CRESCENT STEEL AND ALLIED PRODUCTS LIMITED

UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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

REVIEW REPORT TO THE MEMBERS

ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

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Chartered Accountants
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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 2016 to comply with the requirements of Listing Regulations of Pakistan 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 2016.

Date: 15 August 2016
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

AUDITORS' REPORT TO THE MEMBERS

KPMG

KPMG Taseer Hadi & Co.
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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 2016 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 changes disclosed in note 4.1 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 2016 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: 15 August 2016
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

UNCONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2016

Rupees in '000	Note	2016	2015
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
100,000,000 ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid-up capital	6	776,325	621,060
Capital reserves		1,025,694	299,041
Revenue reserves		4,005,706	3,130,642
		5,807,725	4,050,743
Non-current liabilities			
Long term loans	7	394,250	238,875
Liabilities against assets subject to finance lease	8	77,145	46,367
Deferred income	9	9,179	1,315
Deferred taxation	19	68,259	–
		548,833	286,557
Current liabilities			
Trade and other payables	10	850,158	637,632
Mark-up accrued	11	21,023	11,683
Short term borrowings	12	2,083,975	301,822
Current portion of long term loans	7	109,250	55,125
Current portion of liabilities against assets subject to finance lease	8	58,687	47,283
Current portion of deferred income	9	4,552	1,858
		3,127,645	1,055,403
Contingencies and commitments	13		
Total equity and liabilities		9,484,203	5,392,703

Rupees in '000	Note	2016	2015
ASSETS			
Non-current assets			
Property, plant and equipment	14	822,636	780,672
Intangible assets	15	3,507	9,525
Investment properties	16	19,316	23,319
Long term investments	17	3,934,928	3,038,174
Long term deposits	18	176,668	24,220
Deferred taxation	19	–	38,047
		4,957,055	3,913,957
Current assets			
Stores, spares and loose tools	20	111,583	66,801
Stock-in-trade	21	2,266,787	453,108
Trade debts	22	322,851	87,922
Advances	23	39,830	17,867
Trade deposits and short term prepayments	24	16,524	11,411
Investments	25	391,946	388,005
Other receivables	26	785,404	200,311
Taxation - net	27	529,321	210,770
Cash and bank balances	28	62,902	42,551
		4,527,148	1,478,746
Total assets		9,484,203	5,392,703

The annexed notes from 1 to 50 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 2016

Rupees in '000	Note	2016	2015
Sales - net	29	7,412,035	2,101,564
Cost of sales	30	5,269,059	2,069,070
Gross profit		2,142,976	32,494
Income from investments	31	42,555	308,702
		2,185,531	341,196
Distribution and selling expenses	32	15,497	27,247
Administrative expenses	33	283,103	166,752
Other operating expenses	34	421,253	29,319
		719,853	223,318
		1,465,678	117,878
Other income	35	93,675	25,559
Operating profit before finance costs		1,559,353	143,437
Finance costs	36	243,780	80,666
Profit before taxation		1,315,573	62,771
Taxation	37	348,437	(43,651)
Profit after taxation		967,136	106,422
		(Rupees)	
			Restated
Basic and diluted earnings per share	38	12.97	1.53

The annexed notes from 1 to 50 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 2016

Rupees in '000	2016	2015
Profit after taxation for the year	967,136	106,422
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss		
Unrealized (diminution) /appreciation during the year on		
remeasurement of investment classified as 'available for sale'	(756)	299
Items that will not be reclassified subsequently to profit and loss		
Gain on remeasurement of staff retirement benefit plans - net of tax	184,301	30,002
Other comprehensive income for the year	183,545	30,301
Total comprehensive income for the year	1,150,681	136,723

The annexed notes from 1 to 50 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 2016

Rupees in '000	Note	2016	2015
Cash flows from operating activities			
Cash (used in) / generated from operations	39	(670,792)	317,518
Taxes paid		(639,667)	(70,769)
Finance costs paid		(232,094)	(64,262)
Contribution to gratuity and pension funds		(17,835)	(14,879)
Contribution to Workers' Profit Participation Fund		(75,000)	(4,851)
Infrastructure fee and liquidated charges paid		(31,219)	(888)
Compensated absences paid		(879)	(556)
10-C bonus paid		(138)	(1,067)
Long term deposits - net		(152,448)	1,949
Net cash (used in) / generated from operating activities		(1,820,072)	162,195
Cash flows from investing activities			
Capital expenditure		(141,546)	(95,730)
Acquisition of intangible assets		(831)	(2,482)
Proceeds from disposal of operating fixed assets		13,427	15,488
Proceeds from disposal of operating fixed assets under sale and leaseback arrangement		112,291	37,552
Investments - net		(822,979)	(568,938)
Dividend income received		22,009	211,959
Interest income received		1,352	2,956
Net cash (used in) investing activities		(816,277)	(399,195)
Cash flows from financing activities			
Proceeds from long term loans		209,500	294,000
Payments against finance lease obligations		(68,329)	(57,151)
Proceeds from short term loans obtained - net		1,904,138	–
Proceeds from issuance of right shares		900,537	–
Transaction cost incurred on issuance of right shares		(17,863)	–
Dividends paid		(149,298)	(138,000)
Net cash flow from financing activities		2,778,685	98,849
Net increase / (decrease) in cash and cash equivalents		142,336	(138,151)
Cash and cash equivalents at beginning of the year		(259,271)	(121,120)
Cash and cash equivalents at end of the year	40	(116,935)	(259,271)

The annexed notes from 1 to 50 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 2016

Rupees in '000	Issued, subscribed and paid-up capital	Capital reserves: Share premium	Capital reserves: Unrealized appreciation / (diminution) on remeasurement of investments classified as 'available for sale'	Revenue reserves: General reserve	Revenue reserves: Unappropriated profit	Total
Balance as at 30 June 2014	621,060	293,499	5,243	2,642,000	445,377	4,007,179
Total comprehensive income for the year ended 30 June 2015						
Profit after taxation	–	–	–	–	106,422	106,422
Other comprehensive income						
Total Other comprehensive income for the year	–	–	299	–	30,002	30,301
Total comprehensive income for the year	–	–	299	–	136,424	136,723
Transactions with owners						
Dividend:						
- Final @ 15% (i.e. Rs. 1.5 per share) for the year ended 30 June 2014	–	–	–	–	(93,159)	(93,159)
Balance as at 30 June 2015	621,060	293,499	5,542	2,642,000	488,642	4,050,743
Total comprehensive income for the year ended 30 June 2016						
Profit after taxation	–	–	–	–	967,136	967,136
Other comprehensive income						
Total Other comprehensive income for the year	–	–	(756)	–	184,301	183,545
Total comprehensive income for the year	–	–	(756)	–	1,151,437	1,150,681
Transactions with owners						
Issuance of right shares	155,265	745,272	–	–	–	900,537
Transaction cost on issuance of shares	–	(17,863)	–	–	–	(17,863)
Dividend:						
- Final @ 7% (i.e. Re. 0.7 per share) for the year ended 30 June 2015	–	–	–	–	(43,475)	(43,475)
- First interim @ 15% (i.e. Rs. 1.5 per share) for the year ended 30 June 2016	–	–	–	–	(116,449)	(116,449)
- Second interim @ 15% (i.e. Rs. 1.5 per share) for the year ended 30 June 2016	–	–	–	–	(116,449)	(116,449)
Balance as at 30 June 2016	776,325	1,020,908	4,786	2,642,000	1,363,706	5,807,725

The annexed notes from 1 to 50 form an integral part of these unconsolidated financial statements.

Chief Executive   Director   Chief Financial Officer

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

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 the Pakistan Stock Exchange. 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 layers 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 also has investment in subsidiaries and associates, the details of which are stated in notes 17.1 and 17.2.

2. BASIS OF PREPARATION

2.1 Unconsolidated financial statements

These are the unconsolidated financial statements (therein after referred as the financial statements) of the Company in which investments in subsidiaries and associates are accounted for on the basis of direct or indirect 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 and Islamic Financial Accounting Standards (IFASs) issued by Institute of Chartered Accountant of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of and directives of the Companies Ordinance, 1984 shall prevail.

2.3 Basis of measurement

These 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)
– Stores, spares and loose tools and stock-in-trade (refer note 5.6 and 5.7)
– Employee benefits (refer note 5.10)
– Leases (refer note 5.12)
– Taxation (refer note 5.14)
– Impairment (refer note 5.1, 5.3, 5.4 and 5.18)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 July 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

- IFRS 7 'Financial Instruments - Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in the Company's financial statements.

- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

The above amendments are not likely to have an impact on the 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 for the new standards and requirements which become effective during the year as disclosed in the note 4.1.

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 is stated at cost.

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

Subsequent cost

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the 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 the unconsolidated profit and loss account as incurred.

Depreciation

Depreciation is charged to income on a straight line basis at the rates specified in note 14.1 to these financial statements. Depreciation on additions to property, plant and equipment is charged from the month in which an item is acquired or capitalized while no depreciation is charged for the month in which the item is disposed off or retained.

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

Disposal

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

Leased assets

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

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

Capital work in progress

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

Impairment

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

5.2 Intangible assets

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

Subsequent expenditure

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

Amortization

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

Impairment

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

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

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

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

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

A non-derivative financial asset is classified as fair value through profit and loss if it is held for trading or is designated as such upon initial recognition. Investments are designated at fair value through profit and 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 unconsolidated profit and loss account when incurred. Investments at fair value through profit and loss are measured at fair value and changes therein are recognized in the unconsolidated 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. Gain or loss 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 reclassified and included in the unconsolidated 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 other than those at fair value through profit and loss, is reviewed at each reporting date to determine whether there is any indication of impairment. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event(s) had an impact on the estimated future 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 the unconsolidated profit and loss account. When an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the unconsolidated profit and loss account. Impairment losses on available for sale financial assets are recognized by reclassifying the losses accumulated in reserves in equity to the unconsolidated profit and loss account. The cumulative loss that is reclassified from equity to the unconsolidated 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 cumulative impairment loss recognized previously in the unconsolidated profit and loss account.

If in subsequent period, the fair value of an impaired available for sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed with the amount of reversal recognized in the unconsolidated 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 or value in use) of investment with its carrying amount. An impairment loss is recognized in the unconsolidated profit and loss account. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

Derivative financial instruments

The 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 reporting dates. The fair value of a derivative is equivalent to the unrealized gain or loss from marking to market the derivative using prevailing market rates. Derivatives with positive market values (unrealized gains) are included in other receivables and derivatives with negative market values (unrealized losses) are included in other liabilities in the unconsolidated balance sheet. The resultant gains and losses from derivatives held for trading purposes are recognized in the unconsolidated 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 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 less impairment, if any.

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

5.8 Trade debts and other receivables

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

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

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

5.11 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 unconsolidated 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 unconsolidated 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 unconsolidated profit and loss account on a straight-line basis over the period of the lease.

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

5.13 Asset held under Ijarah financing

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

5.14 Trade and other payables

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

5.15 Taxation

Current

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

Deferred

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

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

5.16 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 unconsolidated 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 unconsolidated profit and loss account.

Unrealized gains and losses arising on revaluation of securities classified as 'available for sale' are recognized in the unconsolidated statement of comprehensive income in the period in which they arise.

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

5.17 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 unconsolidated profit and loss account currently.

5.18 Provisions

A provision is recognized in the unconsolidated 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 reporting date and adjusted to reflect the current best estimate.

5.19 Impairment

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

5.20 Foreign currency translation

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

5.21 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the unconsolidated 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.

5.22 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.

5.23 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 reporting date is considered as a non-adjusting event and is recognized in the financial statements in the period in which such transfers are made.

5.24 Earnings per share

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

6. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

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

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

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

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

7.1 During year ended 30 June 2015, the Company entered into a long term loan arrangement with Allied Bank Limited for an amount of Rs. 312 million. The term of the loan is 5 years from the date of disbursement with a grace period of 1 year, repayable in 16 equal quarterly installments started from December 2015. During the year, Company has made repayment of Rs. 58.5 million. Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum. During the year, mark-up on such arrangements ranged between 7.6% to 8.49% (2015: 8.34% to 11.68%) per annum. The facility is secured against first joint pari passu hypothecation / equitable mortgage on plant, machinery and property of the Company.

7.2 During the year, the Company entered into a long term loan arrangement with Saudi Pak Industrial and Agricultural Investment Company Limited for an amount of Rs. 250 million. The term of the loan is 5 years from the date of disbursement including a grace period of 1 year, repayable in 8 equal semi annual installments starting from eighteen month from date of disbursement. Mark-up is payable at the rate of 6 months KIBOR plus 2.5% per annum. During the year, mark-up on such arrangement is 8.85% to 9.54% (2015: Nil) per annum. The facility is secured against first exclusive mortgage charge on land and building and property of the Company.

8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Minimum lease payments		Future finance costs		Present value of minimum lease payments	
Rupees in '000	**2016**	2015	**2016**	2015	**2016**	2015
Not later than one year	69,040	55,490	10,353	8,207	58,687	47,283
Later than one year and not later than five years	85,759	49,481	8,614	3,114	77,145	46,367
	154,799	104,971	18,967	11,321	135,832	93,650
Less: Current portion shown under current liabilities					58,687	47,283
					77,145	46,367

8.1 The 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 from three years to five years (2015: three years) and the liability is payable by the month ranging from three months to sixty months (2015: seven month to thirty-five months). The periodic lease payments include built-in rates of mark-up ranging between 11.10% to 15.41% (2015: 12.04% to 20.25%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 152.669 million (2015: Rs. 91.058 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.

9. DEFERRED INCOME

The Company entered into sale and lease back arrangements resulting in deferred income (representing excess of sales proceeds over the carrying amount of respective assets) out of which Rs. 4.552 million (2015: Rs. 1.858 million) is classified in current liabilities; being current portion of deferred income of Rs. 13.731 million (2015: Rs. 3.173 million). The deferred income will be amortized to unconsolidated profit and loss account over the lease term. During the year Rs. 2.682 million (2015: 2.043 million) is amortized in the unconsolidated profit and loss account.

10. TRADE AND OTHER PAYABLES

Rupees in '000	Note	**2016**	2015
Trade creditors		73,284	16,194
Bills payable		2,058	307,854
Commission payable		653	1,074
Customer's security deposits		1,750	1,750
Accrued liabilities	10.1	387,571	73,560
Advances from customers		59,425	114,236
Provisions	10.2	122,186	90,998
Due to related parties	10.3	1,074	16
Payable to provident fund		1,723	1,251
Retention money		1,550	287
Sales Tax payable		77	1,574
Withholding tax payable		5,231	1,835
Workers' Profit Participation Fund	10.4	2,661	4,302
Workers' Welfare Fund		22,982	14
Dividend payable - Second interim		116,449	–
Unclaimed dividend		22,638	12,012
Others		28,846	10,675
		850,158	637,632

Rupees in '000	Note	2016	2015
10.1 Accrued liabilities			
Salaries, wages and other benefits		31,187	9,798
Accrual for 10-C bonus		2,075	137
Compensated absences		12,614	11,753
Liquidated damages		105,815	–
Custom duty	10.1.1	134,569	–
Others	10.1.2	101,311	51,872
		387,571	73,560

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

10.1.2 This includes liability against Gas Infrastructure Development Cess of Rs. 11.988 million (2015: 11.988 million).

10.2 Movement in provisions

Rupees in '000	Infrastructure fee Note 10.2.1	Sales Tax Note 10.2.2	Liquidated damages Note 10.2.3	Total
Opening balance as at 1 July 2015	61,476	3,242	26,280	90,998
Provision for the year	62,407	–	–	62,407
Payments during the year	(31,219)	–	–	(31,219)
Closing balance as at 30 June 2016	92,664	3,242	26,280	122,186

10.2.1 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. 65.219 million (2015: Rs. 38.219 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 favour. Current year charge has been estimated on the value of imports during the year and forms a component of cost of such imported raw materials. Any subsequent adjustment with respect to increase or decrease in the estimate has been recognized in the unconsolidated profit and loss account. However, on a prudent basis full provision has been recognized.

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

10.2.3 The provision has been recognized on account of liquidated damages claimed by customers on delayed supply of goods. The Company is in the process of negotiating this matter and expects that this may be resolved. However, on a prudent basis full provision has been recognized.

10.3 This represents balance due to Premier Insurance Limited - a related party amounting to Rs. 1.074 million (2015: Rs. 0.02 million).

Rupees in '000	Note	**2016**	2015
10.4 Workers' Profit Participation Fund			
Opening balance as at 1 July		4,302	9,023
Allocation for the year	34	73,359	–
Mark-up on funds utilized in the Company's business	36	–	130
		77,661	9,153
Amount paid to the trustees of the fund		(75,000)	(4,851)
Closing balance as at 30 June		2,661	4,302

11. MARK-UP ACCRUED

Mark-up accrued on:			
- Finance lease obligations		304	346
- Long term loans		4,758	2,268
- Running finance and short term loans		15,961	9,069
		21,023	11,683

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

Rupees in '000	Note	**2016**	2015
12. SHORT TERM BORROWINGS			
Secured from banking companies			
Running finances under mark-up arrangements	12.1	179,837	301,822
Short term loans	12.2	1,904,138	–
		2,083,975	301,822

12.1 Short term running finance available from conventional side of various commercial banks under mark-up arrangements amounted to Rs. 550 million (2015: Rs. 550 million) out of which Rs. 250 million (2015: Rs. 250 million), Rs.50 million (2015: Rs. 50 million) and Rs.100 million (2015: Rs. Nil) is interchangeable with letters of credit facility, Finance Against Import Material (FIM) and letter of guarantee facility respectively. During the year, mark-up on such arrangements ranged between 7.75% to 8.99% (2015: 8.33% to 12.37%) per annum.

12.2 This includes an amount of Rs. 219 million outstanding against Istisnaa Financing. Short term loans available from various commercial banks under mark-up arrangements amounted to Rs. 4,662 million (2015: Rs. 1,300 million) out of which Rs. 3,708 million (2015: Rs. 400 million), Rs. 50 million (2015: Rs. 50 million) and Rs. 310 million (2015: Rs. Nil) is interchangeable with letters of credit, running finance facility and letter of guarantee facility respectively. During the year, mark-up on such arrangements ranged between 7.82% to 9.01% (2015: 9.76% to 12.62%) per annum.

12.3 The facilities for opening letters of credit amounted to Rs. 4,790 million (2015: Rs. 1,500 million) out of which Rs. 250 million (2015: Rs. 250 million), Rs. 3,710 million (2015: Rs. 400 million) and Rs. 410 million (2015: Rs. Nil) are interchangeable with short term running finance, short term loans and letter of guarantee respectively as mentioned in notes 12.1 and 12.2 above. The facility for letters of guarantee as at 30 June 2016 amounted to Rs. 1,339 million (2015: Rs. 727 million). Amounts unutilized for letters of credit and guarantees as at 30 June 2016 were Rs. 2,642 million and Rs. 113 million (2015: Rs. 548.405 million and Rs. 50.201 million) respectively.

12.4 The above facilities are expiring on various dates and are secured by way of hypothecation of plant and machinery, stock-in-trade, trade debts and other current assets, pledge of shares and cotton / cotton yarn; and lien over import / export document (refer note 25.5).

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance), thus rendering the Company liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In 2011, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. However, in 2013, a larger bench of Sindh High Court (SHC) passed an order declaring that the amendments introduced through Finance Act, 2008 do not suffer from any constitutional and legal infirmity.

Both the decisions of LHC and SHC are pending before Supreme Court for adjudication. The management's tax advisor is of the view that the decision of LHC will remain applicable to the 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. 12.053 million has not been recorded in these financial statements.

13.1.2 During year ended 30 June 2015, a show cause notice was issued by the Deputy Director, Directorate of Post Clearance Audit (Customs) Karachi for payment of duties and taxes on import of certain raw materials. In response the Company had contested that the said imports were exempt under bilateral agreement between Government of Pakistan and Government of Japan for projects under grant and accordingly these were cleared by the customs. However, the collector customs has issued an order dated 22 May 2015 for recovery of the said duty and taxes and penalty thereon amounting to Rs. 44.773 million. The Company has filed an appeal with Appellate Tribunal (Customs) against the order. No provision has been recognized in these financial statements as the case is under appeal and management considers that the same would be decided in Company's favour.

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

13.1.4 Sindh Industrial Trade Estate (SITE) has cancelled allotment of plot A-26 and A-27 and charged non-utilization fees of Rs. 0.285 million and Rs. 0.621 million respectively. The 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.

13.2 Commitments

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

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

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

13.2.2 Aggregate amount of guarantees issued by conventional side of banks on behalf of the Company against various contracts aggregated Rs. 1,125.110 million (2015: Rs. 676.799 million).

13.2.3 Commitments in respect of capital expenditure contracted for as at 30 June 2016 amounted to Rs. 41.234 million (2015: Rs. 13.101 million) in relation to office premises located in Islamabad payable on completion of project.

13.2.4 Commitments under letters of credit (L/C) as at 30 June 2016 amounted to Rs. 578.600 million (2015: Rs. 651.730 million).

Rupees in '000	Note	2016	2015
14. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	14.1	710,788	670,823
Capital work-in-progress	14.4	111,848	109,849
		822,636	780,672

14.1 Operating fixed assets

Description		Land		Buildings		Office	Plant and machinery		Electrical /	Furniture	Computers	Motor vehicles		Total
Rupees in '000		Freehold	Leasehold including improvements	On freehold land	On leasehold land	premises	Owned *	Leased	office equipment and installation	and fittings		Owned	Leased	
Net carrying value as at 1 July 2015														
Opening net book value (NBV)		209,143	3,864	75,700	1,950	17	182,938	130,904	12,844	2,355	5,544	29,080	16,484	670,823
Additions / transfers	14.1.1	–	–	15,170	–	9,000	60,476	83,641	6,275	512	2,004	35,046	29,689	241,813
Disposals (at NBV)	14.5	–	–	–	–	–	(25,148)	(35,683)	(13)	–	(74)	(30,350)	(5,266)	(96,534)
Depreciation charge	14.1.1	–	(54)	(13,082)	(551)	(81)	(48,821)	(18,220)	(5,145)	(528)	(3,468)	(9,521)	(5,843)	(105,314)
Balance as at 30 June 2016 (NBV)		209,143	3,810	77,788	1,399	8,936	169,445	160,642	13,961	2,339	4,006	24,255	35,064	710,788
Gross carrying value as at 30 June 2016														
Cost	14.2	209,143	5,299	221,789	70,027	49,493	1,269,182	187,186	60,074	18,422	52,386	50,998	41,564	2,235,563
Accumulated depreciation		–	(1,489)	(144,001)	(68,628)	(40,557)	(1,099,737)	(26,544)	(46,113)	(16,083)	(48,380)	(26,743)	(6,500)	(1,524,775)
Net book value		209,143	3,810	77,788	1,399	8,936	169,445	160,642	13,961	2,339	4,006	24,255	35,064	710,788
Net carrying value as at 1 July 2014														
Opening net book value (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
Additions / transfers		–	–	–	–	–	68,290	33,836	6,224	246	2,909	17,969	3,810	133,284
Disposals (at NBV)		–	–	–	–	–	(33,724)	(3,539)	(43)	–	–	(5,115)	(4,055)	(46,476)
Depreciation charge		–	(53)	(12,938)	(1,110)	(6)	(49,718)	(14,783)	(4,574)	(505)	(2,932)	(7,589)	(6,169)	(100,377)
Balance as at 30 June 2015 (NBV)		209,143	3,864	75,700	1,950	17	182,938	130,904	12,844	2,355	5,544	29,080	16,484	670,823
Gross carrying value as at 30 June 2015														
Cost		209,143	5,646	206,750	70,027	40,493	1,248,230	153,919	54,661	18,715	58,113	64,524	26,167	2,156,388
Accumulated depreciation		–	(1,782)	(131,050)	(68,077)	(40,476)	(1,065,292)	(23,015)	(41,817)	(16,360)	(52,569)	(35,444)	(9,683)	(1,485,565)
Net book value		209,143	3,864	75,700	1,950	17	182,938	130,904	12,844	2,355	5,544	29,080	16,484	670,823
Depreciation rate (% per annum)		–	1	5 & 10	5 & 10	10	5 - 20	10	5 - 20	10	33.33	20	20	

* Net book value of plant and machinery (owned) includes an aggregate amount of Rs. 0.435 million (2015: Rs. 0.620 million) representing net book value of capitalized spares.

14.1.1 During the year assets having net book value of Rs. 40.948 million (2015: Rs 7.593 million) were transferred from leased assets to owned assets on maturity of lease arrangements.

Rupees in '000		Note	2016	2015
14.1.2	The depreciation charge for the year has been allocated as follows:			
	Cost of sales	30.1	90,128	85,939
	Distribution and selling expenses	32	1,123	1,080
	Administrative expenses	33	12,606	9,587
	Allocated against rental income		1,457	3,771
			105,314	100,377

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

14.3 The fair value of property, plant and equipment as at 30 June 2016 approximated to Rs. 3,056.6 million.

Rupees in '000		Note	2016	2015
14.4	Capital work-in-progress			
	Civil work	14.4.1 & 14.4.2	111,848	107,672
	Plant and machinery		–	1,063
	Software		–	1,042
	Others		–	72
			111,848	109,849

14.4.1 This includes advance against purchase of land and building aggregating Rs. 71.385 million (2015: Rs. 68.385 million) out of which an amount of Rs. 53 million (2015: Rs. 50 million) pertain to advance against purchase of land located at Lahore. The Company holds possession of the land and has applied for transfer of title in its name.

This also includes an amount of Rs. 26.4 million (2015: Rs. 26.4 million) paid by the 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 reasonable grounds in the case and expects a favorable outcome.

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

14.5 The following assets were disposed off during the year:

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

Rupees in '000	Note	2016	2015

15. INTANGIBLE ASSETS

	Note	2016	2015
Net carrying value as at 1 July			
Net book value		9,525	14,031
Additions		831	2,482
Amortization	15.1	(6,849)	(6,988)
Net book value as at 30 June	15.2	3,507	9,525
Gross carrying value as at 30 June			
Cost		69,222	68,391
Accumulated amortization		(63,075)	(56,226)
Accumulated impairment		(2,640)	(2,640)
Net book value		3,507	9,525
Amortization rate (% per annum)		33.33	33.33

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

15.2 Intangible assets as at 30 June 2016 include items having an aggregate cost of Rs. 57.596 million (2015: Rs. 43.139 million) that have been fully amortized and are still in use of the Company.

16. INVESTMENT PROPERTIES

Description Rupees in '000	Note	Leasehold land and improvements	Buildings on leasehold land	Office premises	Total
Net carrying value as at 1 July 2015					
Opening net book value (NBV)		3,297	13,693	6,329	23,319
Depreciation charge	16.1	(238)	(1,080)	(2,685)	(4,003)
Balance as at 30 June 2016 (NBV)		3,059	12,613	3,644	19,316
Gross carrying value as at 30 June 2016					
Cost	16.2	4,609	21,608	29,830	56,047
Accumulated depreciation		(1,550)	(8,995)	(26,186)	(36,731)
Net book value		3,059	12,613	3,644	19,316
Net carrying value as at 1 July 2014					
Opening net book value (NBV)		3,535	14,774	8,826	27,135
Additions		–	–	175	175
Depreciation charge		(238)	(1,081)	(2,672)	(3,991)
Balance as at 30 June 2015 (NBV)		3,297	13,693	6,329	23,319
Gross carrying value as at 30 June 2015					
Cost		4,609	21,608	29,830	56,047
Accumulated depreciation		(1,312)	(7,915)	(23,501)	(32,728)
Net book value		3,297	13,693	6,329	23,319
Depreciation rate (% per annum)		1 & 10	5	10 - 20	

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

16.2 Fair value of the investment properties based on recent valuation is Rs. 173.550 million (2015: Rs. 158.550 million), which is determined by independent valuer on the basis of market value.

Rupees in '000	Note	2016	2015
17. LONG TERM INVESTMENTS			
Subsidiary companies			
- at cost	17.1	2,502,000	1,930,039
- share deposit money			
Crescent Hadeed (Private) Limited		281,650	89,500
Shakarganj Energy (Private) Limited		2,090	–
Associated companies - at cost	17.2	970,242	839,689
Other long term investments	17.3	178,946	178,946
		3,934,928	3,038,174

17.1 Subsidiary companies - at cost

2016	2015		Note	2016	2015
Number of shares				Rupees in '000	
		Unquoted			
118,000,000	85,803,900	Shakarganj Energy (Private) Limited (Chief Executive Officer - Mr. Muhammad Saad Thaniana)	17.1.1	1,180,000	858,039
47,199,995	47,199,995	CS Capital (Private) Limited (Chief Executive Officer - Ms. Hajerah Ahsan Saleem)	17.1.2	472,000	472,000
85,000,000	60,000,000	Crescent Hadeed (Private) Limited (Chief Executive Officer - Mr. Iqbal Zafar Siddiqui)	17.1.3	850,000	600,000
2	2	Crescent Continental Gas Pipelines Limited (US $ 1 each)	17.1.4	–	–
				2,502,000	1,930,039

17.1.1 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 issue offered by the investee company aggregating Rs. 32.196 million ordinary shares for Rs. 321.961 million.

17.1.2 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.

17.1.3 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 made by the investee company aggregating 25 million ordinary shares for Rs. 250 million.

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

17.2 Associated companies - at cost

2016	2015		Note	2016	2015
Number of shares				Rupees in '000	
		Quoted			
60,475,416	60,475,416	Altern Energy Limited	17.2.1	593,488	593,488
		(Chief Executive Officer - Mr. Taimur Dawood)			
24,119,987	15,244,665	Shakarganj Limited	17.2.2	477,315	388,562
		(Chief Executive Officer - Mr. Anjum M. Saleem)			
				1,070,803	982,050
		Less: Provision for impairment	17.2.3	100,561	142,361
				970,242	839,689

17.2.1 The Company hold 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 requirement of IAS 28 'Investments in Associates', therefore it has been treated as an associate as per IAS 28.

17.2.2 The Company holds 21.93% shareholding in Shakarganj Limited and there is no common directorship in the investee company. However, the Company directly and / or indirectly has significant influence as per requirement of IAS 28 'Investments in Associates', therefore it has been treated as an associate as per IAS 28.

17.2.3 This represents provision for diminution in the value of investment in ordinary shares of Shakarganj Limited.

Rupees in '000	2016	2015
17.2.4 Market value of investments in associates is as follows:		
Altern Energy Limited	2,216,424	1,935,213
Shakarganj Limited	376,754	259,159
	2,593,178	2,194,372

Percentage of holding	2016	2015
17.2.5 Percentage of holding of equity in associates is as follows :		
Altern Energy Limited	16.64	16.64
Shakarganj Limited	21.93	21.93

Rupees in '000	Note	2016	2015
17.3 Other long term investments - Available for sale			
Investments in related parties	17.3.1	58,946	58,946
Other investment	17.3.4	120,000	120,000
		178,946	178,946

17.3.1 Investment in related parties

2016	2015		Note	2016	2015
Number of shares				Rupees in '000	
		Unquoted			
2,403,725	2,403,725	Crescent Bahuman Limited	17.3.2	24,037	24,037
1,047,000	1,047,000	Crescent Industrial Chemicals Limited	17.3.3	10,470	10,470
1,852,500	1,852,500	Central Depository Company of Pakistan Limited (CDC)		58,946	58,946
				93,453	93,453
		Less: Provision for impairment		34,507	34,507
				58,946	58,946

17.3.2 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 (2015: Rs. Nil per share), calculated on the basis of audited annual financial statements for the year ended 30 June 2015.

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

17.3.4 Other investments

2016	2015		2016	2015
Number of shares			Rupees in '000	
		Unquoted		
12,000,000	12,000,000	Shakarganj Food Products Limited	120,000	120,000

Rupees in '000	2016	2015
18. LONG TERM DEPOSITS		
Security deposits - leasing companies	15,334	11,601
Security deposits - Ijarah financing arrangement	150,648	–
Security deposits - others	10,686	12,619
	176,668	24,220

Rupees in '000	Note	2016	2015
19. DEFERRED TAXATION - NET			
Deferred tax credits / (debits) arising in respect of:			
Taxable temporary differences			
Accelerated tax depreciation / amortization		17,719	18,408
Finance lease obligations		17,962	17,197
Employee benefits - Defined benefit plan		129,874	50,887
Unrealized gain on held for trading investments		3,802	5,290
		169,357	91,782
Deductible temporary differences			
Tax loss		–	(57,947)
Provision for slow moving stores, spares and loose tools		(12,648)	(23,251)
Provisions for doubtful trade debts, doubtful advances and others		(39,979)	(29,915)
Discounting on long term deposit		(26,805)	–
Deferred income		(4,119)	–
Provisions for impairment of fixed assets		(6,186)	(6,598)
Provision of Gas Infrastructure Development Cess		(3,597)	(3,836)
Provision for diminution in the value of investments		(7,764)	(8,282)
		(101,098)	(129,829)
		68,259	(38,047)
19.1 Break up of deferred tax charge / (reversal) is as following:			
Unconsolidated profit and loss		27,320	(61,890)
Other comprehensive income		78,987	14,120
		106,307	(47,770)
20. STORES, SPARES AND LOOSE TOOLS			
Stores - steel segment		14,410	9,680
Spare parts - steel segment		99,494	53,416
Loose tools - steel segment		1,481	1,122
Stores and spares - cotton segment		38,357	51,158
		153,742	115,376
Less: Provision for slow moving items	20.1	42,159	48,575
		111,583	66,801
20.1 Movement in provision for slow moving items			
Opening balance		48,575	45,814
Provision made during the year		368	2,761
Reversal of provision made during the year		(6,784)	–
Closing balance		42,159	48,575

Rupees in '000	Note	2016	2015
21. STOCK-IN-TRADE			
Raw materials			
Hot rolled steel coils (HR Coil)		1,390,626	11,727
Coating materials		234,524	31,546
Others		149,098	19,331
Raw cotton		28,332	32,901
Stock-in-transit		220,648	315,294
	21.1	2,023,228	410,799
Work-in-process	21.1 & 30.1	86,922	13,480
Finished goods	21.1 & 30.1	145,761	26,062
Scrap / cotton waste		10,876	2,767
		243,559	42,309
		2,266,787	453,108

21.1 Stock-in-trade as at 30 June 2016 includes items valued at net realisable value (NRV) as follows. The write down to NRV amounting to Rs. 75.618 million (2015: Rs. 8.914 million) has been recognized in cost of goods sold.

Rupees in '000	Cost	NRV
Raw material	2,025,680	2,023,228
Work-in-process	88,060	86,922
Finished goods	217,789	145,761
	2,331,529	2,255,911

Rupees in '000	Note	2016	2015
22. TRADE DEBTS			
Secured			
Considered good	22.1	297,296	33,749
Unsecured			
Considered good		25,555	54,173
Considered doubtful		14,271	5,684
Provision for doubtful trade debts	22.2	(14,271)	(5,684)
		25,555	54,173
		322,851	87,922

22.1 This includes amounting to Rs. 59.107 million (2015: Rs. 32.381 million) and Rs. 12.526 million due from wholly owned subsidiary companies Crescent Hadeed (Private) Limited and Shakarganj Energy (Private) Limited respectively. This also includes Rs. 8.776 million (2015: Nil) due from Shakarganj Limited.

Rupees in '000	Note	2016	2015
22.2 Movement in provision for doubtful trade debts			
Opening balance		5,684	2,786
Provision made during the year		8,587	3,936
Reversal of provision made during the year		–	(201)
Written off during the year against provision		–	(837)
Closing balance		14,271	5,684

23. ADVANCES

Rupees in '000	Note	2016	2015
Unsecured			
Advances - considered good			
Executives		4,823	2,541
Suppliers for goods and services		35,007	15,326
Advances - considered doubtful			
Suppliers for goods and services		47	47
Provision for doubtful advances		(47)	(47)
		–	–
		39,830	17,867

24. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Rupees in '000	Note	2016	2015
Security deposits - leasing companies		8,657	5,154
Security deposits - others		1,306	848
Prepayments		6,561	5,409
		16,524	11,411

25. INVESTMENTS

Rupees in '000	Note	2016	2015
Investments in related parties			
Available for sale	25.1	8,812	9,568
Held to maturity	25.2	–	13,347
Other investments			
Available for sale	25.3	–	–
Held for trading	25.4	383,134	365,090
		383,134	365,090
		391,946	388,005

25.1 Available for sale

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

2016	2015	Name of investee company	Note	2016	2015
(Number of shares)				Rupees in '000	
		Quoted			
452,379	452,379	The Crescent Textile Mills Limited	25.1.1	8,812	9,568

25.1.1 The Company has recognized impairment loss in previous years amounting to Rs. 4.537 million (2015: Rs. 4.537 million) against the investment.

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

25.3 Available for sale

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

2016	2015	Name of investee company	Note	2016	2015
(Number of shares)				Rupees in '000	
		Unquoted			
1,996	1,996	Innovative Investment Bank Limited	25.3.1	–	–
		Quoted			
26,490	26,490	Jubilee Spinning and Weaving Mills Limited	25.3.1	–	–
				–	–

25.3.1 These investments are fully impaired as their break-up value of share is Rs. Nil per share (2015: Rs. Nil).

25.4 Held for trading

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

2016	2015	Name of investee company	2016	2015
(Number of share / certificates)			Rupees in '000	
60,000	70,000	Agriauto Industries Limited *	11,715	13,016
6,300	6,300	Attock Cement Pakistan Limited	1,504	1,201
–	40,000	Avanceon Limited	–	1,337
–	51,000	Century Insurance Company Limited	–	1,071
142,000	142,400	Cherat Cement Company Limited	16,979	12,394
345,000	345,000	D.G. Khan Cement Company Limited	65,719	49,256
200,000	10,000	Engro Fertilizer Limited	12,896	887
15,000	15,000	Fatima Fertilizer Company Limited	509	586
182,500	182,500	Fauji Fertilizer Bin Qasim Limited	9,674	10,096
55,000	55,000	Fauji Fertilizer Company Limited	6,310	8,218
1,350	1,350	Innovative Investment Bank Limited	–	–
90,000	90,000	International Industries Limited	7,278	6,043
2,000,000	250,000	K-Electric Limited **	16,120	2,105
100,000	50,000	Kohat Cement Limited	13,096	9,992
100,000	100,000	Kohinoor Energy Limited	4,120	5,050
140,000	140,000	Kot Addu Power Company Limited	12,495	12,046
–	10,000	Nishat Mills Limited	–	1,142
152,000	200,000	Nishat Power Limited	7,677	11,708
55,000	30,000	Oil and Gas Development Company Limited	7,594	5,377
–	180,000	Pakcem Limited (Formerly Lafarge Pakistan Cement Limited)	–	3,503
100,000	100,000	Pakgen Power Limited	2,405	3,001
240,500	240,000	Pakistan International Bulk Terminals Limited	7,713	8,592
50,000	50,000	Pakistan Oilfields Limited	17,374	20,191
360,000	360,000	Pakistan Petroleum Limited	55,818	59,134
50,000	50,000	Pakistan State Oil Company Limited	18,773	19,289
550,000	550,000	Pakistan Telecommunication Company Limited	8,267	11,275
1,705,000	1,700,000	PICIC Growth Fund	40,579	46,665
500,673	501,173	PICIC Investment Fund	5,658	6,555
–	10,000	Pioneer Cement Limited	–	852
300,000	50,000	Sui Northern Gas Pipelines Limited	10,888	1,332
35,000	–	Sui Southern Gas Company Limited	963	–
–	100,000	Telecard Limited	–	426
175,000	350,000	The Hub Power Company Limited	21,010	32,750
			383,134	365,090

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

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

25.5 The market value of investments which have been pledged with financial institutions as security against financing facilities (refer note 12.4) are as follows:

Rupees in '000	Note	2016	2015
Name of investee company			
Altern Energy Limited (Long term investment)		2,216,408	1,200,000
Agriauto Industries Limited		11,715	–
Attock Cement Pakistan Limited		1,504	1,201
Cherat Cement Company Limited		16,978	8,041
D.G. Khan Cement Company Limited		58,099	49,256
Fatima Fertilizer Company Limited		509	–
Fauji Fertilizer Bin Qasim Limited		9,674	10,096
Fauji Fertilizer Company Limited		6,310	8,218
International Industries Limited		7,278	6,043
K-Electric Limited		3,627	–
Kohat Cement Limited		13,096	–
Kohinoor Energy Limited		4,120	5,050
Kot Addu Power Company Limited		12,495	12,046
Nishat Power Limited		5,051	5,854
Oil and Gas Development Company Limited		7,594	5,377
Pakgen Power Limited		2,405	–
Pakistan Oilfields Limited		17,375	20,191
Pakistan Petroleum Limited		55,819	59,134
Pakistan State Oil Company Limited		18,773	19,289
Pakistan Telecommunication Company Limited		8,267	11,275
PICIC Growth Fund		40,579	–
Sui Southern Gas Company Limited		963	–
The Hub Power Company Limited		21,010	32,749
		2,539,649	1,453,820

26. OTHER RECEIVABLES

	Note	2016	2015
Dividend receivables		1,525	938
Receivable against sale of investment		–	63
Receivable against rent from investment property		674	305
Claim receivable		562	562
Due from related parties	26.1	64,739	18,393
Retention money receivable		149,163	–
Sales tax refundable		90,216	2,426
Margin on letter of credit / letter of guarantee		19,022	–
Receivable from staff retirement benefits funds	42	456,276	177,575
Others		3,227	49
		785,404	200,311

26.1 Due from related parties

		2016	2015
Shakarganj Limited		1,273	–
CS Capital (Private) Limited		83	137
Shakarganj Energy (Private) Limited		21,319	680
Crescent Hadeed (Private) Limited		30,564	10,376
Solution de Energy (Private) Limited		11,500	7,200
		64,739	18,393

Rupees in '000	2016	2015
27. TAXATION - NET		
Advance taxation	2,311,309	1,671,641
Provision for taxation	(1,781,988)	(1,460,871)
	529,321	210,770

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 tax year 2009, are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 unless selected for an amendment / audit by the taxation authorities. Deemed assessments for certain tax years were amended by the department resulting in additional demand of Rs. 109.227 million (2015: Rs. 109.227 million) which is currently pending in appeals before the Appellate Tribunal Inland Revenue and the Commissioner Inland Revenue (Appeals).

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

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

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

No provision has been made in these financial statements in respect of tax years as mentioned above, since based on the tax consultant's opinion the management is confident of favourable outcome of these appeals.

27.2 Under Section 5A of the Income Tax Ordinance, 2001, every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40% of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year.

The Board of Directors in their meeting held on 15 August 2016 has distributed sufficient cash dividend for the year ended 30 June 2016 (refer note 49.2) which complies with the above stated requirement. Accordingly, no provision for tax on undistributed reserves has been recognized in these financial statements for the year ended 30 June 2016.

Rupees in '000	Note	2016	2015
28. CASH AND BANK BALANCES			
With banks - Conventional banking			
- in saving account	28.1	56,197	40,288
- in current accounts		5,559	301
		61,756	40,589
Cash in hand		1,146	1,962
		62,902	42,551

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

Rupees in '000	Note	2016	2015
29. SALES - NET			
Local sales			
Bare pipes		3,469,451	379,146
Pre coated pipes		3,954,524	248,478
Pipe coating		991,498	–
Cotton yarn / raw cotton		34,338	1,465,557
Others		116,404	77,634
Scrap / waste		101,157	48,275
Sales returns		–	(27,126)
		8,667,372	2,191,964
Export sales			
Cotton yarn		–	40,260
		8,667,372	2,232,224
Sales tax		(1,255,337)	(130,660)
		7,412,035	2,101,564
30. COST OF SALES			
Steel segment	30.1	5,124,130	518,217
Cotton segment	30.1	144,929	1,550,853
		5,269,059	2,069,070

30.1 Cost of sales

		Steel segment		Cotton Segment		Total	
Rupees in '000	Note	**2016**	2015	**2016**	2015	**2016**	2015
Raw materials consumed		4,494,712	285,550	37,138	1,049,343	4,531,850	1,334,893
Cost of raw cotton sold		–	–	18,672	52,839	18,672	52,839
Packing materials consumed		–	–	643	21,777	643	21,777
Store and spares consumed		98,815	22,894	11,592	31,588	110,407	54,482
Fuel, power and electricity		76,736	23,964	16,545	164,513	93,281	188,477
Salaries, wages and other benefits	30.2	192,560	78,627	28,002	100,799	220,562	179,426
Insurance		3,656	1,664	2,702	3,100	6,358	4,764
Repairs and maintenance		10,209	5,604	5,982	3,284	16,191	8,888
Depreciation	14.1.2	31,341	27,310	58,787	58,629	90,128	85,939
Rental under Ijarah financing		13,180	–	–	–	13,180	–
Stock-in-trade written down to NRV		72,141	8,914	3,477	–	75,618	8,914
Other expenses		285,904	37,901	(594)	17,251	285,310	55,152
		5,279,254	492,428	182,946	1,503,123	5,462,200	1,995,551
Opening stock of work-in-process	21	13,368	10,153	112	31,854	13,480	42,007
Closing stock of work-in-process		(76,672)	(13,368)	(10,250)	(112)	(86,922)	(13,480)
		(63,304)	(3,215)	(10,138)	31,742	(73,442)	28,527
Cost of goods manufactured		5,215,950	489,213	172,808	1,534,865	5,388,758	2,024,078
Opening stock of finished goods	21	26,062	55,066	–	15,988	26,062	71,054
Closing stock of finished goods		(117,882)	(26,062)	(27,879)	–	(145,761)	(26,062)
		(91,820)	29,004	(27,879)	15,988	(119,699)	44,992
		5,124,130	518,217	144,929	1,550,853	5,269,059	2,069,070

30.2 Detail of salaries, wages and other benefits

Salaries, wages and other benefits	30.2.1	182,884	77,361	26,456	98,617	209,340	175,978
Gratuity fund	30.2.2	1,860	(954)	43	104	1,903	(850)
Pension fund	30.2.2	4,607	(309)	878	260	5,485	(49)
Provident fund contributions		3,209	2,529	625	1,818	3,834	4,347
		192,560	78,627	28,002	100,799	220,562	179,426

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

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

Rupees in '000	Note	2016	2015
31. INCOME FROM INVESTMENTS			
Dividend income	31.1	22,596	212,080
(Loss) / gain on sale of investments - net	31.1	(13,300)	73,348
Unrealized gain on held for trading investments - net	31.1	28,164	16,910
Rent from investment properties	31.2	5,095	6,364
		42,555	308,702

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

Name of investee company	Dividend income	Realised gain / (loss)	Unrealised gain / (loss)
Shariah compliant investee companies			
Agriautos Industries Limited	600	(160)	558
Attock Cement Pakistan Limited	66	–	303
Avanceon Limited	–	237	–
Cherat Cement Company Limited	569	4	4,621
D.G. Khan Cement Company Limited	1,725	–	16,463
Engro Corporation Limited	–	130	–
Engro Fertilizer Limited	–	13	(198)
Fatima Fertilizer Company Limited	–	–	(77)
Fauji Cement Company Limited	–	11	–
Fauji Fertilizer Bin Qasim Limited	694	–	(422)
Fauji Fertilizer Company Limited	537	–	(1,909)
K-Electric Limited	–	(579)	1,344
Kohat Cement Limited	450	–	3,104
Kohinoor Energy Limited	550	–	(930)
Nishat Mills Limited	–	(127)	–
Pakistan Telecommunication Company Limited	1,100	–	(3,009)
Pakgen Power Limited	200	–	(596)
Pakistan Oilfields Limited	2,000	(2,989)	1,885
Pakistan Petroleum Limited	2,250	–	(3,316)
Pioneer Cement Limited	–	22	–
Sui Northern Gas Limited	–	283	3,184
Telecard Limited	–	(66)	–
The Hub Power Company Limited	2,364	1,125	4,636
Non- Shariah compliant investee companies			
Century Insurance Company Limited	–	103	–
International Industries Limited	315	–	1,236
Kot Addu Power Company Limited	1,260	–	449
Pakcem Limited	–	276	–
TRG Pakistan Limited	–	(90)	–
Sui Southern Gas Company Limited	–	–	(440)
Pakistan State Oil Company Limited	450	–	(517)
PICIC Growth Fund	–	(9,231)	2,234
Carry forward	15,130	(11,038)	28,603

Name of investee company		Dividend income	Realised gain / (loss)	Unrealised gain / (loss)
Brought forward		15,130	(11,038)	28,603
PICIC Investment Fund		–	(1,488)	255
Nishat Power Limited		807	(501)	(1,100)
Oil and Gas Development Company Limited		184	–	(783)
Pakistan International Bulk Terminals Limited		–	(556)	1,189
The Crescent Textile Mills Limited	31.1.1	656	283	–
First UDL Modaraba		9	–	–
Others				
Central Depository Company of Pakistan Limited		5,810	–	–
		22,596	(13,300)	28,164

31.1.1 Unrealized loss amounting to Rs. 0.756 million on this investment was recognized in the other comprehensive income during the year.

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

31.2 Direct operating expenses incurred against rental income from investment properties amounted to Rs. 3.91 million (2015: Rs. 4.763 million). Further Rs. 1.083 million (2015: Rs. 3.419 million) were incurred against the non rented out area.

32. DISTRIBUTION AND SELLING EXPENSES

		Steel segment		Cotton Segment		Total	
Rupees in '000	Note	**2016**	2015	**2016**	2015	**2016**	2015
Salaries, wages and other benefits	32.1	6,141	8,442	1,141	1,509	7,282	9,951
Commission		–	–	67	8,842	67	8,842
Travelling, conveyance and entertainment		1,318	904	187	109	1,505	1,013
Depreciation	14.1.2	1,123	1,080	–	–	1,123	1,080
Insurance		183	222	–	17	183	239
Postage, telephone and telegram		106	88	125	104	231	192
Advertisement		185	–	–	–	185	–
Bid bond expenses		411	1,801	–	–	411	1,801
Legal and professional charges		3,110	1	–	–	3,110	1
Others		1,036	1,901	364	2,227	1,400	4,128
		13,613	14,439	1,884	12,808	15,497	27,247

32.1 Detail of salaries, wages and other benefits

Salaries, wages and other benefits		5,426	8,289	1,141	1,498	6,567	9,787
Gratuity fund	32.2.1	157	(136)	–	–	157	(136)
Pension fund	32.2.1	377	(7)	–	–	377	(7)
Provident fund contributions		181	296	–	11	181	307
		6,141	8,442	1,141	1,509	7,282	9,951

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

33. ADMINISTRATIVE EXPENSES

		Steel segment		Cotton segment		IID segment		Total	
Rupees in '000	Note	2016	2015	2016	2015	2016	2015	2016	2015
Salaries, wages and other benefits	33.1	86,159	57,480	12,571	13,122	5,936	3,045	104,666	73,647
Rents, rates and taxes		1,779	1,776	293	404	513	725	2,585	2,905
Travelling, conveyance and entertainment		7,328	4,436	1,323	1,208	389	195	9,040	5,839
Fuel and power		6,962	7,935	661	727	340	1,380	7,963	10,042
Postage, telephone and telegram		2,540	2,069	437	530	110	108	3,087	2,707
Insurance		877	1,035	171	233	85	155	1,133	1,423
Repairs and maintenance		25,858	5,364	430	547	1,522	286	27,810	6,197
Auditors' remuneration	33.2	1,899	1,196	448	410	189	129	2,536	1,735
Legal, professional and corporate service charges		11,207	9,979	2,248	2,180	1,659	2,373	15,114	14,532
Advertisement		2,022	412	22	50	120	21	2,164	483
Donations	33.3	66,888	8,691	-	-	4,000	457	70,888	9,148
Depreciation	14.1.2 & 16.1	9,543	7,451	2,560	1,716	4,506	4,411	16,609	13,578
Amortization of intangible assets	15.1	5,479	5,590	1,096	1,118	274	280	6,849	6,988
Printing, stationery and office supplies		4,268	6,298	949	1,219	328	481	5,545	7,998
Newspapers, subscriptions and periodicals		540	1,391	534	700	28	82	1,102	2,173
Others		4,297	5,502	1,030	1,247	685	608	6,012	7,357
		237,646	126,605	24,773	25,411	20,684	14,736	283,103	166,752
33.1 Detail of salaries, wages and other benefits									
Salaries, wages and other benefits		85,602	56,351	15,100	12,831	5,886	2,947	106,588	72,129
Gratuity fund	33.1.1	(1,040)	(1,030)	(2,883)	(183)	(346)	(76)	(4,269)	(1,289)
Pension fund	33.1.1	(1,203)	(53)	(196)	(9)	168	(4)	(1,231)	(66)
Provident fund contributions		2,800	2,212	550	483	228	178	3,578	2,873
		86,159	57,480	12,571	13,122	5,936	3,045	104,666	73,647

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

Rupees in '000	Note	2016	2015
33.2 Auditors' remuneration			
Audit fee	33.2.1	1,525	1,384
Fee for audit of funds' financial statements and other reports		756	196
Out of pocket expenses		255	155
		2,536	1,735

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

33.3 Donations

Donations include the following in which a director is interested :

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

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

Rupees in '000	2016	2015
34. OTHER OPERATING EXPENSES		
Exchange loss	23,500	–
Provision for :		
- Workers' Profit Participation Fund	73,359	–
- Workers' Welfare Fund	22,966	3
- doubtful trade debts	8,587	3,937
- liquidated damages	–	232
- slow moving stores, spares and loose tools - net	–	2,761
- diminution in the value of investments - net impairment against investment in associated company	–	22,386
Liquidated damages	292,841	–
	421,253	29,319
35. OTHER INCOME		
Income from financial assets		
Return on deposits - from conventional side of bank	1,352	2,956
Reversal of provision for diminution in the value of investments	63,545	–
	64,897	2,956
Income from non-financial assets		
Exchange gain	–	2,184
Gain on disposal of operating fixed assets	4,851	5,439
Deferred income amortized	2,682	2,043
Discount income on long term deposit	607	–
Insurance commission	1,365	166
Liabilities written-back	9,188	1,874
Reversal of provision for :		
- stores and spares	6,416	–
- doubtful trade debts	–	202
Rent income	1,080	8,229
Others	2,589	2,466
	28,778	22,603
	93,675	25,559
36. FINANCE COSTS		
Mark-up on short term loans - Shariah arrangement	10,824	–
Interest on - Non - Shariah arrangement		
- finance lease obligations	11,912	12,410
- long term loans	43,978	23,741
- running finances	14,328	34,933
- short term loans	62,200	6,843
Workers' Profit Participation Fund	–	130
Discounting of deposit under Ijarah arrangement	89,959	–
Bank charges	10,579	2,609
	243,780	80,666

Rupees in '000	2016	2015

37. TAXATION

Current		
- for the year	281,109	18,383
- Super tax	40,103	–
- for prior years	(95)	(144)
	321,117	18,239
Deferred	27,320	(61,890)
	348,437	(43,651)

Rupees in '000	2016	2015

37.1 Relationship between taxation expense and accounting profit

Profit before taxation	1,315,573	62,771
Tax at the applicable rate of 32% (2015: 33%)	420,983	20,714
Tax effect of inadmissible expenses / losses	(89,990)	521
Tax effect of income taxed at a lower rate	(21,010)	(64,658)
Prior year tax effect	(95)	(144)
Super tax	40,103	–
Tax effect of change in effective tax rate	(1,554)	(84)
	348,437	(43,651)

38. BASIC AND DILUTED EARNINGS PER SHARE

Profit after taxation	967,136	106,422
	(Number of shares)	
		(Restated)
Weighted average number of ordinary shares in issue during the year	74,574,740	69,751,296
	(Rupees)	
		(Restated)
Basic and diluted earnings per share	12.97	1.53

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

Rupees in '000	Note	2016	2015

39. CASH (USED IN) / GENERATED FROM OPERATIONS

	Note	2016	2015
Profit before taxation		1,315,573	62,771
Adjustments for non cash charges and other items :			
Depreciation on operating fixed assets and investment properties		109,317	104,368
Amortization of intangible assets		6,849	6,988
Charge / (reversal) for the year on staff retirement benefit funds		2,421	(2,397)
Charge for compensated absences		1,740	1,111
Provision for 10-C bonus		2,075	–
Dividend income		(22,596)	(212,080)
Unrealized gain on held for trading investments - net		(28,164)	(16,910)
Loss / (gain) on sale of investments		13,300	(73,348)
(Reversal) / provision for stores, spares and loose tools - net		(6,416)	2,761
Provision of doubtful trade debts - net		8,587	3,735
Provision for Workers' Welfare Fund		22,966	3
Provision for Workers' Profit Participation Fund		73,359	–
Provision for liquidated damages - net		–	232
Provision for diminution in the value of investments		–	22,386
Reversal of provision for diminution in the value of investments		(63,545)	–
Return on deposits		(1,352)	(2,956)
Gain on disposal of operating fixed assets		(4,851)	(5,441)
Deferred income amortized		(2,682)	(2,043)
Liabilities written back		(9,188)	(1,874)
Finance costs		243,780	80,666
Working capital changes	39.1	(2,331,965)	349,546
		(670,792)	317,518

39.1 Working capital changes

	2016	2015
(Increase) / decrease in current assets		
Stores, spares and loose tools	(38,366)	2,394
Stock-in-trade	(1,751,272)	(44,060)
Trade debts	(243,516)	(2,179)
Advances	(21,963)	30,714
Trade deposits and short term prepayments	(10,203)	(6,527)
Other receivables	(305,868)	(3,448)
	(2,371,188)	(23,106)
Increase in current liabilities		
Trade and other payables	39,223	372,652
	(2,331,965)	349,546

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

Rupees in '000	Note	2016	2015
40. CASH AND CASH EQUIVALENTS			
Running finances under mark-up arrangements	12.1	(179,837)	(301,822)
Cash and bank balances	28	62,902	42,551
		(116,935)	(259,271)

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 properties (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 2016				
Sales - net	7,378,136	33,899	–	7,412,035
Cost of sales	5,124,130	144,929	–	5,269,059
Gross profit / (loss)	2,254,006	(111,030)	–	2,142,976
Income from investments	–	–	42,555	42,555
	2,254,006	(111,030)	42,555	2,185,531
Distribution and selling expenses	13,613	1,884	–	15,497
Administrative expenses	237,646	24,773	20,684	283,103
Other operating expenses	417,461	3,794	(2)	421,253
	668,720	30,451	20,682	719,853
	1,585,286	(141,481)	21,873	1,465,678
Other income	16,433	13,697	63,545	93,675
Operating profit / (loss) before finance costs	1,601,719	(127,784)	85,418	1,559,353
Finance costs	230,873	10,928	1,979	243,780
Profit / (loss) before taxation	1,370,846	(138,712)	83,439	1,315,573
Taxation				348,437
Profit after taxation				967,136

Rupees in '000	Steel segment	Cotton segment	IID segment	Total segment
For the year ended 30 June 2015				
Sales - net	609,105	1,492,459	–	2,101,564
Cost of sales	518,217	1,550,853	–	2,069,070
Gross profit / (loss)	90,888	(58,394)	–	32,494
Income from investments	–	–	308,702	308,702
	90,888	(58,394)	308,702	341,196
Distribution and selling expenses	14,439	12,808	–	27,247
Administrative expenses	126,605	25,411	14,736	166,752
Other operating expenses	2,829	4,103	22,387	29,319
	143,873	42,322	37,123	223,318
	(52,985)	(100,716)	271,579	117,878
Other income	8,821	16,191	547	25,559
Operating (loss) / profit before finance costs	(44,164)	(84,525)	272,126	143,437
Finance costs	37,233	39,530	3,903	80,666
(Loss) / profit before taxation	(81,397)	(124,055)	268,223	62,771
Taxation				(43,651)
Profit after taxation				106,422

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

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

41.2.3 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. 7,149.810 million (2015: Rs. 406.368 million) of total Steel segment revenue of Rs. 7,378.136 million (2015: Rs. 609.105 million). Further, revenue from major customers of Cotton segment represents an aggregate amount of Rs. 19.286 million (2015: Rs. 726.724 million) of total Cotton segment revenue of Rs. 33.899 million (2015: Rs. 1,492.459 million).

41.5 Geographical information

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

Rupees in '000	**2016**	2015
Far East	–	40,260
Pakistan	7,412,035	2,061,304
	7,412,035	2,101,564

41.5.2 All non-current assets of the Company as at 30 June 2016 and 2015 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 2016				
Segment assets for reportable segments	4,981,453	448,478	3,292,742	8,722,673
Unallocated corporate assets				761,530
Total assets as per unconsolidated balance sheet				9,484,203
Segment liabilities for reportable segments	611,078	108,262	1,923	721,263
Unallocated corporate liabilities and deferred income				2,955,215
Total liabilities as per unconsolidated balance sheet				3,676,478
As at 30 June 2015				
Segment assets for reportable segments	1,725,602	488,312	2,832,988	5,046,902
Unallocated corporate assets				345,801
Total assets as per unconsolidated balance sheet				5,392,703
Segment liabilities for reportable segments	490,721	163,564	1,483	655,768
Unallocated corporate liabilities and deferred income				686,192
Total liabilities as per unconsolidated balance sheet				1,341,960

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 2016				
Capital expenditure	105,432	11,765	4,960	122,157
Depreciation and amortization	47,485	62,444	6,237	116,166
Non-cash items other than depreciation and amortization - net	326,093	2,518	(99,177)	229,434
For the year ended 30 June 2015				
Capital expenditure	27,042	60,754	593	88,389
Depreciation and amortization	41,431	61,463	4,691	107,585
Non-cash items other than depreciation and amortization - net	33,498	41,113	(276,072)	(201,461)

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 2016. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation:

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

42.1.2 The amounts recognised in unconsolidated balance sheet are as follows:

Rupees in '000	Note	2016 Pension	2016 Gratuity	2016 Total	2015 Pension	2015 Gratuity	2015 Total
Present value of defined benefit obligations	42.1.4	354,115	82,485	436,600	290,974	65,769	356,743
Fair value of plan assets	42.1.5	(660,348)	(232,528)	(892,876)	(410,636)	(123,682)	(534,318)
Asset recognized in balance sheet		(306,233)	(150,043)	(456,276)	(119,662)	(57,913)	(177,575)

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

		2016			2015		
Rupees in '000	Note	Pension	Gratuity	Total	Pension	Gratuity	Total
Opening balance		(119,662)	(57,913)	(177,575)	(76,255)	(39,922)	(116,177)
Net benefit cost / (income)							
charged to profit and loss	42.1.7	4,631	(2,210)	2,421	(122)	(2,296)	(2,418)
Remeasurements recognized							
in other comprehensive income		(178,341)	(84,946)	(263,287)	(32,652)	(11,470)	(44,122)
Contributions by the Company	42.1.5	(12,861)	(4,974)	(17,835)	(10,633)	(4,225)	(14,858)
Closing balance		(306,233)	(150,043)	(456,276)	(119,662)	(57,913)	(177,575)

42.1.4 Movement in the present value of defined benefit obligations

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

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

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

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

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

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

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

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

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

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

The actuary of the 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 2016 was Rs. 7.594 million (2015: Rs. 7.527 million). Year end of Provident Fund Financial Statements is 31 December and 30 June for Steel & IID Division and Cotton Division respectively.

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

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

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

43. FAIR VALUES

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

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

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

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

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

Rupees in '000	2016							
	Carring amonut				Fair value			
	Investments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- listed equity securities	391,946	–	–	391,946	391,946	–	–	391,946
Financial assets not measured at fair value								
Investments								
- unlisted equity securities	178,946	–	–	178,946	–	–	–	–
- associates	970,242	–	–	970,242	–	–	–	–
Trade debts	–	322,851	–	322,851	–	–	–	–
Other receivables	–	238,912	–	238,912	–	–	–	–
Bank balances	–	61,756	–	61,756	–	–	–	–
	1,149,188	623,519	–	1,772,707	–	–	–	–
Financial liabilities not measured at fair value								
Long term loans	–	–	503,500	503,500	–	–	–	–
Liabilities against assets subject to finance lease	–	–	135,832	135,832	–	–	–	–
Trade and other payables	–	–	607,200	607,200	–	–	–	–
Mark-up accrued	–	–	21,023	21,023	–	–	–	–
Short term borrowings	–	–	2,083,975	2,083,975	–	–	–	–
	–	–	3,351,530	3,351,530	–	–	–	–

Rupees in '000	2015							
	Carring amonut				Fair value			
	Investments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- listed equity securities	374,658	–	–	374,658	374,658	–	–	374,658
Financial assets not measured at fair value								
Investments								
- unlisted equity securities	178,946	–	–	178,946	–	–	–	–
- associates	839,689	–	–	839,689	–	–	–	–
Trade debts	–	87,922	–	87,922	–	–	–	–
Other receivables	–	20,310	–	20,310	–	–	–	–
Bank balances	–	40,589	–	40,589	–	–	–	–
	1,018,635	148,821	–	1,167,456	–	–	–	–
Financial liabilities not measured at fair value								
Long term loan	–	–	294,000	294,000	–	–	–	–
Liabilities against assets subject to finance lease	–	–	93,650	93,650	–	–	–	–
Trade and other payables	–	–	413,711	413,711	–	–	–	–
Mark-up accrued	–	–	11,683	11,683	–	–	–	–
Short term borrowings	–	–	301,822	301,822	–	–	–	–
	–	–	1,114,866	1,114,866	–	–	–	–

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

The investments in subsidiaries and associates are stated at cost.

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

44. FINANCIAL RISK MANAGEMENT

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.

44.1 Credit risk

Credit risk represents the financial loss that would be recognized at the reporting date if counterparties fail completely to perform as contracted / fail to discharge an obligation / commitment that it has entered into with the 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 reporting date is as follows:

Rupees in '000	**2016**	2015
Investments	–	13,347
Deposits	27,326	25,068
Trade debts	322,851	87,922
Other receivables	237,387	19,372
Bank balances	61,756	40,589
	649,320	186,298

Trade and other receivables

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

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

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

Rupees in '000	**2016**	2015
Steel segment	311,519	80,063
Cotton segment	11,332	7,859
	322,851	87,922
The aging of trade debts at the reporting date is		
Not past due	21,322	13,839
Past due 1 - 30 days	222,025	28,773
Past due 30 - 180 days	61,413	23,066
Past due 180 days	32,362	27,930
	337,122	93,608
Less: Impaired	14,271	5,686
	322,851	87,922

The movement in the allowance for impairment in respect of trade debts and advances is given in note 21.2 and note 22.1 respectively.

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

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 A-1.

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

	Rating		Rating	**2016**	2015
	Short term	Long term	Agency	Rupee in '000	
Mutual Funds					
PICIC Investment Fund	MFR 3 star	MFR 3 star	JCR - VIS	5,658	6,555
PICIC Growth Fund	MFR 1 star	MFR 1 star	JCR - VIS	40,579	46,665
				46,237	53,220

Deposits

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.

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.

44.2 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	2016						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
Financial liabilities							
Long term loans	503,500	–	503,500	39,000	70,250	140,500	253,750
Liabilities against assets							
subject to finance lease	135,832	–	154,799	38,046	30,994	40,438	45,321
Trade and other payables							
(refer note 10)	624,982	–	624,982	624,982	–	–	–
Mark-up accrued	21,023	–	21,023	21,023	–	–	–
Short term borrowings	2,083,975	2,083,975	–	–	–	–	–
	3,369,312	2,083,975	1,304,304	723,061	101,224	180,938	299,081

Rupees in '000	2015						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
Financial liabilities							
Long term loan	294,000	–	294,000	18,375	36,750	73,500	165,375
Liabilities against assets							
subject to finance lease	93,650	–	104,971	27,656	27,903	39,845	9,567
Trade and other payables							
(refer note 10)	412,920	–	412,920	412,920	–	–	–
Mark-up accrued	11,683	–	11,683	11,683	–	–	–
Short term borrowings	301,822	301,822	–	–	–	–	–
	1,114,075	301,822	823,574	470,634	64,653	113,345	174,942

44.3 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.

44.3.1 Currency risk

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

	2016		
	USD	Euro	Total
Foreign creditors	(10,920)	(17,690)	(28,610)
Outstanding letters of credit	(5,440,550)	(77,196)	(5,517,746)
Net exposure	(5,451,470)	(94,886)	(5,546,356)

	2015		
	USD	Euro	Total
Foreign creditors	(2,863,701)	(75,800)	(2,939,501)
Outstanding letters of credit	(6,408,365)	–	(6,408,365)
Net exposure	(9,272,066)	(75,800)	(9,347,866)

The following significant exchange rate has been applied:

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

Sensitivity analysis

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

Effect on profit or loss

	2016	2015
USD	(545,147)	(927,207)
Euro	(9,489)	(7,580)
	(554,636)	(934,787)

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.

44.3.2 Interest rate risk

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

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

Fair value sensitivity analysis for fixed rate instruments

The 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 the unconsolidated profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have 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 2015.

	Profit and loss 100 bp	
Rupees in '000	Increase	Decrease
As at 30 June 2016		
Cash flow sensitivity - Variable rate financial liabilities	(27,233)	27,233
As at 30 June 2015		
Cash flow sensitivity - Variable rate financial liabilities	(6,895)	6,895

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

44.3.3 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	**2016**	2015
Effect on profit	38,313	36,509
Effect on equity	881	957
Effect on investments	39,194	37,466

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

45. REMUNERATION TO THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Chief Executive		Director		Executives		Total	
Rupees in '000	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
Managerial remuneration	12,900	11,100	–	–	61,107	41,082	74,007	52,182
House rent	5,805	4,995	–	–	20,912	16,568	26,717	21,563
Utilities	1,290	1,110	–	–	4,408	3,527	5,698	4,637
Travelling expenses	2,001	263	–	–	–	–	2,001	263
Others	2,353	2,412	–	–	–	–	2,353	2,412
Medical	237	1,994	–	–	2,323	1,908	2,560	3,902
Contributions to								
- Gratuity fund	1,075	925	–	–	2,810	2,135	3,885	3,060
- Pension fund	2,580	2,220	–	–	7,653	5,613	10,233	7,833
- Provident fund	1,290	1,110	–	–	3,657	2,795	4,947	3,905
Club subscription and expenses	711	1,134	–	–	163	82	874	1,216
Entertainment	–	187	–	–	74	46	74	233
Conveyance	–	–	–	–	2,424	2,093	2,424	2,093
Telephone	–	–	–	–	6	6	6	6
	30,242	27,450	–	–	105,537	75,855	135,779	103,305
Number of persons	1	1	–	–	36	28	37	29

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

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

45.3 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.

46. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of subsidiaries and associated companies, directors of the Company, companies in which directors also hold directorship, related group companies, key management personnel and staff retirement benefit funds. All transaction with related parties are under agreed terms / contractual arrangements.

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

Name	Nature of relationship	Nature of transaction	**2016**	2015
Rupees in '000				
Crescent Hadeed (Private) Limited	Subsidiary company	Right shares subscribed	250,000	510,000
		Reimbursable expenses	20,189	6,860
		Sale of finished goods	74,854	27,788
		Share deposit money	192,150	89,500
CS Capital (Private) Limited	Subsidiary company	Dividend income	–	37,477
		Right shares subscribed	–	97,230
		Reimbursable expenses	957	578

Name	Nature of relationship	Nature of transaction	2016	2015
Rupees in '000				
Shakarganj Energy (Private) Limited	Subsidiary company	Advances received	–	36,000
		Dividend Income	–	77,224
		Reimbursable expenses	4,018	379
		Right shares subscribed	141,961	358,039
		Advance against right shares	182,090	–
		Sales of finished goods	25,924	–
		Sale of stores spares	3,517	–
		Sale of fixed assets	1,051	–
		Reimbursement of Turbine cost	122,000	–
		Transfer of Turbine at cost	188,363	–
Solution de Energy (Private) Limited	Subsidiary company	Reimbursable expenses	4,301	7,200
Altern Energy Limited	Associated company	Dividend received	–	60,475
Shakarganj Limited	Associated company	Dividend paid	6,582	4,488
		Sales of finished goods	–	37,647
		Sales of raw cotton	19,661	–
		Services received	2,115	3,600
		Reimbursable expenses	1,494	1,557
		Purchase of assets	–	40
Central Depository Company of Pakistan Limited	Related party	Services received	1,981	75
		Dividend Received	5,809	–
Crescent Jute Products Limited *	Related party	Services received	–	90
		Reimbursable expenses	–	459
CSAP Foundation*	Related party	Donation given	3,038	569
Muhammad Amin Muhammad Bashir Limited *	Related party	Dividend paid	2	1
Premier Insurance Limited *	Related party	Insurance premium	11,515	6,467
The Crescent Textile Mills Limited *	Related party	Dividend paid	17,589	10,246
		Dividend received	656	565
The Citizens' Foundation *	Related party	Donation given	48,518	7,875
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Contribution made	644	1,744
		Dividend paid	154	7
		Issue of right shares	868	–

Name	Nature of relationship	Nature of transaction	2016	2015
Rupees in '000				
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Contribution made	4,974	4,225
		Dividend paid	3,031	1,765
		Issue of right shares	17,066	–
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Contribution made	12,861	10,632
		Dividend paid	6,654	3,959
		Issue of right shares	37,470	–
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Contribution made	6,961	5,824
		Dividend paid	1,616	788
		Issue of right shares	17,921	–
CSAP - Staff Benevolent Fund	Staff welfare fund	Contribution made	10,000	–
Key management personnel	Related parties	Remuneration and benefits	80,516	66,329
		Issue of right shares	8,953	–
Directors and their spouse	Related parties	Issue of right shares	9,237	–

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

46.1 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.

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

46.3 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.

46.4 Outstanding balances and other information with respect to related parties as at 30 June 2016 and 2015 are included in issued, subscribed and paid-up capital (note 6.1), trade and other payables (note 10.3), long term investments (notes 17.1, 17.2 and 17.3.1), trade debts (note 22.1), investments (note 25.1 and 25.2), other receivables (note 26.1), administrative expenses (note 33.4) and staff retirement benefits (note 42).

47. 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 2015.

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 unconsolidated balance sheet plus net debt.

47.1 Gearing ratio

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

Rupees in '000	Note	2016	2015
Total debt	47.1.1	2,723,307	689,472
Less: Cash and bank balances		62,902	42,551
Net debt		2,660,405	646,921
Total equity	47.1.2	5,807,725	4,050,743
Total capital		8,468,130	4,697,664
Gearing ratio		31%	14%

47.1.1 Total debt is defined as long term and short term borrowings (excluding derivatives), as described in notes 7, 8 and 12 to these financial statements.

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

48. PLANT CAPACITY AND PRODUCTION

48.1 Steel segment

Pipe plant

The plant's installed / rated capacity for production based on single shift is 30,000 tons (2015: 30,000 tons) annually on the basis of notional pipe size of 30" dia x ½" thickness. Installation and commissioning of second SP machine completed on 27 June 2016, which has enhanced the production capacity to 66,667 tons. The actual production achieved during the year was 58,202 tons (2015: 2,837 tons) line pipes of varied sizes and thickness, which is due to operation of plant more than single shift. Actual production is equivalent to 66,811 tons (2015: 13,590 tons) when translated to the notional pipe size of 30" diameter.

Coating plant

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

The annual capacity of the plant works out to 600,000 square meters outside surface area of line pipes based on notional size of 14" dia on single shift working. Coating of 216,070 meters (2015: 79,764 meters) of different dia pipes (590,738 square meters surface area) was achieved during the year (2015: 90,735 square meters surface area).

48.2 Cotton segment

Spinning unit 1

The plant capacity converted to 20s count based on three shifts per day for 1,080 shifts is 6,452,874 kilograms (2015: 6,452,874 kilograms) whereas the plant capacity converted to 20s count based on Polyester Cotton Yarn in three shifts per day for 1080 shifts is 8,298,913 kilograms. Actual production converted into 20s count was 330,519 kilograms for 45 shifts (2015: 5,082,052 kilograms for 862 shifts).

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

49. GENERAL

49.1 Number of employees

The number of employees including contractual employees of the Company as at 30 June 2016 were 891 (2015: 360) and weighted average number of employees were 495 (2015: 784).

49.2. Non adjusting event after balance sheet date

The Board of Directors of the Company in their meeting held on 15 August 2016 have proposed final cash dividend for the year ended 30 June 2016 of Rs. 2 per share (i.e. 20%) (2015: Re. 0.7 per share) amounting to Rs. 155.265 million (2015: Rs. 43.475 million). This is in addition to the first and second interim cash dividends of Rs.1.5 per share each (i.e. 15% each) already distributed and recorded in these financial statements; this make a total distribution of Rs. 5 per share (i.e. 50%) for the year ended 30 June 2016. The Board has also proposed an appropriation of Rs. 1,000 million (2015: Nil) from unappropriated profits in the general reserve. The above proposed final cash dividend and transfer to general reserves are subject to the approval of the members at the Annual General Meeting to be held on 30 September 2016. These 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.

50. DATE OF AUTHORIZATION FOR ISSUE

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

Chief Executive	Director	Chief Financial Officer