Crescent Steel and Allied Products Limited

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

KEY PERFORMANCE **INDICATORS**

Based on results of the Company as presented in the Consolidated Financial Statements

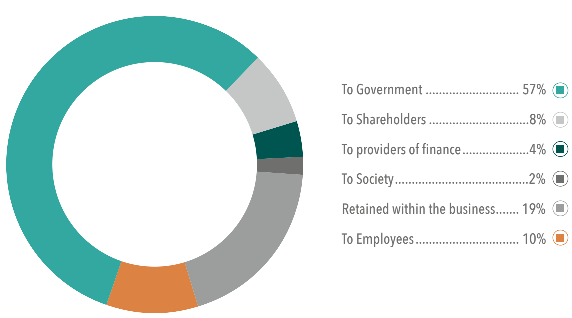
Sales Revenue	12,285	(PKR in million)
Profit before tax	1,592	(PKR in million)
Gross profit ratio	13.7	%
Net profit margin	9.5	%
EBITDA	2,008.4	(PKR in million)
Earnings per Share (Basic and diluted)	15.29	(Rupees per share)
Total Assets	14,810	(PKR in million)
Shareholders' Equity	8,601	(PKR in million)
Capital Expenditure	298.3	(PKR in million)
Break-up value	110.8	(Rupees per share)
Return on average capital employed	16.1	%
Gearing ratio	28.3	%
Current Ratio	1.5:1	Ratio
Price earnings ratio	15.6	Times

STATEMENT OF **VALUE ADDITION**

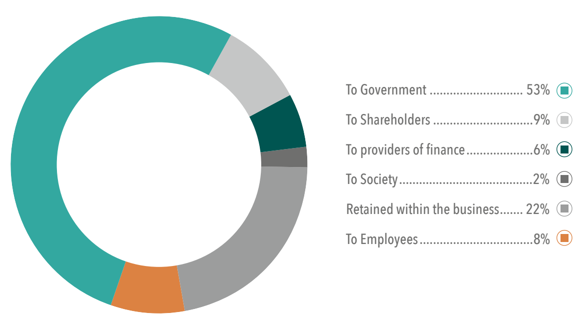
	2017 Rupees in '000	2017 %	2016 Rupees in '000	2016 %
WEALTH GENERATED				
Total revenue	15,023,072	100%	9,337,070	100%
Bought-in-material and services	(9,765,204)	65%	(5,036,026)	54%
	5,257,868	35%	4,301,044	46%
WEALTH DISTRIBUTED				
To Employees				
Salaries, wages and other benefits	536,666	10%	345,057	8%
To Government				
Income tax, sales tax, custom duties, WWF and WPPF	3,018,268	57%	2,296,860	53%
To Shareholders				
Dividend *	407,571	8%	388,163	9%
To providers of finance				
Finance costs	204,626	4%	253,921	6%
To Society				
Donation towards education, health and environment	80,813	2%	70,892	2%
Retained within the business for future growth				
Depreciation, amortization and retained earnings	1,009,924	19%	946,151	22%
	5,257,868	100%	4,301,044	100%

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

DISTRIBUTION OF WEALTH 2017



DISTRIBUTION OF WEALTH 2016



PERFORMANCE **INDICATORS CONSOLIDATED**

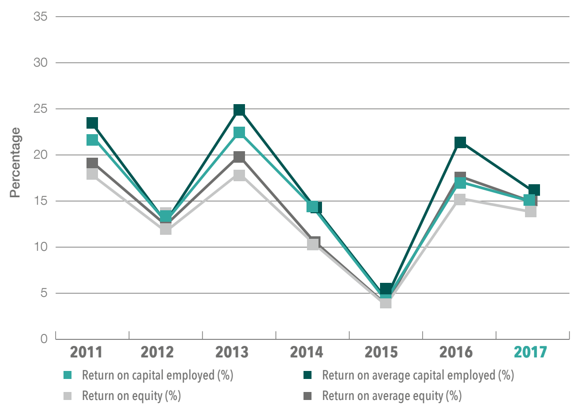
FOR THE CURRENT AND PAST SIX FINANCIAL YEARS

PERFORMANCE INDICATORS	2017	2016	2015	2014	2013	2012	2011
A - PROFITABILITY RATIOS							
Earnings before interest, taxation, depreciation and amortization (EBITDA) (Rs. in millions)	2,008.4	1,914.4	389.4	902.5	1,316.6	703.6	1,151.0
Profit before taxation and deprecation (Rs. in millions)	1,798.5	1,653.4	295.1	802.3	1,251.3	582.7	995.2
Gross profit ratio (%)	13.7	26.6	0.9	5.7	13.0	12.9	18.4
Operating profit margin to sales (net) (%)	10.0	18.6	2.2	11.5	19.1	7.8	17.5
Net profit margin to sales (net) (%)	9.7	14.8	8.7	13.7	17.8	11.9	14.5
EBITDA margin to sales (net) (%)	16.3	25.3	16.9	22.4	26.3	17.8	26.2
Operating leverage ratio	0.0	2.6	1.6	1.8	4.4	4.1	0.9
Return on equity (%)	13.8	15.3	3.7	10.5	18.0	11.7	17.8
Return on average equity (%)	14.9	17.7	3.8	10.8	19.9	12.4	19.2
Return on capital employed (RoCE) (%)	14.9	17.1	4.2	14.4	22.5	12.8	22.0
Return on average capital employed (%)	16.1	21.5	4.4	14.6	25.0	12.7	23.4
Return on average assets (%)	9.0	12.3	3.1	9.8	16.3	9.4	13.1
B - Liquidity Ratios							
Current ratio	1.5 : 1	1.6 : 1	1.9 : 1	2.6 : 1	2.5 : 1	1.8 : 1	1.5 : 1
Quick / Acid-test ratio	0.9 : 1	0.9 : 1	1.4 : 1	2 : 1	1.8 : 1	1.3 : 1	0.8 : 1
Cash to current liabilities (%)	(5.8)	(6.8)	(18.9)	(11.8)	(23.6)	(23.5)	(49.1)
Cash flows from operations to sales (%)	(0.4)	(31.0)	4.1	4.3	(1.7)	11.1	4.1
Working capital (Net current assets)	2,949.6	2,095.1	929.3	1,123.6	1,340.9	856.4	595.2
Working capital turnover (times)	4.9	5.0	2.2	3.3	4.6	5.4	9.0
C - Activity / Turnover Ratios							
Debtors turnover ratio (times)	18.0	28.4	30.7	28.1	17.7	15.3	20.9
No. of days in receivables / Average collection period (days)	20	13	12	13	21	24	18
Inventory turnover ratio (times)	3.6	3.7	5.3	7.1	7.0	4.8	3.8
No. of days in inventory (days)	102	98	69	51	52	76	95
Creditors turnover ratio (times)	11.2	20	8.5	29.3	19.9	15.9	22.3
No. of days in creditors / Average payment period (days)	33	18	43	12	18	23	16
Property, plant and equipment turnover (times)	4.8	3.1	1.1	2.9	3.9	3.6	3.1
Total assets turnover (times)	0.8	0.7	0.3	0.7	0.9	0.8	0.9
Operating cycle (days)	89	93	38	52	55	77	96
D - Investment / Market Ratios							
Basic and diluted earnings per share (Rs.)	15.29	15.05	2.87	7.93	12.77	6.75	9.17
Price earnings ratio (times)	15.6	7.6	18.1	5.5	3.5	3.4	2.8
Dividend yield (%) *	2.2	4.4	1.3	5.7	7.8	8.6	13.4
Dividend payout ratio (%) *	34.3	34.6	21.7	28.1	28.5	24.0	30.9
Dividend cover ratio (times) *	2.9	3.0	4.1	3.2	3.6	3.4	2.6
Cash dividend (Rs. in millions) *	407.6	388.2	43.5	155.3	197.6	112.9	197.6
Cash dividend per share (Rs.) *	5.25	5.0	0.7	2.5	3.5	2.0	3.5
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.)	238.6	114.6	51.9	43.5	45.0	23.2	26.1
- Lowest during the year (Rs.)	116.0	54.6	34.9	43.5	21.6	18.0	23.8
- Highest during the year (Rs.)	283.1	134.8	62.4	74.8	54.5	28.5	31.7
Break-up value per share (Rs.)	110.8	94.3	86.8	84.5	79.8	64.7	58.0
E - Capital Structure Ratios							
Financial leverage ratio (%)	40.4	39.9	12.8	6.3	9.8	9.0	23.6
Long term debt to equity ratio (%)	4.5	6.4	5.3	1.2	0.7	0.5	3.6
Cost of debts	8.0	8.4	10.9	13.7	14.4	16.7	16.5
Long term debt : Equity ratio	4 : 96	6 : 94	5 : 95	1 : 99	1 : 99	0 : 100	3 : 97
Total liabilities to total assets (%)	41.9	36.0	21.1	14.9	15.6	21.1	26.6
Gearing ratio (%)	28.3	28.0	9.8	3.4	7.6	6.8	18.7
Interest coverage (times)	8.8	6.9	2.9	8.5	19.5	5.1	6.8

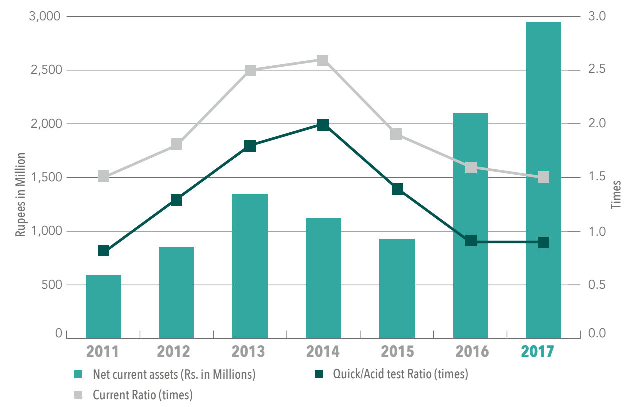
Notes:

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

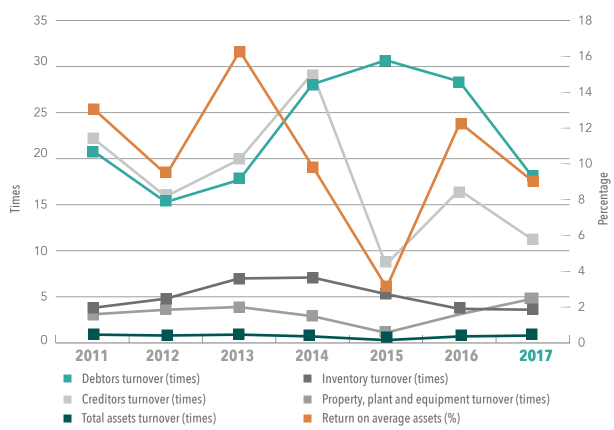
RETURN ON CAPITAL AND EQUITY



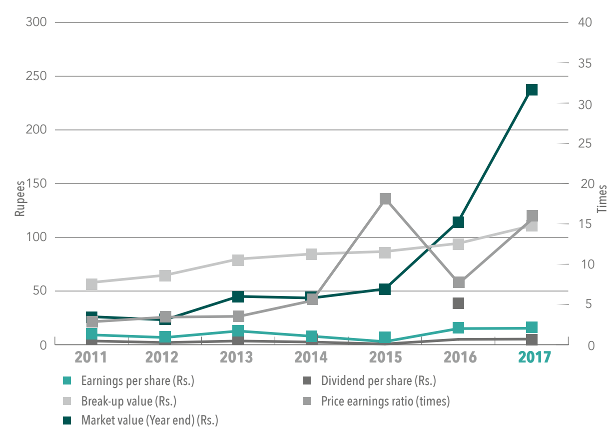
LIQUIDITY



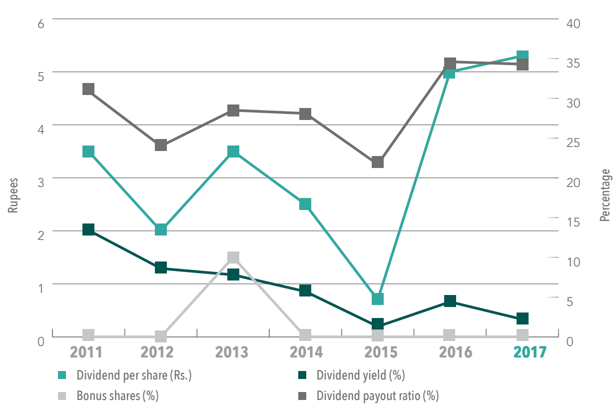
ASSET MANAGEMENT



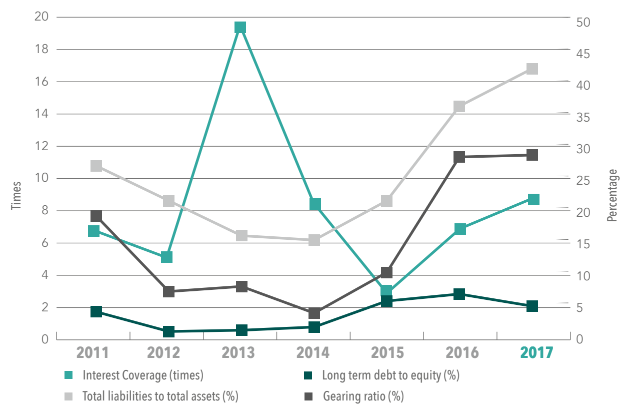
PER SHARE RESULT



DIVIDEND AND RETURNS



DEBT MANAGEMENT



VERTICAL **ANALYSIS CONSOLIDATED**

FOR THE SIX FINANCIAL YEARS

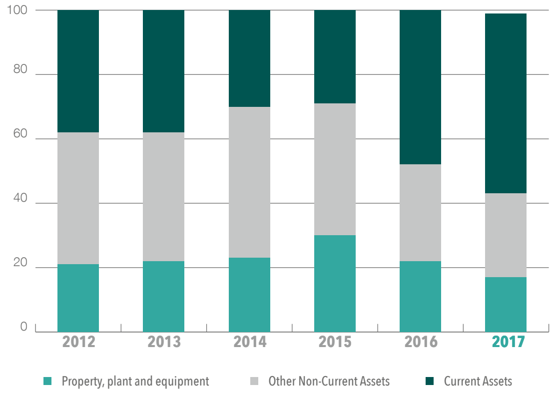
Rupees in million	2017	%	2016	%	2015	%	2014	%	2013	%	2012	%
CONSOLIDATED BALANCE SHEET												
Property, plant and equipment	2,565	17.3	2,468	21.5	2,019.0	29.5	1,404.0	22.8	1,281	21.8	1,086	21.3
Intangible assets	129	0.9	113	1.0	68.0	1.0	39.0	0.6	14	0.2	2	-
Investment properties	54	0.4	60	0.5	67.0	1.0	73.0	1.2	62	1.1	36	0.7
Investment in equity accounted investees	3,292	22.2	2,882	25.2	2,423.0	35.4	2,540.0	41.2	2,040	34.6	1,806	35.5
Other long term investments	221	1.5	221	1.9	221.0	3.2	221.0	3.6	221	3.7	221	4.3
Long term deposits	194	1.3	189	1.6	48.0	0.7	51.0	0.8	20	0.3	21	0.4
Deferred taxation	-	-	-	-	-	-	-	-	-	-	8	0.2
Stores, spares and loose tools	191	1.3	130	1.1	67.0	1.0	72.0	1.2	79	1.3	66	1.3
Stock-in-trade	3,385	22.9	2,531	22.1	453.0	6.6	407.0	6.6	662	11.3	587	11.5
Trade debts	891	6.0	472	4.1	61.0	0.9	89.0	1.4	197	3.4	369	7.3
Advances	21	0.1	45	0.4	58.0	0.8	58.0	0.9	32	0.5	138	2.7
Trade deposits and short term prepayments	57	0.4	38	0.3	15.0	0.2	7.0	0.1	9	0.2	6	0.1
Investments	1,201	8.1	879	7.7	824.0	12.1	758.0	12.3	946	16.1	523	10.3
Current portion of long term investments	-	-	-	-	-	-	-	-	-	-	8	0.2
Other receivables	1,774	12.0	800	7.0	187.0	2.7	143.0	2.3	135	2.3	48	0.9
Taxation - net	749	5.1	555	4.8	225.0	3.3	159.0	2.6	76	1.3	93	1.8
Cash and bank balances	86	0.6	74	0.6	101.0	1.5	144.0	2.3	80	1.4	69	1.4
Non-current asset held for sale	-	-	-	-	-	-	-	-	19.0	0.3	-	-
Total assets	14,810	100	11,457	100	6,837	100.0	6,165	100	5,873	100	5,087	100.0
Issued, subscribed and paid-up capital	776	5.2	776	6.8	621.0	9.1	621.0	10.1	565	9.6	565	11.1
Capital reserves	1,243	8.4	1,139	9.9	396.0	5.8	388.0	6.3	555	9.4	402	7.9
Revenue reserves	6,582	44.4	5,404	47.2	4,374.0	64.0	4,237.0	68.7	3,836	65.3	3,049	59.9
Shareholders' equity	8,601	58.0	7,319	63.9	5,391	78.9	5,246	85.1	4,956	84.3	4,016	78.9
Long term loans	322	2.2	394	3.4	239.0	3.5	-	-	-	-	-	-
Liabilities against assets subject to finance lease	64	0.4	77	0.7	46.0	0.7	62	1.0	34	0.6	20	0.4
Deferred income	7	-	9	0.1	1.0	-	2	-	1	-	-	-
Deferred taxation	410	2.8	229	2.0	98.0	1.4	142	2.3	6	0.1	-	-
Trade and other payables	2,283	15.4	954	8.3	643.0	9.4	433	7.0	415	7.1	692	13.6
Mark-up accrued	32	0.2	23	0.2	13.0	0.2	9	0.1	9	0.2	16	0.3
Short term borrowings	2,904	19.6	2,279	19.8	302.0	4.3	228	3.7	418	7.1	335	6.6
Current portion of long term loan	141	1.0	109	1.0	55.0	0.8	-	-	-	-	-	-
Current portion of liabilities against assets subject to finance lease	42	0.3	59	0.5	47.0	0.7	41	0.7	32	0.5	8	0.2
Current portion of deferred income	4	-	5	-	2.0	-	2	-	1	-	-	-
Total equity and liabilities	14,810	100	11,457	100	6,837	100	6,165	100	5,873	100	5,087	100
CONSOLIDATED PROFIT AND LOSS ACCOUNT												
Sales - net	12,285	100.0	7,575	100	2,303.0	100	4,030.0	100	5,002	100	3,943	100
Cost of sales	10,598	86.3	5,559	73.4	2,282.0	99.1	3,800.0	94.3	4,351	87.0	3,434	87.1
Gross profit	1,687	13.7	2,016	26.6	21	0.9	230	5.7	651	13.0	509	12.9
Income from investments	205	1.7	102	1.3	219.0	9.5	441.0	10.9	348	7.0	68	1.7
Distribution and selling expenses	32	0.3	16	0.2	27.3	1.2	52.0	1.3	68	1.4	46	1.2
Administrative expenses	307	2.5	299	3.9	181.2	7.9	172.0	4.3	177	3.5	170	4.3
Other operating expenses	429	3.5	427	5.6	11.2	0.5	33.0	0.8	169	3.4	66	1.7
Other income	104	0.8	30	0.4	32.0	1.4	47.0	1.2	371	7.4	12	0.3
Operating profit before finance costs	1,228	9.9	1,406	18.6	52	2.2	461	11.4	956	19.1	307	7.7
Finance costs	205	1.7	254	3.4	87.0	3.8	95.0	2.4	63	1.3	110	2.8
Share of profit in equity accounted investees - net of taxation	569	4.6	347	4.6	203.0	8.8	341.0	8.5	269	5.4	255	6.5
Profit before taxation	1,592	12.8	1,499	19.8	168	7.2	707	17.5	1,162	23.2	452	11.4
Taxation	405	3.3	377	5.0	(32.0)	(1.4)	154.0	3.8	272	5.4	(19)	(0.5)
Profit after taxation	1,187	9.5	1,122	14.8	200	8.6	553	13.7	890	17.8	471	11.9

HORIZONTAL **ANALYSIS CONSOLIDATED**

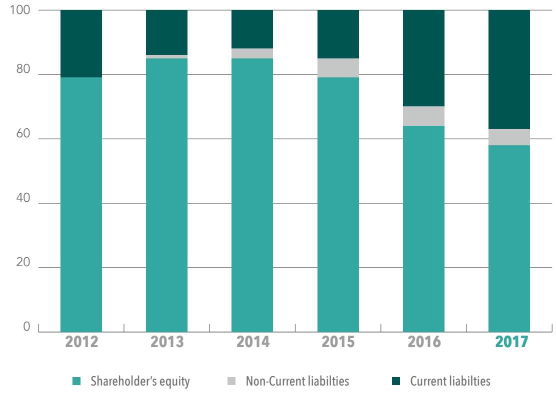
FOR THE SIX FINANCIAL YEARS

Rupees in million	2017	%	2016	%	2015	%	2014	%	2013	%	2012	%
CONSOLIDATED BALANCE SHEET												
Property, plant and equipment	2,565	3.9	2,468	22.2	2,019	43.8	1,404	9.6	1,281	18.0	1,086	(24.1)
Intangible assets	129	14.2	113	66.2	68	74.4	39	178.6	14	600.0	2	(84.6)
Investment properties	54	(10.0)	60	(10.4)	67	(8.2)	73	17.7	62	72.2	36	(10.0)
Investment in equity accounted investees	3,292	14.2	2,882	18.9	2,423	(4.6)	2,540	24.5	2,040	13.0	1,806	20.6
Other long term investments	221	-	221	-	221	-	221	-	221	-	221	16.9
Long term deposits	194	2.6	189	293.8	48	(5.9)	51	155.0	20	(4.8)	21	40.0
Deferred taxation	-	-	-	-	-	-	-	-	-	(100.0)	8	100.0
Stores, spares and loose tools	191	46.9	130	94.0	67	(6.9)	72	(8.9)	79	19.7	66	-
Stock-in-trade	3,385	33.7	2,531	458.7	453	11.3	407	(38.5)	662	12.8	587	(30.2)
Trade debts	891	88.8	472	673.8	61	(31.5)	89	(54.8)	197	(46.6)	369	154.5
Advances	21	(53.3)	45	(22.4)	58	-	58	81.3	32	(76.8)	138	360.0
Trade deposits and short term prepayments	57	50.0	38	153.3	15	114.3	7	(22.2)	9	50.0	6	-
Investments	1,201	36.6	879	6.7	824	8.7	758	(19.9)	946	80.9	523	6.5
Current portion of long term investments	-	-	-	-	-	-	-	-	-	(100.0)	8	(52.9)
Mark-up accrued on term finance certificates	-	-	-	-	-	-	-	-	-	-	-	(100.0)
Other receivables	1,774	121.8	800	327.8	187	30.8	143	5.9	135	181.3	48	(22.6)
Taxation - net	749	35.0	555	146.7	225	41.5	159	109.2	76	(18.3)	93	126.8
Cash and bank balances	86	16.2	74	(26.7)	101	(29.9)	144	80.0	80	15.9	69	263.2
Non-current asset held for sale	-	-	-	-	-	-	-	(100.0)	19	100.0	-	-
Total assets	14,810	29.3	11,457	67.6	6,837	10.9	6,165	5.0	5,873	15.5	5,087	3.7
Issued, subscribed and paid-up capital	776	-	776	25.0	621	-	621	9.9	565	-	565	-
Capital reserves	1,243	9.1	1,139	187.6	396	2.1	388	(30.0)	555	38.1	402	23.3
Revenue reserves	6,582	21.8	5,404	23.5	4,374	3.2	4,237	10.5	3,836	25.8	3,049	12.5
Shareholders' equity	8,601	17.5	7,319	35.8	5,391	2.8	5,246	5.9	4,956	23.4	4,016	11.5
Long term loans	322	(18.3)	394	64.9	239	100.0	-	-	-	-	-	(100.0)
Liabilities against assets subject to finance lease	64	(16.9)	77	67.4	46	(25.8)	62	82.4	34	70.0	20	33.3
Deferred income	7	(22.2)	9	800.0	1	(50.0)	2	100.0	1	100.0	-	-
Deferred taxation	410	79.0	229	133.7	98	(31.0)	142	2,267.0	6	100.0	-	(100.0)
Trade and other payables	2,283	139.3	954	48.4	643	48.5	433	4.3	415	(40.0)	692	83.1
Mark-up accrued	32	39.1	23	76.9	13	44.4	9	-	9	(43.8)	16	(38.5)
Short term borrowings	2,904	27.4	2,279	654.6	302	32.5	228	(45.5)	418	24.8	335	(52.6)
Current portion of long term loan	141	29.4	109	98.2	55	100.0	-	-	-	-	-	-
Current portion of liabilities against assets subject to finance lease	42	(28.8)	59	25.5	47	14.6	41	28.1	32	300.0	8	(33.3)
Current portion of deferred income	4	(20.0)	5	150.0	2	-	2	100.0	1	100.0	-	-
Total equity and liabilities	14,810	29.3	11,457	67.6	6,837	10.9	6,165	5.0	5,873	15.5	5,087	3.7
CONSOLIDATED PROFIT AND LOSS ACCOUNT												
Sales - net	12,285	62.2	7,575	228.9	2,303	(42.9)	4,030	(19.4)	5,002	26.9	3,943	(10.4)
Cost of sales	10,598	90.6	5,559	143.6	2,282	(39.9)	3,800	(12.7)	4,351	26.7	3,434	(4.3)
Gross profit	1,687	(16.3)	2,016	9,500.0	21	(90.9)	230	(64.7)	651	27.9	509	(37.2)
Income from investments	205	101.0	102	(53.4)	219	(50.3)	441	26.7	348	411.8	68	(64.0)
Distribution and selling expenses	32	100.0	16	(40.7)	27	(48.1)	52	(23.5)	68	47.8	46	17.9
Administrative expenses	307	2.7	299	65.1	181	5.5	172	(2.8)	177	4.1	170	6.3
Other operating expenses	429	0.5	427	3,781.8	11	(65.8)	33	(80.5)	169	156.1	66	10.0
Other income	104	246.7	30	(6.3)	32	(32.3)	47	(87.3)	371	2,991.7	12	(61.3)
Operating profit before finance costs	1,228	(12.7)	1,406	2,603.8	52	(88.7)	461	(51.8)	956	211.4	307	(60.2)
Finance costs	205	(19.3)	254	191.9	87	(8.1)	95	50.8	63	(42.7)	110	(23.6)
Share of profit in equity accounted investees - net of taxation	569	64.0	347	71.0	203	(40.4)	341	26.8	269	5.5	255	23.2
Profit before taxation	1,592	6.2	1,499	792.3	168	(76.2)	707	(39.2)	1,162	157.0	452	(45.8)
Taxation	405	7.4	377	1,278.1	(32)	(121.0)	154	(43.4)	272	1,531.6	(19)	(109.8)
Profit after taxation	1,187	5.8	1,122	461.0	200	(63.8)	553	(37.8)	890	88.9	471	(26.4)

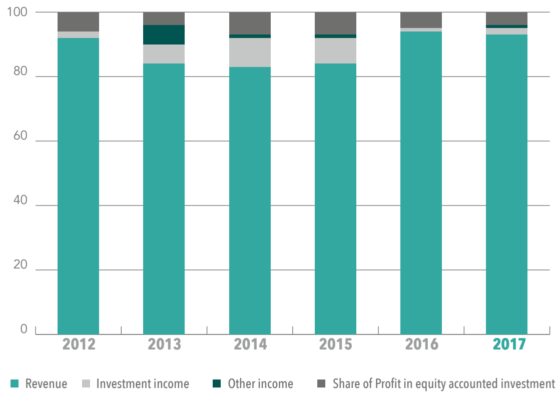
BALANCE SHEET ANALYSIS (ASSETS) %



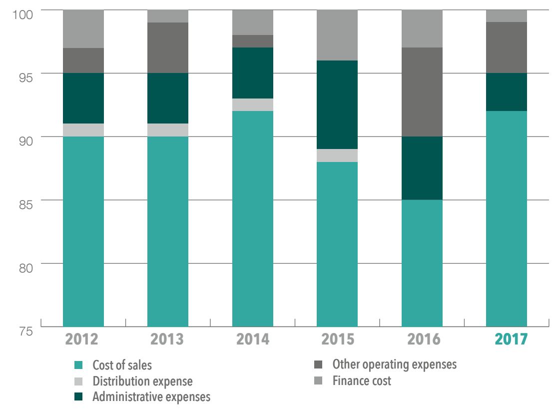
BALANCE SHEET ANALYSIS (EQUITY AND LIABILITIES) %



PROFIT AND LOSS ANALYSIS (REVENUE AND INCOME) %



PROFIT AND LOSS ANALYSIS (EXPENSES) %



COMMENTS **ON CONSOLIDATED**
ANALYSIS SIX YEARS

The Group comprise of CSAPL and wholly owned subsidiaries i.e. Shakarganj Energy (Private) Limited (SEL), Solution de Energy (Private) Limited (SdeE), CS Capital (Private) Limited, 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 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 had significantly increased from Rs. 255.0 million in 2012 to Rs. 569.0 million in 2017, whereas, investment income amounted to Rs. 204.8 million in FY17 (2016: Rs. 102.5 million) out of which Rs. 98.9 million was contributed by CSCL (2016: Rs. 65.6 million). SEL contributed loss of Rs. 336 million while CHL contributed profit of Rs. 341 million in the Group's bottom line.

Consolidated Balance Sheet:

With respect to balance sheet, carrying amount of property plant and equipment (PPE) increased by 4% from last year. PPE of CHL increased by Rs. 26.2 million, whereas SEL decreased by 46.6 million. Furthermore, investments in equity accounted investments almost doubled from Rs. 1,806 million in 2012 to Rs. 3,292 million in 2017 mainly due to recognition of share of profits from Altern Energy Limited and Shakarganj Limited.

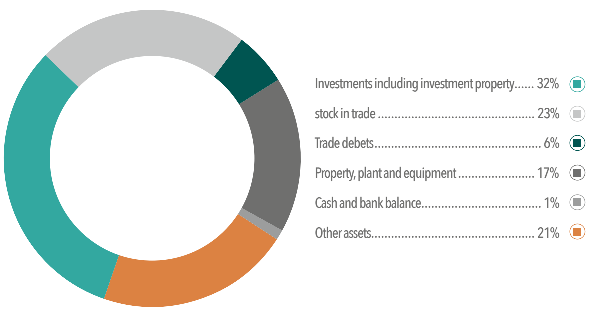
Total assets of the Group increased to Rs. 14,810 million in 2017 from Rs. 5,087 million in 2012.

KEY OPERATING AND **FINANCIAL DATA**

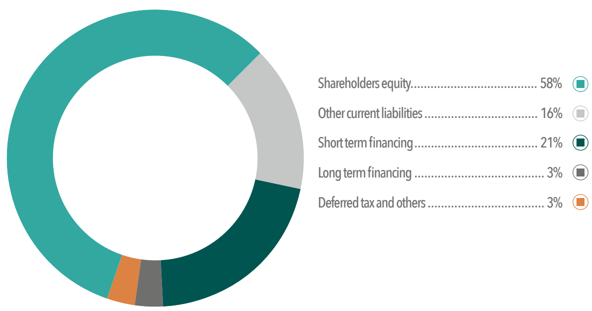
FOR THE CURRENT AND PAST SIX FINANCIAL YEARS

SUMMARIZED FINANCIAL DATA Rupees in millions	**2017**	2016	2015	2014	2013	2012	2011
A SUMMARY OF PROFIT AND LOSS ACCOUNT							
Sales - net	12,285.5	7,575.4	2,302.5	4,030.2	5,001.7	3,942.9	4,400.0
Cost of sales	10,598.0	5,559.6	2,281.9	3,799.9	4,350.8	3,434.1	3,590.1
Gross profit	1,687.5	2,015.8	20.6	230.3	650.9	508.8	809.9
Income from investments	204.8	102.5	219.2	441.4	348.1	67.8	188.6
Distribution, selling and administrative expenses	339.5	315.2	208.7	223.7	244.9	216.0	198.8
Other operating expenses	429.3	426.8	11.3	33.4	169.0	65.8	60.3
Other income	103.7	29.8	31.8	47.3	371.2	11.6	31.6
Operating profit before finance costs	1,227.2	1,406.1	51.6	461.9	956.3	306.4	771.0
Finance costs	204.6	253.9	87.3	94.9	62.9	109.5	144.0
Share of profit in equity accounted investees - net of taxation	569.3	347.1	203.3	340.5	269.5	255.3	206.9
Profit before taxation	1,591.9	1,499.3	167.6	707.5	1,162.9	452.2	833.9
Taxation	404.9	377.1	(32.4)	154.2	272.0	(18.9)	194.1
Net income	1,187.0	1,122.2	200.0	553.3	890.9	471.1	639.8
B SUMMARY OF BALANCE SHEET							
Current assets	8,354.7	5,524.1	1,991.0	1,836.8	2,216.1	1,908.0	1,718.4
Stock-in-trade	3,384.8	2,531.2	453.1	407.2	662.4	586.7	840.6
Trade debts	890.8	472.1	60.6	89.5	196.9	368.9	145.1
Current liabilities	5,405.1	3,429.0	1,061.7	713.2	875.2	1,051.6	1,123.2
Trade and other payables	2,282.9	954.1	642.8	432.8	414.8	692.3	378.0
Property, plant and equipment	2,565.4	2,467.8	2,018.5	1,404.4	1,280.7	1,086.2	1,431.2
Total assets	14,810.2	11,457.3	6,836.7	6,165.2	5,872.7	5,087.2	4,905.2
Long term financing (excluding current maturity)	386.1	471.4	285.2	62.0	34.5	19.8	130.4
Deferred income (including current maturity)	7.4	13.3	3.1	4.0	2.3	-	-
Deferred liabilities	410.3	228.5	98.2	141.5	6.2	-	50.4
Short term financing (including current maturity of long-term financing)	3,086.4	2,446.9	404.2	269.4	450.5	343.0	719.0
Reserves	7,825.0	6,542.9	4,769.2	4,625.1	4,391.0	3,451.2	3,036.7
Shareholders' equity	8,601.4	7,319.2	5,390.2	5,246.2	4,955.6	4,015.8	3,601.3
C SUMMARY OF CASH FLOW STATEMENT							
Cash and cash equivalents at the beginning of the year	(233.4)	(200.4)	(84.1)	(206.3)	(247.0)	(551.1)	(470.1)
Net cash (used in) / generated from operating activities	(48.8)	(2,345.1)	94.1	169.2	(85.1)	437.0	180.6
Net cash (outflows) / inflows from investing activities	(69.4)	(534.1)	(309.2)	286.2	77.9	254.8	(195.0)
Net cash inflows / (outflows) from financing activities	38.6	2,846.2	98.8	(333.1)	47.9	(387.7)	(66.6)
Net (decrease) / increase in cash and cash equivalents	(79.6)	(33.0)	(116.4)	122.2	40.7	304.1	(81.0)
Cash and cash equivalents at the end of the year	(313.0)	(233.4)	(200.4)	(84.1)	(206.3)	(247.0)	(551.1)
D OTHER DATA							
Depreciation and amortization	211.8	161.2	134.5	100.2	90.8	141.9	173.1
Capital expenditure	298.3	557.1	745.3	253.9	348.5	97.4	326.3
No. of ordinary shares (no. of shares in millions)	77.6	77.6	62.1	62.1	56.5	56.5	56.5
Payments to National Exchequer	3,018.3	2,296.9	210.7	361.4	731.4	290.4	360.3

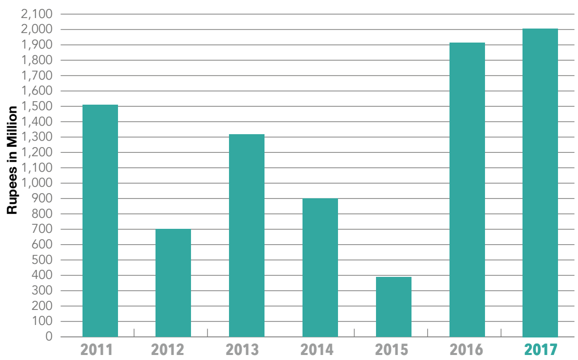
TOTAL ASSESTS AS OF 30 JUNE 2017



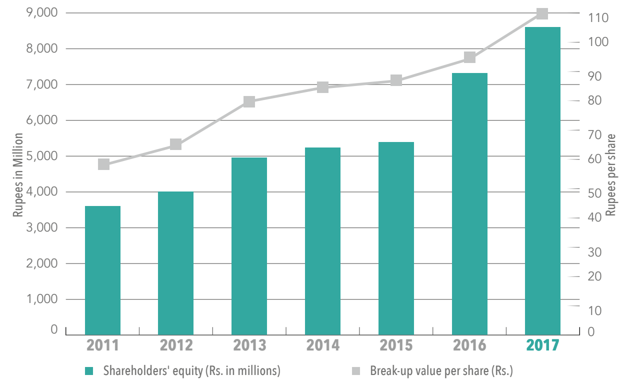
TOTAL LIABILITIES AS OF 30 JUNE 2017



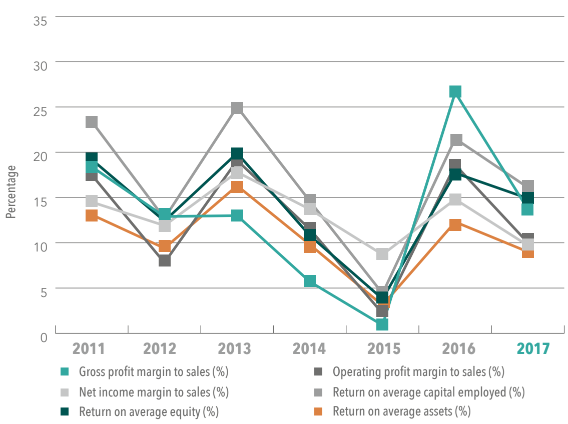
EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTIZATION (EBITDA)



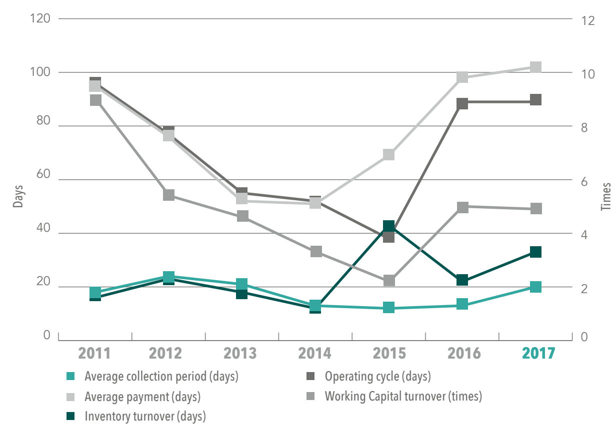
SHAREHOLDERS' EQUITY AND BREAK-UP VALUE PER SHARE



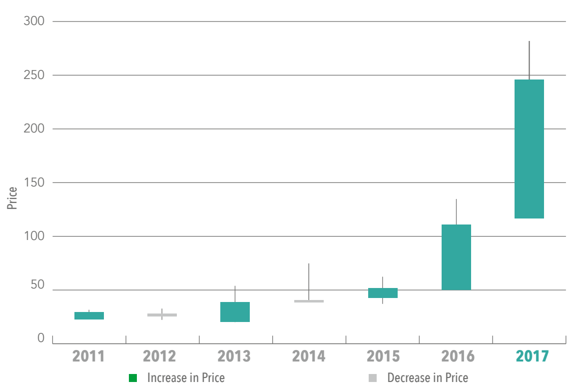
PROFITABILITY AND RETURN



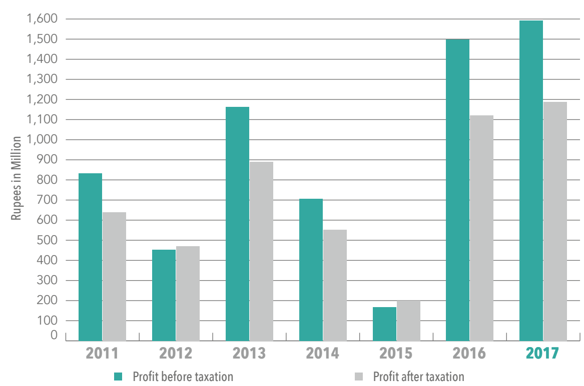
MANAGEMENT OF WORKING CAPITAL



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 2017. The Group comprises of CSAPL and it's wholly owned subsidiary companies namely; Shakarganj Energy (Private) Limited, Solution de Energy (Private) Limited, CS Capital (Private) Limited, Crescent Hadeed (Private) Limited and Crescent Continental Gas Pipelines Limited (CCGPL). CCGPL is an inactive Company since incorporation and accordingly no financial statements are being prepared.

The Directors' Report giving commentary on the performance of CSAPL for the year ended 30 June 2017 has been presented separately.

GROUP RESULTS

The consolidated financial results of the Group are summarized below:

Rupees in '000		2017	2016
Profit for the year before taxation		1,591,974	1,499,311
Taxation charge		(404,853)	(377,132)
Profit after taxation		1,187,121	1,122,179
Total other comprehensive income for the year		379,591	184,301
Unappropriated profit brought forward		2,761,730	1,731,623
Profit available for appropriation		4,328,442	3,038,103
Appropriations :			
- Final dividend	2015 - @ 7%	–	(43,475)
- First interim dividend	2016 - @ 15%	–	(116,449)
- Second interim dividend	2016 - @ 15%	–	(116,449)
- Final dividend	2016 - @ 20%	(155,265)	–
- First interim dividend	2017 - @ 15%	(116,449)	–
- Second interim dividend	2017 - @ 15%	(116,449)	–
		(388,163)	(276,373)
Transfer to general reserve		(1,000,000)	–
Unappropriated profit carried forward		2,940,279	2,761,730
Basic and diluted earning per share		Rs. 15.29	Rs. 15.05

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.

The Directors endorse the contents of this annual report and they shall form an integral part of the Directors' Report in terms of section 227 of the Companies Act, 2017 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
12 August 2017

Zahid Bashir
Director

مادی تبدیلیاں اور وعدے

مالی سال کے اختتام، جس سے اس بیلنس شیٹ کا تعلق ہے اور ڈائریکٹرز رپورٹ کی تاریخ کے درمیان کی مدت میں کوئی ایسی مادی تبدیلیاں یا وعدے نہیں ہوئے جن سے گروپ کی مالی پوزیشن پر اثر پڑتا ہو۔

ڈائریکٹرز اس سالانہ رپورٹ کے مندرجات کی توثیق کرتے ہیں اور کمپنیز ایکٹ، 2017 کے سیکشن 227 کے ضمن میں اور پاکستان اسٹاک ایکسچینج (پی ایس ایکس) کی رول بک کے تحت کوڈ آف کارپوریٹ گورننس کے تقاضوں کے مطابق ڈائریکٹرز رپورٹ کا لازمی حصہ ہوں گے۔

بحکم بورڈ

Ihsan M. Saleem

احسان ایم سلیم

چیف ایگزیکٹو آفیسر

Zahid Bashir

زاہد بشیر

ڈائریکٹر

12 اگست 2017

ڈائریکٹرز کی مربوط رپورٹ

ڈائریکٹرز کی مربوط رپورٹ

کریسنٹ اسٹیل اینڈ الائیڈ پراڈکٹس لمیٹڈ (سی ایس اے پی ایل) کے ڈائریکٹرز کو 30 جون 2017 کو ختم ہونے والے سال کے لیے گروپ کے آڈٹ شدہ مربوط فنانشل اسٹیٹمنٹس کے ساتھ اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس ہورہی ہے۔ گروپ، سی ایس اے پی ایل اور اس کی مکمل ملکیتی سبسڈری کمپنیوں؛ شکرگنج انرجی (پرائیویٹ) لمیٹڈ، سلوشن ڈی انرجی (پرائیویٹ) لمیٹڈ، سی ایس کیپیٹل (پرائیویٹ) لمیٹڈ، کریسنٹ حدید (پرائیویٹ) لمیٹڈ اور کریسنٹ کانٹی نینٹل گیس پائپ لائنز لمیٹڈ (سی سی جی پی ایل) پر مشتمل ہے۔ سی سی جی پی ایل اپنی انکارپوریشن سے ایک غیر فعال کمپنی ہے، اس لئے کسی قسم کے مالیاتی اسٹیٹمنٹس تیار نہیں کیے جارہے۔

ڈائریکٹرز رپورٹ جس میں سی ایس اے پی ایل کی 30 جون 2017 کو ختم ہونے والے سال کی پرفارمنس پر تبصرہ کیا گیا ہے، الگ سے تیار کی گئی ہے۔

گروپ نتائج

گروپ کے مربوط مالیاتی نتائج کا خلاصہ حسب ذیل ہے:

(روپے "000" میں)		2017	2016
قبل از ٹیکس منافع برائے سال		1,591,974	1,499,311
ٹیکسیشن چارج		(404,853)	(377,132)
بعد از ٹیکس منافع		1,187,121	1,122,179
دیگر کل جامع آمدنی برائے سال		379,591	184,301
افتتاحی غیر تخصیص شدہ منافع		2,761,730	1,731,623
تخصیص کے لیے دستیاب منافع		4,328,442	3,038,103
تخصیصات:			
حتمی منافع منقسمہ	2015-@7%	-	(43,475)
پہلا عبوری منافع منقسمہ	2016-@15%	-	(116,449)
دوسرا عبوری منافع منقسمہ	2016-@15%	-	(116,449)
حتمی منافع منقسمہ	2016-@20%	(155,265)	-
پہلا عبوری منافع منقسمہ	2017-@15%	(116,449)	-
دوسرا عبوری منافع منقسمہ	2017-@15%	(116,449)	-
		(388,163)	(276,373)
عمومی ذخائر کو منتقلی		(1,000,000)	-
اختتامی غیر تخصیص شدہ منافع		2,940,279	2,761,730
بنیادی اور ڈائیلیوٹیڈ آمدنی فی شیئر		15.29روپے	15.05روپے

شیئر ہولڈنگ کے پیٹرن اور اس بارے میں اضافی معلومات الگ سے منسلک ہیں۔

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 (Holding Company) and its subsidiary companies as at 30 June 2017 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, Shakarganj Energy (Private) Limited and Solution de Energy (Private) Limited. 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 2017 and the results of their operations for the year then ended.

Date: 12 August 2017
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

CONSOLIDATED
BALANCE SHEET
As at 30 June 2017

Rupees in '000	Note	2017	2016
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	776,325
Capital reserves		1,242,763	1,139,136
Revenue reserves		6,582,279	5,403,730
		8,601,367	7,319,191
Non-current liabilities			
Long term loans	7	322,481	394,250
Liabilities against assets subject to finance lease	8	63,606	77,145
Deferred income	9	7,471	9,179
Deferred taxation	10	410,253	228,544
		803,811	709,118
Current liabilities			
Trade and other payables	11	2,282,916	954,129
Mark-up accrued	12	31,631	23,419
Short term borrowings	13	2,904,166	2,278,930
Current portion of long term loans	7	140,500	109,250
Current portion of liabilities against assets subject to finance lease	8	41,700	58,687
Current portion of deferred income		4,148	4,552
		5,405,061	3,428,967
Contingencies and commitments	14		
Total equity and liabilities		14,810,239	11,457,276

Rupees in '000	Note	**2017**	2016
ASSETS			
Non-current assets			
Property, plant and equipment	15	2,565,370	2,467,814
Intangible assets	16	129,226	112,685
Investment properties	17	54,071	60,548
Investment in equity accounted investees	18	3,291,606	2,882,395
Other long term investments	19	220,717	220,717
Long term deposits	20	194,535	189,049
		6,455,525	5,933,208
Current assets			
Stores, spares and loose tools	21	191,208	130,244
Stock-in-trade	22	3,384,752	2,531,238
Trade debts	23	890,794	472,121
Advances	24	21,187	44,994
Trade deposits and short term prepayments	25	56,860	37,650
Investments	26	1,201,262	879,380
Mark-up accrued		132	37
Other receivables	27	1,774,364	799,501
Taxation - net	28	748,526	555,016
Cash and bank balances	29	85,629	73,887
		8,354,714	5,524,068
Total assets		14,810,239	11,457,276

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 2017

Rupees in '000	Note	2017	2016
Sales - net	30	12,285,548	7,575,429
Cost of sales	31	10,598,021	5,559,590
Gross profit		1,687,527	2,015,839
Income from investments	32	204,848	102,460
		1,892,375	2,118,299
Distribution and selling expenses	33	32,281	15,980
Administrative expenses	34	307,267	299,188
Other operating expenses	35	429,281	426,816
		768,829	741,984
		1,123,546	1,376,315
Other income	36	103,745	29,808
Operating profit before finance costs		1,227,291	1,406,123
Finance costs	37	204,626	253,921
Share of profit in equity accounted investees			
- net of taxation	38	569,309	347,109
Profit before taxation		1,591,974	1,499,311
Taxation	39	404,853	377,132
Profit after taxation		1,187,121	1,122,179
		(Rupees)	
Basic and diluted earnings per share	40	15.29	15.05

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 2017

Rupees in '000	**2017**	2016
Profit after taxation for the year	1,187,121	1,122,179
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss		
Unrealized appreciation / (diminution) during the year on remeasurement of investment classified as 'available for sale'	114,680	(3,689)
Gain on remeasurement of staff retirement benefit plan - net of tax	379,591	184,301
Proportionate share of other comprehensive income of equity accounted investees	(11,053)	19,882
Other comprehensive income for the year	483,218	200,494
Total comprehensive income for the year	1,670,339	1,322,673

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 2017

Rupees in '000	Note	2017	2016
Cash flows from operating activities			
Cash generated from operations	41	840,685	(1,170,100)
Taxes paid		(602,488)	(655,806)
Finance costs paid		(184,641)	(241,011)
Contribution to gratuity and pension funds		(12,081)	(17,836)
Contribution to Workers' Profit Participation Fund		(60,000)	(75,000)
Payment of infrastructure fee		(29,422)	(32,219)
Compensated absences paid		(942)	(879)
10-C bonus paid		(1,827)	(138)
Long term deposits - net		1,881	(152,070)
Net cash (used in) operating activities		(48,835)	(2,345,059)
Cash flows from investing activities			
Capital expenditure		(298,328)	(557,093)
Acquisition of intangible assets		(21,803)	(49,716)
Proceeds from disposal of operating fixed assets		80,578	13,427
Proceeds from disposal of operating fixed assets under sale and leaseback arrangement		30,889	112,291
Investments - net		(61,004)	(104,784)
Dividend income received		198,487	49,068
Interest income received		1,767	2,754
Net cash (used in) investing activities		(69,414)	(534,053)
Cash flows from financing activities			
Proceeds from long term loans		(40,519)	209,500
Payments against finance lease obligations		(65,553)	(68,329)
Proceeds from short term loans / (repayments against short term loans) - net		533,802	1,971,673
Proceed from issue of right shares		–	900,537
Transaction cost incurred on issuance of right shares		–	(17,863)
Dividends paid		(389,172)	(149,298)
Net cash flow from financing activities		38,558	2,846,220
Net (decrease) in cash and cash equivalents		(79,691)	(32,892)
Cash and cash equivalents at beginning of the year		(233,306)	(200,414)
Cash and cash equivalents at end of the year	42	(312,997)	(233,306)

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 2017

Rupees in '000	Issued, subscribed and paid-up capital	Capital reserves: Share premium	Capital reserves: Unrealized (diminution) / appreciation on remeasurement of investments classified as 'available for sale'	Capital reserves: Others*	Revenue reserves: General reserve	Revenue reserves: Unappropriated profit	Total
Balance as at 30 June 2016	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
Transfer to general reserves	-	-	-	-	1,000,000	(1,000,000)	-
Total comprehensive income for the year ended 30 June 2017							
Profit after taxation	-	-	-	-	-	1,187,121	1,187,121
Other comprehensive income							
Total Other comprehensive income for the year	-	-	114,680	(11,053)	-	379,591	483,218
Total comprehensive income for the year	-	-	114,680	(11,053)	-	1,566,712	1,670,339
Dividend:							
Final @ 20% (i.e. Rs. 2 per share) for the year ended 30 June 2016	-	-	-	-	-	(155,265)	(155,265)
- First interim @ 15% (i.e. Rs 1.5 per share) for the year ended 30 June 2017	-	-	-	-	-	(116,449)	(116,449)
- Second interim @ 15% (i.e. Rs. 1.5 per share) for the year ended 30 June 2017	-	-	-	-	-	(116,449)	(116,449)
Balance as at 30 June 2017	776,325	1,020,908	136,800	85,055	3,642,000	2,940,279	8,601,367

* 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 2017

1. THE GROUP AND ITS OPERATIONS

1.1 The Group consists of Crescent Steel and Allied Products Limited ('the Holding Company') and its wholly owned subsidiary companies namely; CS Capital (Private) Limited, Shakarganj Energy (Private) Limited, Solution de Energy (Private) Limited, Crescent Hadeed (Private) Limited and Crescent Continental Gas Pipelines Limited. The Holding Company was incorporated on 1 August 1983 as a public limited company in Pakistan under the repealed Companies Act, 1913 (now Companies Act, 2017) and is quoted on the Pakistan Stock Exchange. The registered offices of the Holding Company and its subsidiary companies are located at E-floor, IT Tower, 73-E/1, Hali Road, 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 5 November 2010 as a private limited company in Pakistan under the repealed Companies Ordinance,1984 (now the Companies Act, 2017). 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 2 April 2008 as a private limited company in Pakistan under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). 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 an agreement with the Government of Pakistan) or to any other consumer as permitted. The Company is equipped with a 100 TPH high pressure boiler and a 15 MW back pressure turbine to generate and supply electricity to its associated concerns namely Crescent Hadeed (Private) Limited and Shakarganj Limited; while balance to Faisalabad Electric Supply Company Limited (FESCO) during sugar crushing season only, as per the feasibility business plan. The Unit also employs a 16.5 MW condensing and extraction turbine for ensuring uninterrupted supply to Crescent Hadeed (Private) Limited during off-season periods. The Generation Plants use bagasse in the combustion process to produce power and steam.

1.5 Solution de Energy (Private) Limited ("the Company") was incorporated as a private limited company in Pakistan under the provisions of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) as result of a Joint Venture (JV) agreement between the Holding Company and a partnership concern. The principal activity of the Company is to build, own, operate and maintain 100MW solar power project (the Project) and to generate, accumulate, distribute, sell and supply electricity / power to PEPCO / DISCOS under the agreement with the Government of Pakistan or to any other consumer as permitted. As at 30 June 2017, 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. Further, Interconnectivity study report has been completed and submitted for NTDC vetting and approval.

1.6 Crescent Hadeed (Private) Limited was incorporated on 15 May 2013 as a private limited company in Pakistan under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017), to cater to the growing demand of steel products is in line with the Group's vision to organically expand in the steel long products business. The billets manufactured are used by re-rolling mills to manufacture bars and other steel long products for use in the construction and engineering sectors. Trial production was conducted last year in two phases; January to February and April to May 2016. Successfully concluding the trial-run phase in May 2016, it commenced commercial production from 1 June 2016 last year. During the month of June 2017, the Unit's annual production capacity was doubled to 85,000 MT of steel billets in various sizes and lengths.

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 2017. 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 18 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 or subsidiary 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 repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions of and directives of the repealed Companies Ordinance, 1984 shall prevail (refer note 4.2).

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

In preparing these consolidated financial statements, management has made judgement, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively, estimates are recognised 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. Information about judgements made in applying accounting policies that have the most significant effects on the amount recognised in the consolidated financial statements and assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment in the subsequent years 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)
– Employee 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 There are new and amended standards and interpretations that are mandatory for accounting periods beginning 1 July 2016 but are considered not to be relevant or do not have any significant effect on the Company's consolidated financial statements and are therefore not stated in these consolidated financial statements.

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 2017:

- 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 further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on the Company'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 consolidated 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 Company's consolidated financial statements.

- Amendments to IFRS 2 - 'Share Based Payments' 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 recognized for new and outstanding awards. The amendments are not likely to have an impact on the Company's consolidated financial statements.

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the Company's consolidated financial statements.

- Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

- Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarifies that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 - 'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on the Company's consolidated financial statements.

- Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Company's consolidated financial statements.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.

- In addition, the Companies Act, 2017 was enacted on 30 May 2017 and SECP vide its circular 17 of 2017 has clarified that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 applicable for financial year beginning on 1 July 2017 requires certain additional disclosures and Section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017. This would require change in accounting policy relating to surplus on revaluation of fixed assets to bring it in line with the requirements of IAS 16 – Property, Plant and Equipment. The application of Companies Act, 2017 is not likely to have financial impact on the Company's consolidated financial statements except extended disclosures.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Basis of consolidation

Subsidiaries

The consolidated financial statements include the financial statements of the Holding Company and its subsidiary companies.

Subsidiaries are those entities in which the Holding Company directly or indirectly controls, beneficially owns or holds more than 50 percent of its voting securities or otherwise has power to elect and appoint more than 50 percent of its directors. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences. The financial statements of the subsidiaries are consolidated on a line-by-line basis and the carrying value of investment held by the Holding Company is eliminated against the Holding Company's share in paid up capital of the subsidiaries. The Group applies uniform accounting policies for like transactions and events in similar circumstances except where specified otherwise.

All material inter-group balances, transactions and resulting unrealized profits / losses are eliminated.

Investments in associates

Entities in which the Group has significant influence directly or indirectly (through subsidiaries) but not control and which are neither subsidiaries nor joint ventures of the members of the Group are associates and are accounted for under the equity method of accounting (equity accounted investees).

These investments are initially recognized at cost. The consolidated financial statements include the associates' share of profit or loss and movements in other comprehensive income, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date it ceases. Share of post acquisition profit/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 except to the extent that the Group has an obligation or has made payments on behalf of the investee.

The carrying amount of investments in associates is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the investments is estimated which is higher of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount and is charged to consolidated profit and loss account. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of carrying amount that would have been determined if no impairment loss had been recognized. A reversal of impairment loss is recognized in the consolidated profit and loss account.

5.2 Property, plant and equipment and depreciation

Owned assets

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

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

Subsequent cost

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

Depreciation

Depreciation is charged to income on a straight line basis at the rates specified in note 15.1 to these consolidated financial statements. Depreciation on additions to property, plant and equipment is charged from the month in which an item is acquired or capitalized while no depreciation is charged for the month in which the item is disposed off or retained.

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

Disposal

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

Leased assets

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

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

Capital work in progress

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

Impairment

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

5.3 Intangible assets

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

Subsequent expenditure

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

Amortization

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

Research and development expenditures

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the consolidated profit or loss 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 or loss account as incurred. Capitalized development expenditure is stated at cost less accumulated amortization and accumulated impairment loss, if any. However, during the year expenses incurred in respect of the project have been capitalized (Refer note 16).

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 in use and fair value less cost to sell. An impairment is recognized if the carrying amount exceeds its estimated recoverable amount.

5.4 Investment property

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

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

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

The residual values and useful lives of investment property are reviewed at each reporting date and adjusted if appropriate.

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

The gain or loss on disposal of investment property, represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as income or expense 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 transaction costs. Subsequent to initial recognition these are measured at fair value, with any resultant gain or loss being recognized in consolidated other comprehensive income. Gains or losses on available for sale investments are recognized in consolidated 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 consolidated 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 consolidated 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 Employee benefits

5.12.1 Compensated absences

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

5.12.2 Post retirement benefits

5.12.2.1 Defined contribution plan - Provident fund

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

Cotton segment

Provision and collection from employees are made at the rate of 6.25% of basic pay 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 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 acturial 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 account on a straight line basis over the term of the lease.

5.16 Trade and other payables

Trade and other payables 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. The taxation is made on an individual Company basis instead of Group taxation.

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

5.23 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 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

2017	2016		**2017**	2016
Number of shares			Rupees in '000	
37,756,686	37,756,686	Ordinary shares of Rs. 10 each fully paid in cash	377,567	377,567
39,875,805	39,875,805	Ordinary shares of Rs. 10 each issued as bonus shares	398,758	398,758
77,632,491	77,632,491		776,325	776,325

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

	2017		2016	
	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%	1,471,233
Crescent Steel and Allied Products Limited - Pension Fund	4.16%	3,230,181	4.16%	3,230,181
Crescent Steel and Allied Products Limited - Staff Provident Fund	1.07%	833,700	1.07%	833,700
Crescent Cotton Products - Staff Provident Fund	0.10%	74,800	0.10%	74,800
CSAP Staff Benevolent Fund	0.05%	36,178	–	–
Muhammad Amin Muhammad Bashir Limited	0.00%	848	0.00%	848
Premier Insurance Limited	0.19%	146,500	0.16%	120,700
Shakarganj Limited	0.23%	180,000	1.02%	792,068
Crescent Cotton Mills Limited	0.00%	76	–	–

Rupees in '000	Note	2017	2016

7. LONG TERM LOANS

	Note	2017	2016
Secured - Under non-shariah arrangement			
Allied Bank Limited	7.1	244,231	253,500
Saudi Pak Industrial and Agricultural Investment Company Limited	7.2	218,750	250,000
		462,981	503,500
Less: Current portion shown under current liabilities		140,500	109,250
		322,481	394,250

7.1 The Holding Company has 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 one year, repayable in 16 equal quarterly installments started from December 2015. During the year, the Holding Company has made repayment of Rs. 78 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 7.53% to 7.60% (2016: 7.60% to 8.49%) per annum. The facility is secured against first joint pari passu hypothecation / equitable mortgage on plant, machinery and property of the Holding Company.

Further, during the year the Holding Company entered into new loan arrangement with Allied Bank Limited for an amount of Rs. 100 million, out of which Rs. 68.730 million have been disbursed till date. The term of the loan is 5 years from the date of disbursement with a grace period of one year, repayable in 16 equal quarterly installments starting after fifteen months from date of disbursement. Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During the year, mark-up on such arrangements was 7.59% to 7.64%. The facility is secured against first joint pari passu hypothecation / equitable mortgage on plant, machinery and property of the Holding Company.

7.2 The Holding Company has 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 one year, repayable in 8 equal semi annual installments starting from eighteen month from date of disbursement. During the year, the Holding Company has made repayment of Rs. 31.250 million. Mark-up is payable at the rate of 6 months KIBOR plus 2.5% per annum. During the year, mark-up on such arrangement ranged between 8.48% to 8.85% (2016: 8.85% to 9.54%) 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	2017	2016	2017	2016	2017	2016
Not later than one year	49,414	69,040	7,714	10,353	41,700	58,687
Later than one year and not later than five years	69,552	85,759	5,946	8,614	63,606	77,145
	118,966	154,799	13,660	18,967	105,306	135,832
Less: Current portion shown under current liabilities					41,700	58,687
					63,606	77,145

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 2016: three to five years) and the liability is payable by the month ranging from three to sixty months (30 June 2016: three to sixty months). The periodic lease payments include built-in rates of mark-up ranging between 10.61% to 15.41% (2016: 11.10% to 15.41%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 117.245 million (30 June 2016: Rs. 152.669 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 lease term. 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. 4.148 million (2016: Rs. 4.552 million) is classified in current liabilities; being current portion of deferred income of Rs. 11.619 million (2016: Rs. 13.173 million). The deferred income will be amortized to the consolidated profit and loss account over the lease term. During the year Rs. 4.968 million (2016: Rs. 2.682 million) is amortized in the consolidated profit and loss account.

Rupees in '000	**2017**	2016
10. DEFERRED TAXATION		
Deferred tax credits / (debits) arising in respect of:		
Taxable temporary differences		
Accelerated tax depreciation / amortization	33,144	17,719
Finance lease obligations	13,322	17,962
Employee benefits	292,556	129,874
Unrealized gain on held for trading investments	10,934	6,358
Share of profit from equity accounted investees	172,836	157,729
	522,792	329,642
Deductible temporary differences		
Provision for slow moving stores, spares and loose tools	(13,777)	(12,648)
Provisions for doubtful trade debts, doubtful advances and others	(55,082)	(39,979)
Discounting on long term deposit	(22,647)	(26,805)
Deferred income	(3,486)	(4,119)
Provisions for impairment of fixed assets	(6,186)	(6,186)
Provision of Government Infrastructure Development Cess	(3,597)	(3,597)
Provision for diminution in the value of investments	(7,764)	(7,764)
	(112,539)	(101,098)
	410,253	228,544

	2017	2016
10.1 Break up of deferred tax charge is as following:		
Consolidated profit and loss	19,027	51,349
Consolidated other comprehensive income	162,682	78,987
	181,709	130,336

10.2 Net deferred tax asset of Rs. 67.910 million (2016: Rs. 22.511 million) arising on account of losses of Crescent Hadeed (Private) Limited (Subsidiary Company) has not been accounted for in these consolidated financial statements because Subsidiary Company has a benefit of tax credit under section 65D of Income Tax Ordinance, 2001 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	2017	2016

11. TRADE AND OTHER PAYABLES

Trade creditors		137,621	119,102
Bills payable		1,365,239	13,394
Commission payable		802	653
Customer's security deposits		2,150	2,350
Accrued liabilities	11.1	307,065	410,415
Advances from customers		46,280	59,425
Provisions	11.2	172,616	124,084
Due to related parties	11.3	1,726	1,074
Payable to provident fund		369	1,723
Retention money		4,699	1,550
Sales tax payable		28,488	77
Withholding tax payable		13,725	16,952
Advance income tax	11.4	26,746	8,364
Workers' Profit Participation Fund	11.5	2,772	2,661
Workers' Welfare Fund		20,849	23,002
Dividend payable		116,449	116,449
Unclaimed dividend		21,628	22,638
Others		13,692	30,216
		2,282,916	954,129

11.1 Accrued liabilities

Salaries, wages and other benefits		43,080	31,187
Accrual for 10-C bonus		2,481	2,075
Compensated absences		14,969	13,398
Liquidated damages		153,695	105,815
Custom duty		–	134,569
Others	11.1.1	92,840	123,371
		307,065	410,415

11.1.1 This includes liability against Gas Infrastructure Development Cess of Rs. 17.004 million (2016: Rs. 11.988 million).

11.2 Movement in provisions

Rupees in '000	Infrastructure fee (Note 11.2.1)	Sales Tax (Note 11.2.2)	Liquidated damages (Note 11.2.3)	Total
Opening balance as at 30 June	94,562	3,242	26,280	124,084
Provision for the year	58,809	–	19,141	77,950
Payments during the year	(29,418)	–	–	(29,418)
Closing balance as at 30 June	123,953	3,242	45,421	172,616

11.2.1 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 is 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. 99.539 million (2016: Rs. 67.519 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 consolidated profit and loss account. However, on a prudent basis full provision has been recognized.

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

11.2.3 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.

11.3 This represent balance due to Shakarganj Limited - associate and Premier Insurance Limited - a related party amounting Rs. 1.726 million (2016: Rs. Nil) and Rs. Nil (30 June 2016: Rs. 1.074 million) respectively.

11.4 This amount represents advance income tax charged on the supply of electricity under section 235A of the Income Tax Ordinance, 2001 which is payable on collection of bills from customers.

Rupees in '000	Note	**2017**	2016
11.5 Workers' Profit Participation Fund			
Opening balance as at 1 July		2,661	4,302
Allocation for the year	35	60,111	73,359
		62,772	77,661
Amount paid to the trustees of the fund		(60,000)	(75,000)
Closing balance as at 30 June		2,772	2,661

12. MARK-UP ACCRUED

Rupees in '000	Note	**2017**	2016
Mark-up accrued on :			
- Finance lease obligations		148	304
- Long term loans		4,765	4,758
- Running finance and short term loans	12.1	26,718	18,357
		31,631	23,419

12.1 This includes mark-up accrued amounting to Rs. 9.359 million (2016: Rs. 2.494 million) on shariah arrangement.

Rupees in '000	Note	2017	2016
13. SHORT TERM BORROWINGS			
Secured from banking companies			
Running finances under mark-up arrangements	13.1	398,626	307,193
Short term loans	13.2	2,505,540	1,971,737
		2,904,166	2,278,930

13.1 Short term running finance / money market available from conventional side of various commercial banks under mark-up arrangements amounted to Rs. 1,050 million (2016: Rs. 750 million) out of which Rs. 250 million (2016: Rs. 250 million), Rs. 50 million (2016: Rs. 50 million) and Rs. 100 million (2016: Rs. 100 million) 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 6.96% to 8.62% (2016: 7.75% to 8.99%) per annum.

13.2 This includes an amount of Rs. 402.5 million (2016: Rs. 219 million) and Rs. 220.3 million (2016: Rs. Nil) outstanding against Istisnaa financing and morabha financing respectively. Short term loan financing available from various commercial banks under mark-up arrangements amounted to Rs. 4,380 million (2016: Rs. 4,862 million) out of which Rs. 3,500 million (2016: Rs. 3,908 million), Rs. 50 million (2016: Rs. 50 million) and Rs. 310 million (2016: Rs. 310 million) is interchangeable with letters of credit, running finance and letter of guarantee facility respectively . During the year, mark-up on such arrangements ranged between 7.71% to 8.51% (2016: 7.82% to 9.01%) per annum.

13.3 The facilities for opening letters of credit amounted to Rs. 5,350 million (2016: Rs. 4,990 million) out of which Rs. 250 million (2016: Rs. 250 million), Rs. 3,500 million (2016: Rs. 3,710 million) and Rs. 410 million (2016: Rs. 410 million) are interchangeable with short term running finance, short term loans and letter of guarantee facility respectively as mentioned in notes 13.1 and 13.2 above. The facility for letters of guarantee as at 30 June 2017 amounted to Rs. 2,897 million (2016: Rs. 1,385 million). Amounts unutilized for letters of credit and guarantees as at 30 June 2017 were Rs. 930 million and Rs. 652 million (2016: Rs. 2,692 million and Rs. 113 million) respectively.

13.4 The above facilities are expiring on various dates and are secured by way of mortgage of land and building, 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 26.5).

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 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. The 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 the Holding Company's favour.

14.1.2 During the year ended 2016, 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 the Holding Company's legal counsel, the management is confident of favorable outcome of litigation in relation to the said matter.

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

14.2 Commitments

14.2.1 During the year ended 30 June 2016, 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 2017, amount of lease rental outstanding under the agreement are Rs. 366.503 million (2016: Rs. 460.220 million), which is payable in quarterly instalments of Rs. 22.906 million (2016: Rs. 23.011 million) each.

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

Rupees in '000	2017	2016
Not later than one year	91,626	92,044
Later than one year and not later than five years	514,877	608,176
	606,503	700,220
Security deposit under arrangement	(240,000)	(240,000)
	366,503	460,220

14.2.2 Aggregate amount of guarantees issued by conventional side of banks on behalf of the Group against various contracts aggregated Rs. 1,972 million (2016: Rs. 1,168.440 million).

14.2.3 Commitments in respect of capital expenditure contracted for by the Group as at 30 June 2017 amounted to Rs. 79.631 million (2016: Rs. 53.899 million) which includes Rs. 7.462 million related to office premises located in Islamabad payable on completion of project. This also includes commitments contracted by the Subsidiary Companies aggregating Rs. Nil (2016: Rs. 12.665 millon) in respect of civil work and capital expenditure to acquire plant and machinery.

14.2.4 Commitments under letters of credit as at 30 June 2017 amounted to Rs. 767.334 million (2016: Rs. 661.221 million).

Rupees in '000	Note	2017	2016
15. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	15.1	2,453,130	2,293,213
Capital work-in-progress	15.4	112,240	174,601
		2,565,370	2,467,814

15.1 Operating fixed assets

Description		Land		Buildings		Office premises	Plant and machinery		Electrical / office equipment and installation	Furniture and fittings	Computers	Motor vehicles		Total
Rupees in '000		Freehold	Leasehold including improvements	On freehold land	On leasehold land		Owned *	Leased				Owned	Leased	
Net carrying value as at 1 July 2016														
Opening net book value (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
Additions / transfers		56,757	37,767	67,595	-	-	217,902	30,889	9,962	7,155	6,033	5,817	1,024	440,901
Disposals (at NBV)	15.5	-	-	-	-	-	(28,874)	(44,931)	-	(54)	(23)	(3,675)	(3,374)	(80,931)
Depreciation charge	15.1.2	-	(580)	(29,965)	(443)	(906)	(117,966)	(21,144)	(5,389)	(1,386)	(4,432)	(9,388)	(8,454)	(200,053)
Balance as at 30 June 2017 (NBV)		307,724	40,997	439,671	956	8,030	1,446,085	125,456	21,163	12,142	7,023	19,623	24,260	2,453,130
Gross carrying value as at 30 June 2017														
Cost	15.2	307,724	43,066	614,996	70,027	27,481	2,696,629	148,365	73,363	30,039	59,202	64,943	34,538	4,170,373
Accumulated depreciation		-	(2,069)	(175,325)	(69,071)	(19,451)	(1,250,544)	(22,909)	(52,200)	(17,897)	(52,179)	(45,320)	(10,278)	(1,717,243)
Net book value		307,724	40,997	439,671	956	8,030	1,446,085	125,456	21,163	12,142	7,023	19,623	24,260	2,453,130
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)		-	-	-	-	-	(25,148)	(35,683)	(13)	-	(74)	(30,349)	(5,266)	(96,533)
Depreciation charge		-	(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		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
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. 0.251 million (2016: Rs. 0.435 million) representing net book value of capitalized spares.

15.1.1 During the year asset having net book value Rs. 48.305 million (2016: Rs. 40.948 million) transferred from lease assets to own assets due to maturity of lease term.

Rupees in '000	Note	2017	2016
15.1.2 The depreciation charge for the year has been allocated as follows			
Cost of sales	31.1	176,558	131,086
Distribution and selling expenses	33	1,388	1,173
Administrative expenses	34	19,752	13,463
Allocated against rental income	36	1,909	1,457
Intangible under development phase		446	445
		200,053	147,624

15.2 Property, plant and equipment as at 30 June 2017 include items having an aggregate cost of Rs. 1,252.551 million (2016: Rs. 1,201.244 million) that have been fully depreciated and are still in use by the Holding Company.

15.3 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	2017	2016
15.4 Capital work-in-progress			
Advances to suppliers		61,116	50
Civil work	15.4.1 & 15.4.2	49,822	147,914
Plant and machinery		1,302	26,637
		112,240	174,601

15.4.1 This includes an amount of Rs.26.4 million (2016: 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.

15.4.2 The Holding Company has recognized a provision for an amount of Rs. 20.619 million (2016: Rs. 20.619) against construction work at a site which has been halted since last year.

15.5 The following assets were disposed off during the year

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particular of buyers
Rupees in '000						
Plant and machinery	9,142	-	9,142	12,000	Sale and lease back	Sindh Leasing Company Limited
	8,304	-	8,304	7,921	Sale and lease back	Orix Leasing Pakistan Limited
	7,898	-	7,898	7,534	Sale and lease back	Orix Leasing Pakistan Limited
	3,490	-	3,490	3,396	Sale and lease back	Pak Gulf Leasing Company Limited
Motor Vehicle	1,333	850	483	1,060	Company Policy	Mr.Sikandar Ali Soomro
	704	225	479	444	Company Policy	Mr.Mohammad Karam
	695	232	463	539	Company Policy	Mr. Azhar Mehmood
	1,001	545	456	396	Company Policy	Mr.Abdul Wahab
	571	248	323	404	Company Policy	Mr.Syed Ahsan Ali
	455	197	258	333	Company Policy	Mr.Husnain Abbas
	371	165	206	297	Company Policy	Mr.Qazi Ghulam Qadir
	355	154	201	281	Company Policy	Mr.Syed Ali Arshad
	354	154	200	281	Company Policy	Mr.Mohammad Umar Gurmani
Others	73,806	73,083	723	76,581	Various	Various
2017	108,479	75,853	32,626	111,467		
2016	148,440	40,915	107,525	125,718		

Rupees in '000	Note	2017	2016
16. INTANGIBLE ASSETS			
Intangible assets			
- Under use	16.1	6,160	11,423
- Under project development	16.2	123,066	101,262
		129,226	112,685
16.1 Intangible assets - under use			
Net carrying value as at 1 July			
Net book value as at 1 July		11,423	9,525
Additions		-	9,028
Amortization	16.1.1	(5,263)	(7,130)
Net book value as at 30 June	16.1.2	6,160	11,423
Gross carrying value as at 30 June			
Cost		77,419	77,419
Accumulated amortization		(68,619)	(63,356)
Accumulated impairment		(2,640)	(2,640)
Net book value		6,160	11,423
Amortization rate (% per annum)		33.33	33.33

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

16.1.2 Intangible assets as at 30 June 2017 include items having an aggregate cost of Rs. 63.269 million (2016: Rs. 57.596 million) that have been fully amortized and are still in use of the Holding Company.

16.2 This pertains to payments made on account of feasibility and other project related activities related to the subsidiary company - Solution de Energy (Private) Limited. The costs incurred have been capitalized as project development expenditure (intangible asset) in these consolidated financial statements (refer note 1.5).

17. 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 2016					
Opening net book value (NBV)		42,762	14,142	3,644	60,548
Depreciation charge	17.1	(2,607)	(1,187)	(2,683)	(6,477)
Balance as at 30 June 2017 (NBV)		40,155	12,955	961	54,071
Gross carrying value as at 30 June 2017					
Cost	17.2	49,445	23,366	29,830	102,641
Accumulated depreciation		(9,289)	(10,412)	(28,869)	(48,570)
Net book value		40,156	12,954	961	54,071
Net carrying value as at 1 July 2015					
Opening net book value (NBV)		45,369	15,328	6,329	67,026
Depreciation charge		(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		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
Depreciation rate (% per annum)		1 & 10	5	10 - 20	

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

17.2 Fair value of the investment property based on recent valuation is Rs. 213 million (2016: Rs. 248.550 million), which is determined by independent valuer on the basis of market value.

18. INVESTMENT IN EQUITY ACCOUNTED INVESTEES

2017	2016		Note	2017	2016
Number of shares				Rupees in '000	
		Quoted			
63,967,500	63,967,500	Altern Energy Limited	18.1	2,973,681	2,772,227
		(Chief Executive Officer -			
		Mr. Taimur Dawood)			
30,809,987	30,809,987	Shakarganj Limited	18.1	317,925	96,515
		(Chief Executive Officer -			
		Mr. Anjum M. Saleem)			
		Unquoted			
3,430,000	3,430,000	Crescent Socks (Private) Limited	18.1	–	13,653
		(Chief Executive Officer -			
		Mr. Shehryar Mazhar)			
				3,291,606	2,882,395

18.1 Movement of investment in equity accounted investees is as follows:

		2017			
Description Rupees in '000	Note	Altern Energy Limited	Shakarganj Limited	Crescent Socks (Private) Limited	Total
Opening balance as at 30 June 2016		2,772,227	96,515	13,653	2,882,395
Share of profit / (loss)	18.2	350,461	232,501	(13,653)	569,309
Share in equity	18.2	38	(11,091)	–	(11,053)
Dividend received		(149,045)	–	–	(149,045)
Closing balance as at 30 June 2017		2,973,681	317,925	–	3,291,606

		2016			
Description Rupees in '000	Note	Altern Energy Limited	Shakarganj Limited	Crescent Socks (Private) Limited	Total
Opening balance as at 30 June 2015		2,397,727	–	25,523	2,423,250
Share of profit / (loss)	18.2	395,869	(36,890)	(11,870)	347,109
Share in equity	18.2	(139)	20,021	–	19,882
Net (disposal) / acquisition of Investment		(21,230)	113,384	–	92,154
Closing balance as at 30 June 2016		2,772,227	96,515	13,653	2,882,395

18.2 These figures are based on unaudited condensed interim financial information of these companies as at 31 March 2017. The latest financial statements / condensed interim financial information of these companies as at 30 June 2017 are not presently available.

Rupees in '000	**2017**	2016
18.3 Market value of investments in associates is as follows:		
Quoted		
Altern Energy Limited	3,181,743	2,344,409
Shakarganj Limited	3,048,956	481,252
	6,230,699	2,825,661

(Percentage of holding)	Note	**2017**	2016
18.4 Percentage of holding of equity in associates is as follows			
Altern Energy Limited	18.4.1	17.60	17.60
Shakarganj Limited		28.01	28.01
Crescent Socks (Private) Limited		48.99	48.99

18.4.1 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.

18.5 Summarized financial information of associated companies as at 31 March 2017 is as follows

Description Rupees in '000	Note	Total assets	Total liabilities	Revenues	Profit/ (loss) after tax
2017					
Altern Energy Limited	18.5.1	36,735,488	8,655,894	20,332,865	2,249,609
Shakarganj Limited	18.5.2	12,640,617	6,591,931	8,736,823	1,054,831
Crescent Socks (Private) Limited	18.5.2	195,424	195,151	163,197	(16,150)
2016					
Altern Energy Limited		39,492,469	13,175,273	20,374,055	2,804,398
Shakarganj Mills Limited		12,350,221	7,094,686	3,461,956	206,845
Crescent Socks (Private) Limited		112,237	84,369	58,783	(19,792)

18.5.1 These figures are based on the latest available condensed interim consolidated financial information as at 31 March 2017 including its subsidiary company Rousch (Pakistan) Power Limited being managed by Power Management Company holding 59.98% shares.

18.5.2 These figures are based on the latest available condensed interim financial information of the investee company as at 31 March 2017.

Rupees in '000	Note	**2017**	2016
19. OTHER LONG TERM INVESTMENTS - Available for sale			
Investments in related parties	19.1	60,717	60,717
Other investments	19.2	160,000	160,000
		220,717	220,717

19.1 Investments in related parties

2017	2016		Note	2017	2016
Number of shares				Rupees in '000	
		Unquoted			
2,403,725	2,403,725	Crescent Bahuman Limited	19.1.1	24,037	24,037
2,814,999	1,852,500	Central Depository Company of Pakistan Limited (CDC)		60,717	60,717
				84,754	84,754
		Less: Provision for impairment		24,037	24,037
				60,717	60,717

19.1.1 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 (2016 : Rs. Nil per share), calculated on the basis of audited annual financial statements for the year ended 30 June 2016.

19.2 Other investments

2017	2016		2017	2016
Number of shares			Rupees in '000	
		Unquoted		
16,000,000	16,000,000	Shakarganj Food Products Limited	160,000	160,000
1,047,000	1,047,000	Crescent Industrial Chemicals Limited	10,470	10,470
			170,470	170,470
		Less: Provision for impairment	10,470	10,470
			160,000	160,000

20. LONG TERM DEPOSITS

Rupees in '000	Note	2017	2016
Security deposits - leasing companies		11,930	15,334
Security deposits - Ijarah financing arrangement		166,034	150,648
Security deposits - others	20.1	16,571	23,067
		194,535	189,049

20.1 This includes cost of interconnectivity of 11KV feeder paid 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 Company, however, it is agreed that the cost so incurred will be paid back to the Company by FESCO in five years time through ten (10), half yearly equal installments, without mark-up, commencing after one month from commercial operation date. For fair presentation, this interest free long term deposit has been discounted under International Accounting Standard (IAS) - 39 "Financial Instruments: Recognition and Measurement" using approximate of open market interest rate thereby stating it at amortized cost in these consolidated financial statements. However, due to non recovery of installments due, the amortization (unwinding) has been discontinued during the year.

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

For the year ended 30 June 2017

Rupees in '000	Note	2017	2016
21. STORES, SPARES AND LOOSE TOOLS			
Stores - steel segment		27,887	22,807
Spare parts - steel segment		169,641	108,583
Loose tools - steel segment		4,032	2,656
Stores and spares - cotton segment		35,572	38,357
		237,132	172,403
Less: Provision for slow moving items	21.1	45,924	42,159
		191,208	130,244
21.1 Movement in provision for slow moving items			
Opening balance		42,159	48,575
Provision made during the year		6,047	368
Reversal of provision made during the year		(2,282)	(6,784)
Closing balance		45,924	42,159
22. STOCK-IN-TRADE			
Raw materials			
Hot rolled steel coils (HR Coil)		468,650	1,390,626
Coating materials		71,783	234,524
Remelting scrap		207,953	106,455
Others		96,625	167,238
Raw cotton		66	28,332
Bagasse		197,963	59,031
Stock-in-transit		1,832,515	289,215
	22.1	2,875,555	2,275,421
Work-in-process	22.1 & 31.1	85,524	86,922
Finished goods	22.1 & 31.1	414,069	158,019
Scrap / cotton waste		9,604	10,876
		509,197	255,817
		3,384,752	2,531,238

22.1 Stock-in-trade as at 30 June 2017 includes items valued at net realisable value (NRV) as follows. The write down to NRV amounting to Rs. 120.433 million (2016: Rs. 102.481 million) has been recognized in cost of goods sold.

Rupees in '000	Cost	NRV
Raw material	2,879,327	2,875,555
Work-in-process	85,524	85,524
Finished goods	530,730	414,069
	3,495,581	3,375,148

Rupees in '000	Note	**2017**	2016

23. TRADE DEBTS

Secured			
Considered good		611,744	335,500
Unsecured			
Considered good	23.1	279,050	136,621
Considered doubtful		24,187	16,818
Provision for doubtful trade debts	23.2	(24,187)	(16,818)
		279,050	136,621
		890,794	472,121

23.1 This includes net amount of Rs. 148.841 million (2016: Rs. 113.488 million) due from Shakarganj Limited, a related party.

Rupees in '000	Note	**2017**	2016
23.2 Movement in provision for doubtful trade debts			
Opening balance		16,818	5,684
Provision made during the year		7,447	11,134
Reversal of provision made during the year		(78)	–
Closing balance		24,187	16,818

24. ADVANCES

Unsecured			
Advances - considered good			
Executives		3,242	4,823
Suppliers for goods and services		17,910	40,171
Advances to others		35	–
Advances - considered doubtful			
Suppliers for goods and services		47	47
Provision for doubtful advances		(47)	(47)
		–	–
		21,187	44,994

25. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Security deposits - leasing companies		4,969	8,657
Security deposits - others		41,416	21,126
Prepayments		10,475	7,867
		56,860	37,650

26. INVESTMENTS

Available for sale	26.1	238,996	124,316
Held for trading	26.2	950,766	740,332
Investment in term deposit receipts	26.3	11,500	12,875
Investment in commodity	26.4	–	1,857
		1,201,262	879,380

26.1 Available for sale

2017	2016	Name of investee company	Note	2017	2016
(Number of shares)				Rupees in '000	
		Unquoted			
1,996	1,996	Innovative Investment Bank Limited	26.1.1	-	-
		Quoted			
26,490	26,490	Jubilee Spinning and Weaving Mills Limited	26.1.1	-	-
6,381,743	6,381,743	The Crescent Textile Mills Limited	26.1.2	238,996	124,316
				238,996	124,316

26.1.1 These investments are fully impaired as their break-up value of shares are Rs. Nil per share (2016: Rs. Nil).

26.1.2 The Holding Company has recognized impairment loss in previous years amounting to Rs. 4.537 million (2016: Rs. 4.537 million) against the investment.

26.2 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.

2017	2016	Name of investee company	2017	2016
(Number of share / certificates)			Rupees in '000	
-	88,300	Agriauto Industries Limited *	-	17,241
-	15,000	Al-Ghazi Tractors Limited *	-	6,330
6,300	11,300	Attock Cement Pakistan Limited	1,907	2,698
12,000	12,000	Attock Petroleum Limited	7,517	5,250
50,000	-	Avanceon Limited	2,266	-
-	50,000	Century Insurance Company Limited	-	1,223
200,000	292,000	Cherat Cement Company Limited	35,756	34,915
530,000	595,000	D.G. Khan Cement Company Limited	112,974	113,342
45,000	35,000	Engro Corporation Limited	14,666	11,654
310,000	310,000	Engro Fertilizers Limited	17,124	19,989
15,000	-	Engro Foods Limited	1,822	-
-	10,000	Engro Powergen Qadirpur Limited	-	289
75,500	75,500	Fatima Fertilizer Company Limited	2,543	2,562
125,000	125,000	Fauji Cement Company Limited	5,129	4,475
445,000	445,000	Fauji Fertilizer Bin Qasim Limited	19,063	23,589
145,000	145,000	Fauji Fertilizer Company Limited	11,982	16,635
-	5,000	GlaxoSmithKline (Pakistan) Limited	-	1,036
30,000	10,000	Hi-Tech Lubricants Limited	3,270	592
1,350	1,350	Innovative Investment Bank Limited	-	-
120,000	90,000	International Industries Limited	44,228	7,278
293,000	200,000	International Steels Limited	37,472	7,124
10,000	-	Ittehad Chemicals Limited	313	-
1,800,000	2,500,000	K-Electric Limited **	12,420	20,150
61,600	90,000	Kohat Cement Company Limited	14,123	23,573
857,000	857,000	Kohinoor Energy Limited	36,911	35,308
		Carry forward	381,486	355,253

2017	2016	Name of investee company	2017	2016
(Number of share / certificates)			Rupees in '000	
		Brought forward	381,486	355,253
447,000	444,000	Kot Addu Power Company Limited	32,193	39,627
250,000	-	Loads Limited	10,368	-
25,000	60,000	Meezan Bank Limited	1,975	2,550
35,000	35,000	Nishat (Chunian) Limited	1,796	1,240
285,000	110,000	Nishat Mills Limited	45,224	11,869
291,000	182,000	Nishat Power Limited	13,747	9,192
156,000	116,000	Oil and Gas Development Company Limited	21,947	16,016
-	37,500	Pak Elektron Limited	-	2,424
100,000	100,000	Pakgen Power Limited	2,022	2,405
650,000	475,000	Pakistan International Bulk Terminal Limited	15,054	15,233
120,000	120,000	Pakistan Oilfields Limited	54,979	41,698
530,000	470,000	Pakistan Petroleum Limited	78,515	72,873
149,200	97,200	Pakistan State Oil Company Limited	57,792	36,495
1,982,332	-	Pakistan Stock Exchange Limited	50,907	-
510,000	910,000	Pakistan Telecommunication Company Limited	7,962	13,678
2,405,000	2,405,000	PICIC Growth Fund	74,555	57,239
764,673	764,673	PICIC Investment Fund	11,470	8,641
68,000	-	Roshan Packages Limited	3,820	-
380,000	500,000	Sui Northern Gas Pipelines Limited	56,590	18,145
135,000	135,000	Sui Southern Gas Company Limited	4,915	3,716
190,000	190,000	The Hub Power Company Limited	22,311	22,812
20,000	-	Treet Corporation Limited	1,138	-
-	275,000	TRG Pakistan Limited	-	9,226
			950,766	740,332

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

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

26.3 These represent term deposit with conventional side of a commercial bank having a maturity period of 6 to 12 months and carrying markup at 4.00% to 4.50% per annum.

26.4 This represents Rs. Nil (2016: 2,857) tolas of Silver held by the subsidiary company which has been sold during the year.

26.5 The market value of investments which has been pledge with financial institutions as security against financing facilities (refer note 13.4) are as follows:

Rupees in '000	2017	2016
Name of investee company		
Altern Energy Limited (Associated Company)	3,057,767	2,337,353
Agriauto Industries Limited	-	11,715
Attock Cement Pakistan Limited	1,907	2,698
Attock Petroleum Limited	7,517	5,250
Century Insurance Company Limited	-	1,223
Cherat Cement Company Limited	35,756	34,914
D.G. Khan Cement Company Limited	112,974	58,099
Engro Corporation Limited	14,666	8,324
Engro Fertilizers Limited	17,124	645
Engro Foods Limited	1,822	-
Fatima Fertilizer Company Limited	2,543	2,562
Fauji Cement Company Limited	5,129	4,475
Fauji Fertilizer Bin Qasim Limited	19,064	22,794
Fauji Fertilizer Company Limited	11,984	16,635
GlaxoSmithKline (Pakistan) Limited	-	1,036
Hi-Tech Lubricants Limited	3,270	-
International Industries Limited	44,228	7,278
International Steels Limited	37,472	6,234
K-Electric Limited	10,350	3,627
Kohat Cement Company Limited	14,123	23,573
Kohinoor Energy Limited	29,592	26,327
Kot Addu Power Company Limited	32,193	34,227
Meezan Bank Limited	1,975	2,550
Nishat (Chunian) Limited	1,796	-
Nishat Mills Limited	22,215	-
Nishat Power Limited	13,747	5,051
Oil and Gas Development Company Limited	21,947	14,636
Pak Elektron Limited	-	1,940
Pakgen Power Limited	2,022	2,405
Pakistan International Bulk Terminal Limited	6,947	-
Pakistan Oilfields Limited	54,977	41,695
Pakistan Petroleum Limited	78,514	72,875
Pakistan State Oil Company Limited	57,638	36,495
Pakistan Telecommunication Company Limited	7,962	13,678
PICIC Growth Fund	74,554	57,239
PICIC Investment Fund	7,500	-
Roshan Packages Limited	1,910	-
Sui Northern Gas Pipelines Limited	56,590	-
Sui Southern Gas Company Limited	4,915	3,716
The Crescent Textile Mills Limited	127,330	-
The Hub Power Company Limited	22,311	22,811
Treet Corporation Limited	1,138	-
	4,025,469	2,884,080

Rupees in '000	Note	2017	2016

27. OTHER RECEIVABLES

Dividend receivable		3,257	1,608
Provision there against		(885)	-
Dividend receivable		2,372	1,608
Receivable against investments	27.1	17,770	1,270
Provision there against		(17,770)	(1,270)
Receivable against sale of investments		-	-
Receivable against rent from investment property		442	674
Claim receivable		1,863	562
Due from related parties	27.2	40	1,273
Retention money receivable		380,691	149,163
Sales tax refundable	27.3	348,872	164,628
Margin on letter of credit and guarantee		21,264	22,067
Receivable from staff retirement benefits funds	44.1.3	1,014,310	456,276
Others		4,510	3,250
		1,774,364	799,501

27.1 This includes Rs. 16.5 million provided to the party under buying and selling agreements of a commodity. However, due to uncertainty of the recovery of the amount the provision there against has been made.

27.2 This represents balances due from CSAP - Pension Fund and Shakarganj Limited amounting to Rs. 0.04 million (2016: Rs. Nil) and Rs. Nil (2016: Rs. 1.273 million) respectively.

27.3 This includes payment made by Shakarganj Energy (Private) Limited a Subsidiary Company to Punjab Revenue Aurthority against order received for non withholding of Punjab sales tax on services and its deposit with Punjab Revenue Authority amounting to Rs. 2.666 million. An appeal against the order has been filed before the Commissioner (Appeals) Punjab Revenue Authority. After consultation with legal advisor, the management considered that the appeal would be decided in the Subsidiary Company's favour.

Rupees in '000	2017	2016

28. TAXATION - NET

Advance taxation	2,929,935	2,350,567
Provision for taxation	(2,181,409)	(1,795,551)
	748,526	555,016

28.1 The Income Tax assessments of the Holding Company and its Subsidiaries have been finalized up to and including tax year 2016, except for pending appeal effect orders in respect of tax years 2002 and 2003. Deemed assessments for certain tax years have been amended by the department on account of various issues as explained below:

- Assessments and appeals for tax years 2004, 2006 and 2007 have been decided at the Appellate Tribunal Inland Revenue, whereby issues which may have lead to an additional tax demand of Rs. 109.227 million (2016: Rs. 109.227 million), have been decided in favour of the Company.

- The Additional Commissioner Inland Revenue amended the deemed assessment of the Company for tax year 2009 and tax year 2011 whereby demands of Rs. 4.937 million and Rs. 22.218 million has been raised respectively. The Company has filed appeals with the Commissioner Inland Revenue (Appeals) which are pending to be heard.

– Orders under section 161/205 of the Income Tax Ordinance, 2001 have 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 and Rs. 5.794 million in respect of tax year 2010. Majority of the matters have decided in favour of the Company at the Commissioner (Appeals) level, whereas appeals have been referred in Appellate Tribunal Inland Revenue for remaining issues.

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 Finance Act, 2017 amended levy of tax under the section 5A of the Income Tax Ordinance, 2001, whereby every public company other than a scheduled bank or a Modaraba, that derives profits for a tax year but does not distribute at least 40% of its profit for the year in the form of cash dividend or bonus shares within six months of the end of the said tax year (requisite time) is liable to pay tax at the rate of seven and a half percent on accounting profits before tax for the year.

The Board of Directors in their meeting held on 12 August 2017 has announced sufficient cash dividend for the year ended 30 June 2017 (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 2017.

Rupees in '000	Note	**2017**	2016
29. CASH AND BANK BALANCES			
With banks - Conventional banking			
- in saving accounts	29.1	54,022	65,533
- in current accounts		30,845	6,519
		84,867	72,052
Cash in hand		762	1,835
		85,629	73,887

29.1 Mark-up rate on saving account ranged between 1.54% to 4.25% (2016: 4.75%).

Rupees in '000	**2017**	2016
30. SALES - NET		
Local sales		
Bare pipes	8,426,029	3,456,159
Steel Billets	1,911,780	154,869
Pipe coating	341,833	991,498
Pre coated pipes	1,339,963	3,954,524
Cotton yarn / raw cotton	1,216,867	34,338
Electricity Sales	232,955	20,363
Steam Sales	401,727	127,999
Others	182,503	78,627
Scrap / waste	35,540	39,316
Sales returns	(1,196)	–
	14,088,001	8,857,693
Export sales		
Fabric	57,169	–
	14,145,170	8,857,693
Sales tax	(1,859,622)	(1,282,264)
	12,285,548	7,575,429

Rupees in '000	Note	2017	2016

31. COST OF SALES

	Note	2017	2016
Steel segment	31.1	8,320,272	5,225,885
Cotton segment	31.1	1,295,114	144,929
Energy segment	31.1	982,635	188,776
		10,598,021	5,559,590

31.1 Cost of sales

		Steel segment		Cotton Segment		Energy segment		Total	
Rupees in '000	Note	2017	2016	2017	2016	2017	2016	2017	2016
Raw materials consumed		7,354,964	4,533,198	853,563	37,138	879,803	139,398	9,088,330	4,709,734
Cost of raw cotton sold		-	-	-	18,672	-	-	-	18,672
Packing materials consumed		-	-	19,559	643	-	-	19,559	643
Stores and spares consumed		271,438	104,902	25,866	11,592	10,524	-	307,828	116,494
Fuel, power and electricity		79,542	101,823	169,478	16,545	-	-	249,020	118,368
Salaries, wages and other benefits	31.2	264,542	196,187	118,955	28,002	20,175	4,367	403,672	228,556
Insurance		5,063	4,091	2,657	2,702	1,278	-	8,998	6,793
Repairs and maintenance		21,358	10,521	2,227	5,982	5,192	5,736	28,777	22,239
Depreciation	15.1.2	86,457	35,401	35,228	58,787	54,873	36,898	176,558	131,086
Rental under Ijarah financing		91,349	13,180	-	-	-	-	91,349	13,180
Stock-in-trade written down to NRV		120,433	99,004	-	3,477	-	-	120,433	102,481
Other expenses		307,604	270,592	39,756	(594)	10,790	2,377	358,150	272,375
		8,602,750	5,368,899	1,267,289	182,946	982,635	188,776	10,852,674	5,740,621
Opening stock of work-in-process		76,672	13,368	10,250	112	-	-	86,922	13,480
Closing stock of work-in-process	22	(85,524)	(76,672)	-	(10,250)	-	-	(85,524)	(86,922)
		(8,852)	(63,304)	10,250	(10,138)	-	-	1,398	(73,442)
Cost of goods manufactured		8,593,898	5,305,595	1,277,539	172,808	982,635	188,776	10,854,072	5,667,179
Opening stock of finished goods		130,139	50,430	27,879	-	-	-	158,018	50,430
Closing stock of finished goods	22	(403,765)	(130,140)	(10,304)	(27,879)	-	-	(414,069)	(158,019)
		(273,626)	(79,710)	17,575	(27,879)	-	-	(256,051)	(107,589)
		8,320,272	5,225,885	1,295,114	144,929	982,635	188,776	10,598,021	5,559,590

31.2 Detail of salaries, wages and other benefits

	Note	Steel 2017	Steel 2016	Cotton 2017	Cotton 2016	Energy 2017	Energy 2016	Total 2017	Total 2016
Salaries, wages and other benefits	31.2.1	263,055	186,511	117,362	26,456	20,175	4,367	400,592	217,334
Pension fund	31.2.2	1,019	4,607	121	878	-	-	1,140	5,485
Gratuity fund	31.2.2	(3,499)	1,860	(192)	43	-	-	(3,691)	1,903
Provident fund contributions		3,967	3,209	1,664	625	-	-	5,631	3,834
		264,542	196,187	118,955	28,002	20,175	4,367	403,672	228,556

31.2.1 This includes contribution amounting to Rs. 20 million (2016: 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	2017 Pension	2017 Gratuity	2016 Pension	2016 Gratuity
31.2.2 Staff retirement benefits				
Current service costs	9,675	3,116	(61,245)	(3,168)
Interest costs	22,104	4,049	(151,483)	(5,509)
Expected return on plan assets	(41,716)	(11,774)	218,213	10,580
Past service cost recognized	11,077	918	–	–
	1,140	(3,691)	5,485	1,903

Rupees in '000	Note	2017	2016

32. INCOME FROM INVESTMENTS

	Note	2017	2016
Dividend income	32.1	51,091	49,649
Unrealized gain on commodity		–	29
Gain / (loss) on sale of investments - net	32.1	28,802	(19,894)
Gain on sale of investment in commodity		375	–
Unrealized gain on held for trading investments	32.1	117,022	31,231
Gain on redemption of preference shares		–	35,100
Rent from investment properties	32.2	7,558	6,345
		204,848	102,460

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

Rupees in '000 Name of investee company	Dividend income	Realised gain / (loss)	Unrealised gain / (loss)
Shariah compliant investee companies			
Agriauto Industries Limited	–	4,021	–
Al-Ghazi Tractors Limited	–	1,207	–
Altern Energy Limited	–	97	–
Attock Cement Pakistan Limited	79	121	403
Attock Petroleum Limited	480	–	2,267
Avanceon Limited	50	240	842
Cherat Cement Company Limited	650	465	11,842
Engro Corporation Limited	1,080	–	(335)
Engro Fertilizers Limited	2,170	–	(2,864)
Engro Foods Limited	150	–	(1,238)
Fatima Fertilizer Company Limited	246	–	(19)
Fauji Cement Company Limited	125	–	654
GlaxoSmithKline (Pakistan) Limited	–	139	–
Hascol Petroleum Limited	–	185	–
Hi-Tech Lubricants Limited	40	121	(137)
International Industries Limited	1,155	–	31,177
International Steels Limited	971	684	20,972
Ittehad Chemicals Limited	15	21	(152)
K-Electric Limited	–	639	(2,088)
Kohat Cement Company Limited	801	464	(2,012)
Kohinoor Energy Limited	4,285	–	1,602
Lucky Cement Limited	–	784	–
Meezan Bank Limited	136	530	912
Millat Tractors Limited	350	5,376	–
National Refinery Limited	–	758	–
Oil and Gas Development Company Limited	830	–	(491)
Carry forward	13,613	15,852	61,335

Name of investee company	Note	Dividend income	Realised gain / (loss)	Unrealised gain / (loss)
Brought forward		13,613	15,852	61,335
Pak Elektron Limited		47	974	-
Pakgen Power Limited		200	-	(383)
Pakistan Oilfields Limited		4,200	-	13,281
Pakistan Petroleum Limited		3,445	-	(5,953)
Pakistan Telecommunication Company Limited		910	1,188	296
Pioneer Cement Limited		-	45	-
Sui Northern Gas Pipelines Limited		-	3,796	42,748
Sui Southern Gas Company Limited		-	337	1,020
The Hub Power Company Limited		1,520	-	(499)
Treet Corporation Limited		-	-	(372)
		23,935	22,192	111,473
Non - Shariah compliant investee companies				
Aisha Steel Mills Limited		-	1,132	-
Asian Stock Fund Limited		1,739	-	-
Century Insurance Company Limited		-	177	-
D.G Khan Cement Company Limited		3,000	1,490	11,310
Engro Powergen Qadirpur Limited		15	53	-
Fauji Fertilizer Bin Qasim Limited		222	-	(4,526)
Fauji Fertilizer Company Limited		1,095	-	(4,651)
GlaxoSmithKline Consumer Healthcare Pakistan Limited		-	380	-
Kot Addu Power Company Limited		4,046	-	(7,693)
Loads Limited		87	-	(2,740)
Nishat (Chunian) Limited.		-	-	556
Nishat Mills Limited		550	-	5,707
Nishat Power Limited		746	-	(1,759)
Pace Pakistan Limited		-	18	-
Pakistan International Bulk Terminal Limited		-	(514)	(4,123)
Pakistan State Oil Company Limited		2,251	-	(32)
Pakistan Stock Exchange Limited		-	-	(4,599)
PICIC Growth Fund		1,804	-	17,316
PICIC Investment Fund		321	-	2,829
Roshan Packages Limited		-	-	(2,046)
Safeway Fund Limited		2,717	-	-
The Crescent Textile Mills Limited	32.1.1	8,009	-	-
TRG Pakistan Limited		-	3,833	-
WorldCall Telecom Limited		-	41	-
First UDL Modaraba		4	-	-
		26,606	6,610	5,549
Others				
Central Depository Company of Pakistan Limited		550	-	-
		51,091	28,802	117,022

32.1.1 Unrealised gain amounting to Rs. 114.680 million on this investment was recognized in the Consolidated 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 Direct operating expenses incurred against rental income from investment properties amounted to Rs. 7.587 million (2016: Rs. 7.232 million). Further, Rs. 1.313 million (2016: Rs. 1.083 million) were incurred against the non rented out area.

33. DISTRIBUTION AND SELLING EXPENSES

		Steel segment		Cotton Segment		Total	
Rupees in '000	Note	2017	2016	2017	2016	2017	2016
Salaries, wages and other benefits	33.1	6,880	6,485	5,917	1,141	12,797	7,626
Commission		-	-	5,577	67	5,577	67
Travelling, conveyance and entertainment		686	1,388	832	187	1,518	1,575
Depreciation	15.1.2	1,388	1,173	-	-	1,388	1,173
Insurance		160	183	7	-	167	183
Postage, telephone and telegram		105	123	701	125	806	248
Advertisement		98	185	-	-	98	185
Bid bond expenses		1,213	411	-	-	1,213	411
Legal and professional charges		3,475	3,110	-	-	3,475	3,110
Others		962	1,038	4,280	364	5,242	1,402
		14,967	14,096	17,314	1,884	32,281	15,980

33.1 Detail of salaries, wages and other benefits

		Steel segment		Cotton Segment		Total	
Rupees in '000	Note	2017	2016	2017	2016	2017	2016
Salaries, wages and other benefits		6,948	5,770	5,921	1,141	12,869	6,911
Pension fund	33.1.1	28	377	6	-	34	377
Gratuity fund	33.1.1	(96)	157	(10)	-	(106)	157
Provident fund contributions		-	181	-	-	-	181
		6,880	6,485	5,917	1,141	12,797	7,626

	2017		2016	
Rupees in '000	Pension	Gratuity	Pension	Gratuity
33.1.1 Staff retirement benefits				
Current service costs	289	89	(4,210)	(261)
Interest costs	659	117	(10,410)	(455)
Expected return on plan assets	(1,244)	(338)	14,997	873
Past service cost recognized	330	26	-	-
	34	(106)	377	157

34. ADMINISTRATIVE EXPENSES

Rupees in '000	Note	Steel segment 2017	Steel segment 2016	Cotton segment 2017	Cotton segment 2016	IID segment 2017	IID segment 2016	Energy segment 2017	Energy segment 2016	Total 2017	Total 2016
Salaries, wages and other benefits	34.1	94,603	89,150	17,327	12,571	7,641	6,819	434	378	120,005	108,918
Rents, rates and taxes		1,743	1,779	330	293	745	1,055	585	721	3,403	3,848
Travelling, conveyance and entertainment		8,578	7,939	1,582	1,323	464	389	-	114	10,624	9,765
Fuel and power		7,265	6,962	836	661	888	340	-	-	8,989	7,963
Postage, telephone and telegram		2,232	2,592	494	437	115	110	-	-	2,841	3,139
Insurance		1,061	882	124	171	99	88	-	831	1,284	1,972
Repairs and maintenance		13,025	26,568	557	430	1,261	1,522	-	1	14,843	28,521
Auditors' remuneration	34.2	1,506	1,899	351	448	224	257	251	60	2,332	2,664
Legal, professional and corporate service charges		8,173	12,304	1,563	2,248	2,224	2,433	488	1,413	12,448	18,398
Advertisement		2,893	2,022	20	22	151	120	-	-	3,064	2,164
Donations	34.3	76,702	66,888	70	-	4,041	4,000	-	-	80,813	70,888
Depreciation	15.1.2 & 17.1	15,907	10,400	3,067	2,560	7,256	6,981	-	-	26,230	19,941
Amortization of intangible assets	16.1.1	4,127	5,708	405	1,096	101	274	629	52	5,262	7,130
Printing, stationery and office supplies		4,995	4,268	1,134	949	408	328	10	1	6,547	5,546
Newspapers, subscriptions and periodicals		1,328	540	657	534	72	28	-	-	2,057	1,102
Others		4,878	4,430	941	1,030	701	987	5	782	6,525	7,229
		249,016	244,331	29,458	24,773	26,391	25,731	2,402	4,353	307,267	299,188

34.1 Detail of salaries, wages and other benefits

Rupees in '000	Note	Steel segment 2017	Steel segment 2016	Cotton segment 2017	Cotton segment 2016	IID segment 2017	IID segment 2016	Energy segment 2017	Energy segment 2016	Total 2017	Total 2016
Salaries, wages and other benefits		92,442	88,593	16,686	15,100	7,406	6,769	434	378	116,968	110,840
Pension fund	34.1.1	414	(1,203)	18	(196)	18	168	-	-	450	(1,231)
Gratuity fund	34.1.1	(1,430)	(1,040)	(27)	(2,883)	(51)	(346)	-	-	(1,508)	(4,269)
Provident fund contributions		3,177	2,800	650	550	268	228	-	-	4,095	3,578
		94,603	89,150	17,327	12,571	7,641	6,819	434	378	120,005	108,918

Rupees in '000	2017 Pension	2017 Gratuity	2016 Pension	2016 Gratuity
34.1.1 Staff retirement benefits				
Current service costs	3,819	1,273	13,745	7,107
Interest costs	8,725	1,655	33,997	12,359
Expected return on plan assets	(16,467)	(4,811)	(48,973)	(23,735)
Past service cost recognized	4,373	375	-	-
	450	(1,508)	(1,231)	(4,269)

Rupees in '000	Note	2017	2016
34.2 Auditors' remuneration			
Audit fee	34.2.1	2,068	1,653
Fee for audit of funds' financial statements and other reports		47	756
Out of pocket expenses		89	151
Sales tax		128	104
		2,332	2,664

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 2017	2016
Rupees in '000				
Mr. Ahsan M. Saleem	Director	The Citizens Foundation		
		Plot No. 20, Sector - 14,		
		New Brookes Chowrangi,		
		Korangi Industrial Area, Karachi	58,351	48,518
	Chairman	CSAP Foundation		
		E-floor, IT Tower, 73-E/1,		
		Hali Road, Gulberg-111, Lahore.	7,760	3,038
			66,111	51,556

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	2017	2016
35. OTHER OPERATING EXPENSES		
Exchange loss	10,054	24,197
Loss on disposal of operating fixed assets	–	1,030
Provision for:		
- workers' profit participation fund	60,111	73,359
- workers' welfare fund	21,002	22,986
- doubtful trade debts	7,369	11,133
- other receivables	17,385	1,270
- liquidated damages	19,141	–
- Slow moving stores, spares and loose tools - net	3,765	–
Liquidated damages	290,454	292,841
	429,281	426,816

Rupees in '000	Note	**2017**	2016

36. OTHER INCOME

Income from financial assets			
Return on deposits - from conventional side of bank		2,299	2,317
Income from non-financial assets			
Gain on disposal of operating fixed assets		75,982	3,813
Deferred income amortized		4,968	2,682
Unwinding of discount on long term deposit		14,880	2,770
Insurance commission		1,413	1,419
Liabilities written back		–	9,188
Reversal of provision for slow moving stores, spares and loose tools		–	6,416
Rent income		1,630	1,080
Others		2,573	123
		101,446	27,491
		103,745	29,808

37. FINANCE COSTS

Mark-up on short term loans - Shariah arrangement		14,838	10,824
Interest on - Non - Shariah arrangement			
- finance lease obligations		11,616	11,912
- long term loans		38,251	43,978
- running finances		18,131	20,527
- short term loans		107,621	65,519
Discounting on long term deposit		1,017	89,959
Bank charges		13,152	11,202
		204,626	253,921

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

Shariah compliant investee companies			
Altern Energy Limited		350,461	395,869
Shakarganj Limited		232,501	(36,890)
Others			
Crescent Socks (Private) Limited		(13,653)	(11,870)
		569,309	347,109

39. TAXATION

Current			
- for the year	39.2	327,235	285,811
- Super tax		36,637	40,103
- for prior years		21,954	(131)
		385,826	325,783
Deferred		19,027	51,349
		404,853	377,132

39.1 Profit of Shakarganj Energy (Private) Limited and Solution de Energy (Private) Limited (Subsidiary Companies) from electric power generation are exempt from tax under clause 132 of part I of second schedule of the Income Tax Ordinance, 2001. Since the income is exempt from tax, no temporary difference arises. Accordingly, deferred tax in respect of these Subsidiaries has not been accounted for in these consolidated financial statements.

Rupees in '000	2017	2016
39.2 Relationship between taxation expense and accounting profit		
Profit before taxation	1,591,974	1,499,311
Tax at the applicable rate of 31% (2016: 32%)	493,512	479,780
Tax effect of inadmissible expenses / losses	(78,467)	(163,210)
Tax effect of exempt income and income under final tax regime	9,188	12,390
Tax effect of income taxed at a lower rate	(76,242)	6,698
Prior year tax effect	21,819	(131)
Super tax	36,637	40,103
Tax effect of change in effective tax rate	(1,594)	1,502
	404,853	377,132

40. BASIC AND DILUTED EARNINGS PER SHARE

	2017	2016
Profit after taxation	1,187,121	1,122,179
	(Number of shares)	
Weighted average number of ordinary shares in issue during the year	77,632,491	74,574,740
	(Rupees)	
Basic and diluted earnings per share	15.29	15.05

Rupees in '000	Note	**2017**	2016
41. CASH GENERATED FROM / (USED IN) OPERATIONS			
Profit before taxation		1,591,974	1,499,311
Adjustments for non cash charges and other items			
Depreciation on operating fixed assets and investment properties		206,531	154,101
Amortization of intangible assets		5,262	7,130
Charge for the year on staff retirement benefit funds		(3,116)	3,088
Charge for compensated absences		2,513	2,420
Provision for 10-C bonus		2,233	2,076
Dividend income		(51,091)	(49,649)
Unrealized gain on held for trading investments - net		(117,022)	(31,231)
(Gain) / loss on sale of investments		(28,801)	19,849
Gain on redemption of preference shares		-	(35,100)
Realized / unrealized gain on commodity - Silver		(375)	(29)
Reversal of provision for stores, spares and loose tools - net		3,765	(6,416)
Provision for doubtful trade debts		7,369	12,403
Provision for doubtful other receivables		17,385	-
Provision for Workers' Welfare Fund		21,002	22,966
Provision for Workers' Profit Participation Fund		60,111	73,359
Provision for liquidated damages		19,141	-
Return on deposits and investments		(1,862)	(4,480)
Gain on disposal of operating fixed assets		(75,982)	(3,813)
Deferred income		(4,968)	(2,682)
Discounting of long term deposit		1,017	-
Unwinding of discount on long term deposit		(14,880)	-
Liabilities written back		-	(9,188)
Finance costs		204,626	253,921
Share of profit from equity accounted investees - net of taxation		(569,309)	(347,109)
Working capital changes	41.1	(434,838)	(2,731,027)
		840,685	(1,170,100)

41.1 Working capital changes			
(Increase) / decrease in current assets			
Stores, spares and loose tools		(64,729)	(57,027)
Stock-in-trade		(805,814)	(2,013,726)
Trade debts		(431,990)	(423,692)
Advances		24,738	13,401
Trade deposits and short term prepayments		(21,371)	(14,790)
Other receivables		(434,979)	(334,010)
		(1,734,145)	(2,829,844)
Increase in current liabilities			
Trade and other payables		1,299,307	98,817
		(434,838)	(2,731,027)

Rupees in '000	Note	2017	2016
42. CASH AND CASH EQUIVALENTS			
Running finances under mark-up arrangements	13	(398,626)	(307,193)
Cash and bank balances	29	85,629	73,887
		(312,997)	(233,306)

43. SEGMENT REPORTING

43.1 Reportable segments

The Group's reportable segments under are as follows:

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

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

43.2 Segment revenues and results

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

Rupees in '000	Steel segment	Cotton segment	IID segment	Energy segment	Inter-segment Elimination/ adjustment	Total
For the year ended 30 June 2017						
Sales - net	10,554,116	1,288,528	-	934,401	(491,497)	12,285,548
Cost of sales	8,818,652	1,295,114	-	989,709	(505,454)	10,598,021
Gross profit / (loss)	1,735,464	(6,586)	-	(55,308)	13,957	1,687,527
Income from investments	-	-	353,893	-	(149,045)	204,848
	1,735,464	(6,586)	353,893	(55,308)	(135,088)	1,892,375
Distribution and selling expenses	14,967	17,314	-	-	-	32,281
Administrative expenses	249,016	29,458	26,391	2,402	-	307,267
Other operating expenses	414,217	(2,301)	31,018	-	(13,653)	429,281
	678,200	44,471	57,409	2,402	(13,653)	768,829
	1,057,264	(51,057)	296,484	(57,710)	(121,435)	1,123,546
Other income	90,642	12,224	102,041	879	(102,041)	103,745
Operating profit / (loss) before finance costs	1,147,906	(38,833)	398,525	(56,831)	(223,476)	1,227,291
Finance costs	179,656	6,624	18,543	1,283	(1,480)	204,626
Share of profit in equity accounted investees - net of taxation	-	-	568,277	1,032	-	569,309
Profit / (loss) before taxation	968,250	(45,457)	948,259	(57,082)	(221,996)	1,591,974
Taxation						404,853
Profit after taxation						1,187,121

Rupees in '000	Steel segment	Cotton segment	IID segment	Energy segment	Inter-segment Elimination/ adjustment	Total
For the year ended 30 June 2016						
Sales - net	7,501,581	33,899	-	186,726	(146,777)	7,575,429
Cost of sales	5,360,652	144,929	-	195,414	(141,405)	5,559,590
Gross profit / (loss)	2,140,929	(111,030)	-	(8,688)	(5,372)	2,015,839
Income from investments	-	-	73,065	-	29,395	102,460
	2,140,929	(111,030)	73,065	(8,688)	24,023	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	13,159	2,546	(11,871)	426,816
	677,615	30,451	38,890	6,899	(11,871)	741,984
	1,463,314	(141,481)	34,175	(15,587)	35,894	1,376,315
Other income	83,555	10,193	7	23,690	(87,637)	29,808
Operating profit / (loss) before finance costs	1,546,869	(131,288)	34,182	8,103	(51,743)	1,406,123
Finance costs	234,469	10,928	8,184	340	-	253,921
Share of profit in equity accounted investees - net of taxation	-	-	-	-	347,109	347,109
Profit / (loss) before taxation	1,312,400	(142,216)	25,998	7,763	295,366	1,499,311
Taxation						377,132
Profit after taxation						1,122,179

43.2.1 Revenue reported above represents revenue generated from external customers. There were no inter-segment sale during the year (2016: 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. 9,715.614 million (2016: Rs. 7,249.377 million) of total Steel segment revenue of Rs. 10,554.116 million (2016: Rs. 7,501.581 million). Revenue from major customers of Cotton segment represents an aggregate amount of Rs. 533.351 million (2016: Rs. 19.286 million) of total Cotton segment revenue of Rs. 1,288.528 million (2016: Rs. 33.899 million). Revenue from major customers of Energy segment represent an aggregate amount of Rs. 930.828 million (2016: Rs. 140.728 million) of total Energy segment revenue of Rs. 934.401 million (2016: Rs. 186.726 million).

43.5 Geographical information

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

Rupees in '000	2017	2016
South and North America	57,169	-
Pakistan	12,228,379	7,575,429
	12,285,548	7,575,429

43.5.2 All non-current assets of the Group as at 30 June 2017 and 2016 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 2017					
Segment assets for reportable segments	7,408,016	399,943	1,497,559	1,278,504	10,584,022
Investment in equity accounted investees	-	-	3,033,910	257,696	3,291,606
Unallocated corporate assets					934,611
Total assets as per consolidated balance sheet					14,810,239
Segment liabilities for reportable segments	2,174,424	79,066	156,672	124,383	2,534,545
Unallocated corporate liabilities and deferred income					3,674,327
Total liabilities as per consolidated balance sheet					6,208,872
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

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 2017					
Capital expenditure	210,556	4,442	-	8,718	223,716
Depreciation and amortization	107,879	40,609	7,357	55,948	211,793
Non-cash items other than depreciation and amortization	208,661	(5,663)	(729,656)	(1,816)	(528,474)
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	330,963	3,556	(438,282)	1,711	(102,052)

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 2017. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation:

	2017		2016	
	Pension	Gratuity	Pension	Gratuity
Financial assumptions				
- Discount rate used for Interest Cost in P&L Charge	9.00%	7.25%	10.50%	9.75%
- Discount rate used for year end obligation	9.25%	9.25%	9.00%	7.25%
- Expected rate of increase in salaries	9.25%	9.25%	9.00%	7.25%
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 consolidated balance sheet are as follows:

		2017			2016		
Rupees in '000	Note	Pension	Gratuity	Total	Pension	Gratuity	Total
Present value of defined benefit obligations	44.1.4	423,509	94,572	518,081	354,115	82,485	436,600
Fair value of plan assets	44.1.5	(1,106,188)	(426,203)	(1,532,391)	(660,348)	(232,528)	(892,876)
Asset recognized in consolidated balance sheet		(682,679)	(331,631)	(1,014,310)	(306,233)	(150,043)	(456,276)

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

		2017			2016		
Rupees in '000	Note	Pension	Gratuity	Total	Pension	Gratuity	Total
Opening balance		(306,233)	(150,043)	(456,276)	(119,662)	(57,913)	(177,575)
Net benefit cost / (income) charged to Consolidated profit and loss	44.1.7	1,625	(5,305)	(3,680)	4,631	(2,210)	2,421
Remeasurements recognized in consolidated other comprehensive income		(369,286)	(172,986)	(542,272)	(178,341)	(84,946)	(263,287)
Contributions by the Holding Company	44.1.5	(8,785)	(3,297)	(12,082)	(12,861)	(4,974)	(17,835)
Closing balance		(682,679)	(331,631)	(1,014,310)	(306,233)	(150,043)	(456,276)

44.1.4 Movement in the present value of defined benefit obligations

	2017			2016		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity	Total
Present value of defined benefit obligations - 1 July	354,115	82,485	436,600	290,974	65,769	356,743
Current service costs	13,791	4,479	18,270	12,182	3,679	15,861
Past service cost	15,790	1,319	17,109	5,722	-	5,722
Interest costs	31,508	5,820	37,328	30,131	6,398	36,529
Benefits paid during the year	(8,050)	(1,519)	(9,569)	(7,389)	(299)	(7,688)
Benefits due but not paid	-	(2,891)	(2,891)	(629)	-	(629)
Remeasurement:						
Actuarial (gains) / losses from changes in financial assumptions	724	33	757	-	-	-
Experience adjustments	15,631	4,846	20,477	23,124	6,938	30,062
Present value of defined benefit obligations - 30 June	423,509	94,572	518,081	354,115	82,485	436,600

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

	2017			2016		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity	Total
Fair value of plan assets - 1 July	660,348	232,528	892,876	410,636	123,682	534,318
Contributions by the Holding Company	8,785	3,297	12,082	12,861	4,974	17,835
Interest income on plan assets	59,464	16,923	76,387	43,404	12,287	55,691
Benefits paid during the year	(8,050)	(1,519)	(9,569)	(7,389)	(299)	(7,688)
Benefits due but not paid	-	(2,891)	(2,891)	(629)	-	(629)
Return on plan assets, excluding interest income	385,641	177,865	563,506	201,465	91,884	293,349
Fair value of plan assets - 30 June	1,106,188	426,203	1,532,391	660,348	232,528	892,876
44.1.6 Actual return on plan assets	445,105	194,788	639,893	244,869	104,171	349,040

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

Rupees in '000	2017 Pension	2017 Gratuity	2017 Total	2016 Pension	2016 Gratuity	2016 Total
Current service costs	13,791	4,479	18,270	12,182	3,679	15,861
Past service cost	15,790	1,319	17,109	5,722	-	5,722
Interest costs	31,508	5,820	37,328	30,131	6,398	36,529
Expected return on plan assets	(59,464)	(16,923)	(76,387)	(43,404)	(12,287)	(55,691)
Charge recognised in consolidated profit and loss account	1,625	(5,305)	(3,680)	4,631	(2,210)	2,421

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

Rupees in '000	2017 Pension	2017 Gratuity	2017 Total	2016 Pension	2016 Gratuity	2016 Total
Remeasurement:						
Acturial (gains) / losses from change in financial assumption	724	33	757	-	-	-
Experience adjustments	15,631	4,846	20,477	23,124	6,938	30,062
Return on plan assets, excluding interest income	(385,641)	(177,865)	(563,506)	(201,465)	(91,884)	(293,349)
Remeasurement (gain) / loss charged in the other consolidated comprehensive income	(369,286)	(172,986)	(542,272)	(178,341)	(84,946)	(263,287)
44.1.9 Total defined benefit cost recognized in consolidated profit and loss account and consolidated other comprehensive income	(367,661)	(178,291)	(545,952)	(173,710)	(87,156)	(260,866)
Expected contributions to funds in the following year	-	-	-	15,355	5,743	21,098
Weighted average duration of the defined benefit obligation (years)	11	3		12	3	
Analysis of present value of defined benefit obligation						
Type of Members:						
Pensioners	26	-		22	-	
Beneficiaries	92	91		80	79	
	118	91		102	79	
Vested / Non-Vested						
Vested benefits	388,077	77,228	465,305	317,831	80,517	398,348
Non - vested benefits	35,432	17,344	52,776	36,285	1,968	38,253
	423,509	94,572	518,081	354,116	82,485	436,601

Rupees in '000	2017 Pension	2017 Gratuity	2017 Total	2016 Pension	2016 Gratuity	2016 Total
Disaggregation of fair value of plan assets						
The fair value of the plan assets at balance sheet date for each category are as follows:						
Cash and cash equivalents (comprising bank balances and adjusted for current liabilities) - quoted	82,099	980	83,079	10,867	4,205	15,072
Debt instruments						
AA+	116,124	44,336	160,460	156,225	33,577	189,802
AA/AA-	237	-	237	235	-	235
	116,361	44,336	160,697	156,460	33,577	190,037
Equity instruments:						
Automobile Assembling	809	-	809	89	-	89
Cables and Electrical Goods	251	-	251	-	-	-
Cement	16,345	-	16,345	15,156	-	15,156
Chemicals	435	-	435	163	-	163
Commercial Banks	337	-	337	-	-	-
Engineering	771,003	350,992	1,121,995	370,290	168,618	538,908
Fertilizer	10,443	244	10,687	13,904	339	14,243
Insurance	166	-	166	255	-	255
Jute	148	-	148	-	-	-
Oil and Gas Exploration Companies	8,185	2,913	11,098	7,275	2,348	9,623
Oil and Gas Marketing Companies	860	-	860	603	-	603
Paper and Board	-	-	-	124	-	124
Power Generation and Distribution	55,205	16,647	71,852	57,159	17,098	74,257
Sugar and Allied Industries	10,099	2,975	13,074	1,594	470	2,064
Textile Composite	4,529	-	4,529	3,006	-	3,006
	878,815	373,771	1,252,586	469,618	188,873	658,491
Mutual funds:						
Income Fund	7,772	2,883	10,655	4,306	2,871	7,177
Equity Fund	21,141	4,233	25,374	19,096	3,002	22,098
	28,913	7,116	36,029	23,402	5,873	29,275
	1,106,188	426,203	1,532,391	660,347	232,528	892,875

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%	380,355	92,099
Discount rate -1%	475,934	97,383
Long term pension / salary increase +1%	432,908	97,373
Long term pension / salary decrease -1%	415,117	92,062
Long term pension increase +1%	470,038	-
Long term pension decrease -1%	383,712	-

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 repealed Companies Ordinance, 1984. The total charge against provident fund for the year ended 30 June 2017 was Rs. 9.945 million (2016: Rs. 7.594 million). Period end of Provident Fund Financial Statements is 31 December and 30 June for Steel & IID Division and Cotton Division respectively .

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

Rupees in '000	31 December **2016** (Unaudited)	31 December 2015 (Unaudited)	30 June **2017** (Unaudited)	30 June 2016 (Audited)
	Steel and IID Division		Cotton Division	
Cost of investments made	196,959	158,221	25,451	14,276
Size of the Fund	306,677	271,492	40,941	30,210
Fair value of investments	303,140	213,792	40,941	29,713
Percentage of investments made	99%	79%	100%	98%
Amount wise breakup of fair value of investments is as follows:				
Equity Securities	155,868	123,844	18,291	25,187
Government Securities	65,883	79,695	-	-
Mutual Funds	14,370	10,253	-	-
Others	67,019	-	22,650	4,526
	303,140	213,792	40,941	29,713
Percentage wise breakup of fair value of investments out of size of fund is as follows:				
Equity Securities	51%	46%	45%	83%
Government Securities	21%	29%	-	-
Mutual Funds	5%	4%	-	-
Others	22%	-	55%	15%

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

45. FINANCIAL RISK MANAGEMENT

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	30 June 2017							
	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	1,189,762	–	–	1,189,762	1,189,762	–	–	1,189,762
Financial assets not measured at fair value								
Investments								
- unlisted equity securities	220,717	–	–	220,717	–	–	–	–
- equity	3,291,606	–	–	3,291,606	–	–	–	–
- term deposit receipt	11,500	–	–	11,500	–	–	–	–
Deposit	–	240,920	–	240,920	–	–	–	–
Trade debts	–	890,794	–	890,794	–	–	–	–
Other receivables	–	411,182	–	411,182	–	–	–	–
Bank balances	–	84,867	–	84,867	–	–	–	–
	3,523,823	1,627,763	–	5,151,586	–	–	–	–
Financial liabilities not measured at fair value								
Long term loans	–	–	462,981	462,981	–	–	–	–
Liabilities against assets subject to finance lease	–	–	105,306	105,306	–	–	–	–
Trade and other payables	–	–	1,971,440	1,971,440	–	–	–	–
Mark-up accrued	–	–	31,631	31,631	–	–	–	–
Short term borrowings	–	–	2,904,166	2,904,166	–	–	–	–
	–	–	5,475,524	5,475,524	–	–	–	–

Rupees in '000	30 June 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	-	-	-	-
Deposit	-	218,832	-	218,832	-	-	-	-
Trade debts	-	472,121	-	472,121	-	-	-	-
Other receivables	-	178,597	-	178,597	-	-	-	-
Bank balances	-	72,052	-	72,052	-	-	-	-
	3,115,987	941,602	-	4,057,589	-	-	-	-
Financial liabilities not measured at fair value								
Long term loan	-	-	503,500	503,500	-	-	-	-
Liabilities against assets subject to finance lease	-	-	135,832	135,832	-	-	-	-
Trade and other payables	-	-	719,564	719,564	-	-	-	-
Mark-up accrued	-	-	23,419	23,419	-	-	-	-
Short term borrowings	-	-	2,278,930	2,278,930	-	-	-	-
	-	-	3,661,245	3,661,245	-	-	-	-

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 INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

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

46.1 Credit risk

Credit risk represents the financial loss that would be recognized at the 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	2017	2016
Deposits	240,920	218,832
Trade debts	890,794	472,121
Mark-up accrued	132	37
Other receivables	411,182	178,597
Bank balances	84,867	72,052
	1,627,895	941,639

Trade and 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	2017	2016
Steel segment	715,463	356,077
Cotton segment	19,762	11,332
Energy segment	155,569	104,712
	890,794	472,121
The aging of trade debts at reporting date is as follows:		
Not past due	409,293	167,658
Past due 1 - 30 days	433,094	276,060
Past due 30 - 180 days	37,885	12,858
Past due 180 days	34,708	32,362
	914,980	488,938
Less: Impaired	24,186	16,817
	890,794	472,121

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 A-.

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	**2017**	2016
	Short term	Long term	Agency	Rupee in '000	
Mutual Funds					
PICIC Investment Fund	MFR 3 star	MFR 3 star	JCR - VIS	11,470	8,641
PICIC Growth Fund	MFR 1 star	MFR 1 star	JCR - VIS	74,555	57,239
				86,025	65,880

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. The Group does not have debt security at reporting date.

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	2017						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
Financial liabilities							
Long term loans	462,981	-	462,981	70,250	74,546	157,684	160,501
Liabilities against assets subject to finance lease	105,306	-	118,966	24,602	24,813	33,074	36,477
Trade and other payables	1,956,471	-	1,956,471	1,956,471	-	-	-
Mark-up accrued	31,631	-	31,631	31,631	-	-	-
Short term borrowings	2,904,166	2,904,166	-	-	-	-	-
	5,460,555	2,904,166	2,570,049	2,082,954	99,359	190,758	196,978

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 five years
Financial liabilities							
Long term loan	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	706,166	-	706,166	706,166	-	-	-
Mark-up accrued	23,419	-	23,419	23,419	-	-	-
Short term borrowings	2,278,930	2,278,930	-	-	-	-	-
	3,647,847	2,278,930	1,387,884	806,631	101,244	180,938	299,081

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), Euros and JPY . The Group's exposure to foreign currency risk for these currencies is as follows:

	2017			
	USD	Euro	JPY	Total
Foreign creditors	(12,964,117)	(33,350)	-	(12,997,467)
Outstanding letters of credit	(6,574,931)	(469,266)	(12,200,000)	(19,244,197)
Net exposure	(19,539,048)	(502,616)	(12,200,000)	(32,241,664)

	2016			
	USD	Euro	JPY	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)

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2017	2016	**2017**	2016
USD to PKR	104.76	104.49	105.00	104.70
Euro to PKR	114.43	115.53	120.10	116.31
JPY to PKR	0.96	-	0.94	-

Sensitivity analysis

At the balance sheet date, if the PKR had strengthened by 10% against the USD, Euro and JPY 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.

	2017	2016
Effect on profit or loss		
USD	(1,953,905)	(634,886)
Euro	(50,262)	(9,489)
JPY	(1,220,000)	-
	(3,224,167)	(644,375)

The weakening of the PKR against USD, Euro and JPY 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:

	2017	2016	**2017**	2016
	Effective interest rate (Percentage)		Carrying amount (Rupees in '000)	
Financial liabilities				
Variable rate instruments:				
Long term loans	7.53-8.85	7.60-9.54	462,981	503,500
Liabilities against assets subject to finance lease	10.61-15.41	11.10-15.41	105,306	135,832
Short term borrowings	6.96-8.62	7.75-9.01	2,904,166	2,278,930

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 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 2016.

	Profit and loss 100 bp	
	Increase	Decrease
Rupees in '000	**2017**	2016
As at 30 June 2017		
Cash flow sensitivity - Variable rate financial liabilities	(34,725)	34,725
As at 30 June 2016		
Cash flow sensitivity - Variable rate financial liabilities	(29,183)	29,183

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	**2017**	2016
Effect on profit	95,077	74,033
Effect on equity	23,900	12,431
Effect on investments	118,977	86,464

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

47. REMUNERATION TO THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Chief Executive		Director		Executives		Total	
Rupees in '000	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Managerial remuneration	21,060	12,900	-	-	73,896	61,107	94,956	74,007
House rent	6,966	5,805	-	-	25,433	20,912	32,399	26,717
Utilities	1,548	1,290	-	-	5,302	4,408	6,850	5,698
Travelling expenses	68	2,001	-	-	-	-	68	2,001
Others	-	2,353	-	-	-	-	-	2,353
Medical	292	237	-	-	2,723	2,323	3,015	2,560
Contributions to								
- Gratuity fund	600	1,075	-	-	1,591	2,810	2,191	3,885
- Pension fund	1,440	2,580	-	-	4,447	7,653	5,887	10,233
- Provident fund	1,548	1,290	-	-	8,099	3,657	9,647	4,947
Club subscription								
and expenses	1,082	711	-	-	178	163	1,260	874
Entertainment	233	-	-	-	69	74	302	74
Conveyance	-	-	-	-	2,540	2,424	2,540	2,424
Telephone	-	-	-	-	6	6	6	6
	34,837	30,242	-	-	124,284	105,537	159,121	135,779
Number of persons	1	1	-	-	43	36	44	37

47.1 The aggregate amount charged in respect of directors' fees paid to six (2016: seven) directors is Rs. 2.8 million (2016: Rs. 1.410 million). Also, during the year remuneration paid to the non-executive Chairman of the Board of Directors amounted to Rs. 1.2 million (2016: Rs. 1.2 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 associates, directors, companies where directors also hold directorship, related group companies, key management personnel and staff retirement benefit funds. All transaction with related 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 with related parties other than those disclosed elsewhere are as follows :

Name	Nature of relationship	Nature of transaction	**2017**	2016
Rupees in '000				
Altern Energy Limited	Associated Company	Dividend received	149,045	-
Shakarganj Limited	Associated Company	Dividend paid	5,118	6,582
		Purchase of raw material	689,119	171,161
		Sale of bagasse	104,600	19,661
		Sales of electricity and steam	538,960	140,728
		Purchase of fixed assets	2,651	-
		Purchase of stores and spares	781	-
		Rent expense	624	588
		Services received	10,779	3,548
		Reimbursable expenses	1,442	6,557

Name	Nature of relationship	Nature of transaction	2017	2016
Rupees in '000				
Central Depository Company of Pakistan Limited	Related party	Services received	696	2,141
		Dividend Received	550	5,809
Muhammad Amin Muhammad Bashir Limited *	Related party	Dividend paid	4	2
Premier Insurance Limited *	Related party	Insurance premium	16,449	11,515
		Dividend paid	720	-
Crescent Cotton Mills Limited *	Related party	Dividend paid	63	-
The Crescent Textile Mills Limited *	Related party	Dividend paid	-	17,589
		Dividend received	-	6,351
		Issue of right shares	-	99,044
The Citizens' Foundation *	Related party	Donation given	58,351	48,518
CSAP Foundation*	Related party	Donation given	7,760	3,038
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Contribution made	1,820	644
		Dividend paid	374	154
		Issue of right shares	-	868
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Contribution made	2,851	4,974
		Dividend paid	7,356	3,031
		Issue of right shares	-	17,066
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Contribution made	7,545	12,861
		Dividend paid	16,151	6,654
		Issue of right shares	-	37,470
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Contribution made	8,251	6,961
		Dividend paid	4,166	1,616
		Issue of right shares	-	17,921
CSAP - Staff Benevolent Fund	Staff welfare fund	Contribution made	20,000	10,000
		Dividend paid	77	-
Key management personnel	Related parties	Remuneration and benefits	93,133	80,516
		Dividend paid	3,166	336
		Issue of right shares	-	8,953
Directors and their spouse	Related parties	Dividend paid	693	460
		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 2017 and 2016 are included in issued, subscribed and paid-up capital (note 6.1), trade and other payables (note 11.3), investment in equity accounted investees (note 18), other long term investments (note 19.1), other receivables (note 27.2), administrative expenses (note 34.3) 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 2016.

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 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	**2017**	2016
Total debt	49.1.1	3,472,453	2,918,262
Less: Cash and bank balances		85,629	73,887
Net debt		3,386,824	2,844,375
Total equity	49.1.2	8,717,816	7,319,191
Total capital		12,104,640	10,163,566
Gearing ratio		28%	28%

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 66,667 tons (2016: 66,667 tons) annually on the basis of notional pipe size of 30" dia x ½" thickness. The actual production achieved during the year was 88,110 tons (2016: 58,202 tons) line pipes of varied sizes and thickness, which is due to operation of plant more than single shift. Actual production is equivalent to 107,699 tons (2016: 66,811 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 1524 mm outside dia and thickness ranging from 3 mm to 16 mm.

The annual capacity of the plant works out to 600,000 square meters outside surface area of line pipes based on notional size of 14" dia on single shift working. Coating of 272,587 meters (2016: 216,070 meters) of different dia pipes (397,103 square meters surface area) was achieved during the year (2016: 590,738 square meters surface area).

Steel melting plant

The plant's installed / rated capacity for production based on three shifts is 42,500 metric tons (2016: 42,500 metric tons) annually. Installation and commissioning of second furnace completed in June 2017, which has enhanced the production capacity to 85,000 metric tons.

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 (2016: 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 7,949,096 kilograms for 1,080 shifts (2016: 330,519 kilograms for 45 shifts).

50.3 Energy segment

Power plant

The power plant has a maximum output capacity of 16.5 MWh (2016: 16.5 MWh).

51. GENERAL

51.1 Number of employees

The number of employees including contractual employees of the Group as at 30 June 2017 were 583 (2016: 966) and weighted average number of employees were 1,021 (2016: 545).

51.2 Non adjusting event after balance sheet date

The Board of Directors of the Holding Company in their meeting held on 12 August 2017 have proposed final cash dividend for the year ended 30 June 2017 of Rs. 2.25 per share (i.e. 22.5%) (2016: Rs. 2 per share) amounting to Rs. 174.673 million (2016: Rs. 155.265 million). This is in addition to the first and second interim cash dividends of Rs. 1.5 per share each (i.e. 15% each) this makes a total distribution of Rs. 5.25 per share (i.e. 52.5%) for the year ended 30 June 2017. The above proposed final cash dividend is subject to the approval of the members at the Annual General Meeting to be held on 17 October 2017. These consolidated financial statements do not include the effect of above proposed final cash dividend 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 12 August 2017.

Chief Executive	Director	Chief Financial Officer