Crescent Steel and Allied Products Limited

UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

REVIEW REPORT **TO THE MEMBERS**

on Statement of Compliance with Best Practices of Code of Corporate Governance

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

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") as mentioned in the Regulation No. 5.19.24 of the Rule Book of Pakistan Stock Exchange ("PSX") as prepared by the Board of Directors of Crescent Steel and Allied Products Limited ("the Company") for the year ended 30 June 2017 to comply with the requirements of Listing Regulations of PSX 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 2017.

Date: 12 August 2017
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

AUDITORS' REPORT
TO THE MEMBERS

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

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

We have audited the annexed unconsolidated balance sheet of Crescent Steel and Allied Products Limited ("the Company") as at 30 June 2017 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 financial statements in conformity with the approved accounting standards and the requirements of the repealed 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 International 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 financial 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 repealed 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 repealed Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied.

   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 repealed 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 2017 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.

Date: 12 August 2017
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

UNCONSOLIDATED
BALANCE SHEET
As at 30 June 2017

Rupees in '000	Note	2017	2016
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
100,000,000 ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid-up capital	6	776,325	776,325
Capital reserves		1,033,823	1,025,694
Revenue reserves		5,009,569	4,005,706
		6,819,717	5,807,725
Non-current liabilities			
Long term loans	7	322,481	394,250
Liabilities against assets subject to finance lease	8	63,606	77,145
Deferred income	9	7,471	9,179
Deferred taxation	10	232,847	68,259
		626,405	548,833
Current liabilities			
Trade and other payables	11	2,001,890	850,158
Mark-up accrued	12	27,892	21,023
Short term borrowings	13	2,517,336	2,083,975
Current portion of long term loans	7	140,500	109,250
Current portion of liabilities against assets subject to finance lease	8	41,700	58,687
Current portion of deferred income	9	4,148	4,552
		4,733,466	3,127,645
Contingencies and commitments	14		
Total equity and liabilities		12,179,588	9,484,203

Rupees in '000	Note	**2017**	2016
ASSETS			
Non-current assets			
Property, plant and equipment	15	940,606	822,636
Intangible assets	16	977	3,507
Investment properties	17	15,314	19,316
Long term investments	18	4,204,446	3,934,928
Long term deposits	19	188,650	176,668
		5,349,993	4,957,055
Current assets			
Stores, spares and loose tools	20	163,185	111,583
Stock-in-trade	21	2,686,682	2,266,787
Trade debts	22	663,671	322,851
Loans and advances	23	378,023	39,830
Trade deposits and short term prepayments	24	14,675	16,524
Investments	25	514,984	391,946
Mark-up accrued	26	1,480	-
Other receivables	27	1,745,625	785,404
Taxation - net	28	632,799	529,321
Cash and bank balances	29	28,471	62,902
		6,829,595	4,527,148
Total assets		12,179,588	9,484,203

The annexed notes from 1 to 51 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 2017

Rupees in '000	Note	2017	2016
Sales - net	30	10,208,644	7,412,035
Cost of sales	31	8,349,794	5,269,059
Gross profit		1,858,850	2,142,976
Income from investments	32	246,889	42,555
		2,105,739	2,185,531
Distribution and selling expenses	33	31,024	15,497
Administrative expenses	34	286,750	283,103
Other operating expenses	35	410,821	421,253
		728,595	719,853
		1,377,144	1,465,678
Other income	36	201,832	93,675
Operating profit before finance costs		1,578,976	1,559,353
Finance costs	37	187,273	243,780
Profit before taxation		1,391,703	1,315,573
Taxation	38	379,268	348,437
Profit after taxation		1,012,435	967,136
		(Rupees)	
Basic and diluted earnings per share	39	13.04	12.97

The annexed notes from 1 to 51 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 2017

Rupees in '000	**2017**	2016
Profit after taxation for the year	1,012,435	967,136
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss		
Unrealized appreciation / (diminution) during the year on remeasurement of investment classified as 'available for sale'	8,129	(756)
Items that will not be reclassified subsequently to profit and loss		
Gain on remeasurement of staff retirement benefit plans - net of tax	379,591	184,301
Other comprehensive income for the year	387,720	183,545
Total comprehensive income for the year	1,400,155	1,150,681

The annexed notes from 1 to 51 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 2017

Rupees in '000	Note	2017	2016
Cash flows from operating activities			
Cash generated from / (used in) operations	40	941,289	(580,833)
Taxes paid		(503,994)	(639,667)
Finance costs paid		(168,632)	(232,094)
Contribution to gratuity and pension funds		(12,081)	(17,835)
Contribution to Workers' Profit Participation Fund		(60,000)	(75,000)
Infrastructure fee paid		(23,866)	(31,219)
Compensated absences paid		(729)	(879)
10-C bonus paid		(1,827)	(138)
Long term deposits - net		1,881	(242,407)
Net cash generated from / (used in) operating activities		172,041	(1,820,072)
Cash flows from investing activities			
Capital expenditure		(215,198)	(141,546)
Acquisition of intangible assets		-	(831)
Proceeds from disposal of operating fixed assets		80,578	13,427
Proceeds from disposal of operating fixed assets under sale and leaseback arrangement		30,889	112,291
Investments - net		(205,218)	(822,979)
Dividend income received		163,595	22,009
Interest income received		765	1,352
Net cash (used in) investing activities		(144,589)	(816,277)
Cash flows from financing activities			
Proceeds from long term loans		(40,519)	209,500
Payments against finance lease obligations		(65,553)	(68,329)
Proceeds from short term loans obtained - net		365,416	1,904,138
Proceeds from issuance of right shares		-	900,537
Transaction cost incurred on issuance of right shares		-	(17,863)
Dividends paid		(389,172)	(149,298)
Net cash (outflow) / inflow from financing activities		(129,828)	2,778,685
Net (decrease) / increase in cash and cash equivalents		(102,376)	142,336
Cash and cash equivalents at beginning of the year		(116,935)	(259,271)
Cash and cash equivalents at end of the year	41	(219,311)	(116,935)

The annexed notes from 1 to 51 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 2017

Rupees in '000	Issued, subscribed and paid-up capital	Capital reserves: Share premium	Capital reserves: Unrealized (diminution) / appreciation on remeasurement of investments classified as 'available for sale'	Revenue reserves: General reserve	Revenue reserves: Unappropriated profit	Total
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
Transfer to general reserve	-	-	-	1,000,000	(1,000,000)	-
Total comprehensive income for the year ended 30 June 2017						
Profit after taxation	-	-	-	-	1,012,435	1,012,435
Other comprehensive income						
Total Other comprehensive income for the year	-	-	8,129	-	379,591	387,720
Total comprehensive income for the year	-	-	8,129	-	1,392,026	1,400,155
Dividend:						
- Final @ 20% (i.e. Rs. 2 per share) for the year ended 30 June 2016	-	-	-	-	(155,265)	(155,265)
- First interim @ 15% (i.e. Rs. 1.5 per share) for the year ended 30 June 2017	-	-	-	-	(116,449)	(116,449)
- Second interim @ 15% (i.e. Rs. 1.5 per share) for the year ended 30 June 2017	-	-	-	-	(116,449)	(116,449)
Balance as at 30 June 2017	776,325	1,020,908	12,915	3,642,000	1,367,569	6,819,717

The annexed notes from 1 to 51 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 2017

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 Act, 2017) and is quoted on the Pakistan Stock Exchange. The registered office of the Company is located at E-floor, IT Tower, 73-E/1, Hali Road, 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's deals in equity shares and also has investment in subsidiaries and associates, the details of which are stated in notes 18.1 and 18.2.

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 stated at cost 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 repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions of and directives of the repealed Companies Ordinance, 1984 shall prevail (refer note 4.2).

2.3 Basis of measurement

These 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

In preparing these financial statements, management has made judgement, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about judgements made in applying accounting policies that have the most significant effects on the amount recognised in the financial statements and assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment in the subsequent years are set forth below:

- Property, plant and equipment and depreciation (refer note 5.1)
- Investment property and depreciation (refer note 5.3)
- 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 5.15)
- Impairment (refer note 5.1, 5.2, 5.3, 5.4 and 5.19)

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

4.1 There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2016 but are considered not to be relevant or do not have any significant effect on the the Company's financial statements and are therefore not stated in these financial statements.

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

The following standards, amendments and interpretations of approved accounting standards are only effective for accounting periods beginning on or after 1 July 2017:

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on the Company's 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 financial statements. share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/ or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on the Company's financial statements.

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

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

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

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

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

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

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

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.

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 15.1 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 at the rates specified in the note 15.1 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 cash flows of that asset that can be estimated reliably. In case of investment in equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

An impairment loss in respect of financial assets measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the assets original effective interest rate. Losses are recognized in 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 of Cotton segment employees. A trust has been established and its approval has been obtained from the Commissioner of Income Tax.

All employees except Cotton segment

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

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

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

	2017		2016	
	Percentage of holding	Number of shares	Percentage of holding	Number of shares
Crescent Steel and Allied Products Limited - Gratuity Fund	1.90%	1,471,233	1.90%	1,471,233
Crescent Steel and Allied Products Limited - Pension Fund	4.16%	3,230,181	4.16%	3,230,181
Crescent Steel and Allied Products Limited - Staff Provident Fund	1.07%	833,700	1.07%	833,700
Crescent Cotton Products - Staff Provident Fund	0.10%	74,800	0.10%	74,800
CSAPL - Staff Benevolent Fund	0.05%	36,178	–	–
Muhammad Amin Muhammad Bashir Limited	0.00%	848	0.00%	848
Premier Insurance Limited	0.19%	146,500	0.16%	120,700
Shakarganj Limited	0.23%	180,000	1.02%	792,068
Crescent cotton Mills Limited	0.00%	76	–	–

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

7.1 The Company has a long term loan arrangement with Allied Bank Limited for an amount of Rs. 312 million. The term of the loan is 5 years from the date of disbursement with a grace period of one year, repayable in 16 equal quarterly installments started from December 2015. During the year, the Company has made repayment of Rs. 78 million. Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum. During the year, mark-up on such arrangements ranged between 7.53% to 7.60% (2016: 7.60% to 8.49%) per annum. The facility is secured against first joint pari passu hypothecation / equitable mortgage on plant, machinery and property of the Company.

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

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

7.2 The Company has a long term loan arrangement with Saudi Pak Industrial and Agricultural Investment Company Limited for an amount of Rs. 250 million. The term of the loan is 5 years from the date of disbursement including a grace period of one year, repayable in 8 equal semi annual installments starting from eighteen month from date of disbursement. During the year, the Company has made repayment of Rs. 31.250 million. Mark-up is payable at the rate of 6 months KIBOR plus 2.5% per annum. During the year, mark-up on such arrangement ranged between 8.48% to 8.85% (2016: 8.85% to 9.54%) per annum. The facility is secured against first exclusive mortgage charge on land and building and property of the Company.

8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Rupees in '000	Minimum lease payments 2017	Minimum lease payments 2016	Future finance costs 2017	Future finance costs 2016	Present value of minimum lease payments 2017	Present value of minimum lease payments 2016
Not later than one year	49,414	69,040	7,714	10,353	41,700	58,687
Later than one year and not later than five years	69,552	85,759	5,946	8,614	63,606	77,145
	118,966	154,799	13,660	18,967	105,306	135,832
Less: Current portion shown under current liabilities					41,700	58,687
					63,606	77,145

8.1 The 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 (2016: three to five years) and the liability is payable by the month ranging from three months to sixty months (2016: three months to sixty months). The periodic lease payments include built-in rates of mark-up ranging between 10.61% to 15.41% (2016: 11.10% to 15.41%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 117.245 million (2016: Rs. 152.669 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. 4.148 million (2016: Rs. 4.552 million) is classified in current liabilities; being current portion of deferred income of Rs. 11.619 million (2016: Rs. 13.731 million). The deferred income will be amortized to the unconsolidated profit and loss account over the lease term. During the year, Rs. 4.968 million (2016: Rs. 2.682 million) is amortized in the unconsolidated profit and loss account.

Rupees in '000	2017	2016
10. DEFERRED TAXATION - NET		
Deferred tax credits / (debits) arising in respect of:		
Taxable temporary differences		
Accelerated tax depreciation / amortization	33,144	17,719
Finance lease obligations	13,322	17,962
Employee benefits - Defined benefit plan	292,556	129,874
Unrealized gain on held for trading investments	6,364	3,802
	345,386	169,357
Deductible temporary differences		
Provision for slow moving stores, spares and loose tools	(13,777)	(12,648)
Provisions for doubtful trade debts, doubtful advances and others	(55,082)	(39,979)
Discounting on long term deposit	(22,647)	(26,805)
Deferred income	(3,486)	(4,119)
Provisions for impairment of fixed assets	(6,186)	(6,186)
Provision of Gas Infrastructure Development Cess	(3,597)	(3,597)
Provision for diminution in the value of investments	(7,764)	(7,764)
	(112,539)	(101,098)
	232,847	68,259

Rupees in '000	Note	**2017**	2016
10.1 Break up of deferred tax charge is as following:			
Unconsolidated profit and loss		1,906	27,320
Unconsolidated other comprehensive income		162,682	78,987
		164,588	106,307

11. TRADE AND OTHER PAYABLES

Trade creditors		36,328	73,284
Bills payable		1,287,514	2,058
Commission payable		802	653
Customer's security deposits		1,550	1,750
Accrued liabilities	11.1	282,489	387,571
Advances from customers		46,280	59,425
Provisions	11.2	165,162	122,186
Due to related parties	11.3	–	1,074
Payable to provident fund		369	1,723
Retention money		4,699	1,550
Sales Tax payable		300	77
Withholding tax payable		2,689	5,231
Workers' Profit Participation Fund	11.4	2,772	2,661
Workers' Welfare Fund		20,849	22,982
Dividend payable		116,449	116,449
Unclaimed dividend		21,628	22,638
Others		12,010	28,846
		2,001,890	850,158

11.1 Accrued liabilities

Salaries, wages and other benefits		41,849	31,187
Accrual for 10-C bonus		2,481	2,075
Compensated absences		13,820	12,614
Liquidated damages		153,695	105,815
Custom duty		–	134,569
Others	11.1.1	70,644	101,311
		282,489	387,571

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

11.2 Movement in provisions

Rupees in '000	Infrastructure fee (Note 11.2.1)	Sales Tax (Note 11.2.2)	Liquidated damages (Note 11.2.3)	Total
Opening balance as at 1 July 2016	92,664	3,242	26,280	122,186
Provision for the year	47,697	–	19,141	66,838
Payments during the year	(23,862)	–	–	(23,862)
Closing balance as at 30 June 2017	116,499	3,242	45,421	165,162

11.2.1 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 is legal. Additionally, the Government of Sindh also filed appeal against the part of judgement decided against them.

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

Under the arrangement if the 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. 91.539 million (2016: Rs. 65.219 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.

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

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

11.3 This represents balances due to Premier Insurance Limited - a related party, amounting to Rs. Nil (2016: Rs. 1.074 million).

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

12. MARK-UP ACCRUED

Rupees in '000	Note	**2017**	2016
Mark-up accrued on:			
- Finance lease obligations		148	304
- Long term loans		4,765	4,758
- Running finance and short term loans	12.1	22,979	15,961
		27,892	21,023

12.1 This includes mark-up accrued amounting to Rs. 8.520 million (2016: Rs. 2.494 million) on shariah arrangement.

Rupees in '000	Note	2017	2016
13. SHORT TERM BORROWINGS			
Secured from banking companies			
Running finances under mark-up arrangements	13.1	247,782	179,837
Short term loans	13.2	2,269,554	1,904,138
		2,517,336	2,083,975

13.1 Short term running finance / money market available from conventional side of various commercial banks under mark-up arrangements amounted to Rs. 850 million (2016: Rs. 550 million) out of which Rs. 250 million (2016: Rs. 250 million), Rs.50 million (2016: Rs. 50 million) and Rs.100 million (2016: Rs. 100 million) is interchangeable with letters of credit facility, finance against import material (FIM) and letter of guarantee facility respectively. During the year, mark-up on such arrangements ranged between 6.96% to 8.62% (2016: 7.75% to 8.99%) per annum.

13.2 This includes an amount of Rs. 402.5 million (2016: Rs. 219 million) outstanding against Istisnaa Financing. Short term loans available from various commercial banks under mark-up arrangements amounted to Rs. 4,380 million (2016: Rs. 4,662 million) out of which Rs. 3,500 million (2016: Rs. 3,708 million), Rs. 50 million (2016: Rs. 50 million) and Rs. 310 million (2016: Rs. 310 million) 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 7.71% to 8.51% (2016: 7.82% to 9.01%) per annum.

13.3 The facilities for opening letters of credit amounted to Rs. 4,800 million (2016: Rs. 4,790 million) out of which Rs. 250 million (2016: Rs. 250 million), Rs. 3,500 million (2016: Rs. 3,710 million) and Rs. 410 million (2016: Rs. 410 million) are interchangeable with short term running finance, short term loans and letter of guarantee respectively as mentioned in notes 13.1 and 13.2 above. The facility for letters of guarantee as at 30 June 2017 amounted to Rs. 2,857 million (2016: Rs. 1,339 million). Amounts unutilized for letters of credit and guarantees as at 30 June 2017 were Rs. 761 million and Rs. 650 million (2016: Rs. 2,642 million and Rs. 113 million) respectively.

13.4 The above facilities are expiring on various dates and are secured by way of mortgage of land and building, hypothecation of plant and machinery, stock-in-trade, trade debts and other current assets, pledge of shares and cotton / cotton yarn; and lien over import / export document (refer note 25.3). Further, above facilities are also secured against mortgage of land and building, hypothecation of plant and machinery and pledge of shares owned by Subsidiary Companies.

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 During year ended 30 June 2015, a show cause notice was issued by the Deputy Director, Directorate of Post Clearance Audit (Customs) Karachi for payment of duties and taxes on import of certain raw materials. In response the 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 the Company's favour.

14.1.2 During year ended 30 June 2016, show cause notice from Sindh Revenue Board has been received in respect of registration as a service provider and a demand aggregating to Rs. 60 million in respect of sales tax on services has been raised. The 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.

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

14.2 Commitments

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

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

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

14.2.2 Aggregate amount of guarantees issued by conventional side of banks on behalf of the Company against various contracts aggregated to Rs. 1,934 million (2016: Rs. 1,125.110 million).

14.2.3 Commitments in respect of capital expenditure contracted for as at 30 June 2017 amounted to Rs. 78.707 million (2016: Rs. 41.234 million) including Rs. 7.462 million representing office premises located in Islamabad payable on completion of project.

14.2.4 Commitments under letters of credit (L/C) as at 30 June 2017 amounted to Rs. 700.540 million (2016: Rs. 578.600 million).

Rupees in '000	Note	**2017**	2016
15. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	15.1	830,910	710,788
Capital work-in-progress	15.4	109,696	111,848
		940,606	822,636

15.1 Operating fixed assets

Description	Note	Land: Freehold	Land: Leasehold including improvements	Buildings: On freehold land	Buildings: On leasehold land	Office premises	Plant and machinery: Owned *	Plant and machinery: Leased	Electrical / office equipment and installation	Furniture and fittings	Computers	Motor vehicles: Owned	Motor vehicles: Leased	Total
Rupees in '000														
Net carrying value as at 1 July 2016														
Opening net book value (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
Additions / transfers		56,757	6,415	66,642	-	-	108,433	30,889	8,780	6,926	5,893	5,808	1,024	297,567
Disposals (at NBV)	15.5	-	-	-	-	-	(28,874)	(44,931)	-	(54)	(23)	(3,675)	(3,374)	(80,931)
Depreciation charge	15.1.2	-	(58)	(13,634)	(443)	(906)	(33,728)	(21,144)	(4,650)	(886)	(3,814)	(8,797)	(8,454)	(96,514)
Balance as at 30 June 2017 (NBV)		265,900	10,167	130,796	956	8,030	215,276	125,456	18,091	8,325	6,062	17,591	24,260	830,910
Gross carrying value as at 30 June 2017														
Cost	15.2	265,900	11,714	288,431	70,027	27,481	1,321,583	148,365	68,854	24,836	57,226	61,982	34,538	2,380,937
Accumulated depreciation		-	(1,547)	(157,635)	(69,071)	(19,451)	(1,106,307)	(22,909)	(50,763)	(16,511)	(51,164)	(44,391)	(10,278)	(1,550,027)
Net book value		265,900	10,167	130,796	956	8,030	215,276	125,456	18,091	8,325	6,062	17,591	24,260	830,910
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		-	-	15,170	-	9,000	60,476	83,641	6,275	512	2,004	35,046	29,689	241,813
Disposals (at NBV)		-	-	-	-	-	(25,148)	(35,683)	(13)	-	(74)	(30,350)	(5,266)	(96,534)
Depreciation charge		-	(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		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
Depreciation rate (% per annum)		-	1	5 & 10	5 & 10	10	5 - 20	10	5 - 20	10	33.33	20	20	

* Net book value of plant and machinery (owned) includes an aggregate amount of Rs. 0.251 million (2016: Rs. 0.435 million) representing net book value of capitalized spares.

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2017

Rupees in '000	Note	2017	2016
15.1.2 The depreciation charge for the year has been allocated as follows:			
Cost of sales	31.1	75,270	90,128
Distribution and selling expenses	33	1,189	1,123
Administrative expenses	34	18,146	12,606
Allocated against rental income		1,909	1,457
		96,514	105,314

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

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

Rupees in '000	Note	2017	2016
15.4 Capital work-in-progress			
Advance to supplier		61,116	-
Civil work	15.4.1 & 15.4.2	48,580	111,848
		109,696	111,848

15.4.1 This includes an amount of Rs. 26.4 million (2016: Rs. 26.4 million) paid by the Company to Pakistan Steel Mills Limited (PSML) against allotment of plot measuring 24,200 square yards. However third party has filed a case in Honourable High Court of Sindh for declaration and injunction against said property. The Company has filed a suit in Honourable High Court of Sindh for specific performance and declaration against PSML with respect to the said property and also filed an application for vacation of the injunction operating against the property. The Honourable High Court of Sindh vide its interim order has restrained PSML from creating any third party interest till the disposition of the case. The applications are pending for hearing. Based on consultation with its legal advisor, management believes that it has a reasonable grounds in the case and expects a favorable outcome.

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

15.5 The following assets were disposed off during the year:

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

Rupees in '000	Note	**2017**	2016
16. INTANGIBLE ASSETS			
Net book value as at 1 July		3,507	9,525
Additions		-	831
Amortization	16.1	(2,530)	(6,849)
Net book value as at 30 June	16.2	977	3,507
Gross carrying value as at 30 June			
Cost		69,222	69,222
Accumulated amortization		(65,605)	(63,075)
Accumulated impairment		(2,640)	(2,640)
Net book value		977	3,507
Amortization rate (% per annum)		33.33	33.33

16.1 The amortization charge for the year has been allocated to administrative expenses (Note 34).

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

17. INVESTMENT PROPERTIES

Description Rupees in '000	Note	Leasehold land and improvements	Buildings on leasehold land	Office premises	Total
Net carrying value as at 1 July 2016					
Opening net book value (NBV)		3,059	12,613	3,644	19,316
Depreciation charge	17.1	(238)	(1,081)	(2,683)	(4,002)
Balance as at 30 June 2017 (NBV)		2,821	11,532	961	15,314
Gross carrying value as at 30 June 2017					
Cost	17.2	4,609	21,608	29,830	56,047
Accumulated depreciation		(1,788)	(10,076)	(28,869)	(40,733)
Net book value		2,821	11,532	961	15,314
Net carrying value as at 1 July 2016					
Opening net book value (NBV)		3,297	13,693	6,329	23,319
Depreciation charge		(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		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
Depreciation rate (% per annum)		1 & 10	5	10 - 20	

17.1 Depreciation charged for the year has been allocated to administrative expenses (Note 34).

17.2 Fair value of the investment properties based on recent valuation is Rs. 133 million (2016: Rs. 173.550 million), which is determined by independent valuer on the basis of market value.

Rupees in '000	Note	**2017**	2016
18. LONG TERM INVESTMENTS			
Subsidiary companies			
- at cost	18.1	2,882,000	2,502,000
- share deposit money			
Crescent Hadeed (Private) Limited		72,697	281,650
Shakarganj Energy (Private) Limited		–	2,090
Associates - at cost	18.2	1,070,803	970,242
Other long term investments	18.3	178,946	178,946
		4,204,446	3,934,928

18.1 Subsidiary companies - at cost

2017	2016		Note	2017	2016
Number of shares				Rupees in '000	
		Unquoted			
126,000,000	118,000,000	Shakarganj Energy (Private) Limited (Chief Executive Officer - Mr. Muhammad Saad Thaniana)	18.1.1	1,260,000	1,180,000
47,200,000	47,200,000	CS Capital (Private) Limited (Chief Executive Officer - Ms. Hajerah Ahsan Saleem)	18.1.2	472,000	472,000
115,000,000	85,000,000	Crescent Hadeed (Private) Limited (Chief Executive Officer - Mr. Iqbal Zafar Siddiqui)	18.1.3	1,150,000	850,000
2	2	Crescent Continental Gas Pipelines Limited (US $ 1 each)	18.1.4	-	-
				2,882,000	2,502,000

18.1.1 This represents the Company's investment in 100% ordinary shares of Shakarganj Energy (Private) Limited. The Company has acquired Shakarganj Energy (Private) Limited on 4 January 2010. During the year, the Company has further subscribed right issues made by the investee company aggregating to 8 million ordinary shares for Rs. 80 million.

18.1.2 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.

18.1.3 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 to 30 million ordinary shares for Rs. 300 million.

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

18.2 Associates - at cost

2017	2016		Note	2017	2016
Number of shares				Rupees in '000	
		Quoted			
60,475,416	60,475,416	Altern Energy Limited (Chief Executive Officer - Mr. Taimur Dawood)	18.2.1	593,488	593,488
24,119,987	24,119,987	Shakarganj Limited (Chief Executive Officer - Mr. Anjum M. Saleem)	18.2.2	477,315	477,315
				1,070,803	1,070,803
		Less: Provision for impairment	18.2.3	-	100,561
				1,070,803	970,242

18.2.1 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.

18.2.2 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.

18.2.3 This represents provision for diminution in the value of investment in ordinary shares of Shakarganj Limited, which was fully reversed during the year due to favourable fair value.

18.2.4 Market value of investments in associates is as follows:

Rupees in '000	2017	2016
Altern Energy Limited	3,008,047	2,216,424
Shakarganj Limited	2,386,914	376,754
	5,394,961	2,593,178

Percentage of holding	2017	2016
18.2.5 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	2017	2016
18.3 Other long term investments - Available for sale			
Investments in related parties	18.3.1	58,946	58,946
Other investments	18.3.3	120,000	120,000
		178,946	178,946

18.3.1 Investment in related parties

2017	2016		Note	2017	2016
Number of shares				Rupees in '000	
		Unquoted			
2,403,725	2,403,725	Crescent Bahuman Limited	18.3.2	24,037	24,037
2,814,999	1,852,500	Central Depository Company of Pakistan Limited (CDC)		58,946	58,946
				82,983	82,983
		Less: Provision for impairment		24,037	24,037
				58,946	58,946

18.3.2 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 (2016: Rs. Nil per share), calculated on the basis of audited annual financial statements for the year ended 30 June 2016.

18.3.3 Other investments

2017	2016		Note	2017	2016
Number of shares				Rupees in '000	
		Unquoted			
1,047,000	1,047,000	Crescent Industrial Chemicals Limited		10,470	10,470
12,000,000	12,000,000	Shakarganj Food Products Limited		120,000	120,000
				130,470	130,470
		Less: Provision for impairment		(10,470)	(10,470)
				120,000	120,000

19. LONG TERM DEPOSITS

Security deposits			
- leasing companies		11,930	15,334
- Ijarah financing arrangement		166,034	150,648
- others		10,686	10,686
		188,650	176,668

20. STORES, SPARES AND LOOSE TOOLS

Stores - steel segment		17,036	14,410
Spare parts - steel segment		154,136	99,494
Loose tools - steel segment		2,365	1,481
Stores and spares - cotton segment		35,572	38,357
		209,109	153,742
Less: Provision for slow moving items	20.1	45,924	42,159
		163,185	111,583

20.1 Movement in provision for slow moving items

Opening balance		42,159	48,575
Provision made during the year		6,047	368
Reversal of provision made during the year		(2,282)	(6,784)
Closing balance		45,924	42,159

21. STOCK-IN-TRADE

Raw materials			
Hot rolled steel coils (HR Coil)		468,650	1,390,626
Coating materials		71,783	234,524
Others		69,347	149,098
Raw cotton		66	28,332
Stock-in-transit		1,587,601	220,648
	21.1	2,197,447	2,023,228
Work-in-process	21.1 & 31.1	85,524	86,922
Finished goods	21.1 & 31.1	394,107	145,761
Scrap / cotton waste		9,604	10,876
		489,235	243,559
		2,686,682	2,266,787

21.1 Stock-in-trade as at 30 June 2017 includes items valued at net realisable value (NRV) as follows. The write down to NRV amounting to Rs. 119.930 million (2016: Rs. 75.618 million) has been recognized in cost of goods sold.

Rupees in '000	Cost	NRV
Raw material	2,201,219	2,197,447
Work-in-process	85,524	85,524
Finished goods	510,265	394,107
	2,797,008	2,677,078

Rupees in '000	Note	**2017**	2016
22. TRADE DEBTS			
Secured			
Considered good		611,744	219,309
Unsecured			
Considered good	22.1	51,927	103,542
Considered doubtful		21,640	14,271
Provision for doubtful trade debts	22.2	(21,640)	(14,271)
		51,927	103,542
		663,671	322,851
22.1 This includes following amount due from related parties:			
Crescent Hadeed (Private) Limited		–	59,107
Shakarganj Energy (Private) Limited		12,526	12,526
Shakarganj Limited		–	8,776
		12,526	80,409
22.2 Movement in provision for doubtful trade debts			
Opening balance		14,271	5,684
Provision made during the year		7,447	8,587
Reversal of provision made during the year		(78)	–
Closing balance		21,640	14,271
23. LOANS AND ADVANCES			
Unsecured			
Loan to related parties - considered good			
Loan to subsidiaries	23.1	365,000	-
Advances - considered good			
Executives		3,242	4,823
Suppliers for goods and services		9,746	35,007
Advances to others		35	–
Advances - considered doubtful			
Suppliers for goods and services		47	47
Provision for doubtful advances		(47)	(47)
		–	–
		378,023	39,830
23.1 Loan to subsidiaries			
Crescent Hadeed (Private) Limited	23.1.1	250,000	–
Shakarganj Energy (Private) Limited	23.1.2	115,000	–
		365,000	–

23.1.1 The Company entered into a short term loan agreement with its wholly owned subsidiary company Crescent Hadeed (Private) Limited on 13 June 2017. Under the arrangement, the Company disbursed loan to the subsidiary company of Rs 250 million. The mark-up is receivable at the rate of three months KIBOR plus 2% per annum. During the year, mark-up on such arrangement was 8.13%.

23.1.2 The Company entered into a short term loan agreement with its wholly owned subsidiary company Shakarganj Energy (Private) Limited on 22 April 2017. Under the arrangement, the Company disbursed loan to the subsidiary company of Rs 115 million. The mark-up is receivable at the rate of three months KIBOR plus 2% per annum. During the year, mark-up on such arrangement ranged between 8.12% to 8.15%.

Rupees in '000	Note	**2017**	2016
24. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits - leasing companies		4,969	8,657
Security deposits - others		171	1,306
Prepayments		9,535	6,561
		14,675	16,524
25. INVESTMENTS			
Available for sale	25.1	16,941	8,812
Held for trading	25.2	498,043	383,134
		514,984	391,946

25.1 Available for sale

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

2017	2016	Name of investee company	Note	**2017**	2016
(Number of shares)				Rupees in '000	
		Quoted			
452,379	452,379	The Crescent Textile Mills Limited	25.1.1	16,941	8,812
26,490	26,490	Jubilee Spinning and Weaving Mills Limited	25.1.2	-	-
		Unquoted			
1,996	1,996	Innovative Investment Bank Limited	25.1.2	-	-
				16,941	8,812

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

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

25.2 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.

2017	2016	Name of investee company	2017	2016
(Number of share / certificates)			Rupees in '000	
-	60,000	Agriauto Industries Limited *	-	11,715
6,300	6,300	Attock Cement Pakistan Limited	1,907	1,504
100,000	142,000	Cherat Cement Company Limited	17,878	16,979
315,000	345,000	D.G. Khan Cement Company Limited	67,145	65,719
200,000	200,000	Engro Fertilizers Limited	11,048	12,896
15,000	15,000	Fatima Fertilizer Company Limited	505	509
182,500	182,500	Fauji Fertilizer Bin Qasim Limited	7,818	9,674
55,000	55,000	Fauji Fertilizer Company Limited	4,545	6,310
15,000	-	Hi-Tech Lubricants Limited	1,635	-
1,350	1,350	Innovative Investment Bank Limited	-	-
105,000	90,000	International Industries Limited	38,700	7,278
63,000	-	International Steels Limited	8,057	-
1,500,000	2,000,000	K-Electric Limited **	10,350	16,120
31,600	100,000	Kohat Cement Company Limited	7,245	13,096
100,000	100,000	Kohinoor Energy Limited	4,307	4,120
140,000	140,000	Kot Addu Power Company Limited	10,083	12,495
50,000	-	Nishat Mills Limited	7,934	-
186,000	152,000	Nishat Power Limited	8,787	7,677
70,000	55,000	Oil and Gas Development Company Limited	9,848	7,594
100,000	100,000	Pakgen Power Limited	2,022	2,405
300,000	240,500	Pakistan International Bulk Terminal Limited	6,948	7,713
50,000	50,000	Pakistan Oilfields Limited	22,908	17,374
390,000	360,000	Pakistan Petroleum Limited	57,775	55,818
70,000	50,000	Pakistan State Oil Company Limited	27,114	18,773
1,486,749	-	Pakistan Stock Exchange Limited	38,180	-
350,000	550,000	Pakistan Telecommunication Company Limited	5,464	8,267
1,705,000	1,705,000	PICIC Growth Fund	52,855	40,579
500,673	500,673	PICIC Investment Fund	7,510	5,658
34,000	-	Roshan Packages Limited	1,910	-
240,000	300,000	Sui Northern Gas Pipelines Limited	35,741	10,888
35,000	35,000	Sui Southern Gas Company Limited	1,274	963
175,000	175,000	The Hub Power Company Limited	20,550	21,010
			498,043	383,134

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

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

25.3 The market value of investments which have been pledged with financial institutions as security against financing facilities (refer note 13.4) are as follows:

Rupees in '000	2017	2016
Name of investee company		
Altern Energy Limited (Long term investment)	2,908,547	2,216,408
Agriauto Industries Limited	-	11,715
Attock Cement Pakistan Limited	1,907	1,504
Cherat Cement Company Limited	17,878	16,978
D.G. Khan Cement Company Limited	67,145	58,099
Engro Fertilizers Limited	11,048	-
Fatima Fertilizer Company Limited	505	509
Fauji Fertilizer Bin Qasim Limited	7,819	9,674
Fauji Fertilizer Company Limited	4,546	6,310
Hi-Tech Lubricants Limited	1,635	-
International Industries Limited	38,700	7,278
International Steels Limited	8,057	-
K-Electric Limited	10,350	3,627
Kohat Cement Company Limited	7,245	13,096
Kohinoor Energy Limited	4,307	4,120
Kot Addu Power Company Limited	10,083	12,495
Nishat Mills Limited	2,380	-
Nishat Power Limited	8,787	5,051
Oil and Gas Development Company Limited	9,848	7,594
Pakgen Power Limited	2,022	2,405
Pakistan International Bulk Terminal Limited	6,947	-
Pakistan Oilfields Limited	22,907	17,375
Pakistan Petroleum Limited	57,774	55,819
Pakistan State Oil Company Limited	27,115	18,773
Pakistan Telecommunication Company Limited	5,464	8,267
PICIC Growth Fund	52,854	40,579
PICIC Investment Fund	7,500	-
Roshan Packages Limited	1,910	-
Sui Northern Gas Pipelines Limited	35,741	-
Sui Southern Gas Company Limited	1,274	963
The Crescent Textile Mills Limited	7,490	-
The Hub Power Company Limited	20,550	21,010
	3,370,335	2,539,649

26. MARK-UP ACCRUED

This represents mark-up receivable from the Crescent Hadeed (Private) Limited and Shakarganj Energy (Private) Limited amounting to Rs. 0.278 million and Rs. 1.202 million respectively.

Rupees in '000	Note	2017	2016

27. OTHER RECEIVABLES

	Note	2017	2016
Dividend receivables		1,278	1,525
Receivable against rent from investment property		442	674
Claim receivable		1,863	562
Due from related parties	27.1	75,739	64,739
Retention money receivable		380,691	149,163
Sales tax refundable		248,573	90,216
Margin on letter of credit / letter of guarantee		18,219	19,022
Receivable from staff retirement benefits funds	43	1,014,310	456,276
Others		4,510	3,227
		1,745,625	785,404

27.1 Due from related parties

	2017	2016
Shakarganj Limited	1,562	1,273
CS Capital (Private) Limited	211	83
Shakarganj Energy (Private) Limited	22,431	21,319
Crescent Hadeed (Private) Limited	39,993	30,564
Solution de Energy (Private) Limited	11,502	11,500
CSAP - Pension Fund	40	-
	75,739	64,739

28. TAXATION - NET

	2017	2016
Advance taxation	2,792,149	2,311,309
Provision for taxation	(2,159,350)	(1,781,988)
	632,799	529,321

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

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

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

- Orders under section 161/205 of the Income Tax Ordinance, 2001 have been issued by the Assistant Commissioner Inland Revenue, whereby demand aggregating to Rs. 8.691 million (inclusive of default surcharge) has been raised in respect of tax year 2014 and Rs. 5.794 million in respect of tax year 2010. Majority of the matters have decided in favour of the company at the Commissioner (Appeals) level, whereas appeals have been referred in Appellate Tribunal Inland Revenue for remaining issues.

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

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

The Board of Directors in their meeting held on 12 August 2017 has announced sufficient cash dividend for the year ended 30 June 2017 (refer note 50.2) 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 2017.

Rupees in '000	Note	2017	2016
29. CASH AND BANK BALANCES			
With banks - Conventional banking			
- in saving account	29.1	17,088	56,197
- in current accounts		11,069	5,559
		28,157	61,756
Cash in hand		314	1,146
		28,471	62,902

29.1 Mark-up rate on saving account is 4.25% (2016: 4.75%).

Rupees in '000	Note	2017	2016
30. SALES - NET			
Local sales			
Bare pipes		8,426,029	3,469,451
Pipe coating		341,833	991,498
Pre coated pipes		1,339,963	3,954,524
Cotton yarn / raw cotton		1,216,867	34,338
Others		83,203	116,404
Scrap / waste		251,326	101,157
Sales returns		(1,196)	-
		11,658,025	8,667,372
Export sales			
Fabric		57,169	-
		11,715,194	8,667,372
Sales tax		(1,506,550)	(1,255,337)
		10,208,644	7,412,035

Rupees in '000	Note	2017	2016
31. COST OF SALES			
Steel segment	31.1	7,054,680	5,124,130
Cotton segment	31.1	1,295,114	144,929
		8,349,794	5,269,059

31.1 Cost of sales

Rupees in '000	Note	Steel segment 2017	Steel segment 2016	Cotton Segment 2017	Cotton Segment 2016	Total 2017	Total 2016
Raw materials consumed		6,332,309	4,494,712	853,563	37,138	7,185,872	4,531,850
Cost of raw cotton sold		-	-	-	18,672	-	18,672
Packing materials consumed		-	-	19,559	643	19,559	643
Store and spares consumed		194,541	98,815	25,866	11,592	220,407	110,407
Fuel, power and electricity		74,581	76,736	169,478	16,545	244,059	93,281
Salaries, wages and other benefits	31.2	215,603	192,560	118,955	28,002	334,558	220,562
Insurance		4,022	3,656	2,657	2,702	6,679	6,358
Repairs and maintenance		19,328	10,209	2,227	5,982	21,555	16,191
Depreciation	15.1.2	40,042	31,341	35,228	58,787	75,270	90,128
Rental under Ijarah financing		91,349	13,180	-	-	91,349	13,180
Stock-in-trade written down to NRV		119,930	72,141	-	3,477	119,930	75,618
Other expenses		237,748	285,904	39,756	(594)	277,504	285,310
		7,329,453	5,279,254	1,267,289	182,946	8,596,742	5,462,200
Opening stock of work-in-process		76,672	13,368	10,250	112	86,922	13,480
Closing stock of work-in-process	21	(85,524)	(76,672)	-	(10,250)	(85,524)	(86,922)
		(8,852)	(63,304)	10,250	(10,138)	1,398	(73,442)
Cost of goods manufactured		7,320,601	5,215,950	1,277,539	172,808	8,598,140	5,388,758
Opening stock of finished goods		117,882	26,062	27,879	-	145,761	26,062
Closing stock of finished goods	21	(383,803)	(117,882)	(10,304)	(27,879)	(394,107)	(145,761)
		(265,921)	(91,820)	17,575	(27,879)	(248,346)	(119,699)
		7,054,680	5,124,130	1,295,114	144,929	8,349,794	5,269,059

31.2 Detail of salaries, wages and other benefits

	Note	Steel 2017	Steel 2016	Cotton 2017	Cotton 2016	Total 2017	Total 2016
Salaries, wages and other benefits	31.2.1	214,116	182,884	117,362	26,456	331,478	209,340
Pension fund	31.2.2	1,019	4,607	121	878	1,140	5,485
Gratuity fund	31.2.2	(3,499)	1,860	(192)	43	(3,691)	1,903
Provident fund contributions		3,967	3,209	1,664	625	5,631	3,834
		215,603	192,560	118,955	28,002	334,558	220,562

31.2.1 This includes contribution amounting to Rs. 20 million (2016: Rs. 10 million) to Staff Benevolent Fund ("the Fund"). The Fund has been established as separate legal entity under the Trust Act, 1882 and registered under Income Tax Ordinance, 2001. The objective of the Fund is to provide at the discretion of the trustees, post retirement medical cover / facilities for retired employees and other hardship cases of extraordinary nature of existing employees of the Company. The Company does not have any right in the residual interest of the Fund.

Rupees in '000	2017 Pension	2017 Gratuity	2016 Pension	2016 Gratuity
31.2.2 Staff retirement benefits				
Current service costs	9,675	3,116	(61,245)	(3,168)
Interest costs	22,104	4,049	(151,483)	(5,509)
Return on plan assets, excluding interest income	(41,716)	(11,774)	218,213	10,580
Past service cost recognized	11,077	918	-	-
	1,140	(3,691)	5,485	1,903

Rupees in '000	Note	2017	2016

32. INCOME FROM INVESTMENTS

Dividend income	32.1	164,233	22,596
Gain / (loss) on sale of investments - net	32.1	10,299	(13,300)
Unrealized gain on held for trading investments - net	32.1	68,349	28,164
Rent from investment properties	32.2	4,008	5,095
		246,889	42,555

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

Rupees in '000 Name of investee company	Dividend income	Realised gain / (loss)	Unrealised gain / (loss)
Shariah compliant investee companies			
Agriauto Industries Limited	-	2,730	-
Altern Energy Limited	140,908	-	-
Attock Cement Pakistan Limited	79	-	403
Cherat Cement Company Limited	325	218	5,921
Engro Fertilizers Limited	1,400	-	(1,848)
Fatima Fertilizer Company Limited	49	-	(4)
Hi-Tech Lubricants Limited	20	-	(67)
International Industries Limited	1,050	-	28,540
International Steels Limited	158	-	2,535
K-Electric Limited	-	474	(1,740)
Kohat Cement Company Limited	411	333	(1,032)
Kohinoor Energy Limited	500	-	187
Millat Tractors Limited	175	2,703	-
Oil and Gas Development Company Limited	367	-	(232)
Pak Electron Limited	-	153	-
Pakgen Power Limited	200	-	(383)
Pakistan Oilfields Limited	1,750	-	5,534
Pakistan Petroleum Limited	2,535	-	(3,840)
Pakistan Telecommunication Company Limited	550	644	203
Sui Northern Gas Pipelines Limited	-	1,855	27,031
Sui Southern Gas Company Limited	-	171	231
The Hub Power Company Limited	1,400	-	(460)
	151,877	9,281	60,979
Non- Shariah compliant investee companies			
Aisha Steel Mills Limited	-	568	-
Asian Stock Fund Limited	1,739	-	-
D.G. Khan Cement Company Limited	1,800	738	6,788
Fauji Fertilizer Bin Qasim Limited	91	-	(1,856)
Fauji Fertilizer Company Limited	415	-	(1,764)
Kot Addu Power Company Limited	1,267	-	(2,412)
Nishat Mills Limited	-	-	(299)
Nishat Power Limited	566	-	(854)
Pakistan State Oil Company Limited	1,150	-	31
Pakistan Stock Exchange Limited	-	-	(3,449)
PICIC Growth Fund	1,279	-	12,276
Carry forward	8,307	1,306	8,461

Rupees in '000 Name of investee company	Note	Dividend income	Realised gain / (loss)	Unrealised gain / (loss)
Brought forward		8,307	1,306	8,461
Pakistan International Bulk Terminal Limited		–	(288)	(1,921)
PICIC Investment Fund		210	–	1,852
Roshan Packages Limited		–	–	(1,022)
Safeway Fund Limited		2,717	–	–
The Crescent Textile Mills Limited	32.1.1	568	–	–
First UDL Modaraba		4	–	–
		11,806	1,018	7,370
Others				
Central Depository Company of Pakistan Limited		550	–	–
		164,233	10,299	68,349

32.1.1 Unrealized gain amounting to Rs. 8.129 million on this investment was recognized in the other comprehensive income during the year.

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

32.2 Direct operating expenses incurred against rental income from investment properties amounted to Rs. 4.875 million (2016: Rs. 3.910 million). Further Rs. 1.313 million (2016: Rs. 1.083 million) were incurred against the non rented out area.

33. DISTRIBUTION AND SELLING EXPENSES

		Steel segment		Cotton Segment		Total	
Rupees in '000	Note	**2017**	2016	**2017**	2016	**2017**	2016
Salaries, wages and other benefits	33.1	6,003	6,141	5,917	1,141	11,920	7,282
Commission		–	-	5,577	67	5,577	67
Travelling, conveyance and entertainment		536	1,318	832	187	1,368	1,505
Depreciation	15.1.2	1,189	1,123	–	-	1,189	1,123
Insurance		160	183	7	-	167	183
Postage, telephone and telegram		81	106	701	125	782	231
Advertisement		98	185	–	-	98	185
Bid bond expenses		1,213	411	–	-	1,213	411
Legal and professional charges		3,475	3,110	–	-	3,475	3,110
Others		955	1,036	4,280	364	5,235	1,400
		13,710	13,613	17,314	1,884	31,024	15,497

33.1 Detail of salaries, wages and other benefits

Salaries, wages and other benefits		5,852	5,426	5,921	1,141	11,773	6,567
Pension fund	33.1.1	28	377	6	-	34	377
Gratuity fund	33.1.1	(96)	157	(10)	-	(106)	157
Provident fund contributions		219	181	–	-	219	181
		6,003	6,141	5,917	1,141	11,920	7,282

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

34. ADMINISTRATIVE EXPENSES

		Steel segment		Cotton segment		IID segment		Total	
Rupees in '000	Note	2017	2016	2017	2016	2017	2016	2017	2016
Salaries, wages and other benefits	34.1	89,670	86,159	17,327	12,571	6,446	5,936	113,443	104,666
Rents, rates and taxes		1,119	1,779	330	293	510	513	1,959	2,585
Travelling, conveyance and entertainment		7,986	7,328	1,582	1,323	464	389	10,032	9,040
Fuel and power		7,265	6,962	836	661	888	340	8,989	7,963
Postage, telephone and telegram		2,115	2,540	494	437	115	110	2,724	3,087
Insurance		1,049	877	124	171	96	85	1,269	1,133
Repairs and maintenance		10,872	25,858	557	430	1,261	1,522	12,690	27,810
Auditors' remuneration	34.2	1,446	1,899	351	448	142	189	1,939	2,536
Legal, professional and corporate service charges		7,223	11,207	1,563	2,248	1,342	1,659	10,128	15,114
Advertisement		2,893	2,022	20	22	151	120	3,064	2,164
Donations	34.3	76,702	66,888	70	-	4,041	4,000	80,813	70,888
Depreciation	15.1.2 & 17.1	14,300	9,543	3,067	2,560	4,781	4,506	22,148	16,609
Amortization of intangible assets	16.1	2,024	5,479	405	1,096	101	274	2,530	6,849
Printing, stationery and office supplies		4,995	4,268	1,134	949	408	328	6,537	5,545
Newspapers, subscriptions and periodicals		1,328	540	657	534	72	28	2,057	1,102
Others		4,792	4,297	941	1,030	695	685	6,428	6,012
		235,779	237,646	29,458	24,773	21,513	20,684	286,750	283,103
34.1 Detail of salaries, wages and other benefits									
Salaries, wages and other benefits		87,509	85,602	16,686	15,100	6,211	5,886	110,406	106,588
Pension fund	34.1.1	414	(1,203)	18	(196)	18	168	450	(1,231)
Gratuity fund	34.1.1	(1,430)	(1,040)	(27)	(2,883)	(51)	(346)	(1,508)	(4,269)
Provident fund contributions		3,177	2,800	650	550	268	228	4,095	3,578
		89,670	86,159	17,327	12,571	6,446	5,936	113,443	104,666

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

Rupees in '000	Note	2017	2016
34.2 Auditors' remuneration			
Audit fee	34.2.1	1,675	1,525
Fee for audit of funds' financial statements and other reports		47	756
Out of pocket expenses		89	151
Sales tax		128	104
		1,939	2,536

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

34.3 Donations

Donations include the following in which a director is interested :

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

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

Rupees in '000	2017	2016

35. OTHER OPERATING EXPENSES

Exchange loss	8,074	23,500
Provision for :		
- workers' profit participation fund	60,111	73,359
- workers' welfare fund	21,022	22,966
- doubtful trade debts	7,369	8,587
- other receivables	885	–
- liquidated damages	19,141	–
- slow moving stores, spares and loose tools - net	3,765	–
Liquidated damages	290,454	292,841
	410,821	421,253

36. OTHER INCOME

Income from financial assets		
Mark-up on short term loan to subsidiary companies	1,480	–
Return on deposits - from conventional side of bank	765	1,352
Reversal of provision for diminution in the value of investments	100,561	63,545
	102,806	64,897
Income from non-financial assets		
Gain on disposal of operating fixed assets	75,982	4,851
Deferred income amortized	4,968	2,682
Unwinding of discount on long term deposit	14,880	607
Insurance commission	1,400	1,365
Liabilities written-back	–	9,188
Reversal of provision for slow moving stores, spares and loose tools	–	6,416
Rent income	1,630	1,080
Others	166	2,589
	99,026	28,778
	201,832	93,675

37. FINANCE COSTS

Mark-up on short term loans - Shariah arrangement	13,999	10,824
Interest on - Non - Shariah arrangement		
- finance lease obligations	11,616	11,912
- long term loans	38,251	43,978
- running finances	9,069	14,328
- short term loans	101,022	62,200
Discounting of long term deposit	1,017	89,959
Bank charges	12,299	10,579
	187,273	243,780

Rupees in '000	2017	2016

38. TAXATION

Current		
- for the year	318,704	281,109
- Super tax	36,637	40,103
- for prior years	22,021	(95)
	377,362	321,117
Deferred	1,906	27,320
	379,268	348,437

38.1 Relationship between taxation expense and accounting profit

Profit before taxation	1,391,703	1,315,573
Tax at the applicable rate of 31% (2016: 32%)	431,428	420,983
Tax effect of inadmissible expenses / losses	(17,851)	(89,990)
Tax effect of income taxed at a lower rate	(91,349)	(21,010)
Prior year tax effect	22,021	(95)
Super tax	36,637	40,103
Tax effect of change in effective tax rate	(1,618)	(1,554)
	379,268	348,437

39. BASIC AND DILUTED EARNINGS PER SHARE

Profit after taxation	1,012,435	967,136
	(Number of shares)	
Weighted average number of ordinary shares in issue during the year	77,632,491	74,574,740
	(Rupees)	
Basic and diluted earnings per share	13.04	12.97

Rupees in '000	Note	2017	2016
40. CASH GENERATED FROM / (USED IN) OPERATIONS			
Profit before taxation		1,391,703	1,315,573
Adjustments for non cash charges and other items:			
Depreciation on operating fixed assets and investment properties		100,516	109,317
Amortization of intangible assets		2,530	6,849
Charge for the year on staff retirement benefit funds		(3,681)	2,421
Charge for compensated absences		1,935	1,740
Provision for 10-C bonus		2,233	2,075
Dividend income		(164,233)	(22,596)
Unrealized gain on held for trading investments - net		(68,349)	(28,164)
(Gain) / loss on sale of investments		(10,299)	13,300
Provision / (reversal of provision) for slow moving stores, spares and loose tools - net		3,765	(6,416)
Provision of doubtful trade debts - net		7,369	8,587
Provision of doubtful other receivables		885	-
Provision for Workers' Welfare Fund		21,022	22,966
Provision for Workers' Profit Participation Fund		60,111	73,359
Provision for liquidated damages - net		19,141	-
Reversal of provision for diminution in the value of investments - net		(100,561)	(63,545)
Return on loan to subsidiary company		(1,480)	-
Return on deposits		(765)	(1,352)
Gain on disposal of operating fixed assets		(75,982)	(4,851)
Deferred income amortized		(4,968)	(2,682)
Discounting of long term deposit		1,017	89,959
Unwinding of discount on long term deposit		(14,880)	-
Liabilities written back		-	(9,188)
Finance costs		187,273	243,780
Working capital changes	40.1	(413,013)	(2,331,965)
		941,289	(580,833)

Rupees in '000	2017	2016
40.1 Working capital changes		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(55,367)	(38,366)
Stock-in-trade	(372,194)	(1,751,272)
Trade debts	(348,189)	(243,516)
Advances	(338,193)	(21,963)
Trade deposits and short term prepayments	(6,809)	(10,203)
Other receivables	(402,434)	(305,868)
	(1,523,186)	(2,371,188)
Increase in current liabilities		
Trade and other payables	1,110,173	39,223
	(413,013)	(2,331,965)

Rupees in '000		2017	2016
41. CASH AND CASH EQUIVALENTS			
Running finances under mark-up arrangements	13.1	(247,782)	(179,837)
Cash and bank balances	29	28,471	62,902
		(219,311)	(116,935)

42. SEGMENT REPORTING

42.1 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 is presented below:

42.2 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 2017				
Sales - net	8,920,116	1,288,528	–	10,208,644
Cost of sales	7,054,680	1,295,114	–	8,349,794
Gross profit / (loss)	1,865,436	(6,586)	–	1,858,850
Income from investments	–	–	246,889	246,889
	1,865,436	(6,586)	246,889	2,105,739
Distribution and selling expenses	13,710	17,314	–	31,024
Administrative expenses	235,779	29,458	21,513	286,750
Other operating expenses	412,237	(2,301)	885	410,821
	661,726	44,471	22,398	728,595
	1,203,710	(51,057)	224,491	1,377,144
Other income	89,047	12,224	100,561	201,832
Operating profit / (loss) before finance costs	1,292,757	(38,833)	325,052	1,578,976
Finance costs	171,176	6,624	9,473	187,273
Profit / (loss) before taxation	1,121,581	(45,457)	315,579	1,391,703
Taxation				379,268
Profit after taxation				1,012,435

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

42.2.1 Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year (2016: Nil).

42.2.2 The accounting policies of the reportable segments are the same as the Company's accounting policies described in note 5 to these financial statements. The Steel segment allocates certain percentage of the common expenditure to the Cotton and IID segments. In addition, finance costs between Steel and Cotton segments are allocated at average mark-up rate on the basis of funds utilized. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

42.3 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 30 to these unconsolidated financial statements.

42.4 Information about major customers

Revenue from major customers of Steel segment represents an aggregate amount of Rs. 8,482.683 million (2016: Rs. 7,149.810 million) of total Steel segment revenue of Rs. 8,920.116 million (2016: Rs. 7,378.136 million). Revenue from major customers of Cotton segment represents an aggregate amount of Rs. 533.351 million (2016: Rs. 19.286 million) of total Cotton segment revenue of Rs. 1,288.528 million (2016: Rs. 33.899 million).

42.5 Geographical information

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

Rupees in '000	2017	2016
South and North America	57,169	-
Pakistan	10,151,475	7,412,035
	10,208,644	7,412,035

42.5.2 All non-current assets of the Company as at 30 June 2017 and 2016 were located and operating in Pakistan.

42.6 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 2017				
Segment assets for reportable segments	6,894,855	402,775	3,545,012	10,842,642
Unallocated corporate assets				1,336,946
Total assets as per unconsolidated balance sheet				12,179,588
Segment liabilities for reportable segments	1,781,677	79,067	2,206	1,862,950
Unallocated corporate liabilities and deferred income				3,496,921
Total liabilities as per unconsolidated balance sheet				5,359,871
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

42.6.1 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.

42.7 Other segment information

Rupees in '000	Steel segment	Cotton segment	IID segment	Total
For the year ended 30 June 2017				
Capital expenditure	136,144	4,442	-	140,586
Depreciation and amortization	57,555	40,609	4,882	103,046
Non-cash items other than depreciation and amortization - net	199,183	(5,663)	(333,967)	(140,447)
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

43. STAFF RETIREMENT BENEFITS

43.1 Defined benefit plans

43.1.1 The actuarial valuation of both pension and gratuity schemes has been conducted in accordance with IAS 19, 'Employee benefits' as at 30 June 2017. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation:

	2017		2016	
	Pension	Gratuity	Pension	Gratuity
Financial assumptions				
- Discount rate used for Interest Cost in P&L Charge	9.00%	7.25%	10.50%	9.75%
- Discount rate used for year end obligation	9.25%	9.25%	9.00%	7.25%
- Expected rate of increase in salaries	9.25%	9.25%	9.00%	7.25%
Demographic assumptions				
- Retirement Assumption	Age 58		Age 58	
- Expected mortality for active members	SLIC (2001-05)		SLIC (2001-05)	

43.1.2 The amounts recognized in unconsolidated balance sheet are as follows:

		2017			2016		
Rupees in '000	Note	Pension	Gratuity	Total	Pension	Gratuity	Total
Present value of defined benefit obligations	43.1.4	423,509	94,572	518,081	354,115	82,485	436,600
Fair value of plan assets	43.1.5	(1,106,188)	(426,203)	(1,532,391)	(660,348)	(232,528)	(892,876)
Asset recognized in unconsolidated balance sheet		(682,679)	(331,631)	(1,014,310)	(306,233)	(150,043)	(456,276)

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

		2017			2016		
Rupees in '000	Note	Pension	Gratuity	Total	Pension	Gratuity	Total
Opening balance		(306,233)	(150,043)	(456,276)	(119,662)	(57,913)	(177,575)
Net benefit cost / (income) charged to profit and loss	43.1.7	1,625	(5,305)	(3,680)	4,631	(2,210)	2,421
Remeasurements recognized in Unconsolidated other comprehensive income		(369,286)	(172,986)	(542,272)	(178,341)	(84,946)	(263,287)
Contributions by the Company	43.1.5	(8,785)	(3,297)	(12,082)	(12,861)	(4,974)	(17,835)
Closing balance		(682,679)	(331,631)	(1,014,310)	(306,233)	(150,043)	(456,276)

43.1.4 Movement in the present value of defined benefit obligations

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

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

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

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

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

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

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

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

Sensitivity analysis

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

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

The actuary of the 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.

43.2 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 repealed Companies Ordinance, 1984. The total charge against provident fund for the year ended 30 June 2017 was Rs. 9.945 million (2016: Rs. 7.594 million). 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:

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

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

44. FINANCIAL RISK MANAGEMENT

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

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

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

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

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

Rupees in '000	30 June 2017							
	Carring amount				Fair value			
	Investments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- listed equity securities	514,984	-	-	514,984	514,984	-	-	514,984
Financial assets not measured at fair value								
Investments								
- unlisted equity securities	178,946	-	-	178,946	-	-	-	-
- associates	1,070,803	-	-	1,070,803	-	-	-	-
Deposit	-	193,790	-	193,790	-	-	-	-
Trade debts	-	663,671	-	663,671	-	-	-	-
Loan to subsidiaries	-	365,000	-	365,000	-	-	-	-
Markup accrued	-	1,480	-	1,480	-	-	-	-
Other receivables	-	482,742	-	482,742	-	-	-	-
Bank balances	-	28,157	-	28,157	-	-	-	-
	1,249,749	1,734,840	-	2,984,589	-	-	-	-
Financial liabilities not measured at fair value								
Long term loans	-	-	462,981	462,981	-	-	-	-
Liabilities against assets subject to finance lease	-	-	105,306	105,306	-	-	-	-
Trade and other payables	-	-	1,763,838	1,763,838	-	-	-	-
Mark-up accrued	-	-	27,892	27,892	-	-	-	-
Short term borrowings	-	-	2,517,336	2,517,336	-	-	-	-
	-	-	4,877,353	4,877,353	-	-	-	-

Rupees in '000	30 June 2016							
	Carring amount				Fair value			
	Investments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Listed equity securities	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				
Deposit	–	186,631	–	186,631	–	–	–	–
Trade debts	–	322,851	–	322,851	–	–	–	–
Other receivables	–	238,912	–	238,912	–	–	–	–
Bank balances	–	61,756	–	61,756	–	–	–	–
	1,149,188	810,150	–	1,959,338	–	–	–	–
Financial liabilities not measured at fair value								
Long term loan	–	–	503,500	503,500	–	–	–	–
Liabilities against assets subject to finance lease	–	–	135,832	135,832	–	–	–	–
Trade and other payables	–	–	637,596	637,596	–	–	–	–
Mark-up accrued	–	–	21,023	21,023	–	–	–	–
Short term borrowings	–	–	2,083,975	2,083,975	–	–	–	–
	–	–	3,381,926	3,381,926	–	–	–	–

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 unquoted investments and 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 17.2. 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.

45. FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

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

45.1 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	2017	2016
Deposits	193,790	186,631
Trade debts	663,671	322,851
Mark-up accrued	1,480	–
Other receivables	482,742	238,912
Bank balances	28,157	61,756
	1,369,840	810,150

Trade and receivables

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

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

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

Rupees in '000	2017	2016
Steel segment	643,909	311,519
Cotton segment	19,762	11,332
	663,671	322,851
The aging of trade debts at the balance sheet date is		
Not past due	312,854	21,322
Past due 1 - 30 days	322,380	222,025
Past due 30 - 180 days	7,936	61,413
Past due 180 days	42,141	32,362
	685,311	337,122
Less: Impaired	21,640	14,271
	663,671	322,851

The movement in the allowance for impairment in respect of trade debts and advances is given in note 23.2 and note 24 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 short 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-.

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	**2017**	2016
	Short term	Long term	Agency	Rupee in '000	
Mutual Funds					
PICIC Investment Fund	MFR 3 star	MFR 3 star	JCR - VIS	7,510	5,658
PICIC Growth Fund	MFR 1 star	MFR 1 star	JCR - VIS	52,855	40,579
				60,365	46,237

Deposits

The Company has provided security deposits and retention money as per the contractual terms with counter parties as security and does not expect material loss against those deposits and retention money.

Investment in debt securities

Credit risk arising on debt securities is mitigated by investing principally in investment grade rated instruments. Where the investment is considered doubtful a provision is created there against. The Company does not have debt security at reporting date.

Concentration of credit risk

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

45.2 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	2017						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
Financial liabilities							
Long term loans	462,981	-	462,981	70,250	74,546	157,684	160,501
Liabilities against assets subject to finance lease	105,306	-	118,966	24,602	24,813	33,074	36,477
Trade and other payables	1,750,018	-	1,750,018	1,750,018	-	-	-
Mark-up accrued	27,892	-	27,892	27,892	-	-	-
Short term borrowings	2,517,336	2,517,336	-	-	-	-	-
	4,863,533	2,517,336	2,359,857	1,872,762	99,359	190,758	196,978

Rupees in '000	2016						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
Financial liabilities							
Long term loan	503,500	-	503,500	39,000	70,250	140,500	253,750
Liabilities against assets subject to finance lease	135,832	-	154,799	38,046	30,994	40,438	45,321
Trade and other payables	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	723,051	101,244	180,938	299,071

45.3 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.

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

	2017			
	USD	Euro	JPY	Total
Foreign creditors	(12,223,879)	(33,350)	-	(12,257,229)
Outstanding letters of credit	(5,938,793)	(469,266)	(12,200,000)	(18,608,059)
Net exposure	(18,162,672)	(502,616)	(12,200,000)	(30,865,288)

	2016			
	USD	Euro	JPY	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)

The following significant exchange rate has been applied:

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

Sensitivity analysis

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

	2017	2016
Effect on profit or loss		
USD	(1,816,267)	(545,147)
Euro	(50,262)	(9,489)
JPY	(1,220,000)	-
	(3,086,529)	(554,636)

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

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

45.3.2 Interest rate risk

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

	2017	2016	**2017**	2016
	Effective interest rate (Percentage)		Carrying amount (Rupees in '000)	
Financial liabilities				
Variable rate instruments:				
Long term loans	7.53-8.85	7.60-9.54	462,981	503,500
Liabilities against assets subject to finance lease	10.61-15.41	11.10-15.41	105,306	135,832
Short term borrowings	6.96-8.62	7.75-9.01	2,517,336	2,083,975

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 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 2016.

	Profit and loss 100 up	
	Increase	Decrease
Rupees in '000	**2017**	2016
As at 30 June 2017		
Cash flow sensitivity - Variable rate financial liabilities	(30,856)	30,856
As at 30 June 2016		
Cash flow sensitivity - Variable rate financial liabilities	(27,233)	27,233

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

45.3.3 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	**2017**	2016
Effect on profit	49,804	38,313
Effect on equity	1,694	881
Effect on investments	51,498	39,194

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

46. REMUNERATION TO THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

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

46.1 The aggregate amount charged in respect of directors' fees paid to six (2016: seven) directors is Rs. 2.8 million (2016: Rs. 1.410 million). Also, during the year remuneration paid to the non-executive Chairman of the Board of Directors amounted to Rs. 1.2 million (2016: Rs. 1.2 million).

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

46.3 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.

47. TRANSACTIONS WITH RELATED PARTIES

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

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

Name	Nature of relationship	Nature of transaction	**2017**	2016
Rupees in '000				
Crescent Hadeed (Private) Limited	Subsidiary company	Right shares subscribed	300,000	250,000
		Reimbursable expenses	34,439	20,189
		Sale of finished goods	204,159	74,854
		Share deposit money	72,697	192,150
		Short term loan	250,000	-
		Mark-up income	279	-

NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS
For the year ended 30 June 2017

Name	Nature of relationship	Nature of transaction	2017	2016
Rupees in '000				
CS Capital (Private) Limited	Subsidiary company	Reimbursable expenses	1,199	957
Shakarganj Energy (Private) Limited	Subsidiary company	Reimbursable expenses	1,112	4,018
		Right shares subscribed	80,000	141,961
		Share deposit money	-	182,090
		Short term loan	115,000	-
		Mark-up income	1,202	-
		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
Altern Energy Limited	Associates	Dividend received	140,908	-
Shakarganj Limited	Associates	Dividend paid	5,118	6,582
		Sales of finished goods	70	-
		Sales of raw cotton	-	19,661
		Services received	1,149	2,115
		Reimbursable expenses	1,442	1,494
Central Depository Company of Pakistan Limited *	Related party	Services received	521	1,981
		Dividend Received	550	5,809
Muhammad Amin Muhammad Bashir Limited *	Related party	Dividend paid	4	2
Premier Insurance Limited *	Related party	Insurance premium	16,449	11,515
		Dividend paid	720	-
The Crescent Textile Mills Limited	Related party	Dividend paid	-	17,589
		Dividend received	-	656
		Issuance of right shares	-	99,044
The Citizens' Foundation *	Related party	Donation given	58,351	48,518
CSAP Foundation*	Related party	Donation given	7,760	3,038
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Contribution made	1,820	644
		Dividend paid	374	154
		Issue of right shares	-	868
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Contribution made	2,851	4,974
		Dividend paid	7,356	3,031
		Issue of right shares	-	17,066

Name	Nature of relationship	Nature of transaction	2017	2016
Rupees in '000				
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Contribution made	7,545	12,861
		Dividend paid	16,151	6,654
		Issue of right shares	-	37,470
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Contribution made	8,251	6,961
		Dividend paid	4,166	1,616
		Issue of right shares	-	17,921
CSAP - Staff Benevolent Fund	Staff welfare fund	Contribution made	20,000	10,000
		Dividend paid	77	-
Key management personnel	Related parties	Remuneration and benefits	93,133	80,516
		Dividend paid	3,166	336
		Issue of right shares	-	8,953
Directors and their spouse	Related parties	Dividend paid	693	460
		Issue of right shares	-	9,237

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

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

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

47.3 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.

47.4 Outstanding balances and other information with respect to related parties as at 30 June 2017 and 2016 are included in issued, subscribed and paid-up capital (note 6.1), trade and other payables (note 11.3), long term investments (notes 18.1, 18.2 and 18.3.1), trade debts (note 23.1), investments (note 26.1), other receivables (note 27.1), administrative expenses (note 34.3) and staff retirement benefits (note 43).

48. 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 2016.

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

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

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

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

48.1 Gearing ratio

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

Rupees in '000	Note	**2017**	2016
Total debt	48.1.1	3,085,623	2,723,307
Less: Cash and bank balances		28,471	62,902
Net debt		3,057,152	2,660,405
Total equity	48.1.2	6,819,717	5,807,725
Total capital		9,876,869	8,468,130
Gearing ratio		31.0%	31.4%

48.1.1 Total debt is defined as long term and short term borrowings (excluding derivatives), as described in notes 7, 8 and 13 to these financial statements.

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

49. PLANT CAPACITY AND PRODUCTION

49.1 Steel segment

Pipe plant

The plant's installed / rated capacity for production based on single shift is 66,667 tons (2016: 66,667 tons) annually on the basis of notional pipe size of 30" dia x ½" thickness. The actual production achieved during the year was 88,110 tons (2016: 58,202 tons) line pipes of varied sizes and thickness, which is due to operation of plant more than single shift. Actual production is equivalent to 107,699 tons (2016: 66,811 tons) when translated to the notional pipe size of 30" diameter.

Coating plant

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

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

49.2 Cotton segment

Spinning unit 1

The plant capacity converted to 20s count based on three shifts per day for 1,080 shifts is 6,452,874 kilograms (2016: 6,452,874 kilograms) whereas the plant capacity converted to 20s count based on Polyester Cotton Yarn in three shifts per day for 1080 shifts is 8,298,913 kilograms. Actual production converted into 20s count was 7,949,096 kilograms for 1,080 shifts (2016: 330,519 kilograms for 45 shifts).

50. GENERAL

50.1 Number of employees

The number of employees including contractual employees of the Company as at 30 June 2017 were 481 (2016: 891) and weighted average number of employees were 939 (2016: 495).

50.2 Non adjusting event after balance sheet date

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

51. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue in the Board of Directors meeting held on 12 August 2017.

Chief Executive | Director | Chief Financial Officer