Crescent Steel and Allied Products Limited

Unconsolidated Financial Statements

For the year ended 30 June 2014

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REVIEW REPORT TO THE MEMBERS
on Statement of Compliance with Best Practices of Code of Corporate Governance

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

Telephone +92 (21) 3568 5847
Fax +92 (21) 3568 5095
Internet www.kpmg.com.pk

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of Crescent Steel and Allied Products Limited ("the Company") for the year ended 30 June 2014 to comply with the requirements of Listing Regulations of Karachi Stock Exchange where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2014.

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

Date: 21 August 2014
Karachi

AUDITORS' REPORT TO THE MEMBERS

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

Telephone +92 (21) 3568 5847
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We have audited the annexed unconsolidated balance sheet of Crescent Steel and Allied Products Limited ("the Company") as at 30 June 2014 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the unconsolidated balance sheet and unconsolidated profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change in accounting policy as disclosed in note 4.1.1 to the accompanying financial statements, with which we concur;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2014 and of the profits, its cash flows and changes in equity for the year then ended; and

d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

KPMG Taseer Hadi & Co.

Date: 21 August 2014
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

UNCONSOLIDATED BALANCE SHEET
As at 30 June 2014

Rupees in '000	Note	2014	2013 (Restated)	2012 (Restated)
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorized capital				
100,000,000 ordinary shares of Rs. 10 each		1,000,000	1,000,000	1,000,000
Issued, subscribed and paid-up capital	6	621,060	564,600	564,600
Capital reserves		298,742	529,926	377,302
Revenue reserves		3,087,377	2,879,550	2,167,164
		4,007,179	3,974,076	3,109,066
Non-current liabilities				
Liabilities against assets subject to finance lease	7	61,963	34,450	19,811
Deferred income	8	2,324	1,413	–
Deferred taxation	18	9,724	6,171	–
		74,011	42,034	19,811
Current liabilities				
Trade and other payables	9	372,447	412,288	691,537
Mark-up accrued	10	8,168	9,002	16,262
Short term borrowings	11	228,366	418,365	334,958
Current portion of deferred income	8	1,764	847	–
Current portion of liabilities against assets subject to finance lease	7	41,066	32,116	8,073
		651,811	872,618	1,050,830
Contingencies and commitments	12			
Total equity and liabilities		4,733,001	4,888,728	4,179,707

Rupees in '000	Note	2014	2013 (Restated)	2012 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	13	795,085	777,834	666,793
Intangible assets	14	14,031	13,645	1,617
Investment property	15	27,135	31,268	35,632
Long term investments	16	2,388,183	1,590,521	1,321,397
Long term loans and deposits	17	26,169	369,388	243,867
Deferred taxation	18	–	–	8,394
		3,250,603	2,782,656	2,277,700
Current assets				
Stores, spares and loose tools	19	71,956	78,639	65,860
Stock-in-trade	20	407,199	662,419	586,720
Trade debts	21	89,479	196,857	368,930
Advances	22	48,581	31,654	137,895
Trade deposits and short term prepayments	23	7,074	9,147	5,471
Investments	24	455,963	798,095	522,734
Mark-up accrued	25	–	54,337	16,989
Other receivables	26	136,081	134,274	40,984
Taxation - net	27	158,819	75,430	93,090
Cash and bank balances	28	107,246	65,220	63,334
		1,482,398	2,106,072	1,902,007
Total assets		4,733,001	4,888,728	4,179,707

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

Chief Executive

Director

Chief Financial Officer

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 30 June 2014

Rupees in '000	Note	2014	2013 (Restated)
Sales - net	29	4,031,570	5,001,667
Cost of sales	30	3,801,268	4,350,808
Gross profit		230,302	650,859
Income from investments	31	440,132	298,399
		670,434	949,258
Distribution and selling expenses	32	52,072	68,065
Administrative expenses	33	165,111	173,059
Other operating expenses	34	68,746	134,023
		285,929	375,147
		384,505	574,111
Other income	35	78,648	575,700
Operating profit before finance costs		463,153	1,149,811
Finance costs	36	84,146	62,903
Profit before taxation		379,007	1,086,908
Taxation	37	18,819	270,978
Profit after taxation		360,188	815,930
		(Rupees)	
Basic and diluted earnings per share	38	5.80	13.14

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

Chief Executive Director Chief Financial Officer

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2014

Rupees in '000	Note	2014	2013 (Restated)
Profit after taxation for the year		360,188	815,930
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Unrealized appreciation during the year on remeasurement of investments classified as 'available for sale'		36,669	153,595
(Loss) / gain on remeasurement of staff retirement benefit plans - net of tax		(5,565)	65,836
Reclassification adjustments relating to gain realized on disposal of investments classified as 'available for sale'		(211,393)	(971)
Other comprehensive income for the year		(180,289)	218,460
Total comprehensive income for the year		179,899	1,034,390

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

Chief Executive   Director   Chief Financial Officer

UNCONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2014

Rupees in '000	Note	2014	2013 (Restated)
Cash flows from operating activities			
Cash generated from operations	39	497,947	411,440
Taxes paid		(117,399)	(278,057)
Finance costs paid		(83,593)	(67,941)
Contribution to gratuity and pension funds		(12,252)	(12,232)
Contribution to Workers' Profit Participation Fund		(49,610)	–
Infrastructure fee and liquidated damages paid		(10,554)	(5,890)
Compensated absences paid		(157)	(547)
Deferred income on sale and lease back		2,752	2,260
10-C bonus paid		(2,360)	(4,909)
Long term loans and deposits - net		343,219	(125,526)
Net cash generated from / (used in) operating activities		567,993	(81,402)
Cash flows from investing activities			
Capital expenditure		(131,759)	(220,529)
Acquisition of intangible assets		(5,674)	(14,457)
Proceeds from disposal of operating fixed assets		34,355	25,368
Proceeds from disposal of operating fixed assets under sale and leaseback arrangement		69,898	62,150
Proceeds from assets subject to insurance claim		–	281,531
Investments - net		(292,319)	2,702
Dividend income received		103,170	54,809
Interest income received		86,984	749
Net cash (used in) / flows from investing activities		(135,345)	192,323
Cash flows from financing activities			
Payments against finance lease obligations		(42,807)	(25,005)
(Repayments against short term loans) / proceeds from short term loans obtained - net		(132,475)	113,927
Dividends paid		(157,816)	(167,437)
Net cash used in financing activities		(333,098)	(78,515)
Net increase in cash and cash equivalents		99,550	32,406
Cash and cash equivalents at beginning of the year		(220,670)	(253,076)
Cash and cash equivalents at end of the year	40	(121,120)	(220,670)

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

Chief Executive

Director

Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

Rupees in '000	Issued, subscribed and paid-up capital	Capital reserves		Revenue reserves		Total
		Share premium	Unrealized appreciation / (diminution) on remeasurement of investments classified as 'available for sale'	General reserve	Unappropriated profit	
Balance as at 1 July 2012 - as previously reported	564,600	349,959	27,343	1,842,000	317,343	3,101,245
Change in accounting policy for reversal of defined benefit liability recognition of actuarial gains and losses (refer note 4.1.1)	–	–	–	–	7,821	7,821
Balance as at 1 July 2012 - as restated	564,600	349,959	27,343	1,842,000	325,164	3,109,066
Total comprehensive income for the year ended 30 June 2013						
Profit after taxation	–	–	–	–	815,930	815,930
Other comprehensive income						
Total Other comprehensive income for the year - restated	–	–	152,624	–	65,836	218,460
Total comprehensive income for the period	–	–	152,624	–	881,766	1,034,390
Transactions with owners						
Dividend:						
- Final @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2012	–	–	–	–	(56,460)	(56,460)
- First interim @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2013	–	–	–	–	(56,460)	(56,460)
- Second interim @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2013	–	–	–	–	(56,460)	(56,460)
	–	–	–	–	(169,380)	(169,380)
Balance as at 30 June 2013 - as restated	564,600	349,959	179,967	1,842,000	1,037,550	3,974,076
Balance as at 1 July 2013 as previously reported	564,600	349,959	179,967	1,842,000	963,703	3,900,229
Effect of change in accounting policy (refer note 4.1.1)	–	–	–	–	73,847	73,847
Balance as at 1 July 2013 - restated	564,600	349,959	179,967	1,842,000	1,037,550	3,974,076
Transfer to general reserve	–	–	–	800,000	(800,000)	–
Total comprehensive income for the year ended 30 June 2014						
Profit after taxation	–	–	–	–	360,188	360,188
Other comprehensive income						
Total Other comprehensive income for the year	–	–	(174,724)	–	(5,565)	(180,289)
Total comprehensive income for the year	–	–	(174,724)	–	354,623	179,899
Transactions with owners						
Dividend:						
- Final @ 15% (i.e. Rs. 1.5 per share) for the year ended 30 June 2013	–	–	–	–	(84,690)	(84,690)
- First interim @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2014	–	–	–	–	(62,106)	(62,106)
	–	–	–	–	(146,796)	(146,796)
Issuance of Bonus shares final 2013 (10%)	56,460	(56,460)	–	–	–	–
Balance as at 30 June 2014	621,060	293,499	5,243	2,642,000	445,377	4,007,179

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

Chief Executive	Director	Chief Financial Officer

1. THE COMPANY AND ITS OPERATIONS

1.1 Crescent Steel and Allied Products Limited ("the Company") was incorporated on 1 August 1983 as a public limited company in Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984) and is quoted on all stock exchanges of Pakistan. The registered office of the Company is located at 10th floor, BOP Tower, 10-B, Block E-2, Main Boulevard, Gulberg-III, Lahore. Whereas its principal office is situated at 9th floor Sidco Avenue Centre 264 R.A. Lines, Karachi.

1.2 The Company's steel segment is one of the down stream industries of Pakistan Steel Mills, manufacturing large diameter spiral arc welded steel line pipes at Nooriabad (District Dadu). The Company has a coating facility capable of applying three layer high density polyethylene coating on steel line pipes. The coating plant commenced commercial production from 16 November 1992.

1.3 The Company acquired a running spinning unit of 14,400 spindles (now 19,680 spindles) at Jaranwala (District Faisalabad) on 30 June 2000 from Crescent Jute Products Limited. The cotton spinning activity is carried out by the Company under the name and title of "Crescent Cotton Products a division of Crescent Steel and Allied Products Limited".

1.4 The Company deals in equity shares and has investment in subsidiaries and associates, the details of which are stated in notes 16.1 and 16.2.

2. BASIS OF PREPARATION

2.1 Separate financial statements

These unconsolidated financial statements (therein after referred to as the financial statements) are the separate financial statements of the Company in which investments in subsidiaries and associates are accounted for on the basis of direct equity interest rather than on the basis of reported results and net assets of the investees. Consolidated financial statements of the Company are prepared separately.

2.2 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of and directives of the Companies Ordinance, 1984 shall prevail.

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except for investments classified as held for trading and available for sale which are stated at fair value and obligations in respect of gratuity and pension schemes which are measured at present value of defined benefit obligation less fair value of plan assets.

2.4 Functional and presentation currency

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

3. USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are set forth below:

Property, plant and equipment and depreciation (refer note 5.1)
Intangible assets and amortization (refer note 5.2)
Investments (refer note 5.4)
Stock-in-trade and stores, spares and loose tools (refer note 5.6 and 5.7)
Staff retirement benefits (refer note 5.10)
Leases (refer note 5.12)
Income taxes (refer note 5.14)
Impairment (refer note 5.1, 5.2, 5.4 and 5.18)

4. NEW OR AMENDMENTS / INTERPRETATION TO EXISTING STANDARD AND FORTHCOMING REQUIREMENTS

4.1 Standards, amendments or interpretations which became effective during the year

During the year, certain amendments to standards became effective. However, they did not have material affect on these financial statements except for the revised IAS 19 'Employees Benefits' detail of which are stated in note 4.1.1.

4.1.1 Employee Benefits - change in accounting policy

With effect from 01 January 2013, the revised IAS 19 'Employee Benefits' became effective. The revised IAS 19 requires actuarial gains and losses to be recognized immediately in other comprehensive income. Previously, actuarial gains and losses over and above the corridor limit were amortized over the expected average remaining working lives of employees as allowed under the relevant provision of previous IAS 19. Further, any past service cost is now recognized immediately in the profit and loss as soon as the change in the benefit plans are made. Previously, only vested past service cost was recognized immediately in profit and loss account and non-vested cost was amortised to profit and loss account over the vesting period. The standard also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit assets or liability and the discount rate, measured at the beginning of the year. Refer note 5.10.2.2 for revised accounting policy.

These changes have been accounted for retrospectively in accordance with International Accounting Standard - 8 "Accounting Policies, Changes in Accounting Estimates and Errors", resulting in restatement of financial statements of prior periods. Resultantly, the cumulative balance for un-recognised actuarial losses that existed as at 1 July 2012 have been presented and disclosed as part of the statement of changes in equity, while the corresponding period adjustment through other comprehensive income is re-stated and disclosed as part of the Statement of Comprehensive Income. The Balance Sheet also presents the prior year numbers as restated, due to the said change.

The effect of the change in accounting policy has been demonstrated below:

	30 June 2013			1 July 2012		
Rupees in '000	As previously reported	Effect due to change in policy	As restated	As previously reported	Effect due to change in policy	As restated
Effect on balance sheet						
Trade and other payables	412,519	(231)	412,288	691,904	(367)	691,537
Deferred taxation	(33,593)	39,764	6,171	(12,606)	4,212	(8,394)
Revenue reserves	2,805,703	73,847	2,879,550	2,159,343	7,821	2,167,164
Other receivables	20,894	113,380	134,274	29,318	11,666	40,984

Rupees in '000	2013
Effect on profit and loss account	
Decrease in profit before tax due to recognition of past service cost in prior years	(190)
Effect on other comprehensive income	
Recognition of actuarial gain	(101,388)
Recognized tax charge	35,552
	(65,836)

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

The following new standards, amendments to existing standards and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2014:

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation is not likely to have an impact on the Company's financial statements.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The amendments are not likely to have an impact on the Company's financial statements.

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments are not likely to have an impact on the Company's financial statements.

- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge accounting after derivative novation (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria. The amendments are not likely to have an impact on the Company's financial statements.

- Amendments to IAS 19 "Employee Benefits" Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria. The amendments are not likely to have an impact on the Company's financial statements.

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

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

- Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

    - IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.

    - IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.

    - IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

- Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

- IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

- IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

The above amendments are not likely to have an impact on the Company's financial statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the preparation of these financial statements are set forth below and have been applied consistently to all years presented except as disclosed in note 4.1.1 and 5.10.2.2.

5.1 Property, plant and equipment and depreciation

Owned assets

Property, plant and equipment, except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land and capital work-in-progress are 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 Company 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 profit and loss account as incurred.

Depreciation

Depreciation is charged to income on a straight line basis at the rates specified in note 13.1 to these 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 profit and loss account.

Leased assets

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

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

Capital work in progress

Capital work in progress is stated at cost and consists of expenditure incurred and advances made in respect of tangible and intangible assets in 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 balance sheet date to determine whether there is any indication of impairment. If any such indication exists then the assets recoverable amount is estimated. The recoverable amount is the greater of its value in use and fair value less cost to sell. An impairment is recognized if the carrying amount exceeds its estimated recoverable amount.

5.2 Intangible assets

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

Subsequent expenditure

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

Amortization

Amortization is charged to the income statement 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.

Impairment

All intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Where the carrying amount of an 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 balance sheet date to determine whether there is any indication of impairment. If any such indication exist than the assets recoverable amount is estimated. The recoverable amount is the greater of its value in use and fair value less cost to sell. An impairment is recognized if the carrying amount exceeds its estimated recoverable amount.

5.3 Investment property

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

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

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

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

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

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

5.4 Investments

Investments in subsidiaries

Investments in subsidiaries are stated at cost less accumulated impairment, if any.

Investments in associates

Entities in which the Company has significant influence directly or indirectly (through subsidiaries) but not control and which are neither subsidiaries nor joint ventures of the members of the Company are associates. Investments in associates are stated at cost less accumulated impairment, if any.

Financial assets at fair value through profit or loss

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

Held to maturity investments

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

Loans and receivables

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

Available for sale investments

Other investments not covered in any of the above categories are initially recognized at fair value plus attributable transactions costs. Subsequent to initial recognition these are measured at fair value, with any resultant gain or loss being recognized in other comprehensive income. Gains or losses on available for sale investments are recognized in other comprehensive income until the investments are sold or disposed off or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in other comprehensive income is included in current period's profit and loss account.

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

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

Impairment

The carrying amount of all investments including interest in associates and subsidiaries, other than those at fair value through profit or loss, is reviewed at each balance sheet date to determine whether there is any indication of impairment. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event(s) had an impact on the estimated future cashflows of that asset that can be estimated reliably. In case of investment in equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

An impairment loss in respect of financial assets measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cashflows discounted at the assets original effective interest rate. Losses are recognized in profit and loss account. When an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit and loss account. Impairment losses on available for sale financial assets are recognized by reclassifying the losses accumulated in reserves in equity to profit and loss account. The cumulative loss that is reclassified from equity to profit and loss account is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss recognized previously in profit and loss account. If in subsequent period, the fair value of an impaired available for sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed with the amount of reversal recognized in profit and loss account. However, any subsequent recovery in the fair value of an impaired available for sale equity security is recognized in other comprehensive income. An impairment loss in respect of interest in associates and subsidiaries is measured by comparing the recoverable amount (i.e higher of fair value less cost to sell and value in use) of investment with its carrying amount. An impairment loss is recognized in profit and loss account. An impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

Derivative financial instruments

The Company 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 balance sheet 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 balance sheet. The resultant gains and losses from derivatives held for trading purposes are recognized in the profit and loss account. No derivative is designated as hedging instrument by the Company.

5.5 Non-current assets held for sale

Non-current assets or disposal groups comprising of assets or liabilities that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets or components of a disposal group, are remeasured in accordance with Company's accounting policies. Thereafter these are measured at lower of their carrying amount and fair value less costs to sell.

5.6 Stores, spares and loose tools

Stores, spares and loose tools are valued at lower of weighted average cost and net realizable value, less provision for impairment, if any. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

Provision for obsolete and slow moving stores, spares and loose tools is determined based on management's estimate regarding their future usability.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to be incurred to make the sale.

Spare parts of capital nature which can be used only in connection with an item of property, plant and equipment are classified as fixed assets under the 'plant and machinery' category and are depreciated over a time period not exceeding the useful life of the related assets.

5.7 Stock-in-trade

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

5.8 Trade debts and other receivables

These are initially stated at fair value and subsequently measured at amortized cost using the effective interest rate method less provisions for any uncollectible amounts. An estimate is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written off.

5.9 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 Company's cash management are included as a component of cash and cash equivalents for the purpose of cash flow statement.

5.10 Employee benefits

5.10.1 Compensated absences

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

5.10.2 Post retirement benefits

5.10.2.1 Defined contribution plan - Provident fund

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

Cotton segment

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

All employees except Cotton segment

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

5.10.2.2 Defined benefit plans

Pension and gratuity fund schemes

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

The 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 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 cost and any past service cost are recognized in profit and loss account. Any assets resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan. The latest Actuarial valuation was conducted at the balance sheet date by a qualified professional firm of actuaries.

5.11 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at fair value, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the profit and loss account over the period of the borrowings on an effective interest basis.

5.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Company. All other leases are classified as operating leases.

Assets held under finance leases along with corresponding lease liabilities are initially recognized at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance costs and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recognized in the profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalized as more fully explained in note 5.16 below.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

In the context of sale and leaseback transactions, where a sale and leaseback transaction is classified as a finance lease, any excess of the sale proceeds over the carrying values is deferred and recognized in the profit and loss account over the lease term. Any loss representing the excess of the carrying values over the sale proceeds is recognized immediately in the profit and loss account.

5.13 Trade and other payables

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

5.14 Taxation

Current

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

Deferred

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

Deferred tax liabilities are recognized for all taxable temporary differences. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

5.15 Revenue recognition

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

Interest income is recognized using the effective interest method.

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

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

Unrealized gains and losses arising on revaluation of securities classified as 'held for trading' are recognized in the profit and loss account in the period in which they arise. Gains and losses arising on revaluation of derivatives to the fair value are also recognized in the profit and loss account.

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

Miscellaneous income is recognized on receipt basis.

5.16 Borrowing costs

Borrowing costs incurred on long term finances directly attributable for the construction / acquisition of qualifying assets are capitalized up to the date the respective assets are available for intended use. All other mark-up, interest and other related charges are taken to the profit and loss account currently.

5.17 Provisions

A provision is recognized in the balance sheet when the Company 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 balance sheet date and adjusted to reflect the current best estimate.

5.18 Impairment

The carrying amount of the Company's assets is reviewed at each balance sheet 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. Recoverable amount is the higher of value in use and fair value less cost to sell. Impairment losses are recognized in profit and loss account.

5.19 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 balance sheet date. Exchange differences, if any, are recognized in profit and loss account.

5.20 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amount and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

5.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of its business units separately for the purpose of making decisions regarding resource allocation and performance assessment.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets.

5.22 Proposed dividend and transfer between reserves

Dividend distributions to the Company's shareholders are recognized as a liability in the period in which dividends are approved. Transfer between reserves made subsequent to the balance sheet date is considered as a non-adjusting event and is recognized in the financial statements in the period in which such transfers are made.

6. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2014	2013		2014	2013
Number of shares			Rupees in '000	
22,230,188	22,230,188	Ordinary shares of Rs. 10 each fully paid in cash	222,302	222,302
39,875,805	34,229,805	Ordinary shares of Rs. 10 each issued as bonus shares	398,758	342,298
69,105,993	56,459,993		621,060	564,600

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

	2014		2013	
	Percentage of holding	Number of shares	Percentage of holding	Number of shares
Crescent Steel and Allied Products Limited - Gratuity Fund	1.90%	1,176,987	1.90%	1,069,989
Crescent Steel and Allied Products Limited - Pension Fund	4.16%	2,584,145	4.16%	2,349,223
Crescent Steel and Allied Products Limited - Staff Provident Fund	0.85%	525,220	0.80%	450,200
Crescent Cotton Products - Staff Provident Fund	0.10%	59,840	0.10%	54,400
Muhammad Amin Muhammad Bashir Limited	0.00%	679	0.00%	618
Shakarganj Mills Limited	4.82%	2,992,068	4.82%	2,720,062
The Crescent Textile Mills Limited	11.00%	6,830,643	11.00%	6,209,676

7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Minimum lease payments		Future finance costs		Present value of minimum lease payments	
Rupees in '000	2014	2013	2014	2013	2014	2013
Not later than one year	51,578	38,577	10,512	6,461	41,066	32,116
Later than one year and not later than five years	67,976	37,505	6,013	3,055	61,963	34,450
	119,554	76,082	16,525	9,516	103,029	66,566
Less: Current portion shown under current liabilities					41,066	32,116
					61,963	34,450

7.1 The Company has entered into finance lease arrangements with leasing companies for lease of plant and machinery and motor vehicles. The lease term of these arrangments is three years (30 June 2013: three years) and the liability is payable by the month ranging from one month to thirty-five months (30 June 2013: ten months to thirty-two months). The periodic lease payments include built-in rates of mark-up ranging between 14.59% to 20.25% (2013: 14.59% to 20.25%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 95.550 million (30 June 2013: Rs. 64.161 million) which pertains to obligations arising from sale and leaseback of assets.

The Company intends to exercise its options to purchase the leased assets upon completion of the lease term. The Company's obligations under these arrangements are secured by the lessor's title to the leased assets.

8. DEFERRED INCOME

The Company entered into sale and lease back arrangements resulting in deferred income (representing excess of sales proceed over the carrying amount of respective assets) out of which Rs. 1.764 million (30 June 2013: Rs. 0.847 million) is classified in current liabilities; being current portion of deferred income of Rs. 4.088 million (30 June 2013: Rs. 2.260 million). The deferred income will be amortized to profit and loss account over the lease term. During the year Rs. 0.924 million (2013: 0.284 million) is amortized in profit and loss account.

Rupees in '000	Note	**2014**	2013 (Restated)
9. TRADE AND OTHER PAYABLES			
Trade creditors		26,720	55,414
Bills payable		15,784	–
Commission payable		2,707	12,601
Customer's security deposits		2,528	200
Accrued liabilities	9.1	71,223	81,300
Advances from customers		25,505	15,123
Provisions	9.2	89,805	93,849
Due to related parties	9.3	340	198
Payable against purchase of investments		55,813	–
Payable to provident fund		1,492	87
Retention money		287	486
Sales tax payable		89	–
Withholding tax payable		4,441	50
Workers' Profit Participation Fund	9.4	9,023	52,395
Workers' Welfare Fund	12.2	589	18,794
Unclaimed dividend		56,853	67,873
Others		9,248	13,918
		372,447	412,288
9.1 Accrued liabilities			
Salaries, wages and other benefits		12,792	17,807
Accrual for 10-C bonus		1,204	2,405
Compensated absences		11,198	11,544
Others	9.1.1	46,029	49,544
		71,223	81,300

9.1.1 This includes liability against Gas Infrastructre Development Cess of Rs. 3.381 million (2013: Nil).

9.2 Movement in provisions

Rupees in '000	Infrastructure fee Note 9.2.1	Sales Tax Note 9.2.2	Liquidated damages Note 9.2.3	Total
Opening balance as at 1 July 2013	56,656	3,242	33,951	93,849
Reversal of provision for the year	–	–	(3,456)	(3,456)
Provision for the year	7,814	–	2,152	9,966
Payments during the year	(3,955)	–	(6,599)	(10,554)
Closing balance as at 30 June 2014	60,515	3,242	26,048	89,805

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

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

Under the arrangement if the 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 Company has provided bank guarantees amounting to Rs. 34.119 million (2013: Rs. 31.618 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 Company's favor. Current year charge has been estimated on the value of imports during the year and forms a component of cost of such imported raw materials. Any subsequent adjustment with respect to increase or decrease in the estimate has been recognized in profit and loss account. However, on a prudent basis full provision has been recognized.

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

9.2.3 The provision has been recognized on account of liquidated damages claimed by customers on delayed supply of goods. The 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.

9.3 This represents balances due to Shakarganj Mills Limited (Associated Company) and Premier Insurance Company amounting to Rs. 0.258 million (2013: Rs. 0.198 million) and Rs. 0.082 million (2013: Rs. Nil) respectively.

Rupees in '000	Note	2014	2013
9.4 Workers' Profit Participation Fund			
Opening balance as at 1 July		52,395	15,376
Allocation for the year	34	4,851	34,797
Mark-up on funds utilized in the Company's business	36	1,387	2,222
		58,633	52,395
Amount paid to the trustees of the fund		(49,610)	–
Closing balance as at 30 June		9,023	52,395
10. MARK-UP ACCRUED			
Mark-up accrued on :			
- Finance lease obligations		345	207
- Running finance and short term loans		7,823	8,795
		8,168	9,002
11. SHORT TERM BORROWINGS			
Secured from banking companies			
Running finances under mark-up arrangements	11.1	228,366	285,890
Short term loans	11.2	–	132,475
		228,366	418,365

11.1 Short term running finance available from various commercial banks under mark-up arrangements amounted to Rs. 500 million (2013: Rs. 500 million) out of which Rs. 250 million (2013: Rs. 250 million) is interchangeable with letters of credit facility. During the year, mark-up on such arrangements ranged between 10.58% to 12.38% (2013: 10.81% to 15.10%) per annum.

11.2 Short term loan available from various commercial banks under mark-up arrangements amounted to Rs. 1,300 million (2013: Rs. 1,100 million) out of which Rs. 400 million (2013: Rs. 300 million) is interchangeable with letters of credit. During the year, mark-up on such arrangements ranged between 11.26% to 13.20% (2013: 11.27% to 14.35%) per annum.

11.3 The facilities for opening letters of credit amounted to Rs. 1,500 million (2013: Rs. 1,400 million) out of which Rs. 250 million (2013: Rs. 250 million) and Rs. 400 million (2013: Rs. 300 million) are interchangeable with short term running finance and short term loans respectively as mentioned in notes 11.1 and 11.2 above. The facility for letters of guarantee as at 30 June 2014 amounted to Rs. 526 million (2013: Rs. 500 million). Amounts unutilized for letters of credit and guarantees as at 30 June 2014 were Rs. 1,431.518 million and Rs. 278.360 million (2013: Rs. 1,356.764 million and Rs. 191.017 million) respectively.

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

12. CONTINGENCIES AND COMMITMENTS

12.1 The Company has filed a suit in the Sindh High Court against the Federation of Pakistan and others, for levy of import license fee at the rate of 6% against import of coating plant in 1992. The Company contested that as per SRO 1317(I)/94 dated 22 December 1990, the coating plant being located in rural area, is only liable to pay import license fee at the rate of 2%. The Company has provided demand draft of Rs. 3.420 million (Refer note 17.2) directed by the Honourable Court. The petition was dismissed by the High Court as having been incompetently filed. The Company has filed the appeal with Honourable Supreme Court and no hearing has taken place since then. No provision has been recognized in these financial statements as management considers that the case would be decided in the Company's favour.

12.2 The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance), thus rendering the Company liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In 2011, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. However, in 2013, a larger bench of Sindh High Court (SHC) passed an order declaring that the amendments introduced through Finance Act 2008 do not suffer from any constitutional and legal infirmity. Both the decisions of LHC and SHC are pending before Supreme Court for adjudication. The management's tax advisor is of the view that the decision of LHC will remain applicable to the Company as the Company's registered office is situated in its jurisdiction till the decision of Supreme Court. Accordingly, aggregate net of tax provision of Rs. 8.626 million has not been recorded in these financial statements.

12.3 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 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 Company. Therefore, management considers that the case would be decided in the Company's favour and no provision is required to be recognized.

12.4 Aggregate amount of guarantees issued by banks on behalf of the Company against various contracts aggregated Rs. 247.640 million (2013: Rs. 308.983 million).

12.5 Commitments in respect of capital expenditure contracted for as at 30 June 2014 amounted to Rs. 7.462 million (2013: Rs. 7.462 million) in relation to office premises located in Islamabad payable on completion of project.

12.6 Commitments under letters of credit as at 30 June 2014 amounted to Rs. 55.021 million (2013: Rs. 43.236 million).

Rupees in '000	Note	2014	2013
13. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	13.1	684,392	682,345
Capital work-in-progress	13.4	110,693	95,489
		795,085	777,834

13.1 Operating fixed assets

Description	Note	Land		Buildings		Office premises	Plant and machinery		Electrical / office equipment and installation	Furniture and fittings	Computers	Motor vehicles		Total
Rupees in '000		Freehold	Leasehold including improvements	On freehold land	On leasehold land		Owned *	Leased				Owned	Leased	
Net carrying value as at 1 July 2013														
Opening net book value (NBV)		217,479	3,970	98,277	4,192	29	222,519	70,771	13,568	2,605	2,977	19,921	26,037	682,345
Additions / transfers		-	-	4,593	-	-	91,943	69,708	1,799	495	4,247	13,478	9,562	195,825
Disposals (at NBV)	13.5	(8,336)	-	-	-	-	(69,358)	(15,163)	-	-	-	(4,502)	(6,041)	(103,400)
Depreciation charge	13.1.1	-	(53)	(14,232)	(1,132)	(6)	(47,014)	(9,926)	(4,130)	(486)	(1,657)	(5,082)	(6,660)	(90,378)
Balance as at 30 June 2014 (NBV)		209,143	3,917	88,638	3,060	23	198,090	115,390	11,237	2,614	5,567	23,815	22,898	684,392
Gross carrying value as at 30 June 2014														
Cost	13.2	209,143	5,646	206,750	70,027	40,493	1,242,820	125,139	49,421	18,469	55,204	65,018	32,241	2,120,371
Accumulated depreciation		-	(1,729)	(118,112)	(66,967)	(40,470)	(1,044,730)	(9,749)	(38,184)	(15,855)	(49,637)	(41,203)	(9,343)	(1,435,979)
Net book value		209,143	3,917	88,638	3,060	23	198,090	115,390	11,237	2,614	5,567	23,815	22,898	684,392
Net carrying value as at 1 July 2012														
Opening net book value (NBV)		147,479	4,023	86,877	5,470	2,641	229,668	23,906	15,568	2,896	960	13,224	15,892	548,604
Additions / transfers		70,000	-	25,152	-	-	93,204	50,376	1,939	205	2,801	26,820	14,290	284,787
Disposals (at NBV)		-	-	-	-	-	(47,914)	-	-	-	-	(14,779)	-	(62,693)
Depreciation charge		-	(53)	(13,752)	(1,278)	(2,612)	(52,439)	(3,511)	(3,939)	(496)	(784)	(5,344)	(4,145)	(88,353)
Balance as at 30 June 2013 (NBV)		217,479	3,970	98,277	4,192	29	222,519	70,771	13,568	2,605	2,977	19,921	26,037	682,345
Gross carrying value as at 30 June 2013														
Cost		217,479	5,646	202,157	70,027	40,493	1,221,336	77,093	47,622	17,974	50,997	59,938	31,783	2,042,545
Accumulated depreciation		-	(1,676)	(103,880)	(65,835)	(40,464)	(998,817)	(6,322)	(34,054)	(15,369)	(48,020)	(40,017)	(5,746)	(1,360,200)
Net book value		217,479	3,970	98,277	4,192	29	222,519	70,771	13,568	2,605	2,977	19,921	26,037	682,345
Depreciation rate (% per annum)		-	1	5 & 10	5 & 10	10	5 - 20	10	5 - 20	10	33.33	20	20	

* Net book value of plant and machinery (owned) includes an aggregate amount of Rs. 0.805 million (2013: Rs. 0.989 million) representing net book value of capitalized spares.

Rupees in '000	Note	2014	2013
13.1.1 The depreciation charge for the year has been allocated as follows :			
Cost of sales	30.1	82,280	79,254
Distribution and selling expenses	32	852	623
Administrative expenses	33	7,246	8,476
		90,378	88,353

13.2 Property, plant and equipment as at 30 June 2014 include items having an aggregate cost of Rs. 1,003.318 million (2013: Rs. 969.540 million) that have been fully depreciated and are still in use by the Company.

13.3 The fair value of property, plant and equipment as at 30 June 2013 approximated to Rs. 1,880.568 million.

Rupees in '000	Note	2014	2013
13.4 Capital work-in-progress			
Civil work	13.4.1 &13.4.2	105,014	95,178
Plant and machinery		5,679	311
		110,693	95,489

13.4.1 This includes advance against purchase of land and building aggregating Rs. 68.385 million (2013: Rs. 68.385 million) out of which an amount of Rs.50 million (2013: Rs. 50 million) pertain to advance against purchase of land located at Lahore. The Company holds possession of the land and has applied for transfer of title in its name.

This also includes an amount of Rs. 26.4 million (2013: Rs. 26.4 million) paid by the 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 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.

13.4.2 The Company has recognized a provision for an amount of Rs. 20.619 million (2013: Rs. 20.619 million) against construction work at a site which has been halted since last year.

13.5 The following assets were disposed off during the year:

Description Rupees in '000	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particular of buyers
Plant and machinery	70,460	1,102	69,358	68,863	Sales & Lease back	Pak Gulf Leasing Company Limited
	21,662	6,498	15,164	15,164	Transfer to own asset	Pak Gulf Leasing Company Limited
Land	8,336	-	8,336	10,080	Negotiation	Mr. Mehmood Ahmed
Motor vehicles	3,787	-	3,787	3,787	Sales & Lease back	Orix Leasing Pakistan Limited
	1,759	1,759	-	600	Negotiation	
	1,900	1,900	-	1,600	Negotiation	
	6,763	2,145	4,618	4,557	Transfer to own asset	Orix Leasing Pakistan Limited
	942	279	663	562	Company Scheme	Mr. Hussain Babar
	1,614	560	1,054	1,361	Insurance Claim	EFU General Insurance
Others	614	194	420	431	Various	Various
2014	117,837	14,437	103,400	107,005		
2013	105,215	42,522	62,693	89,785		

Rupees in '000	Note	**2014**	2013
14. INTANGIBLE ASSETS			
Net carrying value as at 1 July			
Net book value as at 1 July		13,645	1,617
Additions		5,674	14,457
Amortization	14.1	(5,288)	(2,429)
Net book value as at 30 June	14.2	14,031	13,645
Gross carrying value as at 30 June			
Cost		65,909	60,232
Accumulated amortization		(49,238)	(43,947)
Accumulated impairment		(2,640)	(2,640)
Net book value		14,031	13,645
Amortization rate (% per annum)		33.33	33.33

14.1 The amortization charge for the year has been allocated to administrative expenses (Note 33).

14.2 Intangible assets as at 30 June 2014 include items having an aggregate cost of Rs. 43.139 million (2013: Rs. 43.099 million) that have been fully amortized and are still in use of the Company.

15. INVESTMENT PROPERTY

Description Rupees in '000	Note	Leasehold land and improvements	Buildings on leasehold land	Office premises	Total
Net carrying value as at 1 July 2013					
Opening net book value (NBV)		3,773	15,854	11,641	31,268
Depreciation charge	15.1	(238)	(1,080)	(2,815)	(4,133)
Balance as at 30 June 2014 (NBV)	15.2	3,535	14,774	8,826	27,135
Gross carrying value as at 30 June 2014					
Cost		4,609	21,608	29,655	55,872
Accumulated depreciation		(1,074)	(6,834)	(20,829)	(28,737)
Net book value		3,535	14,774	8,826	27,135
Net carrying value as at 1 July 2012					
Opening net book value (NBV)		4,011	16,936	14,685	35,632
Depreciation charge		(238)	(1,082)	(3,044)	(4,364)
Balance as at 30 June 2013 (NBV)		3,773	15,854	11,641	31,268
Gross carrying value as at 30 June 2013					
Cost		4,609	21,608	29,655	55,872
Accumulated depreciation		(836)	(5,754)	(18,014)	(24,604)
Net book value		3,773	15,854	11,641	31,268
Depreciation rate (% per annum)		1 & 10	5	10 - 20	

15.1 Depreciation charged for the year has been allocated to administrative expenses.

15.2 Fair value of the investment property based on recent valuation is Rs. 170.806 million (2013: Rs. 146.125 million).

Rupees in '000	Note	2014	2013
16. LONG TERM INVESTMENTS			
Subsidiary companies			
- at cost	16.1	964,770	504,871
- share deposit money			
Crescent Hadeed (Private) Limited		–	10,000
CS Capital (Private) Limited	16.1.5	35,000	–
Shakarganj Energy (Private) Limited	16.1.5	358,039	–
Associated companies - at cost	16.2	851,428	896,704
Other long term investments	16.3	178,946	178,946
		2,388,183	1,590,521

16.1 Subsidiary companies - at cost

2014	2013		Note	2014	2013
Number of shares				Rupees in '000	
		Unquoted			
50,000,000	33,010,000	Shakarganj Energy (Private) Limited	16.1.1	500,000	330,100
		(Chief Executive Officer -			
		Mr. Muhammad Saad Thaniana)			
37,476,995	17,476,995	CS Capital (Private) Limited	16.1.2	374,770	174,770
		(Chief Executive Officer -			
		Ms. Hajerah Ahsan Saleem)			
9,000,000	100	Crescent Hadeed (Private) Limited	16.1.3	90,000	1
		(Chief Executive Officer -			
		Mr. Iqbal Zafar Siddiqui)			
2	2	Crescent Continental Gas Pipelines			
		Limited (US $ 1 each)	16.1.4	-	-
				964,770	504,871

16.1.1 This represents the Company's investment in 100% ordinary shares of Shakarganj Energy (Private) Limited. The Company has acquired Shakarganj Energy (Private) Limited on 4 January 2010. During the year, the Company has further subscribed right issues offered on various dates by the investee company aggregating 16.990 million ordinary shares for Rs. 169.900 million, making a total holding of 50 million ordinary shares as at 30 June 2014.

16.1.2 This represents the Company's investment in 100% ordinary shares of CS Capital (Private) Limited. The Company has acquired CS Capital (Private) Limited on 26 September 2011. During the year, the Company has further subscribed right issues offered on various date by the investee company aggregating 20 million ordinary shares for Rs. 200 million, making a total holding of 37.477 million ordinary shares as at 30 June 2014.

16.1.3 This represents the Company's investment in 100% ordinary shares of Crescent Hadeed (Private) Limited which was incorporated on 15 May 2013. During the year, the Company has further subscribed right issues offered on various date by the investee company aggregating 8.999 million ordinary shares for Rs. 89.999 million, making a total holding of 9 million ordinary shares as at 30 June 2014.

16.1.4 This represents investment in subsidiary of Rs. 90 only. The subsidiary company has not commenced operation and accordingly no financial statements have been prepared.

16.1.5 This represents share deposit money of Rs. 35 million against right shares of CS Capital (Private) Limited and 358.039 million against right shares of Shakarganj Energy (Private) Limited (refer note 17.1).

16.2 Associated companies - at cost

2014	2013		Note	2014	2013
Number of shares				Rupees in '000	
		Quoted			
60,475,416	60,475,416	Altern Energy Limited	16.2.1	593,488	593,488
		(Chief Executive Officer -			
		Mr. Taimur Dawood)			
15,244,665	15,244,665	Shakarganj Mills Limited		388,562	388,562
		(Chief Executive Officer -			
		Mr. Ahsan M. Saleem)			
				982,050	982,050
		Less: Provision for impairment	16.2.2	130,622	85,346
				851,428	896,704

16.2.1 The Company directly holds 16.64% shareholding in Altern Energy Limited and there is no common directorship in the investee company. However, the Company directly and / or indirectly has significant influence as per the requirements of IAS 28 'Investments in Associates', therefore it has been treated as an accociate as per IAS 28.

16.2.2 This represents provision for diminution in the value of investments of ordinary shares of Shakarganj Mills Limited. During the year, a further provision amounting to Rs. 45.276 million has been made.

Rupees in '000	Note	2014	2013
16.2.3 Market value of investments in associates is as follows :			
Quoted			
Altern Energy Limited		1,301,431	747,476
Shakarganj Mills Limited		257,940	333,248
		1,559,371	1,080,724

Percentage of holding	2014	2013
16.2.4 Percentage of holding of equity in associates is as follows :		
Quoted		
Altern Energy Limited	16.64	16.64
Shakarganj Mills Limited	21.93	21.93

Rupees in '000	Note	2014	2013
16.3 Other long term investments			
Investments in related parties			
Available for sale	16.3.1	–	–
Other investments			
Available for sale	16.3.4	178,946	178,946
		178,946	178,946

16.3.1 Available for sale

2014	2013			2014	2013
Number of shares				Rupees in '000	
		Unquoted			
2,403,725	2,403,725	Crescent Bahuman Limited	16.3.2	24,037	24,037
1,470,000	1,470,000	Crescent Industrial Chemicals Limited	16.3.3	10,470	10,470
				34,507	34,507
		Less: Provision for impairment		34,507	34,507
				–	–

16.3.2 The chief executive of Crescent Bahuman Limited is Mr. Nasir Shafi. The break-up value of shares of the investee company is Rs. Nil per share (2013: Rs. Nil per share), calculated on the basis of audited annual financial statements for the year ended 30 June 2013.

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

16.3.4 Available for sale

2014	2013		Note	2014	2013
Number of shares				Rupees in '000	
		Unquoted			
1,852,500	1,852,500	Central Depository Company of Pakistan Limited (CDC)		58,946	58,946
12,000,000	12,000,000	Shakarganj Food Products Limited	16.3.4.1	120,000	120,000
				178,946	178,946

16.3.4.1 The Company has assessed the recoverable amount of investment in Shakarganj Food Products Limited based on value in use calculation. This calculation has been made on discounted cash flow methodology which assumes gross profit margin of 13.59% - 14.70%, EBITDA of 3.98% - 5.05%, terminal growth rate of 3% and discount rate of approximately 18.95%. Based on valuation the recoverable amount exceeds the carrying amount and accordingly, no impairment is required.

Rupees in '000	Note	2014	2013
17. LONG TERM LOANS AND DEPOSITS			
Long term loan - Considered good (Unsecured)			
- to subsidiary company	17.1	–	349,444
Security deposits - leasing companies		13,552	7,327
Security deposits - others	17.2	12,617	12,617
		26,169	369,388

17.1 This represents long term loan to the wholly owned subsidiary company namely; Shakarganj Energy (Private) Limited. The approved limit as per agreement of long term loan was Rs. 385 million. During the year, the Company agreed to convert the outstanding balance of this long term loan amounting to Rs. 358.059 million into ordinary shares of Rs. 10 each of the subsidiary company which have been approved by the Board and as per approval of the Board markup has been stopped since 1 April 2014. Therefore, the outstanding balance of this long term loan has been reclassified and treated as advance against issue of share capital in these unconsolidated financial statements.

The effective mark-up charged during the year was 11.45% to 12.59% (2013: 11.58% to 14.49%) per annum.

17.2 This includes demand drafts of Rs. 3.420 million (2013: Rs. 3.420 million) provided to the Secretary Ministry of Commerce as explained in note no. 12.1.

Rupees in '000	Note	2014	2013 (Restated)
18. DEFERRED TAXATION			
Deferred tax (debits) / credits arising in respect of :			
Taxable temporary differences			
Accelerated tax depreciation / amortization		27,178	28,951
Finance lease obligations		12,341	10,284
Effect of change in IAS-19 (revised) Employee Benefits			
- Defined Benefit Plan		36,767	39,764
Unrealized gain on held for trading investments		6,649	–
		82,935	78,999
Deductible temporary differences			
Provision for slow moving stores, spares and loose tools		(24,464)	(21,539)
Provisions for doubtful trade debts, doubtful advances and others		(31,289)	(35,481)
Provisions for impairment of fixed assets		(7,217)	(7,010)
Provision of Gas Infrastructure Development Cess		(1,183)	–
Provision for diminution in the value of investments		(9,058)	(8,798)
		(73,211)	(72,828)
		9,724	6,171
18.1 Break up of deferred tax charge / (reversal) is as following:			
Profit and loss		6,551	20,987
Other comprehensive income		(2,998)	(35,552)
		3,553	(14,565)
19. STORES, SPARES AND LOOSE TOOLS			
Stores - steel segment		7,735	9,870
Spare parts - steel segment		55,512	50,185
Loose tools - steel segment		1,135	1,193
Stores and spares - cotton segment		53,388	56,657
		117,770	117,905
Less: Provision for slow moving items	19.1	45,814	39,266
		71,956	78,639
19.1 Movement in provision for slow moving items			
Opening balance		39,266	38,554
Provision made during the year		6,548	1,277
Reversal of provision made during the year		–	(565)
Closing balance		45,814	39,266

Rupees in '000		Note	2014	2013
20.	STOCK-IN-TRADE			
	Raw materials			
	Hot rolled steel coils (HR Coil)		19,823	11,142
	Coating materials	20.1	88,798	103,232
	Others		15,246	16,762
	Raw cotton	20.1	144,193	313,503
	Stock-in-transit (HR Coil)		19,401	–
		20.2	287,461	444,639
	Work-in-process	20.3 & 30.1	42,007	17,574
	Finished goods	20.2 & 30.1	71,054	196,283
	Scrap / cotton waste		6,677	3,923
			119,738	217,780
			407,199	662,419

20.1 This includes raw cotton amounting to Rs. Nil (2013: Rs. 132.475 million) pledged as security with financial institutions.

20.2 Stock-in-trade as at 30 June 2014 includes items valued at net realisable value (NRV) as follows. The write down to NRV amounting to Rs. 9.936 million (2013: Rs. 51.626 million) has been recognized in cost of goods sold.

Rupees in '000	Cost	NRV
Finished goods	79,557	71,054
Raw material	288,894	287,461
	368,451	358,515

20.3 Work in Process include Rs.13.801 million (2013: Nil) which is held with third parties for the purpose of conversion of yarn into Fabric.

Rupees in '000		Note	2014	2013
21.	TRADE DEBTS			
	Secured			
	Considered good		72,110	36,605
	Unsecured			
	Considered good		17,369	160,252
	Considered doubtful		2,786	13,701
	Provision for doubtful trade debts	21.1	(2,786)	(13,701)
			17,369	160,252
			89,479	196,857
21.1	Movement in provision for doubtful trade debts			
	Opening balance		13,701	1,139
	Provision made during the year		–	12,662
	Reversal of provision made during the year		(10,915)	(100)
	Closing balance		2,786	13,701

Rupees in '000	Note	2014	2013
22. ADVANCES			
Unsecured			
Advances - considered good			
Executives		2,326	2,645
Suppliers for goods and services		26,780	29,009
Advances to others	22.1	19,475	–
Advances - considered doubtful			
Suppliers for goods and services		47	47
Provision for doubtful advances		(47)	(47)
		–	–
		48,581	31,654

22.1 This represents advance made for offer of sale of Pakistan Petroleum Limited (PPL) shares through book building process at a floor price of Rs. 205 per share. Subsequent to the year end, the advance has been received back as the said offer has been declined by the Privatization Commission of Pakistan.

Rupees in '000	Note	2014	2013
23. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Deposits to leasing companies		1,434	6,082
Security deposits		1,343	1,735
Prepayments		4,297	1,330
		7,074	9,147
24. INVESTMENTS			
Investments in related parties			
Available for sale	24.1	9,269	8,007
Held to maturity	24.2	23,995	29,994
Other investments			
Available for sale	24.3	–	258,011
Held for trading	24.4	422,699	502,083
		422,699	760,094
		455,963	798,095

24.1 Available for sale

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

2014	2013	Name of investee company	Note	2014	2013
Number of shares				Rupees in '000	
		Quoted			
452,379	452,379	The Crescent Textile Mills Limited	24.1.1	9,269	8,007

24.1.1 The Company has recognized impairment loss in previous years amounting to Rs. 4.537 million (2013: Rs. 4.537 million) against the investment.

24.2 This represents 2,999,396 (2013: 2,999,396) preference shares of Rs. 10 each of Shakarganj Mills Limited, a related party, issued in October 2004. These shares carry dividend rate of 8.5% per annum payable annually and were due for redemption in October 2009. The preference shares are convertible into ordinary shares of Rs. 10 each. The conversion option is exercisable at the end of every financial year of the investee company.

The Company does not intend to exercise the option to convert the preference shares into ordinary shares as mentioned above. Aggregate provision of Rs. 11.105 million (2013: Rs. 5.106 million) has been recognized against the exposure as the balance amount is considered to be recovered in due course of time.

The fair value of preference shares as at 30 June 2014 amounts to Rs. 23.995 million (2013: Rs. 29.994 million).

24.3 Available for sale

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

2014	2013	Name of investee company	Note	2014	2013
(Number of share / certificates)				Rupees in '000	
		Quoted			
–	9,060,000	Asian Stocks Fund Limited		–	94,677
91,300	91,300	Crescent Jute Products Limited	24.3.1	–	–
1,996	1,996	Innovative Investment Bank Limited		–	–
26,490	26,490	Jubilee Spinning and Weaving Mills Limited	24.3.2	–	–
–	7,944,263	Safeway Mutual Fund Limited		–	163,334
				–	258,011

24.3.1 The investment in Crescent Jute Products Limited is carried at break-up value, which is Rs. Nil per share (2013: Rs. Nil) [break-up value including surplus on revaluation of property, plant and equipment Rs. Nil (Rs. Nil per share based on audited financial statements for the year ended 30 June 2013)], calculated on the basis of the unaudited condensed interim financial information for the nine months ended 31 March 2014.

24.3.2 Investment in Jubilee Spinning and Weaving Mills Limited is carried at Rs. Nil per share (2013: Rs. Nil). The break-up value of shares of the investee company is Rs. Nil per share (2013: Rs. Nil) [break-up value including surplus on revaluation of property, plant and equipment and investment property Rs. 15.91 per share (2013 : Rs. 16.49 per share)], calculated on the basis of the unaudited condensed interim financial information for the nine months ended 31 March 2014.

24.3.3 Investments having an aggregate market value of Rs. 727.980 million (2013: Rs. 909.398 million) have been pledged with financial institutions as security against financing facilities (see note 11.4) out of which Rs. 570.280 million (2013: Rs. 664.659 million) relates to long term investments.

24.4 Held for trading

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

2014	2013	Name of investee company	Note	2014	2013
(Number of share / certificates)				Rupees in '000	
41,466	–	Adamjee Insurance Company Limited		1,898	–
165,859	165,859	Agriauto Industries Limited *		16,005	12,461
–	56,507	Al-Ghazi Tractors Limited *		–	11,556
40,000	–	Avanceon Limited		971	–
51,000	–	Century Insurance Company Limited		837	–
55,000	–	Cherat Cement Company Limited		3,600	–
933,000	1,402,500	D.G. Khan Cement Company Limited		82,067	117,375
10,000	50,000	Engro Corporation Limited		1,785	6,094
4,000	–	Engro Fertilizer Limited		229	–
85,000	–	Fatima Fertilizer Company Limited		2,465	–
182,500	150,000	Fauji Fertilizer Bin Qasim Limited		7,258	5,631
55,000	55,000	Fauji Fertilizer Company Limited		6,174	5,909
20,000	–	IGI Insurance Limited		4,554	–
1,350	1,350	Innovative Investment Bank Limited		–	–
90,000	90,000	International Industries Limited		4,450	4,060
–	68,801	International Steels Limited		–	1,217
87,500	–	K-Electric Limited		743	–
100,000	100,000	Kohinoor Energy Limited		4,142	3,750
60,000	–	Kohat Cement Limited		7,669	–
10,000	–	Maple Leaf Cement Limited		301	–
–	350,000	Nishat Mills Limited		–	32,974
200,000	–	Nishat Power Limited		7,116	–
50,000	30,000	Oil and Gas Development Company Limited		13,064	6,862
170,000	50,000	Pak Suzuki Motor Company Limited		46,561	7,436
100,000	100,000	Pakgen Power Limited		1,804	2,453
78,000	50,000	Pakistan Oilfields Limited		44,795	24,869
330,000	391,560	Pakistan Petroleum Limited		74,032	82,846
24,500	239,368	Pakistan State Oil Company Limited		9,527	76,689
130,000	130,000	Pakistan Telecommunication Company Limited		3,311	2,885
1,285,719	1,285,719	PICIC Growth Fund		40,809	31,050
501,173	501,173	PICIC Investment Fund		7,117	5,743
14,000	–	Pioneer Cement Limited		653	–
–	8,329,764	Samba Bank Limited		–	21,407
3,906	3,125	Shell Pakistan Limited		1,079	447
100,000	–	Telecard Limited		412	–
440,376	622,376	The Hub Power Company Limited		25,868	38,369
100,000	–	TRG Pakistan Limited		1,403	–
				422,699	502,083

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

24.5 The following investments are deposited as security with commercial banks:

Rupees in '000	2014	2013
Name of investee company		
Altern Energy Limited	570,280	664,659
Cherat Cement Company Limited	3,273	–
Engro Corporation Limited	–	1,219
Fauji Fertilizer Bin Qasim Limited	5,966	5,631
Fauji Fertilizer Company Limited	6,174	4,834
International Industries Limited	4,450	4,060
Kohinoor Energy Limited	4,142	3,750
Oil and Gas Development Company Limited	7,838	4,575
Pakistan Oilfields Limited	44,795	24,869
Pakistan Petroleum Limited	22,434	82,846
Pak Suzuki Motor Company Limited	28,758	7,436
Pakistan State Oil Company Limited	–	63,907
Pakistan Telecommunication Company Limited	3,311	2,885
Shell Pakistan Limited	691	358
The Hub Power Company Limited	25,868	38,369
	727,980	909,398

	Note	2014	2013
25. MARK-UP ACCRUED			
Considered good			
Mark-up accrued on long term loan to subsidiary company	17.1	–	54,337
		–	54,337

Rupees in '000	Note	2014	2013 (Restated)
26. OTHER RECEIVABLES			
Dividend receivable		817	6,370
Receivable against sale of investments		800	–
Receivable against rent from investment property from related party		1,031	1,051
Claim receivable		10,059	3,786
Due from related parties	26.1	4,170	2,061
Sales tax refundable		2,756	17,164
Provision there against		–	(4,346)
Reversal of provision during the year		–	4,346
Written off during the year		–	(11,376)
		–	(11,376)
		2,756	5,788
Receivable from staff retirement benefits funds	42.1.2	116,177	113,380
Others		271	1,838
		136,081	134,274

Rupees in '000		2014	2013
26.1	Due from related parties		
	Crescent Jute Products Limited	118	–
	Shakarganj Mills Limited	127	226
	CS Capital (Private) Limited	108	–
	Shakarganj Energy (Private) Limited	301	–
	Crescent Hadeed (Private) Limited	3,516	1,835
		4,170	2,061
27.	TAXATION - NET		
	Advance taxation	1,572,323	1,451,387
	Provision for taxation	(1,413,504)	(1,375,957)
		158,819	75,430

27.1 The Income Tax assessments of the Company have been finalized up to and including tax year 2003, except for pending appeal effect orders in respect of assessment years 2001-2002 and 2002-2003. Tax returns of subsequent tax years, except for certain tax years, are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 unless selected for an amendment / audit by the taxation authorities. Deemed assessments for certain tax years were amended by the department and currently appeals in respect of these tax years are pending before the Appellate Tribunal Inland Revenue. Additional tax liability of Rs. 109.277 million may arise against the above mentioned assessments in case decisions are made against the Company.

Full provision has been made in these financial statements up to tax year 2013 except for short credit of taxes paid & deducted at source, and adjustments of refunds in respect of the said Assessment / Tax years. However, additional provision has not been made in these financial statements in respect of certain tax years as mentioned above, since based on the tax consultant's opinion the management is confident of favourable outcome of these appeals.

During the current year, order under section 161/205 of the Income Tax Ordinance, 2001 relating to monitoring of withholding taxes has been issued for the tax year 2010 where by demand aggregating to Rs. 61.953 million has been raised, the appeal against which is pending before the Commissioner Inland Revenue (Appeals). No provision has been made in these financial statements as management is of the view that the demand is frivolous based on tax consultant's opinion favourable outcome is expected.

Rupees in '000		Note	2014	2013
28.	CASH AND BANK BALANCES			
	With banks - In saving account			
	- local currency	28.1	35,461	9,894
	- foreign currency		2	2
			35,463	9,896
	- In current accounts		69,793	50,506
	Cash in hand		1,990	4,818
			107,246	65,220

28.1 These carry profit at the rate 5% to 7.25% (2013: 5% to 7.25%).

Rupees in '000		2014	2013
29. SALES - NET			
Local sales			
Bare pipes (own product excluding coating revenue)		1,385,656	1,522,072
Revenue from conversion		13,645	9,839
Coating of pipes		53,434	644,859
Cotton yarn / raw cotton		2,533,891	2,537,542
Others (including pipes laboratory testing)		20,359	60,983
Scrap / waste		65,291	83,709
Sales returns		(30,529)	(28,607)
		4,041,747	4,830,397
Export sales			
Cotton yarn		252,578	498,698
		4,294,325	5,329,095
Sales tax		(262,755)	(327,428)
		4,031,570	5,001,667
30. COST OF SALES			
Steel segment	30.1	1,038,766	1,500,309
Cotton segment	30.1	2,762,502	2,850,499
		3,801,268	4,350,808

30.1 Cost of sales

		Steel segment		Cotton Segment		Total	
		2014	2013	2014	2013	2014	2013
Rupees in '000	Note		(Restated)		(Restated)		(Restated)
Raw materials consumed		846,570	1,158,021	1,891,841	2,007,209	2,738,411	3,165,230
Cost of raw cotton sold		–	–	122,261	321,549	122,261	321,549
Packing materials consumed		–	–	24,568	25,137	24,568	25,137
Outside Conversion charges		–	–	171,161	241,067	171,161	241,067
Store and spares consumed		35,845	35,466	29,680	49,095	65,525	84,561
Fuel, power and electricity		26,253	43,507	192,343	153,839	218,596	197,346
Salaries, wages and other benefits	30.2	75,328	80,985	99,520	92,997	174,848	173,982
Insurance		1,780	1,552	2,962	3,770	4,742	5,322
Repairs and maintenance		7,319	3,884	2,875	19,428	10,194	23,312
Depreciation	13.1.1	23,698	18,821	58,582	60,433	82,280	79,254
Stock-in-trade written down to NRV	20.2	7,508	45,645	2,428	5,981	9,936	51,626
Other expenses		53,443	57,142	24,507	15,753	77,950	72,895
		1,077,744	1,445,023	2,622,728	2,996,258	3,700,472	4,441,281
Opening stock of work-in-process	20	3,661	13,089	13,913	9,179	17,574	22,268
Closing stock of work-in-process		(10,153)	(3,661)	(31,854)	(13,913)	(42,007)	(17,574)
		(6,492)	9,428	(17,941)	(4,734)	(24,433)	4,694
Cost of goods manufactured		1,071,252	1,454,451	2,604,787	2,991,524	3,676,039	4,445,975
Opening stock of finished goods	20	22,580	68,438	173,703	32,678	196,283	101,116
Closing stock of finished goods		(55,066)	(22,580)	(15,988)	(173,703)	(71,054)	(196,283)
		(32,486)	45,858	157,715	(141,025)	125,229	(95,167)
		1,038,766	1,500,309	2,762,502	2,850,499	3,801,268	4,350,808

30.2 Detail of salaries, wages and other benefits

Rupees in '000	Note	Steel segment 2014	Steel segment 2013 (Restated)	Cotton Segment 2014	Cotton Segment 2013 (Restated)	Total 2014	Total 2013 (Restated)
Salaries, wages and other benefits		72,749	74,994	97,539	90,569	170,288	165,563
Gratuity fund	30.3	(91)	796	(7)	31	(98)	827
Pension fund	30.3	344	3,013	122	753	466	3,766
Provident fund contributions		2,326	2,182	1,866	1,644	4,192	3,826
		75,328	80,985	99,520	92,997	174,848	173,982

Rupees in '000	2014 Pension	2014 Gratuity	2013 Pension (Restated)	2013 Gratuity (Restated)
30.3 Staff retirement benefits				
Current service costs	4,168	1,109	4,158	1,014
Interest costs	8,592	2,014	9,285	2,118
Return on plan assets, excluding interest income	(12,294)	(3,221)	(9,677)	(2,305)
	466	(98)	3,766	827

Rupees in '000	Note	2014	2013
31. INCOME FROM INVESTMENTS			
Return on UBL's Term Finance Certificates		–	76
Dividend income		97,617	60,335
Gain on sale of investments - net		282,397	90,185
Unrealized gains on held for trading investments		48,689	137,023
Rent from investment property	31.1	11,429	10,780
		440,132	298,399

31.1 Direct operating expenses incurred against rental income from investment property amounted to Rs. 4.331 million (2013: Rs. 3.657 million). Further Rs. 1.293 million (2013: Rs. 1.209 million) were incurred against the non rented out area.

32. DISTRIBUTION AND SELLING EXPENSES

Rupees in '000	Note	Steel segment 2014	Steel segment 2013 (Restated)	Cotton Segment 2014	Cotton Segment 2013 (Restated)	Total 2014	Total 2013 (Restated)
Salaries, wages and other benefits	32.1	8,026	6,785	4,334	3,934	12,360	10,719
Commission		–	–	23,100	27,675	23,100	27,675
Travelling, conveyance and entertainment		472	450	192	1,244	664	1,694
Depreciation	13.1.1	852	622	–	1	852	623
Insurance		156	181	20	18	176	199
Postage, telephone and telegram		202	105	214	231	416	336
Advertisement		3,039	1,242	–	135	3,039	1,377
Bid bond expenses		902	644	–	–	902	644
Legal and professional charges		1,138	2,154	11	126	1,149	2,280
Others		810	947	8,604	21,571	9,414	22,518
		15,597	13,130	36,475	54,935	52,072	68,065

32.1 Detail of salaries, wages and other benefits

Rupees in '000	Note	Steel segment 2014	Steel segment 2013 (Restated)	Cotton Segment 2014	Cotton Segment 2013 (Restated)	Total 2014	Total 2013 (Restated)
Salaries, wages and other benefits		7,711	5,841	4,319	3,929	12,030	9,770
Gratuity fund	32.2	(16)	136	–	–	(16)	136
Pension fund	32.2	65	559	–	–	65	559
Provident fund contributions		266	249	15	5	281	254
		8,026	6,785	4,334	3,934	12,360	10,719

Rupees in '000	2014 Pension	2014 Gratuity	2013 Pension (Restated)	2013 Gratuity (Restated)
32.2 Staff retirement benefits				
Current service costs	581	181	617	167
Interest costs	1,199	329	1,378	350
Return on plan assets, excluding interest income	(1,715)	(526)	(1,436)	(381)
	65	(16)	559	136

33. ADMINISTRATIVE EXPENSES

Rupees in '000	Note	Steel segment 2014	Steel segment 2013 (Restated)	Cotton segment 2014	Cotton segment 2013 (Restated)	IID segment 2014	IID segment 2013 (Restated)	Total 2014	Total 2013 (Restated)
Salaries, wages and other benefits	33.1	49,293	51,653	13,254	12,160	3,614	3,914	66,161	67,727
Rents, rates and taxes		2,442	2,643	3,031	624	1,080	376	6,553	3,643
Travelling, conveyance and entertainment		8,266	5,885	2,223	1,421	517	345	11,006	7,651
Fuel and power		9,153	7,831	831	1,148	475	421	10,459	9,400
Postage, telephone and telegram		2,433	1,786	776	511	149	91	3,358	2,388
Insurance		1,089	835	231	227	127	112	1,447	1,174
Repairs and maintenance		3,698	4,305	762	634	323	365	4,783	5,304
Auditors' remuneration	33.3	1,089	1,069	250	439	117	120	1,456	1,628
Legal, professional and corporate service charges		7,672	8,410	1,363	1,804	1,989	1,811	11,024	12,025
Advertisement		64	90	7	9	3	3	74	102
Donations	33.4	11,369	26,772	10,272	7,232	634	1,146	22,275	35,150
Depreciation	13.1.1 & 15.1	5,623	7,129	1,299	1,066	4,456	4,645	11,378	12,840
Amortization of intangible assets	14.1	4,230	1,943	846	389	212	97	5,288	2,429
Printing, stationery and office supplies		3,634	3,597	856	774	269	328	4,759	4,699
Newspapers, subscriptions and periodicals		566	530	1,001	431	43	39	1,610	1,000
Others		2,261	4,308	568	1,096	651	495	3,480	5,899
		112,882	128,786	37,570	29,965	14,659	14,308	165,111	173,059
33.1 Detail of salaries, wages and other benefits									
Salaries, wages and other benefits		46,822	44,517	12,735	10,764	3,420	3,358	62,977	58,639
Gratuity	33.2	(120)	1,025	(23)	198	(10)	80	(153)	1,303
Pension fund	33.2	492	4,181	96	808	40	327	628	5,316
Provident fund contributions		2,099	1,930	446	390	164	149	2,709	2,469
		49,293	51,653	13,254	12,160	3,614	3,914	66,161	67,727

Rupees in '000	2014 Pension	2014 Gratuity	2013 Pension (Restated)	2013 Gratuity (Restated)
33.2 Staff retirement benefits				
Current service costs	5,618	1,732	5,870	1,598
Interest costs	11,578	3,144	13,106	3,338
Return on plan assets, excluding interest income	(16,568)	(5,029)	(13,660)	(3,633)
	628	(153)	5,316	1,303

Rupees in '000	Note	2014	2013
33.3 Auditors' remuneration			
Audit fee	33.3.1	1,284	1,200
Fee for audit of funds' financial statements and other reports		20	220
Out of pocket expenses		152	208
		1,456	1,628

33.3.1 Audit fee includes services for audit of annual separate and consolidated financial statements, limited review of unconsolidated condensed interim financial information for the six months period, review report on statement of compliance with best practices of the Code of Corporate Governance and audit of reconciliation statement of nominee shareholding of Central Depository Company of Pakistan Limited.

33.4 Donations

Donations include the following in which a director is interested :

Name of director	Interest in donee	Name and address of the donee	Amount donated 2014	Amount donated 2013
Rupees in '000				
Mr. Ahsan M. Saleem	Director	The Citizens Foundation Plot No. 20, Sector - 14, Near Brookes Chowrangi, Korangi Industrial Area, Karachi.	19,820	26,580
	Director	Pakistan Centre for Philanthropy 1-A, Street 14, F-8/3, Islamabad.	–	2,500
	Managing Trustee	Commecs Educational Trust Gulistan-e-Johar Block-13, Karachi.	–	2,000
	Chairman	CSAP Foundation 10th Floor, BOP Tower, 10-B, Block E-2, Main Boulevard, Gulberg - III, Lahore.	285	1,945
			20,105	33,025

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

Rupees in '000	Note	2014	2013
34. OTHER OPERATING EXPENSES			
Exchange loss		–	19,781
Sales tax refundabale written off		–	11,376
Impairment of capital work in progress	34.1	–	22,406
Provision for :			
Workers' Profit Participation Fund		4,851	34,797
Workers' Welfare Fund		539	18,791
Doubtful trade debts		–	12,662
Liquidated damages		2,152	12,794
Slow moving stores, spares and loose tools - net		6,548	1,278
Diminution in the value of investments - net impairment against investment in associated company		51,275	–
Gas Infrastructure Development Cess		3,381	–
Others - loss on sale of stores and spares		–	138
		68,746	134,023

34.1 Comparative figures includes an amount of Rs. 20.619 million of construction work at the site which has been halted due to differences between Defence Housing Authority and the developer and is still uncertain in near future. Consequently, based on prudence principal the Company has provided the above advance in full.

This further includes an impairment of Rs. 1.787 million relating to plant and machinery of Cotton division Unit II which was no more usable due to fire incident occurred last year.

Rupees in '000	Note	2014	2013
35. OTHER INCOME			
Income from financial assets			
Mark-up on loan to subsidiary company	17.1	32,193	37,623
Return on deposits		454	398
		32,647	38,021
Income from non-financial assets			
Exchange gain		16,939	–
Gain on disposal of operating fixed assets	35.1	965	306,633
Insurance commission		657	1,105
Liabilities written-back		3,521	–
Reversal of provision for :			
- stock-in-trade		–	565
- doubtful trade debts		10,916	100
- salestax refundabale		–	4,346
- diminution in the value of investments		–	167,355
- liquidated damages		3,456	8,934
Others	35.1	9,547	48,641
		46,001	537,679
		78,648	575,700

35.1 Comparative figures includes an amount of Rs. 310.872 million on account of gain on final settlement of insurance claim received against damages caused by fire in the Spinning Unit No. 2 of the Cotton segment of the Company situated in Jaranwala on 7 January 2012.

Rupees in '000	2014	2013
36. FINANCE COSTS		
Incurred on :		
- finance lease obligations	9,427	5,208
- running finances	38,354	36,433
- short term loans	30,719	15,126
- Workers' Profit Participation Fund	1,387	2,222
Bank charges	4,259	3,914
	84,146	62,903

Rupees in '000	2014	2013 (Restated)
37. TAXATION		
Current		
- for the year	15,059	299,572
- for prior years	(2,791)	(7,607)
	12,268	291,965
Deferred	6,551	(20,987)
	18,819	270,978
37.1 Relationship between taxation expense and accounting profit		
Profit before taxation	379,007	1,086,908
Tax at the applicable rate of 34% (2013: 35%)	128,862	380,418
Tax effect of inadmissible expenses / losses	3,536	(160,768)
Tax effect of income taxed at a lower rate	(114,040)	(37,101)
Reduction in tax rate	–	988
Tax effect of operating fixed assets subject to insurance claim	–	106,736
Prior year tax effect	(2,791)	(19,295)
Tax effect of change in effective tax rate	3,252	–
	18,819	270,978
38. BASIC AND DILUTED EARNINGS PER SHARE		
Profit after taxation	360,188	815,930
		(Restated)
	(Number of shares)	
Weighted average number of ordinary shares in issue during the year	62,105,993	62,105,993
	Rupees	
Basic and diluted earnings per share	5.80	13.14

Rupees in '000	Note	2014	2013 (Restated)
39. CASH GENERATED FROM OPERATIONS			
Profit before taxation		379,007	1,086,908
Adjustments for non cash charges and other items:			
Depreciation on operating fixed assets and investment property		94,511	92,717
Amortization of intangible assets		5,288	2,429
Charge for the year on staff retirement benefit funds		892	11,907
Charge for compensated absences		(189)	2,072
Provision for 10-C bonus		1,159	2,331
Amortization of advances to staff		–	5
Dividend income		(97,617)	(60,335)
Unrealized gain on held for trading investments - net		(48,689)	(137,023)
Gain on sale of investments		(282,397)	(90,185)
Provision for stock-in-trade and stores, spares and loose tools - net		6,548	713
(Reversal of provision) / provision for doubtful trade debts - net		(10,916)	12,562
Provision for Workers' Welfare Fund		539	18,791
Provision for Workers' Profit Participation Fund		4,851	34,797
Provision for Gas Infrastructure Development Cess		3,381	–
Reversal of provision against sales tax refundable		–	(4,346)
(Reversal of) / provision for liquidated damages - net		(1,304)	3,860
Provision for diminution in the value of investments		51,275	–
Reversal of provision for diminution in the value of investments		–	(167,355)
Return on deposits, loan and investments		(32,647)	(38,097)
Gain on disposal of operating fixed assets		(965)	(24,818)
Gain on disposal of assets subject to insurance claim		–	(281,531)
Deferred income		(924)	(284)
Impairment charge relating to capital work in progress		–	22,406
Finance costs		84,146	62,903
Working capital changes	39.1	341,998	(138,987)
		497,947	411,440
39.1 Working capital changes			
Decrease / (increase) in current assets			
Stores, spares and loose tools		135	(13,491)
Stock-in-trade		263,034	(62,684)
Trade debts		118,293	159,511
Loan and advances		(16,927)	106,241
Trade deposits and short term prepayments		2,073	(3,676)
Other receivables		(3,763)	18,662
		362,845	204,563
(Decrease) / increase in current liabilities			
Trade and other payables		(20,847)	(343,550)
		341,998	(138,987)

Rupees in '000	Note	2014	2013
40. CASH AND CASH EQUIVALENTS			
Running finances under mark-up arrangements	11	(228,366)	(285,890)
Cash and bank balances	28	107,246	65,220
		(121,120)	(220,670)

41. SEGMENT REPORTING

41.1 Reportable segments

The Company's reportable segments are as follows :

- Steel segment - It comprises of manufacturing and coating of steel pipes (note 1.2).
- Cotton segment - It comprises of manufacturing of yarn (note 1.3).
- 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).

Information regarding the Company's reportable segments presented below:

41.2 Segment revenues and results

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

Rupees in '000	Steel segment	Cotton segment	IID segment	Total
For the year ended 30 June 2014				
Sales - net	1,282,043	2,749,527	–	4,031,570
Cost of sales	1,038,766	2,762,502	–	3,801,268
Gross profit	243,277	(12,975)	–	230,302
Income from investments	–	–	440,132	440,132
	243,277	(12,975)	440,132	670,434
Distribution and selling expenses	15,597	36,475	–	52,072
Administrative expenses	112,882	37,570	14,659	165,111
Other operating expenses	8,778	8,536	51,432	68,746
	137,257	82,581	66,091	285,929
	106,020	(95,556)	374,041	384,505
Other income	19,943	36,325	22,380	78,648
Operating profit / (loss) before finance costs	125,963	(59,231)	396,421	463,153
Finance costs	34,192	46,304	3,650	84,146
Profit / (loss) before taxation	91,771	(105,535)	392,771	379,007
Taxation				18,819
Profit after taxation				360,188

Rupees in '000	Steel segment	Cotton segment	IID segment	Total
	(Restated)			
For the year ended 30 June 2013				
Sales - net	1,964,574	3,037,093	–	5,001,667
Cost of sales	1,500,309	2,850,499	–	4,350,808
Gross profit	464,265	186,594	–	650,859
Income from investments	–	–	298,399	298,399
	464,265	186,594	298,399	949,258
Distribution and selling expenses	13,130	54,935	–	68,065
Administrative expenses	128,786	29,965	14,308	173,059
Other operating expenses	62,705	48,987	22,331	134,023
	204,621	133,887	36,639	375,147
	259,644	52,707	261,760	574,111
Other income	30,149	349,716	195,835	575,700
Operating profit before finance costs	289,793	402,423	457,595	1,149,811
Finance costs	19,870	28,116	14,917	62,903
Profit before taxation	269,923	374,307	442,678	1,086,908
Taxation				270,978
Profit after taxation				815,930

41.2.1 Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year (2013: Nil).

41.2.2 The accounting policies of the reportable segments are the same as the Company's accounting policies described in note 5 to these 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.

41.3 Revenue from major products and services

The analysis of the Company's revenue from external customers for major products and services is given in note 29 to these financial statements.

41.4 Information about major customers

Revenue from major customers of Steel segment represents an aggregate amount of Rs. 1,197.032 million (2013: Rs. 1,516.231 million) of total Steel segment revenue of Rs. 1,282.043 million (2013: Rs. 1,964.574 million). Further, revenue from major customers of Cotton segment represents an aggregate amount of Rs. 260.990 million (2013: Rs. 873.076 million) of total Cotton segment revenue of Rs. 2,749.527 million (2013: Rs. 3,037.093 million).

41.5 Geographical information

41.5.1 The Company's revenue from external customers by geographical location is detailed below :

Rupees in '000	2014	2013
Far East	252,578	498,697
Pakistan	3,778,992	4,502,970
	4,031,570	5,001,667

41.5.2 All non-current assets of the Company as at 30 June 2014 and 2013 were located and operating in Pakistan.

41.6 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	Total
As at 30 June 2014				
Segment assets for reportable segments	1,125,658	882,112	2,562,193	4,569,963
Unallocated corporate assets				163,038
Total assets as per balance sheet				4,733,001
Segment liabilities for reportable segments	198,479	130,675	57,574	386,728
Unallocated corporate liabilities and deferred income				339,094
Total liabilities as per balance sheet				725,822
As at 30 June 2013 - as restated				
Segment assets for reportable segments	877,871	1,256,882	2,517,874	4,652,627
Unallocated corporate assets				236,101
Total assets as per balance sheet				4,888,728
Segment liabilities for reportable segments	148,375	210,486	2,806	361,667
Unallocated corporate liabilities and deferred income				552,985
Total liabilities as per balance sheet				914,652

41.6.1 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 Company's central treasury function.

41.7 Other segment information

Rupees in '000	Steel segment	Cotton segment	IID segment	Total
For the year ended 30 June 2014				
Capital expenditure	51,555	54,942	86	106,583
Depreciation and amortization	34,403	60,727	4,669	99,799
Non-cash items other than depreciation and amortization - net	29,695	42,646	(395,923)	(323,582)
For the year ended 30 June 2013				
Capital expenditure	50,472	82,195	3,734	136,401
Depreciation and amortization	28,515	61,889	4,742	95,146
Non-cash items other than depreciation and amortization	58,082	(245,633)	(443,886)	(631,437)

42. STAFF RETIREMENT BENEFITS

42.1 Defined benefit plans

42.1.1 The actuarial valuation of both pension and gratuity schemes has been conducted in accordance with IAS 19, 'Employee benefits' as at 30 June 2014. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation:

	2014	2013
Financial assumptions		
- Discount rate used for Interest Cost in P&L Charge	10.5%	13%
- Discount rate used for year end obligation	13.25%	10.5%
- Expected rate of increase in salaries	13.25%	10.5%
Demographic assumptions		
- Retirement Assumption	Age 58	Age 58
- Expected mortality for active members	SLIC (2001-05)	EFU (61-66)

42.1.2 The amounts recognised in balance sheet are as follows:

		2014			2013		
Rupees in '000	Note	Pension	Gratuity	Total	Pension	Gratuity (Restated)	Total
Present value of defined benefit obligations	42.1.4	259,928	57,568	317,496	208,373	52,639	261,012
Fair value of plan assets	42.1.5	(336,183)	(97,490)	(433,673)	(291,929)	(82,463)	(374,392)
(Asset) / liability recognized in balance sheet		(76,255)	(39,922)	(116,177)	(83,556)	(29,824)	(113,380)

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

		2014			2013		
		Pension	Gratuity	Total	Pension	Gratuity	Total
Rupees in '000	Note					(Restated)	
Opening balance		(83,556)	(29,824)	(113,380)	(7,723)	(3,943)	(11,666)
Net benefit cost / (income) charged to profit and loss	42.1.7	1,166	(269)	897	9,641	2,266	11,907
Remeasurements recognized in other comprehensive income		14,925	(6,362)	8,563	(76,734)	(24,654)	(101,388)
Contributions by the Company	42.1.5	(8,790)	(3,467)	(12,257)	(8,740)	(3,493)	(12,233)
Closing balance		(76,255)	(39,922)	(116,177)	(83,556)	(29,824)	(113,380)

42.1.4 Movement in the present value of defined benefit obligations

	2014			2013		
	Pension	Gratuity	Total	Pension	Gratuity	Total
Rupees in '000					(Restated)	
Present value of defined benefit obligations - 1 July	208,373	52,639	261,012	182,831	44,661	227,492
Current service cost	10,430	3,045	13,475	10,645	2,779	13,424
Interest cost	21,497	5,527	27,024	23,768	5,806	29,574
Benefits paid	(6,716)	–	(6,716)	(6,338)	(939)	(7,277)
Benefit due but not paid	(571)	–	(571)	–	–	–
Remeasurement (gain) / loss from changes in demographic assumptions	24,298	–	24,298	–	–	–
Remeasurement (gain) / loss of experience adjustments	2,617	(3,643)	(1,026)	(2,533)	332	(2,201)
Remeasurement (gain) / loss of defined benefit obligation	26,915	(3,643)	23,272	(2,533)	332	(2,201)
Present value of defined benefit obligations - 30 June	259,928	57,568	317,496	208,373	52,639	261,012

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

	2014			2013		
	Pension	Gratuity	Total	Pension	Gratuity	Total
Rupees in '000					(Restated)	
Fair value of plan assets - 1 July	291,929	82,463	374,392	190,554	48,604	239,158
Contributions by the Company	8,790	3,467	12,257	8,740	3,493	12,233
Interest income on plan assets	30,761	8,841	39,602	24,772	6,319	31,091
Benefits paid	(6,716)	–	(6,716)	(6,338)	(939)	(7,277)
Benefit due but not paid	(571)	–	(571)	–	–	–
Return on plan assets, excluding interest income	11,990	2,719	14,709	74,201	24,986	99,187
Fair value of plan assets - 30 June	336,183	97,490	433,673	291,929	82,463	374,392

42.1.6 Actual return on plan assets	42,751	11,560	54,311	98,973	31,305	130,278

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

	2014			2013		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity (Restated)	Total
Current service cost	10,430	3,045	13,475	10,645	2,779	13,424
Interest cost	21,497	5,527	27,024	23,768	5,806	29,574
Interest income on plan assets	(30,761)	(8,841)	(39,602)	(24,772)	(6,319)	(31,091)
Charge recognized in profit and loss account	1,166	(269)	897	9,641	2,266	11,907

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

	2014			2013		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity (Restated)	Total
Remeasurement (gain) / loss from changes in demographic assumptions	24,298	–	24,298	–	–	–
Remeasurement (gain) / loss of experience adjustments	2,617	(3,643)	(1,026)	(2,533)	332	(2,201)
Remeasurement (gain) / loss of defined benefit obligation	26,915	(3,643)	23,272	(2,533)	332	(2,201)
Return on plan assets, excluding interest income	(11,990)	(2,719)	(14,709)	(74,201)	(24,986)	(99,187)
Remeasurement loss / (gain) charged in the other comprehensive income	14,925	(6,362)	8,563	(76,734)	(24,654)	(101,388)
42.1.9 Total defined benefit cost recognized in profit and loss account and other comprehensive income	16,091	(6,631)	9,460	(67,093)	(22,388)	(89,481)
Expected contributions to funds in the following year	11,238	4,365	15,603	9,993	3,902	13,895
Re-measurements: Accumulated actuarial (gains) / losses recognised in equity	14,925	(6,362)	8,563	(76,734)	(24,654)	(101,388)
Weighted average duration of the defined benefit obligation (years)	11	4				
Analysis of present value of defined benefit obligation						
Type of Members:						
Pensioners	21	–		21	–	
Beneficiaries	70	69		68	67	
	91	69		89	67	
Vested / Non-Vested						
Vested benefits	32,201	500	32,701	179,790	52,237	232,027
Non - vested benefits	227,727	57,068	284,795	28,584	401	28,985
	259,928	57,568	317,496	208,374	52,638	261,012

	2014			2013		
	Pension	Gratuity	Total	Pension	Gratuity	Total
Rupees in '000					(Restated)	
Disaggregation of fair value of plan assets						
The fair value of the plan assets at balance sheet date for each category are as follows:						
Cash and cash equivalents (comprising bank balances and adjusted for current liabilities) - quoted	6,669	1,288	7,957	13,669	383	14,052
Debt instruments						
AA+	24,645	–	24,645	23,687	–	23,687
A+	3,970	–	3,970	–	–	–
AA-	233	–	233	7,812	498	8,310
AM2-	14,282	–	14,282	9,860	–	9,860
B-	100,294	27,475	127,769	55,259	14,292	69,551
	143,424	27,475	170,899	96,618	14,790	111,408
Equity instruments						
Beverages	630	–	630	–	–	–
Chemicals	1,873	331	2,204	1,349	317	1,666
Commercial Banks	1,458	–	1,458	454	–	454
Construction and Materials (Cement)	7,418	–	7,418	6,672	–	6,672
Electricity	29,201	8,442	37,643	30,461	8,860	39,321
Food Producer	1,091	321	1,412	1,410	415	1,825
Industrial Metals and Minning	112,436	51,211	163,647	105,691	48,139	153,830
Non Life Insurance	167	–	167	121	–	121
Oil and Gas	13,372	3,777	17,149	10,331	3,213	13,544
Personal Goods (Textile)	2,798	–	2,798	2,355	–	2,355
	170,444	64,082	234,526	158,844	60,944	219,788
Mutual funds						
Income Fund	3,409	2,272	5,681	3,233	2,155	5,388
Equity Fund	11,014	2,371	13,385	11,053	2,486	13,539
Capital Protected Fund	–	–	–	7,388	1,705	9,093
Money Market Fund	1,222	–	1,222	1,122	–	1,122
	15,645	4,643	20,288	22,796	6,346	29,142
	329,513	96,200	425,713	278,258	82,080	360,338

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%	233,385	55,576
Discount rate -1%	291,929	59,807
Long term pension / salary increase +1%	266,109	59,786
Long term pension / salary decrease -1%	254,339	55,559
Long term pension increase +1%	285,342	–
Long term pension decrease -1%	237,920	–

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

42.2 Defined contribution plan

The Company has set up provident fund for its permanent employees and the contributions were made by the Company to the Trust in accordance with the requirement of Section 227 of the Companies Ordinance, 1984. The total charge against provident fund for the year ended 30 June 2014 was Rs. 7.182 million (2013: Rs. 6.549 million). The audit of the provident fund for the years ended 31 December 2010, 2011 and 2012 is in progress. The net assets based on audited financial statements of Provident Fund as at 31 December 2009 was Rs. 91.725 million out of which 95% was invested in different financial instruments categories as provided in Section 227 of the Companies Ordinance, 1984 and rules formulated for the purpose. The fair value of investments of provident fund as at 31 December 2009 was Rs. 87.608 million and the cost of investment was Rs. 75.141 million. The above investments out of provident fund have been made in accordance with the requirement of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

43. 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 Company's risk management framework. The Board of Directors is also responsible for developing and monitoring the Company's risk management policies.

43.1 Credit risk

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

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

Rupees in '000	**2014**	2013 (Restated)
Investments	23,995	29,994
Loans and deposits	27,512	371,123
Trade debts	89,479	196,857
Mark-up accrued	–	54,337
Other receivables	16,331	8,736
Bank balances	105,256	60,402
	262,573	721,449

Trade and other receivables

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

All the trade debtors at the balance sheet date represent domestic parties except one export party.

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

Rupees in '000	**2014**	2013
Steel segment	46,445	99,438
Cotton segment	43,034	97,419
	89,479	196,857
The aging of trade debts at the balance sheet date is		
Not past due	38,472	68,146
Past due 1 - 30 days	985	55,627
Past due 30 - 180 days	35,340	63,941
Past due 180 days	17,468	22,844
	92,265	210,558
Less: Impaired	2,786	13,701
	89,479	196,857

One of the major customer accounts for Rs. 28.969 million of the trade debts carrying amount as at 30 June 2014 (2013: Rs. 44.352 million) that has a good track record with the Company.

Based on past experience the management believes that no impairment allowance is necessary in respect of trade debts past due as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time. Non past due amounts of Rs. 30.853 million (2013: Rs. 36.606 million) is secured through letters of credit.

Settlement risk

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

Bank balances

The Company kept its surplus funds with banks having good credit rating. Currently the surplus funds are kept with banks having rating from AAA to AA-.

Loans and deposits

The loan provided to its wholly owned subsidiary are being converted in its ordinary shares and interest theron of Rs. 88.626 million has been received during the year. The Company has provided security deposits as per the contractual terms with counter parties as security and does not expect material loss against those deposits.

Investment in debt securities

Credit risk arising on debt securities is mitigated by investing principally in investment grade rated instruments. Where the investment is considered doubtful a provision is created there against. As at 30 June 2014, the Company has recognized a provision of Rs. 11.105 million (2013: Rs. 5.106 million) against its exposure to preference shares of an associated company which has been given a credit rating of 'D' grade.

Concentration of credit risk

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

43.2 Liquidity risk

Liquidity risk is the risk that the Company 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 Company. The Company is not materially exposed to liquidity risk as substantially all obligation / commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company 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				**2014**			
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
Financial liabilities							
Liabilities against assets subject to finance lease	103,029	–	119,554	28,310	24,003	41,987	25,254
Trade and other payables (refer note 9)	228,416	–	228,416	228,416	–	–	–
Mark-up accrued	8,168	–	8,168	8,168	–	–	–
Short term borrowings	228,366	228,366	–	–	–	–	–
	567,979	228,366	356,138	264,894	24,003	41,987	25,254

Rupees in '000				2013			
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
Financial liabilities							
Liabilities against assets subject to finance lease	66,566	–	76,082	16,602	21,975	23,918	13,587
Trade and other payables (refer note 9) - restated	220,533	–	220,533	220,533	–	–	–
Mark-up accrued	9,002	–	9,002	9,002	–	–	–
Short term borrowings	418,365	418,365	–	–	–	–	–
	714,466	418,365	305,617	246,137	21,975	23,918	13,587

43.3 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 Company'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.

43.3.1 Currency risk

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

		2014	
	USD	Euro	Total
Foreign creditors	(160)	–	(160)
Foreign currency bank account	2	–	2
Gross balance sheet exposure	(158)	–	(158)
Outstanding letters of credit	533,650	–	533,650
Net exposure	533,492	–	533,492

		2013	
	GBP	Euro	Total
Foreign creditors	(5,031)	–	(5,031)
Foreign currency bank account	2	–	2
Gross balance sheet exposure	(5,029)	–	(5,029)
Outstanding letters of credit	(73,000)	(279,010)	(352,010)
Net exposure	(78,029)	(279,010)	(357,039)

The following significant exchange rate has been applied :

	Average rate		Reporting date rate	
	2014	2013	2014	2013
USD to PKR	102.83	97.57	98.75	98.80
Euro to PKR	139.61	126.30	134.73	129.11

Sensitivity analysis

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

Effect on profit or loss

	2014	2013
USD	53,349	(7,803)
Euro	–	(27,901)
	53,349	(35,704)

The weakening of the PKR against USD and Euro would have had an equal but opposite impact on the post tax profits.

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

43.3.2 Interest rate risk

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

	2014	2013	2014	2013
	Effective interest rate (Percentage)		Carrying amount (Rupees in '000)	
Financial assets				
Fixed rate instruments				
Preference shares	8.5	8.5	23,995	29,994
Variable rate instruments				
Long term loan	11.45-12.59	11.58-14.49	–	349,444
Financial liabilities				
Fixed rate instruments				
Liabilities against assets subject to finance lease	14.59-20.25	14.59-20.25	103,029	66,566
Variable rate instruments				
Short term borrowings	10.58-12.38	10.81-15.10	228,366	418,365

Fair value sensitivity analysis for fixed rate instruments

The Company 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 and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the balance sheet date would have decreased / (increased) 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 2013.

	Profit and loss 100bp	
Rupees in '000	Increase	Decrease
As at 30 June 2014		
Cash flow sensitivity - Variable rate financial liabilities	(2,284)	2,284
As at 30 June 2013		
Cash flow sensitivity - Variable rate financial liabilities	(4,184)	4,184

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

43.3.3 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 Company's investment in units of mutual funds and ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the Company diversifies its portfolio and continuously monitors developments in equity markets. In addition the Company 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 Company's gain / loss in case of held for trading investments and increase / decrease surplus on re-measurement of investments in case of 'available for sale' investments as follows:

Rupees in '000	2014	2013
Effect on profit	42,270	50,208
Effect on equity	927	17,134
Effect on investments	43,197	67,342

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

43.4 Fair value of financial instruments

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

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: Valuation techniques using significant unobservable inputs.

Investment in ordinary and preference shares of listed companies and certificates of closed end scheme is valued using quoted prices in active market, hence, fair value of such investments fall within Level 1 in fair value hierarchy as mentioned above. Investment in unquoted securities fall within level 3 as mentioned above.

44. REMUNERATION TO THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Chief Executive		Director		Executives		Total	
Rupees in '000	2014	2013	2014	2013	2014	2013	2014	2013
Managerial remuneration	10,467	9,854	–	–	30,978	32,970	41,445	42,824
House rent	4,710	4,435	–	–	11,717	11,628	16,427	16,063
Utilities	1,047	985	–	–	2,604	2,686	3,651	3,671
Travelling expenses	545	863	–	–	–	–	545	863
Others	1,102	1,225	–	–	–	–	1,102	1,225
Medical	816	669	–	–	1,233	1,246	2,049	1,915
Contributions to								
- Gratuity fund	872	821	–	–	1,964	1,502	2,836	2,323
- Pension fund	2,093	1,971	–	–	5,111	3,961	7,204	5,932
- Provident fund	1,047	985	–	–	2,512	2,009	3,559	2,994
Club subscription and expenses	1,001	768	–	–	88	99	1,089	867
Entertainment	–	–	–	–	24	24	24	24
Conveyance	–	–	–	–	1,656	1,513	1,656	1,513
Telephone	–	–	–	–	6	6	6	6
	23,700	22,576	–	–	57,893	57,644	81,593	80,220
Number of persons	1	1	–	–	18	22	19	23

44.1 The aggregate amount charged in respect of directors' fees paid to six (2013: six) directors is Rs. 0.660 million (2013: Rs. 0.920 million). Also, during the year remuneration paid to the non-executive Chairman of the Board of Directors amounted to Rs. 0.510 million (2013: Nil).

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

44.3 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.

45. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of subsidiary 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.

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

Name	Nature of relationship	Nature of transaction	2014	2013
Rupees in '000				
Crescent Hadeed (Private) Limited	Subsidiary company	Shares subscribed	–	1
		Right shares subscribed	90,000	10,000
		Reimbursable expenses	1,681	1,835
CS Capital (Private) Limited	Subsidiary company	Right shares subscribed	200,000	104,756
		Share deposit money	35,000	–
		Reimbursable expenses	107	–

Name	Nature of relationship	Nature of transaction	2014	2013
Rupees in '000				
Shakarganj Energy (Private) Limited	Subsidiary company	Long term loan provided	8,595	126,444
		Sale of finished goods	1,638	–
		Mark-up on long term loan provided	32,193	37,623
		Reimbursable expenses	301	–
		Right shares subscribed	169,900	–
		Transfer of loan to equity	358,039	–
Altern Energy Limited	Associated company	Dividend received	60,475	–
Shakarganj Mills Limited	Associated company	Dividend paid	8,813	4,896
		Sales of finished goods	3,171	170,343
		Services received	4,406	1,169
		Reimbursable expenses	1,556	2,625
		Purchase of land	–	70,000
Commecs Educational Trust *	Related party	Donation given	–	2,000
Crescent Jute Products Limited *	Related party	Purchase of assets	5,909	–
		Services received	137	–
		Reimbursable expenses	648	–
CSAP Foundation*	Related party	Donation given	285	1,945
Muhammad Amin Muhammad Bashir Limited *	Related party	Dividend paid	2	1
Pakistan Centre for Philanthropy *	Related party	Donation given	–	2,500
		Annual subscription charges	180	180
Premier Insurance Company *	Related party	Dividend paid	–	11
		Insurance premium	9,839	1,643
The Crescent Textile Mills Limited *	Related party	Dividend paid	20,119	11,177
The Citizens' Foundation *	Related party	Donation given	19,820	26,580
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Contribution made	1,831	1,650
		Dividend paid	16	9
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Contribution made	3,797	3,492
		Dividend paid	3,852	1,676
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Contribution made	9,623	8,740
		Dividend paid	8,457	3,003

Rupees in '000

Name	Nature of relationship	Nature of transaction	2014	2013
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Contribution made	5,344	4,901
		Dividend paid	1,651	850
CSAP - Staff Benevolent Fund	Staff welfare fund	Contribution made	–	10,000
Key management personnel	Related parties	Remuneration and benefits	94,376	57,364

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

45.1 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.

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

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

45.4 Outstanding balances and other information with respect to related parties as at 30 June 2014 and 2013 are included in issued, subscribed and paid-up capital (note 6.1), trade and other payables (note 9.3), long term investments (notes 16.1, 16.2 and 16.3.1), long term loan (note 17.1), trade debts (note 21.1), investments (note 24.1 and 24.2), current portion of long term investments (note 25), other receivables (note 26), administrative expenses (note 33.4) and staff retirement benefits (note 42).

46. CAPITAL RISK MANAGEMENT

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company's overall strategy remains unchanged from year 2013.

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

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

46.1 Gearing ratio

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

Rupees in '000	Note	**2014**	2013
Total debt	46.1.1	331,395	484,931
Less: Cash and bank balances		107,246	65,220
Net debt		224,149	419,711
Total equity	46.1.2	4,007,179	3,974,076
Total capital		4,231,328	4,393,787
Gearing ratio		5%	10%

46.1.1 Total debt is defined as long term and short term borrowings (excluding derivatives), as described in notes 7 and 11 to these financial statements.

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

47. PLANT CAPACITY AND PRODUCTION

47.1 Steel segment

Pipe plant

The plant's installed / rated capacity for production based on single shift is 30,000 tons (2013: 30,000 tons) annually on the basis of notional pipe size of 30" dia x ½" thickness. The actual production achieved during the year was 10,248 tons (2013: 12,266 tons) line pipes of varied sizes and thickness, which is equivalent to 21,676 tons (2013: 26,790 tons) if actual production is translated to the notional pipe size of 30" diameter.

Coating plant

The coating plant has a capacity of externally shot blasting and coating of line pipes with 3 layer high / medium density polyethylene coating at a rate of 250 square meters of surface area per hour on pipe sizes ranging from 114 mm to 1524 mm outside dia and thickness ranging from 3 mm to 16 mm.

The annual capacity of the plant works out to 600,000 square meters outside surface area of line pipes based on notional size of 14" dia on single shift working. Coating of 82,125 meters (2013: 340,472 meters) of different dia pipes (58,651 square meters surface area) was achieved during the year (2013: 245,505 square meters surface area).

47.2 Cotton segment

Spinning unit 1

The plant capacity converted to 20s count based on three shifts per day for 1,080 shifts is 6,452,874 kilograms (2013: 6,452,874 kilograms). Actual production converted into 20s count was 5,749,028 kilograms (2013: 4,953,253 kilograms).

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

48. GENERAL

48.1 Number of employees

The number of employees including contractual employees of the Company as at 30 June 2014 were 724 (2013: 852) and weighted average number of employees were 833 (2013: 874).

48.2. Non adjusting event after balance sheet date

The Board of Directors of the Company in their meeting held on 21 August 2014 have proposed final cash dividend for the year ended 30 June 2014 of Rs. 1.5 per share (i.e. 15%) (2013: Re. 1.5 per share) amounting to Rs. 93.159 million (2013: Rs. 84.690 million). This is in addition to the first interim cash dividends of Re. 1 per share each (i.e. 10% each) already distributed and recorded in these financial statements; this make a total distribution of Rs. 2.5 per share (i.e. 25%) for the year ended 30 June 2014. The above proposed final cash dividend is subject to the approval of the members at the Annual General Meeting to be held on 23 October 2014. These financial statements do not include the effect of above proposals which will be accounted for in the period in which it is approved by the members.

49. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue in the Board of Directors meeting held on 21 August 2014.

Chief Executive Director Chief Financial Officer