CONSOLIDATED STATEMENT **OF FINANCIAL POSITION**

As at 30 June 2019

Rupees in '000	Note	2019	2018
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	1,083,450	1,158,663
Revenue reserves		5,096,307	5,678,701
		6,956,082	7,613,689
Non-current liabilities			
Long term loans	9	177,152	226,746
Liabilities against assets subject to finance lease	10	103,042	127,419
Deferred income	11	6,866	8,107
Deferred taxation	12	41,591	128,663
Deferred liability	46	100,546	–
		429,197	490,935
Current liabilities			
Trade and other payables	13	739,050	1,805,207
Unclaimed dividend		26,525	21,520
Mark-up accrued	14	43,864	23,569
Short term borrowings	15	1,638,092	1,956,125
Current portion of long term loans	9	110,394	96,544
Current portion of liabilities against assets			
subject to finance lease	10	51,254	46,010
Current portion of deferred income	11	6,454	5,424
		2,615,633	3,954,399
Contingencies and commitments	16		
Total equity and liabilities		10,000,912	12,059,023

Rupees in '000	Note	**2019**	2018
ASSETS			
Non-current assets			
Property, plant and equipment	17	2,495,044	2,596,034
Intangible assets	18	143,535	137,005
Investment properties	19	55,290	49,358
Investment in equity accounted investees	20	3,266,906	3,088,233
Other long term investments	21	688,851	262,933
Long term deposits	22	236,312	217,233
		6,885,938	6,350,796
Current assets			
Stores, spares and loose tools	23	185,784	211,513
Stock-in-trade	24	821,369	2,268,108
Trade debts	25	96,432	82,320
Advances	26	34,477	29,897
Trade deposits and short term prepayments	27	50,292	71,774
Investments	28	404,787	1,054,848
Mark-up accrued		29	155
Other receivables	29	232,644	630,648
Taxation - net	30	1,259,540	1,165,309
Cash and bank balances	31	29,620	193,655
		3,114,974	5,708,227
Total assets		10,000,912	12,059,023

The annexed notes from 1 to 54 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 2019

Rupees in '000	Note	**2019**	2018
Sales	32	7,285,295	11,462,930
Less: Sales tax		431,727	1,533,174
		6,853,568	9,929,756
Cost of sales	33	6,977,733	9,390,054
Gross (loss) / profit		(124,165)	539,702
Loss from investments - net	34	(68,035)	(41,057)
		(192,200)	498,645
Distribution and selling expenses	35	15,888	19,405
Administrative expenses	36	212,340	198,766
Other operating expenses	37	71,187	107,300
		299,415	325,471
		(491,615)	173,174
Other income	38	47,996	153,321
Operating (loss) / profit before finance costs		(443,619)	326,495
Finance costs	39	317,819	263,964
Share of profit in equity accounted investees			
- net of taxation	40	396,761	84,962
(Loss) / profit before taxation		(364,677)	147,493
Taxation	41	54,699	208,912
Loss for the year		(419,376)	(61,419)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Unrealized diminution on remeasurement of			
equity investments classified as 'available for sale'		–	(78,177)
Proportionate share of other comprehensive loss of			
equity accounted investees		(16,590)	(5,923)
Items that will not be reclassified subsequently to profit or loss			
Changes in the fair value of equity investments at fair			
value through other comprehensive income (FVOCI)		(21,953)	–
Loss on remeasurement of staff retirement benefit plans - net of tax		(258,262)	(589,853)
Other comprehensive loss for the year		(296,805)	(673,953)
Total comprehensive loss for the year		(716,181)	(735,372)
		(Rupees)	
Basic and diluted loss per share	42	(5.4)	(0.79)

The annexed notes from 1 to 54 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 2019

Rupees in '000	Note	2019	2018
Cash flows from operating activities			
Cash generated from operations	43	428,242	2,421,585
Taxes paid		(175,296)	(673,322)
Finance costs paid		(280,568)	(211,522)
Contribution to gratuity and pension funds		(23,765)	(11,552)
Contribution to Workers' Profit Participation Fund		(27,191)	(111)
Long term deposits - net		(1,361)	(20,003)
Net cash (used in) / generated from operating activities		(79,939)	1,505,075
Cash flows from investing activities			
Capital expenditure		(136,204)	(249,808)
Acquisition of intangible assets		(9,228)	(11,337)
Proceeds from disposal of operating fixed assets		16,735	59,332
Proceeds from disposal of operating fixed assets under sale and leaseback arrangement		26,292	89,839
Investments - net		262,571	(351,010)
Dividend income received		241,288	613,346
Interest income received		1,307	4,232
Net cash generated from investing activities		402,761	154,594
Cash flows from financing activities			
Repayment of long term loans		(35,744)	(139,691)
Payments against finance lease obligations		(60,453)	(51,660)
Repayment of short term loans obtained - net		(771,397)	(1,046,780)
Dividends paid		(72,627)	(368,863)
Net cash used in financing activities	43.1	(940,221)	(1,606,994)
Net (decrease) / increase in cash and cash equivalents		(617,399)	52,675
Cash and cash equivalents at beginning of the year		(260,322)	(312,997)
Cash and cash equivalents at end of the year	44	(877,721)	(260,322)

The annexed notes from 1 to 54 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 2019

Rupees in '000			Capital reserves		Revenue reserves			
	Issued, subscribed and paid-up capital	Share premium	Unrealised gain / (loss) on remeasurement of fair value through other comprehensive income	Others	Fair value reserve	General reserve	Unappropriated profit	Total
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 loss for the year ended 30 June 2018								
Loss for the year	–	–	–	–	–	–	(61,419)	(61,419)
Other comprehensive income								
Total other comprehensive loss for the year	–	–	(78,177)	(5,923)	–	–	(589,853)	(673,953)
Total comprehensive loss for the year	–	–	(78,177)	(5,923)	–	–	(651,272)	(735,372)
Transactions with owners of the Holding Company - distributions								
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 ending 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
Adjustment on initial application of IFRS 9 - net of tax (refer note 6.1.1.1)	–	–	(58,623)	–	58,623	–	136,206	136,206
Balance as at 30 June 2018 - as restated	776,325	1,020,908	–	79,132	58,623	3,642,000	2,172,907	7,749,895
Total comprehensive loss for the year ended 30 June 2019								
Loss for the year	–	–	–	–	–	–	(419,376)	(419,376)
Other comprehensive income								
Total other comprehensive loss for the year	–	–	–	(16,590)	(21,953)	–	(258,262)	(296,805)
Total comprehensive loss for the year	–	–	–	(16,590)	(21,953)	–	(677,638)	(716,181)
Transactions with owners of the Holding Company - distributions								
Dividend:								
- Final @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2018	–	–	–	–	–	–	(77,632)	(77,632)
Balance as at 30 June 2019	776,325	1,020,908	–	62,542	36,670	3,642,000	1,417,637	6,956,082

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

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.

Chief Executive | Director | Chief Financial Officer

1. THE GROUP AND ITS OPERATIONS

1.1 The Group consists of Crescent Steel and Allied Products Limited ('the Holding Company') and its wholly owned subsidiary companies namely; CS Capital (Private) Limited, CS 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 compliant.

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 Companies Act 2017) located at principal office of the Holding Company. The principal activity of the Subsidiary Company is to effectively manage investment portfolios in shares, commodities and other securities (strategic as well as short term). On 26 September 2011, the Holding Company has purchased the entire shareholding from its previous principal shareholder. Consequently, the Company becomes the wholly owned subsidiary of the Holding Company.

1.6 CS Energy (Private) Limited was incorporated on 02 April 2008 as a private limited company in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) located at principal office of the Holding Company. 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 Subsidiary Company is located at Bhone, district Jhang, Punjab. In consequent to the scheme of amalgamation as disclosed in note 2 to these consolidated financial statements, Energy, is now being reported as a new segment of Holding Company.

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 Companies Act, 2017) as result of a Joint Venture (JV) agreement between the Holding Company and a partnership concern. The head office of the Subsidiary Company is located at principal office of the Holding Company. 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. 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 allocated Land from PPDB. The interconnectivity study report was vetted and approved by National Transmission Company (NTDC) last year.

1.8 Crescent Hadeed (Private) Limited was incorporated on 15 May 2013 as a private limited company in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) located at principal office of the Holding Company. 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. In consequent to the scheme of amalgamation as disclosed in note 2 to these consolidated financial statements, Hadeed (Billet), is now being reported as a new segment of Holding Company.

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

2. AMALGAMATION OF SUBSIDIARIES

On 08 June 2019, the Board of Directors of the Holding Company passed a resolution approving a Scheme of Amalgamation under Section 284(1) of the Companies Act, 2017, to amalgamate its wholly owned subsidiaries, Crescent Hadeed (Private) Limited (CHL) and CS Energy (Private) Limited (CSEL) with and into the Holding Company. The same Scheme of Amalgamation was also approved by the the Board of Directors of CHL and CSEL in their respective board meetings held on 3 June 2019. Consequently, as of the completion date of 30 June 2019, the entire undertaking of both CHL and CSEL stand merged with and into the Holding Company with the result as on 30 June 2019, the entire business of CHL and CSEL including its properties, assets, liabilities and rights and obligations vested into the Holding Company. Since CHL and CSEL were group companies under common control, the merger has been accounted for as a common control transaction and predecessor accounting has been applied. Under predecessor accounting, the acquired net assets of CHL and CSEL are included in the unconsolidated financial statements of the Holding Company at the same carrying values as recorded in CHL's and CSEL's separate financial statements as at 30 June 2019. The statement of financial position of CHL and CSEL are consolidated prospectively from the date of amalgamation.

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 2019. 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.

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 Accountants 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 for investments which are classified as fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI), 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 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 Group'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 in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about judgements made in applying accounting policies that have the most significant effects on the amount recognised in the consolidated financial statements to the carrying amount of assets, liabilities, 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 6.3)
– Intangible assets (refer note 6.4)
– Investment property (refer note 6.5)
– Investments (refer notes 6.6.2 and 6.7)
– Stores, spares and loose tools and stock-in-trade (refer notes 6.9 and 6.10)
– Employees benefits (refer note 6.12)
– Leases (refer note 6.14)
– Taxation (refer note 6.17)
– Impairment (refer notes 6.3, 6.4, 6.5, 6.6.2 and 6.22)
– Provisions (refer note 6.21)

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 2018 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.

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 2019:

– 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 Group's consolidated financial statements.

- 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 the impact would not be significant.

- Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Group's consolidated financial statements.

- 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 Group 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 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 Group 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 other comprehensive income. The application of amendments is not likely to have an impact on Group's consolidated financial statements.

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past consolidated financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process - this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

- 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 Group increases its interest in a joint operation that meets the definition of a business. A Group remeasures its previously held interest in a joint operation when it obtains control of the business. A Group 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 Group 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 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:

- new or amendments / interpretations to existing standards and interpretation as stated in note no. 5.1
- change in accounting policies as stated in note 6.1

6.1 Explained below is the impact of the adoption of IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' on the Group's consolidated financial statements. The new accounting policies that have been applied from 1 July 2018 are stated in note 6.1.1 and note 6.1.2 below.

6.1.1 IFRS 9 'Financial Instruments'

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 July 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The adoption of IFRS 9 Financial Instruments from 1 July 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in these consolidated financial statements. The Group has opted for an exemption not to restate comparative information for prior periods with respect to IFRS 9; classification and measurement (including impairment) requirements. Therefore reclassifications and the adjustments arising from IFRS 9 have been processed at the date of initial application (i.e. 1 July 2018) and presented in opening retained earnings and reserves as at 1 July 2018. Accordingly, the comparative information presented in these consolidated financial statements does not generally reflect the requirements of IFRS 9 but rather those of IAS 39.

6.1.1.1 Impact on the financial statements

As a result of the changes in the Group's accounting policies, prior year consolidated financial statements had to be restated. As explained above, IFRS 9 was adopted without restating comparative information.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 July 2018 relates to measurement of unquoted equity investments. Under IAS 39, equity investments are generally classified as available for sale (AFS) financial assets and measured at fair value. However, an exception was available for AFS financial assets that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, could be measured at cost. This cost exception is not included in IFRS 9 and fair value through profit or loss (FVTPL) accounting applies unless the fair value through other comprehensive income (FVOCI) election is made. Since IFRS 9 eliminates this exception, the Group is required to measure such instruments at fair value at the date of initial application of the Standard. Any difference between the previous carrying amount of the instrument and its fair value is recognized in opening retained earnings and for purposes of reporting in the comparative period, these remain reported at cost.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included.

Rs. in '000	30 June 2018 - As originally presented	Adjustments	1 June 2018 - Restated
Non-current assets			
Equity securities - Other long term investments			
- Investment in Central Depository Company of Pakistan Limited	58,946	56,476	115,422
- Investment in Shakarganj Food Products Limited	202,216	115,936	318,152
Non-current assets / (liabilities)			
Deferred taxation	–	36,206	36,206
Equity			
Revenue reserves (retained earnings)	2,036,701	136,206	2,172,907

The total impact on the Group's retained earnings and other reserves, net of tax as at 1 July 2018 is as follows:

Rupees in '000	2018
Closing retained earnings 30 June - IAS 39	2,036,701
Fair value of unquoted equity investments classified at fair value through profit or loss - net of tax*	136,206
Opening retained earnings 1 July - IFRS 9	2,172,907

*This represents adjustment to retained earnings and reserves from adoption of IFRS 9 on 1 July 2018 arising on valuation of unquoted equity securities which were carried at cost and classified as available for sale in prior year under IAS 39.

There is no impact on the consolidated statement of profit or loss account and other comprehensive income, consolidated statement of cash flows and the basic and diluted EPS on adoption of IFRS 9. For disclosure regarding valuation methodology and other information refer note 47.2 to these consolidated financial statements.

The following table explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as at 1 July 2018:

Financial assets Rupees in '000	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying carrying amount under IFRS 9
Equity securities - Other long term investments				
- Investment in Crescent Bahuman Limited **	Available for sale	Fair value through profit or loss	–	–
- Investment in Central Depository Company of Pakistan Limited **	Available for sale	Fair value through profit or loss	58,946	115,422
- Investment in Crescent Industrial Chemicals Limited **	Available for sale	Fair value through profit or loss	–	–
- Investment in Shakarganj Food Products Limited **	Available for sale	Fair value through profit or loss	202,216	318,152
- Investment in Crescent Textile Mills Limited *	Available for sale	Fair value through other comprehensive income	160,820	160,820
Equity securities - short term investments				
- Investment in Jubilee Spinning and Weaving Mills Limited **	Available for sale	Fair value through profit or loss	–	–
- Investment in Innovative Investment Bank Limited **	Available for sale	Fair value through profit or loss	–	–
Other equity securities - short term	Held for trading	Fair value through profit or loss	866,028	866,028
Trade and other receivables	Loans and receivables	Amortised cost	218,800	218,800
Bank balances	Loans and receivables	Amortised cost	193,445	193,445

Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost.

*This equity security represents investment that the Group intends to hold for the long term strategic purposes. As permitted by IFRS 9, the Group has designated the investment at the date of initial application as measured at FVOCI. Unlike IAS 39, the accumulated fair value reserve related to this investment will never be reclassified to consolidated profit or loss.

**These equity securities on initial application of IFRS 9 were reclassified from AFS to FVTPL since management has not elected to classify it at FVOCI.

The impact of these changes on the Group's equity as of 1 July 2018 is as follows:

Rupees in '000	Effect on AFS reserves	Effect on FVOCI reserves	Effect on Retained Earnings
Opening balance – IAS 39	58,623	–	2,036,701
Reclassify non-trading equities from available-for-sale to FVOCI	(58,623)	58,623	–
Impact of fair value of unquoted investment classified at FVTPL on adoption of IFRS 9	–	–	136,206
Opening balance - IFRS 9	–	58,623	2,172,907

IFRS 9 replaces the incurred loss model in IAS 39 with an expected credit loss model. The new impairment model applies to Financial Assets measured at amortized cost, contract assets and debt investments at fair value through other comprehensive income (FVOCI) but not to investment in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

For assets in the scope of IFRS 9 impairment model, impairment loss are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9's impairment requirements at 01 July 2018, does not result in an additional allowance for impairment. Therefore, the transition to IFRS 9 did not result in an adjustment as at 1 July 2018.

There is no significant impact from the new expected credit loss (ECL) impairment model under IFRS 9 on allowances and provisions for trade receivables and other short and long term receivables (i.e. loans) as at 30 June 2019. Therefore, due to materiality consideration, the Group has not presented separately impairment loss on trade debts in the consolidated statement of profit or loss and other comprehensive income.

6.1.2 IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The Group has applied the modified retrospective method upon adoption of IFRS 15 as allowed under the Standard. This method requires the recognition of the cumulative effect (without practical expedients) of initially applying IFRS 15 to retained earnings. Accordingly, the information presented for 2018 has not been restated i.e. it is presented, as previously reported under IAS 18 and related interpretations.

The adoption of IFRS 15 did not have an impact on the timing and amounts of revenue recognition of the Group as it is generally consistent with the timing and amounts of revenue the Group recognised in accordance with the previous standard, IAS 18.

Apart from providing more extensive disclosures, the application of IFRS 15 has not had a significant impact on the financial position and / or financial performance of the Group for the reasons described above. Accordingly, there was no adjustment to retained earnings on application of IFRS 15 at 1 July 2018.

6.2 Basis of consolidation

Subsidiaries

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

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

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

Investments in associates

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

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

6.3 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.

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.

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

6.5 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.

6.6 Financial instruments

6.6.1 Initial recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Group applies the classification and measurement requirements for financial instruments under IFRS 9 'Financial Instruments' for the year ended 30 June 2019.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

6.6.2 Financial assets

Classification

On initial recognition, a financial asset is classified as measured at:

– amortized cost;
– FVOCI - Debt investment;
– FVOCI - Equity investment; or
– FVTPL

The classification depends on the Group's business model for managing financial assets and the contractual terms of the financial assets cash flows.

Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
– the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FVOCI - Debt investment

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FVOCI - Equity investment

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in investment's fair value in OCI. This election is made on an investment-by-investment basis.

FVTPL

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI or at FVTPL.

Subsequent measurement and derecognition

Financial assets are not reclassified subsequently to the initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The financial assets classified at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in consolidated profit or loss. Any gain or loss on derecognition is recognised in consolidated profit or loss.

Debt investments classified as FVOCI are subsequently measured at fair value. Interest income calculated using effective method, foreign exchange gain and losses and impairment are recognised in consolidated profit or loss. Other net gains and losses are recognised in consolidated OCI. On de-recognition, gains and losses accumulated in consolidated OCI are reclassified to consolidated profit or loss.

Equity investments classified as FVOCI are subsequently measured at fair value. Dividends are recognized as income in consolidated profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, when the Group's right to receive payments is established. This category only includes equity instruments, which the Group intends to hold for the foreseeable future. On de-recognition, there is no reclassification of fair value gains and losses to consolidated profit or loss. Equity instruments at FVOCI are not subject to an impairment assessment under IFRS 9.

The financial assets classified at FVTPL are subsequently measured at fair value and net gains and losses, including any interest or dividend income, are recognised in consolidated profit or loss. Net gains and losses (unrealised and realised), including any interest or dividend income, are recognised in consolidated profit or loss.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The Group recognised a loss for ECL for financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The financial assets at amortized cost consist of trade receivables, cash and cash equivalents, and other receivables including loans to related party.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Management uses actual historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment to determine lifetime expected loss allowance. For other debt financial assets (i.e., loans etc.), the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due and a financial asset in default when contractual payment are 90 days past due.

Derivative financial instruments

The Group enters into derivative financial instruments, which include future contracts in stock market. Derivatives are initially recorded at fair value and are remeasured to fair value on subsequent reporting dates. The fair value of a derivative is equivalent to the unrealized gain or loss from marking to market the derivative using prevailing market rates. Derivatives with positive market values (unrealized gains) are included in other receivables and derivatives with negative market values (unrealized losses) are included in other liabilities in the unconsolidated 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.

6.6.3 Financial liabilities

Classification and subsequent measurement

The Group classifies its financial liabilities as those to be measured subsequently at amortized cost using the effective interest method, if they are not:

- contingent consideration of an acquirer in a business combination
- held-for-trading
- designated as at FVTPL

The Group does not classify any of its financial liabilities under FVTPL.

Derecognition

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated statement of profit or loss and other comprehensive income.

Offsetting

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position when the Group has a legal right to offset the amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

6.7 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.

6.8 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.

6.9 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.

6.10 Stock-in-trade

Stock-in-trade is stated at the lower of cost less impairment loss, if any and net realizable value. Cost is arrived at on a weighted average basis. Cost of work-in-process and finished goods include cost of materials and appropriate portion of production overheads. Net realizable value is the estimated selling price in the ordinary course of business less costs of completion and selling expenses. The cost of finished goods of Steel segment is assigned by using specific identification of their individual costs. Scrap stocks are valued at their estimated net realizable value.

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 cash flow statement.

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 account when they are due.

Cotton segment

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

All employees except Cotton segment

Contributions to the fund are made at the rate of 8.33% of basic pay plus COLA for those employees who have served the 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.

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. 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 6.20 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 Holding Company's 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 Parent company has opted for Group taxation under section 59AA of the Income Tax Ordinance, 2001 along with its subsidiary CS Capital (Private) Limited. These 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 arising solely due to Group taxation in respect of result of subsidiary is recognised in the Parent Company and the amounts paid to or receivable from the Parent company are adjusted accordingly.

Current

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

Deferred

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

Deferred tax liabilities are recognized for all taxable temporary differences. A deferred tax asset is recognized for all deductible differences, carry forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits or taxable temporary difference will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

6.18 Revenue recognition

Revenue comprises of sales to third parties and is measured based on the consideration specified in contracts with customers and excludes rebates and amounts, if any, collected on behalf of third parties. Revenue is recognized either at a point in time or over time, when (or as) the Group satisfies the performance obligations as specified in the contract with the customer, and when it transfers control over the promised good or service to the customer.

Revenue from supply of electricity and steam is recorded upon satisfaction of performance obligation i.e. completion of service activity based on meter readings. Revenue is measured as per tariffs specified in contracts with customers.

The Group manufactures and contracts with customers for the sale of bare pipes, coated pipes, steel billets and cotton products which generally include single performance obligation. Management has concluded that revenue from sale of goods be recognised at the point in time when control of the product has transferred, being when the products are delivered to the customer. Invoices are generated and revenue is recognised at that point in time. Delivery occurs when the products have been shipped or delivered to the customer's destination / specific location, the risks of loss have been transferred to the customer and the customer has accepted the product. The customer has accepted the product as per the sales contract or lapse of acceptance provision specified in the contract or the Group has objective evidence that all criteria for acceptance have been satisfied. Contract for the sale of bare and coated pipes contains penalty clause on account of delay supply (liquidity damage). Under IFRS 15, these amounts are referred to as 'variable consideration'. The consideration which the Group receives in exchange for its goods or services may be fixed or variable. Variable consideration is only recognized when it is highly probable that a significant reversal will not occur. Revenue is measured based on the consideration specified in a contract with a customer, net of liquidity damages (penalties) and excludes amounts collected on behalf of third parties. A receivable is recognised when the goods are delivered.

6.19 Investment and other income

Interest income is recognized using the effective interest method.

Dividend income is recognized when the right to receive the same is established i.e. the book closure date of the investee company declaring the dividend.

Gains and losses on sale of investments are accounted for when the commitment (trade date) for sale of security is made.

Unrealized gains and losses arising on revaluation of securities classified as 'fair value through profit and loss' are recognized in consolidated 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.

Rental income (net of any incentives given to lessees) from investment property is recognized on a straight line basis over the lease term.

6.20 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 consolidated profit or loss currently.

6.21 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.

6.22 Impairment

The carrying amount of the Group's assets is reviewed at each reporting date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset's or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of its value in use and fair value less cost to sell. Impairment losses are recognized in consolidated profit or loss.

6.23 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 consolidated profit or loss.

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 profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

7 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2019	2018		2019	2018
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

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

	2019		2018	
	Percentage of holding	Number of shares	Percentage of holding	Number of shares
Crescent Steel and Allied Products Limited - Gratuity Fund	2.47%	1,921,333	2.26%	1,752,333
Crescent Steel and Allied Products Limited - Pension Fund	5.18%	4,024,980	4.97%	3,856,980
Crescent Steel and Allied Products Limited - Staff Provident Fund	0.16%	124,200	0.16%	124,200
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	0.18%	141,500
The Crescent Textile Mills Limited	11.00%	8,538,303	11.00%	8,538,303
Shakarganj Limited	0.23%	180,000	0.23%	180,000

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 of 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.

Rupees in '000	Note	2019	2018
9 LONG TERM LOANS			
Secured - Under non-shariah arrangement			
Allied Bank Limited	9.1	287,546	323,290
Less: Current portion shown under current liabilities		110,394	96,544
		177,152	226,746

9.1 The Holding Company has a long term loan arrangement with Allied Bank Limited for an amount of Rs. 312 million (2018: Rs. 312 million). The term of the loan is 5 years from the date of disbursement with a grace period of one year, repayable in 16 equal quarterly installments started from December 2015. During the year, the Holding Company has made repayment of Rs. 78 million (2018: 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 installments starting after fifteen months from date of disbursement. During the year, the Holding Company has made repayment of Rs. 18.544 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. 217.050 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 installments 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 7.91% to 14.42% (2018: 7.64% to 8.35%). The facility is secured against first joint pari passu hypothecation / equitable mortgage on plant, machinery 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	
Rupees in '000	2019	2018	2019	2018	2019	2018
Not later than one year	65,432	58,647	14,178	12,637	51,254	46,010
Later than one year and not later than five years	116,939	143,293	13,897	15,874	103,042	127,419
	182,371	201,940	28,075	28,511	154,296	173,429
Less: Current portion shown under current liabilities					51,254	46,010
					103,042	127,419

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 (2018: three to five years) and the liability is payable by the month ranging from six to sixty months (2018: one to sixty months). The periodic lease payments include built-in rates of mark-up ranging between 10.61% to 17.60% (2018: 10.47% to 12.06%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 133.019 million (2018: Rs. 150.175 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. 6.454 million (2018: Rs. 5.424 million) is classified in current liabilities; being current portion of deferred income of Rs. 13.320 million (2018: Rs. 13.531 million). The deferred income will be amortized to the consolidated profit or loss over the lease term. During the year, Rs. 5.834 million (2018: Rs. 4.677 million) is amortized in consolidated profit or loss.

Rupees in '000	**2019**	2018
12. DEFERRED TAXATION		
Deferred tax credits / (debits) arising in respect of:		
Taxable temporary differences		
Accelerated tax depreciation / amortization	206,978	35,926
Finance lease obligations	14,470	10,145
Fair value adjustment in unquoted investment through reserves	36,206	–
Employee benefits - Defined benefit plan	–	37,895
Unrealized gain on fair value through profit or loss investments	12,927	–
Unrealized gain on held for trading investments	–	2,094
Share of profit from equity accounted investees	329,483	158,097
	600,064	244,157
Deductible temporary differences		
Employee benefits - Defined benefit plan	(67,592)	–
Provision for slow moving stores, spares and loose tools	(25,763)	(17,538)
Provisions for doubtful trade debts, doubtful advances and others	(70,950)	(57,667)
Discounting on long term deposit	(14,265)	–
Deferred income	(3,863)	(19,404)
Provisions for impairment of fixed assets	(5,980)	(3,923)
Provision of Gas Infrastructure Development Cess	(3,477)	(5,980)
Excess of minimum tax over normal tax	(50,831)	(3,477)
Tax losses	(308,247)	–
Provision for diminution in the value of investments	(7,505)	(7,505)
	(558,473)	(115,494)
	41,591	128,663

	2019	2018
12.1 Break up of deferred tax (reversal) / charge is as following:		
Profit or loss	(17,791)	(26,929)
Other comprehensive income	(105,487)	(254,661)
Opening retained earnings	36,206	–
	(87,072)	(281,590)

Rupees in '000	Note	2019	2018
13. TRADE AND OTHER PAYABLES			
Trade creditors		108,569	201,473
Bills payable		–	940,333
Commission payable		1,466	1,253
Accrued liabilities	13.1	292,721	291,182
Advances from customers - unsecured	13.2	24,110	70,782
Provisions	13.3	220,317	201,805
Due to related parties	13.4	–	2,498
Payable to provident fund		2,134	2,384
Payable to staff retirement benefit funds		1,979	3,773
Retention money		10,764	2,949
Sales tax payable		1,295	1,832
Withholding tax payable		2,959	5,780
Derivative financial liability		–	306
Advance income tax	13.5	38,166	16,904
Workers' Profit Participation Fund	13.6	5,885	29,443
Workers' Welfare Fund		4,114	12,215
Others		24,571	20,295
		739,050	1,805,207
13.1 Accrued liabilities			
Salaries, wages and other benefits		15,897	34,239
Accrual for 10-C bonus		2,639	2,609
Compensated absences		15,032	14,594
Liquidated damages		153,695	153,695
Others	13.1.1	105,458	86,045
		292,721	291,182

13.1.1 This includes liability against Gas Infrastructure Development Cess of Rs. 17.004 million (2018: Rs. 17.004 million).

13.2 The Group receives short term advances from its customers (contract liability) and classified it within trade and other payables. The opening balance of advances from customers amounting to Rs. 70.782 million has been recognised as revenue for the year.

13.3 Movement in provisions

Rupees in '000	Infrastructure fee (Note 13.3.1)	Sales Tax (Note 13.3.2)	Liquidated damages (Note 13.3.3)	Total
Opening balance as at 30 June	153,142	3,242	45,421	201,805
Provision for the year	18,512	–	–	18,512
Closing balance as at 30 June	171,654	3,242	45,421	220,317

13.3.1 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 Holding Company has contested this issue in the High Court. The Holding Company filed an appeal in the Supreme Court against the judgement of the High Court dated 15 September 2008 partly accepting the appeal by declaring that the levy and collection of infrastructure fee prior to 28 December 2006 was illegal and ultra vires and after that it 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 Holding Company 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 Holding Company succeed in the petition, Government of Sindh will refund the amount subject to their right to appeal before Honourable Supreme Court. To date the Group has provided bank guarantees amounting to Rs. 131.039 million (2018: Rs. 119.539 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 Holding Company'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.

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

13.3.3 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.

13.4 This represents balance due to Premier Insurance Limited - a related party and Shakarganj Limited- associate amounting Rs. Nil (2018: Rs. 0.041 million) and Rs. Nil (2018: Rs. 2.457 million) respectively.

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

Rupees in '000	Note	2019	2018
13.6 Workers' Profit Participation Fund			
Opening balance as at 1 July		29,443	2,772
Allocation for the year	37	3,633	26,782
		33,076	29,554
Amount paid to the trustees of the fund		(27,191)	(111)
Closing balance as at 30 June		5,885	29,443

14. MARK-UP ACCRUED

Rupees in '000	Note	2019	2018
Mark-up accrued on :			
- Finance lease obligations		503	425
- Long term loans		6,812	3,732
- Running finance and short term loans	14.1	36,549	19,412
		43,864	23,569

14.1 This includes mark-up accrued amounting to Rs. 16.515 million (2018: Rs. 2.956 million) on Shariah arrangement.

15. SHORT TERM BORROWINGS

Rupees in '000	Note	2019	2018
Secured from banking companies			
Running finances under mark-up arrangements	15.1	907,341	453,977
Short term loans	15.2	730,751	788,840
Unsecured from non-banking companies			
Short term finance under mark-up arrangement		–	713,308
		1,638,092	1,956,125

15.1 Short term running finance available from conventional side of various commercial banks under mark-up arrangements amounted to Rs. 1,550 million (2018: Rs. 1,400 million) out of which Rs. 400 million (2018: Rs. 250 million), Rs. 150 million (2018: Rs. 100 million) and Rs. 450 million (2018: Rs. Nil) are interchangeable with letter of credit, letter of guarantee facility and short term loan respectively. During the year, mark-up on such arrangements ranged between 7.68% to 14.81% (2018: 7.64% to 8.84%) per annum.

15.2 This includes an amount of Rs. 617.059 million (2018: Rs. 225.904 million) outstanding against Islamic mode of financing. Short term loan financing available from various commercial banks under mark-up arrangements amounted to Rs. 4,800 million (2018: Rs. 5,457 million) out of which Rs. 3,800 million (2018: Rs. 3,925 million), Rs. 50 million (2018: Rs. 100 million) and Rs. 335 million (2018: Rs. 260 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 8.78% to 14.86% (2018: 7.83% to 8.85%) per annum.

15.3 The facilities for opening letters of credit amounted to Rs. 6,510 million (2018: Rs. 6,425 million) out of which Rs. 375 million (2018: Rs. 250 million), Rs. 5,450 million (2018: Rs. 3,675 million) and Rs. 260 million (2018: Rs. 210 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 2019 amounted to Rs. 2,096 million (2018: Rs. 2,004 million). Amounts unutilized for letters of credit and guarantees as at 30 June 2019 were Rs. 6,355 million and Rs. 846 million (2018: Rs. 4,453 million and Rs. 108 million) respectively.

15.4 The Group is currently availing Islamic mode of financing from the Al Baraka Bank, Dubai Islamic Bank and 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 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 28.1.2).

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 customs has issued an order dated 22 May 2015 for recovery of the said duty and taxes and penalty thereon amounting to Rs. 35.773 million. The Holding Company has filed an appeal with Appellate Tribunal (Customs) against the order. No provision has been recognized in these consolidated financial statements as the case is under appeal and management considers that the same would be decided in the Holding Company's favour.

16.1.2 During 2015-2016, a show cause notice was received from Sindh Revenue Board in respect of registration as a service provider and a demand aggregating to Rs. 60 million in respect of sales tax on services was raised thereby. The Holding Company filed a constitutional writ in the Sindh High Court against the Sindh Revenue Board and Government of Sindh in which Honorable Sindh High Court granted interim relief to the Holding Company.

Afterwards, the writ was decided in light of Supreme Court's orders in similar writs where Supreme Court had decreed for a 50% payment of tax demand in order to keep the writs maintainable.

Following closure of petition, the Holding Company received show cause notices and demands for Sindh Sales Tax payments amounting to Rs. 79 million, which were challenged in Sindh High Court in a civil suit as well as at the Appellate forums of the tax authority. Currently, the appeal is pending with the Commissioner (Appeals) for adjudication.

No provision has been recognized in the consolidated financial statements in this respect, since based on the opinions of tax consultant and the Holding Company's legal counsel, the management is confident of favorable outcome of litigation in relation to the said matter.

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 2019, amount of lease rental outstanding under the agreement are Rs. 183.184 million (2018: Rs. 274.776 million), which is payable in quarterly instalments of Rs. 22.898 million (2018: Rs. 22.898 million) each.

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

Rupees in '000	**2019**	2018
Not later than one year	91,592	91,592
Later than one year and not later than five years	331,592	423,184
	423,184	514,776
Security deposit under arrangement	(240,000)	(240,000)
	183,184	274,776

16.2.2 Aggregate amount of guarantees issued by conventional side of banks on behalf of the Group against various contracts aggregated to Rs. 1,251 million (2018: Rs. 1,864 million). This includes guarantee issued by Islamic banks amounting to Rs. 153.591 million (2018: Rs. 166.8 million).

16.2.3 Commitments in respect of capital expenditure contracted for by the Group as at 30 June 2019 amounted to Rs. 42.038 million (2018: Rs. 25.492 million).

16.2.4 Commitments under letters of credit as at 30 June 2019 amounted to Rs. Nil (2018: Rs. 682.933 million).

Rupees in '000	Note	**2019**	2018
17. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	17.1	2,405,467	2,483,743
Capital work-in-progress	17.5	89,577	112,291
		2,495,044	2,596,034

17.1 Operating fixed assets

Description		Land		Buildings		Office premises	Plant and machinery		Electrical / office equipment and installation	Furniture and fittings	Computers	Motor vehicles		Total
Rupees in '000	Note	Freehold	Leasehold including improvements	On freehold land	On leasehold land		Owned *	Leased				Owned	Leased	
Net carrying value as at 1 July 2018														
Opening net book value (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
Additions / transfers		–	–	35,424	13,677	–	78,988	–	2,427	3,535	646	14,420	26,444	175,561
Disposals (at NBV)	17.6	–	–	–	–	–	(1,897)	–	(35)	–	(85)	(21,945)	(770)	(24,732)
Depreciation charge	17.1.2	–	(1,686)	(25,763)	(516)	(900)	(143,027)	(22,348)	(8,094)	(1,841)	(3,527)	(13,821)	(7,582)	(229,105)
Balance as at 30 June 2019 (NBV)		307,724	37,625	448,448	14,010	6,225	1,317,610	168,850	19,481	13,638	2,634	33,916	35,306	2,405,467
Gross carrying value as at 30 June 2019														
Cost	17.4	307,724	43,066	676,130	83,704	27,481	2,807,836	218,546	72,433	35,027	60,880	71,385	60,007	4,464,219
Accumulated depreciation		–	(5,441)	(227,682)	(69,694)	(21,256)	(1,490,226)	(49,696)	(52,952)	(21,389)	(58,246)	(37,469)	(24,701)	(2,058,752)
Net book value		307,724	37,625	448,448	14,010	6,225	1,317,610	168,850	19,481	13,638	2,634	33,916	35,306	2,405,467
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)		–	–	–	–	–	(83,250)	(31,078)	–	–	–	(3,453)	–	(117,781)
Depreciation charge		–	(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		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
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. 1.704 million (2018: Rs. 1.049 million) representing net book value of capitalized spares.

17.1.1 During the year asset having net book value Rs. Nil (2018: Rs. 31.078 million) transferred from lease assets to own assets due to maturity of lease term.

Rupees in '000	Note	2019	2018
17.1.2 The depreciation charge for the year has been allocated as follows:			
Cost of sales	33.1	203,079	194,005
Distribution and selling expenses	35	1,162	1,175
Administrative expenses	36	24,497	20,392
Intangible under development phase		367	446
		229,105	216,018

17.3 Property, plant and equipment as at 30 June 2019 include items having an aggregate cost of Rs. 1,258.367 million (2018: Rs. 1,257.172 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 2019 approximated to Rs. 4,430.2 million.

Rupees in '000	Note	2019	2018
17.5 Capital work-in-progress			
Advances to suppliers		40,000	56,806
Civil work	17.5.1 & 17.5.2	49,577	54,593
Plant and machinery		–	892
		89,577	112,291

17.5.1 This includes an amount of Rs. 26.4 million (2018: 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 favorable outcome.

17.5.2 The Holding Company has recognized a provision for an amount of Rs. 20.619 million (2018: Rs. 20.619) against construction work at a site which has been halted.

17.6 The following assets were disposed off during the year

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Particular of buyers
Rupees in '000							
Plant and machinery	5,566	4,731	835	2,184	1,349	Sold as scrap	Mr. Aurangzaib Tanoli
Motor Vehicle	25,105	5,351	19,754	19,754	–	Sale and lease back	Pak-Gulf Leasing Company Limited
Others	43,041	38,898	4,143	15,468	11,325	Various	Various
2019	73,712	48,980	24,732	37,406	12,674		
2018	142,146	55,443	86,703	117,978	31,275		

18. INTANGIBLE ASSETS

Rupees in '000	Note	2019	2018
Intangible assets			
- Under use	18.1	484	2,602
- Under project development	18.2	143,051	134,403
		143,535	137,005
18.1 Intangible assets - under use			
Net carrying value as at 1 July			
Net book value as at 1 July		2,602	6,160
Additions		580	–
Amortization	18.1.1	(2,698)	(3,558)
Net book value as at 30 June	18.1.2	484	2,602
Gross carrying value as at 30 June			
Cost		71,690	77,419
Accumulated amortization		(68,566)	(72,177)
Accumulated impairment		(2,640)	(2,640)
Net book value		484	2,602
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 2019 include items having an aggregate cost of Rs. 74.778 million (2018: Rs. 65.751 million) that have been fully amortized and are still in use of the Holding Company.

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

19. INVESTMENT PROPERTIES

Rupees in '000		Freehold land	Leasehold land and improvements	Buildings on leasehold land	Office premises	Total
Net carrying value as at 1 July 2018						
Opening net book value (NBV)		1,740	35,809	11,768	41	49,358
Additions		–	–	9,801	–	9,801
Depreciation charge	19.1	–	(2,606)	(1,227)	(36)	(3,869)
Balance as at 30 June 2019 (NBV)		1,740	33,203	20,342	5	55,290
Gross carrying value as at 30 June 2019						
Cost	19.2	1,740	47,705	33,167	29,830	112,442
Accumulated depreciation		–	(14,502)	(12,825)	(29,825)	(57,152)
Net book value		1,740	33,203	20,342	5	55,290
Net carrying value as at 1 July 2017						
Opening net book value (NBV)		1,740	38,416	12,954	961	54,071
Depreciation charge		–	(2,607)	(1,186)	(920)	(4,713)
Balance as at 30 June 2018 (NBV)		1,740	35,809	11,768	41	49,358
Gross carrying value as at 30 June 2018						
Cost		1,740	47,705	23,366	29,830	102,641
Accumulated depreciation		–	(11,896)	(11,598)	(29,789)	(53,283)
Net book value		1,740	35,809	11,768	41	49,358
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 2019 is Rs. 265 million (2018: Rs. 258 million), which is determined by independent valuer on the basis of market value.

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

Particulars	Location	Area	
Building			
Ware house	Port Qasim, Karachi	40,000	Sq. feet
Building	Port Qasim, Karachi	416	Sq. feet
Office premises	Saddar, Karachi	4,854	Sq. feet
Land			
Lease hold	Port Qasim, Karachi	4	Acre
Freehold land	Gawadar	3	Acre

20. INVESTMENT IN EQUITY ACCOUNTED INVESTEES

2019	2018		Note	2019	2018
Number of shares				Rupees in '000	
		Quoted			
63,967,500	63,967,500	Altern Energy Limited	20.1	2,865,712	2,777,125
		(Chief Executive Officer -			
		Mr. Fazal Hussain Asim)			
35,011,347	35,011,347	Shakarganj Limited	20.1	401,194	311,108
		(Chief Executive Officer -			
		Mr. Anjum M. Saleem)			
		Unquoted			
3,430,000	3,430,000	Crescent Socks (Private) Limited	20.1	–	–
		(Chief Executive Officer -			
		Mr. Shehryar Mazhar)			
				3,266,906	3,088,233

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

		30 June 2019			
Rupees in '000		Altern Energy Limited	Shakarganj Limited	Crescent Socks (Private) Limited	Total
Opening balance as at 1 July 2018		2,777,125	311,108	–	3,088,233
Share of profit	20.1.1	290,096	106,665	–	396,761
Share of equity	20.1.1	(11)	(16,579)	–	(16,590)
Dividend received		(201,498)	–	–	(201,498)
Closing balance as at 30 June 2019		2,865,712	401,194	–	3,266,906

	30 June 2018			
Rupees in '000	Altern Energy Limited	Shakarganj Limited	Crescent Socks (Private) Limited	Total
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	–	273,091	–	273,091
Closing balance as at 30 June 2018	2,777,125	311,108	–	3,088,233

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

For the year ended 30 June 2019

20.1.1 These figures are based on unaudited condensed interim financial information of these companies as at 31 March 2019. The latest financial statements / condensed interim financial information of these companies as at 30 June 2019 are not presently available.

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 12.50%. Based on valuation the recoverable amount exceeds the carrying amount and accordingly, no impairment was recorded.

20.2 Market value of investments in associates is as follows:

Rupees in '000	Note	2019	2018
Quoted			
Altern Energy Limited		2,132,676	2,427,567
Shakarganj Limited		1,640,282	2,468,300
		3,772,958	4,895,867

Percentage of holding	Note	2019	2018
20.3 Percentage of holding of equity in associates is as follows:			
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 16.69% and 0.91% respectively i.e. aggregate holding of 17.6% in the investee company. There is no common directorship in the investee company. However, the Company directly and / or indirectly has significant influence as per IAS 28 ' Investments in Associates', therefore only for the purpose of the equity accounting as required under IAS 28 it has been treated as an associate.

20.4 The latest financial statements / condensed interim financial information of these companies as at 30 June 2019 are not presently available. The following is summarized financial information of material associated companies as at 31 March 2019 and for the twelve months period ended 31 March 2019 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:

Rupees in '000	Altern Energy Limited 2019	2018	Shakarganj Limited 2019	2018
For the twelve months period ended 31 March				
Revenues	21,324,849	29,231,699	7,200,975	7,268,191
Profit / (loss) after tax	2,859,051	3,013,004	(121,741)	(822,853)
Other comprehensive income / (loss)	(104)	(2,453)	2,754,574	(20,221)
Total comprehensive income	2,858,947	3,010,551	2,632,833	(843,074)
Attributable to non-controlling interests of associates	1,210,965	1,219,733	–	–
Attributable to owners of the parent	1,647,982	1,790,818	2,632,833	(843,074)
	2,858,947	3,010,551	2,632,833	(843,074)
As at 31 March				
Non current assets	18,113,134	19,414,491	12,615,881	9,605,917
Current assets	17,482,746	17,068,451	1,975,261	2,163,289
Non Current Liabilities	(972,157)	(2,732,866)	(1,410,654)	(1,094,046)
Current Liabilities	(7,624,671)	(7,637,322)	(4,591,010)	(4,673,841)
Net Assets	26,999,052	26,112,754	8,589,478	6,001,319
Attributable to non-controlling interests of associates	10,535,317	10,152,354	–	–
Attributable to owners of the parent	16,463,735	15,960,400	8,589,478	6,001,319
	26,999,052	26,112,754	8,589,478	6,001,319
Group's interest in net assets of investee at end of the year	2,897,617	2,809,030	2,405,835	1,680,970
Fair value and other adjustments	(31,905)	(31,905)	(8,832)	(8,832)
Effect of difference in Group's accounting policy	–	–	(1,995,809)	(1,349,295)
Director's equity portion	–	–	–	(11,735)
Carrying amount of interest in equity accounted investees at end of the year	2,865,712	2,777,125	401,194	311,108

20.4.1 These figures are based on the latest available condensed interim consolidated financial information as at 31 March 2019 including its subsidiary company Rousch (Pakistan) Power Limited being managed by Power Management Company holding 59.98% shares.

Rupees in '000	Note	**2019**	2018
21. OTHER LONG TERM INVESTMENTS			
Fair value through other comprehensive income (FVOCI)	21.1	138,867	–
Fair value through profit or loss (FVTPL)	21.2	549,984	–
Available for sale		–	262,933
		688,851	262,933

21.1 Fair value through other comprehensive income (FVOCI)

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

2019	2018		Note	2019	2018
Number of shares				Rupees in '000	
		Quoted			
452,379	–	The Crescent Textile Mills Limited	21.1.1	138,867	–

21.1.1 The Group has irrevocably designated at initial application of IFRS 9 to recognise in this category. This is strategic investment and management considers this classification to be more relevant. Uptil 30 June 2018, these investments were classified as available for sale under IAS 39. Unlike IAS 39, the accumulated fair value reserve related to this investment will never be reclassified to consolidated profit or loss.

21.2 Fair value through profit or loss (FVTPL)

2019	2018		Note	2019	2018
Number of shares				Rupees in '000	
		Unquoted			
18,814,423	–	Shakarganj Food Products Limited	21.2.1	425,583	–
4,189,999	–	Central Depository Company of Pakistan Limited (CDC)	21.2.1	124,401	–
2,403,725	–	Crescent Bahuman Limited - Related party	21.2.2	24,037	
1,047,000	–	Crescent Industrial Chemicals Limited	21.2.3	10,470	–
				584,491	–
		Less: Provision for impairment		(34,507)	–
				549,984	–

21.2.1 On initial application of IFRS 9, these have been classified as FVTPL and measured at fair value. Uptil 30 June 2018, these investments were carried at cost as per IAS 39 and classified as available for sale.

21.2.2 The chief executive of Crescent Bahuman Limited is Mr. Nasir Shafi. The break-up value of shares of the investee company is Rs. 9.79 per share (2018: Rs. 15.50 per share), calculated on the basis of audited annual financial statements for the year ended 30 June 2018. This investment had been fully charged to consolidated profit or loss in earlier periods. Uptil 30 June 2018, these investments were classified as available for sale under IAS 39.

21.2.3 This investment had been fully charged to consolidated profit or loss in earlier periods. Uptil 30 June 2018, this investment was classified as available for sale under IAS 39.

Rupees in '000	2019	2018
22. LONG TERM DEPOSITS		
Security deposits		
- leasing companies	22,711	24,670
- Ijarah financing arrangement	199,694	181,788
- others	13,907	10,775
	236,312	217,233

Rupees in '000	Note	2019	2018

23. STORES, SPARES AND LOOSE TOOLS

Stores		51,045	70,846
Spare parts		219,329	201,567
Loose tools		4,248	4,751
		274,622	277,164
Less: Provision for slow moving items	23.1	88,838	65,651
		185,784	211,513

23.1 Movement in provision for slow moving items

Opening balance		65,651	45,924
Provision made during the year		23,187	19,727
Closing balance		88,838	65,651

24. STOCK-IN-TRADE

Raw materials - net			
Hot rolled steel coils (HR Coil)		323,884	190,673
Coating materials		84,462	74,068
Remelting scrap		4,320	126,466
Others		112,930	149,149
Raw cotton		130,230	205,217
Bagasse		–	5,414
Stock-in-transit		–	1,075,007
		655,826	1,825,994
Work-in-process	24.1 & 33.1	24,996	19,713
Finished goods - net	24.1 & 33.1	131,598	416,590
Scrap / cotton waste		8,949	5,811
		165,543	442,114
		821,369	2,268,108

24.1 Stock-in-trade as at 30 June 2019 includes items valued at net realisable value (NRV). Charge in respect of stock written down to NRV was amounting to Rs. 26.083 million (2018: Rs. 32.020 million) has been recognized in cost of goods sold.

Rupees in '000	Cost	NRV
Raw material	656,832	655,826
Work-in-process	24,996	24,996
Finished goods	188,777	131,598
	870,605	812,420

Rupees in '000	Note	2019	2018
25. TRADE DEBTS			
Secured			
Considered good		76,918	–
Unsecured			
Considered good	25.1	19,514	82,320
Considered doubtful		30,706	21,263
		50,220	103,583
Impairment loss on trade debts	25.2	(30,706)	(21,263)
		96,432	82,320

25.1 This includes an amount of Rs. 11.855 million (30 June 2018: 8.966 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. 202.894 million (2018: Rs. 334.874 million).

Rupees in '000	2019	2018
25.1.1 The aging of amount due from related parties:		
Not past due	–	615
Past due 1 - 30 days	–	–
Past due 30 - 180 days	305	8,351
Past due 180 days	11,550	–
	11,855	8,966
25.2 Movement in impairment loss on trade debts		
Opening balance	21,263	24,187
Impairment loss made during the year	10,943	2,090
Reversal of impairment loss made during the year	(1,500)	(5,014)
Closing balance	30,706	21,263
26. ADVANCES		
Unsecured		
Advances - considered good		
Staff	908	1,095
Suppliers for goods and services	33,504	28,802
Advances to others	65	–
Advances - considered doubtful		
Suppliers for goods and services	47	47
Provision for doubtful advances	(47)	(47)
	–	–
	34,477	29,897

Rupees in '000	Note	2019	2018

27. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2019	2018
Security deposits - leasing companies		9,367	2,891
Security deposits - others	27.1 & 27.2	30,207	59,038
Prepayments		10,718	9,845
		50,292	71,774

27.1 This includes container security deposit related to import of raw material scrap amounting to Rs. Nil (2018: Rs. 14.975 million).

27.2 This includes Rs. 28.625 in respect of cost of interconnectivity of 11 KV 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 Group, however, it is agreed that the cost so incurred will be paid back to the Group by FESCO in five years time through ten (10), half yearly equal instalments, without mark-up, commencing after one month from commercial operation date.

Rupees in '000	Note	2019	2018

28. INVESTMENTS

	Note	2019	2018
Fair value through profit or loss (FVTPL)	28.1	404,787	–
Held for trading (HFT)	28.1	–	866,028
Available for sale (AFS)	28.2	–	160,820
Investment in term deposit receipts - Conventional banking		–	28,000
		404,787	1,054,848

28.1 Fair value through profit or loss (FVTPL) / Held for trading (HFT)

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

2019	2018		Note	2019	2018
Number of shares				Rupees in '000	
9,625,793	13,818,895	Quoted - Investments	28.1.1	404,787	866,028
1,996	1,996	Innovative Investment Bank Limited		2,777	2,777
		Less: Provision for impairment		(2,777)	(2,777)
				–	–
			28.1.3	404,787	866,028

28.1.1 Quoted - Investments

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:

2019	2018	Name of investee company	FVTPL 2019	HFT 2018
(Number of share / certificates)			Rupees in '000	
6,300	18,300	Attock Cement Pakistan Limited	450	7,927
40,000	–	Attock Petroleum Limited	2,856	–
140,000	75,000	Avanceon Limited	6,866	4,968
25,750	200,000	Cherat Cement Company Limited	1,083	19,446
530,000	530,000	D.G. Khan Cement Company Limited	29,966	60,679
–	50,000	Dolmen City REIT	–	645
–	27,000	Engro Corporation Limited	–	8,474
295,000	200,000	Engro Fertilizer Limited	18,871	14,982
–	15,000	Engro Foods Limited	–	1,336
–	15,000	Fatima Fertilizer Company Limited	–	486
125,000	125,000	Fauji Cement Company Limited	1,966	2,856
–	445,000	Fauji Fertilizer Bin Qasim Limited	–	17,178
145,000	145,000	Fauji Fertilizer Company Limited	12,644	14,339
2,405,000	2,405,000	HBL Growth Fund - Class A (Formerly: PICIC Growth Fund)	24,844	73,377
764,673	764,673	HBL Investment Fund- Class A (Formerly: PICIC Investment Fund)	3,097	10,300
68,500	104,500	Hi-Tech Lubricants Limited	1,895	10,587
178,800	168,800	International Industries Limited	13,780	39,211
71,250	–	Interloop Limited	3,154	–
313,000	313,000	International Steel Limited	12,430	31,832
1,800,000	1,800,000	K-Electric Limited *	7,902	10,224
66,080	56,600	Kohat Cement Limited	3,471	6,966
500,000	857,000	Kohinoor Energy Limited	18,000	34,280
–	447,000	Kot Addu Power Company Limited	–	24,097
300,000	320,000	Loads Limited	4,533	9,978
3,300	–	Mari Petroleum Company Limited	3,330	–
62,750	50,000	Meezan Bank Limited	5,469	4,086
10,000	–	Millat Tractors Limited	8,624	–
231,400	320,400	Nishat Mills Limited	21,598	45,151
291,000	291,000	Nishat Power Limited	8,014	8,625
272,700	241,100	Oil and Gas Development Company Limited	35,857	37,520
–	15,000	Pak Suzuki Motors Company Limited	–	5,901
–	100,000	Pakgen Power Limited	–	1,928
95,640	129,500	Pakistan Oilfields Limited	38,819	86,997
409,200	548,600	Pakistan Petroleum Limited	59,101	117,894
228,960	199,800	Pakistan State Oil Company Limited	38,840	63,598
–	1,982,332	Pakistan Stock Exchange Limited	–	39,151
–	125,000	Pakistan Telecommunication Company Limited	–	1,430
–	37,400	Roshan Packages Limited	–	1,054
–	140,000	Sui Northern Gas Pipelines Limited	–	14,031
–	310,000	Sui Southern Gas Company Limited	–	10,175
–	10,400	Thal Limited	–	4,966
220,000	210,000	The Hub Power Company Limited	17,327	19,353
26,490	26,490	Jubilee Spinning and Weaving Mills Limited	90	90
			404,877	866,118
		Less: Provision for impairment	(90)	(90)
9,625,793	13,818,895		404,787	866,028

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

28.1.2 The market value of investments which have been pledged with financial institutions as security against financing facilities (refer note 14.5) are as follows:

Rupees in '000	**2019**	2018
Name of investee company		
Altern Energy Limited (Long term investment)	1,928,552	2,147,970
Attock Cement Pakistan Limited	450	7,927
Attock Petroleum Limited	2,856	–
Avanceon Limited	3,678	4,968
Cherat Cement Company Limited	1,083	19,446
D.G. Khan Cement Company Limited	29,966	60,679
Engro Corporation Limited	–	8,474
Engro Fertilizer Limited	18,871	14,982
Engro Foods Limited	–	1,336
Fatima Fertilizer Company Limited	–	486
Fauji Cement Company Limited	1,966	2,856
Fauji Fertilizer Bin Qasim Limited	–	17,178
Fauji Fertilizer Company Limited	12,644	14,339
HBL Growth Fund- Class A (Formerly: PICIC Growth Fund)	2,025	–
HBL Investment Fund- Class A (Formerly: PICIC Investment Fund)	1,069	6,735
Hi-Tech Lubricants Limited	1,895	8,460
International Industries Limited	13,780	29,454
International Steel Limited	12,430	31,832
K-Electric Limited *	7,902	10,224
Kohat Cement Limited	3,471	–
Kohinoor Energy Limited	–	25,560
Kot Addu Power Company Limited	–	24,097
Loads Limited	4,533	9,354
Mari Petroleum Company	3,330	–
Meezan Bank Limited	4,576	4,086
Millat Tractors Limited	8,624	–
Nishat Mills Limited	21,598	40,162
Nishat Power Limited	8,014	8,625
Oil and Gas Development Company Limited	35,857	37,099
Pak Suzuki Motor Company Limited	–	5,901
Pakgen Power Limited	–	1,928
Pakistan Oilfields Limited	38,210	86,997
Pakistan Petroleum Limited	56,934	117,078
Pakistan State Oil Company Limited	37,990	59,142
Pakistan Stock Exchange Limited	–	39,151
Roshan Packages Limited	–	958
Sui Northern Gas Pipelines Limited	–	14,031
Sui Southern Gas Company Limited	–	10,175
Thal Limited	–	2,531
The Crescent Textile Mills Limited	138,228	112,200
The Hub Power Company Limited	16,537	19,354
	2,417,069	3,005,775

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

28.1.3 This represents investment in ordinary shares of listed companies and certificates of mutual funds. Under IAS 39, these were classified as held for trading whereas under IFRS 9 these have been classified and held as FVTPL. This also includes investment in Jubilee Spinning and Weaving Mills Limited and Innovative Investment Bank Limited, which had been fully provided for as the break-up value of their shares was Rs. Nil per share (30 June 2018: Rs. Nil). Under IAS 39, these were classified as available for sale and reclassified to FVTPL on initial application of IFRS 9 as management has not designated it as FVOCI.

28.2 Available for sale

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

2019	2018	Name of investee company	Note	2019	2018
Number of shares				Rupees in '000	
		Quoted			
–	6,381,743	The Crescent Textile Mills Limited	28.2.1	–	160,820

28.2.1 The Group has recognized impairment loss in previous years amounting to Rs. 4.537 million (2018: Rs. 4.537 million) against the investment.

Rupees in '000	Note	2019	2018
29. OTHER RECEIVABLES			
Dividend receivable		974	3,262
Provision there against		(885)	(885)
Dividend receivable		89	2,377
Receivable against investments	29.1	17,725	17,723
Provision there against		(17,722)	(17,723)
Receivable against sale of investments		3	–
Receivable against rent from investment property		320	442
Due from related parties	29.2	2,669	53
Retention money receivable		–	113,162
Sales tax refundable	29.3	187,870	239,394
Margin on letter of credit and guarantee		15,359	18,404
Receivable from staff retirement benefits funds	46.1.3	20,329	254,774
Others		6,005	2,042
		232,644	630,648

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 provision there against has been made.

29.2 This represents amount due from CSAP - Pension Fund and Shakarganj Limited - associate amounting to Rs. 0.053 million (2018: Rs. 0.053 million) and Rs. 2.616 million (2018: Rs. Nil) respectively. Maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balances is Rs. 0.053 million (2018: Rs. 0.053 million) and Rs. 5.627 million (2018: Rs. Nil) respectively and amounts are 180 days past due (2018: 180 days pat due).

29.3 In previous years, order in original no. 10/2016-17 dated 18 August 2017 was issued whereby a 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 the Holding 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. The Holding Company filed an appeal with the Appellate Tribunal Inland Revenue where the entire proceeding has been set aside on legal grounds.

This includes payment made to Punjab Revenue Authority against order received for non withholding of Punjab sales tax on services and its deposit with Punjab Revenue Authority. Currently, the appeal is pending adjudication at the Appellate Tribunal Inland Revenue - PRA. After consultation with legal advisor, the management considers that the appeal would be decided in Holding Company's favour.

In the current year, the Holding Company has adopted fixed regime of sales tax whereby sales tax liability is discharged on the basis of units of electricity consumed at Rs. 13 per unit instead of ad valorem basis. FBR did not agree to the Holding Company's stance owing to which the Holding Company filed writ petition no. 243530/2018 in Lahore High Court. The writ was allowed but later on, the department filed ICA No. 23517/2019 before High Court which is sub judice. No proceedings have been held since but management is confident of favourable outcome in light of the tax opinion which advices that the Holding Company has a good case.

Rupees in '000	2019	2018
30. TAXATION - NET		
Advance taxation	3,750,269	3,584,206
Provision for taxation	(2,490,729)	(2,418,897)
	1,259,540	1,165,309

30.1 The Income Tax assessments of the Holding Company 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:

Income tax assessments of the Holding Company for the tax years 2013 and 2016 have been amended by the Commissioner Inland Revenue whereby, tax demands of Rs. 95.94 million and Rs. 143.8 million have been raised respectively. Appeal has been preferred with the Commissioner Appeals which is pending adjudication for tax year 2013, whereas appeal is pending hearing before the Appellate Tribunal Inland Revenue for 2016.

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 filed appeals with the Commissioner Inland Revenue (Appeals) in which majority of the issues were decided in Holding Company's favour in 2009 and case was remanded back to the assessing officer for 2011.

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.

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. 4.253 million (inclusive of default surcharge) has been raised in respect of tax year 2017. Appeal has been preferred with the Commissioner Appeals which is pending adjudication.

Income tax assessment for the year 2006 was proposed to be amended where case was decided in the Holding Company's favour by the Appellate Tribunal Inland Revenue. Department has now filed case in the Lahore High Court challenging the tribunal's decision, which is pending to be heard.

As per order under section 161/205 of the Income Tax Ordinance 2001 have been issued by the Assistant Commissioner Inland Revenue, whereby demand aggregating to Rs. 46.78 million has been raised in respect of tax year 2017. Appeal has been preferred to the Commissioner (Appeals) which is pending for decision.

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.

Rupees in '000	Note	2019	2018
31. CASH AND BANK BALANCES			
With banks			
- in saving account	31.1	6,322	17,245
- in current accounts		20,881	175,917
	31.2	27,203	193,162
Cash in hand		2,417	493
		29,620	193,655

31.1 Mark-up rate on saving account ranged between 2.4% to 6.5% (2018: 3.17% to 5.71%).

31.2 This includes balances amounting to Rs. 3.287 million (2018: Rs. 1.811 million) with Shariah compliant banks.

Rupees in '000	Note	2019	2018
32. SALES - NET			
Local sales			
Bare pipes		319,247	5,533,373
Steel billets		2,642,203	3,382,588
Pipe coating		233,976	742,977
Pre coated pipes		1,996,516	475,612
Cotton yarn / raw cotton		1,667,951	884,203
Electricity sales		126,462	147,279
Steam sales		61,447	125,801
Others		73,430	141,120
Scrap / waste		167,325	16,857
Sales returns		(3,262)	–
		7,285,295	11,449,810
Export sales			
Fabric	32.1	–	13,120
		7,285,295	11,462,930
Sales tax		(431,727)	(1,533,174)
		6,853,568	9,929,756

32.1 Summary of export sales during the year:

Rupees in '000 Country	Geographical location	Credit terms	2019	2018
Ecuador	South America	Unsecured	–	13,120

Rupees in '000	Note	2019	2018

33. COST OF SALES

Steel segment	33.1	2,012,588	5,344,171
Cotton segment	33.1	1,579,451	888,295
Hadeed (Billet) segment	33.1	2,909,663	2,409,943
Energy segment	33.1	476,031	747,645
		6,977,733	9,390,054

		Steel segment		Cotton segment		Hadeed (Billet) segment		Energy segment		Total	
Rupees in '000	Note	2019	2018 (Restated)	2019	2018	2019	2018 (Restated)	2019	2018	2019	2018
33.1 Cost of sales											
Raw materials consumed		1,643,911	4,125,720	1,173,444	611,491	1,800,479	2,259,941	355,403	618,233	4,973,237	7,615,385
Cost of raw cotton sold		–	–	–	27,736	–	–	–	–	–	27,736
Packing materials consumed		–	–	16,835	9,613	–	–	–	–	16,835	9,613
Stores and spares consumed		60,063	115,322	18,600	13,671	72,775	109,314	12,398	19,215	163,836	257,522
Fuel, power and electricity		(190,029)	55,616	204,407	111,143	505,712	–	–	–	520,090	166,759
Salaries, wages and other benefits	33.2	139,238	171,121	125,505	82,221	51,676	65,142	26,898	32,803	343,317	351,287
Insurance		4,705	4,687	2,583	2,394	941	890	1,062	1,374	9,291	9,345
Commission		–	–	4,713	–	–	–	–	–	4,713	–
Repairs and maintenance		6,051	17,835	2,474	1,834	555	6,033	3,704	8,167	12,784	33,869
Depreciation	17.1.2	60,810	53,894	29,250	29,201	52,417	51,987	60,602	58,923	203,079	194,005
Rental under Ijarah financing		91,592	91,599	–	–	–	–	–	–	91,592	91,599
Other expenses		147,592	424,083	6,937	3,606	188,757	133,025	15,964	8,930	359,250	569,644
		1,963,933	5,059,877	1,584,748	892,910	2,673,312	2,626,332	476,031	747,645	6,698,024	9,326,764
Opening stock of work-in-process		10,288	85,524	9,425	–	–	–	–	–	19,713	85,524
Closing stock of work-in-process	24	(15,854)	(10,288)	(9,142)	(9,425)	–	–	–	–	(24,996)	(19,713)
		(5,566)	75,236	283	(9,425)	–	–	–	–	(5,283)	65,811
Cost of goods manufactured		1,958,367	5,135,113	1,585,031	883,485	2,673,312	2,626,332	476,031	747,645	6,692,741	9,392,575
Opening stock of finished goods		174,745	383,803	5,494	10,304	236,351	19,962	–	–	416,590	414,069
Closing stock of finished goods - net	24	(120,524)	(174,745)	(11,074)	(5,494)	–	(236,351)	–	–	(131,598)	(416,590)
		54,221	209,058	(5,580)	4,810	236,351	(216,389)	–	–	284,992	(2,521)
		2,012,588	5,344,171	1,579,451	888,295	2,909,663	2,409,943	476,031	747,645	6,977,733	9,390,054
33.2 Detail of salaries, wages and other benefits											
Salaries, wages and other benefits	33.2.1	137,150	162,171	123,939	80,865	50,789	65,142	26,898	32,803	338,776	340,981
Pension fund	33.2.2	205	3,358	–	363	–	–	–	–	205	3,721
Gratuity fund	33.2.2	(1,632)	1,329	–	34	–	–	–	–	(1,632)	1,363
Provident fund contributions		3,515	4,263	1,566	959	887	–	–	–	5,968	5,222
		139,238	171,121	125,505	82,221	51,676	65,142	26,898	32,803	343,317	351,287

33.2.1 This includes contribution amounting to Rs. 0.06 million (2018: Rs. 10 million) to Staff Benevolent Fund ("the Fund"). The Fund has been established as separate legal entity under the Trust Act, 1882 and registered under Income Tax Ordinance, 2001. The objective of the Fund is to provide at the discretion of the trustees, post retirement medical cover / facilities for retired employees and other hardship cases of extraordinary nature of existing employees of the Holding Company. The Holding Company does not have any right in the residual interest of the Fund.

	2019		2018	
Rupees in '000	Pension	Gratuity	Pension	Gratuity
33.2.2 Staff retirement benefits				
Current service costs	4,283	1,564	(1,261)	(255)
Interest costs	11,564	2,964	(3,040)	(454)
Expected return on plan assets	(15,642)	(6,160)	8,022	2,072
	205	(1,632)	3,721	1,363

Rupees in '000	Note	**2019**	2018
34. LOSS FROM INVESTMENTS			
Dividend income	34.1	37,502	57,846
Loss on sale of held for trading investments - net		–	(17,832)
Loss on sale of FVTPL investments - net	34.1	(28,820)	–
Unrealized loss on held for trading investments - net		–	(86,110)
Unrealized loss on FVTPL investments - net	34.1	(83,211)	–
Rent from investment properties	34.2	6,494	5,039
		(68,035)	(41,057)

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

Rupees in '000 Name of investee company	Dividend income	Realised loss	Unrealised gain / (loss)
Shariah compliant investee companies	28,303	(23,771)	(176,936)
Non - Shariah compliant investee companies	9,199	(5,049)	93,725
	37,502	(28,820)	(83,211)

34.1.1 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. 3.246 million (2018: Rs. 5.483 million). Further, Rs. 2.179 million (2018: Rs. 0.391 million) were incurred against the non rented out area.

35. DISTRIBUTION AND SELLING EXPENSES

		Steel segment		Cotton segment		Hadeed (Billet) segment		Total	
Rupees in '000	Note	**2019**	2018 (Restated)	**2019**	2018	**2019**	2018 (Restated)	**2019**	2018
Salaries, wages and other benefits	35.1	3,640	3,860	1,599	1,526	649	949	5,888	6,335
Commission		–	–	–	2,855	–	–	–	2,855
Travelling, conveyance and entertainment		450	489	69	92	192	376	711	957
Depreciation	17.1.2	963	976	–	–	199	199	1,162	1,175
Insurance		118	104	–	–	34	–	152	104
Postage, telephone and telegram		43	64	51	162	29	29	123	255
Advertisement		1,644	728	–	–	–	–	1,644	728
Bid bond expenses		747	2,499	–	–	–	–	747	2,499
Legal and professional charges		3,518	1,054	–	–	–	–	3,518	1,054
Others		743	882	1,200	2,561	–	–	1,943	3,443
		11,866	10,656	2,919	7,196	1,103	1,553	15,888	19,405

35.1 Detail of salaries, wages and other benefits

Rupees in '000	Note	Steel 2019	Steel 2018 (Restated)	Cotton 2019	Cotton 2018	Hadeed 2019	Hadeed 2018 (Restated)	Total 2019	Total 2018
Salaries, wages and other benefits		3,449	3,458	1,599	1,526	617	949	5,665	5,933
Pension fund	35.1.1	52	176	–	–	–	–	52	176
Gratuity fund	35.1.1	(388)	73	–	–	–	–	(388)	73
Provident fund contributions		527	153	–	–	32	–	559	153
		3,640	3,860	1,599	1,526	649	949	5,888	6,335

	2019		2018	
Rupees in '000	Pension	Gratuity	Pension	Gratuity
35.1.1 Staff retirement benefits				
Current service costs	1,095	372	(60)	(14)
Interest costs	2,956	704	(144)	(23)
Expected return on plan assets	(3,999)	(1,464)	380	110
	52	(388)	176	73

36. ADMINISTRATIVE EXPENSES

		Steel segment		Cotton segment		IID segment		Hadeed (Billet) segment		Energy segment		Total	
Rupees in '000	Note	**2019**	2018 (Restated)	**2019**	2018	**2019**	2018	**2019**	2018 (Restated)	**2019**	2018	**2019**	2018
Salaries, wages and other benefits	36.1	70,994	27,245	15,861	7,824	7,351	7,005	5,793	6,483	282	1,794	100,281	50,351
Rents, rates and taxes		1,380	2,543	323	439	582	884	890	624	–	595	3,175	5,085
Travelling, conveyance and entertainment		4,963	8,809	953	1,228	289	508	811	707	–	–	7,016	11,252
Fuel and power		8,396	7,904	1,222	761	468	421	–	–	–	–	10,086	9,086
Postage, telephone and telegram		1,873	1,973	403	356	106	109	110	95	–	–	2,492	2,533
Insurance		1,316	1,412	280	161	120	120	48	18	–	–	1,764	1,711
Repairs and maintenance		9,947	10,181	463	298	1,507	780	865	1,947	610	–	13,392	13,206
Auditors' remuneration	36.2	2,318	1,947	618	342	412	313	171	171	280	296	3,799	3,069
Legal, professional and corporate service charges		13,124	14,527	2,696	1,826	3,168	3,926	2,644	1,337	76	207	21,708	21,823
Advertisement		1,735	1,854	13	12	91	96	–	–	–	–	1,839	1,962
Donations	36.3	2,694	33,333	–	–	142	1,754	–	–	–	–	2,836	35,087
Depreciation	17.1.2 & 19.1	18,208	15,411	3,368	2,390	4,828	5,492	1,962	1,812	–	–	28,366	25,105
Amortization of intangible assets	18.1.1	198	705	39	88	10	33	1,874	2,103	577	629	2,698	3,558
Printing, stationery and office supplies		2,137	4,812	512	242	212	352	–	–	12	20	2,873	5,426
Newspapers, subscriptions and periodicals		330	277	494	455	25	19	–	–	–	–	849	751
Others		5,941	5,884	1,137	873	2,069	616	–	–	19	1,388	9,166	8,761
		145,554	138,817	28,382	17,295	21,380	22,428	15,168	15,297	1,856	4,929	212,340	198,766

36.1 Detail of salaries, wages and other benefits

		Steel 2019	Steel 2018	Cotton 2019	Cotton 2018	IID 2019	IID 2018	Hadeed 2019	Hadeed 2018	Energy 2019	Energy 2018	Total 2019	Total 2018
Salaries, wages and other benefits		69,019	95,619	15,382	13,309	7,351	7,502	5,714	6,483	282	1,794	97,748	124,707
Pension fund	36.1.1	546	(45,975)	–	(4,851)	–	(532)	–	–	–	–	546	(51,358)
Gratuity fund	36.1.1	(3,463)	(25,986)	–	(1,161)	–	(254)	–	–	–	–	(3,463)	(27,401)
Provident fund contributions		4,892	3,587	479	527	–	289	79	–	–	–	5,450	4,403
		70,994	27,245	15,861	7,824	7,351	7,005	5,793	6,483	282	1,794	100,281	50,351

	2019		2018	
Rupees in '000	Pension	Gratuity	Pension	Gratuity
36.1.1 Staff retirement benefits				
Current service costs	11,384	3,319	17,405	5,132
Interest costs	30,733	6,289	41,961	9,121
Expected return on plan assets	(41,571)	(13,071)	(110,724)	(41,654)
	546	(3,463)	(51,358)	(27,401)

Rupees in '000	Note	2019	2018
36.2 Auditors' remuneration			
Audit fee	36.2.1	2,478	2,287
Certifications and other assurance services		808	360
Out of pocket expenses		244	260
Sales tax		269	162
		3,799	3,069

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.

36.3 Donations

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

Rupees in '000			2019	2018
Name of director	Interest in donee	Name and address of the donee	Amount donated	
Mr Ahsan M. Saleem	Director	The Citizens Foundation		
		Plot No. 20, Sector - 14,		
		New Brookes Chowrangi,		
		Korangi Industrial Area, Karachi	1,076	23,688
	Chairman	CSAP Foundation		
		E-floor, IT Tower, 73-E/1, Hali		
		Road, Gulberg-III, Lahore	–	1,000
	Director	Pakistan Centre for Philanthropy		
		1-A St.14 F-8/3 Islamabad	–	1,000
			1,076	25,688

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:

Rupees in '000	2019	2018
Name of the donee	Amount donated	
Crescent Model Higher Secondary School	1,500	–
Crescent Educational Trust	–	3,000
Citizens Police Liaison Committee	–	2,500
Rashid Memorial Welfare Organization	–	1,000
National University of Sciences and Technology	–	1,000
Others	260	1,899
	1,760	9,399

Rupees in '000	2019	2018
37. OTHER OPERATING EXPENSES		
Exchange loss	21,893	21,187
Claim receivable written off	–	561
Impairment loss on trade debts	10,943	2,090
Provision for:		
- Workers' Profit Participation Fund	3,633	26,782
- Workers' Welfare Fund	474	11,071
- slow moving stores, spares and loose tools - net	23,187	19,727
Liquidated damages	3,727	25,882
Others	7,330	–
	71,187	107,300

38. OTHER INCOME

Rupees in '000	2019	2018
Income from financial assets		
Return on deposits - from conventional banking	1,181	3,054
Exchange gain on derivative financial liability - net	–	1,504
Unwinding of discount on long term deposit	19,798	16,920
	20,979	21,478
Income from non-financial assets		
Gain on disposal of operating fixed assets	12,674	24,686
Deferred income amortized	5,834	4,677
Exchange gain	395	–
Insurance commission	306	1,566
Liabilities written back	1,285	768
Recovery of liquidated damages	–	85,185
Reversal of impairment of trade debts	1,500	5,014
Reversal of provision for:		
- stock-in-trade	–	715
- other receivables	–	47
Rent income	4,279	2,959
Others	744	6,226
	27,017	131,843
	47,996	153,321

Rupees in '000	2019	2018
39. FINANCE COSTS		
Mark-up on short term loans - Shariah arrangement	83,554	33,405
Interest on - Non - Shariah arrangement		
- finance lease obligations	14,954	10,257
- long term loans	35,953	31,793
- running finances	128,058	62,365
- short term loans	42,074	111,389
Discounting on long term deposit	2,080	8,340
Bank charges	11,146	6,415
	317,819	263,964
40. SHARE OF PROFIT IN EQUITY ACCOUNTED INVESTEES - NET OF TAXATION		
Shariah compliant investee companies		
Altern Energy Limited	290,096	315,443
Shakarganj Limited	106,665	(230,481)
	396,761	84,962
41. TAXATION		
Current		
- for the year	70,456	194,746
- Super tax	–	33,995
- for prior years	2,034	7,100
	72,490	235,841
Deferred	(17,791)	(26,929)
	54,699	208,912
41.1 Relationship between taxation expense and accounting profit		
Profit before taxation	(364,677)	147,493
Tax at the applicable rate of 29% (2018: 30%)	(105,756)	44,248
Tax effect of inadmissible expenses / losses	242,399	235,303
Tax effect of income taxed at a lower rate	158,233	(110,720)
Prior year tax effect	2,034	7,100
Tax losses of subsidiaries	(267,646)	–
Super tax	–	33,995
Tax effect of change in effective tax rate	25,435	(1,014)
	54,699	208,912
42 BASIC AND DILUTED LOSS PER SHARE		
Loss for the year	(419,376)	(61,419)
	(Number of shares)	
Weighted average number of ordinary shares in issue during the year	77,632,491	77,632,491
	(Rupees)	
Basic and diluted loss per share	(5.40)	(0.79)

Rupees in '000	2019	2018
41 CASH GENERATED FROM OPERATIONS		
(Loss) / profit before taxation	(364,677)	147,493
Adjustments for non cash charges and other items		
Depreciation on operating fixed assets and investment properties	232,974	220,731
Amortization of intangible assets	2,698	3,559
Reversal for the year on staff retirement benefit funds	(4,680)	(73,426)
Dividend income	(37,502)	(57,846)
Unrealized loss on held for trading investments - net	–	86,110
Unrealized loss on FVTPL investments - net	83,211	–
Loss on sale of held for trading investments - net	–	17,832
Loss on sale of FVTPL investments - net	28,820	–
Provision for slow moving stores, spares and loose tools	23,187	19,727
(Reversal of provision) for stock-in-trade - Raw materials	–	(715)
Provision / (reversal of provision) for doubtful trade debts	9,443	(7,151)
Provision for Workers' Welfare Fund	474	11,071
Provision for Workers' Profit Participation Fund	3,633	26,782
Return on deposits and investments	(1,181)	(3,053)
Gain on disposal of operating fixed assets	(12,674)	(24,686)
Deferred income	(5,834)	(4,677)
Discounting of long term deposit	2,080	8,340
Unwinding of discount on long term deposit	(19,798)	(16,920)
Liabilities written back	(1,285)	(768)
Finance costs	315,739	255,624
Share of profit from equity accounted investees - net of taxation	(396,761)	(84,962)
	(142,133)	523,065
Change in:		
Stores, spares and loose tools	2,542	(40,031)
Stock-in-trade	1,446,739	1,117,359
Trade debts	(23,555)	821,523
Advances	(4,580)	(7,562)
Trade deposits and short term prepayments	21,482	(13,999)
Other receivables	160,960	383,789
Trade and other payables	(1,033,213)	(362,559)
	428,242	2,421,585

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

Rupees in '000	Note	Long term loans	Finance lease liabilities (Including mark-up accrued)	Short term borrowings	Unclaimed dividend	Total
		9	10 & 14	15		
Opening balance as at 1 July 2018		323,290	173,854	1,502,148	21,520	2,020,812
Dividend declared		–	–	–	77,632	77,632
Lease obligation entered during the year		–	26,444	–	–	26,444
Interest accrued on lease obligation		–	14,954	–	–	14,954
		–	41,398	–	77,632	119,030
Proceeds from long term loans		60,800	–	–	–	60,800
Repayment of long term loans		(96,544)	–	–	–	(96,544)
Proceeds short term borrowings		–	–	4,317,621	–	4,317,621
Repayment of short term borrowings		–	–	(5,089,018)	–	(5,089,018)
Dividend paid		–	–	–	(72,627)	(72,627)
Lease payments		–	(60,453)	–	–	(60,453)
		(35,744)	(60,453)	(771,397)	(72,627)	(940,221)
Closing balance as at 30 June 2019		287,546	154,799	730,751	26,525	1,199,621

Rupees in '000	Note	2019	2018

44. CASH AND CASH EQUIVALENTS

	Note	2019	2018
Running finances under mark-up arrangements	15	(907,341)	(453,977)
Cash and bank balances	31	29,620	193,655
		(877,721)	(260,322)

45. SEGMENT REPORTING

45.1 Reportable segments

- 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 generation and supply of electricity (note 1.6).
- Hadeed (Billet) segment - It comprises of manufacturing billets (note 1.8).

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

45.2 Segment revenues and results

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

Rupees in '000	Steel segment	Cotton segment	IID segment	Hadeed (Billet) segment	Energy segment	Inter-segments elimination / adjustments	Total
For the year ended 30 June 2019							
Sales	2,381,405	1,685,110	–	2,642,203	398,648	(253,798)	6,853,568
Cost of sales	2,266,675	1,579,451	–	2,909,663	483,105	(261,161)	6,977,733
Gross profit / (loss)	114,730	105,659	–	(267,460)	(84,457)	7,363	(124,165)
Income / (loss) from investments	–	–	132,870	–	593	(201,498)	(68,035)
	114,730	105,659	132,870	(267,460)	(83,864)	(194,135)	(192,200)
Distribution and selling expenses	11,866	2,919	–	1,103	–	–	15,888
Administrative expenses	145,554	28,382	21,380	15,168	1,856	–	212,340
Other operating expenses	24,947	3,699	–	42,541	–	–	71,187
	182,367	35,000	21,380	58,812	1,856	–	299,415
	(67,637)	70,659	111,490	(326,272)	(85,720)	(194,135)	(491,615)
Other income	79,616	9,365	–	364	378	(41,727)	47,996
Operating profit / (loss) before finance costs	11,979	80,024	111,490	(325,908)	(85,342)	(235,862)	(443,619)
Finance costs	210,363	9,797	36,656	90,230	12,500	(41,727)	317,819
Share of profit in equity accounted investees - net of taxation	–	–	396,761	–	–	–	396,761
(Loss) / profit before taxation	(198,384)	70,227	471,595	(416,138)	(97,842)	(194,135)	(364,677)
Taxation							54,699
Loss for the year							(419,376)

Rupees in '000	Steel segment (Restated)	Cotton segment	IID segment	Hadeed (Billet) (Restated)	Energy segment	Inter-segments elimination / adjustments	Total
For the year ended 30 June 2018							
Sales	6,136,191	907,596	–	2,891,101	651,880	(657,012)	9,929,756
Cost of sales	5,344,171	888,295	–	3,067,239	754,719	(664,370)	9,390,054
Gross profit / (loss)	792,020	19,301	–	(176,138)	(102,839)	7,358	539,702
Income / (loss) from investments	–	–	514,448	–	–	(555,505)	(41,057)
	792,020	19,301	514,448	(176,138)	(102,839)	(548,147)	498,645
Distribution and selling expenses	10,656	7,196	–	1,553	–	–	19,405
Administrative expenses	138,817	17,295	22,428	15,297	4,929	–	198,766
Other operating expenses	83,559	1,304	27	20,320	2,090	–	107,300
	233,032	25,795	22,455	37,170	7,019	–	325,471
	558,988	(6,494)	491,993	(213,308)	(109,858)	(548,147)	173,174
Other income	151,418	20,253	47	4,633	3,197	(26,227)	153,321
Operating profit / (loss) before finance costs	710,406	13,759	492,040	(208,675)	(106,661)	(574,374)	326,495
Finance costs	212,079	5,609	25,818	38,252	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	498,327	8,150	550,256	(246,927)	(114,166)	(548,147)	147,493
Taxation							208,912
Loss for the year							(61,419)

45.2.1 Revenue reported above represents revenue generated from external customers. There were no inter-segment sale during the year (2018: 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 32 to these consolidated financial statements.

45.4 Information about major customers

Revenue from major customers of Steel segment represents an aggregate amount of Rs. 4,891.885 million (2018: Rs. 7,973.355 million) of total Steel segment revenue of Rs. 2,381.405 million (2018: Rs. 6,136.191 million). Revenue from major customers of Cotton segment represents an aggregate amount of Rs. 251.736 million (2018: Rs. 84.508 million) of total Cotton segment revenue of Rs. 1,685.110 million (2018: Rs. 907.596 million). Revenue from major customers of Energy segment represent an aggregate amount of Rs. 398.648 million (2018: Rs. 651.880 million) of total Energy segment revenue of Rs. 398.648 million (2018: Rs. 651.880 million).

45.5 Geographical information

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

Rupees in '000	**2019**	2018
South and North America	–	13,120
Pakistan	6,853,568	9,916,636
	6,853,568	9,929,756

45.5.2 All non-current assets of the Group as at 30 June 2019 and 2018 were located and operating in Pakistan.

45.6 Segment assets and liabilities

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

Rupees in '000	Steel segment	Cotton segment	IID segment	Hadeed (Billet) segment	Energy segment	Total
As at 30 June 2019						
Segment assets for reportable segments	1,826,902	430,823	1,169,324	1,218,378	878,184	5,523,611
Investment in equity accounted investees	–	–	2,988,879	–	278,027	3,266,906
Unallocated corporate assets						1,210,395
Total assets as per consolidated statement of financial position						10,000,912
Segment liabilities for reportable segments	570,025	106,822	66,702	140,995	118,522	1,003,066
Unallocated corporate liabilities and deferred income						2,041,764
Total liabilities as per consolidated statement of financial position						3,044,830

Rupees in '000	Steel segment (Restated)	Cotton segment	IID segment	Hadeed (Billet) segment (Restated)	Energy segment	Total
As at 30 June 2018						
Segment assets for reportable segments	2,792,767	528,790	1,376,546	2,018,930	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 statement of financial position						12,059,023
Segment liabilities for reportable segments	1,345,671	101,745	154,619	946,143	111,465	2,659,643
Unallocated corporate liabilities and deferred income						1,785,691
Total liabilities as per consolidated statement of financial position						4,445,334

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

Rupees in '000	Steel segment	Cotton segment	IID segment	Hadeed (Billet) segment	Energy segment	Total
For the year ended 30 June 2019						
Capital expenditure	144,094	5,761	10,760	2,446	3,348	166,409
Depreciation and amortization	80,179	32,657	4,838	56,452	61,546	235,672
Non-cash items other than depreciation and amortization - net	187,672	37,626	(314,397)	76,305	(335)	(13,129)
For the year ended 30 June 2018						
Capital expenditure	115,014	54,961	–	2,155	36,036	208,166
Depreciation and amortization	72,510	31,679	5,525	54,578	59,998	224,290
Non-cash items other than depreciation and amortization - net	52,188	(17,300)	(12,927)	124,420	4,901	151,282

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 2019. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation:

	2019		2018	
	Pension	Gratuity	Pension	Gratuity
Financial assumptions				
- Discount rate used for Interest Cost in profit or loss charge	10.00%	10.00%	9.25%	9.25%
- Discount rate used for year end obligation	14.50%	14.50%	10%	10%
- Expected rate of increase in salaries	14.50%	14.50%	10%	10%
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 unconsolidated statement of financial position are as follows:

		2019			2018		
Rupees in '000	Note	Pension	Gratuity	Total	Pension	Gratuity	Total
Present value of defined benefit obligations	46.1.4	494,294	104,884	599,178	457,906	101,625	559,531
Fair value of plan assets	46.1.5	(393,748)	(125,213)	(518,961)	(608,912)	(205,706)	(814,618)
Asset recognized in consolidated statement of financial position		100,546	(20,329)	80,217	(151,006)	(104,081)	(255,087)
46.1.3 Movement in the net defined benefit liability / (asset)							
Opening balance		(151,006)	(104,081)	(255,087)	(682,679)	(331,631)	(1,014,310)
Net benefit (income) / cost charged to consolidated profit or loss	46.1.7	804	(5,484)	(4,680)	(47,460)	(25,965)	(73,425)
Remeasurements recognized in consolidated other comprehensive income	46.1.8	267,915	95,834	363,749	587,706	256,807	844,513
Contributions by the Holding Company	46.1.5	(17,167)	(6,598)	(23,765)	(8,573)	(3,292)	(11,865)
Closing balance		100,546	(20,329)	80,217	(151,006)	(104,081)	(255,087)
46.1.4 Movement in the present value of defined benefit obligations							
Present value of defined benefit obligations - 1 July		457,906	101,625	559,531	423,509	94,572	518,081
Current service costs		16,763	5,254	22,017	16,084	4,863	20,947
Interest costs		45,252	9,957	55,209	38,776	8,642	47,418
Benefits paid during the year		(10,760)	(4,116)	(14,876)	(8,626)	(2,292)	(10,918)
Remeasurement:							
Actuarial losses from changes in financial assumptions		14,640	74	14,714	2,381	13	2,394
Experience adjustments		(29,507)	(7,910)	(37,417)	(14,218)	(4,173)	(18,391)
Present value of defined benefit obligations - 30 June		494,294	104,884	599,178	457,906	101,625	559,531

	2019			2018		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity	Total
46.1.5 Movement in the fair value of plan assets are as follows:						
Fair value of plan assets - 1 July	608,912	205,706	814,618	1,106,188	426,203	1,532,391
Contributions by the Holding Company	17,167	6,598	23,765	8,573	3,292	11,865
Interest income on plan assets	61,211	20,695	81,906	102,320	39,470	141,790
Benefits paid during the year	(10,760)	(4,116)	(14,876)	(8,626)	(2,292)	(10,918)
Return on plan assets, excluding interest income	(282,782)	(103,670)	(386,452)	(599,543)	(260,967)	(860,510)
Fair value of plan assets - 30 June	393,748	125,213	518,961	608,912	205,706	814,618
46.1.6 Actual return on plan assets	(221,571)	(82,975)	(304,546)	(497,223)	(221,497)	(718,720)

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

	2019			2018		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity	Total
Current service costs	16,763	5,254	22,017	16,084	4,863	20,947
Interest costs	45,252	9,957	55,209	38,776	8,642	47,418
Expected return on plan assets	(61,211)	(20,695)	(81,906)	(102,320)	(39,470)	(141,790)
Charge / (income) recognized in consolidated profit or loss	804	(5,484)	(4,680)	(47,460)	(25,965)	(73,425)

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

	2019			2018		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity	Total
Remeasurement:						
Actuarial losses from changes in financial assumptions	14,640	74	14,714	2,381	13	2,394
Experience adjustments	(29,507)	(7,910)	(37,417)	(14,218)	(4,173)	(18,391)
Return on plan assets, excluding interest income	282,782	103,670	386,452	599,543	260,967	860,510
Remeasurement loss charged in consolidated other comprehensive income	267,915	95,834	363,749	587,706	256,807	844,513
46.1.9 Total defined benefit cost recognized in consolidated profit or loss and other comprehensive income	268,719	90,350	359,069	540,246	230,842	771,088
Expected contributions to funds in the following year	–	–	–	–	–	–
Weighted average duration of the defined benefit obligation (years)	11	3		11	3	

Rupees in '000	2019 Pension	2019 Gratuity	2019 Total	2018 Pension	2018 Gratuity	2018 Total
Analysis of present value of defined benefit obligation						
Type of Members:						
Pensioners	30	–		29	–	
Beneficiaries	86	85		98	98	
Vested / Non-Vested						
Vested benefits	468,640	84,014	552,654	422,010	81,066	503,076
Non - vested benefits	25,654	20,870	46,524	41,673	20,559	62,232
	494,294	104,884	599,178	463,683	101,625	565,308
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	90,870	3,726	94,596	4,841	2,569	7,410
Debt instruments						
AA+	83,142	33,209	116,351	95,707	19,629	115,336
AA / AA-	230	–	230	61,791	–	61,791
	83,372	33,209	116,581	157,498	19,629	177,127
Equity instruments						
Automobile Assembling	–	–	–	115	–	115
Automobile Parts and Accessories	149	–	149	179	–	179
Cement	4,560	–	4,560	8,605	–	8,605
Chemicals	449	–	449	530	–	530
Commercial Banks	–	–	–	137	–	137
Engineering	152,320	72,588	224,908	352,135	159,760	511,895
Fertilizer	6,203	258	6,461	9,842	292	10,134
Insurance	76	–	76	97	–	97
Oil and Gas Exploration Companies	10,501	3,125	13,626	11,754	4,263	16,017
Oil and Gas Marketing Companies	636	–	636	1,042	–	1,042
Paper and Board	177	–	177	–	–	–
Power Generation and Distribution	19,936	7,875	27,811	27,992	13,052	41,044
Sugar and Allied Industries	5,433	1,600	7,033	8,176	2,408	10,584
Textile Composite	2,673	–	2,673	3,959	–	3,959
	203,113	85,446	288,559	424,563	179,775	604,338
Mutual funds						
Income Fund	16,393	2,832	19,225	22,010	3,733	25,743
	393,748	125,213	518,961	608,912	205,706	814,618

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%	446,126	102,306
Discount rate -1%	552,480	107,847
Long term pension / salary increase +1%	504,249	107,837
Long term pension / salary decrease -1%	485,512	102,270
Long term pension increase +1%	546,467	–
Long term pension decrease -1%	449,399	–

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

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 2019 was Rs. 11.977 million (2018: Rs. 9.778 million). Reporting year end of Provident Fund Financial Statements is 31 December and 30 June for Steel & IID Division and Cotton Division respectively.

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:

Rupees in '000	30 June 2019								
	Carrying amount					Fair Value			
	Fair value through profit or loss	Fair value through other compre-hensive income	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investments									
- Listed equity securities	404,787	138,867	–	–	543,654	543,654	–	–	543,654
- Unlisted equity securities	549,984	–	–	–	549,984	–	–	549,984	549,984
	954,771	138,867	–	–	1,093,638	543,654	–	549,984	1,093,638
Financial assets not measured at fair value									
Deposits	–	–	275,886	–	275,886	–	–	–	–
Trade debts	–	–	96,432	–	96,432	–	–	–	–
Other receivables	–	–	24,445	–	24,445	–	–	–	–
Cash and bank balances	–	–	29,620	–	29,620	–	–	–	–
	–	–	426,383	–	426,383	–	–	–	–
Financial liabilities not measured at fair value									
Long term loans	–	–	–	287,546	287,546	–	–	–	–
Liabilities against assets subject to finance lease	–	–	–	154,296	154,296	–	–	–	–
Trade and other payables	–	–	–	442,204	442,204	–	–	–	–
Unclaimed dividend	–	–	–	26,525	26,525	–	–	–	–
Mark-up accrued	–	–	–	43,864	43,864	–	–	–	–
Short term borrowings	–	–	–	1,638,092	1,638,092	–	–	–	–
	–	–	–	2,592,527	2,592,527	–	–	–	–

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

For the year ended 30 June 2019

Rupees in '000	30 June 2018							
	Carring amount				Fair value			
	Investments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Listed equity securities	1,026,848	–	–	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	–	–	–	–
Deposits	–	279,162	–	279,162	–	–	–	–
Trade debts	–	82,320	–	82,320	–	–	–	–
Other receivables	–	136,480	–	136,480	–	–	–	–
Cash and bank balances	–	193,655	–	193,655	–	–	–	–
	3,379,166	691,772	–	4,070,938	–	–	–	–
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	–	–	–	–
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	–	–	–	–

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.

47.1 Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair values at 30 June 2019 for unquoted equity investment measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

Name of investee company	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
- Shakarganj Food Products Limited	- Discounted cash flows with terminal growth: The valuation model considers the present value of expected free cash flows, discounted using Weighted Average Cost of Capital.	- Expected cash flows - Terminal growth rate - Weighted Average Cost of Capital	The estimated fair value would increase / (decrease) if: - The expected free cash flows were higher / (lower) - The terminal growth rate were higher / (lower) - The Weighted Average Cost of Capital were lower / (higher)
- Central Depository Company of Pakistan Limited	- Net Asset Method: This valuation Method considers Net Asset value divided by ordinary number of shares	- Net assets of The investee Company	The estimated fair value would increase / (decrease) if: - The net assets of the investee company were higher / (lower).

47.2 Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values

Rupees in '000	
Balance at 30 June 2018*	
- Shakarganj Food Products Limited	202,216
- Central Depository Company of Pakistan Limited	58,946
	261,162
Fair value included in opening unappropriated profits (retained earnings)	
- Shakarganj Food Products Limited	115,936
- Central Depository Company of Pakistan Limited	56,476
	172,412
Balance at 01 July 2018	
- Shakarganj Food Products Limited	318,152
- Central Depository Company of Pakistan Limited	115,422
	433,574
Fair value recognized during the year	
- Shakarganj Food Products Limited	107,431
- Central Depository Company of Pakistan Limited	8,979
	116,410
Balance at 30 June 2019	
- Shakarganj Food Products Limited	425,583
- Central Depository Company of Pakistan Limited	124,401
	549,984

* Before 30 June 2018, these equity securities were stated at cost in accordance with IAS 39 and were classified as available for sale. From 1 July 2018, these are classified at FVTPL in accordance with IFRS 9 and measured at fair value.

Sensitivity Analysis

For the fair value of unquoted equity investment, reasonably possible changes at 30 June 2019 to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

	Profit or loss	
Rupees in '000	Increase	Decrease
Shakarganj Food Products Limited		
- Expected cash flows (10% movement)	47,600	(47,600)
- Terminal growth rate (1% movement)	28,597	(23,894)
- Weighted Average Cost of Capital (1% movement)	(37,629)	44,966
Central Depository Company of Pakistan Limited		
- Net assets (10% movement)	12,440	(12,440)

48. FINANCIAL INSTRUMENTS

The Company 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:

Rupees in '000	2019	2018
Deposits	275,886	279,162
Trade debts	96,432	82,320
Mark-up accrued	29	155
Other receivables	24,445	136,480
Bank balances	27,203	193,162
	423,995	691,279

Trade and receivables

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

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

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

Rupees in '000	**2019**	2018
Steel segment	64,149	41,254
Cotton segment	4,949	2,011
Hadeed (Billet) segment	10,841	25,452
Energy segment	16,493	13,603
	96,432	82,320
The aging of trade debts at the balance sheet date is		
Not past due	9,400	14,444
Past due 1 - 30 days	55,578	13,971
Past due 30 - 180 days	18,936	36,733
Past due 180 days	43,224	38,435
	127,138	103,583
Less: Impaired	30,706	21,263
	96,432	82,320

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

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Management uses actual historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment to determine lifetime expected loss allowance.

Loss rates are based on actual credit loss experience over the past five years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and Group's view of economic conditions over the expected lives of the trade debts.

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

Settlement risk

All investing transactions are settled / paid for upon delivery as per the advice of investment committee. The Group's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits.

Bank balances

The Group kept its surplus funds with banks having good credit rating. Currently, the surplus funds are kept with banks having rating from AAA to A-.

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

	Rating		Rating	2019	2018
	Short term	Long term	Agency	Rupee in '000	
Mutual Funds					
HBL Growth Fund (A)					
(Previously PICIC Growth Fund)	–	AM3+	PACRA	24,844	73,377
HBL Investment Fund (A) (Previously					
PICIC Investment Fund)	–	AM3+	PACRA	3,097	10,300
				27,941	83,677

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:

Rupees in '000	2019						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to six years
Financial liabilities							
Long term loans	287,546	–	333,274	79,052	56,562	105,909	91,751
Liabilities against assets							
subject to finance lease	154,296	–	182,371	32,087	33,305	48,987	67,992
Trade and other payables	442,204	–	442,204	442,204	–	–	–
Unclaimed dividend	26,525	26,525	–	–	–	–	–
Mark-up accrued	43,864	–	43,864	43,864	–	–	–
Short term borrowings	1,638,092	1,638,092	–	–	–	–	–
	2,592,527	1,664,617	1,001,713	597,207	89,867	154,896	159,743

Rupees in '000	2018						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to six years
Financial liabilities							
Long term loan	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	–	–	–
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

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

	2019		
	USD	Euro	CNY
Foreign creditors	–	–	–
Outstanding letters of credit	–	–	–
Net exposure	–	–	–

	2018		
	USD	Euro	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

The following significant exchange rate has been applied :

	Average rate		Reporting date rate	
Rupees in '000	**2019**	2018	**2019**	2018
USD to PKR	136.27	110.63	160.05	121.60
Euro to PKR	155.34	132.04	182.32	141.57
CNY to PKR	19.97	17.43	23.31	18.76

Sensitivity analysis

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

Rupees in '000	**2019**	2018
USD	–	786,015
Euro	–	21,080
CNY	–	3,399,305
	–	4,206,400

The weakening of the PKR against USD, Euro and CNY 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 consolidated profit for the year and assets / liabilities of the Company.

48.3.2 Interest rate risk

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

	2019	2018	**2019**	2018
	Effective interest rate (Percentage)		Carrying amount (Rupees in '000)	
Financial liabilities				
Variable rate instruments:				
Long term loan	7.91 - 14.42	7.64 - 8.92	287,546	323,290
Liabilities against assets subject to finance lease	10.61 - 17.6	10.47 - 12.06	154,296	173,429
Short term borrowings	7.68 - 14.86	7.64 - 8.84	1,638,092	1,956,125

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit 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 2018.

	Profit and loss 100 bp	
Rupees in '000	Increase	Decrease
As at 30 June 2019		
Cash flow sensitivity - Variable rate financial liabilities	(20,799)	20,799
As at 30 June 2018		
Cash flow sensitivity - Variable rate financial liabilities	(24,528)	24,528

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

46.3.3 Other price risk

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

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

Rupees in '000	**2019**	2018
Effect on profit	40,479	86,603
Effect on equity	13,887	16,082
Effect on investments	54,366	102,685

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

49. REMUNERATION TO THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Chief Executive		Director		Executives		Total	
Rupees in '000	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Managerial remuneration	22,977	21,884	–	–	44,799	51,748	67,776	73,632
House rent	7,452	7,452	–	–	17,884	17,297	25,336	24,749
Utilities	1,656	1,656	–	–	3,577	3,470	5,233	5,126
Travelling expenses	2,581	5,803	–	–	–	–	2,581	5,803
Medical	1,736	185	–	–	2,088	1,931	3,824	2,116
Contributions to								
- Gratuity fund	1,379	537	–	–	2,367	1,100	3,746	1,637
- Pension fund	3,312	1,290	–	–	6,115	2,855	9,427	4,145
- Provident fund	1,656	1,290	–	–	2,899	2,837	4,555	4,127
Club subscription								
and expenses	1,131	713	–	–	217	179	1,348	892
Entertainment	390	321	–	–	90	84	480	405
Conveyance	–	–	–	–	970	870	970	870
Telephone	268	-	–	–	–	6	268	6
	44,538	41,131	–	–	81,006	82,377	125,544	123,508
Number of persons	1	1	–	–	15	15	16	16

49.1 The aggregate amount charged in respect of directors' fees paid to six (2018: six) directors is Rs. 2.380 million (2018: Rs. 2.960 million). Also, during the year remuneration paid to the non-executive Chairman of the Board of Directors amounted to Rs. 1.820 million (2018: Rs. 1.275 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 subsidiaries and associated companies, directors of the Company, companies in which directors also hold directorship, related group companies, key management personnel and staff retirement benefit funds. All transactions 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 :

Rupees in '000				**2019**	2018
Name	Nature of relationship	Basis of relationship	Nature of transaction		
Altern Energy Limited	Associated company	17.60% Holding	Dividend received	201,498	511,740
Shakarganj Limited	Associated	28.01% Holding	Dividend paid	180	855
	company		Dividend received	–	43,763
			Sales of finished goods	1,537	618
			Sale of electricity and steam	160,606	233,401
			Services received	5,730	9,339
			Reimbursable expenses	2,967	1,732

Rupees in '000 Name	Nature of relationship	Basis of relationship	Nature of transaction	2019	2018
			Right shares subscribed	–	273,091
			Purchase of raw material	162,547	228,579
			Purchase of store items	–	237
			Rent expense	890	624
The Crescent Textile Mills Limited	Related party	Major share holder	Dividend paid	8,538	–
Muhammad Amin Muhammad	Related party	Common			
Bashir Limited		directorship	Dividend paid	1	4
Premier Insurance Limited	Related party	Common	Insurance premium	10,948	9,610
		directorship	Dividend paid	142	691
The Citizens' Foundation	Related party	Common			
		directorship	Donation given	1,076	23,688
Crescent Cotton Products	Retirement	Employees	Contribution made	4,274	2,513
- Staff Provident Fund	benefit fund	benefit fund	Dividend paid	75	355
Crescent Steel and Allied	Retirement	Employees	Contribution made	6,598	3,292
Products Limited - Gratuity Fund	benefit fund	benefit fund	Dividend paid	1,821	7,123
Crescent Steel and Allied	Retirement	Employees	Contribution made	17,167	8,573
Products Limited - Pension Fund	benefit fund	benefit fund	Dividend paid	3,925	15,525
Crescent Steel and					
Allied Products	Retirement	Employees	Contribution made	17,905	8,822
Limited - Staff Provident Fund	benefit fund	benefit fund	Dividend paid	124	3,785
Crescent Hadeed (Private)	Retirement	Employees			
Limited - Staff Provident Fund	benefit fund	benefit fund	Contribution made	998	626
CSAP - Staff Benevolent Fund	Staff welfare	Employees	Contribution made	–	10,000
	fund	welfare fund	Dividend paid	36	172
Key management personnel	Related parties	Executives	Remuneration and		
			benefits	61,501	104,433
			Dividend paid	108	2,856
Directors and their spouse	Related parties	Directors	Dividend paid	624	3,694

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

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 2019 and 2018 are included in issued, subscribed and paid-up capital (note 7.1), trade and other payables (note 13.4), 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 2018.

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:

Rupees in '000		**2019**	2018
Total debt	51.1.1	2,079,934	2,452,844
Less: Cash and bank balances		29,620	193,655
Net debt		2,050,314	2,259,189
Total equity	51.1.2	6,956,082	7,613,689
Total capital		9,006,396	9,872,878
Gearing ratio		23%	23%

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 (2018: 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 12,287.5 tons (2018: 50,215 tons) line pipes of varied sizes and thickness. Actual production is equivalent to 21,310.9 tons (2018: 56,145 tons) when translated to the notional pipe size of 30" diameter. Reason for underutilization was delay in materialization of orders for different projects.

Coating plant

The coating plant has a capacity of externally shot blasting and coating of line pipes with 3 layer high density polyethylene coating at a rate of 250 square meters of surface area per hour on pipe sizes ranging from 114 mm to 1,524 mm outside dia and thickness ranging from 3 mm to 16 mm.

The annual capacity of the plant works out to 600,000 square meters outside surface area of line pipes based on notional size of 14" dia on single shift working. Coating of 434,494 meters (2018: 206,389 meters) of different dia pipes (340,745 square meters surface area) was achieved during the year (2018: 407,598 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 (85,000 mtons) of billets per annum, but the total production during FY18-19 was 29,162 mtons (2018: 49,900 mtons) of billets. Production was suspended for about two months and plant was temporary shut down from 15 April 2019 due to lower economic activity, continuous rupee devaluation and the selling price of billet is not stable.

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 (2018: 9,197,007 kilograms). Actual production converted into 20s count was 9,087,295 kilograms for 1,092 shifts (2018: 4,897,430 kilograms for 705 shifts).

52.3 Energy segment

The plant's installed production capacity was 118,856 MWh (2018: 118,856 MWh) and the actual production achieved during the year was 31,017 MWh (2018: 50,559 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. GENERAL

53.1 Number of employees

The number of employees including contractual employees of the Group as at 30 June 2019 were 760 (2018: 1,003) and weighted average number of employees were 877 (2018: 951).

54. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue in the Board of Directors meeting held on 02 September 2019.

Chief Executive　　　　Director　　　　Chief Financial Officer