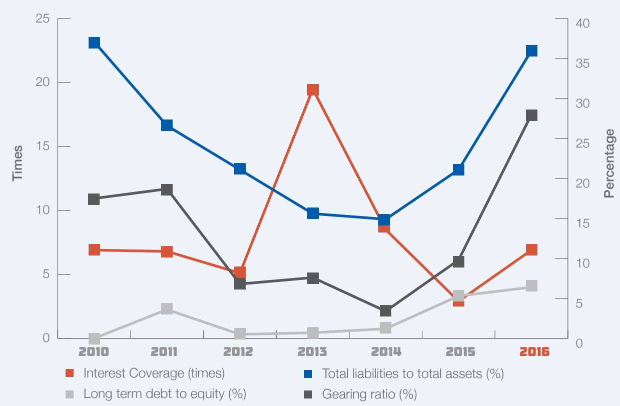
PER SHARE RESULT



DIVIDEND AND RETURNS



DEBT MANAGEMENT



VERTICAL ANALYSIS CONSOLIDATED

FOR THE LAST SIX FINANCIAL YEARS

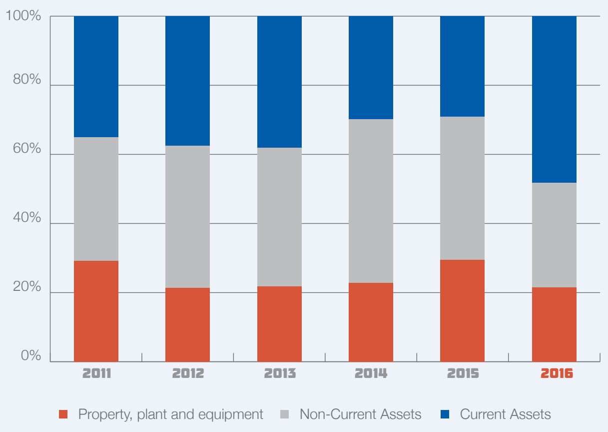
Rupees in million	2016	%	2015	%	2014	%	2013	%	2012	%	2011	%
CONSOLIDATED BALANCE SHEET												
Property, plant and equipment	2,468	21.5	2,019	29.5	1,404	22.8	1,281	21.8	1,086	21.3	1,431	29.2
Intangible assets	113	1.0	68	1.0	39	0.6	14	0.2	2	-	13	0.3
Investment property	60	0.5	67	1.0	73	1.2	62	1.1	36	0.7	40	0.8
Investment in equity accounted investees	2,882	25.2	2,423	35.4	2,540	41.2	2,040	34.6	1,806	35.5	1,498	30.6
Other long term investments	221	1.9	221	3.2	221	3.6	221	3.7	221	4.3	189	3.9
Long term loans and deposits	189	1.6	48	0.7	51	0.8	20	0.3	21	0.4	15	0.3
Deferred taxation	-	-	-	-	-	-	-	-	8	0.2	-	-
Stores, spares and loose tools	130	1.1	67	1.0	72	1.2	79	1.3	66	1.3	66	1.3
Stock-in-trade	2,531	22.1	453	6.6	407	6.6	662	11.3	587	11.5	841	17.1
Trade debts	472	4.1	61	0.9	89	1.4	197	3.4	369	7.3	145	3.0
Advances	45	0.4	58	0.8	58	0.9	32	0.5	138	2.7	30	0.6
Trade deposits and short term prepayments	38	0.3	15	0.2	7	0.1	9	0.2	6	0.1	6	0.1
Investments	879	7.7	824	12.1	758	12.3	946	16.1	523	10.3	491	10.0
Current portion of long term investments	-	-	-	-	-	-	-	-	8	0.2	17	0.3
Mark-up accrued on term finance certificates	-	-	-	-	-	-	-	-	-	-	1	-
Other receivables	800	7.0	187	2.7	143	2.3	135	2.3	48	0.9	62	1.3
Taxation - net	555	4.8	225	3.3	159	2.6	76	1.3	93	1.8	41	0.8
Cash and bank balances	74	0.6	101	1.5	144	2.3	80	1.4	69	1.4	19	0.4
Non-current asset held for sale	-	-	-	-	-	-	19	0.3	-	-	-	-
Total assets	11,457	100	6,837	100	6,165	100	5,873	100	5,087	100	4,905	100
Issued, subscribed and paid-up capital	776	6.8	621	9.1	621	10.1	565	9.6	565	11.1	565	11.5
Capital reserves	1,139	9.9	396	5.8	388	6.3	555	9.4	402	7.9	326	6.6
Revenue reserves	5,404	47.2	4,374	64.0	4,237	68.7	3,836	65.3	3,049	59.9	2,711	55.3
Shareholders' equity	7,319	63.9	5,391	78.9	5,246	85.1	4,956	84.3	4,016	78.9	3,602	73.4
Long term loans	394	3.4	239	3.5	-	-	-	-	-	-	115	2.3
Liabilities against assets subject to finance lease	77	0.7	46	0.7	62	1.0	34	0.6	20	0.4	15	0.3
Deferred income	9	0.1	1	-	2	-	1	-	-	-	-	-
Deferred taxation	229	2.0	98	1.4	142	2.3	6	0.1	-	-	50	1.0
Trade and other payables	954	8.3	643	9.4	433	7.0	415	7.1	692	13.6	378	7.8
Mark-up accrued	23	0.2	13	0.2	9	0.1	9	0.2	16	0.3	26	0.5
Short term borrowings	2,279	19.8	302	4.3	228	3.7	418	7.1	335	6.6	707	14.5
Current portion of deferred income	5	-	2	-	2	-	1	-	-	-	-	-
Current portion of long term loan	109	1.0	55	0.8	-	-	-	-	-	-	-	-
Current portion of liabilities against assets subject to finance lease	59	0.5	47	0.7	41	0.7	32	0.5	8	0.2	12	0.2
Total equity and liabilities	11,457	100	6,837	100	6,165	100	5,873	100	5,087	100	4,905	100
CONSOLIDATED PROFIT AND LOSS ACCOUNT												
Sales - net	7,575	100.0	2,303	100	4,030	100	5,002	100	3,943	100	4,400	100
Cost of sales	5,559	73.4	2,282	99.1	3,800	94.3	4,351	87	3,434	87.1	3,590	82
Gross profit	2,016	26.6	21	0.9	230	5.7	651	13.0	509	12.9	810	18.4
Income from investments - net	102	1.3	219	9.5	441	10.9	348	7	68	1.7	189	4.3
Distribution and selling expenses	16	0.2	27	1.2	52	1.3	68	1.4	46	1.2	39	0.9
Administrative expenses	299	3.9	181	7.9	172	4.3	177	3.5	170	4.3	160	3.6
Other operating expenses	427	5.6	11	0.5	33	0.8	169	3.4	66	1.7	60	1.4
Other income	30	0.4	32	1.4	47	1.2	371	7.4	12	0.3	31	0.7
Operating profit before finance costs	1,406	18.6	52	2.2	461	11.4	956	19.1	307	7.7	771	17.5
Finance costs	254	3.4	87	3.8	95	2.4	63	1.3	110	2.8	144	3.3
Share of profit in equity accounted investees - net of taxation	347	4.6	203	8.8	341	8.5	269	5.4	255	6.5	207	4.7
Profit before taxation	1,499	19.8	168	7.2	707	17.5	1,162	23.2	452	11.4	834	18.9
Taxation	377	5.0	(32)	(1.4)	154	3.8	272	5.4	(19)	(0.5)	194	4.4
Profit after taxation	1,122	14.8	200	8.6	553	13.7	890	17.8	471	11.9	640	14.5

HORIZONTAL ANALYSIS CONSOLIDATED

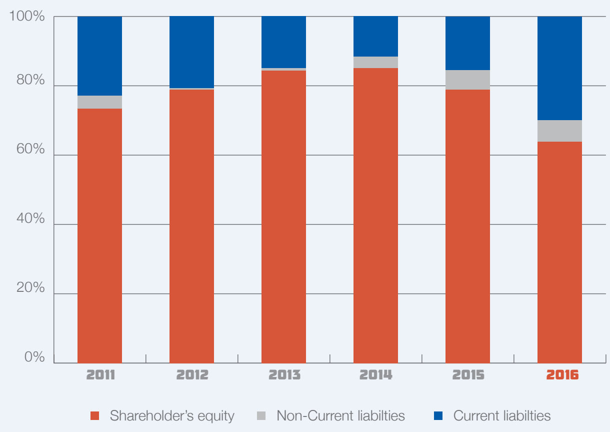
FOR THE LAST SIX FINANCIAL YEARS

Rupees in million	2016	%	2015	%	2014	%	2013	%	2012	%	2011	%
CONSOLIDATED BALANCE SHEET												
Property, plant and equipment	2,468	22.2	2,019	43.8	1,404	9.6	1,281	18.0	1,086	(24.1)	1,431	13.8
Intangible assets	113	66.2	68	74.4	39	178.6	14	600.0	2	(84.6)	13	(45.8)
Investment property	60	(10.4)	67	(8.2)	73	17.7	62	72.2	36	(10.0)	40	(11.1)
Investment in equity accounted investees	2,882	18.9	2,423	(4.6)	2,540	24.5	2,040	13.0	1,806	20.6	1,498	21.7
Other long term investments	221	-	221	-	221	-	221	-	221	16.9	189	(8.3)
Long term loans and deposits	189	293.8	48	(5.9)	51	155.0	20	(4.8)	21	40.0	15	400.0
Deferred taxation	-	-	-	-	-	-	-	(100.0)	8	100.0	-	-
Stores, spares and loose tools	130	94.0	67	(6.9)	72	(8.9)	79	19.7	66	-	66	(9.6)
Stock-in-trade	2,531	458.7	453	11.3	407	(38.5)	662	12.8	587	(30.2)	841	(18.1)
Trade debts	472	673.8	61	(31.5)	89	(54.8)	197	(46.6)	369	154.5	145	(47.7)
Advances	45	(22.4)	58	-	58	81.3	32	(76.8)	138	360.0	30	(45.5)
Trade deposits and short term prepayments	38	153.3	15	114.3	7	(22.2)	9	50.0	6	-	6	-
Investments	879	6.7	824	8.7	758	(19.9)	946	80.9	523	6.5	491	6.0
Current portion of long term investments	-	-	-	-	-	-	-	(100.0)	8	(52.9)	17	100.0
Mark-up accrued on term finance certificates	-	-	-	-	-	-	-	-	-	(100.0)	1	-
Other receivables	800	327.8	187	30.8	143	5.9	135	181.3	48	(22.6)	62	148.0
Taxation - net	555	146.7	225	41.5	159	109.2	76	(18.3)	93	126.8	41	115.8
Cash and bank balances	74	(26.7)	101	(29.9)	144	80.0	80	15.9	69	263.2	19	(89.6)
Non-current asset held for sale	-	-	-	-	-	(100.0)	19	100.0	-	-	-	-
Total assets	11,457	67.6	6,837	10.9	6,165	5.0	5,873	15.5	5,087	3.7	4,905	0.2
Issued, subscribed and paid-up capital	776	25.0	621	-	621	9.9	565	-	565	-	565	-
Capital reserves	1,139	187.6	396	2.1	388	(30.0)	555	38.1	402	23.3	326	19.0
Revenue reserves	5,404	23.5	4,374	3.2	4,237	10.5	3,836	25.8	3,049	12.5	2,711	21.0
Shareholders' equity	7,319	35.8	5,391	2.8	5,246	5.9	4,956	23.4	4,016	11.5	3,602	16.9
Long term loans	394	64.9	239	100.0	-	-	-	-	-	(100.0)	115	100.0
Liabilities against assets subject to finance lease	77	67.4	46	(25.8)	62	82.4	34	70.0	20	33.3	15	100.0
Deferred income	9	800.0	1	(50.0)	2	100.0	1	100.0	-	-	-	-
Deferred taxation	229	133.7	98	(31.0)	142	2,267.0	6	100.0	-	(100.0)	50	(30.6)
Trade and other payables	954	48.4	643	48.5	433	4.3	415	(40.0)	692	83.1	378	(56.7)
Mark-up accrued	23	76.9	13	44.4	9	-	9	(43.8)	16	(38.5)	26	(23.5)
Short term borrowings	2,279	654.6	302	32.5	228	(45.5)	418	24.8	335	(52.6)	707	(9.4)
Current portion of deferred income	5	150.0	2	-	2	100.0	1	100.0	-	-	-	-
Current portion of long term loan	109	98.2	55	100.0	-	-	-	-	-	-	-	(100.0)
Current portion of liabilities against assets subject to finance lease	59	25.5	47	14.6	41	28.1	32	300.0	8	(33.3)	12	100.0
Total equity and liabilities	11,457	67.6	6,837	10.9	6,165	5.0	5,873	15.5	5,087	3.7	4,905	0.2
CONSOLIDATED PROFIT AND LOSS ACCOUNT												
Sales - net	7,575	228.9	2,303	(42.9)	4,030	(19.4)	5,002	26.9	3,943	(10.4)	4,400	18.8
Cost of sales	5,559	143.6	2,282	(39.9)	3,800	(12.7)	4,351	26.7	3,434	(4.3)	3,590	24.4
Gross profit	2,016	9,500.0	21	(90.9)	230	(64.7)	651	27.9	509	(37.2)	810	(0.9)
Income from investments - net	102	(53.4)	219	(50.3)	441	26.7	348	411.8	68	(64.0)	189	(15.2)
Distribution and selling expenses	16	(40.7)	27	(48.1)	52	(23.5)	68	47.8	46	17.9	39	44.4
Administrative expenses	299	65.1	181	5.5	172	(2.8)	177	4.1	170	6.3	160	-
Other operating expenses	427	3,781.8	11	(65.8)	33	(80.5)	169	156.1	66	10.0	60	(6.3)
Other income	30	(6.3)	32	(32.3)	47	(87.3)	371	2,991.7	12	(61.3)	31	(18.4)
Operating profit before finance costs	1,406	2,603.8	52	(88.7)	461	(51.8)	956	211.4	307	(60.2)	771	(6.8)
Finance costs	254	191.9	87	(8.1)	95	50.8	63	(42.7)	110	(23.6)	144	18.0
Share of profit in equity accounted investees - net of taxation	347	71.0	203	(40.4)	341	26.8	269	5.5	255	23.2	207	1,781.8
Profit before taxation	1,499	792.3	168	(76.2)	707	(39.2)	1,162	157.0	452	(45.8)	834	16.5
Taxation	377	1,278.1	(32)	(121.0)	154	(43.4)	272	1,531.6	(19)	(109.8)	194	7.2
Profit after taxation	1,122	461.0	200	(63.8)	553	(37.8)	890	88.9	471	(26.4)	640	19.6

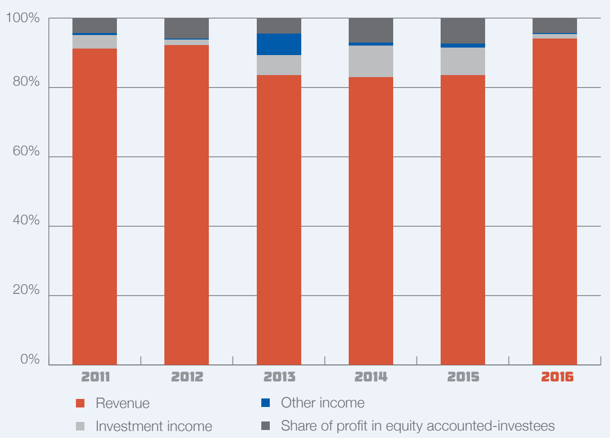
BALANCE SHEET ANALYSIS (ASSETS) %



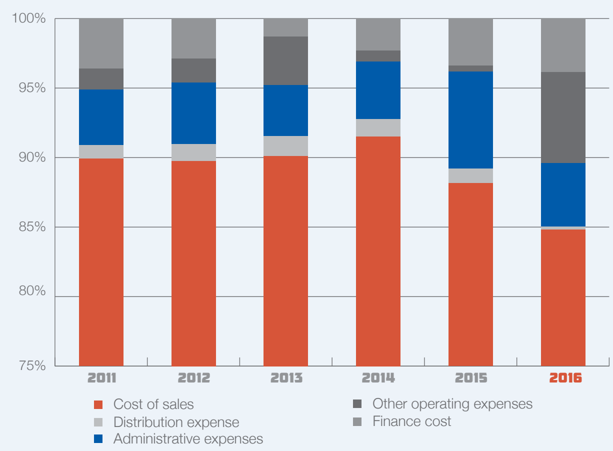
BALANCE SHEET ANALYSIS (EQUITY AND LIABILITIES) %



PROFIT AND LOSS ANALYSIS (REVENUE AND INCOME) %



PROFIT AND LOSS ANALYSIS (EXPENSES) %



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 CHL and SEL commenced in June 2016 and December 2014 respectively.

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. 206.9 million in 2011 to Rs. 347.1 million in 2016 mainly from investment in Altern Energy Limited, whereas, investment income amounted to Rs. 102.5 million in FY16 (2015: Rs. 219.2 million) out of which Rs. 65.6 million was contributed by CSCL (2015: Rs. 85.6 million).

CONSOLIDATED BALANCE SHEET:

With respect to balance sheet, carrying amount of property plant and equipment (PPE) increased by 22% from last year. PPE of CHL and SEL increased by Rs. 142 million and Rs. 202 million respectively.

Furthermore, investments in equity accounted investments have almost doubled from Rs. 1,498 million in 2011 to Rs. 2,882 million in 2016 mainly due to recognition of share of profits from Altern Energy Limited.

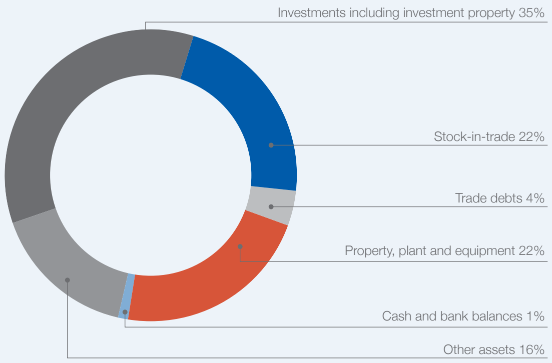
Total assets of the holding company have increased to Rs. 11,475 million in 2016 from Rs. 4,905 million in 2011.

KEY OPERAITNG AND FINANCIAL DATA

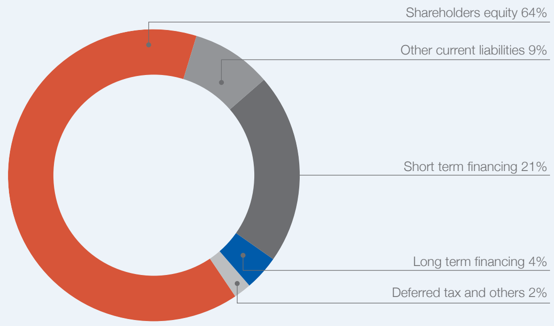
FOR THE CURRENT AND PAST SIX FINANCIAL YEARS

SUMMARIZED FINANCIAL DATA Rupees in millions	2016	2015	2014	2013	2012	2011	2010
A SUMMARY OF PROFIT AND LOSS ACCOUNT							
Sales - net	7,575.4	2,302.5	4,030.2	5,001.7	3,942.9	4,400.0	3,704.4
Cost of sales	5,559.6	2,281.9	3,799.9	4,350.8	3,434.1	3,590.1	2,887.3
Gross profit	2,015.8	20.6	230.3	650.9	508.8	809.9	817.1
Income from investments - net	102.5	219.2	441.4	348.1	67.8	188.6	222.7
Distribution, selling and administrative expenses	315.2	208.7	223.7	244.9	216.0	198.8	187.5
Other operating expenses	426.8	11.3	33.4	169.0	65.8	60.3	63.5
Other income	29.8	31.8	47.3	371.2	11.6	31.6	37.7
Operating profit before finance costs	1,406.1	51.6	461.9	956.3	306.4	771.0	826.5
Finance costs	253.9	87.3	94.9	62.9	109.5	144.0	121.9
Share of profit in equity accounted investees - net of taxation	347.1	203.3	340.5	269.5	255.3	206.9	11.2
Profit before taxation	1,499.3	167.6	707.5	1,162.9	452.2	833.9	715.8
Taxation	377.1	(32.4)	154.2	272.0	(18.9)	194.1	181.0
Net income	1,122.2	200.0	553.3	890.9	471.1	639.8	534.8
B SUMMARY OF BALANCE SHEET							
Current assets	5,524.1	1,991.0	1,836.8	2,216.1	1,908.0	1,718.4	2,128.8
Stock-in-trade	2,531.2	453.1	407.2	662.4	586.7	840.6	1,026.6
Trade debts	472.1	60.6	89.5	196.9	368.9	145.1	276.9
Current liabilities	3,429.0	1,061.7	713.2	875.2	1,051.6	1,123.2	1,744.1
Trade and other payables	954.1	642.8	432.8	414.8	692.3	378.0	873.4
Property, plant and equipment	2,467.8	2,018.5	1,404.4	1,280.7	1,086.2	1,431.2	1,256.9
Total assets	11,457.3	6,836.7	6,165.2	5,872.7	5,087.2	4,905.2	4,894.8
Long term financing (excluding current maturity)	471.4	285.2	62.0	34.5	19.8	130.4	-
Deferred income (including current maturity)	9.1	3.1	4.0	2.3	-	-	-
Deferred liabilities	228.5	98.2	141.5	6.2	-	50.4	71.6
Short term financing (including current maturity of long-term financing)	2,446.9	404.2	269.4	450.5	343.0	719.0	836.4
Reserves	6,542.9	4,769.2	4,625.1	4,391.0	3,451.2	3,036.7	2,514.6
Shareholders' equity	7,319.2	5,390.2	5,246.2	4,955.6	4,015.8	3,601.3	3,079.2
C SUMMARY OF CASH FLOW STATEMENT							
Cash and cash equivalents at the beginning of the year	(200.4)	(84.1)	(206.3)	(247.0)	(551.1)	(470.1)	(644.7)
Net cash (used in) / generated from operating activities	(2,345.1)	94.1	169.2	(85.1)	437.0	180.6	455.8
Net cash (outflows) / inflows from investing activities	(534.1)	(309.2)	286.2	77.9	254.8	(195.0)	27.9
Net cash inflows / (outflows) from financing activities	2,846.2	98.8	(333.1)	47.9	(387.7)	(66.6)	(309.1)
Net (decrease) / increase in cash and cash equivalents	(33.0)	(116.4)	122.2	40.7	304.1	(81.0)	174.6
Cash and cash equivalents at the end of the year	(233.4)	(200.4)	(84.1)	(206.3)	(247.0)	(551.1)	(470.1)
D OTHER DATA							
Depreciation and amortization	161.2	134.5	100.2	90.8	141.9	173.1	184.5
Capital expenditure	557.1	745.3	253.9	348.5	97.4	326.3	228.9
No. of ordinary shares (no. of shares in millions)	77.6	62.1	62.1	56.5	56.5	56.5	56.5
Payments to National Exchequer	2,296.9	210.7	361.4	731.4	290.4	360.3	499.2

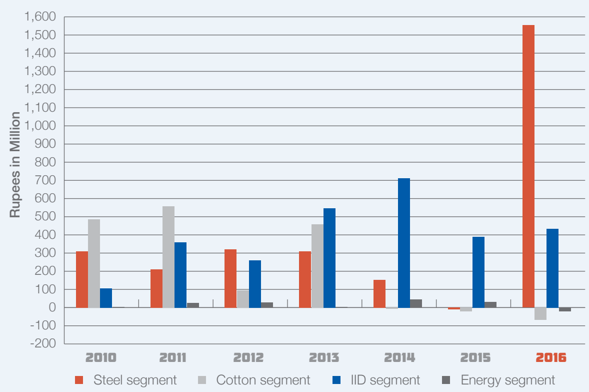
TOTAL ASSETS AS OF 30 JUNE 2016



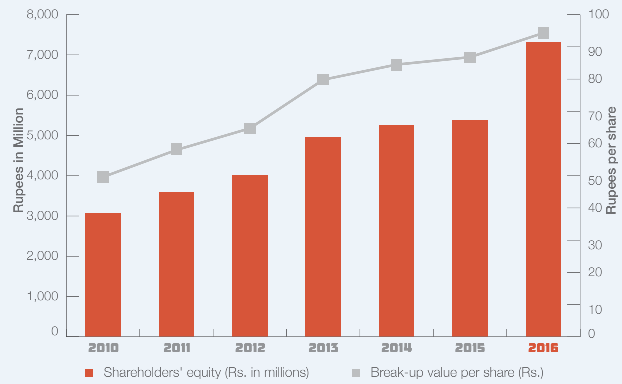
TOTAL LIABILITIES AS OF 30 JUNE 2016



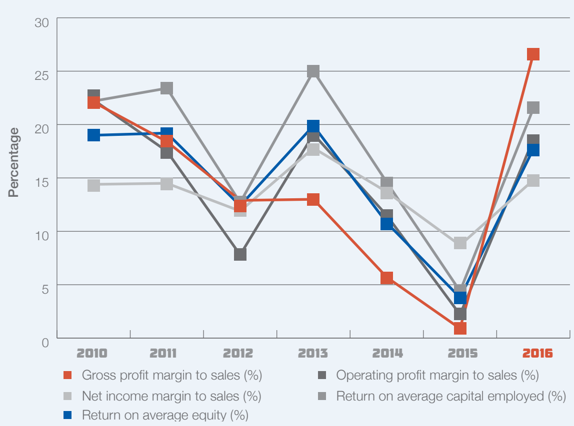
EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTIZATION (EBITDA)



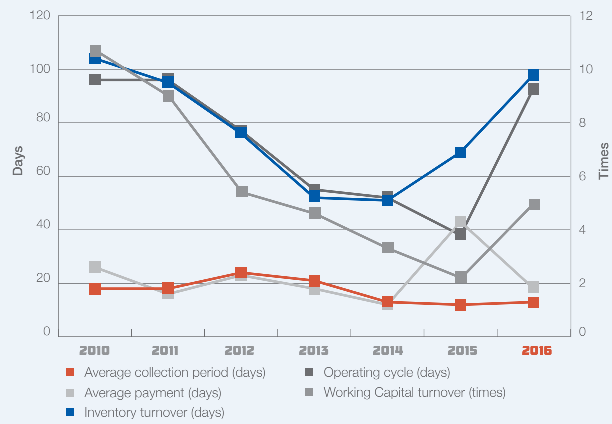
SHAREHOLDERS' EQUITY AND BREAK-UP VALUE PER SHARE



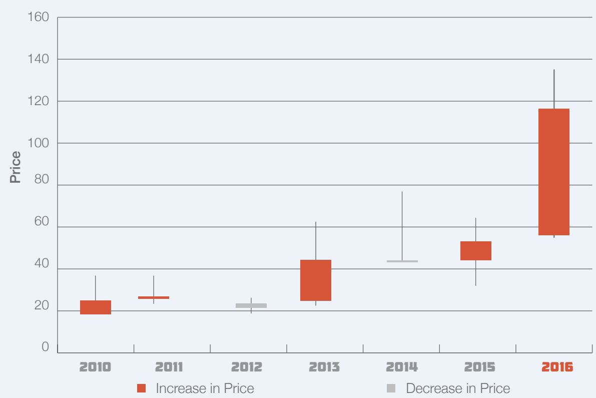
PROFITABILITY AND RETURN



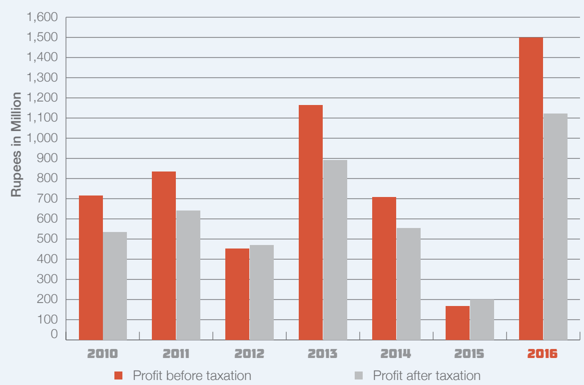
MANAGEMENT OF WORKING CAPITAL



MOVEMENT IN STOCK PRICES



PROFIT BEFORE AND AFTER TAXATION



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 2016. 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 2016 has been presented separately.

GROUP RESULTS

The consolidated financial results of the Group are summarized below:

Rupees in '000		2016	2015
Profit for the year before taxation		1,499,311	167,669
Taxation (charge) / reversal		(377,132)	32,362
Profit after taxation		1,122,179	200,031
Total other comprehensive income for the year		184,301	30,002
Unappropriated profit brought forward		1,731,623	1,594,749
Profit available for appropriation		3,038,103	1,824,782
Appropriations:			
- Final dividend	2014 - @ 15%	–	(93,159)
- Final dividend	2015 - @ 7%	(43,475)	–
- First interim dividend	2016 - @ 15%	(116,449)	–
- Second interim dividend	2016 - @ 15%	(116,449)	–
		(276,373)	(93,159)
Transfer to general reserve		–	–
Unappropriated profit carried forward		2,761,730	1,731,623
Basic and diluted earning per share		Rs. 15.05	Rs. 2.87

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 2016 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 Pakistan Stock Exchange (PSX) Rule Book.

By order of the Board

Ahsan M. Saleem
Chief Executive Officer
15 August 2016

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 2016 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 2016 and the results of their operations for the year then ended.

Date: 15 August 2016
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2016

Rupees in '000	Note	2016	2015
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	776,325	621,060
Capital reserves		1,139,136	395,534
Revenue reserves		5,403,730	4,373,623
		7,319,191	5,390,217
Non-current liabilities			
Long term loans	7	394,250	238,875
Liabilities against assets subject to finance lease	8	77,145	46,367
Deferred taxation	20	228,544	98,208
Deferred income	9	9,179	1,315
		709,118	384,765
Current liabilities			
Trade and other payables	10	954,129	642,765
Mark-up accrued	11	23,419	12,856
Short term borrowings	12	2,278,930	301,822
Current portion of long term loans	7	109,250	55,125
Current portion of liabilities against assets subject to finance lease	8	58,687	47,283
Current portion of deferred income	9	4,552	1,858
		3,428,967	1,061,709
Contingencies and commitments	13		
Total equity and liabilities		11,457,276	6,836,691

Rupees in '000	Note	**2016**	2015
ASSETS			
Non-current assets			
Property, plant and equipment	14	2,467,814	2,018,522
Intangible assets	15	112,685	68,211
Investment properties	16	60,548	67,026
Investment in equity accounted investees	17	2,882,395	2,423,250
Other long term investments	18	220,717	220,717
Long term deposits	19	189,049	48,011
		5,933,208	4,845,737
Current assets			
Stores, spares and loose tools	21	130,244	66,801
Stock-in-trade	22	2,531,238	453,108
Trade debts	23	472,121	60,639
Advances	24	44,994	58,395
Trade deposits and short term prepayments	25	37,650	14,552
Investments	26	879,380	823,918
Mark-up accrued		37	475
Other receivables	27	799,501	186,669
Taxation - net	28	555,016	224,989
Cash and bank balances	29	73,887	101,408
		5,524,068	1,990,954
Total assets		11,457,276	6,836,691

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 2016

Rupees in '000	Note	2016	2015
Sales - net	30	7,575,429	2,302,528
Cost of sales	31	5,559,590	2,281,931
Gross profit		2,015,839	20,597
Income from investments	32	102,460	219,246
		2,118,299	239,843
Distribution and selling expenses	33	15,980	27,247
Administrative expenses	34	299,188	181,457
Other operating expenses	35	426,816	11,302
		741,984	220,006
		1,376,315	19,837
Other income	36	29,808	31,841
Operating profit before finance costs		1,406,123	51,678
Finance costs	37	253,921	87,315
Share of profit in equity accounted investees - net of taxation	38	347,109	203,306
Profit before taxation		1,499,311	167,669
Taxation	39	377,132	(32,362)
Profit after taxation		1,122,179	200,031
		(Rupees)	
			Restated
Basic and diluted earnings per share	40	15.05	2.87

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 2016

Rupees in '000	2016	2015
Profit after taxation for the year	1,122,179	200,031
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss		
Unrealized (diminution) / appreciation during the year on		
remeasurement of investment classified as 'available for sale'	(3,689)	7,890
Gain on remeasurement of staff retirement benefit plan - net of tax	184,301	30,002
Proportionate share of other comprehensive income of equity		
accounted investees	19,882	(744)
Other comprehensive income for the year	200,494	37,148
Total comprehensive income for the year	1,322,673	237,179

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 2016

Rupees in '000	Note	2016	2015
Cash (used in) / generated from operating activities			
Cash generated from operations	41	(1,170,100)	274,038
Taxes paid		(655,806)	(91,954)
Finance costs paid		(241,011)	(70,791)
Contribution to gratuity and pension funds		(17,836)	(14,879)
Contribution to Workers' Profit Participation Fund		(75,000)	(4,851)
Payment of infrastructure fee		(32,219)	(888)
Compensated absences paid		(879)	(556)
10-C bonus paid		(138)	(1,067)
Long term deposits - net		(152,070)	4,998
Net cash (used in) / generated from operating activities		(2,345,059)	94,050
Cash flows from investing activities			
Capital expenditure		(557,093)	(745,304)
Acquisition of intangible assets		(49,716)	(35,462)
Proceeds from disposal of operating fixed assets		13,427	15,488
Proceeds from disposal of operating fixed assets under sale and leaseback arrangement		112,291	37,552
Investments - net		(104,784)	279,431
Dividend income received		49,068	133,172
Interest income received		2,754	5,916
Net cash (used in) investing activities		(534,053)	(309,207)
Cash flows from financing activities			
Proceeds from long term loans		209,500	294,000
Payments against finance lease obligations		(68,329)	(57,151)
Proceeds from short term loans / (repayments against short term loans) - net		1,971,673	–
Proceed from issue of right shares		900,537	–
Transaction cost incurred on issuance of right shares		(17,863)	–
Dividends paid		(149,298)	(138,002)
Net cash flow from financing activities		2,846,220	98,847
Net (decrease) in cash and cash equivalents		(32,892)	(116,310)
Cash and cash equivalents at beginning of the year		(200,414)	(84,104)
Cash and cash equivalents at end of the year	42	(233,306)	(200,414)

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 2016

Rupees in '000	Issued, subscribed and paid-up capital	Capital reserves			Revenue reserves		Total
		Share premium	Unrealized appreciation / (diminution) on remeasurement of investments classified as 'available for sale'	Other*	General reserve	Unappropriated profit	
Balance as at 30 June 2015	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
Total comprehensive income for the year ended 30 June 2016							
Profit after taxation	–	–	–	–	–	1,122,179	1,122,179
Other comprehensive income							
Total Other comprehensive income for the year	–	–	(3,689)	19,882	–	184,301	200,494
Total comprehensive income for the year	–	–	(3,689)	19,882	–	1,306,480	1,322,673
Transactions with owners							
Issuance of right shares	155,265	745,272	–	–	–	–	900,537
Transaction costs on issuance of right shares	–	(17,863)	–	–	–	–	(17,863)
Dividend:							
- Final @ 7% (i.e. Re. 0.7 per share) for the year ended 30 June 2015	–	–	–	–	–	(43,475)	(43,475)
- First interim @ 15% (i.e. Rs 1.5 per share) for the year ended 30 June 2016	–	–	–	–	–	(116,449)	(116,449)
- Second interim @ 15% (i.e. Rs 1.5 per share) for the year ended 30 June 2016	–	–	–	–	–	(116,449)	(116,449)
Balance as at 30 June 2016	776,325	1,020,908	22,120	96,108	2,642,000	2,761,730	7,319,191

* 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 2016

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 01 August 1983 as a public limited company in Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984) and is quoted on the Pakistan stock exchange. 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 layers 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 05 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 - an associated company and balance to Faisalabad Electric Supply Company Limited (FESCO) during sugar crushing season only as per the feasibility business plan. During the year, installation of new extraction / condensing turbine of 16.5 MW has been completed from which commercial production of electricity amounting to Rs. 25.087 million has been made to Crescent Hadeed (Private) Limited in the month of June 2016 under a memorandum of understanding signed on 15 May 2014.

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 100 MW 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 2016, 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. Further, the Company has been allocated Land from PPDB. Also, Interconnectivity study report has been completed and submitted for NTDC vetting. PPDB will approve the feasibility study after the vetting of interconnectivity study by NTDC.

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 is to manufacture and sale of steel billets through a Steel Melting plant, located at Bhone, District Jhang, Punjab. Following trial production completed on 31 May 2016, the Company commenced commercial production from June 2016.

1.7 Crescent Continental Gas Pipelines Limited having share capital of Rs. 90 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 2016. 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 their 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 and Islamic Financial Accounting Standards (IFASs) issued by Institute of Chartered Accountant of Pakistan 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)
- Employees benefits (refer note 5.12)
- Leases (refer note 5.14)
- Income taxes (refer note 5.17)
- Impairment (refer note 5.2, 5.3, 5.5 and 5.21)

4. NEW OR AMENDMENTS / INTERPRETATIONS TO EXISTING STANDARDS, INTERPRETATION AND FORTHCOMING REQUIREMENTS

4.1 Standards, interpretation and ammendment, to approved accounting standards effective in current year

IFRS 10 ‘Consolidated Financial Statements’, IFRS 11 ‘Joint Arrangements’, IFRS I2 ‘Disclosure of Interests in Other Entities’ and IFRS 13 ‘Fair Value Measurements’. These standards became applicable from 1 July 2015, as per the adoption status of IFRS in Pakistan.

The application of IFRS 10, IFRS 11 and IFRS 12 did not have any impact on the financial information of the Company.

IFRS 13 ‘Fair Value Measurement’, consolidates the guidance on how to measure fair value, which was spread across various IFRS, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 did not have an impact on the financial information of the Company, except certain additional disclosures.

Securities and Exchange Commission of Pakistan vide circular no.14 of 2016 “Implementation of Mandatory Disclosure for Listed Companies for All Shares Islamic Index Screening” issued on 21 April 2016 directed all listed companies under section 506B of the Companies Ordinance, 1984 (XLVII of 1984) read with section 505 thereof and Section 40B of the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997) to disclose all Islamic related transactions and balances in their annual and half yearly financial statements. Accordingly, additional disclosures have been presented as per circular no. 14.

4.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards are only effective for accounting periods beginning on or after 1 July 2016:

- 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 use of revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization 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 the Group’s consolidated financial statements.

- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures) [effective for annual periods beginning on or after 1 January 2016] clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment company; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on the Group's consolidated financial statements.

- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on the Group's consolidated financial statements.

- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on the Group's consolidated financial statements.

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

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have an impact on the Group's consolidated financial statements.

- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have an impact on the Group's consolidated financial statements.

- Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a)measurement of cash-settled share-based payments; (b)classification of share-based payments settled net of tax withholdings; and (c)accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards. The amendments are not likely to have an impact on the Group's consolidated financial statements.

- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 July 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 on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. 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 the Group’s consolidated financial statements.

- 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.

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the preparation of these consolidated financial statements are set forth below and have been applied consistently to all years presented, except for the new standards and requirements which become effective during the year as disclosed in the note 4.1.

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 / 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 the 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 and loss account 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 Group 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 and 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 cash flows 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 cash flows discounted at the assets original effective interest rate. Impairment loss is 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 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 less impairment loss, if any 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 Employees 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 5.19 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 Asset held under Ijarah financing

Assets held under Ijarah financing are accounted for using the guidelines of Islamic Financial Accounting Standard 2 (IFAS 2), "Ijarah". The assets are not recognized on the Holding Company's financial statements and payments made under Ijarah financing are recognized in the consolidated profit or loss on a straight line basis over the term of the lease.

5.16 Trade and other payables

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

5.17 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 for all deductible differences, carry forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits or taxable temporary difference 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.

5.18 Revenue recognition

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

Revenue from electricity sales is recognised on transmission of electricity power.

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.

5.19 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.

5.20 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.

5.21 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.

5.22 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 Pakistani Rupees at the rates of exchange prevailing at the reporting date. Exchange differences, if any, are recognized in the consolidated profit and loss account.

5.23 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.

5.24 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.

5.25 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.

5.26 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

2016	2015		2016	2015
Number of shares			Rupees in '000	
37,756,686	22,230,188	Ordinary shares of Rs. 10 each fully paid in cash	377,567	222,302
39,875,805	39,875,805	Ordinary shares of Rs. 10 each issued as bonus shares	398,758	398,758
77,632,491	62,105,993		776,325	621,060

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

	2016		2015	
	Percentage of holding	Number of shares	Percentage of holding	Number of shares
Crescent Steel and Allied Products Limited - Gratuity Fund	1.90%	1,471,233	1.90%	1,176,987
Crescent Steel and Allied Products Limited - Pension Fund	4.16%	3,230,181	4.16%	2,584,145
Crescent Steel and Allied Products Limited - Staff Provident Fund	1.07%	833,082	0.85%	525,220
Crescent Cotton Products - Staff Provident Fund	0.10%	74,800	0.10%	59,840
Muhammad Amin Muhammad Bashir Limited	0.00%	848	0.00%	679
Premier Insurance Limited	0.16%	120,700	–	–
Shakarganj Limited	1.02%	792,068	4.82%	2,992,068
The Crescent Textile Mills Limited	11.00%	8,538,303	11.00%	6,830,643

Rupees in '000	Note	2016	2015
7. LONG TERM LOANS			
Secured - Under non-shariah arrangement			
Allied Bank Limited	7.1	253,500	294,000
Saudi Pak Industrial and Agriculture Investment Company Limited	7.2	250,000	–
		503,500	294,000
Less: Current portion shown under current liabilities		109,250	55,125
		394,250	238,875

7.1 During year ended 30 June 2015, the Holding Company entered into a long term loan arrangement with Allied Bank Limited for an amount of Rs. 312 million. 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 started from December 2015. During the year, Holding Company has made repayment of Rs. 58.5 million. Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum. During the year, mark-up on such arrangements ranged between 7.60% to 8.49% (2015: 8.34% to 11.68%) per annum. The facility is secured against first joint pari passu hypothecation / equitable mortgage on plant, machinery and property of the Holding Company.

7.2 During the year, the Holding Company entered into a long term loan arrangement with Saudi Pak Industrial and Agricultural Investment Company Limited for an amount of Rs. 250 million. The term of the loan is 5 years from the date of disbursement including a grace period of 1 year, repayable in 8 equal semi annual installments starting from eighteen month from date of disbursement. Mark-up is payable at the rate of 6 months KIBOR plus 2.5% per annum. During the year, mark-up on such arrangement is 8.85% to 9.54% (2015: Nil) per annum. The facility is secured against first exclusive mortgage charge on land and building 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	**2016**	2015	**2016**	2015	**2016**	2015
Not later than one year	69,040	55,490	10,353	8,207	58,687	47,283
Later than one year and not later than five years	85,759	49,481	8,614	3,114	77,145	46,367
	154,799	104,971	18,967	11,321	135,832	93,650
Less: Current portion shown under current liabilities					58,687	47,283
					77,145	46,367

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 to five years (30 June 2015: three years) and the liability is payable by the month ranging from three months to sixty months (30 June 2015: Seven month to thirty-five months). The periodic lease payments include built-in rates of mark-up ranging between 11.10% to 15.41% (2015: 12.04% to 20.25%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 152.669 million (30 June 2015: Rs. 91.058 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 proceeds over the carrying amount of respective assets) out of which Rs. 4.552 million (2015: Rs. 1.858 million) is classified in current liabilities; being current portion of deferred income of Rs. 13.731 million (2015: Rs. 3.173 million). The deferred income will be amortized to the consolidated profit and loss account over the lease term. During the year Rs. 2.682 million (2015: 2.043 million) is amortized in the consolidated profit and loss account.

Rupees in '000	Note	**2016**	2015
10. TRADE AND OTHER PAYABLES			
Trade creditors		119,102	24,034
Bills payable		13,394	307,854
Commission payable		653	1,074
Customer's security deposits		2,350	2,075
Accrued liabilities	10.1	410,415	83,533
Advances from customers		59,425	78,236
Provisions	10.2	124,084	91,897
Due to related parties	10.3	1,074	16
Payable to provident fund		1,723	1,251
Retention money		1,550	7,320
Sales tax payable		77	2,255
Withholding tax payable		16,952	12,161
Advance tax payable collected on electricity supply		8,364	3,840
Workers' Profit Participation Fund	10.4	2,661	4,302
Workers' Welfare Fund		23,002	67
Dividend payable - Second interim		116,449	–
Unclaimed dividend		22,638	12,012
Others		30,216	10,838
		954,129	642,765

Rupees in '000	Note	2016	2015
10.1 Accrued liabilities			
Salaries, wages and other benefits		31,187	9,798
Accrual for 10-C bonus		2,075	137
Compensated absences		13,398	11,857
Liquidated demages		105,815	–
Custom duty	10.1.1	134,569	–
Others	10.1.2	123,371	61,741
		410,415	83,533

10.1.1 This represents custom duty payable in respect of raw material in bounded warehouse.

10.1.2 This includes liability against Gas Infrastructure Development Cess of Rs. 11.988 million (2015: Rs. 11.988 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 2015	62,375	3,242	26,280	91,897
Provision for the year	64,406	–	–	64,406
Payments during the year	(32,219)	–	–	(32,219)
Closing balance as at 30 June 2016	94,562	3,242	26,280	124,084

10.2.1 This provision has been recognized against infrastructure fee levied by the Government of Sindh through Sindh Finance (Amendment) Ordinance, 2001. The Group has contested this issue in the High Court. The Group 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 Group 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. 67.519 million (2015: Rs. 39.469 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 profit and loss account. However, on a 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 balance due to Premier Insurance Limited - a related party amounting Rs. 1.074 million (2015: Rs. 0.02 million) respectively.

Rupees in '000	Note	2016	2015
10.4 Workers' Profit Participation Fund			
Opening balance as at 1 July		4,302	9,023
Allocation for the year	35	73,359	–
Mark-up on funds utilized in the Holding Company's business	37	–	130
		77,661	9,153
Amount paid to the trustees of the fund		(75,000)	(4,851)
Closing balance as at 30 June		2,661	4,302

11. MARK-UP ACCRUED

Rupees in '000	Note	2016	2015
Mark-up accrued on:			
- Finance lease obligations		304	346
- Long term loans		4,758	2,268
- Running finance and short term loans	11.1	18,357	10,242
		23,419	12,856

11.1. This includes mark-up accrued amounting to Rs. 2.494 million, on shariah arrangement.

12. SHORT TERM BORROWINGS

Rupees in '000	Note	2016	2015
Secured from banking companies			
Running finances under mark-up arrangements	12.1	307,193	301,822
Short term loans	12.2	1,971,737	–
		2,278,930	301,822

12.1 Short term running finance available from conventional side of various commercial banks under mark-up arrangements amounted to Rs. 750 million (2015: Rs. 650 million) out of which Rs. 250 million (2015: Rs. 250 million), Rs. 50 million (2015: Rs. 50 million) and Rs. 100 million (2015: Rs. Nil) is interchangeable with letters of credit, Finance against import margin and letter of guarantee facility respectively. During the year, mark-up on such arrangements ranged between 7.75% to 8.99% (2015: 8.33% to 12.37%) per annum.

12.2 This includes an amount of Rs. 219 million outstanding against Istisnaa Financing. Short term loan financing available from various commercial banks under mark-up arrangements amounted to Rs. 4,862 million (2015: Rs. 1,300 million) out of which Rs. 3,908 million (2015: Rs. 400 million), Rs. 50 million (2015: Rs. 50 million) and Rs. 310 million (2015: Rs. Nil) is interchangeable with letters of credit, running finance and letter of guarantee facility respectively . During the year, mark-up on such arrangements ranged between 7.82% to 9.01% (2015: 9.76% to 12.62%) per annum.

12.3 The facilities for opening letters of credit amounted to Rs. 4,990 million (2015: Rs. 1,600 million) out of which Rs. 250 million (2015: Rs. 250 million), Rs. 3,710 million (2015: Rs. 400 million) and Rs. 410 million (2015: Rs. Nil) are interchangeable with short term running finance, short term loans and letter of guarantee facility respectively as mentioned in notes 12.1 and 12.2 above. The facility for letters of guarantee as at 30 June 2016 amounted to Rs. 1,385 million (2015: Rs. 772.250 million). Amounts unutilized for letters of credit and guarantees as at 30 June 2016 were Rs. 2,692 million and Rs. 113 million (2015: Rs. 639.790 million and Rs. 53.176 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 Contingencies

13.1.1 The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance), thus rendering the Company 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 Group's registered office is situated in its jurisdiction till the decision of Supreme Court. Accordingly aggregate net of tax provision of Rs. 14.453 million has not been recorded in these consolidated financial statements.

13.1.2 During year ended 30 June 2015, 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 and penalty thereon amounting to Rs. 44.773 million. Holding Company has filed an appeal with Appellate Tribunal (Customs) against the order. No provision has been recognized in these Consolidated financial statements as the case is under appeal and management considers that the same would be decided in Holding Company's favour.

13.1.3 During the current year, show cause notice from Sindh Revenue Board has been received in respect of registration as a service provider and a demand aggregating to Rs. 60 million in respect of sales tax on services has been raised. The Holding Company has filed a constitutional writ in the Sindh High Court against the Sindh Revenue Board and Government of Sindh in respect of the notice, in which Honorable Sindh High Court has granted interim relief to the Holding Company. No provision has been recognized in the consolidated financial statements in this respect, since based on the opinions of tax consultant and Holding Company's legal counsel, the management is confident of favorable outcome of litigation in relation to the said matter.

13.1.4 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.

13.2 Commitments

13.2.1 During the year, the Holding Company entered into Ijarah financing arrangement amounting to Rs. 600 million with BankIslami Pakistan Limited for acquisition of SP machine. As per requirement of IFAS-2 Ijarah financing has been treated as an operating lease. As at 30 June 2016, amount of lease rental outstanding under the agreement are Rs. 460.220 million, which is payable in quarterly instalments of Rs. 23.011 million each.

The total of future Ijarah payment under arrangement are as follows:

Rupees in '000	**2016**	2015
Not later than one year	92,044	–
Later than one year and not later than five years	608,176	–
	700,220	–
Security deposit under arrangement	(240,000)	–
	460,220	–

13.2.2 Aggregate amount of guarantees issued by conventional side of banks on behalf of the Group against various contracts aggregated Rs. 1,168.440 million (2015: Rs. 719.074 million).

13.2.3 Commitments in respect of capital expenditure contracted for by the Group as at 30 June 2016 amounted to Rs. 53.899 million (2015: Rs. 96.922 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 Company aggregating Rs. 12.665 million (2015: Rs. 83.821 millon) in respect of civil work and capital expenditure to acquire plant and machinery.

13.2.4 Commitments under letters of credit as at 30 June 2016 amounted to Rs. 661.221 million (2015: Rs. 653.225 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Rupees in '000	Note	2016	2015
14. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	14.1	2,293,213	1,227,329
Capital work-in-progress	14.5	174,601	791,193
		2,467,814	2,018,522

14.1 Operating fixed assets

Description Rupees in '000		Land: Freehold	Land: Leasehold including improvements	Buildings: On freehold land	Buildings: On leasehold land	Office premises	Plant and machinery: Owned *	Plant and machinery: Leased	Electrical / office equipment and installation	Furniture and fittings	Computers	Motor vehicles: Owned	Motor vehicles: Leased	Total
Net carrying value as at 1 July 2015														
Opening net book value (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
Additions / transfers		–	–	340,781	–	9,000	796,204	83,641	8,239	1,849	3,476	37,162	29,689	1,310,041
Disposals (at NBV)	14.6	–	–	–	–	–	(25,148)	(35,683)	(13)	–	(74)	(30,349)	(5,266)	(96,533)
Depreciation charge	14.2	–	(54)	(14,440)	(551)	(81)	(88,230)	(18,220)	(5,581)	(967)	(3,825)	(9,832)	(5,843)	(147,624)
Balance as at 30 June 2016 (NBV)		250,967	3,810	402,041	1,399	8,936	1,375,023	160,642	16,590	6,427	5,445	26,869	35,064	2,293,213
Gross carrying value as at 30 June 2016														
Cost	14.4	250,967	5,299	547,400	70,027	49,493	2,534,755	187,186	63,401	23,396	54,222	53,950	41,564	3,881,660
Accumulated depreciation		–	(1,489)	(145,359)	(68,628)	(40,557)	(1,159,732)	(26,544)	(46,811)	(16,969)	(48,777)	(27,081)	(6,500)	(1,588,447)
Net book value		250,967	3,810	402,041	1,399	8,936	1,375,023	160,642	16,590	6,427	5,445	26,869	35,064	2,293,213
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)		–	–	–	–	–	(33,724)	(3,539)	(43)	–	–	(5,115)	(4,055)	(46,476)
Depreciation charge		–	(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		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
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. 0.435 million (2015: Rs. 0.620 million) representing net book value of capitalized spares.

During the year asset having net book value Rs. 40.948 million (2015: 7.793 million) were transferred from lease assets to own assets on maturity of lease arrangements.

14.1.1 This includes trial production loss of Rs. 30.031 million incurred by subsidiaries during the trial production period which was completed on May 2016 to achieve desired results such as targeted quality, rate of production etc. The details are as follows:

Rupees in '000	2016
Cost of goods sold	91,763
Other expenses	9,894
Less: sale of finished goods	(71,626)
Loss	30,031

Rupees in '000	Note	2016	2015
14.2 The depreciation charge for the year has been allocated as follows			
Cost of sales	31.1	131,086	106,568
Distribution and selling expenses	33	1,173	1,080
Administrative expenses	34	13,463	9,658
Allocated against rental income	36	1,457	3,771
Intangible under development phase		445	445
		147,624	121,522

14.3 Property, plant and equipment as at 30 June 2016 include items having an aggregate cost of Rs. 1,201.244 million (2015: Rs. 1,001.015 million) that have been fully depreciated and are still in use by the Holding Company.

14.4 The fair value of property, plant and equipment of the Group as at 30 June 2016 approximated to Rs. 4,508.7 million.

Rupees in '000	Note	2016	2015
14.5 Capital work-in-progress			
Advances to suppliers		50	4,594
Civil work	14.5.1 & 14.5.2	147,914	315,057
Plant and machinery		26,637	470,428
Software		–	1,042
Others		–	72
		174,601	791,193

14.5.1 This includes advance against purchase of land and building aggregating Rs. 71.385 million (2015: Rs. 68.385 million) out of which an amount of Rs. 53 million (2015: 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 (2015: 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.

14.5.2 The Holding Company has recognized a provision for an amount of Rs. 20.619 million (2015: Rs. 20.619 million) against construction work at a site which has been halted since last year.

14.6 The following assets were disposed off during the year:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particular of buyers
Rupees in '000						
Plant and machinery	14,742	614	14,128	13,500	Sale and lease back	Orix Leasing Pakistan Limited
	51,939	–	51,939	64,369	Sale and lease back	Sindh Leasing Company Limited
	5,835	–	5,835	5,835	Sale and lease back	Pak-Gulf Leasing Company Limited
	4,257	922	3,335	3,072	Negotiation	Sally Textile Mills Limited
	2,359	511	1,848	1,728	Negotiation	Sally Textile Mills Limited
Motor vehicles	20,362	339	20,023	20,362	Sale and lease back	Orix Leasing Pakistan Limited
	2,490	41	2,449	2,500	Sale and lease back	Sindh Leasing Company Limited
	2,235	149	2,086	2,050	Sale and lease back	Sindh Leasing Company Limited
	1,814	393	1,421	1,725	Sale and lease back	Sindh Leasing Company Limited
	1,056	70	986	975	Sale and lease back	Sindh Leasing Company Limited
	1,032	172	860	975	Sale and lease back	Sindh Leasing Company Limited
	704	163	541	546	Company Policy	Mr.Shams ul Haq
	1,404	924	480	480	Company Policy	Mr. Mukhtar
	373	113	260	229	Company Policy	Mr. Mohammad Afzal
	373	113	260	229	Company Policy	Mr. Muhammad Arif
	373	146	227	229	Company Policy	Mr. Mohammad Ramzan
	65	–	65	51	Company Policy	Mr. Iftikhar
	72	10	62	70	Company Policy	Mr. Muhammad Arif
	72	10	62	56	Company Policy	Mr. Tahir Ali
	72	14	58	56	Company Policy	Mr. Mohammad Yasin
	72	15	57	56	Company Policy	Mr. Muhammad Shamim
	72	15	57	56	Company Policy	Mr. Liaqat Ali
	72	15	57	56	Company Policy	Mr. Shahid Imran
	72	15	57	56	Company Policy	Mr. Amjad Farooq
	72	15	57	56	Company Policy	Mr. Tahir Ali
	72	15	57	56	Company Policy	Mr. Qadeer Ahmed
	72	15	57	56	Company Policy	Mr. Baqar Ali
Others	36,307	36,106	201	6,289	Various	Various
2016	148,440	40,915	107,525	125,718		
2015	77,048	30,572	46,476	53,050		

Rupees in '000	Note	2016	2015
15. INTANGIBLE ASSETS			
Intangible assets			
- Under use	15.1	11,423	9,525
- Under project development	15.2	101,262	58,686
		112,685	68,211
15.1 Intangible assets - under use			
Net carrying value as at 1 July			
Net book value as at 1 July		9,525	14,031
Additions		9,028	2,482
Amortization	15.1.1	(7,130)	(6,988)
Net book value as at 30 June	15.1.2	11,423	9,525
Gross carrying value as at 30 June			
Cost		77,419	68,391
Accumulated amortization		(63,356)	(56,226)
Accumulated impairment		(2,640)	(2,640)
Net book value		11,423	9,525
Amortization rate (% per annum)		33.33	33.33

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

15.1.2 Intangible assets as at 30 June 2016 include items having an aggregate cost of Rs. 57.596 million (2015: 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 consolidatd 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 2015					
Opening net book value (NBV)		45,369	15,328	6,329	67,026
Additions		–	–	–	–
Depreciation charge	16.1	(2,607)	(1,186)	(2,685)	(6,478)
Balance as at 30 June 2016 (NBV)		42,762	14,142	3,644	60,548
Gross carrying value as at 30 June 2016					
Cost	16.2	49,445	23,366	29,830	102,641
Accumulated depreciation		(6,682)	(9,225)	(26,186)	(42,093)
Net book value		42,763	14,141	3,644	60,548
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		(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		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
Depreciation rate (% per annum)		1 & 10	5	10 - 20	

16.1 Depreciation charged for the year has been allocated to administrative expenses (Note 34).

16.2 Fair value of the investment property based on recent valuation is Rs. 248.550 million (2015: Rs. 223.550 million), which is determined by independent valuer on the basis of market value.

17. INVESTMENT IN EQUITY ACCOUNTED INVESTEES

2016	2015		Note	2016	2015
Number of shares				Rupees in '000	
		Quoted			
63,967,500	64,491,500	Altern Energy Limited (Chief Executive Officer - Mr. Taimur Dawood)	17.1	2,772,227	2,397,727
30,809,987	19,471,769	Shakarganj Limited (Chief Executive Officer - Mr. Anjum M. Saleem)	17.2	96,515	–
		Unquoted			
3,430,000	3,430,000	Crescent Socks (Private) Limited (Chief Executive Officer - Mr. Shehryar Mazhar)	17.3	13,653	25,523
				2,882,395	2,423,250

17.1 The Holding Company and the subsidiary companies hold 16.64% and 0.96% respectively i.e. aggregate holding of 17.6% 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. 395.869 million and Rs. (0.139) million respectively.

17.2 During the year, Group has subscribed the right shares issue amounted to Rs. 113.382 million. The net share of loss and reserves for the year amounting to Rs. 16.867 million (2015: Rs. 26.626 million) has been recognized, including effect of unrecognized share of losses and reserves pertaining to prior year, resulting in the cumulative share of unrecognized net losses and reserves as at 30 June 2016 of Rs. Nil (2015: Rs.80.425 million).

17.3 During the year, share of loss from associate recognized amounted to Rs. 11.870 million (2015: 8.777 million).

17.4 The above figures are based on unaudited condensed interim financial information of these companies as at 31 March 2016. The latest financial statements of these companies as at 30 June 2016 are not presently available.

Rupees in '000	2016	2015
17.5 Market value of investments in associates is as follows:		
Quoted		
Altern Energy Limited	2,344,409	2,063,728
Shakarganj Limited	481,252	331,020
	2,825,661	2,394,748

Percentage of holding	2016	2015
17.6 Percentage of holding of equity in associates is as follows:		
Altern Energy Limited	17.60	17.75
Shakarganj Limited	28.01	28.01

17.7 Summarized financial information of associated companies as at 31 March 2016 is as follows:

		Total assets	Total liabilities	Revenues	Profit / (loss) after tax
2016					
Altern Energy Limited	17.7.1	39,492,469	13,175,273	20,374,055	2,804,398
Shakarganj Limited	17.7.2	12,350,221	7,094,686	3,461,956	206,845
Crescent Socks (Private) Limited	17.7.2	112,237	84,369	58,783	(19,792)
2015					
Altern Energy Limited		37,171,398	14,649,811	13,333,803	2,517,106
Shakarganj Limited		13,388,146	8,830,508	4,634,778	(100,868)
Crescent Socks (Private) Limited		72,607	20,508	27,734	(12,646)

17.7.1 These figures are based on the latest available condensed interim consolidated financial information as at 31 March 2016 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 2016.

Rupees in '000	Note	2016	2015
18. OTHER LONG TERM INVESTMENTS - Available for sale			
Investments in related parties	18.1	60,717	60,717
Other investments	18.2	160,000	160,000
		220,717	220,717

18.1 Investment in related parties

2016	2015		Note	2016	2015
Number of shares				Rupees in '000	
		Unquoted			
2,403,725	2,403,725	Crescent Bahuman Limited	18.1.1	24,037	24,037
1,047,000	1,047,000	Crescent Industrial Chemicals Limited	18.1.2	10,470	10,470
1,852,500	1,852,500	Central Depository Company of Pakistan Limited (CDC)		60,717	60,717
				95,224	95,224
		Less: Provision for impairment		34,507	34,507
				60,717	60,717

18.1.1 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 (2015: Rs. Nil per share), calculated on the basis of audited annual financial statements for the year ended 30 June 2015.

18.1.2 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.

18.2 Available for sale

2016	2015		2016	2015
Number of shares			Rupees in '000	
		Unquoted		
16,000,000	16,000,000	Shakarganj Food Products Limited	160,000	160,000

Rupees in '000	Note	2016	2015
19. LONG TERM DEPOSITS			
Security deposits - leasing companies		15,334	11,601
Security deposits - Ijarah financing arrangement		150,648	–
Security deposits - others	19.1	23,067	36,410
		189,049	48,011

19.1 This includes amortized cost of Rs. 12.381 million which pertains to long term deposit relating to Shakarganj Energy (Private) Limited (subsidiary company) of Rs. 32.486 million deposit 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 amortised cost in these consolidated financial statements.

Rupees in '000	2016	2015

20. DEFERRED TAXATION

	2016	2015
Deferred tax credits / (debits) arising in respect of:		
Taxable temporary differences		
Accelerated tax depreciation / amortization	17,719	18,408
Finance lease obligations	17,962	17,197
Unrealized gain on held for trading investments	6,358	11,524
Employee benefits	129,874	50,887
Share of profit from equity accounted investees	157,729	130,021
	329,642	228,037
Deductible temporary differences		
Tax loss	–	(57,947)
Provision for slow moving stores, spares and loose tools	(12,648)	(23,251)
Provisions for doubtful trade debts, doubtful advances and others	(39,979)	(29,915)
Discounting on long term deposit	(26,805)	–
Deferred income	(4,119)	–
Provisions for impairment of fixed assets	(6,186)	(6,598)
Provision of Government Infrastructure Development Cess	(3,597)	(3,836)
Provision for diminution in the value of investments	(7,764)	(8,282)
	(101,098)	(129,829)
	228,544	98,208

20.1 Break up of deferred tax charge / (reversal) is as following:

	2016	2015
Consolidated profit and loss	51,349	(57,414)
Other comprehensive income	78,987	14,120
	130,336	(43,294)

20.2 Net deferred tax asset of Rs. 22.511 million arising on account of losses of Cresent Hadeed (Private) Limited (subsidiary) has not been accounted for in these consolidated financial statements because subsidiary Company has a benefit of tax exemption for a period of 5 years from the commencement of commercial production and it is not probable that taxable profits would be available in near future.

Rupees in '000	Note	2016	2015

21. STORES, SPARES AND LOOSE TOOLS

	Note	2016	2015
Stores - steel segment		22,807	9,680
Spare parts - steel segment		108,583	53,416
Loose tools - steel segment		2,656	1,122
Stores and spares - cotton segment		38,357	51,158
		172,403	115,376
Less: Provision for slow moving items	21.1	42,159	48,575
		130,244	66,801

21.1 Movement in provision for slow moving items

	2016	2015
Opening balance	48,575	45,814
Provision made during the year	368	2,761
Reversal of provision made during the year	(6,784)	–
Closing balance	42,159	48,575

Rupees in '000	Note	2016	2015
22. STOCK-IN-TRADE			
Raw materials:			
Hot rolled steel coils (HR Coil)		1,390,626	11,727
Coating materials		234,524	31,546
Remelting scrap		106,455	–
Others		167,238	19,331
Raw cotton		28,332	32,901
Bagasse		59,031	–
Stock-in-transit		289,215	315,294
	22.1	2,275,421	410,799
Work-in-process	22.1 & 31.1	86,922	13,480
Finished goods	22.1 & 31.1	158,019	26,062
Scrap / cotton waste		10,876	2,767
		255,817	42,309
		2,531,238	453,108

22.1 Stock-in-trade as at 30 June 2016 includes items valued at net realisable value (NRV) as follows. The write down to NRV amounting to Rs. 102.481 million (2015: Rs. 8.914 million) has been recognized in cost of goods sold.

Rupees in '000	Cost	NRV
Raw material	2,303,922	2,275,421
Work-in-process	88,060	86,922
Finished goods	230,861	158,019
	2,622,843	2,520,362

Rupees in '000	Note	2016	2015
23. TRADE DEBTS			
Secured			
Considered good		341,854	6,466
Unsecured			
Considered good	23.1	130,267	54,173
Considered doubtful		16,818	5,684
Provision for doubtful trade debts	23.2	(16,818)	(5,684)
		130,267	54,173
		472,121	60,639

23.1 This includes an amount of Rs. 113.488 million (2015: Nil million) due from Shakarganj Limited, a related party.

Rupees in '000	Note	2016	2015
23.2 Movement in provision for doubtful trade debts			
Opening balance		5,684	2,786
Provision made during the year		11,134	3,936
Reversal of provision made during the year		–	(201)
Written off during the year against provision		–	(837)
Closing balance		16,818	5,684

24. ADVANCES

Rupees in '000	Note	2016	2015
Unsecured			
Advances - considered good			
Executives		4,823	3,069
Suppliers for goods and services		40,171	55,326
Advances - considered doubtful			
Suppliers for goods and services		47	47
Provision for doubtful advances		(47)	(47)
		–	–
		44,994	58,395

25. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Rupees in '000	Note	2016	2015
Security deposits - leasing companies		8,657	5,154
Security deposits - others		21,126	848
Prepayments		7,867	8,550
		37,650	14,552

26. INVESTMENTS

Rupees in '000	Note	2016	2015
Investments in related parties			
Available for sale	26.1	124,316	92,634
Held to maturity	26.2	–	–
		124,316	92,634
Other investments			
Available for sale	26.3	–	–
Held for trading	26.4	740,332	717,631
Investment in term deposit receipts - Conventional		12,875	11,825
Investment in commodity	26.5	1,857	1,828
		755,064	731,284
		879,380	823,918

26.1 Available for sale

2016	2015	Name of investee company	Note	2016	2015
Number of shares				Rupees in '000	
		Quoted			
6,381,743	4,379,871	The Crescent Textile Mills Limited	26.1.1	124,316	92,634

26.1.1 The Holding Company has recognized impairment loss amounting to Rs. 4.537 million (2015: Rs. 4.537 million) against the investment.

26.2 Investment in preference shares of Shakarganj Limited, an associated company has been redeemed fully during the year.

26.3 Available for sale

2016	2015	Name of investee company	Note	2016	2015
Number of shares				Rupees in '000	
		Unquoted			
1,996	1,996	Innovative Investment Bank Limited	26.3.1	–	–
		Quoted			
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 (2015: Rs. Nil).

26.4 Held for trading

The Group holds investments in ordinary shares of listed / unlisted 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.

2016	2015	Name of investee company	2016	2015
(Number of shares / certificates)			Rupees in '000	
88,300	98,300	Agriauto Industries Limited *	17,241	18,278
15,000	23,800	Al-Ghazi Tractors Limited *	6,330	11,665
11,300	11,300	Attock Cement Pakistan Limited	2,698	2,154
12,000	12,000	Attock Petroleum Limited	5,250	6,807
–	60,000	Avanceon Limited	–	2,006
50,000	126,000	Century Insurance Company Limited	1,223	2,646
292,000	284,800	Cherat Cement Company Limited	34,915	24,787
595,000	737,500	D.G. Khan Cement Company Limited	113,342	105,293
35,000	–	Engro Corporation Limited	11,654	–
310,000	10,000	Engro Fertilizer Limited	19,989	887
–	15,000	Engro Polymer and Chemicals Limited	–	147
10,000	–	Engro Powergen Qadirpur Limited	289	–
75,500	70,000	Fatima Fertilizer Company Limited	2,562	2,735
125,000	35,000	Fauji Cement Company Limited	4,475	1,220
		Carry forward	219,968	178,625

2016	2015	Name of investee company	2016	2015
(Number of share / certificates)			Rupees in '000	
		Brought forward	219,968	178,625
445,000	325,000	Fauji Fertilizer Bin Qasim Limited	23,589	17,979
145,000	115,000	Fauji Fertilizer Company Limited	16,635	17,183
–	25,000	Ghani Glass Limited	–	708
5,000	–	Glaxo SmithKline (Pakistan) Limited	1,036	–
1,500	–	Glaxo SmithKline Consumer Healthcare Pakistan Limited	–	–
–	172,500	Golden Arrow Selected Stocks Fund*	–	1,911
10,000	–	Hi-Tech Lubricants Limited	592	–
1,350	1,350	Innovative Investment Bank Limited	–	–
90,000	90,000	International Industries Limited	7,278	6,043
200,000	175,000	International Steels Limited	7,124	4,917
2,500,000	4,800,000	K-Electric Limited **	20,150	40,416
90,000	90,000	Kohat Cement Limited	23,573	17,986
857,000	639,000	Kohinoor Energy Limited	35,308	32,270
444,000	343,500	Kot Addu Power Company Limited	39,627	29,555
60,000	60,000	Meezan Bank Limited	2,550	2,460
35,000	35,000	Nishat (Chunian) Limited	1,240	1,286
110,000	70,000	Nishat Mills Limited	11,869	7,996
182,000	230,000	Nishat Power Limited	9,192	13,464
116,000	81,000	Oil and Gas Development Company Limited	16,016	14,518
–	360,000	Pakcem Limited (Formerly Lafarge Pakistan Cement Limited)	–	7,006
37,500	–	Pak Elektron Limited	2,424	–
100,000	370,000	Pakgen Power Limited	2,405	11,104
475,000	410,000	Pakistan International Bulk Terminals Limited	15,233	14,678
120,000	130,000	Pakistan Oilfields Limited	41,698	52,497
470,000	460,000	Pakistan Petroleum Limited	72,873	75,560
97,200	92,200	Pakistan State Oil Company Limited	36,495	35,569
910,000	910,000	Pakistan Telecommunication Company Limited	13,678	18,655
2,405,000	2,400,000	PICIC Growth Fund	57,239	65,880
764,673	765,173	PICIC Investment Fund	8,641	10,008
–	10,000	Pioneer Cement Limited	–	852
500,000	160,000	Sui Northern Gas Pipelines Limited	18,145	4,262
135,000	25,000	Sui Southern Gas Company Limited	3,716	1,068
–	100,000	Telecard Limited	–	426
190,000	350,000	The Hub Power Company Limited	22,812	32,749
275,000	–	TRG Pakistan Limited	9,226	–
			740,332	717,631

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

** The face value of these ordinary shares is Rs. 3.5 per share.

26.5 This represents 2,857 tolas of Silver held by the subsidiary company and valued at Rs. 1.857 million (2015: Rs. 1.828 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 has been pledge with financial institutions as security against financing facilities (refer note 12.4) are as follows:

Rupees in '000	Note	2016	2015
Name of investee company			
Altern Energy Limited (Associated Company)		2,337,353	1,200,000
Agriauto Industries Limited		11,715	–
Attock Cement Pakistan Limited		2,698	2,154
Attock Petroleum Limited		5,250	6,807
Century Insurance Company Limited		1,223	–
Cherat Cement Company Limited		34,914	16,083
D.G. Khan Cement Company Limited		58,099	49,256
Engro Corporation Limited		8,324	–
Engro Fertilizer Limited		645	–
Engro Polymer and Chemicals Limited		–	147
Fatima Fertilizer Company Limited		2,562	1,563
Fauji Cement Company Limited		4,475	–
Fauji Fertilizer Bin Qasim Limited		22,794	17,979
Fauji Fertilizer Company Limited		16,635	12,701
Glaxo SmithKline (Pakistan) Limited		1,036	–
International Industries Limited		7,278	6,043
International Steel Limited		6,234	–
K-Electric Limited		3,627	–
Kohat Cement Limited		23,573	–
Kohinoor Energy Limited		26,327	7,625
Kot Addu Power Company Limited		34,227	29,254
Meezan Bank Limited		2,550	410
Nishat Power Limited		5,051	5,854
Oil and Gas Development Company Limited		14,636	14,518
Pak Elektron Limited		1,940	–
Pakgen Power Limited		2,405	–
Pakistan Oilfields Limited		41,695	52,497
Pakistan Petroleum Limited		72,875	75,560
Pakistan State Oil Company Limited		36,495	35,569
Pakistan Telecommunication Company Limited		13,678	18,655
PICIC Growth Fund		57,239	–
Sui Northern Gas Pipelines Limited		–	2,930
Sui Southern Gas Company Limited		3,716	1,067
The Hub Power Company Limited		22,811	32,749
		2,884,080	1,589,421

27. OTHER RECEIVABLES

Dividend receivable		1,608	1,027
Receivable against sale of investments		–	1,333
Receivable against rent from investment property		674	386
Claim receivable		562	562
Due from related parties	27.1	1,273	–
Retention money receivable		149,163	–
Sales tax refundable		164,628	2,426
Margin on letter of credit		22,067	–
Receivable from staff retirement benefits funds	44.1.3	456,276	177,575
Others		3,250	3,360
		799,501	186,669

27.1 This represents balances due from Shakarganj Limited.

Rupees in '000	2016	2015
28. TAXATION - NET		
Advance taxation	2,350,567	1,697,436
Provision for taxation	(1,795,551)	(1,472,447)
	555,016	224,989

28.1 The Income Tax assessments of the Holding Company have been finalized up to and including tax year 2003, except for pending appeal effect orders in respect of assessment years 2001-2002 and 2002-2003. Tax returns of subsequent tax years, except for 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 (2015: Rs. 109.227 million) which is currently pending in appeals before the Appellate Tribunal Inland Revenue and the Commissioner Inland Revenue (Appeals).

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

During the current year, order under section 161/205 of the Income Tax Ordinance, 2001 has been issued by the Assistant Commissioner Inland Revenue, whereby demand aggregating to Rs. 8.691 million (inclusive of default surcharge) has been raised in respect of tax year 2014. The Holding Company has filed an appeal against the order which is yet to be fixed for hearing.

An appeal was filed before the Commissioner Inland Revenue (Appeals) against order under section 161/205 of the Income Tax Ordinance, 2001 issued by the Assistant Commissioner Inland Revenue for the tax year 2010, whereby demand aggregating to Rs. 61.953 million was raised. The Commissioner Inland Revenue (Appeals) remanded back all the issues raised in the order vide appellate order no. 31 dated September 25, 2014. During the current year, remand back proceedings under section 161/205 of the Income Tax Ordinance, 2001 have been concluded through order dated June 15, 2016, issued by the Assistant Commissioner Inland Revenue whereby demand aggregating to Rs. 5.794 million (inclusive of default surcharge) has been determined / maintained. The Holding Company has filed an appeal against the order which is yet to be fixed for hearing.

No provision has 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.

28.2 Under Section 5A of the Income Tax Ordinance, 2001, 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% 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 15 August 2016 has distributed sufficient cash dividend for the year ended 30 June 2016 (refer note 51.2) which complies with the above stated requirement. Accordingly, no provision for tax on undistributed reserves has been recognized in these consolidated financial statements for the year ended 30 June 2016.

Rupees in '000	Note	2016	2015

29. CASH AND BANK BALANCES

With banks - Conventional banking			
- in saving accounts	29.1	65,533	40,571
- in current accounts		6,519	58,703
		72,052	99,274
Cash in hand		1,835	2,134
		73,887	101,408

29.1 Mark-up rate on saving account is 4.75% (2015: 5% to 7.25%).

Rupees in '000	Note	2016	2015

30. SALES - NET

Local sales			
Bare pipes		3,456,159	373,889
Steel billets		154,869	–
Pre coated pipes		3,954,524	248,478
Pipe coating		991,498	–
Cotton yarn / raw cotton		34,338	1,465,557
Electricity sales		20,363	95,713
Steam sales		127,999	171,930
Others		78,627	50,510
Scrap / waste		39,316	48,275
Sales returns		–	(27,126)
		8,857,693	2,427,226
Export sales			
Cotton yarn		–	40,260
		8,857,693	2,467,486
Sales tax		(1,282,264)	(164,958)
		7,575,429	2,302,528

31. COST OF SALES

Steel segment	31.1	5,225,885	494,597
Cotton segment	31.1	144,929	1,550,853
Energy segment	31.1	188,776	236,481
		5,559,590	2,281,931

31.1 Cost of sales

Rupees in '000	Note	Steel segment 2016	Steel segment 2015	Cotton Segment 2016	Cotton Segment 2015	Energy segment 2016	Energy segment 2015	Total 2016	Total 2015
Raw materials consumed		4,533,198	261,930	37,138	1,049,343	139,398	212,593	4,709,734	1,523,866
Cost of raw cotton sold		–	–	18,672	52,839	–	–	18,672	52,839
Packing materials consumed		–	–	643	21,777	–	–	643	21,777
Stores and spares consumed		104,902	22,894	11,592	31,588	–	–	116,494	54,482
Fuel, power and electricity		101,823	23,964	16,545	164,513	–	–	118,368	188,477
Salaries, wages and other benefits	31.2	196,187	78,627	28,002	100,799	4,367	2,019	228,556	181,445
Insurance		4,091	1,664	2,702	3,100	–	–	6,793	4,764
Repairs and maintenance		10,521	5,604	5,982	3,284	5,736	1,240	22,239	10,128
Depreciation	14.2	35,401	27,310	58,787	58,629	36,898	20,629	131,086	106,568
Rental under Ijarah financing		13,180	–	–	–	–	–	13,180	–
Stock-in-trade written down to NRV		99,004	8,914	3,477	–	–	–	102,481	8,914
Other expenses		270,592	37,901	(594)	17,251	2,377	–	272,375	55,152
		5,368,899	468,808	182,946	1,503,123	188,776	236,481	5,740,621	2,208,412
Opening stock of work-in-process		13,368	10,153	112	31,854	–	–	13,480	42,007
Closing stock of work-in-process	22	(76,672)	(13,368)	(10,250)	(112)	–	–	(86,922)	(13,480)
		(63,304)	(3,215)	(10,138)	31,742	–	–	(73,442)	28,527
Cost of goods manufactured		5,305,595	465,593	172,808	1,534,865	188,776	236,481	5,667,179	2,236,939
Opening stock of finished goods		50,430	55,066	–	15,988	–	–	50,430	71,054
Closing stock of finished goods	22	(130,140)	(26,062)	(27,879)	–	–	–	(158,019)	(26,062)
		(79,710)	29,004	(27,879)	15,988	–	–	(107,589)	44,992
		5,225,885	494,597	144,929	1,550,853	188,776	236,481	5,559,590	2,281,931

31.2 Detail of salaries, wages and other benefits

Rupees in '000	Note	Steel segment 2016	Steel segment 2015	Cotton Segment 2016	Cotton Segment 2015	Energy segment 2016	Energy segment 2015	Total 2016	Total 2015
Salaries, wages and other benefits	31.2.1	186,511	77,361	26,456	98,617	4,367	2,019	217,334	177,997
Gratuity fund	31.2.2	1,860	(954)	43	104	–	–	1,903	(850)
Pension fund	31.2.2	4,607	(309)	878	260	–	–	5,485	(49)
Provident fund contributions		3,209	2,529	625	1,818	–	–	3,834	4,347
		196,187	78,627	28,002	100,799	4,367	2,019	228,556	181,445

31.2.1 This includes contribution amounting to Rs. 10 million to Staff Benevolent Fund ("the Fund"). The Fund has been established as separate legal entity under the Trust Act, 1882 and registered under Income Tax Ordinance, 2001. The objective of the Fund is to provide at the discretion of the trustees, post retirement medical cover / facilities for retired employees and other hardship cases of extraordinary nature of existing employees of the Holding Company. The Holding Company does not have any right in the residual interest of the Fund.

Rupees in '000	2016 Pension	2016 Gratuity	2015 Pension	2015 Gratuity
31.2.2 Staff retirement benefits				
Current service costs	(61,245)	(3,168)	4,308	1,212
Interest costs	(151,483)	(5,509)	13,627	2,824
Expected return on plan assets	218,213	10,580	(17,984)	(4,886)
	5,485	1,903	(49)	(850)

Rupees in '000	Note	2016	2015

32. INCOME FROM INVESTMENTS

Dividend income	32.1	49,649	61,160
Unrealized gain / (loss) on commodity		29	(300)
(Loss) / gain on sale of investments - net	32.1	(19,894)	108,117
Unrealized gain on held for trading investments	32.1	31,231	40,780
Gain on redemption of preference shares	32.2	35,100	–
Rent from investment properties	32.3	6,345	9,489
		102,460	219,246

32.1 Company wise break-up of dividend income, realised gain / (loss) and unrealised gain / (loss) is as follows:

Name of investee company	Dividend income	Realised gain / (loss)	Unrealised gain / (loss)
Shariah compliant investee companies			
Agriautos Industries Limited	883	(160)	821
Altern Energy Limited	–	(130)	–
Attock Cement Pakistan Limited	119	–	544
Attock Petroleum Limited	444	–	(1,556)
Avanceon Limited	–	356	–
Cherat Cement Company Limited	1,186	260	9,325
D.G. Khan Cement Company Limited	3,788	3,337	28,413
Engro Corporation Limited	485	131	95
Engro Fertilizer Limited	60	13	(599)
Engro Foods Limited	–	5	–
Fatima Fertilizer Company Limited	–	–	(400)
Fauji Cement Company Limited	444	24	100
Fauji Fertilizer Bin Qasim Limited	1,609	68	(1,505)
Fauji Fertilizer Company Limited	1,417	–	(4,710)
Ghani Gases Limited	25	107	–
Glaxo SmithKline (Pakistan) Limited	20	–	(179)
ICI Pakistan Limited	1	–	–
K-Electric Limited	–	(5,782)	1,164
Kohat Cement Limited	810	–	5,586
Kohinoor Energy Limited	3,515	(244)	(5,629)
Meezan Bank Limited	180	–	90
Nishat Mills Limited	495	(192)	(953)
Pak Elektron Limited	11	-	(283)
Pakgen Power Limited	220	(187)	(596)
Pakistan Oilfields Limited	5,478	(7,433)	1,836
Pakistan Petroleum Limited	2,938	(120)	(3,802)
Pakistan Telecommunication Company Limited	1,820	–	(4,978)
Pioneer Cement Limited	–	22	–
Sui Northern Gas Pipelines Limited	–	1,077	5,138
Telecard Limited	–	(66)	–
The Hub Power Company Limited	2,483	1,125	4,883
	28,431	(7,789)	32,805
Non - Shariah compliant investee companies			
Al-Ghazi Tractors Limited	2,398	(154)	(1,021)
Century Insurance Company Limited	250	126	173
Engro Polymer Limited	–	9	–
Engro Powergen Qadirpur Limited	20	–	(106)
Carry forward	2,668	(19)	(954)

Name of investee company		Dividend income	Realised gain / (loss)	Unrealised gain / (loss)
Brought forward		2,668	(19)	(954)
First UDL Modaraba		9	–	–
Golden Arrow Selected Stocks Fund		216	(443)	–
Hi-Tech Lubricants Limited		–	–	(15)
International Industries Limited		315	–	1,236
International Steel Limited		–	62	1,362
Kot Addu Power Company Limited		3,522	–	1,379
Pakcem Limited		–	582	–
Nishat (Chunian) Limited		53	–	(46)
Nishat Power Limited		992	(501)	(1,341)
Oil and Gas Development Company Limited		428	(759)	(2,159)
Pakistan International Bulk Terminals Limited		–	(556)	1,824
Pakistan State Oil Company Limited		855	–	(787)
PICIC Growth Fund		–	(9,231)	(321)
PICIC Investment Fund		–	(1,488)	(214)
Sui Southern Gas Company Limited		–	45	(1,735)
The Crescent Textile Mills Limited	32.1.1	6,351	283	–
TPL Trakker Limited		–	17	–
TRG Pakistan Limited		–	(97)	197
		15,409	(12,105)	(1,574)
Others				
Central Depository Company of Pakistan Limited		5,809	–	–
		49,649	(19,894)	31,231

32.1.1 Unrealised loss amounting to Rs. 3.689 million on this non-Shariah compliant investment was recognized in the other comprehensive income during the year.

32.1.2 Income from investment was categorised as Shariah / Non-Shariah compliant investee companies on the basis of All Shares Islamic Index as circulated by the Pakistan Stock Exchange.

32.2 This represents gain on redemption of preference shares of Shariah compliant investee company.

32.3 Direct operating expenses incurred against rental income from investment properties amounted to Rs. 7.232 million (2015: Rs. 7.667 million). Further, Rs. 1.083 million (2015: Rs. 3.419 million) were incurred against the non rented out area.

33. DISTRIBUTION AND SELLING EXPENSES

		Steel segment		Cotton Segment		Total	
Rupees in '000	Note	**2016**	2015	**2016**	2015	**2016**	2015
Salaries, wages and other benefits	33.1	6,485	8,442	1,141	1,509	7,626	9,951
Commission		–	–	67	8,842	67	8,842
Travelling, conveyance and entertainment		1,388	904	187	109	1,575	1,013
Depreciation	14.2	1,173	1,080	–	–	1,173	1,080
Insurance		183	222	–	17	183	239
Postage, telephone and telegram		123	88	125	104	248	192
Advertisement		185	–	–	–	185	–
Bid bond expenses		411	1,801	–	–	411	1,801
Legal and professional charges		3,110	1	–	–	3,110	1
Others		1,038	1,901	364	2,227	1,402	4,128
		14,096	14,439	1,884	12,808	15,980	27,247

Rupees in '000	Note	Steel segment 2016	Steel segment 2015	Cotton Segment 2016	Cotton Segment 2015	Total 2016	Total 2015
33.1 Detail of salaries, wages and other benefits							
Salaries, wages and other benefits		5,770	8,289	1,141	1,498	6,911	9,787
Gratuity fund	33.1.1	157	(136)	–	–	157	(136)
Pension fund	33.1.1	377	(7)	–	–	377	(7)
Provident fund contributions		181	296	–	11	181	307
		6,485	8,442	1,141	1,509	7,626	9,951

Rupees in '000	2016 Pension	2016 Gratuity	2015 Pension	2015 Gratuity
33.1.1 Staff retirement benefits				
Current service costs	(4,210)	(261)	615	194
Interest costs	(10,410)	(455)	1,948	452
Expected return on plan assets	14,997	873	(2,570)	(782)
	377	157	(7)	(136)

34. ADMINISTRATIVE EXPENSES

Rupees in '000	Note	Steel segment 2016	Steel segment 2015	Cotton segment 2016	Cotton segment 2015	IID segment 2016	IID segment 2015	Energy segment 2016	Energy segment 2015	Total 2016	Total 2015
Salaries, wages and other benefits	34.1	89,150	58,668	12,571	13,122	6,819	3,690	378	163	108,918	75,643
Rents, rates and taxes		1,779	1,776	293	404	1,055	983	721	2,170	3,848	5,333
Travelling, conveyance and entertainment		7,939	4,749	1,323	1,208	389	195	114	67	9,765	6,219
Fuel and power		6,962	7,935	661	727	340	1,380	–	–	7,963	10,042
Postage, telephone and telegram		2,592	2,069	437	530	110	108	–	–	3,139	2,707
Insurance		882	1,043	171	233	88	158	831	1,078	1,972	2,512
Repairs and maintenance		26,568	5,364	430	547	1,522	286	1	–	28,521	6,197
Auditors' remuneration	34.2	1,899	1,196	448	410	257	187	60	205	2,664	1,998
Legal, professional and corporate service charges		12,304	12,049	2,248	2,180	2,433	4,086	1,413	1,310	18,398	19,625
Advertisement		2,022	412	22	50	120	21	–	–	2,164	483
Donations	34.3	66,888	8,691	–	–	4,000	457	–	–	70,888	9,148
Depreciation	14.2 & 16.1	10,400	7,522	2,560	1,716	6,981	6,886	–	–	19,941	16,124
Amortization of intangible assets	15.1.1	5,708	5,590	1,096	1,118	274	280	52	–	7,130	6,988
Printing, stationery and office supplies		4,268	6,298	949	1,219	328	621	1	7	5,546	8,145
Newspapers, subscriptions and periodicals		540	1,391	534	700	28	82	–	–	1,102	2,173
Others		4,430	5,649	1,030	1,247	987	608	782	616	7,229	8,120
		244,331	130,402	24,773	25,411	25,731	20,028	4,353	5,616	299,188	181,457
34.1 Detail of salaries, wages and other benefits											
Salaries, wages and other benefits		88,593	57,539	15,100	12,831	6,769	3,592	378	163	110,840	74,125
Gratuity fund	34.1.1	(1,040)	(1,030)	(2,883)	(183)	(346)	(76)	–	–	(4,269)	(1,289)
Pension fund	34.1.1	(1,203)	(53)	(196)	(9)	168	(4)	–	–	(1,231)	(66)
Provident fund contributions		2,800	2,212	550	483	228	178	–	–	3,578	2,873
		89,150	58,668	12,571	13,122	6,819	3,690	378	163	108,918	75,643

Rupees in '000	2016 Pension	2016 Gratuity	2015 Pension	2015 Gratuity
34.1.1 Staff retirement benefits				
Current service costs	13,745	7,107	5,803	1,837
Interest costs	33,997	12,359	18,354	4,282
Expected return on plan assets	(48,973)	(23,735)	(24,223)	(7,408)
	(1,231)	(4,269)	(66)	(1,289)

Rupees in '000	Note	2016	2015
34.2 Auditors' remuneration			
Audit fee	34.2.1	1,653	1,647
Fee for audit of funds' financial statements and other reports		756	196
Out of pocket expenses		255	155
		2,664	1,998

34.2.1 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, review of unconsolidated condensed interim financial information for the six months period of Holding Company, review of 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.

34.3 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 2016	Amount donated 2015
Rupees in '000				
Mr. Ahsan M. Saleem	Director	The Citizens Foundation Plot No. 20, Sector - 14, New Brookes Chowrangi, Korangi Industrial Area, Karachi	48,518	7,875
Mr. Ahsan M. Saleem	Chairman	CSAP Foundation 10th Floor, BOP Tower, 10-B, Block E-2, Main Boulevard, Gulberg - III, Lahore	3,038	569
			51,556	8,444

34.3.1 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	2016	2015
35. OTHER OPERATING EXPENSES		
Exchange loss	24,197	–
Loss on disposal of assets held for sale	1,030	–
Provision for:		
- Workers' Welfare Fund	22,986	56
- Workers' Profit Participation Fund	73,359	–
- doubtful trade debts	11,133	8,253
- other receivables	1,270	–
- liquidated damages	–	232
- slow moving stores, spares and loose tools - net	–	2,761
Liquidated damages	292,841	–
	426,816	11,302
36. OTHER INCOME		
Income from financial assets		
Return on deposits - from conventional side of bank	2,317	5,969
Income from non-financial assets		
Gain on disposal of operating fixed assets	3,813	5,439
Deferred income amortized	2,682	2,043
Discount income on long term deposit	2,770	2,406
Exchange gain	–	2,097
Insurance commission	1,419	166
Liabilities written back	9,188	2,789
Reversal of provision:		
- stores and spares	6,416	–
- doubtful trade debts	–	202
Rent income	1,080	8,229
Others	123	2,501
	27,491	25,872
	29,808	31,841
37. FINANCE COSTS		
Mark-up on short term loans - Shariah arrangement	10,824	–
Interest on - Non - Shariah arrangement		
- finance lease obligations	11,912	12,410
- long term loans	43,978	23,741
- running finances	20,527	41,206
- short term loans	65,519	6,843
Workers' Profit Participation Fund	–	130
Discounting on deposit under Ijarah arrangement	89,959	–
Bank charges	11,202	2,985
	253,921	87,315

Rupees in '000	2016	2015

38. SHARE OF PROFIT IN EQUITY ACCOUNTED INVESTEES - NET OF TAXATION

Shariah compliant investee companies		
Altern Energy Limited	395,869	262,703
Shakarganj Limited	(36,890)	(50,621)
Others		
Crescent Socks (Private) Limited	(11,870)	(8,776)
	347,109	203,306

39. TAXATION

Current		
- for the year	285,811	25,191
- Super tax	40,103	–
- for prior years	(131)	(139)
	325,783	25,052
Deferred	51,349	(57,414)
	377,132	(32,362)

39.1 Relationship between taxation expense and accounting profit

Profit before taxation	1,499,311	167,669
Tax at the applicable rate of 32% (2015: 33%)	479,780	55,330
Tax effect of inadmissible expenses / losses	(163,210)	51,745
Tax effect of exempt income and export sales under final tax regime	12,390	(83,119)
Tax effect of income taxed at a lower rate	6,698	(63,519)
Prior year tax effect	(131)	(139)
Super tax	40,103	–
Tax effect of change in effective tax rate	1,502	7,340
	377,132	(32,362)

40. BASIC AND DILUTED EARNINGS PER SHARE

Profit after taxation	1,122,179	200,031
	(Number of shares)	
		(Restated)
Weighted average number of ordinary shares in issue during the year	74,574,740	69,751,296
	(Rupees)	
		(Restated)
Basic and diluted earnings per share	15.05	2.87

40.1 During the year, the Holding Company issued 15,526,498 ordinary shares of Rs. 10 each as right share at Rs. 58 per ordinary share (including premium of Rs. 48 per ordinary share). Accordingly, the weighted average number of shares as at 30 June 2015 have been restated.

Rupees in '000	Note	2016	2015
41. CASH GENERATED FROM OPERATIONS			
Profit before taxation		1,499,311	167,669
Adjustments for non-cash charges and other items			
Depreciation on operating fixed assets and investment properties		154,101	127,473
Amortization of intangible assets		7,130	6,988
Charge for the year on staff retirement benefit funds		3,088	(2,397)
Charge for compensated absences		2,420	1,111
Provision for 10-C bonus		2,076	–
Dividend income		(49,649)	(61,160)
Unrealized gain on held for trading investments - net		(31,231)	(40,780)
Gain on sale of investments		19,849	(108,116)
Gain on redemption of preference shares		(35,100)	–
Unrealized (gain) / loss on commodity - Silver		(29)	300
Provision for stores, spares and loose tools - net		(6,416)	2,761
Provision for doubtful trade debts / other receivables		12,403	8,051
Provision for Workers' Welfare Fund		22,966	3
Provision for Workers' Profit Participation Fund		73,359	–
Provision for liquidated damages		–	232
Return on deposits and investments		(4,480)	(8,325)
Gain on disposal of operating fixed assets		(3,813)	(5,441)
Deferred income		(2,682)	(2,043)
Liabilities written back		(9,188)	(2,789)
Finance costs		253,921	87,314
Share of profit from equity accounted investees - net of taxation		(347,109)	(203,305)
Working capital changes	41.1	(2,731,027)	306,492
		(1,170,100)	274,038

41.1 Working capital changes

(Increase) / decrease in current assets		
Stores, spares and loose tools	(57,027)	2,394
Stock-in-trade	(2,013,726)	(44,060)
Trade debts	(423,692)	25,104
Advances	13,401	(9,814)
Trade deposits and short term prepayments	(14,790)	(6,787)
Other receivables	(334,010)	24,760
	(2,829,844)	(8,403)
Increase in current liabilities		
Trade and other payables	98,817	314,895
	(2,731,027)	306,492

Rupees in '000	Note	2016	2015
42. CASH AND CASH EQUIVALENTS			
Running finances under mark-up arrangements	12	(307,193)	(301,822)
Cash and bank balances	29	73,887	101,408
		(233,306)	(200,414)

43. SEGMENT REPORTING

43.1 Reportable segments

The Group's reportable segments are as follows:

- Steel segment - It comprises of manufacturing and coating of steel pipes (note 1.2).
- Cotton segment - It comprises of manufacturing of yarn (note 1.2).
- Investment and Infrastructure Development (IID) segment - To effectively manage the investment portfolio in shares and other securities (strategic as well as short term) and investment property (held for rentals as well as long term appreciation).
- Energy segment - It comprises of operations of the Subsidiary Company (note 1.4).

Information regarding the Group's reportable segments presented below.

43.2 Segment revenues and results

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

Rupees in '000	Steel segment	Cotton segment	IID segment	Energy segment	Total
For the year ended 30 June 2016					
Sales - net	7,400,802	33,899	–	140,728	7,575,429
Cost of sales	5,225,885	144,929	–	188,776	5,559,590
Gross profit / (loss)	2,174,917	(111,030)	–	(48,048)	2,015,839
Income / (loss) from investments	–	–	108,165	(5,705)	102,460
	2,174,917	(111,030)	108,165	(53,753)	2,118,299
Distribution and selling expenses	14,096	1,884	–	–	15,980
Administrative expenses	244,331	24,773	25,731	4,353	299,188
Other operating expenses	419,188	3,794	1,288	2,546	426,816
	677,615	30,451	27,019	6,899	741,984
	1,497,302	(141,481)	81,146	(60,652)	1,376,315
Other income	16,506	10,193	7	3,102	29,808
Operating profit / (loss) before finance costs	1,513,808	(131,288)	81,153	(57,550)	1,406,123
Finance costs	234,469	10,928	8,184	340	253,921
Share of profit in equity accounted investees - net of taxation	–	–	344,488	2,621	347,109
Profit / (loss) before taxation	1,279,339	(142,216)	417,457	(55,269)	1,499,311
Taxation					377,132
Profit after taxation					1,122,179

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

43.2.1 Revenue reported above represents revenue generated from external customers. There were no inter-segment sale during the year (2015: Rs. Nil).

43.2.2 Transfer prices between reportable segments are on an agreed basis in a manner similar to transactions between third parties.

43.2.3 The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 5 to these consolidated financial statements. The Steel segment allocates certain percentage of the common expenditure to the Cotton and IID segments. In addition, finance costs between Steel and Cotton segments are allocated at average mark-up rate on the basis of funds utilized. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

43.3 Revenue from major products and services

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

43.4 Information about major customers

Revenue from major customers of Steel segment represents an aggregate amount of Rs. 7,249.377 million (2015: Rs. 406.368 million) of total Steel segment revenue of Rs. 7,400.802 million (2015: Rs. 581.318 million). Revenue from major customers of Cotton segment represents an aggregate amount of Rs. 19.286 million (2015: Rs. 726.724 million) of total Cotton segment revenue of Rs. 33.899 million (2015: Rs. 1,492.459 million). Revenue from major customers of Energy segment represent an aggregate amount of Rs. 140.728 million (2015: Rs. 212.593 million) of total Energy segment revenue of Rs. 140.728 million (2015: Rs. 228.751 million).

43.5 Geographical information

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

Rupees in '000	2016	2015
Far East	–	40,260
Pakistan	7,575,429	2,262,268
	7,575,429	2,302,528

43.5.2 All non-current assets of the Group as at 30 June 2016 and 2015 were located and operating in Pakistan.

43.6 Segment assets and liabilities

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

Rupees in '000	Steel segment	Cotton segment	IID segment	Energy segment	Total
As at 30 June 2016					
Segment assets for reportable segments	5,060,823	447,198	1,227,819	1,112,457	7,848,297
Investment in equity accounted investees	–	–	2,662,684	219,711	2,882,395
Unallocated corporate assets					726,584
Total assets as per consolidated balance sheet					11,457,276
Segment liabilities for reportable segments	732,084	108,259	132,340	49,892	1,022,575
Unallocated corporate liabilities and deferred income					3,115,510
Total liabilities as per consolidated balance sheet					4,138,085

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 consolidated 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 consolidated balance sheet					1,446,474

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

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

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

43.7 Other segment information

Rupees in '000	Steel segment	Cotton segment	IID segment	Energy segment	Total
For the year ended 30 June 2016					
Capital expenditure	230,957	11,765	4,960	289,995	537,677
Depreciation and amortization	46,020	62,444	8,712	44,055	161,231
Non-cash items other than depreciation and amortization - net	330,963	3,556	(438,282)	1,711	(102,052)
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)

44. STAFF RETIREMENT BENEFITS

44.1 Defined benefit plans

44.1.1 The actuarial valuation of both pension and gratuity schemes has been conducted in accordance with IAS 19, 'Employee benefits' as at 30 June 2016. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation:

	2016		2015	
	Pension	Gratuity	Pension	Gratuity
Financial assumptions				
- Discount rate used for Interest Cost in P&L Charge	10.50%	9.75%	13.25%	13.25%
- Discount rate used for year end obligation	9.00%	7.25%	10.50%	9.75%
- Expected rate of increase in salaries	9.00%	7.25%	10.50%	9.75%
Demographic assumptions				
- Retirement Assumption	Age 58		Age 58	
- Expected mortality for active members	SLIC (2001-05)		SLIC (2001-05)	

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

		2016			2015		
Rupees in '000	Note	Pension	Gratuity	Total	Pension	Gratuity	Total
Present value of defined benefit obligations	44.1.4	354,115	82,485	436,600	290,974	65,769	356,743
Fair value of plan assets	44.1.5	(660,348)	(232,528)	(892,876)	(410,636)	(123,682)	(534,318)
Asset recognized in the consolidated balance sheet		(306,233)	(150,043)	(456,276)	(119,662)	(57,913)	(177,575)

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

		2016			2015		
Rupees in '000	Note	Pension	Gratuity	Total	Pension	Gratuity	Total
Opening balance		(119,662)	(57,913)	(177,575)	(76,255)	(39,922)	(116,177)
Net benefit cost / (income)							
charged to profit and loss	44.1.7	4,631	(2,210)	2,421	(122)	(2,296)	(2,418)
Remeasurements recognized							
in other comprehensive income		(178,341)	(84,946)	(263,287)	(32,652)	(11,470)	(44,122)
Contributions by the Holding Company	44.1.5	(12,861)	(4,974)	(17,835)	(10,633)	(4,225)	(14,858)
Closing balance		(306,233)	(150,043)	(456,276)	(119,662)	(57,913)	(177,575)

44.1.4 Movement in the present value of defined benefit obligations

	2016			2015		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity	Total
Present value of defined benefit						
obligations - 1 July	290,974	65,769	356,743	259,928	57,568	317,496
Current service cost	12,182	3,679	15,861	10,726	3,273	13,999
Past service cost	5,722	–	5,722	–	–	–
Interest cost	30,131	6,398	36,529	33,927	7,628	41,555
Benefits paid during the year.	(7,389)	(299)	(7,688)	(7,147)	–	(7,147)
Benefit due but not paid	(629)	–	(629)	(609)	–	(609)
Remeasurement (gain) / loss						
of experience adjustments	23,124	6,938	30,062	(5,851)	(2,700)	(8,551)
Present value of defined						
benefit obligations - 30 June	354,115	82,485	436,600	290,974	65,769	356,743

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

	2016			2015		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity	Total
Fair value of plan assets - 1 July	410,636	123,682	534,318	336,183	97,490	433,673
Contributions by the Holding Company	12,861	4,974	17,835	10,633	4,225	14,858
Interest income on plan assets	43,404	12,287	55,691	44,775	13,197	57,972
Benefits paid during the year	(7,389)	(299)	(7,688)	(7,147)	–	(7,147)
Benefit due but not paid	(629)	–	(629)	(609)	–	(609)
Return on plan assets, excluding						
interest income	201,465	91,884	293,349	26,801	8,770	35,571
Fair value of plan assets - 30 June	660,348	232,528	892,876	410,636	123,682	534,318
44.1.6 Actual return on plan assets	244,869	104,171	349,040	71,576	21,967	93,543

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

	2016			2015		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity	Total
Current service cost	12,182	3,679	15,861	10,726	3,273	13,999
Past service cost	5,722	–	5,722	–	–	–
Interest cost	30,131	6,398	36,529	33,927	7,628	41,555
Expected return on plan assets	(43,404)	(12,287)	(55,691)	(44,775)	(13,197)	(57,972)
Charge recognized in the consolidated profit and loss account	4,631	(2,210)	2,421	(122)	(2,296)	(2,418)

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

	2016			2015		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity	Total
Remeasurement loss / (gain) of experience adjustments	23,124	6,938	30,062	(5,851)	(2,700)	(8,551)
Return on plan assets, excluding interest income	(201,465)	(91,884)	(293,349)	(26,801)	(8,770)	(35,571)
Remeasurement loss / (gain) charged in the other comprehensive income	(178,341)	(84,946)	(263,287)	(32,652)	(11,470)	(44,122)
44.1.9 Total defined benefit cost recognized in profit and loss account and other comprehensive income	(173,710)	(87,156)	(260,866)	(32,774)	(13,766)	(46,540)
Expected contributions to funds in the following year	15,355	5,743	21,098	12,405	4,959	17,364
Re-measurements: Accumulated actuarial (gains) / losses recognized in equity	(178,341)	(84,946)	(263,287)	(32,652)	(11,470)	(44,122)
Weighted average duration of the defined benefit obligation (years)	12	3		11	4	
Analysis of present value of defined benefit obligation						
Type of Members:						
Pensioners	22	–		21	–	
Beneficiaries	80	79		73	73	
	102	79		94	73	
Vested / Non-Vested:						
Vested benefits	317,831	80,517	398,348	255,684	64,828	320,512
Non - vested benefits	36,285	1,968	38,253	35,290	941	36,231
	354,116	82,485	436,601	290,974	65,769	356,743

	2016			2015		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity	Total
Disaggregation of fair value of plan assets						
The fair value of the plan assets at reporting date for each category are as follows:						
Cash and cash equivalents (comprising bank balances and adjusted for current liabilities) - quoted	10,867	4,205	15,072	29,066	1,962	31,028
Debt instruments						
AA+	156,225	33,577	189,802	26,979	–	26,979
AA-	235	–	235	232	–	232
B-	–	–	–	113,884	38,384	152,268
	156,460	33,577	190,037	141,095	38,384	179,479
Equity instruments						
Automobile Assembling	89	–	89	–	–	–
Cement	15,156	–	15,156	11,704	–	11,704
Chemicals	163	–	163	114	–	114
Engineering	370,290	168,618	538,908	134,393	61,168	195,561
Fertilizer	13,904	339	14,243	2,644	441	3,085
Food and Personal care products	–	–	–	449	–	449
Insurance	255	–	255	242	–	242
Oil and Gas Exploration Companies	7,275	2,348	9,623	9,993	2,677	12,670
Oil and Gas Marketing Companies	603	–	603	265	–	265
Paper and Board	124	–	124	–	–	–
Pharmaceuticals	–	–	–	56	–	56
Power Generation and Distribution	57,159	17,098	74,257	46,502	13,408	59,910
Sugar and Allied Industries	1,594	470	2,064	1,097	323	1,420
Technology and Communication	–	–	–	9	–	9
Textile Composite	3,006	–	3,006	3,243	–	3,243
Transport	–	–	–	340	–	340
	469,618	188,873	658,491	211,051	78,017	289,068
Mutual funds						
Income fund	4,306	2,871	7,177	3,937	2,625	6,562
Equity fund	19,096	3,002	22,098	25,487	2,694	28,181
	23,402	5,873	29,275	29,424	5,319	34,743
	660,347	232,528	892,875	410,636	123,682	534,318

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%	317,025	80,005
Discount rate -1%	399,259	85,297
Long term pension / salary increase +1%	363,388	85,287
Long term pension / salary decrease -1%	345,774	79,967
Long term pension increase +1%	395,114	–
Long term pension decrease -1%	323,471	–

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.

44.2 Defined contribution plan

The Holding Company has set up provident fund for its permanent employees and the contributions were made by the Holding Company to the Trust in accordance with the requirement of Section 227 of the Companies Ordinance, 1984. The total charge against provident fund for the year ended 30 June 2016 was Rs. 7.605 million (2015: Rs. 7.527 million). Year 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:

Rupees in '000	**2015** (Unaudited) Steel and IID Division	2014 (audited) Steel and IID Division	**2015** (audited) Cotton Division	2014 (audited) Cotton Division
Cost of investments made	158,221	148,090	21,578	30,788
Size of the Fund	271,492	204,515	31,274	32,223
Fair value of investments	213,792	188,943	26,953	30,999
Percentage of investments made	79%	92%	86%	96%
Amount wise break-up of fair value of investments is as follows:				
Equity Securities	123,844	59,993	17,035	12,216
Government Securities	79,695	92,363	9,918	18,783
Mutual Funds	10,253	36,587	–	–
	213,792	188,943	26,953	30,999
Percentage wise break-up of fair value of investments out of size of the Fund is as follows:				
Equity Securities	46%	29%	54%	38%
Government Securities	29%	45%	32%	58%
Mutual Funds	4%	18%	–	–

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.

45. FAIR VALUES

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Level 1: Fair value measurements using quoted (unadjusted) in active markets for identical asset or liability.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

Rupees in '000	2016							
	Carring amount				Fair value			
	Investments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- listed equity securities	864,648	–	–	864,648	864,648	–	–	864,648
- commodities	1,857	–	–	1,857	1,857	–	–	1,857
	866,505	–	–	866,505	866,505	–	–	866,505
Financial assets not measured at fair value								
Investments								
- unlisted equity securities	220,717	–	–	220,717	–	–	–	–
- equity	2,882,395	–	–	2,882,395	–	–	–	–
- term deposit receipt	12,875	–	–	12,875	–	–	–	–
Trade debts	–	472,121	–	472,121	–	–	–	–
Other receivables	–	175,347	–	175,347	–	–	–	–
Bank balances	–	72,232	–	72,232	–	–	–	–
	3,115,987	719,700	–	3,835,687	–	–	–	–
Financial liabilities not measured at fair value								
Long term loans	–	–	503,500	503,500	–	–	–	–
Liabilities against assets subject to finance lease	–	–	135,832	135,832	–	–	–	–
Trade and other payables	–	–	687,798	687,798	–	–	–	–
Mark-up accrued	–	–	23,419	23,419	–	–	–	–
Short term borrowings	–	–	2,278,930	2,278,930	–	–	–	–
	–	–	3,629,479	3,629,479	–	–	–	–

Rupees in '000	2015							
	Carring amount				Fair value			
	Investments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- listed equity securities	810,265	–	–	810,265	810,265	–	–	810,265
- commodities	1,828	–	–	1,828	1,828	–	–	1,828
	812,093	–	–	812,093	812,093	–	–	812,093
Financial assets not measured at fair value								
Investments								
- unlisted equity securities	220,717	–	–	220,717	–	–	–	–
- equity	2,423,250	–	–	2,423,250	–	–	–	–
- term deposit receipt	11,825	–	–	11,825	–	–	–	–
Trade debts	–	60,639	–	60,639	–	–	–	–
Other receivables	–	3,308	–	3,308	–	–	–	–
Bank balances	–	99,274	–	99,274	–	–	–	–
	2,655,792	163,221	–	2,819,013	–	–	–	–
Financial liabilities not measured at fair value								
Long term loans	–	–	294,000	294,000	–	–	–	–
Liabilities against assets subject to finance lease	–	–	93,650	93,650	–	–	–	–
Trade and other payables	–	–	431,849	431,849	–	–	–	–
Mark-up accrued	–	–	12,856	12,856	–	–	–	–
Short term borrowings	–	–	301,822	301,822	–	–	–	–
	–	–	1,134,177	1,134,177	–	–	–	–

The Group has not disclosed the fair values for all other financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

Investment property fair value have been determined by professional valuers (level 3 measurement) based on their assessment of the market values as disclosed in note 16.2. The valuations are conducted by the valuation experts appointed by the Group. The valuation experts used a market based approach to arrive at the fair value of the Group's investment properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these consolidated financial statements.

46. FINANCIAL RISK MANAGEMENT

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 reporting date if counterparties fail completely to perform as contracted / fail to discharge an obligation / commitment that it has entered into with the Group. It arises principally from trade receivables, bank balances, security deposits, mark-up accrued and investment in debt securities.

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

Rupees in '000	**2016**	2015
Investments	–	13,556
Deposits	193,756	48,859
Trade debts	472,121	60,639
Mark-up accrued	37	475
Other receivables	180,205	6,668
Bank balances	72,052	99,274
	918,171	229,471

Trade and other receivables

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

All the trade debtors at the reporting date represent domestic parties.

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

Rupees in '000	**2016**	2015
Steel segment	356,077	47,682
Cotton segment	11,332	7,859
Energy segment	104,712	–
	472,121	55,541
The aging of trade debts at reporting date is		
Not past due	167,658	13,839
Past due 1 - 30 days	276,060	9,502
Past due 30 - 180 days	12,858	16,296
Past due 180 days	32,362	26,688
	488,938	66,325
Less: Impaired	16,817	5,686
	472,121	60,639

Based on past experience the management believes that no impairment allowance is necessary in respect of trade debts past due as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time.

The movement in the allowances for impairment in respect of trade debts and loan and advances is given in note 23.2 and note 24 respectively.

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 the Group's investment in units of mutual fund can be assessed with reference to external credit ratings as follows:

	Rating		Rating		
Rupees in '000	Short term	Long term	Agency	**2016**	2015
Mutual Funds					
PICIC Investment Fund	MFR 3 star	MFR 3 star	JCR - VIS	8,641	10,008
PICIC Growth Fund	MFR 1 star	MFR 1 star	JCR - VIS	57,239	65,880
Golden Arrow Selected Stocks Fund	MFR 4 star	MFR 4 star	PACRA	–	1,911
				65,880	77,799

Deposits

The Group 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 Group believes that it is not exposed to major concentration of credit risk.

46.2 Liquidity risk

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

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

Rupees in '000	2016						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to six years
Financial liabilities							
Long term loans	503,500	–	503,500	39,000	70,250	140,500	253,750
Liabilities against assets subject to finance lease	135,832	–	154,799	38,046	30,994	40,438	45,331
Trade and other payables (refer note 10)	711,149	–	711,149	711,149	–	–	–
Mark-up accrued	23,419	–	23,419	23,419	–	–	–
Short term borrowings	2,278,930	2,278,930	–	–	–	–	–
	3,652,830	2,278,930	1,392,867	811,614	101,244	180,938	299,081

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 six 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

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 and export of goods denominated in US Dollars (USD) and Euros. The Group's exposure to foreign currency risk for these currencies is as follows:

	2016		
	USD	Euro	Total
Foreign creditors	(119,190)	(17,690)	(136,880)
Outstanding letters of credit	(6,229,673)	(77,196)	(6,306,869)
Net exposure	(6,348,863)	(94,886)	(6,443,749)

	USD	2015 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)

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2016	2015	**2016**	2015
USD to PKR	104.49	101.51	104.70	101.70
Euro to PKR	115.53	121.10	116.31	113.79

Sensitivity analysis

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

Effect on the consolidated profit and loss

	2016	2015
USD	(619,138)	(931,370)
Euro	(9,489)	(11,430)
	(628,627)	(942,800)

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 the consolidated profit for the year and assets / liabilities of the Group.

46.3.2 Interest rate risk

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

	2016	2015	**2016**	2015
	Effective interest rate (Percentage)		Carrying amount (Rupees in '000)	
Financial assets				
Fixed rate instruments - Preference shares	–	8.5	–	13,347
Financial liabilities				
Variable rate instruments:				
Long term loans	7.60-9.54	8.88-11.68	503,500	294,000
Liabilities against assets subject to finance lease	11.10-15.41	12.04-20.25	135,832	93,650
Short term borrowings	7.75-9.01	8.33-12.62	2,083,975	301,822

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 reporting date would have (increased) / decreased the consolidated 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 2015.

	Profit and loss 100 bp	
Rupees in '000	Increase	Decrease
As at 30 June 2016		
Cash flow sensitivity - Variable rate financial liabilities	(29,183)	29,183
As at 30 June 2015		
Cash flow sensitivity - Variable rate financial liabilities	(6,895)	6,895

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	**2016**	2015
Effect on consolidated profit	74,033	71,763
Effect on consolidated equity	12,431	9,262
Effect on investments	86,464	81,025

The sensitivity analysis prepared is not necessarily indicative of the effects on the 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 consolidated 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	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
Managerial remuneration	12,900	11,100	–	–	61,107	41,082	74,007	52,182
House rent	5,805	4,995	–	–	20,912	16,568	26,717	21,563
Utilities	1,290	1,110	–	–	4,408	3,527	5,698	4,637
Travelling expenses	2,001	263	–	–	–	–	2,001	263
Others	2,353	2,412	–	–	–	–	2,353	2,412
Medical	237	1,994	–	–	2,323	1,908	2,560	3,902
Contributions to								
- Gratuity fund	1,075	925	–	–	2,810	2,135	3,885	3,060
- Pension fund	2,580	2,220	–	–	7,653	5,613	10,233	7,833
- Provident fund	1,290	1,110	–	–	3,657	2,795	4,947	3,905
Club subscription and expenses	711	1,134	–	–	163	82	874	1,216
Entertainment	–	187	–	–	74	46	74	233
Conveyance	–	–	–	–	2,424	2,093	2,424	2,093
Telephone	–	–	–	–	6	6	6	6
	30,242	27,450	–	–	105,537	75,855	135,779	103,305
Number of persons	1	1	–	–	36	28	37	29

47.1 The aggregate amount charged in respect of directors' fees paid to seven (2015: seven) directors is Rs. 1.410 million (2015: Rs. 1.240 million). Also, during the year remuneration paid to the non-executive Chairman of the Board of Directors amounted to Rs. 1.2 million (2015: 1.095 million).

47.2 The chief executive and ten 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. All transactions with parties are under agreed terms / contractual arrangements. Balances and transactions between the Holding Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

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

Name	Nature of relationship	Nature of transaction	2016	2015
Rupees in '000				
Altern Energy Limited	Associated company	Dividend received	–	72,103
Shakarganj Limited	Associated company	Dividend paid	6,582	4,488
		Purchase of raw material	171,161	212,593
		Sales of raw cotton	19,661	–
		Sales of finished goods	140,728	250,241
		Services received	3,548	3,600
		Reimbursable expenses	6,557	1,557
		Purchase of assets	–	40
		Advance against goods	–	40,000
Central Depository Company of Pakistan Limited	Related party	Services received	2,141	108
		Dividend Received	5,809	–
Crescent Jute Products Limited *	Related party	Services received	–	90
		Reimbursable expenses	–	459
CSAP Foundation*	Related party	Donation given	3,038	569
Muhammad Amin Muhammad Bashir Limited *	Related party	Dividend paid	2	1
Premier Insurance Limited *	Related party	Insurance premium	11,515	6,467
The Crescent Textile Mills Limited *	Related party	Dividend paid	17,589	10,246
		Dividend received	6,351	565
The Citizens' Foundation *	Related party	Donation given	48,518	7,875
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Contribution made	644	1,744
		Dividend paid	154	7
		Issue of right shares	868	–
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Contribution made	4,974	4,225
		Dividend paid	3,031	1,765
		Issue of right shares	17,066	–

Name	Nature of relationship	Nature of transaction	2016	2015
Rupees in '000				
Crescent Steel and Allied Products	Retirement	Contribution made	12,861	10,632
Limited - Pension Fund	benefit fund	Dividend paid	6,654	3,959
		Issue of right shares	37,470	–
Crescent Steel and Allied Products	Retirement	Contribution made	6,961	5,824
Limited - Staff Provident Fund	benefit fund	Dividend paid	1,616	788
		Issue of right shares	17,921	–
CSAP - Staff Benevolent Fund	Staff welfare fund	Contribution made	10,000	–
Key management personnel	Related parties	Remuneration and benefits	80,516	66,329
		Issue of right shares	8,953	–
Directors and their spouse	Related parties	Issue of right shares	9,237	–

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

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

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

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

48.4 Outstanding balances and other information with respect to related parties as at 30 June 2016 and 2015 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 and 26.2), other receivables (note 27.1), administrative expenses (note 34) and staff retirement benefits (note 44).

49. CAPITAL RISK MANAGEMENT

The Group's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's overall strategy remains unchanged from year 2015.

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 consolidated balance sheet plus net debt.

49.1 Gearing ratio

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

Rupees in '000	Note	2016	2015
Total debt	49.1.1	2,918,262	689,472
Less: Cash and bank balances		73,887	101,408
Net debt		2,844,375	588,064
Total equity	49.1.2	7,319,191	5,390,217
Total capital		10,163,566	5,978,281
Gearing ratio		28%	10%

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 (2015: 30,000 tons) annually on the basis of notional pipe size of 30” dia x ½” thickness. Installation and commissioning of second SP machine completed on 27 June 2016, which has enhanced the production capacity to 66,667 tons. The actual production achieved during the year was 58,202 tons (2015: 2,837 tons) line pipes of varied sizes and thickness, which is due to operation of plant more than single shift. Actual production is equivalent to 66,811 tons (2015: 13,590 tons) when 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 216,070 meters (2015: 79,764 meters) of different dia pipes (590,738 square meters surface area) was achieved during the year (2015: 90,735 square meters surface area).

Steel melting plant

The plant's installed / rated capacity for production based on three shifts is 42,000 matric tons annually. Actual production duirng the year was 2,638 matirc tons as the commercial operations commenced from 1 June 2016.

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 (2015: 6,452,874 kilograms) whereas the plant capacity converted to 20s count based on Polyester Cotton Yarn in three shifts per day for 1080 shifts is 8,298,913 kilograms. Actual production converted into 20s count was 330,519 kilograms for 45 shifts (2015: 5,082,052 kilograms for 862 shifts).

Production of spinning unit was affected by shutdown of unit for BMR activities to improve the production system and upgrade machinery as well as due to market condition.

50.3 Energy segment

Power plant

The power plant has a maximum output capacity of 16.5 MWh (2015: 14 MWh).

51. GENERAL

51.1 Number of employees

The number of employees including contractual employees of the Group as at 30 June 2016 were 966 (2015: 397) and weighted average number of employees were 545 (2015: 812).

51.2 Non adjusting event after balance sheet date

The Board of Directors of the Holding Company in their meeting held on 15 August 2016 have proposed final cash dividend for the year ended 30 June 2016 of Rs. 2 per share (i.e. 20%) (2015: Re. 0.7 per share) amounting to Rs. 155.265 million (2015: Rs. 43.475 million). This is in addition to the first and second interim cash dividends of Rs. 1.5 per share each (i.e. 15% each) already distributed and recorded in these consolidated financial statements; this make a total distribution of Rs. 5 per share (i.e. 50%) for the year ended 30 June 2016. The Board has also proposed an appropriation of Rs. 1,000 million (2015: Nil) from unappropriated profits in the general reserve. The above proposed final cash dividend and transfer to general reserves are subject to the approval of the members at the Annual General Meeting to be held on 30 September 2016. These consolidated financial statements do not include the effect of above proposals which will be accounted for in the period in which it is approved by the members.

52. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue in the Board of Directors meeting held on 15 August 2016.

Chief Executive | Director | Chief Financial Officer

PATTERN OF SHAREHOLDING
AS AT 30 JUNE 2016

No. of Shareholders	Shareholding From	Shareholding To	Total Shares held
500	1	100	18,866
761	101	500	242,625
458	501	1,000	368,349
634	1,001	5,000	1,575,461
159	5,001	10,000	1,216,883
77	10,001	15,000	955,583
61	15,001	20,000	1,080,037
38	20,001	25,000	862,174
32	25,001	30,000	882,994
15	30,001	35,000	500,521
16	35,001	40,000	620,147
14	40,001	45,000	595,285
18	45,001	50,000	867,944
5	50,001	55,000	266,529
6	55,001	60,000	345,873
7	60,001	65,000	439,860
3	65,001	70,000	200,405
3	70,001	75,000	224,338
6	75,001	80,000	466,823
4	80,001	85,000	328,050
4	85,001	90,000	352,102
2	90,001	95,000	184,118
5	95,001	100,000	489,598
1	100,001	105,000	103,215
4	105,001	110,000	434,710
2	115,001	120,000	233,167
3	120,001	125,000	368,575
2	125,001	130,000	258,000
1	130,001	135,000	133,750
4	135,001	140,000	550,388
4	145,001	150,000	592,127
1	150,001	155,000	151,250
4	160,001	165,000	655,500
1	175,001	180,000	175,125
3	180,001	185,000	549,540
2	185,001	190,000	375,000
4	195,001	200,000	796,000
1	200,001	205,000	201,471
2	205,001	210,000	413,237
1	215,001	220,000	219,250
2	220,001	225,000	448,225
1	255,001	260,000	259,620

PATTERN OF SHAREHOLDING

AS AT 30 JUNE 2016

No. of Shareholders	Shareholding From	Shareholding To	Total Shares held
1	285,001	290,000	290,000
1	295,001	300,000	300,000
2	305,001	310,000	615,417
2	310,001	315,000	624,900
1	320,001	325,000	322,025
1	325,001	330,000	328,563
2	335,001	340,000	677,500
1	360,001	365,000	360,952
1	380,001	385,000	382,250
1	390,001	395,000	390,646
1	395,001	400,000	400,000
1	405,001	410,000	405,250
1	415,001	420,000	415,460
3	440,001	445,000	1,327,298
1	450,001	455,000	452,690
1	460,001	465,000	465,000
2	495,001	500,000	1,000,000
2	535,001	540,000	1,077,039
1	550,001	555,000	555,000
1	595,001	600,000	598,801
1	620,001	625,000	625,000
1	625,001	630,000	626,100
1	695,001	700,000	700,000
1	765,001	770,000	769,375
1	790,001	795,000	792,068
1	830,001	835,000	832,582
1	835,001	840,000	836,500
1	885,001	890,000	890,000
1	915,001	920,000	920,000
1	1,300,001	1,305,000	1,305,000
1	1,355,001	1,360,000	1,357,800
1	1,470,001	1,475,000	1,471,233
1	1,910,001	1,915,000	1,913,100
1	2,110,001	2,115,000	2,111,500
1	2,470,001	2,475,000	2,473,606
1	2,630,001	2,635,000	2,630,695
1	2,735,001	2,740,000	2,735,236
1	2,885,001	2,890,000	2,887,500
1	3,230,001	3,235,000	3,230,181
1	4,250,001	4,255,000	4,251,250
1	4,740,001	4,745,000	4,743,956
1	8,535,001	8,540,000	8,538,303
2,920			77,632,491

CATEGORIES OF SHAREHOLDING

AS AT 30 JUNE 2016

Categories of Shareholder	Physical	CDC	Total	% age
Directors, Chief Executive Officer, Their Spouses and Minor Childern				
Chief Executive				
Mr. Ahsan M. Saleem	-	537,083	537,083	0.69
Directors				
Mr. Ahmad Waqar	27	-	27	0.00
Mr. Nasir Shafi	-	37,876	37,876	0.05
Mr. Syed Zahid Hussain	2	-	2	0.00
Mr. Zahid Bashir	-	107,610	107,610	0.14
Syed Mahmood Ehtishamullah	-	19,495	19,495	0.03
Director's Spouses and Their Minor Childern				
Mrs. Shahnaz A. Saleem	-	650,588	650,588	0.84
	29	1,352,652	1,352,681	1.74
Executives	14,492	61,367	75,859	0.10
Associated Companies, Undertakings & Related Parties				
Muhammad Amin Muhammad Bashir Limited	848	-	848	0.00
Premier Insurance Limited	-	120,700	120,700	0.16
Shakarganj Mills Limited	-	792,068	792,068	1.02
The Cresent Textile Mills Limited	-	8,538,303	8,538,303	11.00
Trustees - Crescent Cotton Products Staff Provident Fund	-	74,800	74,800	0.10
Trustees - CSAP SPF	618	832,582	833,200	1.07
Trustees - CSAP Staff Gratuity Fund	-	1,471,233	1,471,233	1.90
Trustees - CSAP Staff Pension Fund	-	3,230,181	3,230,181	4.16
Trustees - CSAP Staff Provident Fund	-	500	500	0.00
M/s. Jubilee Spinning & Weaving Mills Limited	110	39,878	39,988	0.05
Trustee - The Crescent Textile Mills Ltd Empl. Provident Fund		836,500	836,500	1.08
M/s. Crescent Cotton Mills Limited		18,076	18,076	0.02
Managing Committee Crescent Foundation		444,698	444,698	0.57
M/s. Suraj Cotton Mills Limited		300,000	300,000	0.39
Trustees - SML Employees Provident Fund		168,500	168,500	0.22
Trustees - SML Employees Gratuity Fund		51,700	51,700	0.07
Trustees - SML Employees Gratuity Fund		15,300	15,300	0.02
	1,576	16,935,019	16,936,595	21.82
NIT & ICP (Name Wise Detail)				
CDC - Trustee National Investment (Unit) Trust	-	2,735,236	2,735,236	3.52
	-	2,735,236	2,735,236	3.52
Mutual Funds (Name Wise Detail)				
CDC - Trustee ABL Islamic Pension Fund - Equity Sub Fund	-	8,000	8,000	0.01
CDC - Trustee Al Meezan Mutual Fund	-	441,100	441,100	0.57
CDC - Trustee Alfalah GHP Alpha Fund	-	219,250	219,250	0.28
CDC - Trustee AlFalah GHP Islamic Stock Fund	-	224,350	224,350	0.29
CDC - Trustee Alfalah GHP Stock Fund	-	405,250	405,250	0.52
CDC - Trustee Alfalah GHP Value Fund	-	124,375	124,375	0.16
CDC - Trustee APIF - Equity Sub Fund	-	15,000	15,000	0.02
CDC - Trustee Askari Asset Allocation Fund	-	82,000	82,000	0.11
CDC - Trustee Askari Equity Fund	-	57,000	57,000	0.07
CDC - Trustee Dawood Islamic Fund	-	10,000	10,000	0.01
CDC - Trustee Faysal Asset Allocation Fund	-	626,100	626,100	0.81
CDC - Trustee Faysal Balanced Growth Fund	-	55,000	55,000	0.07
CDC - Trustee Faysal Islamic Asset Allocation Fund	-	290,000	290,000	0.37
CDC - Trustee First Capital Mutual Fund	-	9,200	9,200	0.01

PATTERN OF SHAREHOLDING

AS AT 30 JUNE 2016

Categories of Shareholder	Physical	CDC	Total	% age
CDC - Trustee First Dawood Mutual Fund	-	10,000	10,000	0.01
CDC - Trustee HBL - Stock Fund	-	1,357,800	1,357,800	1.75
CDC - Trustee HBL IPF Equity Sub Fund	-	61,700	61,700	0.08
CDC - Trustee HBL Islamic Asset Allocation Fund	-	123,500	123,500	0.16
CDC - Trustee HBL Islamic Stock Fund	-	314,500	314,500	0.41
CDC - Trustee HBL Mustahekum Sarmaya Fund 1	-	36,000	36,000	0.05
CDC - Trustee HBL PF Equity Sub Fund	-	53,775	53,775	0.07
CDC - Trustee Meezan Asset Allocation Fund	-	30,000	30,000	0.04
CDC - Trustee Meezan Balanced Fund	-	382,250	382,250	0.49
CDC - Trustee Meezan Islamic Fund	-	1,913,100	1,913,100	2.46
CDC - Trustee NAFA Islamic Active Allocation Equity Fund	-	138,500	138,500	0.18
CDC - Trustee NAFA Islamic Principal Protected Fund - II	-	48,500	48,500	0.06
CDC - Trustee NAFA Islamic Stock Fund	-	310,400	310,400	0.40
CDC - Trustee NIT - Equity Market Opportunity Fund	-	360,952	360,952	0.46
CDC - Trustee Pakistan Capital Market Fund	-	400	400	0.00
CDC - Trustee PIML Islamic Equity Fund	-	14,000	14,000	0.02
CDC - Trustee PIML Value Equity Fund	-	15,000	15,000	0.02
MCBFSL - Trustee Pak Oman Advantage Asset Allocation Fund	-	40,000	40,000	0.05
MCBFSL - Trustee Pak Oman Islamic Asset Allocation Fund	-	40,000	40,000	0.05
MCFSL - Trustee Askari Islamic Asset Allocation Fund	-	50,000	50,000	0.06
Safeway Fund Limited	-	920,000	920,000	1.19
	-	8,787,002	8,787,002	11.32
Banks, NBFCs, DFIs, Takaful, Pension Funds etc.	4,748,809	6,765,114	11,513,923	14.83
Modarabas	190	54,000	54,190	0.07
Insurance Companies	-	6,287,195	6,287,195	8.10
Other Companies,Corporate Bodies, Trust etc.	37,892	3,285,582	3,323,474	4.28
General Public (Others)				
A. Local	772,732	25,705,354	26,478,086	34.11
B. Foreign	-	88,250	88,250	0.11
	772,732	25,793,604	26,566,336	34.22
	5,575,720	72,056,771	77,632,491	100.00

Shareholders More Than 5.00%		
The Cresent Textile Mills Limited	8,538,303	11.00
Islamic Development Bank	4,743,956	6.11
Bilquis Saleem	4,251,250	5.48

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 32nd Annual General Meeting of shareholders of Crescent Steel and Allied Products Limited (the "Company") will be held on Friday, 30 September 2016 at 12:00 noon at Qasr-e-Noor, 9 E-2 Main Boulevard, Gulberg-III, Lahore to transact the following Business:

Ordinary Business

1. To receive, consider and adopt the Reports of Directors and Auditors together with Audited Annual Separate and Consolidated Financial Statements for the year ended 30 June 2016.

2. To approve the payment of final cash dividend of Rs. 2.0 per share (i.e., @20%) in addition to the first and second interim cash dividends of Rs. 1.5/- per share each, a total cash distribution of Rs. 5 per share (i.e., @50%) for the year ended 30 June 2016.

3. To appoint Company's auditors for the financial year ending 30 June 2017 and to fix their remuneration.

Special Business

4. To obtain consent of the shareholders in terms of S.R.O. 470(I)/2016 dated 31 May 2016 issued by Securities and Exchange Commission of Pakistan, for the transmission of the annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company either through CD or DVD or USB and to pass the following resolution as an Ordinary Resolution, with or without modification:

   "Resolved that consent & approval of the members of Crescent Steel and Allied Products Limited (the "Company") be and is hereby accorded for transmission of annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company to the members for future years commencing from the year ending on 30 June 2017 through CD or DVD or USB instead of transmitting the same in hard copies.

   Resolved Further that Chief Executive Officer or Company Secretary of the Company be and is hereby authorized to do all acts, deeds and things, take or cause to be taken all necessary actions to comply with all legal formalities and requirements and file necessary documents as may be necessary or incidental for the purposes of implementing this resolution"

5. To consider and, if deemed fit, pass the following resolution as a Special Resolution with or without modification for alterations in the Articles of Association of the Company:

   "RESOLVED that pursuant to Section 28 and other applicable provisions, if any, of the Companies Ordinance, 1984 and any other law(s), Articles of Association of the Company be and are hereby amended by inserting a new Article 47A immediately after the existing Article 47 to read as under;

   47A ELECTRONIC VOTING: The Company shall comply with the mandatory e-voting requirements as may be prescribed by the Securities and Exchange Commission of Pakistan from time to time and members may be allowed to appoint members as well as non-members as proxies for the purposes of electronic voting pursuant to this Article."

   Resolved further that the Chief Executive Officer or Company Secretary be and is hereby authorized to do all acts, deed and things, take all steps and action necessary, ancillary and incidental for altering the Articles of Association of the Company including filing of all requisite documents/ statutory forms as may be required to be filed with the Registrar of Companies and complying with all other regulatory requirements so as to effectuate the alterations in the Articles of Association and implementing the aforesaid resolution.

Lahore: 08 September 2016

BY ORDER OF THE BOARD
Muhammad Saad Thaniana
Company Secretary

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. **Book Closure:**

   The Share Transfer Books of the Company will remain closed from 24 September 2016 to 30 September 2016 (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 23 September 2016, will be treated in time for the entitlement of cash dividend to the transferees and to attend the meeting.

2. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote instead of him/her. A Proxy must be a member of the Company.

3. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarially attested copy of the power of attorney must be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting.

4. Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

   A. For Attending the Meeting

   a. In case of Individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.

   b. In case of corporate entity, the Board's resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

   B. For Appointing Proxies

   a. In case of individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.

   b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.

   c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.

   d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.

   e. In case of corporate entity, the Board's resolution/power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

5. **Notice to Shareholders who have not provided CNIC:**

   The Company has made several requests through advertisements in Urdu and English newspapers having circulation throughout the country and Independent Share Registrar of the Company has also sent letters through Registered Post to the shareholders who have not yet provided valid copies of their Computerized National Identity Card (CNIC), requesting them to provide their CNIC's. The directive of the Securities and Exchange Commission of Pakistan contained in S.R.O. 831(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 order dated 10th May, 2016. 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. Electronic Transmission of Financial Statements Etc.,

SECP through its Notification No. SRO. 787(1)/2014, dated September 08, 2014 has allowed companies to circulate Annual Audited Financial Statements along with Notice of Annual General Meeting through email instead of sending the same through post, to those members who desires to avail this facility. The members who desire to opt to receive aforesaid statements and notice of AGM through e-mail are requested to provide their written consent on the Standard Request Form available on the Company's website: www.crescent.com.pk

8. Deduction of Income Tax from Dividend at Revised Rates

Pursuant to the provisions of Finance Act, 2016 effective 1 July 2016, 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	20.0%

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.

The shareholders who have joint shareholdings held by Filers and Non-Filers shall be dealt with separately and in such particular situation, each account holder is to be treated as either a Filer or a Non-Filer and tax will be deducted according to his shareholding. If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Company latest by the AGM date.

Folio/CDC Account No.	Name of Shareholder	CNIC	Shareholding	Total Shares	Principal/Joint Shareholder

9. Placement of Financial Statements

The Company has placed the Audited Annual Separate and Consolidated Financial Statements for the year ended 30 June 2016 along with Auditors and Directors Reports thereon on its website: www.crescent.com.pk

NOTICE OF ANNUAL GENERAL MEETING

<u>**Statement under Section160 (1)(b) of the Companies Ordinance,1984**</u>

This statement set out the material facts concerning the special business to be transacted at the annual general meeting of the Company to be held on 30 September 2016.

Circulations of Annual Reports through CD/DVD/USB

Securities and Exchange Commission of Pakistan has vide S.R.O 470(l)/2016 dated 31 May 2016 allowed the companies to circulate the annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company to its members through CD/DVD/USB subject to consent of the shareholders in the general meeting. This will save time and expenses incurred on printing of the annual report.

The Company shall supply the hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand. After approval of the shareholders, the Company will place a Standard Request Form on its website to communicate their need of hard copies of the documents along with postal and email address of the Company Secretary/Share Registrar to whom such requests shall be made.

Accordingly, the directors have placed the matter before the shareholders for their approval and to pass the ordinary resolution as proposed in the notice of meeting. The directors are not interested, directly or indirectly, in the above business except to the extent of their investment as has been detailed in the pattern of shareholding annexed to the Directors Report.

Alteration in the Articles of Association

Securities and Exchange Commission of Pakistan has issued Companies (E-Voting) Regulation 2016 on January 22, 2016 vide S.R.O 43(1)/2016. The directors have recommended alteration in the Articles of Association by inserting a new Article 47A therein which will give the members option to be part of the decision making in the general meeting of the Company through electronic means. Accordingly, it has been proposed to pass the resolution as a Special Resolution for alteration in the Articles of Association of the Company, as specified in the notice of meeting.

The directors are not interested, directly or indirectly, in the above business except to the extent of their investment as has been detailed in the pattern of shareholding annexed to the Directors Report.

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
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-EM	Morgan Stanley Capital International Emerging Market
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
PSX	Pakistan Stock Exchange
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 32ND 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 Friday, 30 September 2016 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 ________________2016.

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.

کریسنٹ سٹیل اینڈ الائیڈپراڈکٹس لمیٹڈ

پراکسی فارم (مختار نامہ)

32 واں سالانہ اجلاس عام

میں / ہم ________________________________

بحیثیت رکن کریسنٹ سٹیل اینڈ الائیڈ پراڈکٹس لمیٹڈ اور حامل ____________ حصص بمطابق فولیو نمبر ____________

سی ڈی سی پارٹیسپیشن (شرکت) آئی ڈی نمبر ____________ اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر ____________ / سی ڈی سی انویسٹر اکاؤنٹ آئی ڈی نمبر ____________

محترم/محترمہ ____________ یا اسکی غیر موجودگی میں ____________

فولیو نمبر ____________ /سی ڈی سی پارٹیسپیشن (شرکت) آئی ڈی نمبر ____________

اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر ____________ / سی ڈی سی انویسٹر اکاؤنٹ آئی ڈی نمبر ____________ کو اپنے/ ہمارے ایماء پر مورخہ 30 ستمبر 2016ء، بروز جمعہ دوپہر 12:00 بجے بمقام قصر نور، 2-E-9، مین بلیوارڈ، گلبرگ-III، لاہور پر منعقد ہونے والے کریسنٹ سٹیل اینڈ الائیڈ پراڈکٹس لمیٹڈ کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا/ ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

آج بروز.................. بتاریخ.......... 2016ء کو میرے/ ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

گواہان

1۔

دستخط: ____________

نام: ____________

پتہ: ____________

____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ____________

-/5 روپے کا رسیدی ٹکٹ یہاں چسپاں کریں۔

2۔

دستخط: ____________

نام: ____________

پتہ: ____________

____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ____________

دستخط رکن

کمپنی کے نمونہ دستخط سے مماثل ہونے چاہئیں۔

نوٹ:

1۔ اجلاس عام میں شرکت اور رائے دہی کا مستحق رکن، پراکسی مقرر کر سکتا ہے۔

2۔ پراکسی اور مختار نامہ یا دیگر اتھارٹی (اگر کوئی ہوں) تقرری کے آلات، جس کے تحت یہ دستخط شدہ ہو یا اس مختار نامہ کی نوٹریلی مصدقہ کاپی، کمپنی کے شیئر رجسٹرار دفتر، کارپ ٹیک ایسوسی ایٹس (پرائیویٹ) لمیٹڈ 503-E، جوہر ٹاؤن لاہور میں اجلاس منعقد ہونے سے کم از کم 48 (اڑتالیس) گھنٹے قبل جمع کروائے جانے چاہئیں۔

3۔ سی ڈی سی اکاؤنٹ ہولڈرز کو پراکسیز تقرری کے لئے سیکورٹیز اینڈ ایکسچینج کمیشن پاکستان کے مورخہ 26 جنوری 2000 کو جاری کردہ سرکلر نمبر 1 میں دی گئی مندرجہ ذیل گائیڈ لائنز کی پیروی کرنا ہوگی۔

i۔ بصورت افراد، اکاؤنٹ ہولڈر اور/ یا سب اکاؤنٹ ہولڈر جن کی سیکورٹیز اینڈ رجسٹریشن تفصیلات قواعد وضوابط کے مطابق اپ لوڈ ہوں، انہیں درج بالا شرائط کے مطابق پراکسی فارم (مختار نامہ) جمع کرانا ہونگے۔

ii۔ پراکسی فارم پر بطور گواہان دو افراد کے دستخط ہونے چاہئیں اور ان کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبرز فارم پر درج ہوں۔

iii۔ بینیفشل اونرز اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول، پراکسی فارم (مختار نامہ) کے ہمراہ جمع کرانا ہونگی۔

iv۔ پراکسی، اجلاس کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ مہیا کرے گا/گی۔

v۔ بصورت کارپوریٹ اینٹٹی، بورڈ کی قرارداد/ مختار نامہ معہ پراکسی ہولڈر کے دستخط (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نامہ) کے ہمراہ کمپنی میں جمع کرانا ہوگا۔

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. Till date, we planted over 7,741 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 46 tons of carbon annually - equivalent to emissions from burning over 6,031 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
info@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: ____________________

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

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