CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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 2018. The Group comprises of CSAPL and it's wholly owned subsidiary companies namely; CS Energy (Private) Limited (Formerly Shakarganj Energy (Private) Limited), CS Capital (Private) Limited, Crescent Hadeed (Private) Limited and Crescent Continental Gas Pipelines Limited (CCGPL). CCGPL is not carrying on any business operations and accordingly no financial statements are being prepared.

The Directors' Report containing commentary on the performance of CSAPL for the year ended 30 June 2018 has been presented separately.

Group results

The consolidated financial results of the Group are summarized below:

	Note	2018	2017
		----------- Rupees in '000	-------------
Profit for the year before taxation		147,493	1,591,974
Taxation charge		(208,912)	(404,853)
Profit after taxation		(61,419)	1,187,121
Total other comprehensive income for the year		(589,853)	379,591
Unappropriated profit brought forward		2,940,279	2,761,730
Profit available for appropriation		2,289,007	4,328,442
Appropriations :			
- Final dividend	2016 - @ 20%	-	(155,265)
- First interim dividend	2017 - @ 15%	-	(116,449)
- Second interim dividend	2017 - @ 15%	-	(116,449)
- Final dividend	2017 - @ 22.5%	(174,673)	-
- First interim dividend	2018 - @ 10%	(77,633)	-
		(252,306)	(388,163)
Transfer to general reserve			(1,000,000)
Unappropriated profit carried forward		2,036,701	2,940,279
Basic and diluted earning per share		Rs. (0.79)	Rs. 15.29

Pattern of shareholding

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

Material changes and commitments

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

Chief Executive's Review

The Directors endorse the contents of the Annual Report for the year ended 30 June 2018 which contains the state of the Group's affairs, operational performance of CSAPL and its subsidiary companies, future prospects of profits and other requisite information. The contents of the said review shall be read along with this report and shall form an integral part of the Director's Report in terms of section 227 of the Companies Act, 2017 and the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 and the Pakistan Stock Exchange (PSX) Rule Book.

By order of the Board

Ahsan M. Saleem
Chief Executive Officer
31 July 2018

Zahid Bashir
Director

ترتیب حصص داری

ترتیب حصص داری اور اس سے متعلق اضافی معلومات رپورٹ ہذا کے ساتھ علیحدہ سے منسلک ہے۔

اہم تغیرات و وعدے

زیرنظر مالی سال کے دوران بنائی جانے والی بیلنس شیٹ کی تاریخ اور ڈائریکٹرز رپورٹ کے شائع ہونے کے درمیان کی تاریخ تک نا تو کوئی اہم تغیرات واقع ہوئے ہیں اور نا ہی ایسے کوئی وعدے کیئے گئے ہیں جن کا اثر گروپ کے مالیاتی نتائج پر پڑتا ہو۔

چیف ایگزیکیٹو کا جائزہ

ڈائریکٹروں کی جانب سے مالی سال 30 جون 2018 کی رپورٹ میں شامل مواد کی توثیق کی جاتی ہے جس سے کمپنی کے معاملات، سی ایس اے پی ایل اور اس کی ذیلی کمپنیوں کی کاروباری کارکردگی، منافع سے متعلق پیشن گوئی اور دیگر اہم معلومات کا اظہار ہوتا ہے۔ مزکور جائزے کو رپورٹ ہذا کے ساتھ ملا کر پڑھا جائے جو کہ کمپنیز ایکٹ 2017 کے دفعہ 227، لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 اور پاکستان اسٹاک ایکسچینج (پی ایس ایکس) کی رول بک کے تحت ڈائریکٹرز رپورٹ کا لازمی حصہ ہے۔

بحکم بورڈ

احسان ایم سلیم
چیف ایگزیکیٹو
31 جولائی 2018

زاہد بشیر
ڈائریکٹر

ڈائریکٹر صاحبان کی رپورٹ۔ مربوط

کریسنٹ اسٹیل اورالائیڈ پروڈکٹس لمیٹڈ (سی ایس اے پی ایل) کے ڈائریکٹرانتہائی مسرت کے ساتھ 30 جون 2018 کوختم ہونے والے مالی سال سے متعلق گروپ کی رپورٹ بمعہ آڈٹ شدہ مالیاتی دستاویزات آپ کی خدمت میں پیش کررہے ہیں۔گروپ سی ایس اے پی ایل اورمکمل طور پراس کی ملکیت میں شامل ذیلی کمپنیوں سی ایس انرجی (پرائیویٹ) لمیٹڈ (سابقہ شکرگنج انرجی (پرائیویٹ) لمیٹڈ)، سی ایس کیپٹل (پرائیویٹ) لمیٹڈ، کریسنٹ حدید (پرائیویٹ) لمیٹڈاورکریسنٹ کانٹینینٹل گیس پائپ لائنزلمیٹڈ (سی سی جی پی ایل) پرمشتمل ہے۔سی سی جی پی ایل کی جانب سے کاروباری افعال سرانجام نہیں دیئے جارہے ہیں اس لئے کسی بھی قسم کی مالیاتی دستاویزات بھی تیارنہیں کی گئیں۔

سی ایس اے پی ایل کی کارکردگی بابت مالی سال اختتامیہ 30 جون 2018 سے متعلق ڈائریکٹرزرپورٹ بمعہ جائزہ کوعلیحدہ سے پیش کیا گیا ہے۔

گروپ کے نتائج

گروپ کے یکجامالی نتائج کاخلاصہ درج ذیل ہے:

		2018	2017
		(روپے ہزاروں میں)	
زیرنظرسال کامنافع قبل ازٹیکس		147,493	1,591,974
ٹیکس		(208,912)	(404,853)
منافع بعدازٹیکس		(61,419)	1,187,121
دیگرجامع آمدن		(589,853)	379,591
گزشتہ غیرمنقسم شدہ منافع		2,940,279	2,761,730
تقسیم کیلئے دستیاب، نافع		2,289,007	4,328,442
منافع کی تقسیم:			
آخری ڈیویڈنڈ	20% @ 2016	-	(155,265)
پہلاعبوری ڈیویڈنڈ	15% @ 2017	-	(116,449)
دوسراعبوری ڈیویڈنڈ	15% @ 2017	-	(116,449)
آخری ڈیویڈنڈ	22.5% @ 2017	(174,673)	-
پہلا عبوری ڈیویڈنڈ	10% @ 2018	(77,633)	-
		(252,306)	(388,163)
عمومی ذخائر میں منتقلی			(1,000,000)
گزشتہ غیرمنقسم شدہ منافع		2,036,701	2,940,279
بنیادی وتحلیلی آمدن فی حصص		(0.79) روپے	15.29 روپے

KEY PERFORMANCE INDICATORS

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

(Rs. in million)
9,929.8
Sales Revenue

(Rs. in million)
147.5
Profit before tax

(In %)
5.4
Gross profit ratio

(In %)
(0.6)
Net profit margin

(Rs. in million)
635.7
EBTIDA

(Rs. per share)
(0.79)
Earnings per Share (Basic and diluted)

(Rs. in million)
12,059.0
Total assets

(Rs. in million)
7,613.7
Shareholders' Equity

(Rs. in million)
249.8
Capital Expenditure

(Rs. per share)
98.1
Break-up value

(Rs. per share)
2.0
Cash dividend (Including final proposed)

(In %)
3.7
Return on average capital employed

(In %)
22.8
Gearing ratio

(In ratio)
1.4:1
Current Ratio

(In times)
-
Price earnings ratio

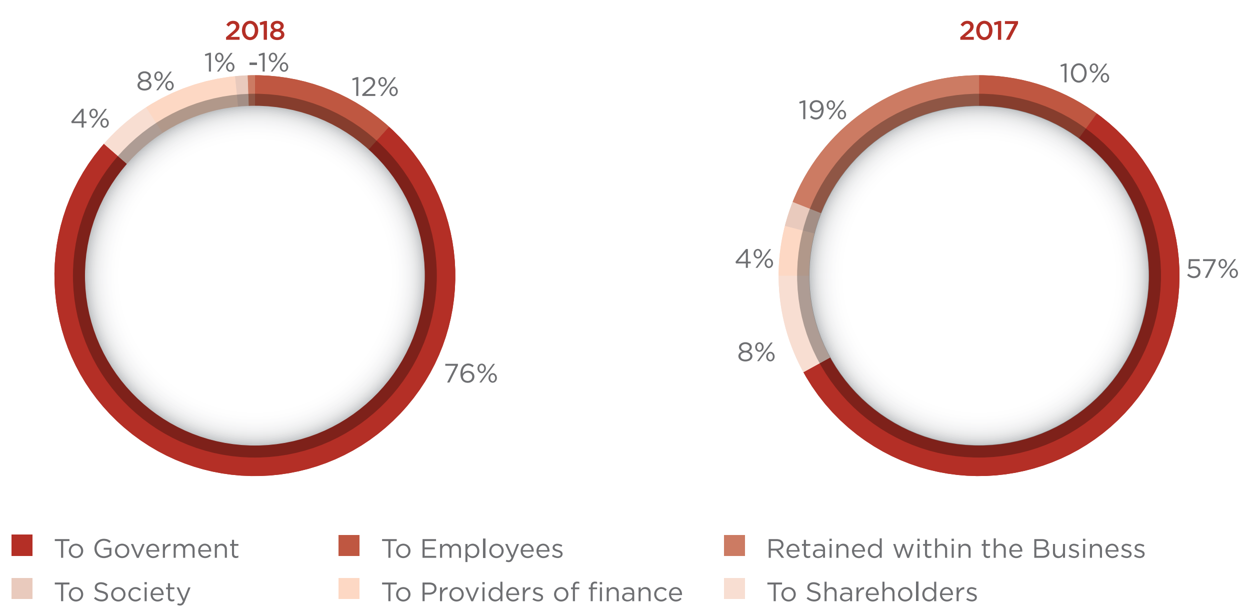
(Rs. per share)
91.2
Share price

STATEMENT OF VALUE ADDED

	2018 Rupees in '000	%	2017 Rupees in '000	%
WEALTH GENERATED				
Total revenue	11,660,156	100%	15,023,072	100%
Bought-in-material and services	(8,206,962)	70%	(9,765,204)	65%
	3,453,194	30%	5,257,868	35%
WEALTH DISTRIBUTED				
To Employees				
Salaries, wages and other benefits	407,939	12%	536,666	10%
To Government				
Income tax, sales tax, custom duties, WWF and WPPF	2,610,709	76%	3,018,268	57%
To Shareholders				
Dividend *	155,265	4%	407,571	8%
To providers of finance				
Finance costs	263,964	8%	204,626	4%
To Society				
Donation towards education, health and environment	35,087	1%	80,813	2%
Retained within the business for future growth				
Depreciation, amortization and retained earnings	(19,770)	-1%	1,009,924	19%
	3,453,194	100%	5,257,868	100%

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

Distribution of Wealth



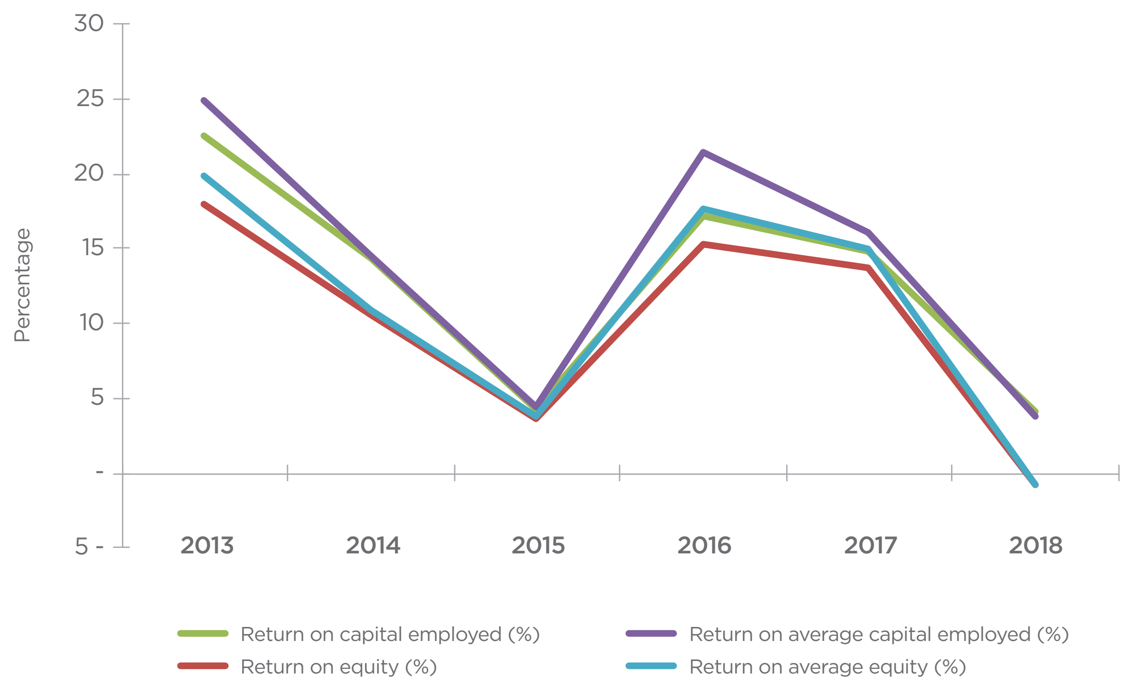
SUMMARY DATA AND PERFORMANCE INDICATORS

PERFORMANCE INDICATORS	2018	2017	2016	2015	2014	2013	2012
A - Profitability Ratios							
Earnings before interest, taxation, depreciation and amortization (EBITDA) (Rs. in millions)	635.7	2,008.4	1,914.4	389.4	902.5	1,316.6	703.6
Profit before taxation and depreciation (Rs. in millions)	368.1	1,798.5	1,653.4	295.1	802.3	1,251.3	582.7
Gross profit ratio (%)	5.4	13.7	26.6	0.9	5.7	13.0	12.9
Operating profit margin to sales (net) (%)	3.3	10.0	18.6	2.2	11.5	19.1	7.8
Net profit margin to sales (net) (%)	(0.6)	9.7	14.8	8.7	13.7	17.8	11.9
EBITDA margin to sales (net) (%)	6.4	16.3	25.3	16.9	22.4	26.3	17.8
Operating leverage ratio	4.0	0.0	2.6	1.6	1.8	4.4	4.1
Return on equity (%)	(0.8)	13.8	15.3	3.7	10.5	18.0	11.7
Return on average equity (%)	(0.8)	14.9	17.7	3.8	10.8	19.9	12.4
Return on capital employed (RoCE) (%)	4.1	14.9	17.1	4.2	14.4	22.5	12.8
Return on average capital employed (%)	3.7	16.1	21.5	4.4	14.6	25.0	12.7
Return on average assets (%)	(0.5)	9.0	12.3	3.1	9.8	16.3	9.4
B - Liquidity Ratios							
Current ratio	1.4 : 1	1.5 : 1	1.6 : 1	1.9 : 1	2.6 : 1	2.5 : 1	1.8 : 1
Quick / Acid-test ratio	0.9 : 1	0.9 : 1	0.9 : 1	1.4 : 1	2 : 1	1.8 : 1	1.3 : 1
Cash to current liabilities (%)	(6.6)	(5.8)	(6.8)	(18.9)	(11.8)	(23.6)	(23.5)
Cash flows from operations to sales (%)	15.2	(0.4)	(31.0)	4.1	4.3	(1.7)	11.1
Working capital (Net current assets)	1,753.8	2,949.6	2,095.1	929.3	1,123.6	1,340.9	856.4
Working capital turnover (times)	4.2	4.9	5.0	2.2	3.3	4.6	5.4
C - Activity / Turnover Ratios							
Debtors turnover ratio (times)	20.4	18.0	28.4	30.7	28.1	17.7	15.3
No. of days in receivables / Average collection period (days)	18	20	13	12	13	21	24
Inventory turnover ratio (times)	3.3	3.6	3.7	5.3	7.1	7.0	4.8
No. of days in inventory (days)	110	102	98	69	51	52	76
Creditors turnover ratio (times)	6.7	11.2	20.0	8.5	29.3	19.9	15.9
No. of days in creditors / Average payment period (days)	54	33	18	43	12	18	23
Property, plant and equipment turnover (times)	3.8	4.8	3.1	1.1	2.9	3.9	3.6
Total assets turnover (times)	0.8	0.8	0.7	0.3	0.7	0.9	0.8
Operating cycle (days)	74	89	93	38	52	55	77
D - Investment / Market Ratios							
Basic and diluted earnings per share (Rs.)	(0.79)	15.29	15.05	2.87	7.93	12.77	6.75
Price earnings ratio (times)	-	15.6	7.6	18.1	5.5	3.5	3.4
Dividend yield (%) *	2.2	2.2	4.4	1.3	5.7	7.8	8.6
Dividend payout ratio (%) *	(252.5)	34.3	34.6	21.7	28.1	28.5	24.0
Dividend cover ratio (times) *	(0.4)	2.9	3.0	4.1	3.2	3.6	3.4
Cash dividend (Rs. in millions) *	155.3	407.6	388.2	43.5	155.3	197.6	112.9
Cash dividend per share (Rs.) *	2.0	5.3	5.0	0.7	2.5	3.5	2.0
Stock dividend / Bonus shares (Rs. in millions) *	-	-	-	-	-	56.4	-
Stock dividend / Bonus shares (%) *	-	-	-	-	-	10.0	-
Market value per share (at the end of the year) (Rs.)	91.2	238.6	114.6	51.9	43.5	45.0	23.2
- Lowest during the year (Rs.)	89.8	116.0	54.6	34.9	43.5	21.6	18.0
- Highest during the year (Rs.)	229.4	283.1	134.8	62.4	74.8	54.5	28.5
Break-up value per share (Rs.)	98.1	110.8	94.3	86.8	84.5	79.8	64.7
E - Capital Structure Ratios							
Financial leverage ratio (%)	32.2	40.4	39.9	12.8	6.3	9.8	9.0
Long term debt to equity ratio (%)	4.6	4.5	6.4	5.3	1.2	0.7	0.5
Cost of debts	8.0	8.4	8.4	10.9	13.7	14.4	16.7
Long term debt : Equity ratio	4 : 96	4 : 96	6 : 94	5 : 95	1 : 99	1 : 99	0 : 100
Total liabilities to total assets (%)	36.8	41.9	36.0	21.1	14.9	15.6	21.1
Gearing ratio (%)	22.8	28.3	28.0	9.8	3.4	7.6	6.8
Interest coverage (times)	1.6	8.8	6.9	2.9	8.5	19.5	5.1

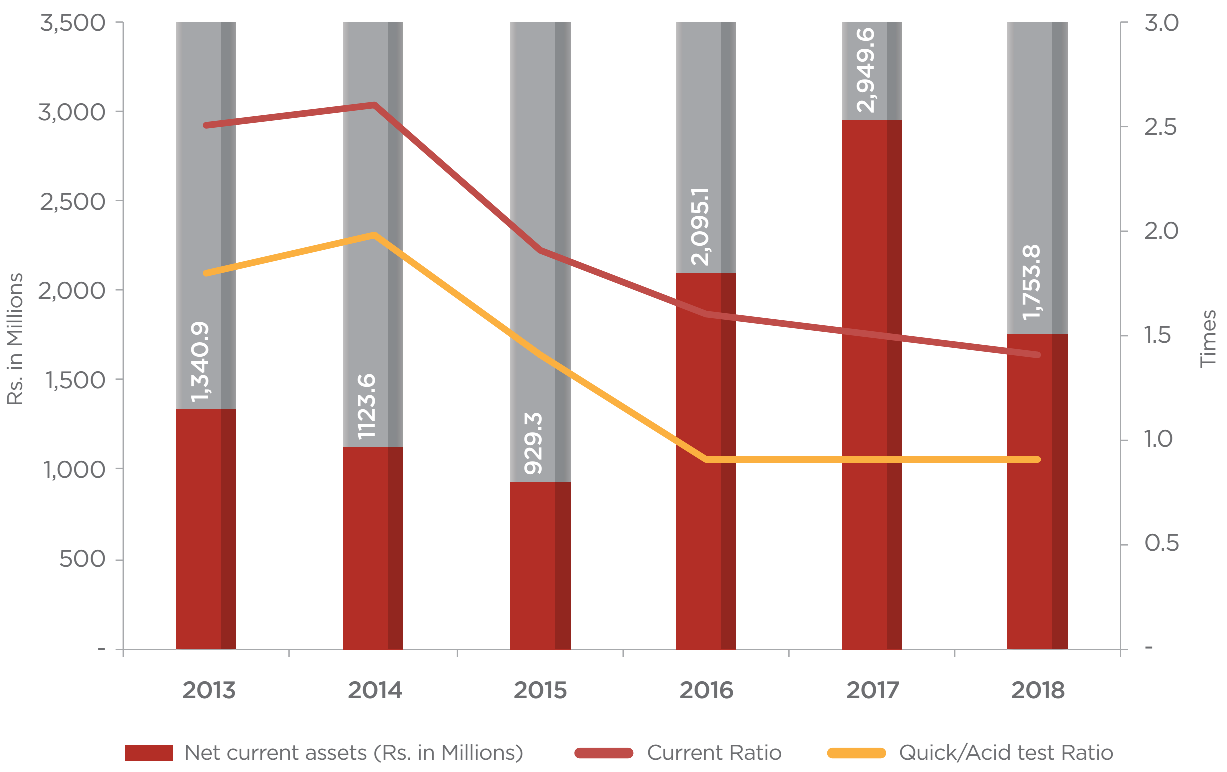
Notes:

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

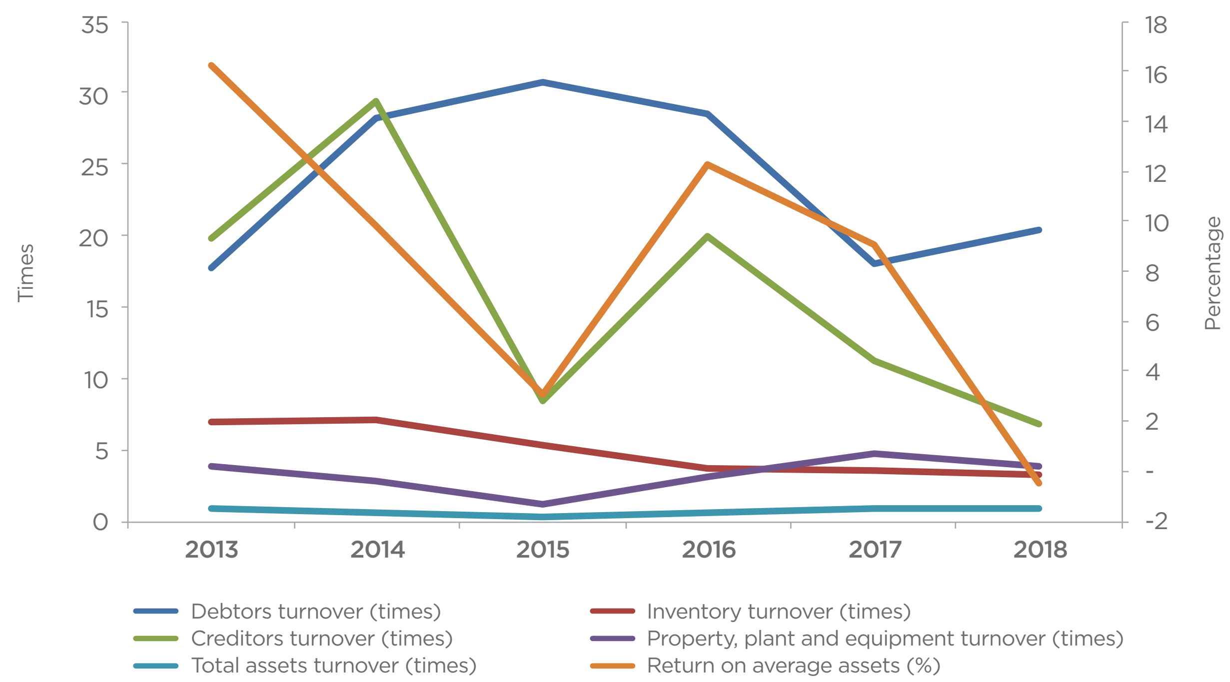
RETURN ON CAPITAL AND EQUITY



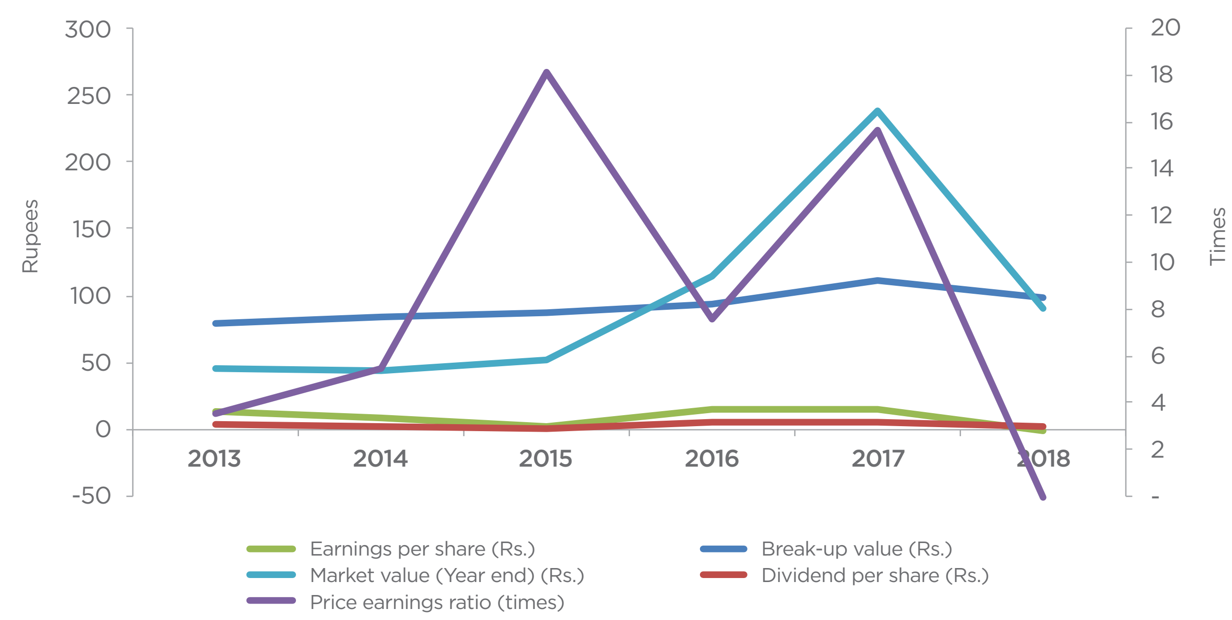
LIQUIDITY



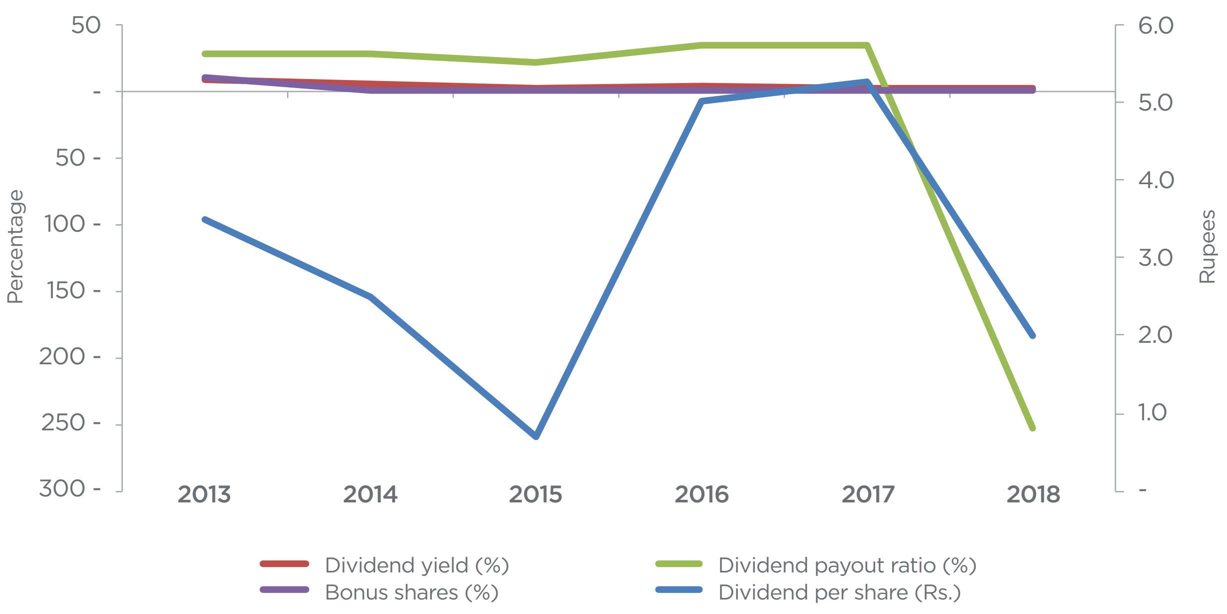
ASSET MANAGEMENT



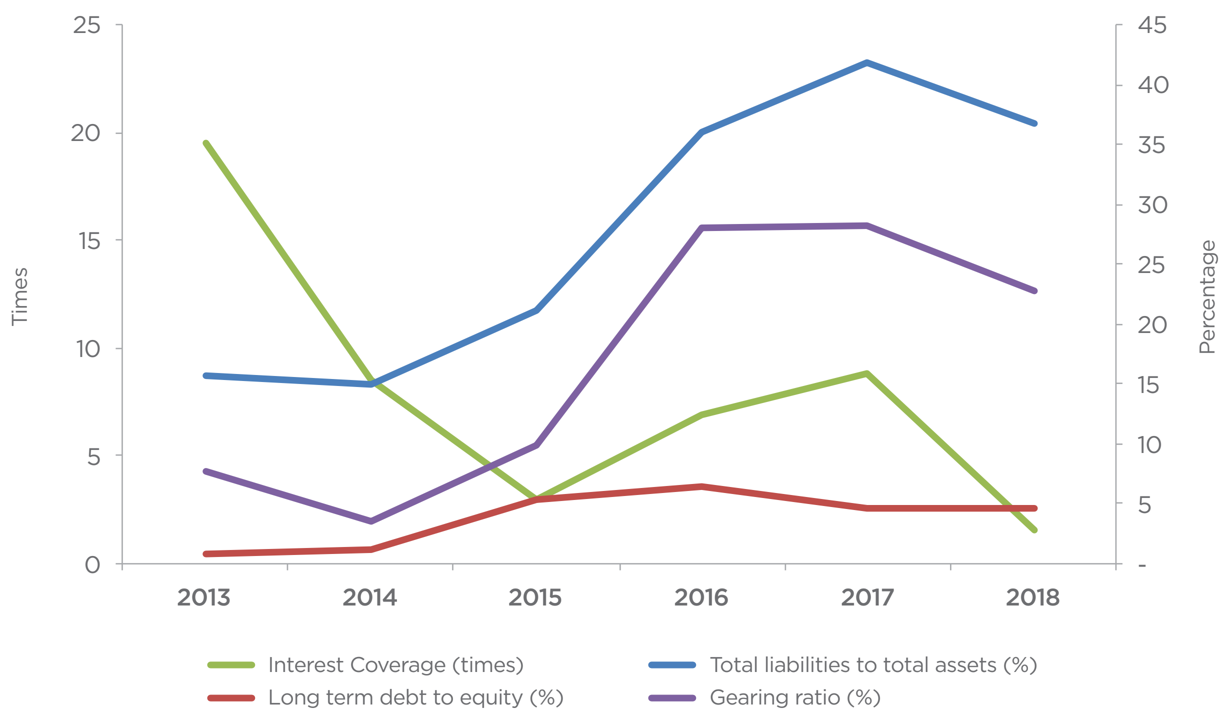
PER SHARE RESULTS



DIVIDEND AND RETURNS



DEBT MANAGEMENT



VERTICAL ANALYSIS OF STATEMENT OF FINANCIAL POSITION AND PROFIT OR LOSS

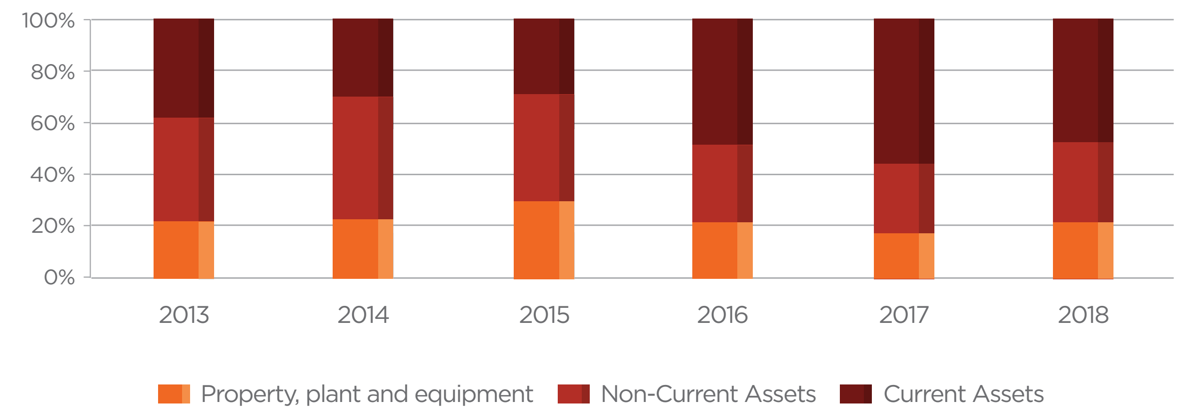
	2018		2017		2016		2015		2014		2013	
	Rs. in Million	%	Rs. in Million	%	Rs. in Million	%	Rs. in Million	%	Rs. in Million	%	Rs. in Million	%
Consolidated Balance Sheet												
Property, plant and equipment	2,596	21.5	2,565	17.3	2,468	21.5	2,019.0	29.5	1,404.0	22.8	1,281	21.8
Intangible assets	137	1.1	129	0.9	113	1.0	68.0	1.0	39.0	0.6	14	0.2
Investment property	49	0.4	54	0.4	60	0.5	67.0	1.0	73.0	1.2	62	1.1
Investment in equity accounted investees	3,088	25.6	3,292	22.2	2,882	25.2	2,423.0	35.4	2,540.0	41.1	2,040	34.6
Other long term investments	263	2.2	221	1.5	221	1.9	221.0	3.2	221.0	3.5	221	3.7
Long term loans and deposits	217	1.8	194	1.3	189	1.6	48.0	0.7	51.0	0.8	20	0.3
Stores, spares and loose tools	212	1.8	191	1.3	130	1.1	67.0	1.0	72.0	1.2	79	1.3
Stock-in-trade	2,268	18.8	3,385	22.9	2,531	22.1	453.0	6.6	407.0	6.6	662	11.3
Trade debts	82	0.7	891	6.0	472	4.1	61.0	0.9	89.0	1.4	197	3.4
Advances	30	0.2	21	0.1	45	0.4	58.0	0.8	58.0	0.9	32	0.5
Trade deposits and short term prepayments	72	0.6	57	0.4	38	0.3	15.0	0.2	7.0	0.1	9	0.2
Investments	1,055	8.7	1,201	8.1	879	7.7	824.0	12.1	758.0	12.3	946	16.1
Other receivables	631	5.2	1,774	12.0	800	7.0	187.0	2.7	143.0	2.3	135	2.3
Taxation - net	1,165	9.7	749	5.1	555	4.8	225.0	3.3	159.0	2.6	76	1.3
Cash and bank balances	194	1.6	86	0.6	74	0.6	101.0	1.5	144.0	2.3	80	1.4
Non-current asset held for sale	-	-	-	-	-	-	-	-	-	-	19	0.3
Total assets	12,059	100	14,810	100	11,457	100	6,837	100	6,165	100	5,873	100
Issued, subscribed and paid-up capital	776	6.4	776	5.2	776.0	6.8	621.0	9.1	621.0	10.1	565	9.6
Capital reserves	1,159	9.6	1,243	8.4	1,139.0	9.9	396.0	5.8	388.0	6.3	555	9.4
Revenue reserves	5,678	47.1	6,582	44.4	5,404.0	47.2	4,374.0	64.0	4,237.0	68.7	3,836	65.3
Shareholders' equity	7,613	63.1	8,601	58.0	7,319	63.9	5,391	78.9	5,246	85.1	4,956	84.3
Long term loans	227	1.9	322	2.2	394	3.4	239	3.5	-	-	-	-
Liabilities against assets subject to finance lease	127	1.1	64	0.4	77	0.7	46	0.7	62	1.0	34	0.6
Deferred income	8	0.1	7	-	9	0.1	1	-	2	-	1	-
Deferred taxation	129	1.1	410	2.8	229	2.0	98	1.4	142	2.3	6	0.1
Trade and other payables	1,805	15.0	2,145	14.5	815	7.1	631	9.2	376	7.0	347	7.1
Unpaid dividend	-	-	116	0.8	116	1.0	-	-	-	-	-	-
Unclaimed dividend	22	0.2	22	0.1	23	0.2	12	-	57	-	68	-
Mark-up accrued	24	0.2	32	0.2	23	0.2	13	0.2	9	0.1	9	0.2
Short term borrowings	1,956	16.2	2,904	19.5	2,279	19.8	302	4.4	228	3.7	418	7.1
Current portion of long term loan	97	0.8	141	1.0	109	1.0	55	0.8	-	-	-	-
Current portion of liabilities against assets subject to finance lease	46	0.4	42	0.3	59	0.5	47	0.7	41	0.7	32	0.5
Current portion of deferred income	5	-	4	-	5	-	2	-	2	-	1	-
Total equity and liabilities	12,059	100	14,810	100	11,457	100	6,837	100	6,165	100	5,873	100
Consolidated Profit and Loss Account												
Sales - net	9,930	100.0	12,285	100	7,575	100	2,303	100	4,030	100	5,002	100
Cost of sales	9,390	94.6	10,598	86.3	5,559	73.4	2,282	99.1	3,800	94.3	4,351	87.0
Gross profit	540	5.4	1,687	13.7	2,016	26.6	21	0.9	230	5.7	651	13.0
Income from investments - net	(41)	(0.4)	205	1.7	102	1.3	219	9.5	441	10.9	348	7.0
Distribution and selling expenses	19	0.2	32	0.3	16	0.2	27	1.2	52	1.3	68	1.4
Administrative expenses	199	2.0	307	2.5	299	3.9	181	7.9	172	4.3	177	3.5
Other operating expenses	107	1.1	429	3.5	427	5.6	11	0.5	33	0.8	169	3.4
Other income	153	1.5	104	0.8	30	0.4	32	1.4	47	1.2	371	7.4
Operating profit before finance costs	327	3.2	1,228	9.9	1,406	18.6	52	2.2	461	11.4	956	19.1
Finance costs	264	2.7	205	1.7	254	3.4	87	3.8	95	2.4	63	1.3
"Share of profit in equity accounted investees - net of taxation"	85	0.9	569	4.6	347	4.6	203	8.8	341	8.5	269	5.4
Profit before taxation	148	1.4	1,592	12.8	1,499	19.8	168	7.3	707	17.5	1,162	23.2
Taxation	209	2.1	405	3.3	377	5.0	(32)	(1.4)	154	3.8	272	5.4
(Loss) / profit after taxation	(61)	(0.7)	1,187	9.5	1,122	14.8	200	8.7	553	13.7	890	17.8

HORIZONTAL ANALYSIS OF STATEMENT OF FINANCIAL POSITION AND PROFIT OR LOSS

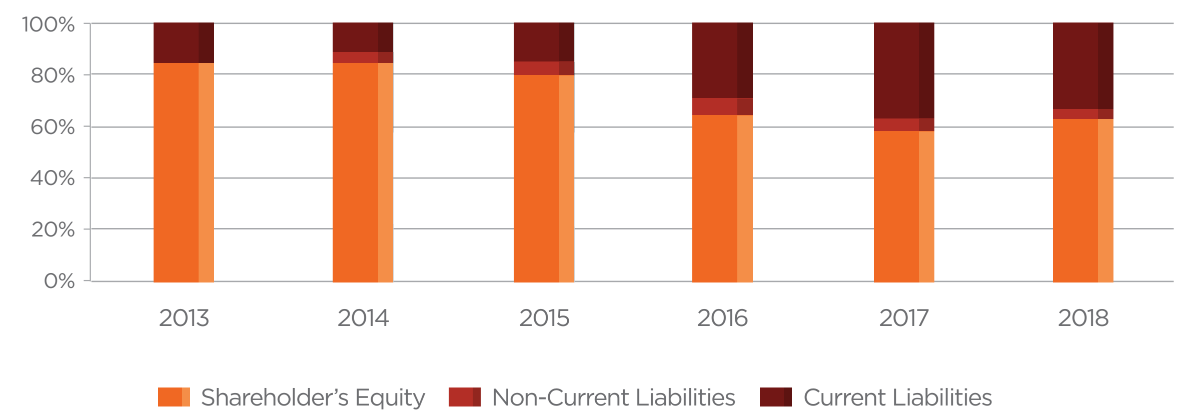
	2018		2017		2016		2015		2014		2013	
	Rs. in Million	Variance %	Rs. in Million	Variance %	Rs. in Million	Variance %	Rs. in Million	Variance %	Rs. in Million	Variance %	Rs. in Million	Variance %
Consolidated Balance Sheet												
Property, plant and equipment	2,596	1.2	2,565	3.9	2,468	22.2	2,019	43.8	1,404	9.6	1,281	18.0
Intangible assets	137	6.2	129	14.2	113	66.2	68	74.4	39	178.6	14	600.0
Investment property	49	(9.3)	54	(10.0)	60	(10.4)	67	(8.2)	73	17.7	62	72.2
Investment in equity accounted investees	3,088	(6.2)	3,292	14.2	2,882	18.9	2,423	(4.6)	2,540	24.5	2,040	13.0
Other long term investments	263	19.0	221	-	221	-	221	-	221	-	221	-
Long term loans and deposits	217	11.9	194	2.6	189	293.8	48	(5.9)	51	155.0	20	(4.8)
Stores, spares and loose tools	212	11.0	191	46.9	130	94.0	67	(6.9)	72	(8.9)	79	19.7
Stock-in-trade	2,268	(33.0)	3,385	33.7	2,531	458.7	453	11.3	407	(38.5)	662	12.8
Trade debts	82	(90.8)	891	88.8	472	673.8	61	(31.5)	89	(54.8)	197	(46.6)
Advances	30	42.9	21	(53.3)	45	(22.4)	58	-	58	81.3	32	(76.8)
Trade deposits and short term prepayments	72	26.3	57	50.0	38	153.3	15	114.3	7	(22.2)	9	50.0
Investments	1,055	(12.2)	1,201	36.6	879	6.7	824	8.7	758	(19.9)	946	81.1
Other receivables	631	(64.4)	1,774	121.8	800	327.8	187	30.8	143	5.9	135	181.3
Taxation - net	1,165	55.5	749	35.0	555	146.7	225	41.5	159	109.2	76	(18.3)
Cash and bank balances	194	125.6	86	16.2	74	(26.7)	101	(29.9)	144	80.0	80	15.9
Non-current asset held for sale	-	-	-	-	-	-	-	-	-	(100.0)	19	100.0
Total assets	12,059	(18.6)	14,810	29.3	11,457	67.6	6,837	10.9	6,165	5.0	5,873	15.5
Issued, subscribed and paid-up capital	776	-	776	-	776	25.0	621	-	621	9.9	565	-
Capital reserves	1,159	(6.8)	1,243	9.1	1,139	187.6	396	2.2	388	(30.1)	555	38.1
Revenue reserves	5,678	(13.7)	6,582	21.8	5,404	23.5	4,374	3.2	4,237	10.5	3,836	25.8
Shareholders' equity	7,613	(11.5)	8,601	17.5	7,319	35.8	5,391	2.8	5,246	5.9	4,956	23.4
Long term loans	227	(29.5)	322	(18.3)	394	64.9	239	100.0	-	-	-	-
Liabilities against assets subject to finance lease	127	98.4	64	(16.9)	77	67.4	46	(23.4)	62	77.7	34	72.3
Deferred income	8	14.3	7	(22.2)	9	800.0	1	8.5	2	41.5	1	100.0
Deferred taxation	129	(68.5)	410	79.0	229	133.7	98	34.9	142	2,201.1	6	100.0
Trade and other payables	1,805	(15.9)	2,145	163.2	815	29.2	631	67.8	376	8.4	347	(44.6)
Unpaid dividend	-	(100.0)	116	-	116	100.0	-	-	-	-	-	-
Unclaimed dividend	22	-	22	(4.3)	23	91.7	12	(78.9)	57	(16.2)	68	3.0
Mark-up accrued	24	(25.0)	32	39.1	23	76.9	13	44.4	9	-	9	(43.8)
Short term borrowings	1,956	(32.6)	2,904	27.4	2,279	654.6	302	32.5	228	(45.5)	418	24.8
Current portion of long term loan	97	(31.2)	141	29.4	109	98.2	55	100.0	-	-	-	-
Current portion of liabilities against assets subject to finance lease	46	9.5	42	(28.8)	59	25.5	47	14.6	41	28.1	32	300.0
Current portion of deferred income	5	25.0	4	(20.0)	5	150.0	2	-	2	100.0	1	100.0
Total equity and liabilities	12,059	(18.6)	14,810	29.3	11,457	67.6	6,837	10.9	6,165	5.0	5,873	15.5
Consolidated Profit and Loss Account												
Sales - net	9,930	(19.2)	12,285	62.2	7,575	228.9	2,303	(42.9)	4,030	(19.4)	5,002	26.9
Cost of sales	9,390	(11.4)	10,598	90.6	5,559	143.6	2,282	(39.9)	3,800	(12.7)	4,351	26.7
Gross profit	540	(68.0)	1,687	(16.3)	2,016	9,500.0	21	(90.9)	230	(64.7)	651	27.9
Income from investments - net	(41)	(120.0)	205	101.0	102	(53.4)	219	(50.3)	441	26.7	348	411.8
Distribution and selling expenses	19	(40.6)	32	100.0	16	(42.0)	27	(47.5)	52	(23.5)	68	47.8
Administrative expenses	199	(35.2)	307	2.7	299	65.2	181	5.3	172	(2.8)	177	4.1
Other operating expenses	107	(75.1)	429	0.5	427	3,712.8	11	(66.1)	33	(80.5)	169	156.1
Other income	153	47.1	104	246.7	30	(6.7)	32	(31.9)	47	(87.3)	371	2,991.7
Operating profit before finance costs	327	(73.4)	1,228	(12.7)	1,406	2,588.3	52	(88.7)	461	(51.8)	956	211.4
Finance costs	264	28.8	205	(19.3)	254	192.3	87	(8.4)	95	50.8	63	(42.7)
"Share of profit in equity accounted investees - net of taxation"	85	(85.1)	569	64.0	347	71.0	203	(40.5)	341	26.8	269	5.5
Profit before taxation	148	(90.7)	1,592	6.2	1,499	790.7	168	(76.2)	707	(39.3)	1,162	157.1
Taxation	209	(48.4)	405	7.4	377	1,277.9	(32)	(120.8)	154	(43.4)	272	1,531.6
(Loss) / profit after taxation	(61)	(105.1)	1,187	5.8	1,122	460.2	200	(63.7)	553	(38.0)	890	89.0

HORIZONTAL ANALYSIS OF STATEMENT OF FINANCIAL POSITION AND PROFIT OR LOSS

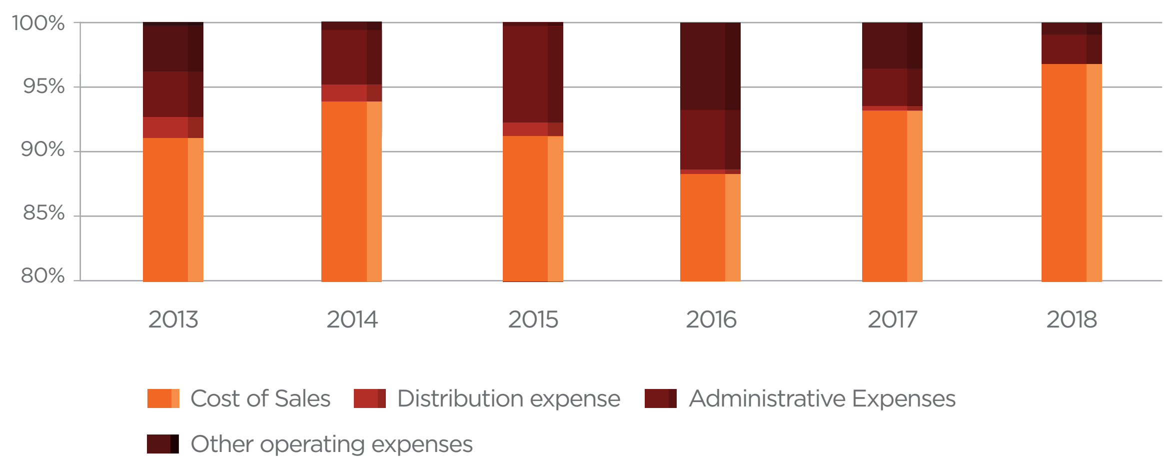
Balance Sheet Analysis (Assets) %



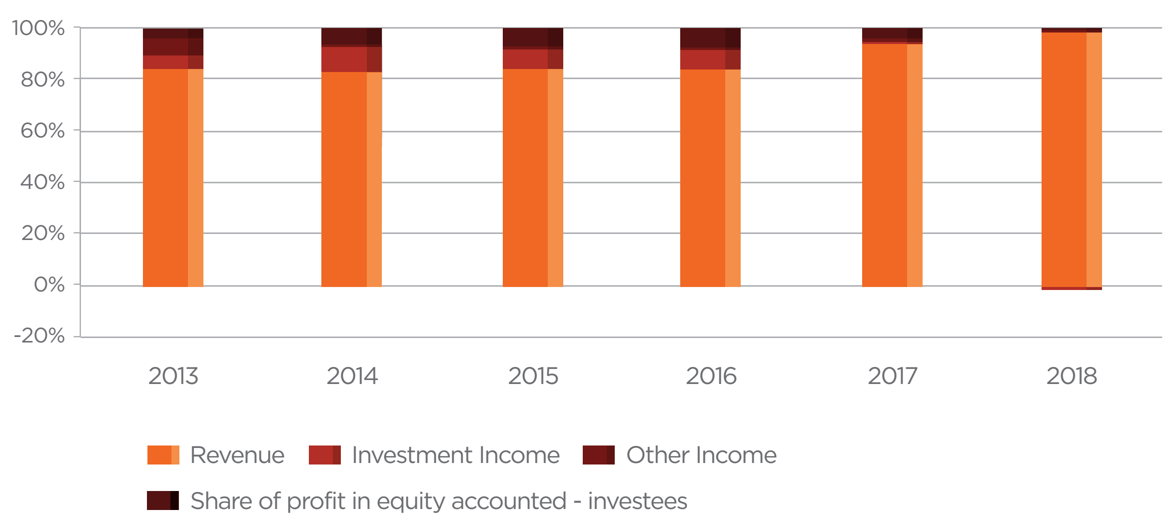
Balance Sheet Analysis (Equity and liabilities) %



Profit and loss Analysis (Expenses) %



Profit and loss Analysis (Revenue and income) %



COMMENTS ON CONSOLIDATED ANALYSIS SIX YEARS

The Group comprise of CSAPL and wholly owned subsidiaries i.e. CS Energy (Private) Limited (CSEL), Solution de Energy (Private) Limited (SdeE), CS Capital (Private) Limited (CSCL), and Crescent Hadeed (Private) Limited (CHL).

Consolidated Profit and Loss:

The difference between the results of Unconsolidated and Consolidated financial statements mainly represents share of profits from equity accounted investments. Share of profit had significantly decreased from Rs. 269.0 million in 2013 to Rs. 85.0 million in 2018, whereas, investment income amounted to Rs. (41.0) million in FY18 (2017: Rs. 205.0 million) out of which Rs. (18.5) million was contributed by CSCL (2017: Rs. 98.5 million). SEL contributed loss of Rs. 517 million while CHL contributed profit of Rs. 428 million in the Group's bottom line.

Consolidated Balance Sheet:

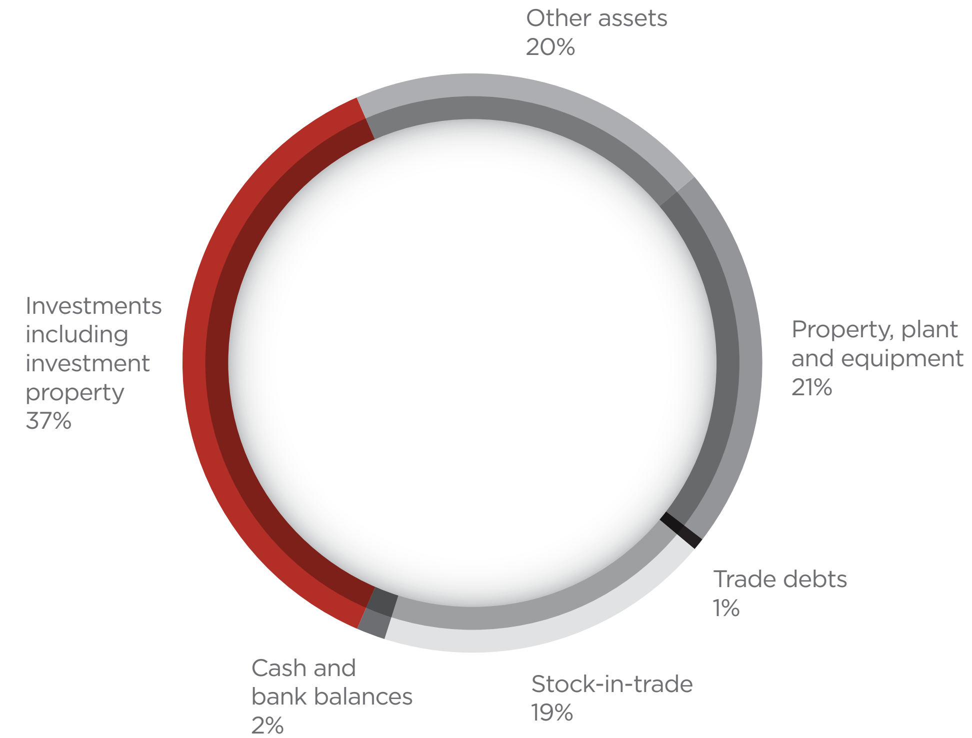
With respect to balance sheet, carrying amount of property plant and equipment (PPE) increased by 1.2% from last year. PPE of CHL decreased by Rs. 44.7 million, whereas SEL decreased by 30.4 million. Furthermore, investments in equity accounted investments increased by 51% from Rs. 2,040 million in 2013 to Rs. 3,088 million in 2018 mainly due to recognition of share of profits from Altern Energy Limited and Shakarganj Limited.

Total assets of the Group increased to Rs. 12,058 million in 2018 from Rs. 5,873 million in 2013.

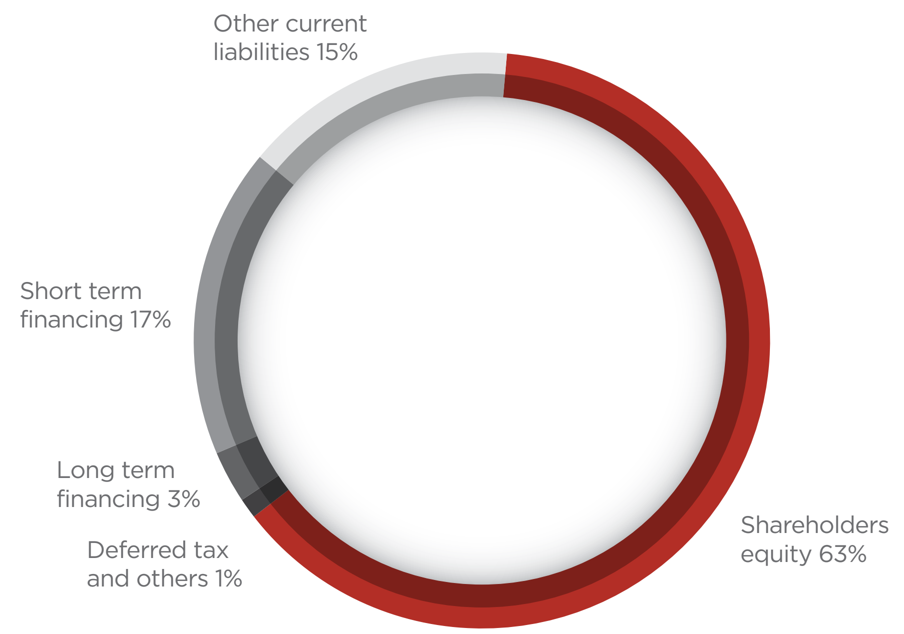
KEY OPERATING AND FINANCIAL DATA

SUMMARIZED FINANCIAL DATA	2018	2017	2016	2015	2014	2013	2012
A - Summary of Profit and Loss Account (Rupees in millions)							
Sales - net	9,929.8	12,285.5	7,575.4	2,302.5	4,030.2	5,001.7	3,942.9
Cost of sales	9,390.1	10,598.0	5,559.6	2,281.9	3,799.9	4,350.8	3,434.1
Gross profit	539.7	1,687.5	2,015.8	20.6	230.3	650.9	508.8
Income from investments - net	(41.1)	204.8	102.5	219.2	441.4	348.1	67.8
Distribution, selling and administrative expenses	218.2	339.5	315.2	208.7	223.7	244.9	216.0
Other operating expenses	107.3	429.3	426.8	11.3	33.4	169.0	65.8
Other income	153.3	103.7	29.8	31.8	47.3	371.2	11.6
Operating profit before finance costs	326.4	1,227.2	1,406.1	51.6	461.9	956.3	306.4
Finance costs	264.0	204.6	253.9	87.3	94.9	62.9	109.5
Share of profit in equity accounted investees - net of taxation"	85.0	569.3	347.1	203.3	340.5	269.5	255.3
Profit before taxation	147.4	1,591.9	1,499.3	167.6	707.5	1,162.9	452.2
Taxation	208.9	404.9	377.1	(32.4)	154.2	272.0	(18.9)
Net income	(61.5)	1,187.0	1,122.2	200.0	553.3	890.9	471.1
B - Summary of Balance Sheet (Rupees in millions)							
Current assets	5,708.2	8,354.7	5,524.1	1,991.0	1,836.8	2,216.1	1,908.0
Stock-in-trade	2,268.1	3,384.8	2,531.2	453.1	407.2	662.4	586.7
Trade debts	82.3	890.8	472.1	60.6	89.5	196.9	368.9
Current liabilities	3,954.4	5,405.1	3,429.0	1,061.7	713.2	875.2	1,051.6
Trade and other payables	1,805.2	2,144.8	815	631.0	376.0	347.0	626.0
Unpaid dividend	-	116.4	116	-	-	-	
Unclaimed dividend	21.5	21.6	23	12.0	57.0	68.0	66.0
Property, plant and equipment	2,596.0	2,565.4	2,467.8	2,018.5	1,404.4	1,280.7	1,086.2
Total assets	12,059.0	14,810.2	11,457.3	6,836.7	6,165.2	5,872.7	5,087.2
Long term financing (excluding current maturity)	354.2	386.1	471.4	285.2	62.0	34.5	19.8
Deferred income (including current maturity)	13.5	11.6	13.3	3.1	4.0	2.3	-
Deferred liabilities	128.7	410.3	228.5	98.2	141.5	6.2	-
Short term financing (including current maturity of long-term financing) "	2,098.7	3,086.4	2,446.9	404.2	269.4	450.5	343.0
Reserves	6,837.4	7,825.0	6,542.9	4,769.2	4,625.1	4,391.0	3,451.2
Shareholders' equity	7,613.7	8,601.4	7,319.2	5,390.2	5,246.2	4,955.6	4,015.8
C - Summary of Cash Flow Statement (Rupees in millions)							
Cash and cash equivalents at the beginning of the year	(313.0)	(233.4)	(200.4)	(84.1)	(206.3)	(247.0)	(551.1)
Net cash (used in) / generated from operating activities	1,505.1	(48.8)	(2,345.1)	94.1	169.2	(85.1)	437.0
Net cash (outflows) / inflows from investing activities	154.6	(69.4)	(534.1)	(309.2)	286.2	77.9	254.8
Net cash inflows / (outflows) from financing activities	(1,607.0)	38.6	2,846.2	98.8	(333.1)	47.9	(387.7)
Net (decrease) / increase in cash and cash equivalents	52.7	(79.6)	(33.0)	(116.4)	122.2	40.7	304.1
Cash and cash equivalents at the end of the year	(260.3)	(313.0)	(233.4)	(200.4)	(84.1)	(206.3)	(247.0)
D - Other Data (Rupees in millions)							
Depreciation and amortization	224.3	211.8	161.2	134.5	100.2	90.8	141.9
Capital expenditure	249.8	298.3	557.1	745.3	253.9	348.5	97.4
No. of ordinary shares (no. of shares in millions)	77.6	77.6	77.6	62.1	62.1	56.5	56.5
Payments to National Exchequer	2,610.7	3,018.3	2,296.9	210.7	361.4	731.4	290.4

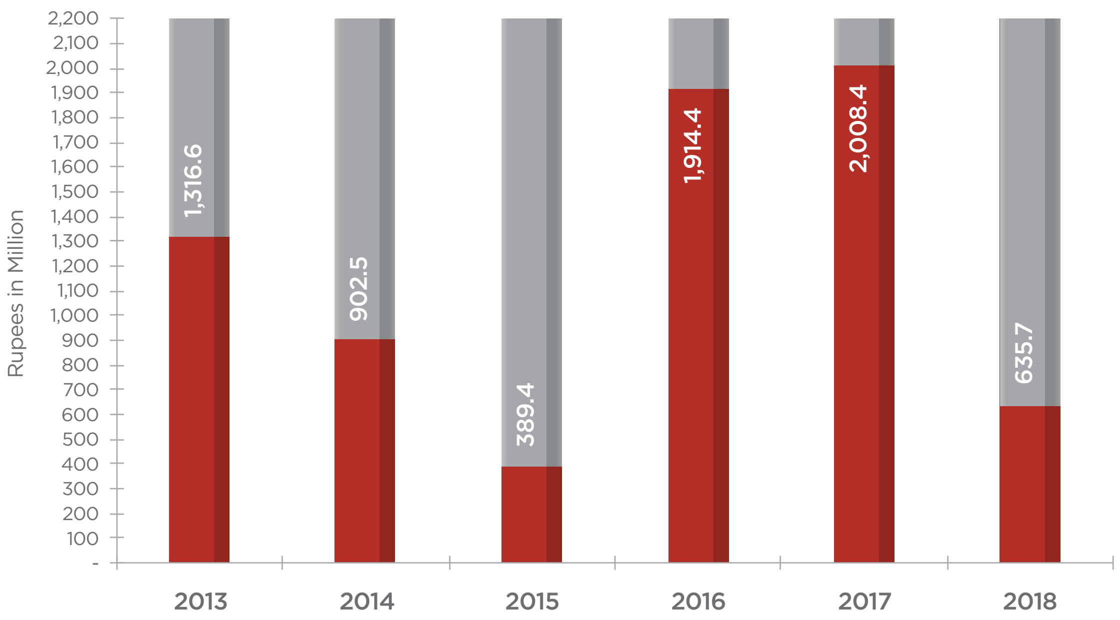
TOTAL ASSETS AS OF 30 JUNE 2018



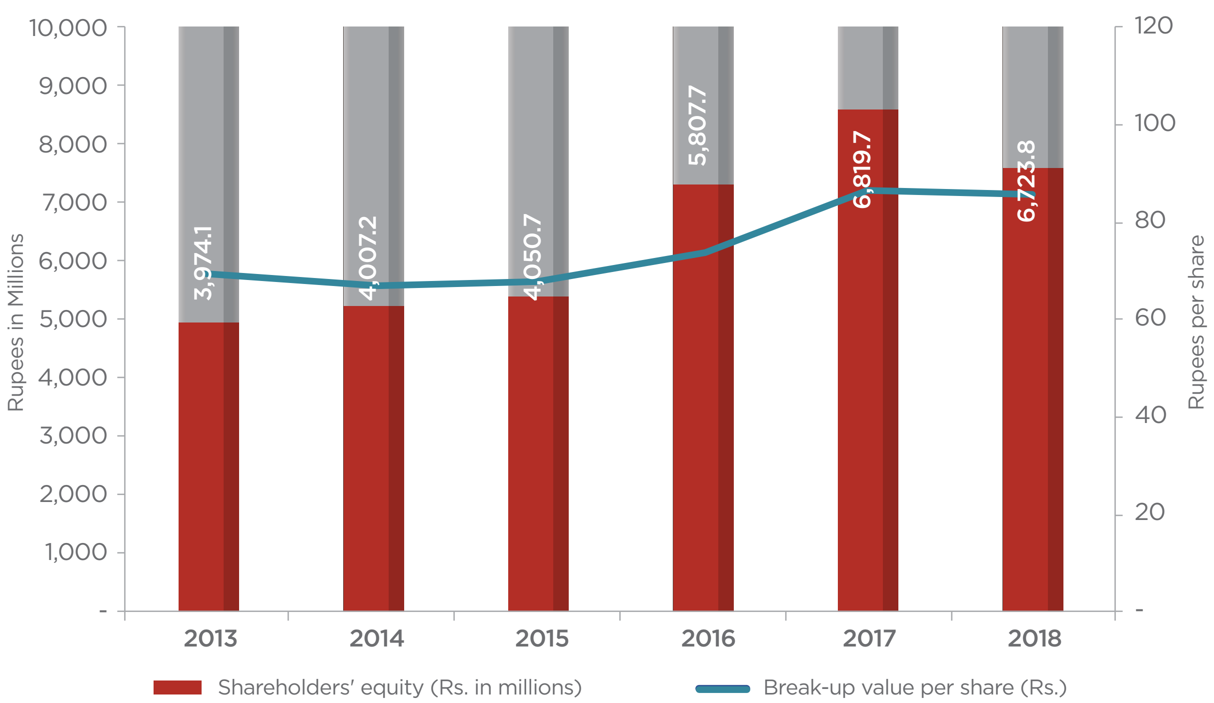
TOTAL LIABILITIES AS OF 30 JUNE 2018



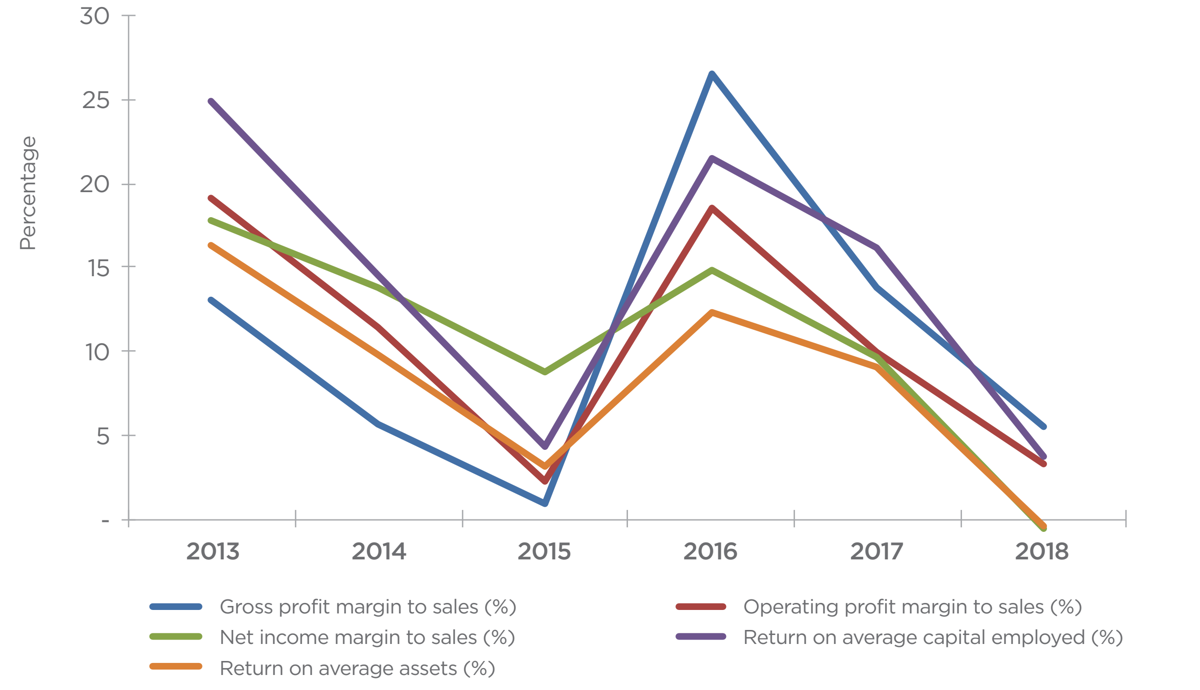
EARNINGS BEFORE, TAXATION, DEPRECIATION AND AMORTIZATION (EBITDA)



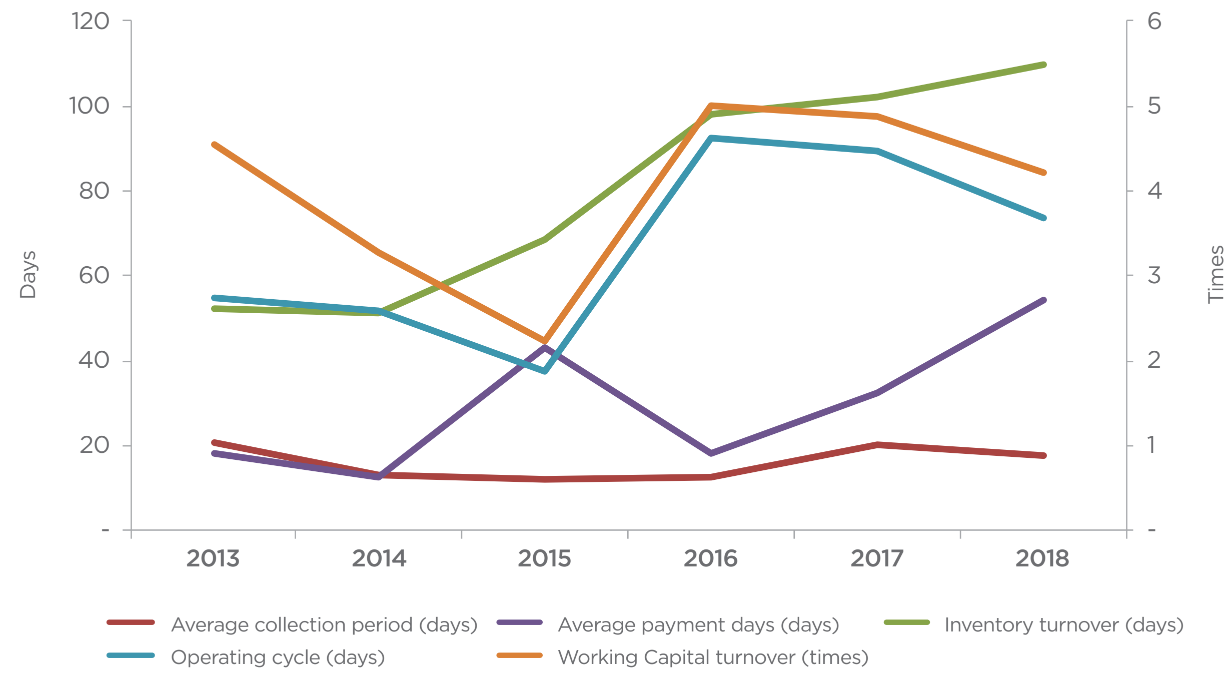
SHAREHOLDERS' EQUITY AND BREAK-UP VALUE PER SHARE



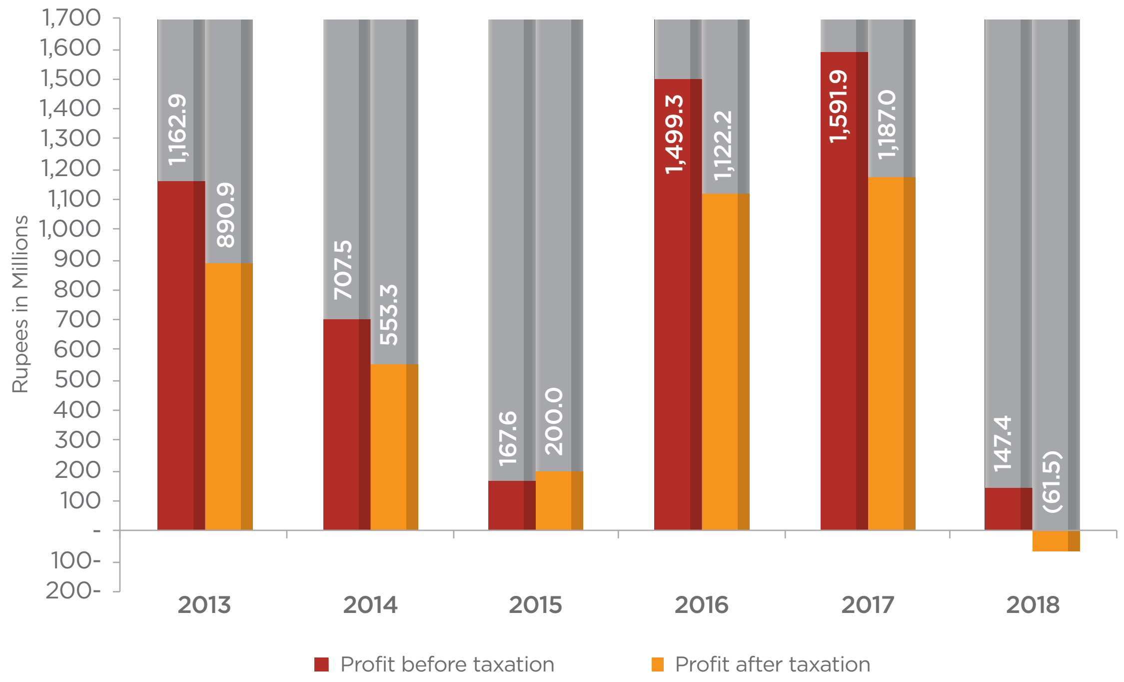
PROFITABILITY AND RETURN



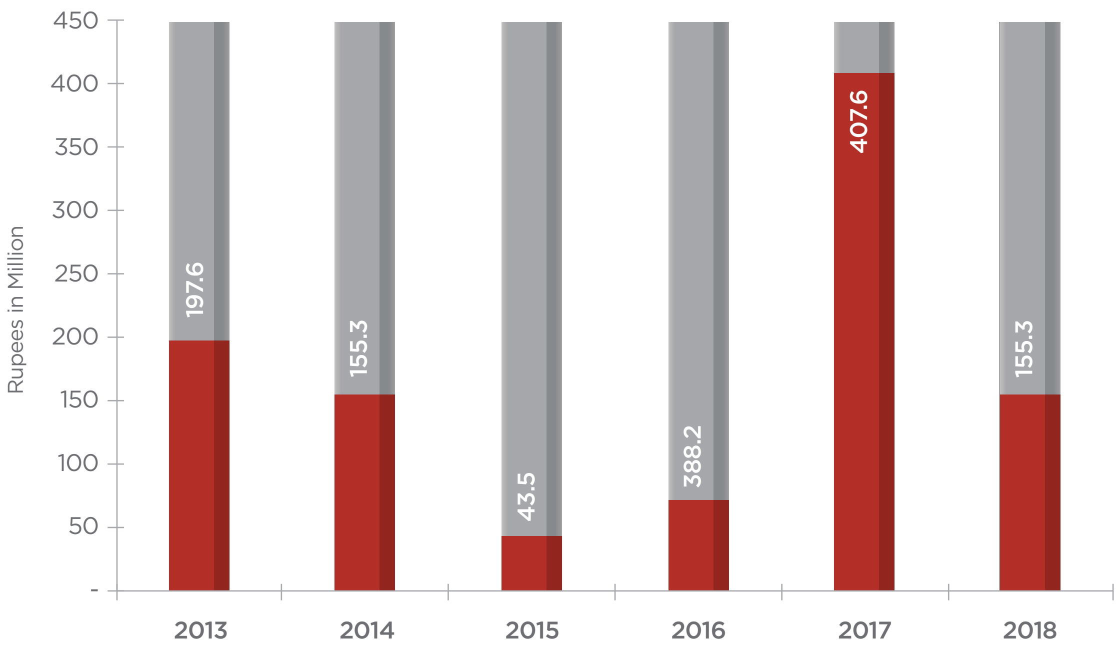
MANAGEMENT OF WORKING CAPITAL



PROFIT BEFORE AND AFTER TAXATION



DIVIDEND (INCLUDING FINAL PROPOSED)



INDEPENDENT AUDITORS' REPORT

KPMG

To the members of Crescent Steel and Allied Products Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Crescent Steel and Allied Products Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 June 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S.No.	Key audit matters	How the matter was addressed in our audit
1.	**Revenue Recognition**	
	Refer to note 6.18 and 32 to the consolidated financial statements. The Group's revenue is principally generated from sale of large diameter spiral arc welded steel line bare pipe, coated pipes, pre coated pipes, cotton yarn, steel billets, electricity and steam. Revenue from sale of products is recognized when the Group delivers the products to customers in accordance with the terms of the relevant contracts which includes liquidated damages in case of delay of supply.	Our audit procedures in respect of the timing of revenue recognition, amongst others, included the following: • obtaining an understanding of and testing the design and operating effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period; • inspecting significant contracts to obtain an understanding of contracts terms particularly relating to timing and the customer's acceptance of the products including charge of liquidated

S. No.	Key audit matters	How the matter was addressed in our audit
	We identified revenue recognition as key audit matter because recognition of sales in the appropriate period is subject to acceptance of the products by customers based on agreed terms and condition. Therefore, there could be potential risk that the revenue transactions are not recognized in the appropriate periods.	damages and assessing the Company's accounting policies for the recognition of revenue with reference to the requirements of the prevailing accounting standards; and • comparing, on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation, including the relevant sales contracts, the customer's acknowledgement of acceptance, to assess whether revenue and charge for liquidated damages had been recognized in the appropriate accounting period.
2.	**Valuation of Stock-in-Trade**	
	Refer to note 6.9 and 24 to the consolidated financial statements. As at 30 June 2018, the Group's stock-in-trade amounted to Rs. 2,268.108 million. This significantly comprised of bare pipes, pre coated pipes, pipe coating, hot rolled steel coils, raw cotton and steel billets. We identified the valuation of stock-in-trade as a key audit matter because determining an appropriate write-down as a result of net realizable value (NRV) being lower than their costs involved significant management judgment and estimation.	Our audit procedures in respect of the valuation of stock-in-trade, amongst others, included the following: • obtaining an understanding of management's determination of NRV and the key estimates adopted, including future selling prices, future costs to complete work-in-progress and costs necessary to make the sales, the basis of calculation and justification for the amount of the write-downs and provisions and future purchase commitments; • assessing the NRV of stock-in-trade by comparing, on a sample basis, management's estimation of future selling prices for the products with committed sales contracts and selling prices achieved subsequent to the end of the reporting period; • assessing management's estimation of the costs of converting raw materials and work-in-progress into finished goods and the related selling expenses, on a sample basis, by comparing them with actual costs incurred in the current year; and • testing the calculations made by management in arriving at their year-end assessment of NRV and write-downs of and provisions for stock-in-trade.

S.No.	Key audit matters	How the matter was addressed in our audit
3.	**Classification, valuation of Investments and Investment in Equity Accounted Investees**	
	Refer to note 6.5, 20 and 28 to the consolidated financial statements. The Group's investments as at 30 June 2018 amounted to Rs. 4,406.014 million. These comprised of investments in listed and unlisted equity securities and investments in equity accounted investees. The investments in equity accounted investees amounted to Rs. 3,088.233 million, financial assets classified as investments at fair value through profit or loss amounted to Rs. 866.028 million and available for sale investments amounted to Rs. 423.753 million. The management's judgment is involved in classification of investments between investments at fair value through profit or loss and available for sale investments, valuation of investments where quoted prices are not available and the impairment allowance against investments classified as available for sale. In assessing whether there was any impairment of the carrying value of the investment in equity accounted investees management determines the recoverable amounts based on higher of its value in use and its fair value less costs to sell. We identified the classification, valuation of investments and impairment as a key audit matters because of its significance and the management's judgment involved.	Our audit procedures in respect of the classification and valuation of investments and determination of allowance for impairment, amongst others, included the following: • Obtaining an understanding of and testing the design and operating effectiveness of controls designed to ensure for the classification, valuation of investments and determination of provision for impairment against investment classified as available for sale; • Comparing, on a sample basis, specific investment buying and selling transactions recorded during the year with underlying documentation; • assessing, on a sample basis, whether investments were recorded within the appropriate classification at the time of purchase by comparing individual items in the portfolio with underlying documentation; • assessing, on a sample basis, whether investments were valued at fair value based on the last quoted market price and method used by the management for unquoted investments; • assessing the basis and estimates used by the management to determine impairment against investment classified as available for sale; • involving our internal valuation specialists to assist us in assessing the appropriateness of calculations to determine recoverable amounts based on value in use; and • comparing the higher of value in use and fair values of the investments in associates as assessed by management.
4.	**Recoverability of Intangible Assets Under Project Development**	
	Refer to note 6.3 and 18 to the consolidated financial statements. Intangible assets includes project development 100 MW solar project as at 30 June 2018 amounted to Rs.134.403 million which represent expenditure incurred on account of project related activities.	Our audit procedures in respect of the recoverability of intangible assets under project development, amongst others, included the following: • inspected agreement with the Consultant to assessed that amounts capitalized were in accordance with the agreement; and

S.No.	Key audit matters	How the matter was addressed in our audit
	The recovery of these assets depends on a combination of achieving sufficiently profitable business in the future as well as the ability of potential buyers to pay amounts capitalized by the management.	• inspected agreement with the Consultant to assessed that amounts capitalized were in accordance with the agreement; and • inspected confirmation from Consultant that based on market research, recoverable amount of the 100 MW solar project at present condition is in excess of its carrying value.

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Group's Annual Report for 2018 but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

The engagement partner on the audit resulting in this independent auditors' report is Muhammad Nadeem.

Date: 31 July 2018
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Note	2018	2017
		-----------(Rupees in '000)-------------	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
100,000,000 ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid-up capital	7	776,325	776,325
Capital reserves	8	1,158,663	1,242,763
Revenue reserves		5,678,701	6,582,279
		7,613,689	8,601,367
Non-current liabilities			
Long term loans	9	226,746	322,481
Liabilities against assets subject to finance lease	10	127,419	63,606
Deferred income	11	8,107	7,471
Deferred taxation	12	128,663	410,253
		490,935	803,811
Current liabilities			
Trade and other payables	13	1,805,207	2,144,839
Unpaid dividend		-	116,449
Unclaimed dividend		21,520	21,628
Mark-up accrued	14	23,569	31,631
Short term borrowings	15	1,956,125	2,904,166
Current portion of long term loans	9	96,544	140,500
Current portion of liabilities against assets subject to finance lease	10	46,010	41,700
Current portion of deferred income	11	5,424	4,148
		3,954,399	5,405,061
Contingencies and commitments	16		
Total equity and liabilities		12,059,023	14,810,239

	Note	2018	2017
		-----------(Rupees in '000)-------------	
ASSETS			
Non-current assets			
Property, plant and equipment	17	2,596,034	2,565,370
Intangible assets	18	137,005	129,226
Investment properties	19	49,358	54,071
Investment in equity accounted investees	20	3,088,233	3,291,606
Other long term investments	21	262,933	220,717
Long term deposits	22	217,233	194,535
		6,350,796	6,455,525
Current assets			
Stores, spares and loose tools	23	211,513	191,208
Stock-in-trade	24	2,268,108	3,384,752
Trade debts	25	82,320	890,794
Advances	26	29,897	21,187
Trade deposits and short term prepayments	27	71,774	56,860
Investments	28	1,054,848	1,201,262
Mark-up accrued		155	132
Other receivables	29	630,648	1,774,364
Taxation - net	30	1,165,309	748,526
Cash and bank balances	31	193,655	85,629
		5,708,227	8,354,714
Total assets		12,059,023	14,810,239

The annexed notes from 1 to 55 form an integral part of these consolidated financial statements.

Chief Executive | **Director** | **Chief Financial Officer**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		-----------(Rupees in '000)-------------	
Sales	32	11,462,930	14,145,170
Sales tax		1,533,174	1,859,622
		9,929,756	12,285,548
Cost of sales	33	9,390,054	10,598,021
Gross profit		539,702	1,687,527
Income from investments	34	(41,057)	204,848
		498,645	1,892,375
Distribution and selling expenses	35	19,405	32,281
Administrative expenses	36	198,766	307,267
Other operating expenses	37	107,300	429,281
		325,471	768,829
Operating profit before finance costs		173,174	1,123,546
Other income	38	153,321	103,745
		326,495	1,227,291
Finance costs	39	263,964	204,626
Share of profit in equity accounted investees - net of taxation	40	84,962	569,309
Profit before taxation		147,493	1,591,974
Taxation	41	208,912	404,853
(Loss) / profit for the year		(61,419)	1,187,121
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Unrealized (diminution) / appreciation during the year on remeasurement of investment classified as 'available for sale'		(78,177)	114,680
Proportionate share of other comprehensive income of equity accounted investees		(5,923)	(11,053)
Items that will not be reclassified subsequently to profit or loss			
(Loss) / gain on remeasurement of staff retirement benefit plans - net of tax		(589,853)	379,591
Other comprehensive (loss) / income for the year		(673,953)	483,218
Total comprehensive income for the year		(735,372)	1,670,339
		(Rupees)	
Basic and diluted (loss) / earnings per share	42	(0.79)	15.29

The annexed notes from 1 to 55 form an integral part of these consolidated financial statements.

Chief Executive	Director	Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		-----------(Rupees in '000)-------------	
Cash flows from operating activities			
Cash generated from operations	43	2,421,585	808,494
Taxes paid		(673,322)	(602,488)
Finance costs paid		(211,522)	(184,641)
Contribution to gratuity and pension funds		(11,552)	(12,081)
Contribution to Workers' Profit Participation Fund		(111)	(60,000)
Long term deposits - net		(20,003)	1,881
Net cash generated from / (used in) operating activities		1,505,075	(48,835)
Cash flows from investing activities			
Capital expenditure		(249,808)	(298,328)
Acquisition of intangible assets		(11,337)	(21,803)
Proceeds from disposal of operating fixed assets		59,332	80,578
Proceeds from disposal of operating fixed assets under sale and leaseback arrangement		89,839	30,889
Investments - net		(351,010)	(61,004)
Dividend income received		613,346	198,487
Interest income received		4,232	1,767
Net cash generated from / (used in) investing activities		154,594	(69,414)
Cash flows from financing activities			
Repayment of long term loans		(139,691)	(40,519)
Payments against finance lease obligations		(51,660)	(65,553)
(Repayments of) / proceeds from short term loans obtained - net		(1,046,780)	533,802
Dividends paid		(368,863)	(389,172)
Net cash (used in) / flow from financing activities	43.1	(1,606,994)	38,558
Net increase / (decrease) in cash and cash equivalents		52,675	(79,691)
Cash and cash equivalents at beginning of the year		(312,997)	(233,306)
Cash and cash equivalents at end of the year	44	(260,322)	(312,997)

The annexed notes from 1 to 55 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 2018

	Issued, subscribed and paid-up capital	Capital reserves			Revenue reserves		Total
		Share premium	Unrealized appreciation on (diminution) / remeasurement of investments classified as 'available for sale'	Others *	General reserve	Unappropriated profit	
	----------	----------	----------	(Rupees in '000)	----------	----------	----------
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 for the year	-	-	-	-	-	1,187,121	1,187,121
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
Transactions with owners							
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 ending 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
Total comprehensive income for the year ended 30 June 2018							
Loss for the year	-	-	-	-	-	(61,419)	(61,419)
Other comprehensive loss for the year	-	-	(78,177)	(5,923)	-	(589,853)	(673,953)
Total comprehensive income for the year	-	-	(78,177)	(5,923)	-	(651,272)	(735,372)
Transactions with owners							
Dividend:							
- Final @ 22.5% (i.e. Rs. 2.25 per share) for the year ended 30 June 2017	-	-	-	-	-	(174,673)	(174,673)
- First interim @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2018	-	-	-	-	-	(77,633)	(77,633)
Balance as at 30 June 2018	776,325	1,020,908	58,623	79,132	3,642,000	2,036,701	7,613,689

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

The annexed notes from 1 to 55 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 2018

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, CS Energy (Private) Limited [formerly 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. The Holding Company is Shariah complaint and listed on Islamic Index.

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 Nooriabad, District Jamshoro, Sindh. 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's fabrication unit is engaged in fabrication and erection of machinery located at Bhone, District Jhang.

1.3 The Holding Company is running cotton spinning unit at Jaranwala, District Faisalabad. This activity is carried out by the Holding Company under the name and title of "Crescent Cotton Products" a division of Crescent Steel and Allied Products Limited.

1.4 The Holding Company is also managing a portfolio of equity investments and real estate though its Investment and Infrastructure Division from the principal office of the Holding Company.

1.5 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 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.

1.6 CS Energy (Private) Limited [formerly Shakarganj Energy (Private) Limited] was incorporated on 02 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 Generation Plants use bagasse in the combustion process to produce power and processed steam. The plant of the Company is located at Bhone, district Jhang, Punjab.

1.7 Solution de Energy (Private) Limited 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 Subsidiary Company is to build, own, operate and maintain 100MW solar power project (the Project) and to generate, accumulate, distribute, sell and supply electricity / power to PEPCO / DISCOS under the agreement with the Government of Pakistan or to any other consumer as permitted. As at 30 June 2018, all the shares are held by CS Energy (Private) Limited. The Subsidiary Company has been granted Letter of Interest (LOI) by the Punjab Power Development Board (PPDB) and currently the Subsidiary Company is in the phase of completing the requirements specified in LOI. Further, the Subsidiary Company has been

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

allocated Land from PPDB. The, Interconnectivity study report has been completed and submitted for NTDC vetting and approval during the previous year has been duly vetted and approved for interconnectivity aspect during the current year ended 30 June 2018.

1.8 Crescent Hadeed (Private) Limited was incorporated on 15 May 2013 as a private limited company in Pakistan under the provisions of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The objective of the Subsidiary Company is 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. The plant of the Subsidiary Company is located at Bhone, district Jhang, Punjab.

1.9 Crescent Continental Gas Pipelines Limited having share capital of Rs. 90 is not carrying on any business operations.

2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE YEAR

The Holding Company's net sales stood at Rs. 9.930 billion (2017: Rs. 12.286 billion), 90.91% (2017: 85.91%) of which was generated from Steel division. For the second half of the year, the Steel division recorded revenue of Rs. 201.8 million only, owing to lower sales order booked by Steel division due to delay in infrastructure projects. During the month of April 2018, the Group secured a contract of Rs. 1.7 billion from SNGP for the supply of 24" coated pipe, Production and delivery of coated pipes is expected to commence from first quarter of next financial year. This includes 77% increase in sales over last year pertaining to sale of Steel billets. This has resulted due to second induction melting furnace along with the increase in selling prices with reference to the change in raw material (scrap) prices.

Net loss from investments amounted to Rs. 52.019 million for the year which includes unrealized loss of Rs. 92.033 million due to decline in KSE-100 Index in second half of the year, the bench mark shed by 13.1 percent and posted a low of 37,919 points and closed at 40,471.

Directors' report contain detail discussion about the Group's performance.

3. BASIS OF PREPARATION

3.1 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 CS Energy (Private) Limited for the year ended 30 June 2018. 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 20 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

3.2 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by Institute of Chartered Accountant of Pakistan as are notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards or IFASs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.3 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except quoted investments which are classified as held for trading and available for sale, and derivatives 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.

3.4 Functional and presentation currency

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

4. USE OF ESTIMATES AND JUDGEMENTS

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. Information about judgements made in applying accounting policies that have the most significant effects on the amount recognised in the consolidated financial statements to the carrying amount of the assets and liabilities 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 (refer note 6.2)
- Intangible assets (refer note 6.3)
- Investment property (refer note 6.4)
- Investments (refer note 6.5 and 6.6)
- Stores, spares and loose tools and stock-in-trade (refer note 6.8 and 6.9)
- Employees benefits (refer note 6.12)
- Leases (refer note 6.14)
- Taxation (refer note 6.17)
- Impairment (refer note 6.2, 6.3, 6.4, 6.5 and 6.21)
- Provisions (refer note 6.20)

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

5.1 There are new and amended standards and interpretations as notified under the Companies Act, 2017 that are mandatory for accounting periods beginning 1 July 2017 but are considered not to be relevant or do not have any significant effect on the Group's consolidated financial statements and are therefore not stated in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 July 2018:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 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 Group'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 Group's consolidated financial statements.

- Annual Improvements to IFRSs 2014-2016 Cycle [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 Group'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. The application of interpretation is not likely to have an impact on the Group's consolidated financial statements.

- 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. The application of interpretation is not likely to have an impact on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The management has completed an initial assessment of the potential impact on revenue and considered that the impact would not be significant.

- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The management has completed an initial assessment of changes required in classification and measurement of financial instruments on adoption of the standard and has also carried out an initial exercise to calculate impairment required under expected credit loss model. Based on initial assessment the management considered that there is no significant change in the recognition criteria or carrying value of the financial assets or liabilities and no additional significant impairment is expected.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The management has completed an initial assessment of the potential impact on the Group's lease arrangements and considered that the impact would not be significant.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Group's consolidated financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in consolidated other comprehensive income. The application of amendments is not likely to have an impact on the Group's consolidated financial statements.

- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

  - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when

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it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on the Group's consolidated financial statements.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below, which have been consistently applied to all the periods presented except for the following:

- the first time application of financial reporting requirements, including disclosure and presentation requirements of the Companies Act, 2017 effective from 30 June 2018, some of the amounts reported for the previous period have been reclassified (refer note 53.1). However, there was no change in the reported amounts of consolidated statement of profit or loss and other comprehensive income or the amounts presented in the consolidated statement of financial position except for presentation.

- new or amendments / interpretations to existing standards and interpretation as stated in note no. 5.1.

6.1 Basis of consolidation

Subsidiaries

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

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

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

Investments in associates

Entities in which the Group has significant influence 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).

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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 profit or loss. 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 profit or loss. 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 or loss.

6.2 Property, plant and equipment

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, if any.

Subsequent cost

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

Depreciation

Depreciation is charged to income on a straight line basis at the rates specified in note 17.1 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 consolidated profit or loss.

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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.

6.3 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 consolidated profit or loss 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 consolidated profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the 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 consolidated profit or loss as incurred. Capitalized development expenditure is stated at cost less

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accumulated amortization and accumulated impairment loss, if any. However, during the year expenses incurred in respect of the project have been capitalized (Refer note 18).

Impairment

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

6.4 Investment property

Cost

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

Depreciation is charged to income on the straight line method at the rates specified in the note 19 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.

Impairment

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 consolidated profit or loss. 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.

Disposal

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 consolidated profit or loss.

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6.5 Financial assets

Financial assets at fair value through profit or loss

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

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has positive intention and ability to hold to maturity. Investments classified as held to maturity are recognized initially at fair value, plus attributable transaction costs. Subsequent to initial recognition, held to maturity financial assets are measured at amortized cost using the effective interest method, less any impairment loss, if any.

Loans and receivables

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

Available for sale investments

Other investments not covered in any of the above categories as being available for sale and are initially recognized at fair value plus attributable transactions costs. Subsequent to initial recognition these are measured at fair value, with any resultant gain or loss being recognized in 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 or loss.

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

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

Impairment

The carrying amount of all investments other than those at fair value through profit or loss, is reviewed at each reporting date to determine whether there is any indication of impairment. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event(s) had an impact on the estimated future 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. Losses are recognized in profit or loss. When an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through consolidated profit or loss.

Impairment losses on available for sale financial assets are recognized by reclassifying the losses accumulated in reserves in equity to profit or loss. The cumulative loss that is reclassified from equity to the consolidated profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any cumulative impairment loss recognized previously in consolidated profit or loss.

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 or loss. However, any subsequent recovery in the fair value of an impaired available for sale equity security is recognized in consolidated other comprehensive income. An impairment loss in respect of interest in associates and subsidiaries is measured by comparing the recoverable amount (i.e. higher of fair value or value in use) of investment with its carrying amount. An impairment loss is recognized in consolidated profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

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 statement of financial position. The resultant gains and losses from derivatives held for trading purposes are recognized in consolidated profit or loss. No derivative is designated as hedging instrument by the Group.

6.6 Investment in commodities

Investment in commodities is initially recognised at cost, which is its fair value. Such commodities are principally acquired with the purpose of selling in near future and generating a profit from fluctuations in price. Subsequently, investment in commodities is stated at fair value less cost to sell. Changes in fair value is recognised in consolidated profit or loss.

6.7 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.

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6.8 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.

6.9 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 except for finished goods - pipe. 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 - pipe is assigned by using specific identification of their individual costs. Scrap stocks are valued at their estimated net realizable value.

6.10 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.

6.11 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 statement of cash flows.

6.12 Employee benefits

6.12.1 Compensated absences

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

6.12.2 Post retirement benefits

6.12.2.1 Defined contribution plan - Provident fund

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

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Cotton segment

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

All employees except Cotton segment

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

6.12.2.2 Defined benefit plans

Pension and gratuity fund schemes

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

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

Crescent Hadeed (Private) Limited a Subsidiary Company had a gratuity benefit scheme for all of its permanent employees up to 31 December 2017. The Subsidiary Company discontinued the said scheme and accumulated benefits under the scheme will be paid to respective employee(s) on their separation from the Subsidiary Company.

6.13 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 consolidated profit or loss over the period of the borrowings on an effective interest basis.

6.14 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.

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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 consolidated profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized as more fully explained in note 6.19 below.

Payments made under operating leases (net of any incentives received from the lessor) are charged to consolidated profit or loss 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 consolidated profit or loss over the lease term. Any loss representing the excess of the carrying values over the sale proceeds is recognized immediately in consolidated profit or loss.

6.15 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 Group's consolidated financial statements and payments made under Ijarah financing are recognized in consolidated profit or loss on a straight line basis over the term of the lease.

6.16 Trade and other payables

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

6.17 Taxation

Group taxation

The Holding Company has opted for Group taxation under section 59AA of the Income Tax Ordinance, 2001 along with two of its subsidiaries CS Capital (Private) Limited and CS Energy (Private) Limited. The companies are taxed as one fiscal unit under this scheme. The current and deferred income taxes have been estimated on income of each of the companies according to the applicable law and are recognised by each company separately within the Group, regardless of who has the legal liability for settlement or the legal right for recovery of the tax. Any adjustments in respect of results of the subsidiaries arising solely due to group taxation are recognised in the Holding company and the amounts paid to or receivable from the Holding Company are adjusted accordingly.

The taxation of Crescent Hadeed (Private) Limited and Solution de energy (Private) Limited is made on an individual Company basis instead of Group Taxation.

Current

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

Deferred

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

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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.

6.18 Revenue recognition

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

Revenue is recognized on supply of electricity to consumers based on meter readings at the tariffs applied as per agreement with these consumers.

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 remeasurement of securities classified as 'fair value through profit or loss' are recognized in profit or loss in the period in which they arise. Gains and losses arising on revaluation of derivatives to the fair value are also recognized in profit or loss.

Unrealized gains and losses arising on remeasurement of securities classified as 'available for sale' are recognized in other 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.

6.19 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 profit or loss currently.

6.20 Provisions

A provision is recognized in the consolidated statement of financial position 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.

6.21 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 profit or loss.

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6.22 Foreign currency translation

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

6.23 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 statement of financial position when there is a legally enforceable right to set off the recognized amount and the Group intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

6.24 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.

6.25 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.

6.26 Earnings per share

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

7. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2018	2017		2018	2017
------- (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

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

	2018		2017	
	(Percentage of holding)	(Number of shares)	(Percentage of holding)	(Number of shares)
	----------------------(Rupees '000)----------------------			
Crescent Steel and Allied Products Limited - Gratuity Fund	2.26%	1,752,333	1.90%	1,471,233
Crescent Steel and Allied Products Limited - Pension Fund	4.97%	3,856,980	4.16%	3,230,181
Crescent Steel and Allied Products Limited - Staff Provident Fund	0.16%	124,200	1.07%	833,700
Crescent Cotton Products - Staff Provident Fund	0.10%	74,800	0.10%	74,800
CSAPL - Staff Benevolent Fund	0.05%	36,178	0.05%	36,178
Muhammad Amin Muhammad Bashir Limited	0.00%	848	0.00%	848
Premier Insurance Limited	0.18%	141,500	0.19%	146,500
Shakarganj Limited	0.23%	180,000	0.23%	180,000
Crescent Cotton Mills Limited	0.00%	76	0.00%	76

7.2 There is no shareholder agreement for voting rights, board selection, rights of first refusal, and block voting.

8. CAPITAL RESERVES

This includes share premium reserve amounting to Rs. 1,020.9 million and as per section 81 of the Companies Act 2017 this can be used for following purpose.

- to write off preliminary expenses of the Holding Company;
- to write off expenses of, or the commission paid or discount allowed on, any issue of shares of the Holding Company; and
- in providing for the premium payable on the redemption of any redeemable preference shares of the Holding Company.

The Holding Company may also use the share premium account to issue bonus shares to its members.

9. LONG TERM LOANS

	Note	2018	2017
		-----------(Rupees in '000)-------------	
Secured - Under non-shariah arrangement			
Allied Bank Limited	9.1	323,290	244,231
Saudi Pak Industrial and Agriculture Investment Company Limited	9.2	-	218,750
		323,290	462,981
Less: Current portion shown under current liabilities		96,544	140,500
		226,746	322,481

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9.1 The Holding Company has a long term loan arrangement with Allied Bank Limited for an amount of Rs. 312 million (2017: 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 instalments started from December 2015. During the year, the Holding Company has made repayment of Rs. 78 million (2017: Rs. 78 million) . Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During the year ended 30 June 2017, Holding Company entered into a loan arrangement with Allied Bank Limited of an amount of Rs. 100 million, out of which Rs. 74.176 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 instalments starting after fifteen months from date of disbursement. During the year, the Holding Company has made repayment of Rs. 4.636 million. Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During year ended 30 June 2018, the Holding Company entered into new loan arrangement with Allied Bank Limited of an amount of Rs. 300 million, out of which Rs. 156.25 million have been disbursed till date. The term of the loan is 4 years from the date of disbursement with a grace period of one year, repayable in 12 equal quarterly instalments starting after twelve 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 ranged between 7.64% to 8.35% (2017: 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.

9.2 The Holding Company had 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 instalments starting from eighteen month from date of disbursement. During the year, the Holding Company has made repayment of Rs. 218.75 million (2017: Rs. 31.250 million) including early repayment of 156.25 million. During the year, mark-up on such arrangement is 8.61% to 8.92% (2017: 8.48% to 8.85%) per annum. The facility was secured against first exclusive mortgage charge on land and building and property of the Holding Company.

10. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Minimum lease payments		Future finance costs		Present value of minimum lease payments	
	2018	2017	2018	2017	2018	2017
	(Rupees '000)					
Not later than one year	58,647	49,414	12,637	7,714	46,010	41,700
Later than one year and not later than five years	143,293	69,552	15,874	5,946	127,419	63,606
	201,940	118,966	28,511	13,660	173,429	105,306
Less: Current portion shown under current liabilities					46,010	41,700
					127,419	63,606

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10.1 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 arrangements is three to five years (2017: three to five years) and the liability is payable by the month ranging from one to sixty months (2017: three to sixty months). The periodic lease payments include built-in rates of mark-up ranging between 10.47% to 12.06% (2017: 10.61% to 15.41%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 150.175 million (2017: Rs. 117.245 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.

11. 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. 5.424 million (2017: Rs. 4.148 million) is classified in current liabilities; being current portion of deferred income of Rs. 13.531 million (2017: Rs. 11.619 million). The deferred income will be amortized to the consolidated profit or loss over the lease term. During the year, Rs. 4.677 million (2017: Rs. 4.968 million) is amortized in consolidated profit or loss.

12. DEFERRED TAXATION

	2018	2017
	(Rupees in '000)	
Deferred tax credits / (debits) arising in respect of :		
Taxable temporary differences		
Accelerated tax depreciation / amortization	35,926	33,144
Finance lease obligations	10,145	13,322
Employee benefits - Defined benefits plan	37,895	292,556
Unrealized gain on held for trading investments	2,094	10,934
Share of profit from equity accounted investees	158,097	172,836
	244,157	522,792
Deductible temporary differences		
Provision for slow moving stores, spares and loose tools	(17,538)	(13,777)
Provisions for doubtful trade debts, doubtful advances and others	(57,667)	(55,082)
Discounting on long term deposit	(19,404)	(22,647)
Deferred income	(3,923)	(3,486)
Provisions for impairment of fixed assets	(5,980)	(6,186)
Provision of Government Infrastructure Development Cess	(3,477)	(3,597)
Provision for diminution in the value of investments	(7,505)	(7,764)
	(115,494)	(112,539)
	128,663	410,253

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

	2018	2017
Consolidated profit or loss	(26,929)	19,027
Consolidated other comprehensive income	(254,661)	162,682
	(281,590)	181,709

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12.2 Net deferred tax asset of Rs. 138.840 million (2017: Rs. 67.910 million) arising on account of losses of Crescent Hadeed (Private) Limited (Subsidiary Company) has not been accounted for in these consolidated financial statements because the 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.

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

13. TRADE AND OTHER PAYABLES

	Note	2018	2017
		(Rupees in '000)	
Trade creditors		201,473	137,621
Bills payable		940,333	1,365,239
Commission payable		1,253	802
Accrued liabilities	13.1	291,182	307,065
Advances from customers - unsecured		70,782	46,280
Provisions	13.2	201,805	172,616
Due to related parties	13.3	2,498	1,726
Payable to provident fund	13.4	2,384	369
Payable to staff retirement benefit funds	13.5	3,773	-
Retention money		2,949	4,699
Sales tax payable		1,832	28,488
Withholding tax payable		5,780	13,725
Derivative financial liability		306	-
Advance income tax	13.6	16,904	26,746
Workers' Profit Participation Fund	13.7	29,443	2,772
Workers' Welfare Fund		12,215	20,849
Others		20,295	15,842
		1,805,207	2,144,839

13.1 Accrued liabilities

	Note	2018	2017
Salaries, wages and other benefits		34,239	43,080
Accrual for 10-C bonus		2,609	2,481
Compensated absences		14,594	14,969
Liquidated damages		153,695	153,695
Others	13.1.1	86,045	92,840
		291,182	307,065

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13.1.1 This includes liability against Gas Infrastructure Development Cess of Rs. 17.004 million (2017: Rs. 17.004 million).

13.2 Movement in provisions

	Infrastructure fee	Sales Tax	Liquidated damages	Total
	(Rupees '000)			
	(Note 13.2.1)	(Note 13.2.2)	(Note 13.2.3)	
Opening balance as at 30 June	123,953	3,242	45,421	172,616
Provision for the year	58,597	-	-	58,597
Payments during the year	(29,408)	-	-	(29,408)
Closing balance as at 30 June	153,142	3,242	45,421	201,805

13.2.1 This provision has been recognized against infrastructure fee levied by the Government of Sindh through Sindh Finance (Amendment) Ordinance, 2001 (the Ordinance) and through Sindh Development and Maintenance of Infrastructure Cess Act, 2017 (the Act). The Act validates fees levied through the Ordinance and continues the levy.

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.

After promulgation of new law, the Group has instituted legal proceedings against the levy in the Sindh High Court, where interim stay has been granted on similar terms of payment of 50% of the amount of cess to the Government and furnishing of bank guarantees for remaining 50%.

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. 119.539 million (2017: Rs. 99.539 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 or loss. However, on a prudent basis full provision has been recognized.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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13.2.3 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.

13.3 This represent balance due to Premier Insurance Limited - a related party and Shakarganj Limited- associate amounting Rs. 0.041 million (2017: Rs. Nil) and Rs. 2.457 million (2017: Rs. 1.726 million) respectively.

13.4 Crescent Hadeed (Private) Limited a Subsidiary Company, formed a provident fund scheme for all of its permanent employees with effect from 01 January 2018 and investments were made by the Subsidiary Company into the trust in accordance with the requirements of Section 218 of the Companies Act, 2017.

13.5 This includes Rs. 1.874 million in respect of Crescent Hadeed (Private) Limited a Subsidiary Company, which had a gratuity benefit scheme for all of its permanent employees. On 31 December 2017, the Company discontinued the said scheme and accumulated benefits under the scheme will be paid to respective employee(s) on their separation from the Company.

13.6 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.

	Note	2018	2017
		-----------(Rupees in '000)-------------	
13.7 Workers' Profit Participation Fund			
Opening balance as at 1 July		2,772	2,661
Allocation for the year	37	26,782	60,111
		29,554	62,772
Amount paid to the trustees of the fund		(111)	(60,000)
Closing balance as at 30 June		29,443	2,772

14. MARK-UP ACCRUED

	Note	2018	2017
Mark-up accrued on:			
- Finance lease obligations		425	148
- Long term loans		3,732	4,765
- Running finance and short term loans	14.1	19,412	26,718
		23,569	31,631

14.1 This includes mark-up accrued amounting to Rs 2.96 million (2017: Rs 9.36 million) on shariah arrangement.

15. SHORT TERM BORROWINGS

	Note	2018	2017
Secured from banking companies			
Running finances under mark-up arrangements	15.1	453,977	398,626
Short term loans	15.2	788,840	2,505,540
Unsecured from non-banking companies			
Short term finance under mark-up arrangement	15.6	713,308	-
		1,956,125	2,904,166

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15.1 Short term running finance available from conventional side of various commercial banks under mark-up arrangements amounted to Rs. 1,400 million (2017: Rs. 1,050 million) out of which Rs. 250 million (2017: Rs. 250 million), Rs. Nil (2017: Rs. 50 million) and Rs. 100 million (2017: 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 7.64% to 8.84% (2017: 6.96% to 8.62%) per annum.

15.2 This includes an amount of Rs. 225.904 million (2017: Rs. 622.8 million) outstanding against Islamic mode of financing. Short term loan financing available from various commercial banks under mark-up arrangements amounted to Rs. 5,457 million (2017: Rs. 4,380 million) out of which Rs. 3,925 million (2017: Rs. 3,500 million), Rs. 100 million (2017: Rs. 50 million) and Rs. 260 million (2017: 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 7.83% to 8.85% (2017: 7.71% to 8.51%) per annum.

15.3 The facilities for opening letters of credit amounted to Rs. 6,425 million (2017: Rs. 5,350 million) out of which Rs. 250 million (2017: Rs. 250 million), Rs. 3,675 million (2017: Rs. 3,500 million) and Rs. 210 million (2017: Rs. 410 million) are interchangeable with short term running finance, short term loans and letter of guarantee facility respectively as mentioned in notes 15.1 and 15.2 above. The facility for letters of guarantee as at 30 June 2018 amounted to Rs. 2,004 million (2017: Rs. 2,897 million). Amounts unutilized for letters of credit and guarantees as at 30 June 2018 were Rs. 4,453 million and Rs. 108 million (2017: Rs. 930 million and Rs. 652 million) respectively.

15.4 The Group is currently availing Islamic mode of financing from the Al Baraka Bank, Dubai Islamic Bank, Bank Islami Pakistan Limited. Facilities availed during the year includes letter of credit, bank guarantee, Wakala, Murahaba, Istisna and Ijarah financing.

15.5 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 28.3).

15.6 During the year, the Holding Company has issued commercial papers at discounted value of Rs. 669.9 million to non-banking finance companies for working capital requirement. The term of the loan is one year from the date of issuance and redeemable on 15 August 2018 at face value of Rs. 719.5 million. Mark-up is payable at the rate of six months KIBOR plus 1.35% per annum. During the year, mark-up on such arrangement was 7.50% per annum.

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

16.1.1 During 2014-2015, 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 of 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 financial statements as the case is under appeal and management considers that the same would be decided in the Holding Company's favour.

16.1.2 During 2015-2016, 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 Honourable Sindh High Court has granted

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interim relief to the Holding Company. No provision has been recognized in the 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 favourable outcome of litigation in relation to the said matter.

16.1.3 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.

16.2 Commitments

16.2.1 During 2015-2016, the Holding Company entered into Ijarah financing arrangement amounting to Rs. 600 million with Bank Islami Pakistan Limited for acquisition of Spiral Pipe (SP) machine. As per requirement of IFAS-2 Ijarah financing has been treated as an operating lease. As at 30 June 2018, amount of lease rental outstanding under the agreement are Rs. 274.776 million (2017: Rs. 366.503 million), which is payable in quarterly instalments of Rs. 22.898 million (2017: Rs. 22.906 million) each.

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

	Note	2018	2017
		-----------(Rupees in '000)-------------	
Not later than one year		91,592	91,626
Later than one year and not later than five years		423,184	514,877
		514,776	606,503
Security deposit under arrangement		(240,000)	(240,000)
		274,776	366,503

16.2.2 Aggregate amount of guarantees issued by conventional side of banks on behalf of the Group against various contracts aggregated to Rs. 1,864 million (2017: Rs. 1,972 million). This includes guarantee issued by Islamic banks amounting to Rs. 166.8 million (2017: Rs. 209 million).

16.2.3 Commitments in respect of capital expenditure contracted for by the Group as at 30 June 2018 amounted to Rs. 25.492 million (2017: Rs. 79.631 million) which includes Rs. 7.462 million (2017: Rs. 7.462 million) related to office premises located in Islamabad payable on completion of project.

16.2.4 Commitments under letters of credit as at 30 June 2018 amounted to Rs. 682.933 million (2017: Rs. 767.334 million).

17. PROPERTY, PLANT AND EQUIPMENT

	Note	2018	2017
Operating fixed assets	17.1	2,483,743	2,453,130
Capital work-in-progress	17.5	112,291	112,240
		2,596,034	2,565,370

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17.1 Operating fixed assets

		Land		Buildings		Office	Plant and machinery		Electrical /	Furniture	Computers	Motor vehicles		Total
		Freehold	Leasehold including improvements	On freehold land	On leasehold land	premises	Owned *	Leased	office equipment and installation	and fittings		Owned	Leased	
		----------(Rupees in '000)----------												
Net carrying value as at 1 July 2017														
Opening net book value (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
Additions / transfers		-	-	25,709	-	-	158,882	114,775	11,099	1,453	2,880	49,614	-	364,412
Disposals (at NBV)	17.6	-	-	-	-	-	(83,250)	(31,078)	-	-	-	(3,453)	-	(117,781)
Depreciation charge	17.1.2	-	(1,686)	(26,593)	(107)	(905)	(138,171)	(17,955)	(7,079)	(1,651)	(4,303)	(10,522)	(7,046)	(216,018)
Balance as at 30 June 2018 (NBV)		307,724	39,311	438,787	849	7,125	1,383,546	191,198	25,183	11,944	5,600	55,262	17,214	2,483,743
Gross carrying value as at 30 June 2018														
Cost	17.4	307,724	43,066	640,705	70,027	27,481	2,757,295	218,546	70,870	31,493	62,082	97,539	34,538	4,361,366
Accumulated depreciation		-	(3,755)	(201,918)	(69,178)	(20,356)	(1,373,749)	(27,348)	(45,687)	(19,549)	(56,482)	(42,277)	(17,324)	(1,877,623)
Net book value		307,724	39,311	438,787	849	7,125	1,383,546	191,198	25,183	11,944	5,600	55,262	17,214	2,483,743
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)		-	-	-	-	-	(28,874)	(44,931)	-	(54)	(23)	(3,675)	(3,374)	(80,931)
Depreciation charge		-	(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		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
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. 1.049 million (2017: Rs. 0.251 million) representing net book value of capitalized spares.

17.1.1 During the year asset having net book value Rs. 31.078 million (2017: Rs. 48.305 million) transferred from lease assets to own assets due to maturity of lease term.

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

	Note	2018	2017
		(Rupees in '000)	
Cost of sales	33.1	194,005	176,558
Distribution and selling expenses	35	1,175	1,388
Administrative expenses	36	20,392	19,752
Allocated against rental income	38	-	1,909
Intangible under development phase		446	446
		216,018	200,053

17.2 Property, plant and equipment as at 30 June 2018 include items having an aggregate cost of Rs. 1,257.172 million (2017: Rs. 1,252.551 million) that have been fully depreciated and are still in use by the Holding Company.

17.3 Particulars of Group's immovable operating fixed assets are as follows:

Particulars	Location	Area	
Building			
Office premises	Saddar, Karachi	14,504	Sq. feet
Building	Nooriabad, District Jamshoro	261,257	Sq. feet
Building	Jaranwala, District Faisalabad	340,455	Sq. feet
Building	Dalowal, District Faisalabad	30,484	Sq. feet
Building	Bhone, District Jhang	78,098	Sq. feet
Building	Bhone, District Jhang	7,515	Sq. feet
Land			
Lease hold	Nooriabad, District Jamshoro	30.0	Acre
Freehold land	Ferozpur Lahore	5.1	Acre
Freehold land	Dalowal, District Faisalabad	13.9	Acre
Freehold land	Jaranwala, District Faisalabad	35.5	Acre
Freehold land	Bhone, District Jhang	19.11	Acre

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

17.5 Capital work-in-progress

	Note	2018	2017
		Rupees in '000	
Advances to suppliers		56,806	61,116
Civil work	17.5.1 & 17.5.2	54,593	49,822
Plant and machinery		892	1,302
		112,291	112,240

17.5.1 This includes an amount of Rs. 26.4 million (2017: 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 of Sindh 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. Based on consultation with its legal advisor, management believes that it has a reasonable grounds in the case and expects a favourable outcome.

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17.5.2 The Holding Company has recognized a provision for an amount of Rs. 20.619 million (2017: Rs. 20.619 miilion) against construction work at a site which has been halted since last year.

17.6 The following assets were disposed off during the year

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/(loss)	Mode of disposal	Particular of buyers
	(Rupees in '000)						
Plant and machinery	33,422	696	32,726	34,893	2,167	Sale and lease back	Sindh Leasing Company Limited
	12,043	201	11,842	14,995	3,153	Sale and lease back	Sindh Leasing Company Limited
	20,039	-	20,039	20,751	712	Sale and lease back	Sindh Leasing Company Limited
	18,643	-	18,643	19,200	557	Sale and lease back	Pak-Gulf Leasing Company Limited
Motor Vehicle	753	66	687	732	45	Company Policy	Mr. Mumtaz Malik (Employee)
Others	57,246	54,480	2,766	27,407	24,641	Various	Various
2018	142,146	55,443	86,703	117,978	31,275		
2017	108,479	75,853	32,626	111,467	78,841		

18. INTANGIBLE ASSETS

	Note	2018	2017
		(Rupees in '000)	
Intangible assets			
- Under use	18.1	2,602	6,160
- Under project development	18.2	134,403	123,066
		137,005	129,226

18.1 Intangible assets - under use

	Note	2018	2017
Net carrying value as at 1 July			
Net book value as at 1 July		6,160	11,423
Amortization	18.1.1	(3,558)	(5,263)
Net book value as at 30 June	18.1.2	2,602	6,160
Gross carrying value as at 30 June			
Cost		77,419	77,419
Accumulated amortization		(72,177)	(68,619)
Accumulated impairment		(2,640)	(2,640)
Net book value		2,602	6,160
Amortization rate (% per annum)		33.33	33.33

18.1.1 The amortization charge for the year has been allocated to administrative expenses (Note 36).

18.1.2 Intangible assets as at 30 June 2018 include items having an aggregate cost of Rs. 65.751 million (2017: Rs. 63.269 million) that have been fully amortized and are still in use of the Holding Company.

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18.2 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).

19. INVESTMENT PROPERTIES

Description	Note	Leasehold land and improvements	Buildings on leasehold land	Office premises	Total
		--------(Rupees in '000)--------			
Net carrying value as at 1 July 2017					
Opening net book value (NBV)		40,156	12,954	961	54,071
Depreciation charge	19.1	(2,607)	(1,186)	(920)	(4,713)
Balance as at 30 June 2018 (NBV)		37,549	11,768	41	49,358
Gross carrying value as at 30 June 2018					
Cost	19.2	49,445	23,366	29,830	102,641
Accumulated depreciation		(11,896)	(11,598)	(29,789)	(53,283)
Net book value		37,549	11,768	41	49,358
Net carrying value as at 1 July 2016					
Opening net book value (NBV)		42,763	14,141	3,644	60,548
Depreciation charge		(2,607)	(1,187)	(2,683)	(6,477)
Balance as at 30 June 2017 (NBV)		40,156	12,954	961	54,071
Gross carrying value as at 30 June 2017					
Cost		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
Depreciation rate (% per annum)		1 & 10	5	10 - 20	

19.1 Depreciation charged for the year has been allocated to administrative expenses (Note 36).

19.2 Fair value of the investment property based on recent valuation as at 30 June 2018 is Rs. 258 million (2017: Rs. 213 million), which is determined by independent valuer on the basis of market value.

19.3 Particulars of Group's investment property are as follows:

Particulars	Location	Area	
Building			
Ware house	Port Qasim, Karachi	40,000	Sq. feet
Building	Port Qasim, Karachi	415.6	Sq. feet
Office premises	Saddar, Karachi	4,854	Sq. feet
Land			
Lease hold	Port Qasim, Karachi	4	Acre
Freehold land	Gawadar	3	Acre

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20. INVESTMENT IN EQUITY ACCOUNTED INVESTEES

2018	2017		Note	2018	2017
------- (Number of Shares) -------				-------- (Rupees in '000) --------	
		Quoted			
63,967,500	63,967,500	Altern Energy Limited (Chief Executive Officer - Mr. Taimur Dawood)	20.1	2,777,125	2,973,681
35,011,347	30,809,987	Shakarganj Limited (Chief Executive Officer - Mr. Anjum M. Saleem)	20.1	311,108	317,925
		Unquoted			
3,430,000	3,430,000	Crescent Socks (Private) Limited (Chief Executive Officer - Mr. Shehryar Mazhar)	20.1	-	-
				3,088,233	3,291,606

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

Description	Note	Altern Energy Limited	Shakarganj Limited	Crescent Socks (Private) Limited	Total
		30 June 2018			
		20.1.3			
		-------(Rupees '000)-------			
Opening balance as at 1 July 2017		2,973,681	317,925	-	3,291,606
Share of profit / (loss)		315,443	(230,481)	-	84,962
Share of equity		(259)	(5,664)	-	(5,923)
Dividend received		(511,740)	(43,763)	-	(555,503)
Right shares subscribed	20.1.1	-	273,091	-	273,091
Closing balance as at 30 June 2018		2,777,125	311,108	-	3,088,233
Opening balance as at 1 July 2016		2,772,227	96,515	13,653	2,882,395
Share of profit / (loss)		350,461	232,501	(13,653)	569,309
Share of equity		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

20.1.1 During the year, the Group has further subscribed right shares issues made by the investee Company aggregating to 4.201 million ordinary shares for Rs. 273.091 million.

20.1.2 The Holding Company has assessed the recoverable amount of the investment in Altern Energy Limited based on value in use. The value in use has been determined on basis of Free Cash Flows to Firm method (FCFF) which assumes discount rate of 8.31%. Based on valuation the recoverable amount exceeds the carrying amount and accordingly, no impairment was recorded.

20.1.3 Investment in associated companies or undertakings have been made in accordance with the requirements under the Companies Act, 2017.

20.1.4 Due to accumulated losses, the Group has recognized impairment loss of Rs. 34 million in previous years. As per unaudited condensed interim financial information as at 31 March 2018 the share of profit /(loss) after tax of the associated company was Rs. 7.635 million [2017: Rs. (7.912 million)] but due to uncertainty of profitability and non-availability of value in use, share of profit was not recorded by the Group.

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	Note	2018	2017
		-----------(Rupees in '000)------------	
20.2 Market value of investments in associates is as follows:			
Quoted	Note		
Altern Energy Limited		2,427,567	3,181,743
Shakarganj Limited		2,468,300	3,048,956
		4,895,867	6,230,699

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

	Note	2018	2017
Altern Energy Limited	20.3.1	17.60	17.60
Shakarganj Limited		28.01	28.01
Crescent Socks (Private) Limited		48.99	48.99

20.3.1 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 Group 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.

20.4 The latest financial statements / condensed interim financial information of these companies as at 30 June 2018 are not presently available. The following is summarized financial information of material associated companies as at 31 March 2018 and for the twelve months period ended 31 March 2018 based on their respective unaudited condensed interim financial information prepared in accordance with the accounting and reporting standards as applicable in Pakistan, modified for fair value and other adjustments and differences in Group's accounting policies:

	Altern Energy Limited		Shakarganj Limited	
	2018	2017	2018	2017
	----------------------(Rupees in '000)----------------------			
For the twelve months period ended 31 March				
Revenues	29,231,699	27,246,068	7,268,191	9,648,086
Profit / (loss) after tax	3,013,004	3,299,335	(822,853)	830,064
Other comprehensive income / (loss)	(2,453)	215	(20,221)	(39,595)
Total comprehensive income	3,010,551	3,299,550	(843,074)	790,469
Attributable to non-controlling interests of associates	1,219,733	1,308,078	-	-
Attributable to owners of the parent	1,790,818	1,991,472	(843,074)	790,469
	3,010,551	3,299,550	(843,074)	790,469
As at 31 March				
Non current assets	19,414,491	20,632,067	9,605,917	9,882,579
Current assets	17,068,451	16,103,421	2,163,289	2,758,038
Non Current Liabilities	(2,732,866)	(3,506,735)	(1,094,046)	(1,226,976)
Current Liabilities	(7,637,322)	(5,149,159)	(4,673,841)	(5,364,955)
Net Assets	26,112,754	28,079,594	6,001,319	6,048,686
Attributable to non-controlling interests of associates	10,152,354	11,002,627	-	-
Attributable to owners of the parent	15,960,400	17,076,967	6,001,319	6,048,686
	26,112,754	28,079,594	6,001,319	6,048,686
Group's interest in net assets of investee at end of the year	2,809,030	3,005,546	1,680,970	1,694,237
Fair value and other adjustments	(31,905)	(31,865)	(8,832)	(7,758)
Effect of difference in Group's accounting policy	-	-	(1,349,295)	(1,353,884)
Director's equity portion	-	-	(11,735)	(14,670)
Carrying amount of interest in equity accounted investees at end of the year	2,777,125	2,973,681	311,108	317,925

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20.4.1 These figures are based on the latest available unaudited condensed interim consolidated financial information as at 31 March 2018 including its subsidiary company Rousch (Pakistan) Power Limited being managed by Power Management Company holding 59.98% shares.

21. OTHER LONG TERM INVESTMENTS - Available for sale

	Note	2018	2017
		-----------(Rupees in '000)------------	
Investments in related parties	21.1	-	60,717
Other investments	21.2	262,933	160,000
		262,933	220,717

21.1 Investments in related parties

2018	2017		Note	2018	2017
------- (Number of Shares) -------					
		Unquoted			
2,403,725	2,403,725	Crescent Bahuman Limited	21.1.1	24,037	24,037
-	2,814,999	Central Depository Company of Pakistan Limited (CDC)		-	60,717
				24,037	84,754
		Less: Provision for impairment		24,037	24,037
				-	60,717

21.1.1 The chief executive of Crescent Bahuman Limited is Mr. Nasir Shafi. The break-up value of shares of the investee company is Rs. 15.50 per share (2017: Rs. 15.43 per share), calculated on the basis of audited annual financial statements for the year ended 30 June 2017.

2018	2017		Note	2018	2017
		Unquoted			
2,814,999	-	Central Depository Company of Pakistan Limited (CDC)		60,717	-
1,047,000	1,047,000	Crescent Industrial Chemicals Limited		10,470	10,470
16,000,000	16,000,000	Shakarganj Food Products Limited		160,000	160,000
		Right shares subscription money	21.2.1	42,216	-
				202,216	160,000
				273,403	170,470
		Less: Provision for impairment		(10,470)	(10,470)
				262,933	160,000

21.2.1 During the year, the Group has further subscribed right shares issued by the investee company aggregating to 2.815 million ordinary shares of Rs. 15 each.

22. LONG TERM DEPOSITS

	Note	2018	2017
Security deposits			
- leasing companies		24,670	11,930
- Ijarah financing arrangement		181,788	166,034
- others	22.1	10,775	16,571
		217,233	194,535

22.1 This includes Rs. Nil (2017: 5.885 million) in respect of cost of interconnectivity of 11KV feeder paid to FESCO under Power Purchase Agreement (PPA) (refer note 27.2).

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	Note	2018	2017
		-----------(Rupees in '000)------------	
23. STORES, SPARES AND LOOSE TOOLS			
Stores - steel segment		42,275	27,887
Spare parts - steel segment		201,567	169,641
Loose tools - steel segment		4,751	4,032
Stores and spares - cotton segment		28,571	35,572
		277,164	237,132
Less: Provision for slow moving items	23.1	65,651	45,924
		211,513	191,208

23.1 Movement in provision for slow moving items

	2018	2017
Opening balance	45,924	42,159
Provision made during the year	19,727	6,047
Reversal of provision made during the year	-	(2,282)
Closing balance	65,651	45,924

24. STOCK-IN-TRADE

	Note	2018	2017
Raw materials			
Hot rolled steel coils (HR Coil)		190,673	468,650
Coating materials		74,068	71,783
Remelting scrap		126,466	207,953
Others		149,149	96,625
Raw cotton		205,217	66
Bagasse		5,414	197,963
Stock-in-transit		1,075,007	1,832,515
	24.1 & 33.1	1,825,994	2,875,555
Work-in-process	24.1 & 33.1	19,713	85,524
Finished goods	24.1 & 33.1	416,590	414,069
Scrap / cotton waste		5,811	9,604
		442,114	509,197
		2,268,108	3,384,752

24.1 Stock-in-trade as at 30 June 2018 includes items valued at net realisable value (NRV). Charge in respect of stock written down to NRV was amounting to Rs. 32.020 million (2017: Rs. 120.433 million) has been recognized in cost of goods sold.

	Cost	NRV
	-----------(Rupees in '000)------------	
Raw material	1,829,092	1,825,994
Work-in-process	19,713	19,713
Finished goods	445,512	416,590
	2,294,317	2,262,297

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	Note	2018	2017
		-----------(Rupees in '000)------------	
25. TRADE DEBTS			
Secured			
Considered good		-	611,744
Unsecured			
Considered good	25.1	82,320	279,050
Considered doubtful		21,263	24,187
Provision for doubtful trade debts	25.2	(21,263)	(24,187)
		82,320	279,050
		82,320	890,794

25.1 This includes an amount of Rs. 8.966 million (2017: 148.841 million) due from Shakarganj Limited, a related party. Maximum aggregate amount outstanding at any time during the year calculated by reference to month end balances is Rs. 334.874 million (2017: Rs. 148.841 million).

25.1.1 The aging of amount due from related parties:

	2018	2017
Not past due	615	105,067
Past due 1 - 30 days	-	-
Past due 30 - 180 days	8,351	43,773
Past due 180 days	-	-
	8,966	148,840

25.2 Movement in provision for doubtful trade debts

	2018	2017
Opening balance	24,187	16,818
Provision made during the year	2,090	7,447
Reversal of provision made during the year	(5,014)	(78)
Closing balance	21,263	24,187

26. ADVANCES

	2018	2017
Unsecured		
Advances - considered good		
Staff	1,095	3,242
Suppliers for goods and services	28,802	17,910
Advances to others	-	35
Advances - considered doubtful		
Suppliers for goods and services	47	47
Provision for doubtful advances	(47)	(47)
	-	-
	29,897	21,187

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	Note	2018	2017
27. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		----------(Rupees in '000)------------	
Security deposits - leasing companies		2,891	4,969
Security deposits - others	27.1 & 27.2	59,038	41,416
Prepayments		9,845	10,475
		71,774	56,860

27.1 This includes container security deposit related to import of raw material scrap amounting to Rs. 14.975 million (2017: Rs. 17.849 million).

27.2 This includes Rs. 28.625 (2017: 22.740 million) in respect of 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 instalments, without mark-up, commencing after one month from commercial operation date. For fair presentation, this interest free long term deposit was 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 instalments due, the amortization (unwinding) has been discontinued since last year.

	Note	2018	2017
28. INVESTMENT		-----------(Rupees in '000)-----------	
Investments in related parties			
Available for sale	28.1	160,820	238,996
Held for trading	28.2	866,028	950,766
Investment in term deposit receipts - Conventional banking	28.4	28,000	11,500
		1,054,848	1,201,262

28.1 Available for sale

2018	2017	Name of investee company	Note	2018	2017
------- (Number of Shares) -------				-------- (Rupees in '000) -------	
		Quoted			
6,381,743	6,381,743	The Crescent Textile Mills Limited	28.1.1	160,820	238,996
26,490	26,490	Jubilee Spinning and Weaving Mills Limited	28.1.2	-	-
		Unquoted			
1,996	1,996	Innovative Investment Bank Limited	28.1.2	-	-
				160,820	238,996

28.1.1 The Holding Company has recognized impairment loss in previous years amounting to Rs. 4.537 million (2017: Rs. 4.537 million) against the investment.

28.1.2 These investments are fully impaired as their break-up value of shares are Rs. Nil per share (2017: Rs. Nil).

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28.2 Held for trading

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

2018	2017	Name of investee company	2018	2017
(Number of shares / certificates)			-------- (Rupees in '000) -------	
18,300	6,300	Attock Cement Pakistan Limited	7,927	1,907
-	12,000	Attock Petroleum Limited	-	7,517
75,000	50,000	Avanceon Limited	4,968	2,266
200,000	200,000	Cherat Cement Company Limited	19,446	35,756
530,000	530,000	D.G. Khan Cement Company Limited	60,679	112,974
50,000	-	Dolmen City REIT	645	-
27,000	45,000	Engro Corporation Limited	8,474	14,666
200,000	310,000	Engro Fertilizer Limited	14,982	17,124
15,000	15,000	Engro Foods Limited	1,336	1,822
15,000	75,500	Fatima Fertilizer Company Limited	486	2,543
125,000	125,000	Fauji Cement Company Limited	2,856	5,129
445,000	445,000	Fauji Fertilizer Bin Qasim Limited	17,178	19,063
145,000	145,000	Fauji Fertilizer Company Limited	14,339	11,982
104,500	30,000	Hi-Tech Lubricants Limited	10,587	3,270
1,350	1,350	Innovative Investment Bank Limited	-	-
168,800	120,000	International Industries Limited	39,211	44,228
313,000	293,000	International Steels Limited	31,832	37,472
-	10,000	Ittehad Chemical Limited	-	313
1,800,000	1,800,000	K-Electric Limited *	10,224	12,420
56,600	61,600	Kohat Cement Company Limited	6,966	14,123
857,000	857,000	Kohinoor Energy Limited	34,280	36,911
447,000	447,000	Kot Addu Power Company Limited	24,097	32,193
320,000	250,000	Loads Limited	9,978	10,368
50,000	25,000	Meezan Bank Limited	4,086	1,975
-	35,000	Nishat (Chunian) Limited	-	1,796
320,400	285,000	Nishat Mills Limited	45,151	45,224
291,000	291,000	Nishat Power Limited	8,625	13,747
241,100	156,000	Oil and Gas Development Company Limited	37,520	21,947
15,000	-	Pak Suzuki Motors Company Limited	5,901	-
100,000	100,000	Pakgen Power Limited	1,928	2,022
-	650,000	Pakistan International Bulk Terminals Pakistan Limited	-	15,054
129,500	120,000	Pakistan Oilfields Limited	86,997	54,979
548,600	530,000	Pakistan Petroleum Limited	117,894	78,515
199,800	149,200	Pakistan State Oil Company Limited	63,598	57,792
1,982,332	1,982,332	Pakistan Stock Exchange Limited	39,151	50,907
125,000	510,000	Pakistan Telecommunication Company Limited	1,430	7,962
2,405,000	2,405,000	PICIC Growth Fund	73,377	74,555
764,673	764,673	PICIC Investment Fund	10,300	11,470
37,400	68,000	Roshan Packages Limited	1,054	3,820
140,000	380,000	Sui Northern Gas Pipelines Limited	14,031	56,590
310,000	135,000	Sui Southern Gas Company Limited	10,175	4,915
10,400	-	Thal Limited	4,966	-
210,000	190,000	The Hub Power Company Limited	19,353	22,311
-	20,000	Treet Corporation Limited	-	1,138
			866,028	950,766

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

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28.3 The market value of investments which has been pledge with financial institutions as security against financing facilities (refer note 15.5) are as follows:

	2018	2017
	-----------(Rupees in '000)-----------	
Name of investee company		
Altern Energy Limited (Associated Company)	2,147,970	3,057,767
Attock Cement Pakistan Limited	7,927	1,907
Attock Petroleum Limited	-	7,517
Avanceon Limited	4,968	-
Cherat Cement Company Limited	19,446	35,756
D.G. Khan Cement Company Limited	60,679	112,974
Engro Corporation Limited	8,474	14,666
Engro Fertilizer Limited	14,982	17,124
Engro Foods Limited	1,336	1,822
Fatima Fertilizer Company Limited	486	2,543
Fauji Cement Company Limited	2,856	5,129
Fauji Fertilizer Bin Qasim Limited	17,178	19,064
Fauji Fertilizer Company Limited	14,339	11,984
Hi-Tech Lubricants Limited	8,460	3,270
International Industries Limited	29,454	44,228
International Steel Limited	31,832	37,472
K-Electric Limited	10,224	10,350
Kohat Cement Company Limited	-	14,123
Kohinoor Energy Limited	25,560	29,592
Kot Addu Power Company Limited	24,097	32,193
Loads Limited	9,354	-
Meezan Bank Limited	4,086	1,975
Nishat (Chunian) Limited	-	1,796
Nishat Mills Limited	40,162	22,215
Nishat Power Limited	8,625	13,747
Oil and Gas Development Company Limited	37,099	21,947
Pak Suzuki Motor Company Limited	5,901	-
Pakgen Power Limited	1,928	2,022
Pakistan International Bulk Terminals Limited	-	6,947
Pakistan Oilfields Limited	86,997	54,977
Pakistan Petroleum Limited	117,078	78,514
Pakistan State Oil Company Limited	59,142	57,638
Pakistan Stock Exchange Limited	39,151	-
Pakistan Telecommunication Company Limited	-	7,962
PICIC Growth Fund	-	74,554
PICIC Investment Fund	6,735	7,500
Roshan Packages Limited	958	1,910
Sui Northern Gas Pipelines Limited	14,031	56,590
Sui Southern Gas Company Limited	10,175	4,915
Thal Limited	2,531	-
The Crescent Textile Mills Limited	112,200	127,330
The Hub Power Company Limited	19,354	22,311
Treet Corporation Limited	-	1,138
	3,005,775	4,025,469

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28.4 This represent term deposits with conventional side of a commercial bank having a maturity period of 6 to 12 months and carrying mark-up at 4.00% to 4.50% per annum. These term deposit receipts are kept with bank as security to issue a guarantee of Rs. 18.0 million (2017: Rs. 7.5 million) in favour of Excise and Taxation Department due to infrastructure fee imposed by the Government of Sindh; and also for Rs. 10.0 million (2017: Rs. 4.0 million) in favour of Shell Pakistan Limited against diesel bills.

29. OTHER RECEIVABLES

	Note	2018	2017
		-----------(Rupees in '000)-------------	
Dividend receivable		3,262	3,257
Provision there against		(885)	(885)
Dividend receivable		2,377	2,372
Receivable against investments	29.1	17,723	17,770
Provision there against		(17,723)	(17,770)
		-	-
Receivable against rent from investment property		442	442
Claim receivable		-	1,863
Due from related parties	29.2	53	40
Retention money receivable		113,162	380,691
Sales tax refundable	29.3 & 29.4	239,394	348,872
Margin on letter of credit and guarantee		18,404	21,264
Receivable from staff retirement benefits funds	46.1.3	254,774	1,014,310
Others		2,042	4,510
		630,648	1,774,364

29.1 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.

29.2 This represents amount due from CSAP - Pension Fund amounting to Rs. 0.053 million (2017: Rs. 0.040 million). Maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balances is Rs. 0.053 million (2017: Rs. 0.040 million) and amount is 180 days past due.

29.3 During the year, order original no. 10/2016-17 dated 18 August 2017 was issued whereby demand aggregating to Rs. 41.6 million was raised against the Holding Company under sections 33 and 34 of the Sales Tax Act, 1990. The case was contested at Commissioner Inland Revenue (Appeals), where the case has been decided mostly in favour of company thereby reducing demand to Rs. 8.759 million via order dated 8 January 2018, issued under section 45B of the Sales Tax Act, 1990. Currently the case is pending in Appellate Tribunal Inland Revenue. No provision has been made in these consolidated financial statements in respect of this case, since based on the tax consultant's opinion the management is confident of favourable outcome of this appeal.

29.4 This includes payment made by CS Energy (Private) Limited a Subsidiary Company to Punjab Revenue Authority 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 (2017: 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

30. TAXATION - NET

	2018	2017
	(Rupees in '000)	
Advance taxation	3,584,206	2,929,935
Provision for taxation	(2,418,897)	(2,181,409)
	1,165,309	748,526

30.1 The Income Tax assessments / return filed of the Group have been finalized up to and including tax year 2017, 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:

The Additional Commissioner Inland Revenue amended the deemed assessment of the Holding Company for Tax Year 2009 and Tax Year 2011 thereby raising demands of Rs. 4.937 million and Rs. 22.218 million respectively. The Company has filed appeals with the Commissioner Inland Revenue (Appeals) which are yet to be fixed for hearing.

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 Holding Company at the Commissioner (Appeals) level, whereas appeals have been preferred 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.

30.2 The Board of Directors of the Holding Company in their meeting held on 31 July 2018 has announced sufficient cash dividend for the year ended 30 June 2018 to comply with the requirements of section 5A of the Income Tax Ordinance, 2001. Accordingly, no provision for tax on undistributed reserves has been recognized in these consolidated financial statements.

31. CASH AND BANK BALANCES

	Note	2018	2017
		(Rupees in '000)	
With banks			
- in saving account	31.1	17,245	54,022
- in current accounts		175,917	30,845
	31.2	193,162	84,867
Cash in hand		493	762
		175,917	30,845

31.1 Mark-up rate on saving account ranged between 3.17% to 5.71% (2017: 1.54% to 4.25%).

31.2 This includes balances amounting to Rs. 1.811 million (2017: Rs. 1.667 million) with Shariah complaint banks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

32. SALES - NET

	Note	2018	2017
		(Rupees in '000)	
Local sales			
Bare pipes		5,533,373	8,426,029
Steel Billets		3,382,588	1,911,780
Pipe coating		742,977	341,833
Pre coated pipes		475,612	1,339,963
Cotton yarn / raw cotton		884,203	1,216,867
Electricity sales		147,279	232,955
Steam sales		125,801	401,727
Others		141,120	182,503
Scrap / waste		16,857	35,540
Sales returns		-	(1,196)
		11,449,810	14,088,001
Export sales			
Fabric	32.1	13,120	57,169
		11,462,930	14,145,170
Sales tax		(1,533,174)	(1,859,622)
		9,929,756	12,285,548

32.1 Summary of export sales during the year:

Country	Geographical location	Credit terms	2018	2017
			(Rupees in '000)	
Ecuador	South America	Unsecured	13,120	33,552
Dominican republic	North America	Unsecured	-	10,441
Paraguay	South America	Unsecured	-	10,876
Peru	South America	Unsecured	-	2,300
			13,120	57,169

33. COST OF SALES

	Note	2018	2017
Steel segment	33.1	7,754,114	8,320,272
Cotton segment	33.1	888,295	1,295,114
Energy segment	33.1	747,645	982,635
		9,390,054	10,598,021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

33.1 Cost of sales

	Note	Steel segment 2018	Steel segment 2017	Cotton segment 2018	Cotton segment 2017	Energy segment 2018	Energy segment 2017	Total 2018	Total 2017
		(Rupees in '000)							
Raw materials consumed		6,385,661	7,354,964	611,491	853,563	618,233	879,803	7,615,385	9,088,330
Cost of raw cotton sold		-	-	27,736	-	-	-	27,736	-
Packing materials consumed		-	-	9,613	19,559	-	-	9,613	19,559
Stores and spares consumed		224,636	271,438	13,671	25,866	19,215	10,524	257,522	307,828
Fuel, power and electricity		55,616	79,542	111,143	169,478	-	-	166,759	249,020
Salaries, wages and other benefits	33.2	236,263	264,542	82,221	118,955	32,803	20,175	351,287	403,672
Insurance		5,577	5,063	2,394	2,657	1,374	1,278	9,345	8,998
Repairs and maintenance		23,868	21,358	1,834	2,227	8,167	5,192	33,869	28,777
Depreciation	17.1.2	105,881	86,457	29,201	35,228	58,923	54,873	194,005	176,558
Rental under Ijarah financing		91,599	91,349	-	-	-	-	91,599	91,349
Stock-in-trade written down to NRV		32,020	120,433	-	-	-	-	32,020	120,433
Other expenses		525,088	307,604	3,606	39,756	8,930	10,790	537,624	358,150
		7,686,209	8,602,750	892,910	1,267,289	747,645	982,635	9,326,764	10,852,674
Opening stock of work-in-process		85,524	76,672	-	10,250	-	-	85,524	86,922
Closing stock of work-in-process	24	(10,288)	(85,524)	(9,425)	-	-	-	(19,713)	(85,524)
		75,236	(8,852)	(9,425)	10,250	-	-	65,811	1,398
Cost of goods manufactured		7,761,445	8,593,898	883,485	1,277,539	747,645	982,635	9,392,575	10,854,072
Opening stock of finished goods		403,765	130,139	10,304	27,879	-	-	414,069	158,018
Closing stock of finished goods	24	(411,096)	(403,765)	(5,494)	(10,304)	-	-	(416,590)	(414,069)
		(7,331)	(273,626)	4,810	17,575	-	-	(2,521)	(256,051)
		7,754,114	8,320,272	888,295	1,295,114	747,645	982,635	9,390,054	10,598,021

33.2 Detail of salaries, wages and other benefits

	Note	Steel segment 2018	Steel segment 2017	Cotton segment 2018	Cotton segment 2017	Energy segment 2018	Energy segment 2017	Total 2018	Total 2017
Salaries, wages and other benefits	33.2.1	227,313	263,055	80,865	117,362	32,803	20,175	340,981	400,592
Pension fund	33.2.2	3,358	1,019	363	121	-	-	3,721	1,140
Gratuity fund	33.2.2	1,329	(3,499)	34	(192)	-	-	1,363	(3,691)
Provident fund contributions		4,263	3,967	959	1,664	-	-	5,222	5,631
		236,263	264,542	82,221	118,955	32,803	20,175	351,287	403,672

33.2.1 This includes contribution amounting to Rs. 10 million (2017: Rs. 20 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

33.2.2 Staff retirement benefits

	2018 Pension	2018 Gratuity	2017 Pension	2017 Gratuity
	(Rupees in '000)			
Current service costs	(1,261)	(255)	9,675	3,116
Interest costs	(3,040)	(454)	22,104	4,049
Expected return on plan assets	8,022	2,072	(41,716)	(11,774)
Past service cost recognized	-	-	11,077	918
	3,721	1,363	1,140	(3,691)

34. INCOME FROM INVESTMENTS

	Note	2018	2017
		(Rupees in '000)	
Dividend income	34.1	57,846	51,091
(Loss) / gain on sale of investments - net	34.1	(17,832)	28,802
Gain on sale of investment in commodity		-	375
Unrealized (loss) / gain on held for trading investments	34.1	(86,110)	117,022
Rent from investment properties	34.2	5,039	7,558
		(41,057)	204,848

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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

Name of investee company	Dividend income	Realised gain / (loss)	Unrealised (loss) / gain
	--------------(Rupees in '000)----------------		
Shariah compliant investee companies			
Attock Cement Pakistan Limited	85	-	(1,060)
Attock Petroleum Limited	510	-	(437)
Attock Refinery Limited	-	(400)	-
Avanceon Limited	169	-	1,800
Cherat Cement Company Limited	900	-	(16,310)
D.G. Khan Cement Company Limited	3,974	-	(52,295)
Engro Corporation Limited	678	(789)	(290)
Engro Fertilizer Limited	1,837	742	3,934
Fatima Fertilizer Company Limited	34	(41)	(19)
Fauji Cement Company Limited	237	-	(2,273)
Hi-Tech Lubricants Limited	106	-	39
International Industries Limited	507	(88)	(15,870)
International Steel Limited	763	571	(7,827)
Ittehad Chemical Limited	-	(24)	-
K-Electric Limited	-	-	(2,196)
Kohat Cement Company Limited	123	(696)	(5,892)
Kohinoor Energy Limited	3,856	-	(2,631)
Kot Addu Power Company Limited	4,068	-	(8,095)
Loads Limited	250	-	(2,218)
Maple Leaf Cement Factory Limited	37	(424)	-
Meezan Bank Limited	77	-	191
Nishat Mills Limited	1,425	-	(5,227)
Oil and Gas Development Company Limited	2,110	-	2,587
Pak Suzuki Motor Company Limited	191	-	(1,324)
Pakistan Oilfields Limited	5,525	125	27,542
Pakistan Petroleum Limited	5,443	-	35,929
Pakistan Telecommunication Company Limited	510	(1,146)	(521)
Roshan Packages Limited	34	-	(856)
Sui Northern Gas Pipelines Limited	2,903	(11,379)	(6,065)
Sui Southern Gas Company Limited	-	267	(1,786)
The Hub Power Company Limited	1,492	47	(5,134)
Treet Corporation Limited	-	(52)	-
	37,844	(13,287)	(66,304)
Non- Shariah compliant investee companies			
Engro Foods Limited	6	-	(486)
Fauji Fertilizer Bin Qasim Limited	378	-	(1,887)
Fauji Fertilizer Company Limited	1,052	-	2,357
First Equity Modaraba	1	-	-
Carry forward	1,437	-	(16)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

	Dividend income	Realised gain / (loss)	Unrealised (loss) / gain
	--------------(Rupees in'000)----------------		
Brought forward	1,437	-	(16)
First UDL Modaraba	5	-	-
Nishat (Chunian) Limited	96	(10)	-
Nishat Power Limited	581	-	(5,123)
Pakgen Power Limited	200	-	(94)
Pakistan International Bulk Terminals Limited	-	(5,584)	-
Pakistan State Oil Company Limited	4,496	662	(488)
Pakistan Stock Exchange Limited	495	-	(11,755)
PICIC Growth Fund	6,614	-	(1,178)
PICIC Investment Fund	1,032	-	(1,170)
Roshan Packages Limited	-	(73)	-
Systems Limited	-	396	-
Thal Limited	14	64	18
	14,970	(4,545)	(19,806)
Others			
Central Depository Company of Pakistan Limited	5,032	-	-
	57,846	(17,832)	(86,110)

34.1.1 Unrealised loss amounting to Rs. 78.177 million on this investment was recognized in consolidated other comprehensive income during the year.

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

34.2 Direct operating expenses incurred against rental income from investment properties amounted to Rs. 5.483 million (2017: Rs. 7.587 million). Further, Rs. 0.391 million (2017: Rs. 1.313 million) were incurred against the non rented out area.

35. DISTRIBUTION AND SELLING EXPENSES

	Note	Steel segment 2018	Steel segment 2017	Cotton segment 2018	Cotton segment 2017	Total 2018	Total 2017
		-------------------------(Rupees in '000)-------------------------					
Salaries, wages and other benefits	35.1	4,809	6,880	1,526	5,917	6,335	12,797
Commission		-	-	2,855	5,577	2,855	5,577
Travelling, conveyance and entertainment		865	686	92	832	957	1,518
Depreciation	17.1.2	1,175	1,388	-	-	1,175	1,388
Insurance		104	160	-	7	104	167
Postage, telephone and telegram		93	105	162	701	255	806
Advertisement		728	98	-	-	728	98
Bid bond expenses		2,499	1,213	-	-	2,499	1,213
Legal and professional charges		1,054	3,475	-	-	1,054	3,475
Others		882	962	2,561	4,280	3,443	5,242
		12,209	14,967	7,196	17,314	19,405	32,281

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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35.1 Detail of salaries, wages and other benefits

	Note	Steel segment 2018	Steel segment 2017	Cotton segment 2018	Cotton segment 2017	Total 2018	Total 2017
		(Rupees in '000)					
Salaries, wages and other benefits		4,407	6,948	1,526	5,921	5,933	12,869
Pension fund	35.1.1	176	28	-	6	176	34
Gratuity fund	35.1.1	73	(96)	-	(10)	73	(106)
Provident fund contributions		153	-	-	-	153	-
		4,809	6,880	1,526	5,917	6,335	12,797

35.1.1 Staff retirement benefits

	2018 Pension	2018 Gratuity	2017 Pension	2017 Gratuity
	(Rupees in '000)			
Current service costs	(60)	(14)	289	89
Interest costs	(144)	(23)	659	117
Expected return on plan assets	380	110	(1,244)	(338)
Past service cost recognized	-	-	330	26
	176	73	34	(106)

36. ADMINISTRATIVE EXPENSES

	Note	Steel segment 2018	Steel segment 2017	Cotton segment 2018	Cotton segment 2017	IID segment 2018	IID segment 2017	Energy segment 2018	Energy segment 2017	Total 2018	Total 2017
		(Rupees in '000)									
Salaries, wages and other benefits	36.1	33,728	94,603	7,824	17,327	7,005	7,641	1,794	434	50,351	120,005
Rents, rates and taxes		3,167	1,743	439	330	884	745	595	585	5,085	3,403
Travelling, conveyance and entertainment		9,516	8,578	1,228	1,582	508	464	-	-	11,252	10,624
Fuel and power		7,904	7,265	761	836	421	888	-	-	9,086	8,989
Postage, telephone and telegram		2,068	2,232	356	494	109	115	-	-	2,533	2,841
Insurance		1,430	1,061	161	124	120	99	-	-	1,711	1,284
Repairs and maintenance		12,128	13,025	298	557	780	1,261	-	-	13,206	14,843
Auditors' remuneration	36.2	2,118	1,506	342	351	313	224	296	251	3,069	2,332
Legal, professional and corporate service charges		15,864	8,173	1,826	1,563	3,926	2,224	207	488	21,823	12,448
Advertisement		1,854	2,893	12	20	96	151	-	-	1,962	3,064
Donations	36.3	33,333	76,702	-	70	1,754	4,041	-	-	35,087	80,813
Depreciation	17.1.2 & 19.1	17,223	15,907	2,390	3,067	5,492	7,256	-	-	25,105	26,230
Amortization of intangible assets	18.1.1	2,808	4,127	88	405	33	101	629	629	3,558	5,262
Printing, stationery and office supplies		4,812	4,995	242	1,134	352	408	20	10	5,426	6,547
Newspapers, subscriptions and periodicals		277	1,328	455	657	19	72	-	-	751	2,057
Others		5,884	4,878	873	941	616	701	1,388	5	8,761	6,525
		154,114	249,016	17,295	29,458	22,428	26,391	4,929	2,402	198,766	307,267

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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36.1 Detail of salaries, wages and other benefits

	Note	Steel segment 2018	Steel segment 2017	Cotton segment 2018	Cotton segment 2017	IID segment 2018	IID segment 2017	Energy segment 2018	Energy segment 2017	Total 2018	Total 2017
		(Rupees in '000)									
Salaries, wages and other benefits		102,102	92,442	13,309	16,686	7,502	7,406	1,794	434	124,707	116,968
Pension fund	36.1.1	(45,975)	414	(4,851)	18	(532)	18	-	-	(51,358)	450
Gratuity fund	36.1.1	(25,986)	(1,430)	(1,161)	(27)	(254)	(51)	-	-	(27,401)	(1,508)
Provident fund contributions		3,587	3,177	527	650	289	268	-	-	4,403	4,095
		33,728	94,603	7,824	17,327	7,005	7,641	1,794	434	50,351	120,005

36.1.1 Staff retirement benefits

	2018 Pension	2018 Gratuity	2017 Pension	2017 Gratuity
	(Rupees in '000)			
Current service costs	17,405	5,132	3,819	1,273
Interest costs	41,961	9,121	8,725	1,655
Expected return on plan assets	(110,724)	(41,654)	(16,467)	(4,811)
Past service cost recognized	-	-	4,373	375
	(51,358)	(27,401)	450	(1,508)

36.2 Auditors' remuneration

	Note	2018	2017
		(Rupees in '000)	
Audit fee	36.2.1	2,287	2,068
Fee for audit of funds' financial statements and other reports		360	47
Out of pocket expenses		260	89
Sales tax		162	128
		3,069	2,332

36.2.1 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, limited review of unconsolidated condensed interim financial information for the six months period of Holding Company, audit of annual consolidated financial statements for group taxation purpose, review report on statement of compliance with best practices of the Code of Corporate Governance and audit of reconciliation statement of nominee shareholding of Central Depository Company of Pakistan Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

36.3 Donations

36.3.1 Donations include the following in which a director is interested:

Name of director	Interest in donee	Name and address of the donee	Amount donated 2018	Amount donated 2017
			-----------(Rupees in '000)	-------------
Mr. Ahsan M. Saleem	Director	The Citizens Foundation Plot No. 20, Sector - 14, New Brookes Chowrangi, Korangi Industrial Area, Karachi	23,688	58,351
	Chairman	CSAP Foundation E-Floor, IT Tower, 73-E/'II' Hali Road, Gulberg 'III' Lahore	1,000	7,760
	Director	Pakistan Centre for Philanthropy 1-A St.14 F-8/3 Islamabad.	1,000	-
			25,688	66,111

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

36.3.2 Donations include the following in which directors are not interested:

Name of donee	Amount donated 2018	Amount donated 2017
	-----------(Rupees in '000)	-------------
Crescent Educational Trust	3,000	3,500
Citizens Police Liaison Committee	2,500	-
Rashid Memorial Welfare Organization	1,000	-
National University of Sciences and Technology	1,000	1,000
Business Hospital Trust	-	1,000
Hunar Foundation	-	1,000
Imkaan Welfare Organization	-	1,200
Shakarganj Foundation	-	1,500
The Cardiovascular Foundation	-	1,500
The Health Foundation	-	1,500
The Citizens Archive of Pakistan	-	1,500
Others	1,899	1,002
	9,399	14,702

37. OTHER OPERATING EXPENSES

	2018	2017
	-----------(Rupees in '000)	-------------
Exchange loss	21,187	10,054
Claim receivable written off	561	-
Provision for:	-	-
- Workers' profit participation fund	26,782	60,111
- Workers' welfare fund	11,071	21,002
- doubtful trade debts	2,090	7,369
- other receivables	-	17,385
- liquidated damages	-	19,141
- slow moving stores, spares and loose tools - net	19,727	3,765
Liquidated damages	25,882	290,454
	107,300	429,281

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

38. OTHER INCOME

	Note	2018	2017
		----------- (Rupees in '000)	-------------
Income from financial assets			
Mark-up on short term loan to subsidiary company		-	-
Return on deposits - from conventional banking		3,054	2,299
Exchange gain on derivative financial liability - net	13.4	1,504	-
Unwinding of discount on long term deposit		16,920	14,880
		21,478	17,179
Income from non-financial assets			
Gain on disposal of operating fixed assets		24,686	75,982
Deferred income amortized		4,677	4,968
Insurance commission		1,566	1,413
Liabilities written back		768	-
Recovery of liquidated damages		85,185	-
Reversal of provision for:			
- stock-in-trade		715	-
- doubtful trade debts		5,014	-
- other receivables		47	-
Rent income		2,959	1,630
Others		6,226	2,573
		131,843	86,566
		153,321	103,745

39. FINANCE COSTS

	2018	2017
Mark-up on short term loans - Shariah arrangement	33,405	14,838
Interest on - Non - Shariah arrangement		
- finance lease obligations	10,257	11,616
- long term loans	31,793	38,251
- running finances	62,365	18,131
- short term loans	111,389	107,621
Discounting on long term deposit	8,340	1,017
Bank charges	6,415	13,152
	263,964	204,626

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

	2018	2017
Shariah compliant investee companies		
Altern Energy Limited	315,443	350,461
Shakarganj Limited	(230,481)	232,501
Others		
Crescent Socks (Private) Limited	-	(13,653)
	84,962	569,309

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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41. TAXATION

	Note	2018	2017
		(Rupees in '000)	
Current			
- for the year		194,746	327,235
- Super tax		33,995	36,637
- for prior years		7,100	21,954
		235,841	385,826
Deferred		(26,929)	19,027
		208,912	404,853

41.1 Relationship between taxation expense and accounting profit

	2018	2017
	(Rupees in '000)	
Profit before taxation	147,493	1,591,974
Tax at the applicable rate of 30% (2017: 31%)	44,248	493,512
Tax effect of inadmissible expenses / losses	235,303	(78,467)
Tax effect of exempt income and income under final tax regime	-	9,188
Tax effect of income taxed at a lower rate	(110,720)	(76,242)
Prior year tax effect	7,100	21,819
Super tax	33,995	36,637
Tax effect of change in effective tax rate	(1,014)	(1,594)
	208,912	404,853

41.2 Sufficient provision for tax has been made in these consolidated financial statements taking into account the profit or loss for the year and various admissible and inadmissible allowances and deduction under the Income Tax Ordinance, 2001. Position of provision and assessment including returns filed and deemed assessed for last three years are as follows:

		2017	2016	2015
		(Rupees in '000)		
Tax provision including effects of prior years	41.2.1	370,834	347,570	24,487
Tax assessed / return filed		336,365	327,250	24,774

41.2.1 This include refunds amounting to Rs. 0.069 million, Rs. 0.149 million and Rs. 0.287 million for tax years 2017, 2016 and 2015 respectively, pertaining to Solution de Energy (Private) Limited a Subsidiary Company which has filed tax returns based on exemption available, therefore tax refund has been determined (refer note 12.3).

42. BASIC AND DILUTED EARNINGS PER SHARE

	2018	2017
	(Rupees in '000)	
(Loss) / profit for the year	(61,419)	1,187,121
	(Number of shares)	
Weighted average number of ordinary shares in issue during the year	77,632,491	77,632,491
Basic and diluted (loss) / earnings per share	(0.79)	15.29

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43. CASH GENERATED FROM OPERATION

	2018	2017
	(Rupees in '000)	
Profit before taxation	147,493	1,591,974
Adjustments for non cash charges and other items:		
Depreciation on operating fixed assets and investment properties	220,731	206,531
Amortization of intangible assets	3,559	5,262
(Reversal) for the period on staff retirement benefit funds	(73,426)	(3,116)
Dividend income	(57,846)	(51,091)
Unrealized loss / (gain) on held for trading investments - net	86,110	(117,022)
Loss / (gain) on sale of investments	17,832	(28,801)
Realized / unrealized gain on commodity - Silver	-	(375)
Provision for slow moving stores, spares and loose tools	19,727	3,765
(Reversal of provision) for stock-in-trade - Raw materials	(715)	-
(Reversal of provision) / provision for doubtful trade debts	(7,151)	7,369
Provision for doubtful other receivables	-	17,385
Provision for Workers' Welfare Fund	11,071	21,002
Provision for Workers' Profit Participation Fund	26,782	60,111
Provision for liquidated damages	-	19,141
Return on deposits and investments	(3,053)	(1,862)
Gain on disposal of operating fixed assets	(24,686)	(75,982)
Deferred income	(4,677)	(4,968)
Discounting of long term deposits	8,340	1,017
Unwinding of discount on long term deposit	(16,920)	(14,880)
Liabilities written back	(768)	-
Finance costs	255,624	204,626
Share of (profit) from equity accounted investees - net of taxation	(84,962)	(569,309)
	523,065	1,270,777
Changes in:		
Stores, spares and loose tools	(40,031)	(64,729)
Stock-in-trade	1,117,359	(805,814)
Trade debts	821,523	(461,412)
Advances	(7,562)	24,738
Trade deposits and short term prepayments	(13,999)	(21,371)
Other receivables	383,789	(434,979)
Trade and other payables	(362,559)	1,301,284
	2,421,585	808,494

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43.1 Reconciliation of movements of liabilities to cash flows arising from financing activities

	Long term loans	Finance lease liabilities (Including mark-up accrued)	Short term borrowings	Unpaid and unclaimed dividend	Total
	9	10 & 14	15		
Opening balance as at 1 July 2017	462,981	105,454	2,505,540	138,077	3,212,052
Dividend declared	-	-	-	252,306	252,306
Lease obligation entered during the year	-	114,772	-	-	114,772
Interest accrued on lease obligation	-	10,257	-	-	10,257
Lease deposit matured	-	(4,969)	-	-	(4,969)
Mark-up on commercial papers	-	-	43,388	-	43,388
	-	120,060	43,388	252,306	415,754
Proceeds from long term loans	161,695	-	-	-	161,695
Repayment of long term loans	(301,386)	-	-	-	(301,386)
Proceed from short term borrowings	-	-	9,942,464	-	9,942,464
Repayment of short term borrowings	-	-	(10,989,244)	-	(10,989,244)
Dividend paid	-	-	-	(368,863)	(368,863)
Lease payments	-	(51,660)	-	-	(51,660)
	(139,691)	(51,660)	(1,046,780)	(368,863)	(1,606,994)
Closing balance as at 30 June 2018	323,290	173,854	1,502,148	21,520	2,020,812

44. CASH AND CASH EQUIVALENTS

	Note	2018	2017
		-----------(Rupees in '000)--------------	
Running finances under mark-up arrangements	15	(453,977)	(398,626)
Cash and bank balances	31	193,655	85,629
		(260,322)	(312,997)

45. SEGMENT REPORTING

45.1 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 1.3).
- Investment and Infrastructure Development (IID) segment - To effectively manage the investment portfolio in shares and other securities (strategic as well as short term) and investment property (held for rentals as well as long term appreciation) (note 1.4).
- Energy segment - It comprises of operations of the Subsidiary Company (note 1.6).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

45.2 Segment revenues and results

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

For the year ended 30 June 2018	Steel segment	Cotton segment	IID segment	Energy segment	Inter-segments Elimination / adjustments	Total
	------------	------------	(Rupees in '000)	------------	------------	------------
Sales	9,027,292	907,596	-	651,880	(657,012)	9,929,756
Cost of sales	8,411,410	888,295	-	754,719	(664,370)	9,390,054
Gross profit / (loss)	615,882	19,301	-	(102,839)	7,358	539,702
Income from investments	-	-	514,448	-	(555,505)	(41,057)
	615,882	19,301	514,448	(102,839)	(548,147)	498,645
Distribution and selling expenses	12,209	7,196	-	-	-	19,405
Administrative expenses	154,114	17,295	22,428	4,929	-	198,766
Other operating expenses	103,879	1,304	27	2,090	-	107,300
	270,202	25,795	22,455	7,019	-	325,471
	345,680	(6,494)	491,993	(109,858)	(548,147)	173,174
Other income	156,051	20,253	47	3,197	(26,227)	153,321
Operating profit / (loss) before Finance costs	501,731	13,759	492,040	(106,661)	(574,374)	326,495
Finance costs	250,331	5,609	25,818	8,433	(26,227)	263,964
Share of profit in equity accounted investees - net of taxation	-	-	84,034	928	-	84,962
Profit / (loss) before taxation	251,400	8,150	550,256	(114,166)	(548,147)	147,493
Taxation						208,912
Loss for the year						(61,419)

For the year ended 30 June 2017	Steel segment	Cotton segment	IID segment	Energy segment	Inter-segments Elimination / adjustments	Total
Sales	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 for the year						1,187,121

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45.2.1 Revenue reported above represents revenue generated from external customers. There were no inter-segment sale during the year (2017: Rs. Nil).

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

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

45.3 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.

45.4 Information about major customers

Revenue from major customers of Steel segment represents an aggregate amount of Rs. 7,973.355 million (2017: Rs. 9,715.614 million) of total Steel segment revenue of Rs. 9,027.292 million (2017: Rs. 10,554.116 million). Revenue from major customers of Cotton segment represents an aggregate amount of Rs. 84.508 million (2017: Rs. 533.351 million) of total Cotton segment revenue of Rs. 907.596 million (2017: Rs. 1,288.528 million). Revenue from major customers of Energy segment represent an aggregate amount of Rs. 651.880 million (2017: Rs. 930.828 million) of total Energy segment revenue of Rs. 651.880 million (2017: Rs. 934.401 million).

45.5 Geographical information

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

	2018	2017
	(Rupees in '000)	
South and North America	13,120	57,169
Pakistan	9,916,636	12,228,379
	9,929,756	12,285,548

45.5.2 All non-current assets of the Group as at 30 June 2018 and 2017 were located and operating in Pakistan.

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45.6 Segment assets and liabilities

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

	Steel segment	Cotton segment	IID segment	Energy segment	Total
	(Rupees in '000)				
As at 30 June 2018					
Segment assets for reportable segments	4,811,697	528,790	1,376,546	935,261	7,652,294
Investment in equity accounted investees	-	-	2,831,055	257,178	3,088,233
Unallocated corporate assets					1,318,496
Total assets as per consolidated balance sheet					12,059,023
Segment liabilities for reportable segments	2,043,914	101,745	154,619	111,465	2,411,743
Unallocated corporate liabilities and deferred income					2,033,591
Total liabilities as per consolidated balance sheet					4,445,334
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

45.6.1 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.

45.7 Other segment information

	Steel segment	Cotton segment	IID segment	Energy segment	Total
	(Rupees in '000)				
For the year ended 30 June 2018					
Capital expenditure	117,169	54,961	-	36,036	208,166
Depreciation and amortization	127,088	31,679	5,525	59,998	224,290
Non-cash items other than depreciation and amortization	176,608	(17,300)	(12,927)	4,901	151,282
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)

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46. STAFF RETIREMENT BENEFITS

46.1 Defined benefit plans

46.1.1 The actuarial valuation of both pension and gratuity schemes has been conducted in accordance with IAS 19, 'Employee benefits' as at 30 June 2018. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation:

	2018		2017	
	Pension	Gratuity	Pension	Gratuity
Financial assumptions				
- Discount rate used for interest cost in P&L charge	9.25%	9.25%	9.00%	7.25%
- Discount rate used for year end obligation	10%	10%	9.25%	9.25%
- Expected rate of increase in salaries	10%	10%	9.25%	9.25%
Demographic assumptions				
- Retirement Assumption	Age 58		Age 58	
- Expected mortality for active members	"SLIC (2001-05)"		"SLIC (2001-05)"	

46.1.2 The amounts recognized in consolidated balance sheet are as follows:

		2018			2017		
		Pension	Gratuity	Total	Pension	Gratuity	Total
	Note	(Rupees in '000)					
Present value of defined benefit obligations	46.1.4	457,906	101,625	559,531	423,509	94,572	518,081
Fair value of plan assets	46.1.5	(608,912)	(205,706)	(814,618)	(1,106,188)	(426,203)	(1,532,391)
Asset recognized in consolidated statement of financial position		(151,006)	(104,081)	(255,087)	(682,679)	(331,631)	(1,014,310)

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

	Note	2018 Pension	2018 Gratuity	2018 Total	2017 Pension	2017 Gratuity	2017 Total
Opening balance		(682,679)	(331,631)	(1,014,310)	(306,233)	(150,043)	(456,276)
Net benefit (income) / cost charged to consolidated profit or loss	46.1.7	(47,460)	(25,965)	(73,425)	1,625	(5,305)	(3,680)
Remeasurements recognized in consolidated other comprehensive income		587,706	256,807	844,513	(369,286)	(172,986)	(542,272)
Contributions by the Holding Company	46.1.5	(8,573)	(3,292)	(11,865)	(8,785)	(3,297)	(12,082)
Closing balance		(151,006)	(104,081)	(255,087)	(682,679)	(331,631)	(1,014,310)

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46.1.4 Movement in the present value of defined benefit obligations

	2018			2017		
	Pension	Gratuity	Total	Pension	Gratuity	Total
	(Rupees in '000)					
Present value of defined benefit obligations - 1 July	423,509	94,572	518,081	354,115	82,485	436,600
Current service costs	16,084	4,863	20,947	13,791	4,479	18,270
Past service cost	-	-	-	15,790	1,319	17,109
Interest costs	38,776	8,642	47,418	31,508	5,820	37,328
Benefits paid during the year	(8,626)	(2,292)	(10,918)	(8,050)	(1,519)	(9,569)
Benefits due but not paid	-	-	-	-	(2,891)	(2,891)
Remeasurement:						
Actuarial losses from changes in financial assumptions	2,381	13	2,394	724	33	757
Experience adjustments	(14,218)	(4,173)	(18,391)	15,631	4,846	20,477
Present value of defined benefit obligations - 30 June	457,906	101,625	559,531	423,509	94,572	518,081

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

	2018 Pension	2018 Gratuity	2018 Total	2017 Pension	2017 Gratuity	2017 Total
Fair value of plan assets - 1 July	1,106,188	426,203	1,532,391	660,348	232,528	892,876
Contributions by the Holding Company	8,573	3,292	11,865	8,785	3,297	12,082
Interest income on plan assets	102,320	39,470	141,790	59,464	16,923	76,387
Benefits paid during the year	(8,626)	(2,292)	(10,918)	(8,050)	(1,519)	(9,569)
Benefits due but not paid	-	-	-	-	(2,891)	(2,891)
Return on plan assets, excluding interest income	(599,543)	(260,967)	(860,510)	385,641	177,865	563,506
Fair value of plan assets - 30 June	608,912	205,706	814,618	1,106,188	426,203	1,532,391

	2018 Pension	2018 Gratuity	2018 Total	2017 Pension	2017 Gratuity	2017 Total
46.1.6 Actual return on plan assets	(497,223)	(221,497)	(718,720)	445,105	194,788	639,893

46.1.7 Following amounts have been charged in consolidated profit or loss in respect of these benefits

	2018 Pension	2018 Gratuity	2018 Total	2017 Pension	2017 Gratuity	2017 Total
Current service costs	16,084	4,863	20,947	13,791	4,479	18,270
Past service cost	-	-	-	15,790	1,319	17,109
Interest costs	38,776	8,642	47,418	31,508	5,820	37,328
Expected return on plan assets	(102,320)	(39,470)	(141,790)	(59,464)	(16,923)	(76,387)
(Income) / charge recognized in consolidated profit or loss	(47,460)	(25,965)	(73,425)	1,625	(5,305)	(3,680)

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

	2018 Pension	2018 Gratuity	2018 Total	2017 Pension	2017 Gratuity	2017 Total
Remeasurement:						
Actuarial losses from changes in financial assumptions	2,381	13	2,394	724	33	757
Experience adjustments	(14,218)	(4,173)	(18,391)	15,631	4,846	20,477
Return on plan assets, excluding interest income	599,543	260,967	860,510	(385,641)	(177,865)	(563,506)
Remeasurement loss / (gain) charged in consolidated other comprehensive income	587,706	256,807	844,513	(369,286)	(172,986)	(542,272)

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	2018			2017		
	Pension	Gratuity	Total	Pension	Gratuity	Total
	(Rupees in '000)					
46.1.9 Total defined benefit cost recognized in consolidated profit or loss and other comprehensive income	540,246	230,842	771,088	(367,661)	(178,291)	(545,952)
Expected contributions to funds in the following year	-	-	-	-	-	-
Weighted average duration of the defined benefit obligation (years)	11	3		11	3	
Analysis of present value of defined benefit obligation						
Type of Members:						
Pensioners	29	-		26	-	
Beneficiaries	98	98		92	91	
Vested / Non-Vested						
Vested benefits	422,010	81,066	503,076	388,077	77,228	465,305
Non - vested benefits	41,673	20,559	62,232	35,432	17,344	52,776
	463,683	101,625	565,308	423,509	94,572	518,081
Disaggregation of fair value of plan assets						
The fair value of the plan assets at reporting date for each category are as follows:						
Cash and cash equivalents (comprising bank balances and adjusted for current liabilities) - quoted	4,841	2,567	7,408	82,099	980	83,079
Debt instruments						
AA+	95,707	19,629	115,336	116,124	44,336	160,460
AA/AA-	61,791	-	61,791	237	-	237
	157,498	19,629	177,127	116,361	44,336	160,697
Equity instruments						
Automobile Assembling	115	-	115	809	-	809
Automobile Parts and Accessories	179	-	179	-	-	-
Cables and Electrical Goods	-	-	-	251	-	251
Cement	8,605	-	8,605	16,345	-	16,345
Chemicals	530	-	530	435	-	435
Commercial Banks	137	-	137	337	-	337
Engineering	352,135	159,760	511,895	771,003	350,992	1,121,995
Fertilizer	9,842	292	10,134	10,443	244	10,687
Insurance	97	-	97	166	-	166
Jute	-	-	-	148	-	148
Oil and Gas Exploration Companies	11,754	4,263	16,017	8,185	2,913	11,098
Oil and Gas Marketing Companies	1,042	-	1,042	860	-	860
Power Generation and Distribution	27,992	13,052	41,044	55,205	16,647	71,852
Sugar and Allied Industries	8,176	2,408	10,584	10,099	2,975	13,074
Textile Composite	3,959	-	3,959	4,529	-	4,529
	424,563	179,775	604,338	878,815	373,771	1,252,586
Mutual funds						
Income Fund	22,010	3,733	25,743	7,772	2,883	10,655
Equity Fund	-	-	-	21,141	4,233	25,374
	22,010	3,733	25,743	28,913	7,116	36,029
	608,912	205,704	814,616	1,106,188	426,203	1,532,391

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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%	411,403	98,920
Discount rate -1%	514,493	104,731
Long term pension / salary increase +1%	468,268	104,720
Long term pension / salary decrease -1%	448,756	98,881
Long term pension increase +1%	507,855	-
Long term pension decrease -1%	415,136	-

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

46.2 Defined contribution plan

The Group has set up provident fund for its permanent employees . The total charge against provident fund for the year ended 30 June 2018 was Rs. 11.163 million (2017: Rs. 9.344 million). Reporting year end of Provident Fund Financial Statements is 31 December and 30 June for Steel & IID Division and Cotton Division respectively.

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

	31 December 2017 (Unaudited)	31 December 2016 (Unaudited)	30 June 2018 (Unaudited)	30 June 2017 (Audited)
	Steel and IID Division		Cotton Division	
	(Rupees in '000)			
Cost of investments made	155,216	196,959	27,776	25,451
Size of the Fund	300,244	306,677	32,094	40,941
Fair value of investments	298,274	303,140	32,094	40,941
Percentage of investments made	99%	99%	100%	100%
Amount wise breakup of Fair value of investments is as follows:				
Equity Securities	133,476	155,868	7,119	18,291
Government Securities	84,701	65,883	-	-
Mutual Funds	44,248	14,370	-	-
Others	35,849	67,019	24,975	22,650
	298,274	303,140	32,094	40,941
Percentage wise breakup of Fair value of investments out of Size of Fund is as follows:				
Equity Securities	45%	51%	22%	45%
Government Securities	28%	21%	-	-
Mutual Funds	15%	5%	-	-
Others	12%	22%	78%	55%

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Investments out of the provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

47. 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:

	30 June 2018							
	Carrying amount				Fair value			
	Investments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)							
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Listed equity securities	1,026,848	-	-	1,026,848	1,026,848	-	-	1,026,848
Financial assets not measured at fair value								
Investments								
- unlisted equity securities	262,933	-	-	262,933	-	-	-	-
- equity	3,088,233	-	-	3,088,233	-	-	-	-
- Term deposit receipt	28,000	-	-	28,000	-	-	-	-
Markup accrued	-	155	-	155	-	-	-	-
Deposit	-	279,162	-	279,162	-	-	-	-
Trade debts	-	82,320	-	82,320	-	-	-	-
Other receivables	-	136,480	-	136,480	-	-	-	-
Bank balances	-	193,162	-	193,162	-	-	-	-
	3,379,166	691,279	-	4,070,445	-	-	-	-

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	30 June 2018							
	Carrying amount				Fair value			
	Investments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)							
Financial liabilities not measured at fair value								
Long term loans	-	-	323,290	323,290	-	-	-	-
Liabilities against assets subject to finance lease	-	-	173,429	173,429	-	-	-	-
Trade and other payables	-	-	1,466,446	1,466,446	-	-	-	-
Unpaid dividend	-	-	-	-	-	-	-	-
Unclaimed dividend	-	-	21,520	21,520	-	-	-	-
Mark-up accrued	-	-	23,569	23,569	-	-	-	-
Short term borrowings	-	-	1,956,125	1,956,125	-	-	-	-
	-	-	3,964,379	3,964,379	-	-	-	-
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	-	-	-	-
Mark-up accrued	-	132	-	132	-	-	-	-
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	1,627,895	-	5,151,718	-	-	-	-
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	-	-	1,833,363	1,833,363	-	-	-	-
Unpaid dividend	-	-	116,449	116,449				
Unclaimed dividend	-	-	21,628	21,628				
Mark-up accrued	-	-	31,631	31,631	-	-	-	-
Short term borrowings	-	-	2,904,166	2,904,166	-	-	-	-
	-	-	5,475,524	5,475,524	-	-	-	-

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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 19.2. 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.

48. 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.

48.1 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:

	2018	2017
	(Rupees in '000)	
Deposits	279,162	240,920
Trade debts	82,320	890,794
Mark-up accrued	155	132
Other receivables	136,480	411,182
Bank balances	193,162	84,867
	691,279	1,627,895

Trade and other receivables

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

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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:

	2018	2017
	(Rupees in '000)	
Steel segment	66,706	715,463
Cotton segment	2,011	19,762
Energy segment	13,603	155,569
	82,320	890,794

The aging of trade debts at reporting date is

	2018	2017
Not past due	14,444	409,293
Past due 1 - 30 days	13,971	433,094
Past due 30 - 180 days	36,733	37,885
Past due 180 days	38,435	34,708
	103,583	914,980
Less: Impaired	21,263	24,186
	82,320	890,794

The movement in the allowances for impairment in respect of trade debts and loan and advances is given in note 25.2 and note 26 respectively.

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

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 Company 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 Company's bank balances and deposits and units of mutual fund can be assessed with reference to external credit ratings as follows:

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	Rating Short term	Rating Long term	Rating Agency	2018	2017
				------(Rupees in '000)------	
Mutual Funds					
PICIC Investment Fund	MFR 3 star	MFR 3 star	JCR - VIS	10,300	11,470
PICIC Growth Fund	MFR 1 star	MFR 1 star	JCR - VIS	73,377	74,555
				83,677	86,025

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.

48.2 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:

2018	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
	-----	-----	-----	(Rupees in '000)	-----	-----	-----
Financial liabilities							
Long term loans	323,290	-	323,290	48,272	48,272	38,044	188,702
Liabilities against assets subject to finance lease	173,429	-	201,940	29,681	28,916	54,472	88,871
Trade and other payables	1,466,446	-	1,466,446	1,466,446	-	-	-
Unpaid dividend	-	-	-	-	-	-	-
Unclaimed dividend	21,520	21,520	-	-	-	-	-
Mark-up accrued	23,569	-	23,569	23,569	-	-	-
Short term borrowings	1,956,125	1,242,817	713,308	713,308	-	-	-
	3,964,379	1,264,337	2,728,553	2,281,276	77,188	92,516	277,573

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2017	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
	-----	-----	-----	(Rupees in '000)	-----	-----	-----
Financial liabilities							
Long term loan	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	1,833,363	-	1,833,363	1,833,363	-	-	-
Unpaid dividend	116,449	116,449	-	-	-	-	-
Unclaimed dividend	21,628	21,628	-	-	-	-	-
Mark-up accrued	31,631	-	31,631	31,631	-	-	-
Short term borrowings	2,904,166	2,904,166	-	-	-	-	-
	5,475,524	3,042,243	2,446,941	1,959,846	99,359	190,758	196,978

48.3 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.

48.3.1 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, JPY and Chinese Yuan (CNY). The Company's exposure to foreign currency risk for these currencies is as follows:

2018	USD	Euro	JPY	CNY
Foreign creditors	5,201,102	-	-	16,415,649
Outstanding letters of credit	2,659,047	210,804	-	17,577,402
Net exposure	7,860,149	210,804	-	33,993,051

2017	USD	Euro	JPY	CNY
Foreign creditors	12,964,117	33,350	-	-
Outstanding letters of credit	6,574,931	469,266	12,200,000	-
Net exposure	19,539,048	502,616	12,200,000	-

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The following significant exchange rate has been applied

	Average rate		Reporting date rate	
	2018	2017	2018	2017
USD to PKR	110.63	104.76	121.60	105.00
Euro to PKR	132.04	114.43	141.57	120.10
CNY to PKR	17.43	-	18.76	-
JPY to PKR	-	0.96	-	0.94

Sensitivity analysis

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

Effect on consolidated profit or loss	2018	2017
USD	786,015	1,953,905
Euro	21,080	50,262
CNY	3,399,305	-
JPY	-	1,220,000
	4,206,400	3,224,167

The weakening of the PKR against USD, Euro, CNY 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.

48.3.2 Interest rate risk

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

	2018	2017	2018	2017
	Effective interest rate		Carrying amount	
	------(Percentage)------		-------(Rupees in '000)------	
Financial liabilities				
Variable rate instruments:				
Long term loan	7.64-8.92	7.53-8.85	323,290	462,981
Liabilities against assets subject to finance lease	10.47-12.06	10.61-15.41	173,429	105,306
Short term borrowings	7.64-8.84	6.96-8.62	1,956,125	2,904,166

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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 or loss. Therefore a change in interest rates at the reporting date would not affect consolidated profit or loss.

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 2017.

	Consolidated profit or loss 100 bp	
	Increase	Decrease
	-----------(Rupees in '000)--------------	
As at 30 June 2018		
Cash flow sensitivity - Variable rate financial liabilities	(24,528)	24,528
As at 30 June 2017		
Cash flow sensitivity - Variable rate financial liabilities	(34,725)	34,725

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

48.3.3 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:

	2018	2017
	-----------(Rupees in '000)--------------	
Effect on profit	86,603	95,077
Effect on equity	16,082	23,900
Effect on investments	102,685	118,977

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

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49. REMUNERATION TO THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Chief Executive		Director		Executives		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	(Rupees in '000)							
Managerial remuneration	21,884	21,060	-	-	51,748	73,896	73,632	94,956
House rent	7,452	6,966	-	-	17,297	25,433	24,749	32,399
Utilities	1,656	1,548	-	-	3,470	5,302	5,126	6,850
Travelling expenses	5,803	68	-	-	-	-	5,803	68
Others	-	-	-	-	-	-	-	-
Medical	185	292	-	-	1,931	2,723	2,116	3,015
Contributions to								
- Gratuity fund	537	600	-	-	1,100	1,591	1,637	2,191
- Pension fund	1,290	1,440	-	-	2,855	4,447	4,145	5,887
- Provident fund	1,290	1,548	-	-	2,837	8,099	4,127	9,647
Club subscription and expenses	713	1,082	-	-	179	178	892	1,260
Entertainment	321	233	-	-	84	69	405	302
Conveyance	-	-	-	-	870	2,540	870	2,540
Telephone	-	-	-	-	6	6	6	6
	41,131	34,837	-	-	82,377	124,284	123,508	159,121
Number of persons	1	1	-	-	15	43	16	44

49.1 The aggregate amount charged in respect of directors' fees paid to six (2017: six) directors is Rs. 2.960 million (2017: Rs. 2.8 million). Also, during the year remuneration paid to the non-executive Chairman of the Board of Directors amounted to Rs. 1.275 million (2017: Rs. 1.2 million).

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

49.3 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.

50. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated companies, directors of the Holding Company, companies in which 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. 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 :

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Name	Nature of Relationship	Basis of Relationship	Nature of Transaction	2018	2017
				(Rupees in '000)	
Altern Energy Limited	Associated company	17.60% holding	Dividend received	511,740	149,045
Shakarganj Limited	Associated company	28.01% holding	Dividend paid	855	5,118
			Dividend received	43,763	-
			Sale of electricity and steam	233,401	538,890
			Sale of finished goods	618	70
			Services received	9,339	10,779
			Reimbursable expenses	1,732	1,442
			Right shares subscribed	273,091	-
			Purchase of raw material	228,579	689,119
			Sales of raw material	-	104,600
			Purchase of fixed assets	-	2,651
			Purchase of store items	237	781
			Rent expense	624	624
Central Depository Company of Pakistan Limited	Related party	Common directorship	Services received	1,378	696
			Dividend Received	5,032	550
Muhammad Amin Muhammad Bashir Limited	Related party	Common directorship	Dividend paid	4	4
Pakistan Centre for Philanthropy	Related party	Common directorship	Services received	250	-
			Donation given	1,000	-
Premier Insurance Limited	Related party	Common directorship	Insurance premium	9,610	16,449
			Dividend paid	691	720
Crescent Cotton Mills Limited	Related party	Common directorship	Dividend paid	-	63
The Citizens' Foundation	Related party	Common directorship	Donation given	23,688	58,351
CSAP Foundation	Related party	Common directorship	Donation given	1,000	7,760
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	2,513	1,820
			Dividend paid	355	374
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Employees benefit fund	Contribution made	3,292	2,851
			Dividend paid	7,123	7,356

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Name	Nature of Relationship	Basis of Relationship	Nature of Transaction	2018	2017
				(Rupees in '000)	
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Employees benefit fund	Contribution made	8,573	7,545
			Dividend paid	15,525	16,151
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	8,822	8,251
			Dividend paid	3,785	4,166
Crescent Hadeed (Private) Limited - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	626	-
CSAP - Staff Benevolent Fund	Staff welfare fund	Employees Welfare fund	Contribution made	10,000	20,000
			Dividend paid	172	77
Key management personnel	Related parties	Executives	Remuneration and benefits	104,433	93,133
			Dividend paid	2,856	3,166
Directors and their spouse	Related parties	Directors	Dividend paid	3,694	693

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

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

50.3 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.

50.4 Outstanding balances and other information with respect to related parties as at 30 June 2018 and 2017 are included in issued, subscribed and paid-up capital (note 7.1), trade and other payables (note 13.3), investment in equity accounted investees (note 20), other receivables (note 29.2), administrative expenses (note 36.3) and staff retirement benefits (note 46).

51. 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 2017.

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

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

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

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

51.1 Gearing ratio

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

	Note	2018	2017
		(Rupees in '000)	
Total debt	51.1.1	2,452,844	3,472,453
Less: Cash and bank balances		193,655	85,629
Net debt		2,259,189	3,386,824
Total equity	51.1.2	7,613,689	8,601,367
Total capital		9,872,878	11,988,191
Gearing ratio		23%	28%

51.1.1 Total debt is defined as long term and short term borrowings (excluding derivatives), as described in notes 9, 10 and 15 to these consolidated financial statements.

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

52. PLANT CAPACITY AND PRODUCTION

52.1 Steel segment

Pipe plant

The plant's installed / rated capacity for production based on single shift is 66,667 tons (2017: 66,667 tons) annually on the basis of notional pipe size (Where as the notional pipe size is taken as 30" dia x ½" thickness for SP1600 and 40"dia x 5/8" thickness for SP 2003). The actual production achieved during the year was 50,215 tons (2017: 88,110 tons) line pipes of varied sizes and thickness. Actual production is equivalent to 56,145 tons (2017: 107,699 tons) when translated to the notional pipe size of 30" diameter. Reason for underutilization was delay in materialization of orders for different projects.

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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 206,389 meters (2017: 272,587 meters) of different dia pipes (407,598 square meters surface area) was achieved during the year (2017: 397,103 square meters surface area). Reason for underutilization was Lack of coating work orders in hand.

Steel melting plant

The designed capacity of Plant is 85,000 mtons (42,500 mtons) of billets per annum, but the total production during FY17-18 was 49,900 mtons (2017: 31,962 mtons) of billets. The capacity utilisation rate decreased in the current year from 75% in the last year to 59%. This resulted from suspension of production for about two months due to annual maintenance at the Power supplying company including boiler etc. Additionally, the reasons for shortfall were inconsistent power supply particularly during sugar season, scrap quality issues, and scrap blending issues.

52.2 Cotton segment

Spinning unit 1

The plant capacity converted to 20s count polyester cotton yarn based on three shifts per day for 1,080 shifts is 9,197,007 kilogram (2017: 8,298,913 kilograms). Actual production converted into 20s count was 4,897,430 kilograms for 705 shifts (2017: 7,949,096 kilograms for 1,080 shifts). Reason for under utilization of production capacity is shutdown of plant for four months.

52.3 Energy segment

The plant's installed production capacity was 118,856 MWh (2017: 118,856 MWh) and the actual production achieved during the year was 50,559 MWh (2017: 40,873 MWh). Reason for underutilization was that no power was supplied to FESCO and power generation was restricted to actual demand of the two customers, Crescent Hadeed (Private) Limited and Shakarganj Limited.

53 COMPARATIVE INFORMATION

The fourth schedule to the Companies Act, 2017 has introduced certain presentation and classification requirements for the elements of financial statements. The preparation and presentation of these consolidated financial statements for the year ended 30 June 2018 is in accordance with requirements in Companies Act 2017. Accordingly, the corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of Companies Act, 2017. Major reclassifications include unpaid dividend and unclaimed dividend of Rs. 116.449 million and Rs. 21.628 million respectively which have been reclassified from trade and other payables to face of consolidated statement of financial position separately.

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54. GENERAL

54.1 Number of employees

The number of employees including contractual employees of the Group as at 30 June 2018 were 1,003 (2017: 583) and weighted average number of employees were 951 (2017: 1,021).

The number of factory employees including contractual employees of the Group as at 30 June 2018 were 873 (2017: 399) and weighted average number of employees were 821 (2017: 85).

54.2 Non adjusting event after reporting date

The Board of Directors of the Group in their meeting held on 31 July 2018 have proposed final cash dividend for the year ended 30 June 2018 of Re. 1 per share (i.e. 10%) (2017: Rs. 2.25 per share) amounting to Rs. 77.632 million (2017: Rs. 174.673 million). This is in addition to the first interim cash dividends of Re. 1 per share each (i.e. 10% each), this makes a total distribution of Rs. 2 per share (i.e. 20%) for the year ended 30 June 2018. The above proposed final cash dividend is subject to the approval of the members at the Annual General Meeting to be held on 29 October 2018. 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.

55. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue in the Board of Directors meeting held on 31 July 2018.

Chief Executive	Director	Chief Financial Officer