ANNUAL REPORT 2014

FROM LEGEND TO LEGACY

Crescent Steel and
Allied Products Limited

COVER STORY

DATING BACK TO ANCIENT TIMES, THE HISTORY OF STEEL IS A SPELLBINDING CHRONICLE OF THE POWER OF HUMAN GENIUS IN ELEVATING THE EARTH'S NATURAL TREASURES. THIS EPIC TALE OF MANKIND'S MOST PRIZED DISCOVERY SPREADS ACROSS THE PREHISTORIC AGES OF COPPER AND BRONZE TO THE REVOLUTIONARY ERAS OF MODERN METALLURGY – BESPEAKING A TALE THAT IS AWE-INSPIRING IN ITS OWN RIGHT.

AT CRESCENT STEEL AND ALLIED PRODUCTS LIMITED, WE BELIEVE IN SHARING THIS REVERENTIAL STORY, WHICH HAS SHAPED THE WORLD AS WE KNOW IT TODAY. TO US, ONLY TRUE LEGENDS STOOD THE TEST OF TIME, LEAVING BEHIND A TIMELESS LEGACY FOR THE FUTURE TO BEHOLD.

OUR COVER THIS YEAR IS A TRIBUTE TO THE LASTING LEGACY OF STEEL – A PERENNIAL LEGEND WHICH CONTINUES TO COME THROUGH TIME AFTER TIME.

إنا لله وإنا إليه راجعون

Surely we belong to Allah and to Him shall we return

MIAN MAZHAR KARIM

12th July 1935 - 12th September 2013

We report with sadness that Mian Mazhar Karim, founding member of Crescent Group and Chairman of the Board of Directors of the Company passed away on Thursday, the 12th of September 2013. He was 78 years old.

Mian Mazhar Karim's tenure as chairman at Crescent Steel and Allied Products Limited spanned three decades. His superb leadership during this time, marked by transition and financial challenges, is widely recognized as laying the groundwork for the Crescent Group and Company's success. The Board, the management and all others while paying glowing tribute to him, acknowledge his tremendous contributions for the Crescent Group, Company and the economy of this country.

His affiliation with Crescent Group spans over sixty years. He was continuously involved with Crescent Group activities, as a senior director, strong financial supporter, an effective executive volunteer, and a committed guardian who never hesitated to accept the obligations of multiple board memberships and chairmanships.

All who knew Mian Mazhar Karim, remark on his personal integrity, business acumen, and unwavering determination. He was known for considerable personal charm and wit and great sensitivity to others. Mian Sahib had many affiliations, including chairman of Pakistan Jute Mills Association, senior trustee of Crescent Foundation, trustee of Crescent Educational Trust and senior director of The Crescent Textile Mills Limited. He also served as a director/trustee of numerous other companies and foundations. Mian Mazhar Karim will serve as a role model for the coming generations and will always be fondly remembered and missed.

May his soul rest in peace.

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A GLIMPSE OF CRESCENT HADEED (PRIVATE) LIMITED

KEY FIGURES

SALES REVENUE (Rs. in million)	4,032
EBITDA (Rs. in million)	563
PROFIT BEFORE TAXATION AND DEPRECIATION (Rs. in million)	474
PROFIT AFTER TAXATION (Rs. in million)	360
EARNINGS PER SHARE (BASIC AND DILUTED) (Rupees)	5.8
PRICE EARNINGS RATIO (TIMES)	7.5
CASH DIVIDEND (INCLUDING FINAL PROPOSED) (Rupees per share)	2.5
CAPITAL EXPENDITURE (Rs. in million)	132
RETURN ON AVERAGE CAPITAL EMPLOYED (%)	10.5

TOTAL ASSETS
(Rs. in million)
4,733

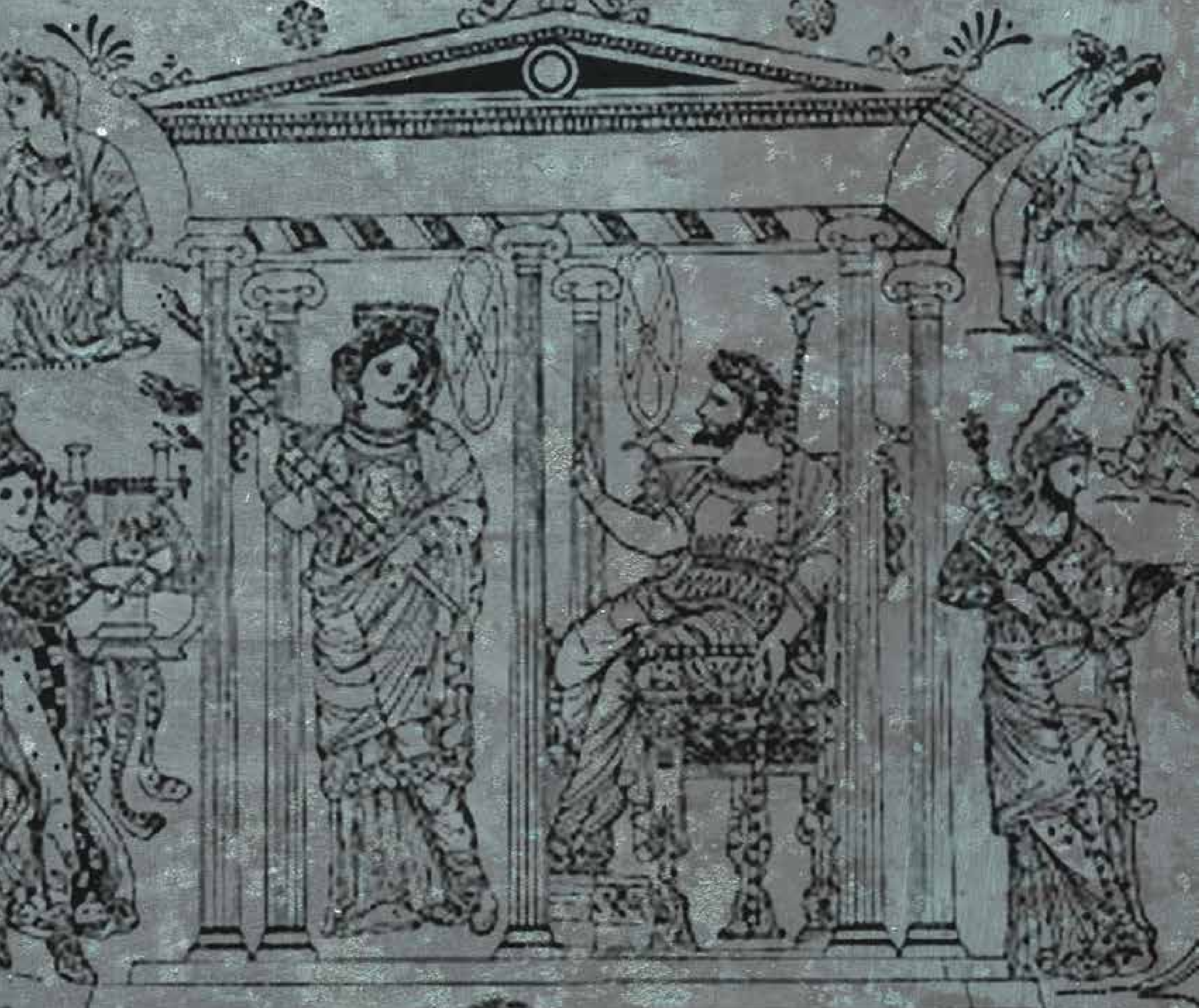
CURRENT RATIO
(Ratio)
2.3:1

SHAREHOLDERS' EQUITY
(Rs. in million)
4,007

BREAK-UP VALUE PER SHARE
(Rupees)
64.5

AWARDS AND ACCOLADES

- EMPLOYER OF THE YEAR AWARD 2012
- BEST CORPORATE REPORT AWARD 2013
- BEST SUTAINABILITY REPORT AWARD 2013
- BEST PRACTICES AWARD ON OCCUPATIONAL SAFETY, HEALTH AND ENVIRONMENT
- BEST CEO AWARD
- CORPORATE PHILANTHROPY AWARD 2012



GREEK MYTHOLOGY

THE ILIAD AND THE ODYSSEY, WHICH WERE WRITTEN BY GREEK POET HOMER MENTIONS THE TECHNIQUE OF QUENCHING IRON, IN THESE WORDS: "SEIZING THE OLIVE POLE, THEY DROVE ITS SHARPENED END INTO THE CYCLOPS' EYE... [WHICH] HISSED AROUND THE OLIVE STAKE IN THE SAME WAY THAT AN AXE OR ADZE HISSES WHEN A SMITH PLUNGES IT INTO COLD WATER TO QUENCH AND STRENGTHEN THE IRON."

VISION, MISSION & CORE VALUES

VISION

To be the leader in every business we do, by delivering sustainable value to all stakeholders.

MISSION

- To grow and enhance company value and pursue new growth opportunities;
- Maintain cost and quality leadership in an internationally competitive environment;
- Promote best use of human talent in a safe environment, as an equal opportunity employer; and
- To conduct business as a responsible corporate citizen and to seek and support local communities with focus on education, health and environment.

CORE VALUES

Our core values are at the heart of our business because they define who we are, how we work, what we believe in and what we stand for. Our core values set out how we act and how we expect to be treated as part of Crescent Steel.

INTEGRITY

CONSISTENTLY DOING THE RIGHT THING. Being ethically unyielding and honest in the way we carry on business even when nobody is looking.

OWNERSHIP

ACTING WITH STEWARDSHIP to build a better, stronger and more dynamic organization.

CUSTOMER FOCUS

LEVERAGING RELATIONSHIPS FOR OUT PERFORMANCE. Knowing our customers, anticipating their needs, and being responsive to deliver the best value internally and externally.

CONTINUOUS IMPROVEMENT

CONTINUOUS IMPROVEMENT GIVES US COMPETITIVE ADVANTAGE. We foster collaboration, innovation and creativity and have a passion for challenges – as individuals and as teams.

COMMUNITY CARE

SOCIAL RESPONSIBILITY IS AT THE HEART OF OUR BUSINESS. We strive to make a positive difference in the lives of the people we work with and in the communities where we operate through strategic impact investment programs.

COPPER AGE

ALMOST 6000 YEARS AGO, PRE-HISTORIC POTTERS USED TO ADORN THEIR POTTERY WITH GREEN MALACHITE. ONE DAY OUT OF SHEER COINCIDENCE, THE USE OF PARTICULARLY HOT FIRE WHILE HEATING THE MALACHITE LEAD TO THE DISCOVERY OF EXTREMELY PRECIOUS COPPER. UNTIL THEN, COPPER WAS RARELY FOUND IN MOUNTAIN RANGES AND RIVERBEDS.

OUR GOVERNING PRINCIPLES

CSAPL CONDUCTS ITS BUSINESS IN A RESPONSIBLE MANNER AND WITH HONESTY, AND INTEGRITY. WE ALSO HAVE THE SAME EXPECTATIONS FROM ALL THOSE WITH WHOM WE HAVE RELATIONSHIPS. WE INSIST ON DOING WHAT IS RIGHT WHICH SETS THE TONE OF OUR ACTIONS AND UNDERPINS THE FUNCTIONING OF OUR EMPLOYEES. WE ALSO INSIST THAT ALL TRANSACTIONS BE OPEN, TRANSPARENT AND WITHIN THE LEGAL FRAMEWORK CULMINATING IN RESPONSIBLE FINANCIAL REPORTING.

INTEGRITY

CSAPL does not use bribe as an instrument for any business or financial gain. Employees are not authorized to give or receive any gift or payment which may be construed as such. Employees are also required to avoid engaging in any personal activity or financial interests which would conflict with their responsibility to the Company.

ROLE OF THE BOARD OF DIRECTORS

The Board has a fiduciary responsibility for the proper direction and control of the activities of the Company. This responsibility includes such areas of stewardship as the identification and control of the Company's business risks, the integrity of management information systems and transparent reporting to shareholders. The Board accepts its primary responsibility for the overall control architecture of the Company. However, it recognizes that the internal control system has to be cost effective and that no cost effective system will preclude all errors or irregularities. The system is based upon written procedures, policies, guidelines, an organogram that provides an appropriate division of responsibility, a programme of internal audit, manning of all key functions by qualified personnel and constant training.

REMUNERATION OF BOARD OF DIRECTORS AND CHAIRMAN

All directors of the Company are Non-Executive except for the Chief Executive Officer. The CEO is paid fixed salary as determined by the Board; performance of CEO is evaluated against approved criteria by the HR & R Committee and recommended to the Board for approval. All the other directors are paid Director's fee for attending board meetings which is also fixed in light of applicable laws and regulations. Further from January 2014 onwards chairman of the board is paid honorarium for his services to the company as approved by the Board.

CODE OF CONDUCT

The Board has adopted a code of conduct for its members, executives and staff, specifying the business standards and ethical considerations in conducting its business. The code includes:

- Corporate governance
- Relationship with employees, customers and regulators
- Confidentiality of information
- Trading in Company's shares
- Environmental responsibilities

BOARD COMMITTEES

The Board has constituted the following committees:

- Audit Committee
- Human Resource and Remuneration Committee
- Governance and Evaluation Committee

Through its committees, the Board provides proactive oversight in some of the key areas of business and the performance of CEO. The Board regularly reviews the respective charters of these committees.

AUDIT COMMITTEE

The Audit Committee operates under a charter approved by the Board. The governing charter of the Audit Committee addresses the requirement of the code of corporate governance issued by the SECP and includes the requirements of best practices. The Committee is accountable to the Board for the recommendation of appointment of external auditors, directing and monitoring the audit function and reviewing the adequacy and quality of the audit process. CEO and the CFO are responsible for the accuracy of financial information for inclusion in the annual report; the Committee provides the Board with additional assurance.

The Committee also ensures that the Company has an effective internal control framework. These controls include safe-guarding of assets, maintaining of proper accounting records complying with legislation and ensuring the reliability of financial information.

HUMAN RESOURCE AND REMUNERATION COMMITTEE (HR & R)

The HR & R Committee reviews the human resource architecture of the Company and addresses the requirement of the Code of Corporate Governance. The committee has been constituted to address and improve the crucial area of human resource development. Its aim is to assist the Board and guide the management in the formulation of the market driven HR policies regarding performance management, HR staffing, compensation and benefits. The expanded role of the Committee is to review CEO performance and to recommend CEO compensation for the approval of the Board. Further, the selection, evaluation and compensation of CFO, Company Secretary and Head of Internal Audit is also reviewed and recommended to the Board by the Committee.

GOVERNANCE AND EVALUATION COMMITTEE

The role of Governance and Evaluation Committee is to assist the Board in the discharge of its function as well as compliance with the Company's governing principles. The Committee takes a leadership role in shaping the code of business conduct (governing principles) in order to keep them in line with International best practices. The committee will also monitor compliance with the Code of Corporate Governance other than those areas which fall under the oversight of the Audit Committee. The Committee also reviews from time to time, the adequacy of succession and alignment of key factors with the Company strategy.

The Board has established a mechanism for the evaluation of Board's performance on the recommendation of the Governance and Evaluation Committee. This evaluation is based on the mechanism of self-assessment by the individual Board members. For this purpose, a toolkit has been designed for assessing Board's performance.

Governance and Evaluation Committee evaluates the Board's Performance in line with the methodology approved by the Board and recommends the same to the Board for their review and approval.

MANAGEMENT STRUCTURE

The Company has three distinct business units, a Steel Division, a Cotton Division, and an Investment and Infrastructure Development Division. The accounting for these units is done separately in an arm's length manner to arrive at the true profit before tax for each unit. Three business unit heads and three corporate functional heads as defined in the management structure with clear responsibility and authority matrix have direct reporting lines to the Chief Executive Officer. Limits of authority at all levels are clearly defined in our control manual. The Internal Audit function is responsible to monitor compliance with the manual.

The Company also has three wholly owned subsidiaries:

- CS Capital (Private) Limited
- Shakarganj Energy (Private) Limited
- Crescent Hadeed (Private) Limited

RESPONSIBILITY TO STAKEHOLDERS

Our primary purpose is to run our business efficiently and profitably to enhance shareholders' value but we do it with responsibility to all stakeholders. Profitability is essential to discharge this responsibility and the corporate resources are primarily deployed in the achievement of this end. However, the Company does not operate in isolation with its environment and accordingly feels responsible to all stakeholders which are:

- Our Shareholders: To protect shareholders' investments and provide an acceptable return to them.
- Our Customers: To win and maintain customers by developing and providing products and services, which offer value in terms of price, quality, safety and environmental impact supported by requisite technological expertise.
- Our People: To respect the human and legal rights of its employees with good and safe conditions of work and competitive terms of service.
- Our Business Partners: To seek mutually beneficial relationships with contractors and suppliers of goods and services to the Company.
- Our Society: To conduct business as a responsible member of society, to observe laws, express support for basic human rights and give proper regard to health, safety and environment not only at our various campuses but also beyond, extending it to society at large.

SERVICE TO SOCIETY

We are committed to be active as responsible corporate citizens. We believe in "giving something back" by addressing issues such as education, healthcare, public safety, environmental health etc. This is also arising from our belief that individual entities when they work together can create powerful synergies and help to improve the conditions of the society in which they are operating. These principles are not just put forth on paper but we have over the years actively strived to promote issues of education, health and environment. Major portion of our budget for philanthropy and sponsorship is allocated to primary and secondary schooling for less privileged children.

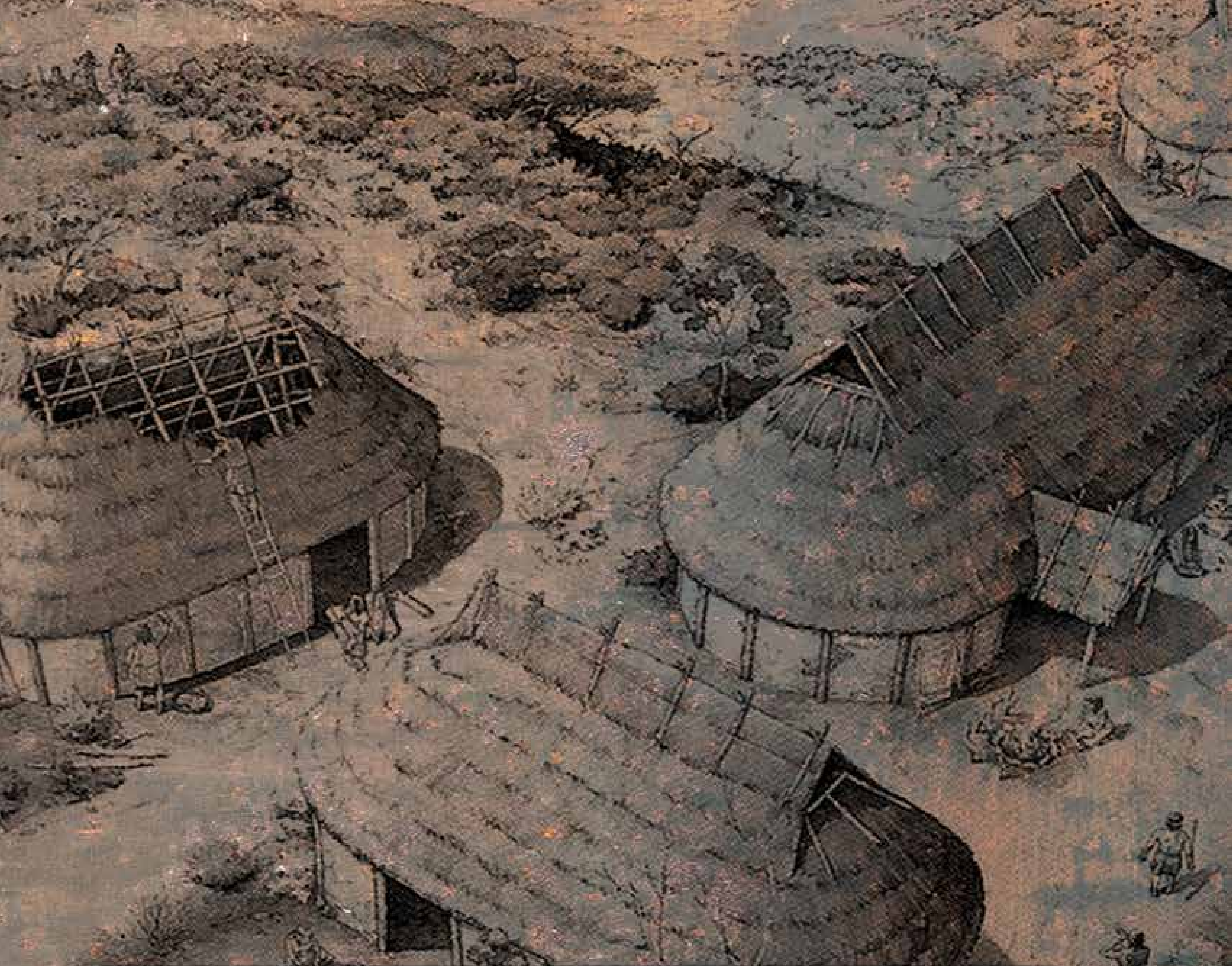
HEALTH, SAFETY AND ENVIRONMENT

At CSAPL we take maintenance of health and safety standards at our plants and offices seriously. We are committed to actively managing health and safety risks associated with our business and are actively working towards improving our procedures to reduce, remove or control the risk of fire, accidents or injuries to employees and visitors. All activities at all our campuses are required to conform to international standards for health and safety certified by ISO14001:2004 and OHSAS 18001:2007.

We also ensure that our products are shipped in a safe manner complying with the safety standards and legal requirements.

SHAREHOLDERS

The Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to the shareholders in the annual report, interim quarterly reports and through information portal of Karachi Stock Exchange as and when required. The Board encourages the shareholders' participation at the Annual General Meetings to ensure a high level of accountability. The Company's financial statements are available on the Company's website and an officer is designated to answer all shareholders enquiries.



BRONZE AGE

AFTER THE SIGNIFICANT DISCOVERY OF COPPER, EARLY ALCHEMISTS FIGURED THAT COMBINING COPPER AND TIN ORE AT HIGH TEMPERATURES COULD MAKE SUPERIOR BRONZE. THIS BROUGHT INTO EXISTENCE WHAT CAME TO BE KNOWN AS THE BRONZE AGE, WHICH LASTED FOR ABOUT 2000 YEARS. DURING THIS TIME, SUPERIOR METAL OBJECTS WERE CREATED SUCH AS BRONZE TOOLS; WEAPONS, ARMOR AND BUILDING MATERIALS WHICH WERE HARDER AND MORE DURABLE THAN THEIR STONE AND COPPER PREDECESSORS.

MECHANISM FOR PROVIDING INFORMATION AND RECOMMENDATION TO THE BOARD

FORMAL REPORTING LINE

The operational structure of the Company consists of various divisions, each of which is headed by a Business Unit Head (BUH). The BUHs are responsible for the performance of the respective division / department and Board Committees have access to BUHs for any information they require pertaining to their respective division.

Further information regarding any matter of concern or recommendation is also put forward by the CEO to the respective committees of the Board.

EMPLOYEES

We believe in a culture of openness and freedom of expression. We do this by providing several forums for employees to bring their valuable suggestions and feedback to the management and the Board. Company has provided an e-suggestion box on the dashboard of every employee's workstation. Their feedback and recommendations are received directly by the CEO on his email. CEO monitors and tracks all such e-mails, and where the issue is of a significant nature the same is addressed in the meetings of Board of Directors or the relevant Board Committee.

Moreover, the Company has a Whistle Blowing Policy in place to provide an avenue for employees to raise concerns and reassurances that they will be protected from reprisals or victimization for whistle blowing.

The company also conducts annual open house session with the employees to engage on a one to one conversation with the CEO. It helps increase the information flow from the bottom-up to create a positive and receptive environment in the workplace.

SHAREHOLDERS

Every year the Annual General Meeting of shareholders is called in accordance with the requirements of the Companies Ordinance, 1984 which is attended by the CEO and CFO. The interactive session between the Company's management and shareholders allows the shareholders to ask questions on financial, economic, social and any other issues and also to provide any recommendation. The CEO responds to all such queries and takes necessary actions accordingly.

Moreover, the Company has provided contact details of all the relevant personnel who should be contacted for general and specific queries on its website: www.crescent.com.pk/shareholders-information/ and also prints the same on the Annual Report sent to the shareholders.

MANAGING CONFLICT OF INTEREST

The Company in compliance with the Code of Corporate Governance annually circulates and obtains a signed copy of Code of Conduct applicable to all its employees and Directors, which also relates to matters relating to conflict of interest. Further, the directors are annually reminded of the insider trading circular issued by the Securities & Exchange Commission of Pakistan to avoid dealing in shares while they are in possession of the insider information.

As per the provisions of the Companies Ordinance, 1984, every director is required to provide to the Board complete details regarding any material transaction which may bring conflict of interest with the Company for prior approval of the Board. The interested director(s) do not participate in the discussion neither they vote on such matters.

The transactions with all the related parties are made on arms-length basis and complete details are provided to the board for their approval. Further all the transactions with the related parties are fully disclosed in the annual financial statements of the Company.

CORPORATE STRATEGY

THE BASIS OF OUR STRATEGY IS OUR LONG-TERM VISION: "TO BE THE LEADER IN EVERY BUSINESS WE DO, BY DELIVERING SUSTAINABLE VALUE TO ALL STAKEHOLDERS."

Given the volatile business environment and political imperatives in Pakistan, we are steering the Company with a medium-term strategy that spans three years. Our strategy setting and accomplishment reviews are conducted annually by a designated Business Strategy Committee (the Committee) that drives and channels the process. The Committee comprises of the Company's executive management team that meets regularly to review progress on strategic objectives and annually to review, renew and reposition Business level strategic objectives for the next three fiscal years.

The annual review process includes a review of the Company's Vision and Mission Statements, Values, strategic objectives and extensive business level SWOT analyses that assess internal and external issues and dependencies, counter measures, new opportunities and strengths. Other than formulating the Corporate Strategy, the Committee works to develop annual plans designed to achieve our strategic objectives and to realize our Vision and Mission. The process of translating the vision helps the leadership team build a consensus around a strategy theme that captures the organization's purpose. The theme serves as a useful guide to action at the local and unit levels. This year the Strategic Theme to enable action is ACT: Agility – Creativity - Tenacity.

Using the Balanced Scorecard approach, the Committee agrees on the strategic direction and objectives under the four defined perspectives:

1. Financial
2. Customer
3. Internal / Operational, and
4. Innovation / Learning

To enable our people to act on the vision and strategy, we close in on integrated set of objectives and measures, agreed upon by all senior executives, which describe the long-term drivers of success for our business. The Business Strategy Committee ensures that everyone understands the long term goal of the Company and that departmental and individual goals are aligned with these. We measure and realign performance at the individual, departmental and entity level through regular feedback enabling real time learning and calibration.

Enhancing shareholder value through cost and quality leadership lies at the core of our corporate strategic objectives. We do this by ensuring that we hold strong to our mission and values by acting responsibly, maintaining cost and quality leadership and seeking to attract, develop and retain talent.

Our operational strategy is centered on:

- Enhancing shareholders' value by generating reasonable returns
- Conservative, sound risk management
- Ethical behaviour, observing the letter and spirit of rules and regulations
- Growing responsibly through business acquisitions and organic growth,
- Operational agility: Leveraging cost and quality leadership to enhance customers' value
- Meeting international standards of quality, safety and health
- Retaining, developing and leveraging quality human capital
- Impact investments and giving back to the people we work with and the communities where we operate, and
- Creating meaningful societal capital

The operational strategy aims to continuously identify processes for improvement, strengthen supply chain management, expand supplier-base and improve risk management.

Our business strategy focuses on the profitability of business segments which will primarily entail expanding our existing base (steel line pipes, line pipe coatings, cotton yarn and other core assets) and projects in the pipeline (steel billets and renewable energy). We have taken steps to proactively reshape the portfolio of businesses in line with our long term mission of creating multiple, sizeable businesses while deploying management resources to the most promising opportunities. At the same time, we will refocus on capital and operational costs to improve our competitiveness.

Our market strategy calls for us to accelerate our business development by leveraging our shift towards the engineering sector with the objective to ensure sustainable growth by capturing business in this sector. This will entail securing global supply sources to meet increasing demand in Pakistan and regional markets where relatively strong growth is expected.

In order to optimize our business portfolio, we had already introduced the concept of Business Units across the Company and future additions to the business portfolio are being structured as fully owned subsidiaries. The move is geared towards making evaluation of businesses easier, achieving improved transparency of business strategies and, fostering a culture of high autonomy and accountability. This will not only enable us to effectively divest in underperforming segments but also to select and strengthen outperforming units.

We plan to remain at the cutting edge of technology by upgrading our plants and carrying out regular process innovations. Our strategic direction is geared to achieve capacity enhancements, diversify revenue streams and to deliver value to our customers through product development, manufacturing excellence, and supply chain management. We have invested and will continue investing in energy saving equipment and remain committed to reducing and sustainably managing waste. We aim to further fine tune our investment strategy, by reducing exposure to high risk.

Our Information Technology strategy is tightly aligned with business goals, and is designed to continuously enhance enterprise value of Crescent Steel, reform administrative procedures and develop operations. We plan to leverage our investment in enterprise resource planning systems for business intelligence to support and enable calculated decision making.

The Human Resource strategy is designed to contribute to our durability by providing our people with good jobs and working environments that maximize their skills and realize the potential of both individual employees and teams. The HR strategy focuses on developing programs to supplement Crescent Steel's policies on recruitment, training, performance evaluation and remuneration in a manner that strengthens the organization's human capital, develops corporate culture, improves working environments and delivers on upholding our values. The Human Resource strategy focuses on enhanced training of our people with measurable outcomes, promoting an interactive environment, improving succession readiness for future leadership, and fostering a culture of innovation and accountability where people are listened to and assessed with fairness.

The Social Investment and Corporate Social Responsibility strategy integrates our business, environmental and citizenship activities to create shared value. We take pride in supporting our community and are committed to our investment in Pakistan through strategic and targeted contributions to the education, environment and health sectors. By engaging community partners in effective dialogue, we plan to enhance employee engagement in our CSR efforts and regularly measure the impact of our social investments. Sustainability and business success are two sides of the same coin for us, as we've already showcased in numerous examples in our Corporate Responsibility Report: Crescent Steel is sustainably managed. We have consciously decided to carve out our Strategic Objectives for sustainable growth from our Corporate Strategy instead of formulating a separate Sustainability Strategy, since our Corporate Strategy is already geared to making long-term progress in terms of profitability, the environment and society.

We are committed to further fine tune our portfolio investment strategy, by rationalizing exposure to high risk/volatile stocks. Business continuity and effective financial management are driven by adequate gearing, real-time funds forecasting, and reasonable returns from supplemental investments.

The operational strategy aims to continuously identify processes for improvement, strengthen supply chain management, expand supplier-base and improve risk management.

Our subsidiaries in the Energy sector (Shakarganj Energy (Private) Limited) and the Engineering sector (Crescent Hadeed (Private) Limited) are expected to commence operations during FY15. Notwithstanding the apparent and limited opportunities available for expansion and diversification, our strategic thrust will be to expand in the energy and engineering sectors, organically as well as through acquisitions.

Over the long term, our strategy is to be forward-looking, grow responsibly, generate a competitive return on capital and meet our financial and stakeholder obligations. We remain committed to being a leader in safety and environmental stewardship; improving our quality, cost competitiveness and customer service; and to attracting, developing and retaining a diverse workforce with the talent and skills needed for our long-term success.

OUR HISTORY

1983

- Incorporation of Crescent Steel and Allied Products Limited

1987

- Commercial Production
- API Certification accreditation

1989-90

- Modification of pipe plant to produce line pipes up to 90 inches diameter

1991

- Exported line pipes
- Investment made in 3-layer polyolefin coating facility

1992

- First ever 3LPE coating project in Pakistan executed

1995-96

- Change of Reporting Period from December to June
- New Logo of Company

1997

- First company in its sector to obtain ISO 9001 accreditation
- Reported on Environment and Social Responsibility

2000

- Diversified into the textile sector by acquiring Crescent Cotton Products consisting of 19,680 spindles

2001-02

- BMR at Crescent Cotton Products

2003

- Adaptation of the Code of Corporate Governance
- Formation of the Board Audit Committee
- Formation of the Board Human Resource Committee

2004

- Installation of ERP and other IT related initiatives taken
- Testing facilities for sour service line pipes acquired

2005

- Installed fine count unit at Crescent Cotton Products consisting 25,344 spindles

2006

- Pipe manufacturing and coating plant significantly upgraded to produce pipes for cross country pipelines
- New spinning mill completed and commenced production
- Acknowledged among KSE - Top 25 Companies 2005
- First Pakistani Company to acquire oil and gas industry specifics ISO/ TS 29001, QMS Certification from API
- 1st Position - Best Corporate Report Awards 2005 (ICAP and ICMAP)

2007

- Implementation of Oracle e-business suite initiated
- The Investment and Infrastructure Development Division (IID) was carved out as a separate business unit

2008

- 1st Position – Best Corporate Report Awards 2007
- Port piles work executed

2009

- Oracle e-business suite go - live
- SAFA Merit certificate - Best Presented Accounts and Corporate Governance Disclosure Awards 2009
- Acknowledged among KSE - Top 25 Companies 2008
- 2nd Position – Best Corporate Report Awards 2008

2010

- Acquired a 100% stake in Shakarganj Energy (Private) Limited, a bagasse fired thermal generation power plant
- Adapted horizontal and vertical integration in the steel business
- ISO 14001 and OHSAS 18001 requirements complied for the first time
- 2nd Position – Best Corporate Report Awards 2009

2011

- Upgraded coating plant capacity to 60" making it the only coating plant of this capacity
- Migrated entire ERP system to Cloud Infrastructure
- Acknowledged among KSE - Top 25 Companies 2010
- 2nd Position – Best Corporate Report Awards 2010
- Machinery enhancement at Crescent Cotton Products

2012

- Acquired 100% stake in CS Capital (Private) Limited
- Steel division upgraded with state of the art digital control systems and HMI (Human Machine Interface) capabilities
- 1st position for "Best Management and Decent Work Practices" by the Employers' Federation of Pakistan
- Acknowledged among KSE - Top 25 Companies 2011
- 2nd Position – Best Corporate Report Awards 2011
- 2nd Position - Best Practices Awards on OSH&E (Occupational Safety, Health and Environment) in 7th Employers' Federation of Pakistan Awards
- BMR at Crescent Cotton Products

2013

- Incorporated wholly owned subsidiary Crescent Hadeed (Private) Limited to manufacture steel billets
- High energy efficient motors installed for reducing consumption of energy during production
- As a permanent cost reduction and quality assurance measure the Cotton Division was upgraded with production cards
- 1st Position – Best Corporate Report Awards 2012
- 2nd Prize – Corporate Excellence Awards by Management Association of Pakistan
- BMR at Crescent Cotton Products
- Redefined Core Values
- Launched Crescent Communications, an internal communication platform
- Developed a sustainability reporting framework

2014

- LC opened for Crescent Hadeed (Private) Limited
- Ground breaking of Crescent Hadeed
- Incorporated Solution de Energy (Private) Limited, a wholly owned subsidiary of Shakarganj Energy (Private) Limited
- Obtained LOI of Solar Power Plant from Punjab Power Development Board by wholly owned subsidiary Shakarganj Energy (Private) Limited
- 1st Position – Employer of the Year Awards 2012
- 1st Position – 9th Best Practice Awards on OSH&E 2013
- 2nd Position – Best Corporate Report Awards 2013
- 4th Position – Best Sustainability Report Awards 2013
- 3rd Best CEO Awards 2013
- 5th Position - Corporate Philanthropy Awards 2012





YEAR IN BRIEF
(HIGHLIGHTS OF MAJOR EVENTS DURING THE YEAR)

PERFORMANCE

- The Company's after tax profit and EPS for the year stood at Rs. 360.2 million and Rs. 5.8 respectively. Based on the performance, an interim cash dividend of 10% was announced together with a final cash dividend of 15% totaling a distribution of 25% (i.e. Rs. 2.5 per share) for the year.
- Sales revenue and gross profit of Steel division were lower by 34.7% and 47.6% respectively, compared to last year.
- Break-up value per share increased to Rs. 64.5 from Rs. 64.0 as at 30 June 2014 in the separate Financial Statements and from Rs. 79.8 to Rs. 84.5 in the Consolidated Financial Statements.
- Investment income increased to Rs. 440.1 million (FY13: 298.4 million).
- The Company's share of profits from associates (Consolidated Financial Statements) amounted to a record Rs. 340.6 million.

DEVELOPMENTS

- Ground-breaking for Crescent Hadeed (Private) Limited.
- SPECTROLAB, a world class cutting edge technology in metal analysis added to our laboratory.
- Compact attachments were installed on ring machines at cotton plant to increase efficiency.
- LED bay lights have been installed in the factory sheds replacing conventional bay lights which will help reduce energy consumption.

AWARDS AND ACCOLADES

BEST CORPORATE REPORT AWARDS 2013 (ICAP & ICMAP)

The Annual Report of the Company for the year 2013 secured 2nd position in the Engineering Sector of 'Best Corporate and Sustainability Report Awards 2013'.

BEST SUSTAINABILITY REPORT AWARDS 2013 (ICAP & ICMAP)

Our Sustainability Report for the year 2013 secured 4th position among all the participants in the 'Best Corporate and Sustainability Report Awards 2013'.

BEST PRACTICES AWARDS ON OSH&E (OCCUPATIONAL SAFETY, HEALTH AND ENVIRONMENT)

Secured 1st Prize in the 9th Employers' Federation of Pakistan Best Practices Awards on OSH&E in the Processing and Allied Sector.

EMPLOYER OF THE YEAR AWARDS 2012

At the Employers' Federation of Pakistan's Employer of the Year Awards 2012 ceremony Crescent Steel was awarded for Best Enterprise for Work Place Safety in the large sector.

This award recognizes our contribution and commitment towards the provision of a safe and supportive work environment.

BEST CEO AWARD 2012

Our CEO, Mr. Ahsan M. Saleem was awarded the "Best CEO of the Year" award for significant contributions in the field of Industrial Metals and Mining by The Federation of Pakistan Chambers of Commerce and Industry.

CORPORATE PHILANTHROPY AWARDS 2012

Crescent Steel and Allied Products Limited was selected by Pakistan Centre for Philanthropy for the "Corporate Philanthropy Awards 2012". The award is based on two assessments: Donations in value and as a percentage of PBT. CSAPL donated approximately 2% of PBT due to which our Company was awarded with a Certificate of Recognition for our philanthropic contribution made during 2012.

MILESTONES ACHIEVED DURING THE YEAR

- Successfully introduced 'Scholarship Program' for employee's children.
- Published our first Sustainability Report 2013 in accordance with Global Reporting Initiative (GRI) G3.1 guidelines.
- Launched Crescent Matches - A program for matching donation to community partners by employees and the Company.

COMPANY INFORMATION

BOARD OF DIRECTORS

Ahmad Waqar
Chairman, Non-Executive Director (Independent)

Ahsan M. Saleem
Chief Executive Officer and Managing Director

Nasir Shafi
Non-Executive Director

Khurram M. Karim
Non-Executive Director

S.M. Ehtishamullah
Non-Executive Director

Syed Zahid Hussain
Non-Executive Director (Independent)

Zahid Bashir
Non-Executive Director

COMPANY SECRETARY

Muhammad Saad Thaniana

AUDIT COMMITTEE

Syed Zahid Hussain
Chairman, Non-Executive Director (Independent)

Nasir Shafi
Member, Non-Executive Director

S.M. Ehtishamullah
Member, Non-Executive Director

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Syed Zahid Hussain
Chairman, Non-Executive Director (Independent)

S.M. Ehtishamullah
Member, Non-Executive Director

Zahid Bashir
Member, Non-Executive Director

GOVERNANCE AND EVALUATION COMMITTEE

Ahmad Waqar
Chairman, Non-Executive Director (Independent)

Zahid Bashir
Member, Non-Executive Director

THE MANAGEMENT

Chief Executive Officer and Managing Director
Ahsan M. Saleem – 1983*

Chief Financial Officer
Muhammad Saad Thaniana – 2007*

BU Head – Steel Division
Iqbal Zafar Siddiqui – 2008*

BU Head – Cotton Division
Abdul Rouf – 2000*

Human Resource Advisor
Ehsan Durrani – 2008*

Head of Marketing – Steel Division
Arif Raza – 1985*

Head of Manufacturing – Steel Division
Mushtaque Ahmed – 1985*

Head of Corporate Affairs
Hajerah A. Saleem – 2012*

Resident Director (CCP)
Hasan Altaf Saleem – 2010*

STOCK EXCHANGE LISTING

Crescent Steel and Allied Products Limited is a listed Company and its shares are traded on all the three stock exchanges of Pakistan. The Company's shares are quoted in leading dailies under the Industrial metals and Mining Sector.

PUBLIC INFORMATION

Financial analysts, stock brokers, interested investors and financial media desiring information regarding the Company should contact Mr. Abdul Wahab at the Company's Principal Office, Karachi.
Telephone: +92 21 3567 4881-85
Email: abdul.wahab@crescent.com.pk

SHAREHOLDERS' INFORMATION

Enquiries concerning lost share certificates, dividend payments, change of address, verification of transfer deeds and share transfers should be directed to M/s CorpTec Associates (Private) Limited, 503-E Johar Town, Lahore.
Telephone: +92 42 3517 0336-37
Fax: +92 42 3517 0338
Email: info@corptec.com.pk

PRODUCTS

STEEL DIVISION

Manufacturer of DSAW steel line pipes in diameters ranging from 8" to 90" and applicator of internal and external coating conforming to international standards.
Fabrication of machinery for sugar and cement industry

COTTON DIVISION

Manufacturer of quality cotton yarn of various counts of 6s to 30s including compact, slub and siro.

* Year joined Company

ANNUAL GENERAL MEETING

The 30th Annual General Meeting of Crescent Steel and Allied Products Limited will be held on 23rd October 2014 at 12:00 noon at Qasr-e-Noor, 9 E-2, Main Boulevard, Gulberg- III, Lahore.

AUDITORS

KPMG Taseer Hadi & Co.

LEGAL ADVISOR

Hassan and Hassan, Advocates, Lahore

BANKERS

Allied Bank Limited
Al- Baraka Bank (Pakistan) Ltd.
Barclays Bank PLC, Pakistan
Habib Metropolitan Bank Limited
Industrial Commercial Bank of China
MCB Bank Limited
Summit Bank Limited
Standard Chartered Bank (Pakistan) Limited

REGISTERED OFFICE

10th Floor, BOP Tower, 10-B, Block E-2, Main Boulevard, Gulberg-III, Lahore.
Telephone: +92 42 3578 3801-03,
Fax: +92 42 3578 3811

LIAISON OFFICE LAHORE

10th Floor, BOP Tower, 10-B, Block E-2, Main Boulevard, Gulberg-III, Lahore.
Telephone: +92 42 3578 3801-03
Fax: +92 42 3578 3811
Email: ejaz.ahmed@crescent.com.pk

PRINCIPAL OFFICE

9th Floor, Sidco Avenue Centre, 264 R.A. Lines, Karachi-74200.
Telephone: +92 21 3567 4881-85
Fax: +92 21 3568 0476
Email: arif.raza@crescent.com.pk

FACTORY – STEEL DIVISION

PIPE AND COATING PLANTS

A/25, S.I.T.E., Nooriabad, District Jamshoro, Sindh.
Telephone: +92 25 4670 020-22
+92 25 4670 055
Email: iqbal.siddiqui@crescent.com.pk

ENGINEERING UNIT

17 Km Summundri Road, Dalowal, District Faisalabad, Punjab.
Telephone: +92 41 2569 825-26
Fax: +92 41 2679 825

MILLS – COTTON DIVISION

Crescent Cotton Products (Spinning Unit)
1st Mile, Lahore Road, Jaranwala, District Faisalabad, Punjab.
Telephone: +92 41 4318 061-65
Fax: +92 41 4318 066
Email: abdul.rouf@crescent.com.pk

POWER PLANT

Shakarganj Energy (Private) Limited
57 Km Jhang Sargodha Road, Bhone, District Jhang.
Telephone: +92 48 6889 210 -12

CRESCENT HADEED (PRIVATE) LIMITED

57 Km, Jhang Sargodha Road, Bhone, District Jhang.
Tel: 047 6006111

CORPORATE WEBSITE

To visit our website, go to www.crescent.com.pk or scan QR code

For Annual Report for the year ended June 2014, go to http://www.crescent. com.pk/annual-report-2014-june/ or scan QR code

COMPANY PROFILE

CRESCENT STEEL AND ALLIED PRODUCTS LIMITED (CSAPL) IS A PUBLIC LIMITED COMPANY LISTED ON ALL THE STOCK EXCHANGES OF PAKISTAN. IT STARTED COMMERCIAL PRODUCTION IN MARCH 1987. THE MANUFACTURING FACILITIES CONSIST OF A SPIRAL PIPE PRODUCTION LINE AND AN INTERNAL/EXTERNAL COATING LINE, BOTH LOCATED SIDE BY SIDE AT THE SINDH INDUSTRIAL TRADING ESTATE, NOORIABAD IN JAMSHORO, SINDH AND A COTTON SPINNING UNIT OF 19,680 SPINDLES AT JARANWALA, PUNJAB. COMPANY'S INVESTMENT AND INFRASTRUCTURE DEVELOPMENT DIVISION MANAGES AN INVESTMENT PORTFOLIO AND REAL ESTATE.

Crescent Steel and Allied Products Limited is an equal opportunity employer with a sense of social responsibility and strongly supports education, healthcare and environmental causes.

STEEL DIVISION

The Spiral Pipe Plant has the capability of manufacturing high quality steel pipes in the diameter range of 8" – 90" (219 mm – 2,286 mm) in wall thickness from 4 mm – 20 mm and material grades up to API 5L X-80. The Company has been gradually enhancing the pipe production capacity which has increased to the present notional capacity of 90,000 tonnes extendable up to maximum 200,000 tonnes per annum. The Company has authorization to use API monogram of the American Petroleum Institute (API) – the highest international standard accredited for quality of steel line pipe. It also has the ISO 9001:2008 certification. In addition, CSAPL is the first Pakistani company to acquire oil and gas industry specific ISO/TS 29001, Quality Management System Certification from API.

The external Coating Plant is capable of applying coatings such as Multi Layer Polyolefin coatings, Single Layer Fusion Bonded Epoxy coatings, Liquid Epoxy coatings and High Temperature Heat Shrink Tape Coatings on steel pipes ranging from 4" – 60" (114 mm – 1,524 mm). Furthermore, the division is also capable for cold applied tape coatings on pipe diameter above 60" (1,524 mm) and internal epoxy coating for flow efficiency and / or corrosion protection on diameters ranging from 8" – 60" (219 mm – 1524 mm).

CSAPL has diversified its product offering by adding capabilities to fabricate and erect machinery especially for sugar and cement industry. This diversification enables the Company to manufacture machineries such as boilers, cane shredders up to diameter 1700mm, juice heaters, evaporators, batch and continuous vacuum pans, centrifugal machines, stainless steel spray clusters and multi-jet condensers, perforated plates and vibro screens, and high voltage transformer tanks.

Crescent Steel maintains high quality norms in all its products and has consistently exceeded the requirements of international standards both in steel line pipe manufacturing and coatings and will continue to remain at the cutting edge of technology, quality control and quality assurance.

COTTON DIVISION

The Company is running cotton spinning mill located at Jaranwala near Faisalabad, which is the hub of textile industry and carries out this activity under the name and title of "Crescent Cotton Products" (CCP) a division of Crescent Steel and Allied Products Limited. CCP is a division of the Company but its operating results are shown separately. CCP as a division holds ISO 9001: 2008 Quality Management Credentials, is registered with Ministry of Textile Industry Pakistan and is a member of

International Cotton Association Limited (ICA Limited) and All Pakistan Textile Mills Association (APTMA). CCP produces good quality cotton yarn with value addition of Slub, Siro and Compact Attachments. CCP consisting of 19,680 spindles is equipped with modern high-tech European and Japanese machinery ensuring a high-quality yarn making process, producing various counts from 6s to 30s and having a notional capacity (based on 20s) of 6.5 million kgs per annum. CCP products are consistently in demand and generally sold at a premium.

INVESTMENT AND INFRASTRUCTURE DEVELOPMENT DIVISION

The division manages a portfolio of equity investments and real estate. The portfolio is balanced in a way that spreads risk over a diversified spectrum and offers potential for growth as well as dividend yields.

SUBSIDIARY COMPANIES

CS CAPITAL (PRIVATE) LIMITED

CS Capital (Private) Limited is a fully owned subsidiary. The principal activity of the subsidiary is to manage investment portfolios in shares, real estate, commodities and other securities (strategic as well as short term).

SHAKARGANJ ENERGY (PRIVATE) LIMITED

Shakarganj Energy (Private) Limited (SEL) has developed a co-generation, bagasse fired thermal generation power plant due to commence commercial operations in November 2013. The primary business of the subsidiary is to generate, accumulate, distribute, sell and supply electricity to FESCO, PEPCO and to other distribution companies as permitted. This plant is currently under commissioning at Bhone, Punjab.

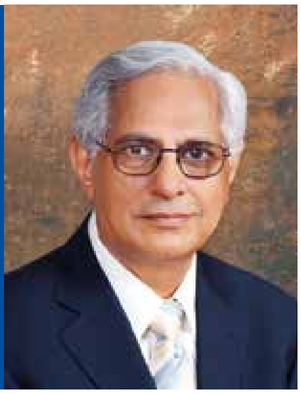
- **Solution De Energy (Private) Limited:**

  Solution De Energy (Private) Limited was incorporated as a private limited company in Pakistan as a result of Joint Venture (JV) agreement executed on 8 October 2013. The principal activity of the company is to build, own, operate and maintain 100MW solar power project and to generate, accumulate, distribute, sell, and supply electricity/power to PEPCO/DISCOS under the agreement with the Government of Pakistan or to any other consumer as permitted.

CRESCENT HADEED (PRIVATE) LIMITED

Crescent Hadeed (Private) Limited (the Company) was incorporated on 15 May 2013 as a private limited company in Pakistan under the provisions of the Companies Ordinance, 1984. The principal business of the Company is to manufacture and sale of steel billets through a Steel Melting plant, to be located at Bhone, District Jhang, Punjab. The Company is currently in the process of setting up its plant / factory.

BOARD OF DIRECTORS



Mr. AHMAD WAQAR, 65
Chairman (Non-Executive, Independent)

Masters in English Literature, MBA

Joined Board: 30 January 2012

Other engagements: Chairman
Pangea Growth (Private) Limited

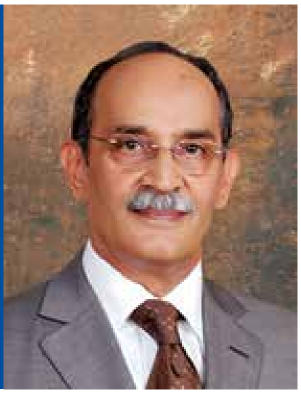
Past engagements: Secretary
Revenue Division / Chairman FBR
Investment Division and Board of Investment
Finance Division
Ministry of Petroleum and Natural Resources
Privatization Commission

Mr. AHSAN M. SALEEM, 61
Chief Executive Officer

Masters in Economics

Joined Board: 01 August 1983

Other engagements: Chairman
Commecs Institute of Business and Emerging Sciences
Chief Executive
Shakarganj Mills Limited
Director
The Citizens Foundation
Pakistan Centre for Philanthropy
Managing Trustee
Commecs Educational Trust



Mr. NASIR SHAFI, 65
Director (Non-Executive)

MBA

Joined Board: 01 August 1983

Other engagements: Chief Executive Officer
Crescent Bahuman Limited
The Crescent Textile Mills Limited

Mr. KHURRAM M. KARIM, 49
Director (Non-Executive)

MBA

Joined Board: 29 October 2013

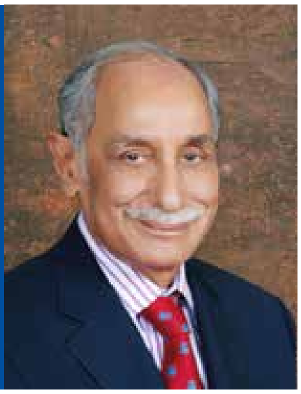
Other engagements: Director
Crescent Jute Products Limited
The Crescent Textile Mills Limited
Crescent Software Products Limited
Crescent Agrifarms (Private) Limited
Crescent Venture International (Private) Limited
Crescent holding (Private) Limited
Shams Textile Mills Limited

Mr. S.M. Ehtishamullah, 75

Director (Non-Executive)

FCA

Joined Board: 30 January 2000



Mr. Zahid Bashir, 69

Director (Non-Executive)

MBA

Joined Board: 01 August 1983

Other engagements:
Chairman
Equity Textile Mills Limited
Mohammad Amin Mohammad Bashir Limited
Premier Financial Services (Private) Limited
Premier Insurance Co. of Pakistan Limited
Director
Asian Care Health and Life Insurance Company Limited
Crescent Powertec Limited

SYED ZAHID HUSSAIN, 69

Director (Non-Executive, Independent)

B.Sc, LLB, MA

Joined Board: 01 September 2010

Other engagements:
Director
Nishat Mills Limited

Past engagements:
Chairman
Pakistan Industrial Development Corporation
Cement Corporation of Pakistan
Petroleum Corporation of Pakistan
Oil & Gas Development Company Limited
High Commissioner / Ambassador
Kenya*

MUHAMMAD SAAD THANIANA, 47

Company Secretary and Chief Financial Officer

FCA, ACMA, Certified Director of Corporate Governance from PICG

Other engagements:
Chief Executive Officer
Shakarganj Energy (Private) Limited
Director
Crescent Hadeed (Private) Limited
Shakarganj Food Products Limited

* with accredited assignments of Ambassadorship in Tanzania, Uganda, Rwanda, Krundse, Ethiopia and Eritrea

BOARD OF DIRECTORS AND ITS COMMITTEES

THE BOARD

The Company has a unitary board structure which consists of seven directors, of which four are non-executive, two are independent directors, and one executive director who is also the Chief Executive Officer of the Company. All the directors bring a wide range of experience to the Board, thereby ensuring best interest of stakeholders and the Company.

Crescent gives due consideration to the qualifications and expertise of individuals when deciding on the board of directors' composition ensuring that there is a vast range of expertise and experience on the board preserving the best interests of the stakeholders of the Company. The composition of the Board is in accordance with the applicable laws and regulations.

The Board has formulated formal policies including risk management, procurement of fixed assets, goods and services, investments, borrowings, donations, charities and contributions, delegation of financial authority, transactions with related parties and transfer pricing, provision for slow moving stores and spares and impairment of assets etc. which are implemented and monitored through delegation of duties to three standing committees of the Board i.e. the Audit Committee, the Human Resources and Remuneration Committee and the Governance and Evaluation Committee.

BOARD COMMITTEES

AUDIT

The Committee comprises of three members who all are Non-Executive Directors including an Independent Director as Chairman.

The terms of reference of the Audit Committee include the following:

- To provide the Board of Directors ("the Board") with an independent and objective evaluation of the operations, policies, procedures and controls implemented within the Company.
- To provide supplemental assistance and resources to the internal audit department of the Company in order for them to provide the management and the Board of the Company with an independent, objective evaluation of their operations, policies, procedures and controls.
- To provide the Board with an oversight of the internal audit department in the Company to assure that an effective internal audit function is in place system- wide, which includes a risk based annual and long-range audit plan, a reporting mechanism and a quality control plan.
- To provide assistance to the Board in fulfilling their oversight responsibility relating to integrity of the financial statements and financial reporting.
- To review and evaluate procedures established to comply with laws and regulations and to monitor compliance thereof.
- To assess the Company's risk management process including risk related to Financial Statements and Financial Reporting.

HUMAN RESOURCES AND REMUNERATION

The Committee comprises of three members who are Non-Executive Directors including one Independent Director as Chairman. The Committee has been constituted to address and improve the area of Human Resource Development. The main aim of the committee is to assist the Board and guide the management in the formulation of the market driven HR policies regarding performance management, HR staffing, compensation and benefits, that are compliant with the laws and regulations.

The terms of reference of the Committee includes the following:

- Recommending human resource management policies to the Board.
- Recommending to the Board the selection, evaluation, compensation (including retirement benefits) of the CEO, CFO, Company Secretary and Head of Internal Audit.
- Ensure a proper system of succession planning for top management is in place and the adequacy of the same in the rest of the organization.
- Review the organizational structure and recommend changes, if any, to increase the effectiveness and efficiency of reporting lines and the division of authority and responsibility.
- Review the effectiveness of the recruitment and recommend changes, if any.
- Guide management in development/revision of all employees benefits, policies and rewards.
- Oversee employee development by monitoring HR aspects of organizational learning and development.
- Ensure that the performance management system is achieving its objectives of fairly rewarding employees' performance and is in line with company objectives.

GOVERNANCE AND EVALUATION

The Committee comprises of two Non-Executive Directors of the Board including an Independent Director as Chairman. The role of the Committee is to assist the Board in the discharge of its function as well as compliance with the Company's governing principles. The Committee takes a leadership role in shaping the Company's governing principles in order to keep them in line with International best practices.

It is responsible for the following:

- Monitoring compliance with the Code of Corporate Governance (SECP's and Company's Governing Principles) other than those areas which fall under the oversight of the Audit Committee.
- Advising Directors on Governance principles periodically and changes in the requirements of the Code of Corporate Governance whenever required.
- Reviewing that the key functions of the Company and assignment/responsibilities of main functionaries are consistent with the business objectives.
- Advising the CEO on the adequacy of available skills and expertise for achieving the business objectives.
- Examining the need for additional Board Committees and recommending changes/modifications in the structure/ functions of the existing Board Committees.
- Evaluating the performance of the Board and its committees.

Attendance in Meetings	Board		Audit Committee		HR and Remuneration Committee		Governance and Evaluation Committee	
	Required	Attended	Required	Attended	Required	Attended	Required	Attended
NON-EXECUTIVE DIRECTORS								
Mr. Mazhar Karim*	1	-	-	-	-	-	-	-
Mr. Ahmad Waqar	4	4	-	-	-	-	-	-
Mr. Nasir Shafi	4	2	4	3	-	-	-	-
Mr. S.M. Ehtishamullah	4	3	4	3	2	1	-	-
Mr. Syed Zahid Hussain	4	4	4	4	2	2	-	-
Mr. Zahid Bahir	4	4	-	-	2	2	-	-
Mr. Khurram Mazhar Karim**	2	1	-	-	-	-	-	-
EXECUTIVE DIRECTOR								
Mr. Ahsan M. Saleem	4	4	-	-	-	-	-	-

* Mr. Mazhar Karim passed away on 12th September 2013.
** He was appointed on the Board on 29th October 2013 to fill in the casual vacancy arising due to the death of Mr.Mazhar Karim.

MANAGEMENT COMMITTEES

EXECUTIVE COMMITTEE

Ahsan M. Saleem, Chairman
Abdul Rouf
Iqbal Zafar Siddiqui
Muhammad Saad Thaniana

The Committee devises long term policies and visions for the Company with the sole objective for providing the best returns to shareholders by optimum allocation of existing resources. The Committee is also responsible for review of Company's operation on ongoing basis, establishing and ensuring adequacy of internal controls and monitoring compliance of key policies. Executive Committee meets on quarterly basis. Terms of reference of the committee include the following:

- Prepare, approve and keep an updated long term plan.
- Provide guidelines to the Business Strategy Committee for medium and short term tactics.
- Discuss new ideas and new business lines, new product lines, new markets, and / or refer new opportunities and feasible ideas to another committee for refinement.
- To analyse current market situation with a view to maintain sustainable competitive advantage.
- To discuss in detail the plans of the Group and accordingly adjust the policies of the Company to avoid any conflict.
- Analyse any group investment opportunities and refer to investment committee, if required.

BUSINESS STRATEGY COMMITTEE

Ahsan M. Saleem, Chairman
Abdul Rouf
Arif Raza
Hajerah A. Saleem
Hasan Altaf Saleem
Iqbal Zafar Siddiqui
Muhammad Saad Thaniana

The Committee is responsible for formulation of business strategy, review of risks and their mitigation plan. Further, the Committee is also responsible for staying abreast of developments and trends in the Industry to assist the Board in planning for future capital intensive investments and growth of the Company. The committee meets at least twice a year. The terms of reference include the following:

- Prepare, approve and recommend to the Board a framework of business strategy.
- To develop and approve medium term plan(s) to meet interim objectives and milestone for any long term project approved by the Executive Committee.
- Review the progress of different new projects of the Company.
- Approve short term goals which will be qualitative and quantitative for different segments of the Company.
- Reviews periodically the targets achieved and revise the operational targets, if required.
- Review allocation of resources to different segments such as investments, core business etc.
- Gather information of the competitors' business and prepare an updated SWOT analysis of the Company, to be submitted to the Executive Committee.

IT STEERING COMMITTEE

Ahsan M. Saleem, Chairman
Muhammad Saad Thaniana
Iqbal Abdullah

The Committee monitors the implementation of IT Strategy on a regular basis. It ensures that CSAPL stays current with the evolving new technologies and Information System Processes. The Committee prepares long term IT plan including fostering an IT culture at all levels. Terms of reference of the committee include the following:

- Guide the IS Department and Management in preparing the IT Strategy of the Company in a cost effective manner.
- Monitor the implementation of the IT Strategy on a regular basis.
- Ensure that CSAPL stays current with the evolving new technologies and the latest Information System Processes as applicable to the business and growth of CSAPL.
- Provide the basis for preparing long term IT plans while not losing sight of the immediate goals and objectives.
- Facilitate the promotion of IT Culture in the Company at all levels. This has been done by traditional training interventions including company-wide workshops at all levels.
- Assist the Board to ensure that the IT vision provided by the Board is manifested in the IT Strategy and its subsequent implementation.

INVESTMENT COMMITTEE

Ahsan M. Saleem, Chairman
Hajerah A. Saleem
Muhammad Saad Thaniana

The Committee helps to maintain a balanced portfolio of investments and maximize returns while keeping risk at a desirable low level. Terms of reference of the committee include the following:

- Determine the sector wise weight-age of the portfolio based on market condition.
- Assess and monitor the risk associated to the portfolio.
- Review the performance of the investment and take decision relating to scrip wise entry and exit.

SOCIAL INVESTMENT AND CSR COMMITTEE

Muhammad Saad Thaniana, Chairman
Abdul Rouf
Hasan Altaf Saleem
Hajerah A. Saleem
Iqbal Zafar Siddiqui

The Committee reviews the distribution of charitable contribution in line with Company's Policy for donations, charities and contributions. Terms of reference of the committee include the following:

- Review and recommend any changes to Company's policy relating to Corporate Social Responsibility for the approval of BOD.
- Review and recommend the distribution of charitable contribution in line with the Corporate Social Responsibility policy.
- Review and monitor CSR activities.
- Engage and measure social investments for impact.

OTHER COMMITTEES

In addition to the above committees, the Company has also constituted the following committees which work in their respective domains as per approved terms of references:

- Budget Committee
- Capital Assets Committee
- HSE Council
- Tender Committee
- Website Committee

REPORT OF THE AUDIT COMMITTEE

The Audit Committee (the Committee) comprises only of non-executive directors. Details of the directors are set out in the Board of Directors section of this report. The Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Internal Auditor and the External Auditor attend Audit Committee's meetings by invitation. The Committee meets with the Internal Auditor and the External Auditor with and without both CEO and CFO being present.

The Audit Committee has concluded its annual review of the conduct and operations of the Company during 2014, and reports that:

- Four meetings of the Audit Committee were held during the year 2014 and presided by the Chairman, Audit Committee.
- The Audit Committee reviewed and approved the quarterly and annual financial statements of the Company and recommended them for approval of the Board.
- The Board has issued a "Statement of Compliance with the Code of Corporate Governance" which has also been reviewed by the auditors of the Company.
- Understanding and compliance with Company's Code of Business Practice and Ethics has been affirmed by the members of the Board, the management and employees of the Company individually. Equitable treatment of shareholders has also been ensured.
- Appropriate accounting policies have been consistently applied, except those mentioned in note 4.1.1 to the financial statements. All core and other applicable International Accounting Standards were followed in the preparation of the financial statements of the Company on a going concern basis, for the financial year ended 30 June 2014, which present fairly the state of affairs, results of operations, cash flows and change in equity of the Company and its subsidiaries.
- The CEO and the CFO have reviewed the financial statements of the Company, consolidated financial statements and the Directors' Report. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations and applicable accounting standards and design and effectiveness of internal control system of the Company.
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Ordinance, 1984 and the external reporting is consistent with management processes and adequate for shareholders needs.
- The Audit Committee has reviewed and approved all related party transactions.
- No cases of complaints regarding accounting, internal accounting controls or audit matters, or Whistle Blowing were received by the Committee.
- The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.
- The Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and the shareholders wealth at all levels within the Company.
- The Audit Committee ensured that their statutory obligations and requirements of best practices of governance have been met through a tool-kit developed by the management.
- During the year, the Committee also reviewed adequacy of the Audit Charter, and recommended few changes which were subsequently approved by the Board of directors.
- Closed periods were duly determined and announced by the Company, precluding the Directors, the CEO and Executives of the Company from dealing in Company shares, prior to each Board meeting involving announcement of interim /final results, distribution to shareholders or any other business decision, which could materially affect the share market price of Company, along with maintenance of confidentiality of all business information.

INTERNAL AUDIT

- The Board has effectively implemented the internal control framework through an outsourced Internal Audit function via BDO Ebrahim and Co., Chartered Accountants on full time basis, who are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
- Internal auditor independently reviews the risks and control processes operated by management. The Internal Auditor carries out its duties under the charter approved by the Committee. It carries out independent audits in accordance with an internal audit plan which is approved by the Audit Committee before the start of the financial year.
- The internal audit plan provides a high degree of financial and business segment wise coverage and devotes significant effort to the review of the risk management framework surrounding the major business risks.
- Internal audit reports include recommendations to improve internal controls together with agreed management action plans to resolve the issues raised. Internal audit follows up the implementation of recommendations and reports progress to senior management and the Audit Committee.
- The Audit Committee reviews the findings of the internal audits completed during the year, taking appropriate action or bringing the matters to the Board's attention where required.
- The effectiveness of the internal auditor is reviewed and discussed by the Audit Committee on an annual basis. Based on the Committee's review of the performance of the internal auditor, the Committee has recommended to the Board for the appointment of BDO Ebrahim and Co., Chartered Accountants for FY15.
- Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

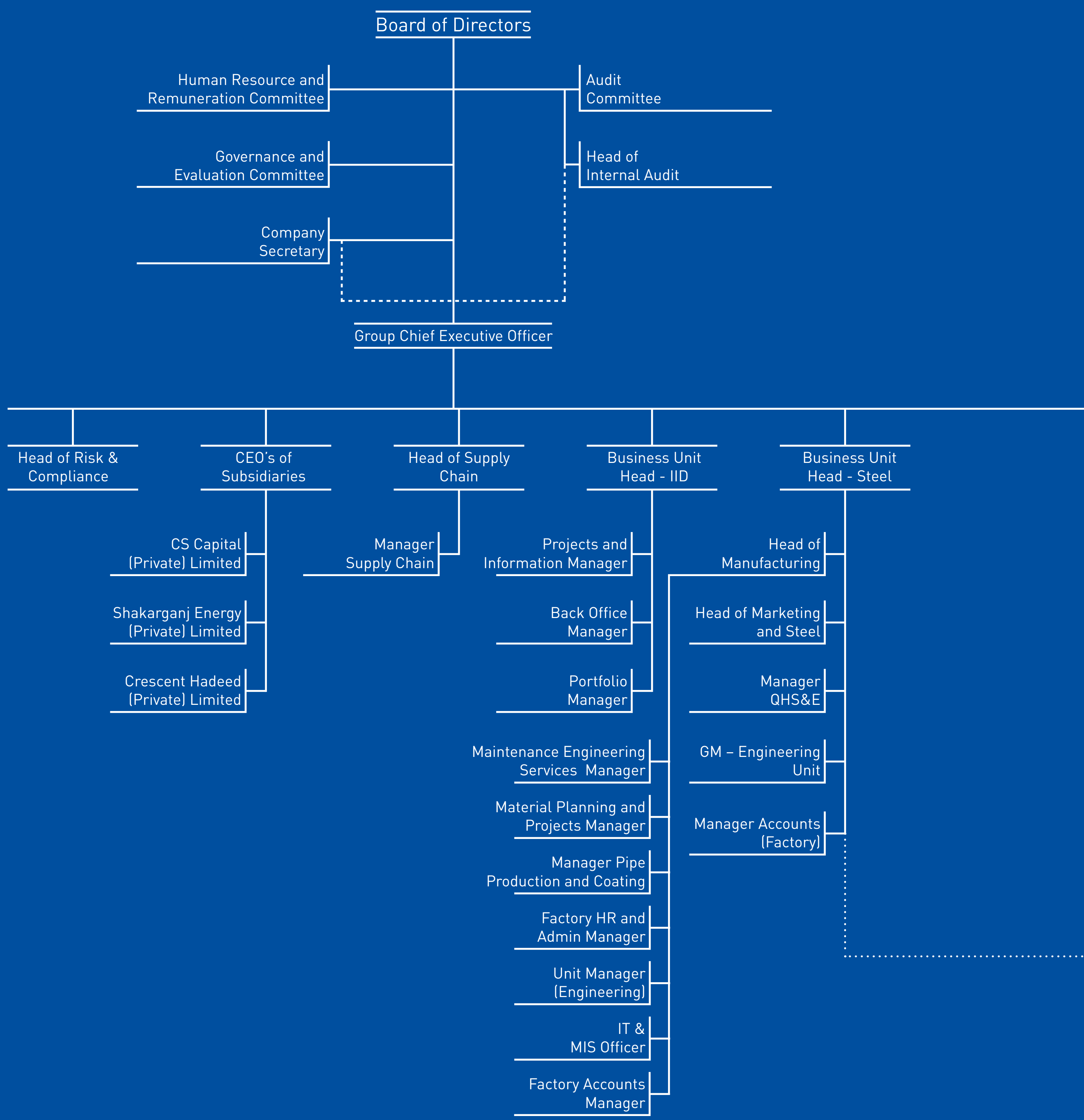
EXTERNAL AUDIT

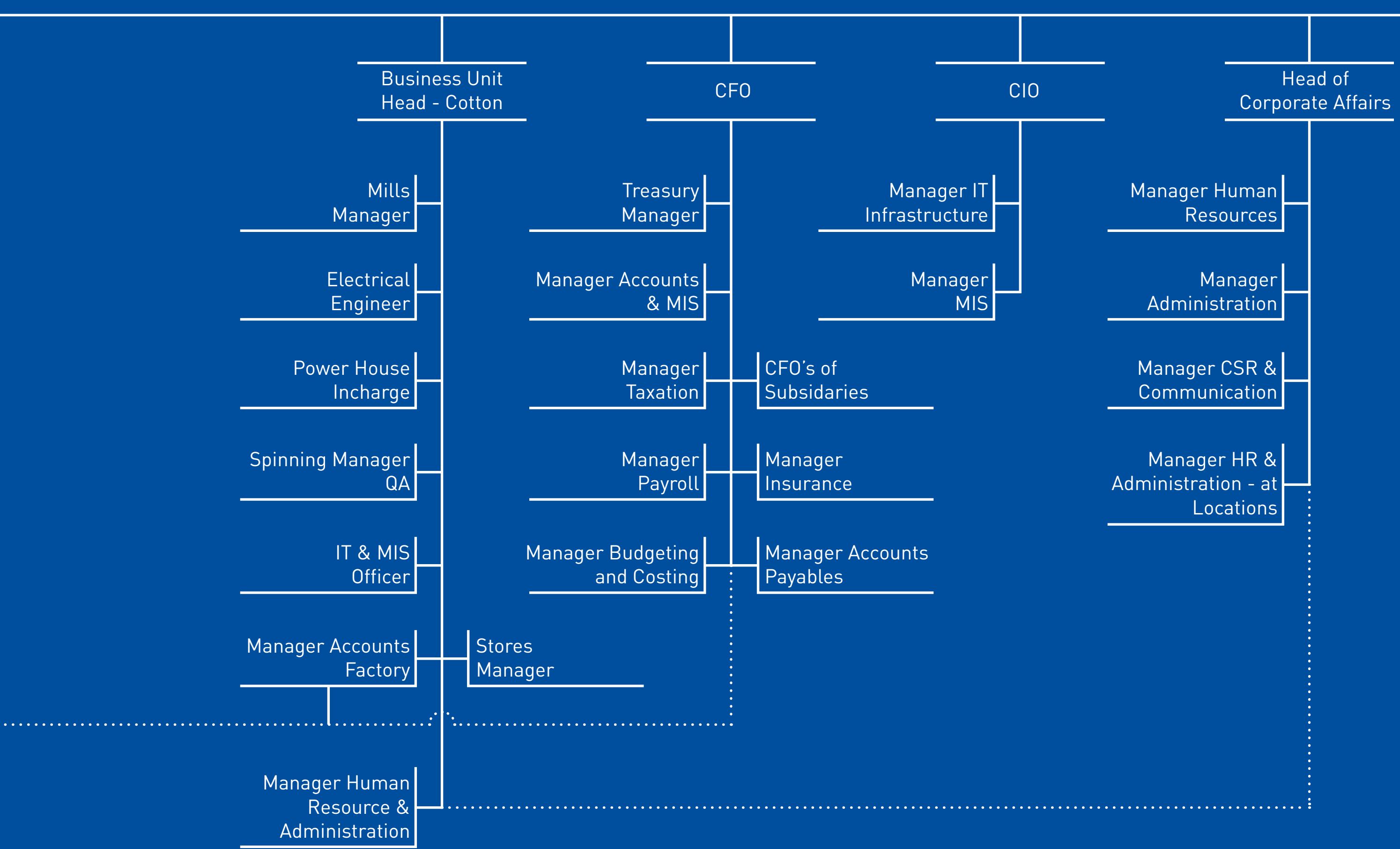
- The statutory Auditors of the Company, KPMG Taseer Hadi and Co., Chartered Accountants, have completed their Audit assignment of the "Company's Financial Statements", the "Consolidated Financial Statements" and the "Statement of Compliance with the Code of Corporate Governance" for the financial year ended 30 June 2014.
- The Auditors have been allowed direct access to the Audit Committee to ensure the effectiveness, independence and objectivity of the Auditors.
- The Audit Committee has reviewed and discussed Audit observations with the external auditors for the year ended 30 June 2014.
- The performance, cost and independence of the external auditor is reviewed annually by the Committee. Based on the Committee's review of the performance of external auditor, the Committee has recommended to the Board that a resolution to reappoint KPMG Taseer Hadi and Co., Chartered Accountants, for FY15 be proposed at the forthcoming Annual General Meeting.

By order of the Audit Committee

Syed Zahid Hussain
Chairman, Audit Committee
21 August 2014

MANAGEMENT STRUCTURE / ORGANIZATION CHART




Business Unit Head - Cotton
CFO
CIO
Head of Corporate Affairs
Mills Manager
Electrical Engineer
Power House Incharge
Spinning Manager QA
IT & MIS Officer
Manager Accounts Factory
Stores Manager
Manager Human Resource & Administration
Treasury Manager
Manager Accounts & MIS
Manager Taxation
Manager Payroll
Manager Budgeting and Costing
CFO's of Subsidaries
Manager Insurance
Manager Accounts Payables
Manager IT Infrastructure
Manager MIS
Manager Human Resources
Manager Administration
Manager CSR & Communication
Manager HR & Administration - at Locations

IRON AGE

THE FIRST KIND OF IRON PRODUCTION CAME INTO PLAY ALMOST 1000 YEARS AFTER THE INITIAL DISCOVERY OF BRONZE. THE HITTITES DEVELOPED IRON WEAPONS IN NORTHERN ASIA MINOR IN 2000 B.C., BECOMING THE FIRST TRIBE TO MAKE TOOLS AND WEAPONS OF IRON. THEY HEATED THE IRON ORE AND POUNDED OUT THE IMPURITIES, BEFORE PLUNGING IT INTO COLD WATER. ALTHOUGH THEY TRIED TO KEEP THIS VALUABLE TECHNOLOGY A SECRET, THE HITTITE EMPIRE COLLAPSED IN ABOUT 1200 B.C. AND ITS PEOPLE MIGRATED ALL ACROSS THE WORLD, TAKING THEIR KNOWLEDGE WITH THEM, SPREADING IT ACROSS ASIA, AFRICA AND EUROPE, THEREBY USHERING IN THE IRON AGE.

DIRECTORS' REPORT

THE DIRECTORS OF THE COMPANY HAVE THE PLEASURE IN SUBMITTING THEIR REPORT TOGETHER WITH AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED 30 JUNE 2014.

OPERATING RESULTS

The financial results of the Company are summarized below:

Rupees in '000		**2014**	2013 Restated
Profit for the year before taxation		379,007	1,086,908
Taxation		(18,819)	(270,978)
Profit after taxation		360,188	815,930
Total other comprehensive (loss)/income for the year		(5,565)	65,836
Unappropriated profit brought forward		1,037,550	325,164
Profit available for appropriation		1,329,173	1,206,930
Appropriations:			
- Final dividend	2012 - @ 10%	-	(56,460)
- First interim dividend	2013 - @ 10%	-	(56,460)
- Second interim dividend	2013 - @ 10%	-	(56,460)
- Final dividend	2013 - @ 15%	(84,690)	-
- First interim dividend	2014 - @ 10%	(62,106)	-
		(146,796)	(169,380)
Transfer to general reserve		(800,000)	-
Unappropriated profit carried forward		445,377	1,037,550
Basic and diluted earnings per share		Rs. 5.8	Rs. 13.1

The Board of Directors of the Company in their meeting held on 21 August 2014 have proposed a final cash dividend for the year ended 30 June 2014 of Rs. 1.5 per share (i.e. 15%) (2013: Rs. 1.5 per share) amounting to Rs. 93.159 million. This is in addition to the first interim cash dividend of Re. 1 per share (i.e. 10%) already distributed and recorded in these financial statements; this totals to a cash distribution of Rs. 2.5 per share (i.e. 25%) for the year ended 30 June 2014.

The proposed final cash dividend is subject to the approval of the members at the Annual General Meeting to be held on 23 October 2014. These financial statements do not include the effect of above proposal which will be accounted for in the period in which it is approved by the members.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- These financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements except those mentioned in note 4.1.1 to the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented. The system is continuously monitored by Internal Audit and through other such monitoring procedures. The process of monitoring internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring improvements in the system.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Details of significant changes in the Company's operations during the current year as compared to last year and significant plans and decisions for the future prospects of profits are stated in the Chief Executive's Review as endorsed by the Board of Directors.
- Key operating and financial data for last six years in summarized form is annexed.
- Information about taxes and levies is given in the notes to the financial statements.
- The number of employees as at 30 June 2014 were 724 (2013: 852).
- Value of Investment of following funds based on the audited accounts are as follows:

Name of Fund	Value of Investment	Period of latest audited accounts
Provident Fund	Rs. 87.6 million	31 December 2009
Gratuity Fund	Rs. 27.9 million	31 December 2009
Pension Fund	Rs. 108.8 million	31 December 2009
CCP Provident Fund	Rs. 16.5 million	30 June 2011

- During the year four meetings each of Board of Directors and Audit Committee were held whereas two meetings of Human Resource and Remuneration Committee were held. Attendance by each director is attached separately.

PATTERN OF SHAREHOLDING AND SHARES TRADED

The pattern of shareholding and additional information regarding pattern of shareholding is attached separately.

No trading in the shares of the Company was carried out by the Directors, the Chief Executive Officer, the Chief Financial Officer, the Company Secretary, Executives and their spouses and minor children.

DIRECTORS

Election of directors was held on 28 January 2012 and a seven member Board was elected unopposed whose term of office will expire on 29 January 2015. On 12th September 2013, Mr. Mazhar Karim, Director and Chairman of the Board passed away (Inna lillahi wa inna ilaihi raji'un). The casual vacancy was filled by co-opting Mr. Khurram Mazhar Karim to the Board.

On 28 Jan 2012, the board constituted an audit committee comprising of one independent and two non – executive Directors. In addition to Audit Committee, the Board has also constituted the Human Resource and Remuneration committee and a Governance and Evaluation Committee; both comprise solely of Non-Executive Directors and are mandated to assist the Board to discharge its functions as well as monitor compliance with the Company's governing principles.

The above committees were already in place before they were incorporated in the revised Code of Corporate Governance introduced by SECP on 10 April 2012.

Four meetings of the Board were held during the year to review and approve all issues and matters referred by the board committees. The issues discussed included periodical and annual financial statements, corporate and financial reporting framework, corporate strategy, budget reviews, budget forecasts with actual cash flows, management letters issued by the external auditors, compliance with relevant laws and regulations including the amendments introduced during the year, the development and finalization of a formal whistle blowing policy and framework, acquisitions and disposals of fixed assets, review of risks identified and their mitigation, accounting and internal control system including IS controls and other significant management issues.

During the year, four Audit Committee meetings were held to review periodical and annual financial statements, audit plans and reports issued by the internal audit function.

Two meetings of the Human Resource and Remuneration (HR & R) committee were held to address changes in the regulatory environment, review policies relating to employee compensation and benefit plans and evaluate the performance of the Chief Executive Officer. The Board of Directors approved the appointment, remuneration and terms and conditions of employment of the Chief Executive Officer, the Chief Financial Officer, the Company Secretary and Head of Internal Audit, as recommended by the Human Resource and Remuneration Committee. The Chief Executive Officer, the Chief Financial Officer and the Company Secretary did not take part during the discussion in the Board when their respective employment contracts were being discussed.

Further, for the purposes of clause xvi(l) of the Code of Corporate Governance, the Board had set the threshold that Functional Heads of all the Departments of the Company shall be considered as "Executive". The Board has reviewed the threshold and found it satisfactory keeping in view the management structure of the Company.

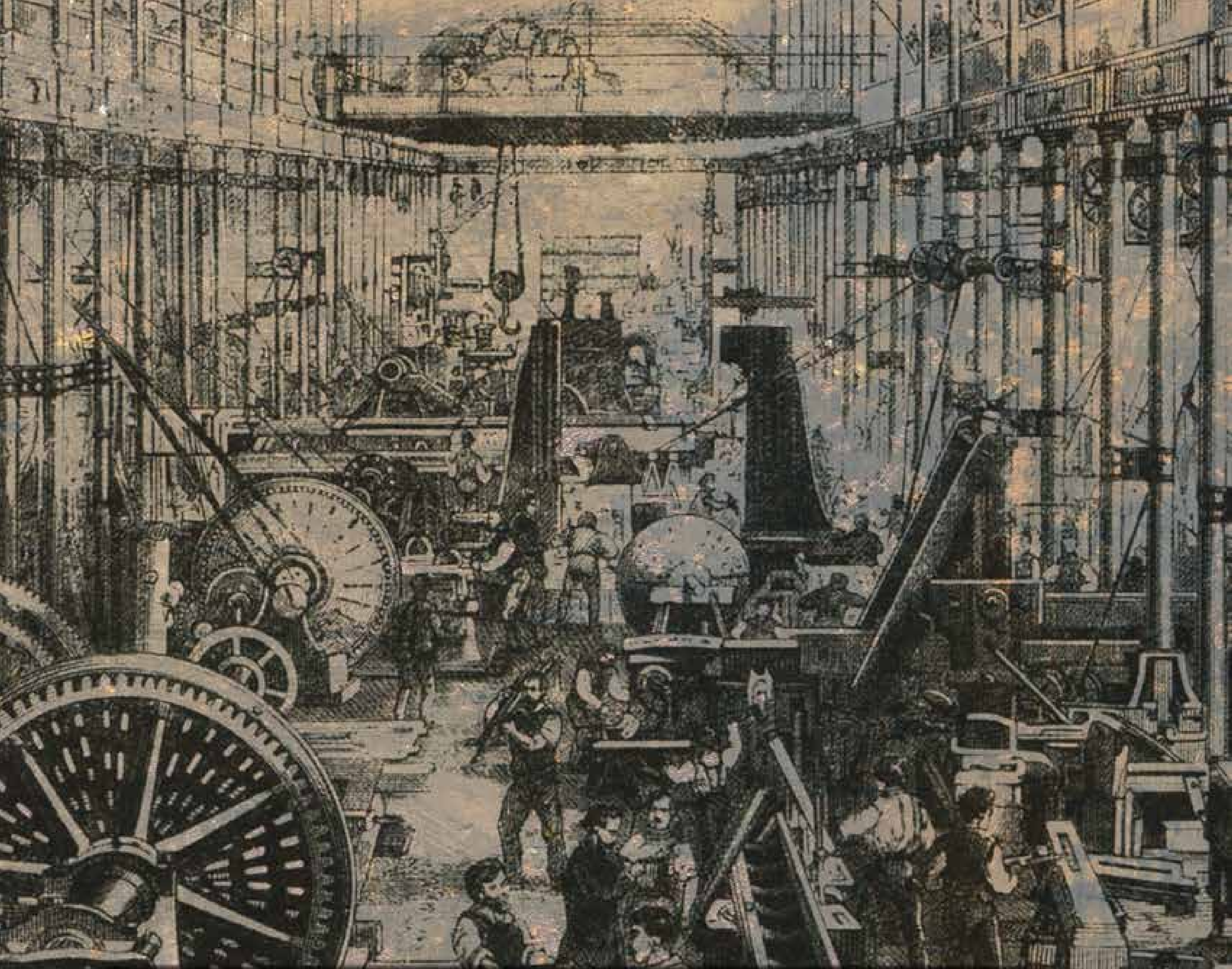
ROLE OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman and the Chief Executive Officer have separate and distinct roles. The Chairman has all the powers vested under the Code of Corporate Governance and presides over Board meetings. The principal role of the Chairman is to manage and to provide leadership to the Board of Directors of the Company. The Chairman is accountable to the Board and acts as a direct liaison between the Board and the management of the Company through the Chief Executive Officer. The Chairman is independent from management and free from any interest and any business or other relationship which could conflict with the Chairman's independent judgement.

The Chief Executive Officer performs his duties under the powers vested by the law and the Board, and recommends and implements the business plans, and is responsible for overall control and operation of the Company.

BOARD'S PERFORMANCE EVALUATION

Governance and Evaluation Committee has assessed the Board's performance based on the established mechanism of self-assessment by the individual Board members. The above mechanism was approved by the Board on the recommendation of Governance and Evaluation Committee.



INDUSTRIAL AGE

ONE OF THE MOST IMPORTANT DEVELOPMENTS IN MAKING THE FIRST APPRECIABLE QUANTITIES OF HIGH-GRADE BAR-IRON DURING THE INDUSTRIAL REVOLUTION WAS THE PROCESS OF PUDDLING. INVENTED BY HENRY CORT IN HAMPSHIRE, THE ORIGINAL PUDDLING TECHNIQUE REVOLVED AROUND STIRRING MOLTEN IRON WITH RODS IN A REVERBATORY FURNACE. IT WAS ONE OF THE FIRST PROCESSES FOR MAKING BAR IRON WITHOUT CHARCOAL IN EUROPE. BY 1843, THE LEGENDARY STEAM SHIP CALLED 'GREAT BRITAIN' WAS DESIGNED PURELY FROM PUDDLED WROUGHT IRON.

CEO'S PERFORMANCE EVALUATION

During the year, the Human Resource and Remuneration Committee of the Board evaluated the performance of the CEO in line with the established performance based evaluation system.
The evaluation was reviewed against the following criteria:

- Leadership
- Policy and strategy
- People Management
- Business Processes/Excellence
- Governance and Compliance
- Financial Performance
- Societal Impact Investment

Committee's recommendations were, thereafter, reviewed and approved by the Board.

ABSTRACT UNDER SECTION 218(1) OF THE COMPANIES ORDINANCE, 1984

During the year ended 30 June 2014, the Board of Directors has revised the remuneration of Mr. Ahsan M. Saleem, Chief Executive Officer from Rs. 852,400 to Rs. 900,000 per month effective from 1 January 2014. There was no change in other terms and conditions of his appointment.

Mr. Ahsan M. Saleem is an elected director of the Company and is considered as interested in the aforesaid revision of his terms of appointment.

FINANCIAL STATEMENTS

As required under listing regulations 35(xxi) of Karachi Stock Exchange, the Chief Executive Officer and Chief Financial Officer present the financial statements, duly endorsed under their respective signatures, for consideration and approval of the Board of Directors and the Board, after consideration and approval, authorize the signing of financial statements for issuance and circulation.

The financial statements of the Company have been duly audited and approved without qualification by the auditors of the Company, KPMG Taseer Hadi & Co., Chartered Accountants and their report is attached with the financial statements.

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

AUDITORS

The auditors, KPMG Taseer Hadi & Co., Chartered Accountants are due to retire in the forthcoming annual general meeting of the company and have offered themselves for re-appointment. The Board Audit Committee and the Board of Directors of the Company have recommended their appointment for shareholders consideration and approval at the forthcoming annual general meeting.

CHIEF EXECUTIVE'S REVIEW

The Directors endorse the contents of the Chief Executive's Review for the year ended 30 June 2014 which contains the state of the Company's affairs, operational performance, future prospects of profits and other requisite information. The contents of the said review shall be read along with this report and shall form an integral part of the Directors' Report in terms of section 236 of the Companies Ordinance, 1984 and the requirements of the Code of Corporate Governance under the Listing Regulations of the Stock Exchanges.

By order of the Board

Ahsan M. Saleem
Chief Executive Officer
21 August 2014

Ahsan M. Saleem
Chief Executive Officer

CHIEF EXECUTIVE'S REVIEW

I AM PLEASED TO REPORT ANOTHER PROFITABLE YEAR IN WHICH, EVEN THOUGH WE WERE NOT ABLE TO SUSTAIN REVENUES AND OPERATING MARGINS FOR KEY BUSINESS SEGMENTS, WE HAVE OUTPERFORMED OUR INDUSTRY IN CASH GENERATION AND LARGELY ACHIEVED OUR TARGETS FOR NEW BUSINESS. THIS IS A CREDITABLE PERFORMANCE IN THE WAKE OF ECONOMIC AND STRUCTURAL CHALLENGES AND I AM PROUD OF THE COMMITMENT AND HARD WORK OF MY LEADERSHIP TEAM AND ALL MY COLLEAGUES ACROSS THE GROUP.

I take pleasure in presenting the Annual Report of your company along with audited Financial Statements (Separate and Consolidated) for the year ended 30 June 2014.

ECONOMIC AND DEVELOPMENT OUTLOOK

Pakistan's growth for FY14 clocked in at 4.1%, higher than the ADB forecast of 3.4%. The outgoing fiscal year indicated mild economic recovery with single digit inflation, higher tax collections, a reduced fiscal deficit, and local currency appreciation largely on the back of improved growth in the large-scale manufacturing sector, expansion in private sector credit and accumulation of foreign exchange reserves; exports remained mildly positive and strong remittances supported the national FX position. In addition, recent efforts to remove tax exemptions and broaden the tax base contributed to higher tax revenues, though the revenue to GDP ratio still remains unsustainably low at about 8.5%.

Pakistan faces significant economic, governance and security challenges to achieve durable development outcomes. The persistence of conflict in the border areas and security challenges throughout the country is a reality that affects all aspects of life in Pakistan and impedes development. The sharp rise in international oil and food prices, combined with the recent floods can have a devastating impact on growth. Accelerating progress in human development remains the key underpinning factor for sustained economic gains; the Net Enrollment rates in education have been increasing but still lag behind other South Asian countries. Large capital inflows have helped to boost foreign-exchange reserves, but the country's balance of payments position remains weak.

Encouragingly, inflation is expected to remain stable, enabling status-quo in the country's Monetary Policy – a pull factor for investments. Lower debt servicing obligations than in FY14, coupled with a stronger Rupee and higher FX inflows on the back of stable remittances, strong market multiples, and higher exports given the GSP Plus status, will ease pressure on the country's FX position.

As we move into FY15 consumer spending remains the main driver of growth. Security challenges are likely to remain largely unchanged over the short to medium term. The absence of reliable power supply to the industry and low investment in human capital will continue to limit GDP growth, which the ADB expects will average 3.8% in FY15. Performance in FY15 will largely depend on the government's ability to follow through on reforms and provide greater energy security.






MARKET REVIEW AND PERFORMANCE OUTLOOK

STEEL LINE PIPES

Gas shortages continue to loom in Pakistan as the country awaits the development of required import infrastructure. Domestic consumption continues to rise rapidly, boosted by the start-up of additional gas-fired power stations and continued use of compressed natural gas (CNG) cars. With struggling production, a limited potential for significant increases in gas production and the lack of an import infrastructure, the demand for line pipes may not pick up in the short-medium term.

Plans to import LNG with two planned fast-track regasification projects are in the pipeline and, if constructed, could generate demand for line pipes in FY15-FY16 at the earliest. The recent start-up of shale gas exploration is also promising, especially as the United States Energy Investment Administration (EIA) now estimates that Pakistan could hold as much as 3 tcm in shale reserves. Similarly, exploration for shale oil could also accelerate as it is now projects that Pakistan sits on nearly 9bn barrels. The EIA estimates place gas output peaking at 40.13 bcm in 2015 and falling afterward to slightly above 36.65 bcm by 2022 as the Sui and Qadirpur Gas fields - the two main producing fields in Pakistan - reach the end of their producing lives.

Going forward, a surge in oil and gas exploration activities remains a major demand stimulant of large diameter steel line pipes necessary for transmission. Increasing energy shortages call for new explorations and remain the key drivers for demand of large diameter line pipes in the short to medium term.

Limited opportunities for demand growth are also available in the Water and Sewerage and, Construction sectors. Ageing of pipeline infrastructure and the need to replace old pipelines also holds long term opportunities for growth in this segment. In addition the Government's recent decision to allow fertilizer companies to procure gas directly from E&P companies has also opened up new markets for large diameter pipe manufacturers.

With the Federal Budget targeting an aggregate outlay of Rs. 3.98 trillion of which proportioned amount for the Public Sector Development Programme (PSDP) is Rs. 1.2 trillion, and, greater focus on developing the country's energy infrastructure, we are optimistic on business prospects for our engineering sector businesses, in the medium to long term.

PIPE COATINGS

The market for external pipe coatings in Pakistan is gradually expanding, with increasing demand for line pipe coatings; the market for internal coating remains underdeveloped. Crescent Steel led local market development in external as well as internal line pipe coatings. Our vast experience in high temperature external coatings with several coating systems including 3-layer polyolefin, heat shrink tape and epoxy coatings give us a competitive edge.

OUTLOOK ON LINE PIPE AND PIPE COATINGS

Performance in FY14 for both line pipe manufacturing and line pipe coatings remained dull. We have however, participated in recent tenders and bids that are currently under evaluation. We are hopeful that the business activity will pick up during the second quarter of FY15 and provide momentum for the remainder of FY15. Major projects in the water sector are also expected to be initiated during FY15 – FY16 including the Karachi Bulk Water Supply (K4) project and Islamabad Water Supply Project. In addition to these, Port/Jetty Construction Projects if initiated will also generate demand for steel line pipes.

Outlook on steel prices is stable, and prices are expected to remain range-bound over the next six months.

MARKET SHARE

During the year our market share for both bare line pipe and pipe coatings declined to 39.77% (FY13: 47.26%) and 17.65% (FY13: 29.83%), respectively. The fall in market share is primarily on account of the nature and size of tenders and the price cutting competition (both foreign and local bidders) in a low activity environment.

COTTON YARN

The textile sector is one of the most important industrial sectors of Pakistan and has a wide-range production chain, with inherent potential for value addition at each stage of processing, from cotton to ginning, spinning, fabric, processing, made ups and garments. It is the major export supporter and contributes to 60% of the country's export value while employing 40% of industrial labour force.

Non-availability of gas and electricity affected the performance of the sector as a whole and compelled units to run under capacity boosting up their cost of production. Due to stiff competition and devaluation of the US Dollar, the sector could not fully reap the benefits of GSP plus status awarded in FY14. Dampened demand from China for yarn was another factor which kept local yarn prices under pressure.

Cotton is the dominant fiber used as raw material in the textile industry. Pakistan is the fourth largest world producer and third largest consumer of cotton. Pakistani cotton is more contaminated compared to other countries. This requires intensive work to eliminate impurities, affects quality, and fetches lower rates for cotton products. Due to a crash in cotton prices in the last quarter of FY14, spinning units holding inventories at higher value remained under pressure.

As per USDA estimates, Pakistan's Marketing Year (MY) 2014-15 cotton crop is forecast at 10.5 million (480 lb.) bales, 10.5% higher than the MY 2013-14 production level of 9.5 million bales.

To promote the textile sector, the GOP announced duty draw back at 1%, 2% and 4% for processed fabric, made ups and garments respectively, for exports beyond 10% over the previous year. Additionally, the government reduced the mark-up rate for export refinance from 9.4% to 7.5%, expedited the refund system, offered a long term finance facility through the State Bank of Pakistan at the rate of 9% for 3-10 year tenors and extended allowance of duty free import of machinery up to June 30, 2016 under textile policy 2009-14.

Cotton Yarn Outlook

The USDA'S first world FY15 cotton projections anticipate that production will exceed consumption for the fifth consecutive season with the potential for record global stocks to exceed 100 million bales. China's government now intends to reduce support levels; however world stocks are unlikely to fall in FY15 as the adoption of new policies will be gradual and world production and consumption responses will lag changes in policy and price. Lower Chinese support levels and higher stock outside of China however dampen world cotton prices.

After the arrival of new crop, cotton prices have gone down significantly, improving margins for spinners. Expectations of better quality cotton is expected to push up yields. In the event that gas supply to the industry is restored during FY15, spinning units especially those situated in Punjab will be able to operate at full capacity, lowering cost of production and pushing up margins.

CAPITAL MARKETS – KSE100 INDEX

FY14 has been one of the best years for Pakistan stocks, as the benchmark KSE-100 index gained 41%, or 8,647 points. The annual return of 41% in the fiscal year compares favourably with the 20-year average annual return of 21%. In FY14, MSCI Pakistan gained 23% compared to a 31% gain of MSCI Frontier Markets (MSCI-FM) and 16% gain of MSCI FM-Asia. Among Asian frontier markets categorised by MSCI, Pakistan ranks first, outpacing Bangladesh (21%), Vietnam (13%) and Sri Lanka (-1%).

The Pakistan market welcomed the structural reforms introduced by the Government. A growth rate of 5.6% in the large-scale manufacturing (LSM) sector supported the KSE-100 index; historically, there has been a positive correlation between the LSM and KSE performance as a significant percentage of listed companies constitute manufacturing sector corporates.

During the year FX reserves stood strong, crossing the USD 14 billion mark, consequently the Rupee appreciated benefiting net importers and the country's FX reserves. Foreign investors, who held $5.7 billion worth of Pakistan shares – 33% of free-float and 8% of market cap – remained net buyers in FY14. According to reports net foreign buying for FY14 stood at USD 248 million.

We continue to maintain a positive stance on the market, ceteris paribus, we expect blue chip stocks on the KSE-100 index to continue to yield healthy returns.

Equities Market Outlook

Going forward, the key drivers over the next year will be the rate of growth in consumer spending, structural and fiscal consolidation, foreign inflows – both as FDI and aid from bilateral and multilateral aid agencies and improved overall governance. Economic indicators are generally improving, with growth continuing to gain momentum, inflation on a downward trajectory, and credit to the private sector rebounding sharply. The industrial sector contributed 20.8% to GDP in FY14 –it constitutes a majority of the listed companies on the benchmark KSE–100 index. Disinvestment in state owned entities may have an adverse impact on the index performance in the short term, however, it will likely be set off as liquidity generated in the market through the upcoming public offerings and privatisation activities is reinvested in the equities market.

Inflation is expected to remain contained within single digit figures and status quo is likely in the SBP's monetary policy in the short term. Security challenges and power shortages continue to dampen growth potential, however, a stronger Rupee, backed by healthy corporate earnings and retail sector growth are expected to support the KSE–100 index over FY15.

CHALLENGES

TARIFF ANOMALIES

Industry and trade regulations remain a core challenge as regional players, strengthened by government subsidies, sell steel products across international markets to capitalize on attractive dumping margins. Local manufacturers in Pakistan face survival challenges as large diameter pipe imports are largely unregulated, with no variance between duties on imported raw material and finished product (for large diameter welded pipes). We have been consistently pursuing this issue with Engineering Development Board (EDB), Board of Investment (BoI) and FBR in an attempt to seek trade remedies/protection for local manufacturers. We believe that to get to the next level Pakistan needs a robust and thriving engineering sector. Unfortunately, the Engineering sector as a whole and large diameter pipe manufacturers in particular do not have a level playing field. The long established principle of cascading duties has been compromised after the withdrawal of concessionary duty on raw material (Hot Rolled Coil) - as a result, both the raw material and finished goods are subject to the same duty of 10%. This leaves the sector open to threat from low quality import at dumping prices.

ENERGY INSECURITY

Increasing shortages in power and gas supply particularly at the cotton spinning unit is adversely affecting production activities, pushing up input costs, eroding margins. The Company is looking at alternate energy resources to address and mitigate the risk associated with power and gas outages.

FINANCIAL AND OPERATIONAL PERFORMANCE

OVERALL FINANCIAL PERFORMANCE

The Company's after tax profit for the year ended 30 June 2014 (FY14) decreased to Rs. 360.2 million as compared to Rs. 815.9 million in FY13. EPS for the current year stood at Rs. 5.8 as compared to FY13 EPS of Rs. 13.1. The Company has paid an interim dividend of Re. 1.0 (10%) per share and announced Rs. 1.5 (15%) at the end of year making an aggregate of Rs. 2.5 (25%) for the year.

On Group basis [including the results of the wholly owned subsidiary companies Shakarganj Energy (Private) Limited (SEL), CS Capital (Private) Limited and Crescent Hadeed (Private) Limited], consolidated profit after taxation for the year amounted to Rs. 553.4 million and EPS stood at Rs. 8.9.

FINANCIAL AND OPERATIONAL PERFORMANCE BASED ON SEPARATE FINANCIAL STATEMENTS

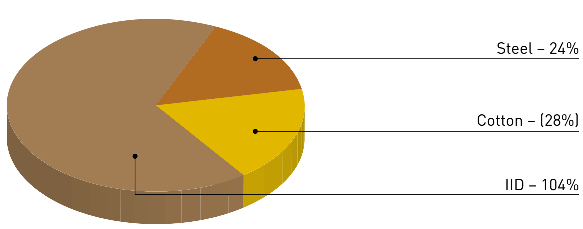
The financial year ended with Steel and IID divisions contributing positively to the bottom line while Cotton division incurred a loss. The IID division contributed the most to the bottom line; whereas, Steel Division remained low as compared to last year.

Sales revenue decreased by 19.4% to Rs. 4,032 million for FY14 (FY13: Rs. 5,002 million). Profit before tax of Steel and IID divisions amounted to Rs. 91.8 million and Rs. 392.8 million (FY13: Rs. 269.9 million and Rs. 442.7 million) respectively, whereas the Cotton division incurred a loss before tax of Rs. 105.5 million (FY13: PBT Rs. 374.3 million). The total profit after tax of Rs. 360.2 million includes gain on sale of investment amounting to Rs. 282.4 million and a provision on impairment of investments aggregating Rs. 51.3 million.

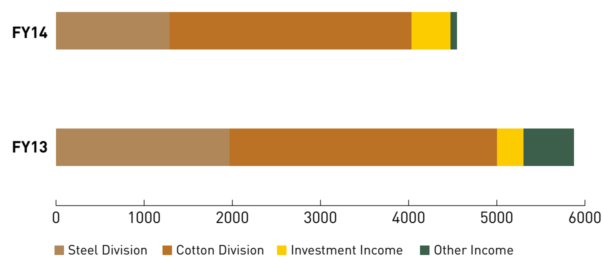
Summary of operating results as per Separate Financial Statements:

- Sales revenue stood at Rs. 4,032 million (FY13: Rs. 5,002 million).
- Investment income increased to Rs. 440 million (FY13: Rs. 298 million).
- Gross profit margin was 5.7% for current year as compared to 13% last year.
- EBIT declined to Rs. 463 million for the current year (FY13: 1,150 million).
- EBITDA stood at Rs. 563 million in FY14 (FY13: Rs. 1,245 million).

COMPOSITION OF TOTAL PBT (FY14)



TOTAL REVENUE AND INCOME (FY14)



- EPS decreased to Rs. 5.8 for the current year (FY13: Rs. 13.1 restated).
- Return on average capital employed was 10.5% (FY13: 29.0%).
- Return on average equity was 9% for the current period (FY13: 23%).
- Break-up value per share increased to Rs. 64.5 (FY13: Rs. 64.0).

BUSINESS SEGMENTS

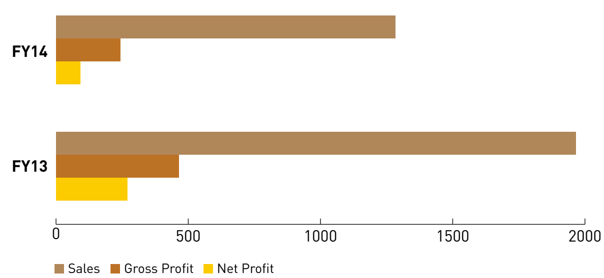
STEEL DIVISION – OPERATIONAL AND FINANCIAL REVIEW

The actual mix diameter bare pipe production during FY14 declined by 16% to 10,248 tons (FY13: 12,266 tons), while capacity utilization of the pipe plant was 24% (FY13: 30%). Coating activities decreased by 76% in terms of volume and stood at 58,650 square meters of pipe (FY13: 245,505 square meters).

On account of sluggish business activity and lower sales the division's performance remained under pressure. Revenue from the unit decreased by Rs. 683 million in FY14 to Rs. 1,282 million or 35% (FY13: 1,965 million). Fixed costs remained unabsorbed and consequently, GP during FY14 was lower by 48% at Rs. 243 million compared to Rs. 464 million during FY13.

OPERATING RESULTS – STEEL

Rs. in million



COTTON DIVISION – OPERATIONAL AND FINANCIAL REVIEW

Precarious energy supply resulted in stoppages and restricted the unit from running at full swing to meet targeted production. The unit produced 18.7 million Lbs. of mixed count yarn (FY13: 22.5 million Lbs.).

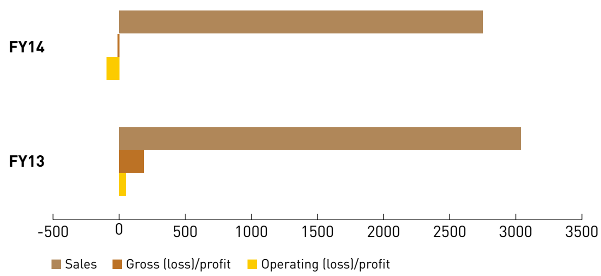
Cotton division recorded sales revenue of Rs. 2,749 million (FY13: Rs. 3,037 million), which includes revenue from yarn sales at outsourced facilities totalling Rs. 792 million and raw cotton sales of Rs. 132 million.

The gross loss for the period was Rs. 13 million against gross profit of Rs. 186.6 million in FY13; this is primarily due to an increase in cost of sales, underutilization of capacity.

The net loss for the year was Rs. 105.5 million, against a net profit of Rs. 89.3 million (excluding insurance claim settlement) in the previous year.

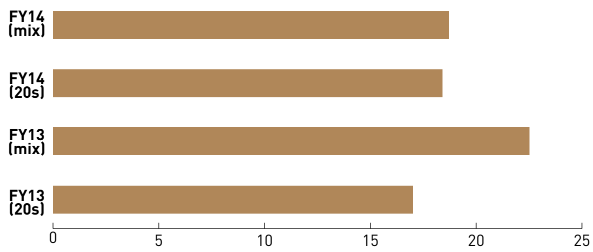
PROFITABILITY

Rs. in million



PRODUCTION

In million Lbs



INVESTMENT AND INFRASTRUCTURE DEVELOPMENT (IID) DIVISION – OPERATIONAL AND FINANCIAL REVIEW

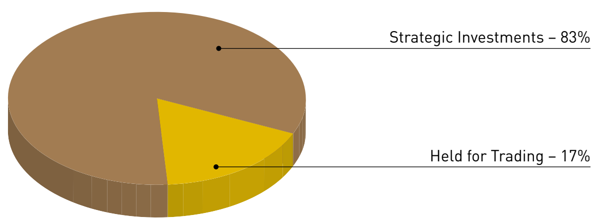
Fiscal year 2014 came to an end with the benchmark KSE-100 index posting a gain of 41% (FY13: 52%) to close at 29,653 points on the back of better corporate earnings, interest of offshore investors, and an improved economic environment. Addition of stocks on the MSCI index and government steps to address the looming energy crisis added to the positive sentiment however, the fragile security condition and political nuances affected activities at the bourse at the end of the year. Market capitalization, up by 36%, hit Rs. 7.02 trillion at the end of the year (FY13: Rs. 5.15 trillion). Key activities on the economic front kept the market volatile during the last quarter, specifically, given the news of privatization activities that led to investors seeking possible arbitrage opportunities.

The division's profit before tax for the year ended 30 June 2014 stood at Rs. 392.8 million, 11.3% lower when compared to Rs. 442.7 million last year. This includes an impairment provision of Rs. 51.3 million (FY13: An impairment reversal of Rs. 167.3 million), on shares of Shakarganj Mills Limited. Exclusive of the impairment impact FY14 PBT is Rs. 168.7 million (61%) higher at Rs. 444.1 million (FY13 PBT – net of impairment reversal: Rs. 275.4 million). The profit is mainly attributable to income from investments amounting to Rs. 440.1 million. Total investment income includes dividend income of Rs. 97.6 million (includes dividend returns of Rs. 60.5 on investments in equity accounted associate, Altern Energy Limited) compared to Rs. 60.3 million last year.

Income from the HFT investments stood at Rs. 145.4 million, on average investments of Rs. 482 million. During the year, the IID division's portfolio of equity investments (HFT and AFS investments, excluding strategic and unquoted investments) recorded a return of 68% on average investments of Rs. 542.6 million – higher than the benchmark KSE–100 index, which increased by 41%.

At the year end, the value of investments in marketable securities (excluding strategic investments) amounted to Rs. 432.0 million (FY13: Rs. 768.1 million). During the period under review, shares valuing Rs. 213.1 million were purchased while shares equaling Rs. 719.6 million were sold on account of trading activities and switching positions.

INVESTMENT PORTFOLIO



FINANCIAL AND OPERATIONAL PERFORMANCE BASED ON CONSOLIDATED FINANCIAL STATEMENTS

Consolidated profit after tax and EPS for the Group for FY14 amounted to Rs. 553.4 million and Rs. 8.9 per share (FY13: Rs. 890.7 million and Rs. 14.3 per share), respectively. However, excluding the impact of deferred tax charge of Rs. 128.9 million on share of profit from associates, profit after tax and EPS of the Group for FY14 stands at Rs. 682.3 million and Rs. 10.99 per share, respectively.

In the current year, deferred tax amounting to Rs. 128.9 million on share of profits from Altern Energy Limited (AEL) has been booked out of which Rs. 95.1 million relates to prior years. Due to restraining policy by the lenders of Rousch Pakistan Limited (Rousch) on dividend distribution, deferred tax was not previously considered by the Company. However, due to negotiation with the lenders, Rousch was able to obtain conditional waiver for the distribution of dividend in FY14. Simultaneously, AEL was able to distribute the dividend. Therefore, as a measure of prudence, the above deferred tax liability has been provided in the current year.

During the year, Shakarganj Energy (Private) Limited (SEL) reported a loss after tax of Rs. 11.4 million as compared to Rs. 30.7 million last year. Profit after tax of CS Capital (Private) Limited (CSCL) increased to Rs. 56.8 million as compared to profit after tax of Rs. 48.2 million in FY13. Additionally, subsidiaries (SEL and CSCL) contributed an aggregate of Rs. 41.4 million to Group Profits against share of profits from associates.

BALANCE SHEET

The balance sheet as per separate financial statements continues to remain healthy with total assets amounting to Rs. 4,733 million in FY14 (FY13: Rs. 4,889 million). Current ratio stood at 2.3:1 (FY13: 2.4:1), reflective of prudent working capital management. The break-up value per share has improved to Rs. 64.5 (FY13: Rs. 64.0).

On a Group basis, the consolidated balance sheet footing stood at Rs. 6,165 million (FY13: Rs. 5,873 million). The break-up value per share has improved to Rs. 84.5 (FY13: Rs. 79.8). The shareholders' fund stood at Rs. 5,246.1 million (FY13: Rs. 4,955.5 million).

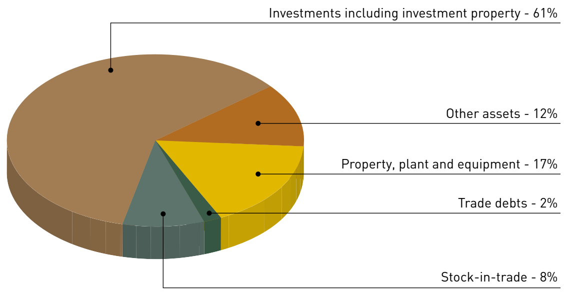
Consequent on the revision of IAS 19 "Employee Benefits", the Company has changed its accounting policy for 'retirement benefits' and has restated the financial information accordingly. This is further explained in note 4.1.1 to the unconsolidated financial statements.

CASH FLOW MANAGEMENT

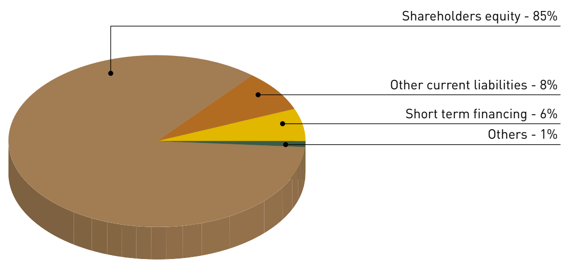
The company manages its working capital requirements through running finance facilities and other short term borrowing instruments. During FY14, the weighted average cost of borrowings was 13.7% per annum against last year's rate of 14.4%.

During FY14, net increase in cash and cash equivalents is Rs. 99.5 million which comprises of net cash generated from operating activities, net cash used in investing activities and net outflows from financing activities amounting to Rs. 567.9 million, Rs. 135.3 million and Rs. 333.1 million respectively. We have adequate ability to fund needs for operations in FY15. Our gearing ratio stood at 5.3%.

Total Assets as of 30 June 2014



Total Liabilities as of 30 June 2014



INITIATIVES

Innovation, machinery optimisation and process improvement initiatives are of great value to us at Crescent Steel. We remain relentless in our pursuit of enhancing output through continuous improvements in our processes and infrastructure. We believe that targeted improvement initiatives lead to increased productivity, enhanced uptime, better quality products, better service and environmental conservation.

STEEL DIVISION

During the year, our Quality lab was upgraded with SPECTROLAB, for reliable metal analysis. As a result requisite tests can be conducted in-house reducing turnaround time on product delivery to our line pipe clients. It also enables us to offer quality testing services to other manufacturers in the country. Our Engineering Services team also carried out extensive preventive checks and quality audits on the SP machine to replace certain parts and upgrade the unit.

We stay committed to remaining at the cutting edge of technology and in ensuring quality of our products, to maintain cost and quality leadership and, to uphold our position as market leaders.

COTTON DIVISION

To mitigate production losses and improve product quality and total productivity a compact attachment on 8 Ring machines was installed.

Steps were also taken to conserve energy and manage input costs at the unit by shutting down one shift of back process during peak tariff and process re-engineering of the blow room machinery line.

INVESTMENT AND INFRASTRUCTURE DEVELOPMENT DIVISION

The division invested in an Investment Management System to track and monitor equity investments in a real time environment providing decision support and reducing time costs on operations.

CONTRIBUTION TO NATIONAL EXCHEQUER AND ECONOMY

Contribution to the National Exchequer and the Economy aggregated Rs. 873.0 million. The Company has contributed Rs. 357.9 million towards the national exchequer on account of government levies and taxes (FY13: Rs. 730.2 million). Contribution to the Economy included Rs. 84.1 million on account of payments to providers of capital, societal investments of Rs. 22.3 million in the form of donations and sponsorships and Rs. 155.3 million in the shape of shareholders' returns through cash dividends. Crescent Steel continued to contribute to economic prosperity by providing employment for 742 full and part-time employees with compensation and benefits of Rs. 253.4 million.

During the year, the Company manufactured 10,248 tons of steel pipes and 18.7 million lbs. of cotton yarn; bought Rs. 3,629 million worth of goods and services from various suppliers.

SHARE PRICE SENSITIVITY ANALYSIS

The Company share price is generally related to its performance and operating results. The price is also sensitive to industry trends and cycles of the various business segments that it operates i.e. Engineering, Textiles and Capital Markets. During the first half of FY14 activity was low in the steel business segment, but picked up pace in the 3rd and 4th quarter. During the year, cotton spinning segment remained under pressure given cotton price fluctuations and the impact of China's yarn procurement policy. This affected the industry negatively and eroded profit margins.

'CSAP' opened in FY14 at Rs. 44.99, peaking at Rs. 74.80 in August 2013, mainly on back of FY13 results which

Company Share Price

were significantly higher when compared to FY12. For the remainder of the first half of FY14 the share price remained largely range bound between Rs. 50 and Rs. 60, dipping and remaining below Rs. 50 in the second half of FY14, closing the year at Rs. 43.51 – the lowest price seen during the fiscal year. The share price however, was adjusted for the total dividend pay-out of 10% announced after the third quarter of FY14 in addition to the 15% dividend and 10% bonus issue announced for FY13 during the first quarter of FY14.

QUALITY

Crescent Steel is committed to the highest standards of quality in product delivery and services while maintaining strong customer focus. We strive to apply cutting edge technology and remain client centric to drive profitability and efficiency, without compromising on quality. Every year, we make sure incremental improvements are made through specific quality improvement projects that run in parallel to our strategic and process improvement initiatives. Effectiveness of our Quality Management System is ensured through an independent quality function.

STEEL DIVISION

Since inception, the Company retains authorization to use the American Petroleum Institute (API) monogram; API signifies the highest international standard accredited for quality of steel line pipes. In 1997, the Company was awarded Certificate of ISO 9001 "Quality Management Systems-Requirements" which it continues to retain as ISO 9001:2008, and became the first Pakistani company to have acquired certification of API Specification Q1 "Specification for Quality Management System Requirements for Manufacturing Organizations for the Petroleum and Natural Gas Industry."

Crescent Steel also retains ISO 14001:2004 & OHSAS 18001:2007 standards certification awarded in 2010. Obtaining this HSE certification was possible through consistent dedication and hard work of all our people and reinforces our commitment to the highest standards of HSE and Quality.

COTTON DIVISION

The Division strives to make quality yarn for weaving mills in counts ranging from 6s to 30s and strives to maintain product quality. To achieve and maintain this level a competent quality team is established for both in-house and out sourced processing.

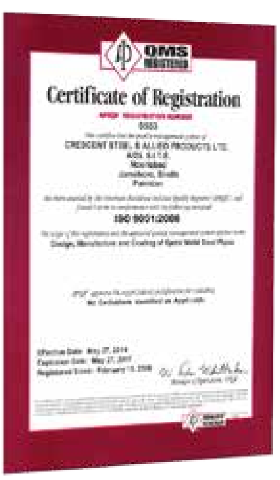
To ensure the highest quality standards, the division consistently retains Lloyd's Register Quality Assurance (LRQA) and ISO 9001:2008 certifications, applicable to manufacturers of Carded and Carded Compact Spun Yarn.

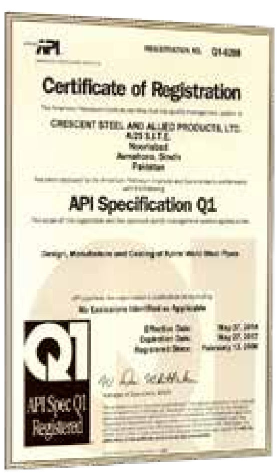
INFORMATION TECHNOLOGY GOVERNANCE

Information Management and Information Technology is built into our corporate strategy; our IT team is not structured as cost centre but a business partner. We strive to develop an agile IT infrastructure with well-integrated systems and resources to streamline operations, add value to business and enable informed decision making to channel growth.

BUSINESS CONTINUITY MANAGEMENT: DISASTER RECOVERY PLAN

Our Disaster Recovery Plan (DRP) refer to an action plan devised in advance to prevent breakdown of important





Company operations and restoring and restarting them in as little time as possible if they are interrupted by the occurrence of any man-made disaster or due to any natural catastrophe. The data loss and time to recover is measured within the defined concepts of Recovery Time Objective (RTO) and the Recovery Point Objective (RPO). The Company has a star network topology for internal Data Communication. Business sites are inter-connected for the various sort of data communication through high speed fiber over a Point to Point (PPP) dedicated connection with a secured backup link over the internet for redundancy.

The Primary Server, housed at a Tier-3 data center, is a state of the art machine, which has integrated servers, SAN storage, networking and I/O into a single chassis with inbuilt redundancy for each component. The server operates in a clustered virtual mode which ensures a high degree of availability. Backup of all data is a regimented practice with a copy of the backup stored safely at an offsite location.

On occurrence of any untoward event Company IT is fully equipped to initiate DRP response protocols at red alert to ensure full recovery, restoration and restarting of systems in minimum time.

STRATEGIC ALIGNMENT WITH ORACLE ERP:

Our information systems are integrated with manufacturing processes to capture real time data for process owners consistently providing business intelligence for enabling target oriented decision making. Implemented in 2009, our information management system consists of Oracle financials with 13 Modules covering all layers of Financials, Order Management, Inventory, Supply Chain, and Project Management.

SECURE AND UNINTERRUPTED INFRASTRUCTURE WITH OPEN CLOUD:

As a process improvement and cost reduction initiative, the entire IT infrastructure has been established at a Tier-3 Data Centre with a Tier-1 network and a backup link which gives us immense capability to grow and expand our services in a cost effective manner.

MOBILITY AND VALUE DELIVERY:

During the year our in-house IT team designed and developed a customer interface to provide real time order status information to Steel Division clients. The interface is currently under User Acceptance Testing (UAT) and is expected to be launched shortly.

RECORD MANAGEMENT:

Historical records are maintained offsite with adequate access controls. We are working to digitize records and information as far as possible to ensure a sustainable data warehousing and paperless environment. This will not only ensure safety of data, but also offer the advantage of being able to access this information anytime, anywhere.

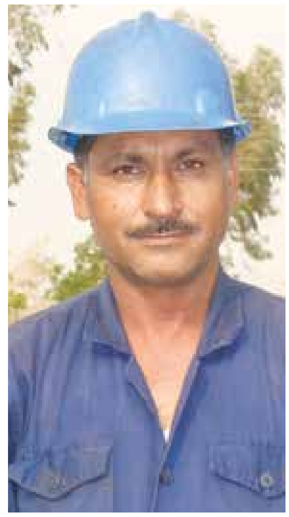
CORPORATE SOCIAL RESPONSIBILITY AND IMPACT INVESTING

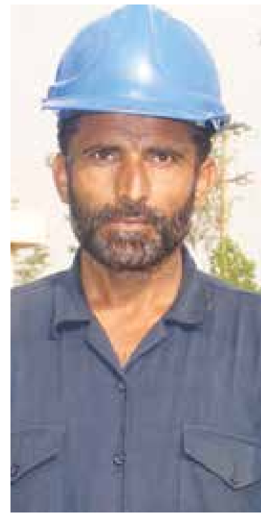
Corporate Social Responsibility (CSR) is a strategic management-driven initiative that integrates our business, environmental and citizenship activities in a manner that upholds our values. While Crescent Steel competes hard to achieve leadership and business success, we are not concerned only with results, but with how the results are achieved and the impact of our activities for our stakeholders.

We believe that the long term success of our business is dependent on the socio-economic well-being of the communities in which we operate. We believe that if we are to function in a healthy climate in the future we must take actions now that will ensure our viability. Our success in business depends on our ability to meet a range of environmental and social challenges. We must show we can operate safely and manage the effect our activities can have on neighbouring communities and society as a whole.

The Crescent Steel Corporate Strategy includes a commitment to sustainable development that involves balancing short and long-term interests, and integrating economic, environmental and social aspects into our business decisions.

Our CSR is divided into four categories: the economic, legal, ethical and philanthropic/discretionary responsibilities to our stakeholders – these principles are already well integrated into our day to day work. Our philanthropic CSR policy allocates 2% to 5% of pre-tax profits towards focused community investments in the education, environment and health sectors. Working with selected community partners the Company made social investments of Rs. 22.3 million (FY13: Rs. 35.1 million) in the form of donations and sponsorships.





Impact Investing Initiatives for FY14 include investment in an Endowment Fund to support our educational investments, allocation to Scholarship Funds, and investment in hospital equipment – all these initiatives enable our community partners to invest funds for a financial or social return on a rolling basis. During the year we launched a matching contribution scheme enabling employees to donate to partner organisations directly through our counters and multiply their impact.

Detailed data and information on our 2014 environmental and social performance is published in the Crescent Steel Corporate Responsibility Report 2014 while selected partnerships are also captured below.

COMMITMENT TO EDUCATION:

EDUCATION NON-PROFIT PARTNER: THE CITIZENS FOUNDATION (TCF)

One out of every ten out of school children in the world are from Pakistan; Education is the right of every child. We support a robust community development program focusing on primary education through our non-profit partner, The Citizens Foundation (TCF).

Our Eighteen-year journey with TCF has been a tremendous experience. Starting with Crescent Steel campus I in 1997, today the Company has built 21 schooling units (16 primary and 5 secondary) and continues to support 15 schooling units (12 primary and 3 secondary). An estimated 2,000 children have graduated from primary schools supported by us, over 200 secondary school graduates from campuses supported by us have been awarded tertiary level scholarships arranged by TCF and in 2014 alone 75 students graduated from secondary schools supported by us. Combined enrolment in these schools today is 3,272 students, the majority of whom reside in some of the most impoverished communities of the country; 45% of these students are female.

JUGNOO SABAQ

An adult literacy program launched in 2003 within the Company to help improve literacy levels among workers at our facilities. This year three Employees from Nooriabad who had cleared their SSC Part-I from the Board of Secondary & Intermediate Education in Hyderabad appeared and have cleared their Matriculation Examination, held in April 2014.

COMMITMENT TO HEALTH:

We continue to support health care initiatives through selected partners by allocating a budget and volunteer activities in the Health Sector.

HEALTH NON-PROFIT PARTNER: THE HEALTH FOUNDATION (THF)

THF's main mandate is to educate the public on prevention and management methods of viral hepatitis - a disease that is affecting millions of people in Pakistan. Crescent Steel supported THF's "A Hepatitis Free Community – Model" project that spanned a period of four years and concluded in FY14.

COMMITMENT TO COMMUNITY AND THE ENVIRONMENT:

ENVIRONMENT NON-PROFIT PARTNER: WWF - PAKISTAN

WWF-Pakistan is a member of the WWF International Network, one of the world's largest environmental conservation organisations.

In addition to supporting conservation activities through targeted employee engagement initiatives, at the head office, 800 Square Feet of office space has been allocated to WWF Pakistan enabling them to free up funds and labor in rent and maintenance so that the organization is able to focus on its core mission. We have enjoyed sharing our facilities with WWF for the past 18.5 years.

RECYCLE, REDUCE AND REUSE

Crescent Steel donated 211 kg of waste paper and plastic in FY14 to Gul Bahao – a not for profit recycling organisation. 70% of this annual report is printed on 100% recycled paper.

TREE PLANTATION ACTIVITIES AT OUR CAMPUSES

During the year 200 trees were added at our Nooriabad premises and a massive plantation of 1,100 bizrumia trees was added to our Jaranwala and Dalowal facilities.

Over the years our plantation size has increased to over 5,720 trees. These trees will help us reduce our carbon footprint by 34 tons of carbon annually.

MARINE CONSERVATION

MANGROVE PLANTATION

This fiscal year 75 mangrove saplings were planted by Crescent Steel volunteers at the WWF Wetland Centre. We also continue to maintain the 50 mangroves planted

last year through monetary contributions that ensure that for every mangrove that doesn't survive WWF will plant another sapling. This totals our mangrove plantation to 125, reducing our carbon footprint by an additional 739 kgs annually.

HEALTH, SAFETY, ENVIRONMENT AND SUSTAINABILITY

We have resolved to redouble our safety efforts and intensify our focus to avoid any accidents or incidents which could result in serious harm.

We manage safety risk across our businesses through controls and compliance systems combined with a safety-focused culture. Our standards and operating procedures define the controls and physical barriers we require to prevent incidents. We regularly inspect, test and maintain these barriers to ensure they meet our standards. The Company is committed to continually improve the work place environment by educating and briefing all its employees, contractors and visitors with regards to Health, Safety and Environment standards.

Through our reporting system we are building a culture in which all employees can discuss safety openly. This is reflected in the growing number of preventive reports, which enable us to take prompt and more effective action to prevent unsafe situations. Our Mission Zero (zero incidents and accidents) campaign continues and we are shifting the focus from the measurement of lagging indicators to increase the focus on leading indicators with emphasis on major risks. We have also strengthened our engagement and encourage employees to participate more meaningfully in this critical agenda.

We have achieved positive progress in our safety agenda during the year and a particular success has been a marked performance improvement in our Cotton Division. Employee engagement and reward systems were introduced to encourage safety and health practices particularly by the unskilled workforce, which is inherently unsafe. One such reward system awarded bicycles to employees that remained true to health and safety standards at the unit.

PEOPLE

The strength of our business and financial performance reflects in the positive contributions we have been able to make throughout the year. In everything from new projects and initiatives through to workplace diversity and charitable partnerships we have been mindful of our opportunities and our responsibilities to influence positive change.

Our employees have shown their desire to make a positive contribution, at work and in their communities. One of the things of which I am most proud is the continued improvement in our employee engagement and participation levels.

EMPLOYEE COMMUNICATION AND ENGAGEMENT

At Crescent Steel, we want an open and creative culture that harnesses diversity and inclusion to inspire ideas and ignite innovation. By designing new and creative models of engagement, we equip future leaders with tools to create a culture of openness and innovation, where new perspectives and ideas are invited, heard and considered. More ideas lead to better ideas, and better ideas lead to innovation. Our focus is on culture and innovation as an approach to diversity inclusion.

Two-way dialogue between management and staff – directly and, where appropriate, via employee representative bodies – is important and embedded in our work practices. On a quarterly basis, we brief our staff about Crescent Steel's operational and financial results through various channels, including electronic communications, publications and face-to-face gatherings.

The Crescent Steel Employee Satisfaction Survey is one of the principal tools used to measure employee engagement: the degree of affiliation and commitment to Crescent Steel. It provides insights into employees' views, and has had a consistently high response rate. The average employee engagement score in FY14 was 69.6% favourable, a 0.15 point increase from FY13. The Open House with the CEO is one of the key drivers of process improvements at Crescent Steel. The Open House is designed to enable direct employee communication with the CEO, one on one and face to face. 81% of employees that participate in the Open House are from lower management tiers. Feedback from employees through these sessions have brought to light key issues relating to work place processes and the workplace environment.

We promote safe reporting of views about our processes and practices. Our drop box to the CEO and whistle blowing mechanisms enable employees to report, confidentially and anonymously, breaches of the Crescent Steel Governing Principles and Code of Conduct.

DIVERSITY AND INCLUSION

We have a culture that embraces diversity and fosters inclusion. By embedding these principles in our operations, we have a better understanding of the needs of our varied customers, partners and stakeholders and can benefit from a wider talent pool. We provide equal opportunity in recruitment, career development, promotion, training and reward for all employees, including those with disabilities.

We actively monitor representation of women in senior leadership positions, and have talent-development processes to support us in delivering more diverse representation.

TRAINING, DEVELOPMENT AND SUSTAINABILITY

Crescent Steel's commitment to its workforce includes enabling managers and leaders to be pedals for accelerating the company's growth. We invest in our leaders by providing learning and development opportunities that teach managers how to amplify talent, energy and capabilities.

Our approach on talent multipliers rests on four core principles: to lead, coach, drive and inspire. These principles define how we reach our individual and collective potential. Managers are role models who inspire their teams, live the passion of our products and promote creative environments for innovative thinking and relevant work.

In building our teams, we focus on Crescent Steel's future business needs and how we can plan for growth. We have transitioned from a single product-based approach to a diverse product suite and multi-faceted businesses.

Our talent strategy focuses on critical assignment planning, manager accountability for coaching and mentoring, and a variety of innovative approaches to individual and team learning. We also work to ensure successful leadership transitions, develop the next generation of leaders and grow emerging and diverse talent.

DEVELOPING EMPLOYEES – FROM TRAINEE TO MANAGER:

Employee development is aimed at all levels – starting from career training through to further development of top management. The aim is to contribute to the successful professional and personal development of the employees.

SUCCESSION PLANNING

Talent management and succession planning is carried out annually. A performance development and retention plan is designed for selected candidates. This process allows us to strategize and develop management roles for the business ensuring that a talented pool of able employees is ready to step up once the need arises.

To ensure that we have an adequate leadership in pipeline required for Crescent Steel to continue to grow, we are investing significantly in the areas of sustainable talent practices and infrastructure.

REWARDS AND BENEFITS

We celebrate and compensate successful employee results through excellent benefits and rewards. Crescent Steel offers competitive compensation, including benefits that provide employees the opportunity to remain healthy, ensure the wellness of their families and create a positive working environment.

In addition to basic remuneration, our remuneration system reflects the particular responsibility and performance with which each employee contributes to the company's success. Variable - performance based remuneration components are becoming increasingly important in this context: Each year the management shares the company profits, which influences the amount of the variable remuneration. The basis for this is the business unit's key financial figures. In addition, variable remuneration is also influenced by individual achievement of operational and strategic objectives that are defined by mutual agreement in a target setting process.

As a Company located across Pakistan – every location is different yet each location provides for variable health coverage; our manufacturing facilities are equipped with designated fitness centers, provide adequate time off, retirement savings and more.

HR INTEGRATION – PROGRAM FOR IMPROVING HR MANAGEMENT

To better meet the requirements of a diverse workforce, we initiated HR Integration, a project to realign our HR role, in the year under review. The project focuses on harmonization, a stronger orientation of our HR processes and, based on this, redefining roles and responsibilities in our network of more than 742 staff members.

The aim of HR integration is to increase the efficiency, effectiveness and quality of HR work. We want everyone to think like an HR manager, to make our processes more efficient so that we can place an even stronger focus on strategic issues and challenges. In line with this, the project consists of four strands: HR processes, HR organization, HR shared services, and HR IT systems. In the year under review, the key aspects for the future alignment of the HR role were defined based on a comprehensive analysis and plans were approved for implementation in the coming years.

FIVE VALUES AS BASIS FOR CORPORATE CULTURE

Our five values are pivotal for all employees: Integrity, Ownership, Customer Focus, Continuous Improvement and Community Care. Always doing the right thing, the courage and freedom to act on one's own authority, always giving one's best in a fair manner, striving for better and giving back - all pulling together are the basis of our corporate culture. This provides the framework for how we work together, interact with each another, put leadership into practice and solve conflicts in our organization. We are convinced that our employees' involvement and participation on the basis of our shared values is crucial to our success.

GOVERNANCE

The Board places paramount importance on good governance and to this effect has developed effective governance structures through various processes and frameworks. These include "Core values", "Standard of Conduct for Directors", "Standard of Conduct for Employees" and "Policy statement of ethics and business practices" in conformance with the Code of Corporate Governance in Pakistan and International best practices.

Values and ethics exemplify an organization's relationship with its business and strategic alliances. Governance standards are regularly reviewed and updated to ensure their effectiveness and relevance in line with the long-term objectives of the Company. The Board acknowledges its responsibility for the overall strategy, management, identification of and solution for risks and challenges, sustained business prosperity and safeguarding shareholders' rights.

The Board endorses the Best Practices of the Code of Corporate Governance as an effective tool in discharging these duties in addition to enhancing the timeliness, accuracy, comprehensiveness and transparency of financial and non-financial information through accountability and integrity.

At the management level, we have a robust system of monitoring performance of all business segments and overall entity performance. Each functional area has clearly spelt out objectives and key performance indicators. Employee performance measures and incentive compensation plans are linked to meeting the established goals and objectives, whereas entity performance is measured against a set of 48 financial and non-financial metrics that include: key financial ratios and operating statistics, Health & Safety indicators, sustainability indicators, customer and supply chain data, production parameters, a quality index, employee satisfaction results and employee turnover numbers.

The Board continuously reviews and approves its existing policies on rotation basis so that the said policies are reviewed at least once every three years.

WHISTLE BLOWING POLICY

Crescent Steel is committed to high standards of ethical, moral and legal business conduct. In line with this commitment, and our commitment to open communication, a whistle blowing policy is in place to provide an avenue for employees to raise concerns and reassurance that they will be protected from reprisals or victimization for whistle blowing.

The whistle blowing framework covers the following:

- Incorrect financial reporting;
- Unlawful activity;
- Activities that are not in line with Company's policies, including the Code of Conduct; or
- Activities, which otherwise amount to serious improper conduct.

No such incidence was highlighted or reported under the framework during the year.

AWARDS AND ACCOLADES

BEST CORPORATE REPORT AWARDS 2013 (ICAP AND ICMAP)

The Annual Report of the Company for the year 2013 secured 2nd position in the Engineering Sector of 'Best Corporate and Sustainability Report Awards 2013'.

BEST SUSTAINABILITY REPORT AWARDS 2013 (ICAP AND ICMAP).

Our Sustainability Report for the year 2013 secured 4th position among all participants in the 'Best Corporate and Sustainability Report Awards 2013'.

BEST CEO AWARD

Crescent Steel was awarded Best CEO Award for the industrial and mining sector in the 3rd CEO, CFO, CIO Conference & Leadership Awards ceremony, organized by the Mass Human Resource Services in collaboration with the Karachi Stock Exchange.

EMPLOYER OF THE YEAR AWARDS 2012

At the Employers' Federation of Pakistan's Employer of the Year Awards 2012 ceremony Crescent Steel was awarded for Best Enterprise for Work Place Safety in the large sector.

This award recognizes our contribution and commitment towards the provision of a safe and supportive work environment.

BEST PRACTICES AWARDS ON OSH&E (OCCUPATIONAL SAFETY, HEALTH AND ENVIRONMENT)

During the year, the Company secured 1st Prize in the 9th Employers' Federation of Pakistan Best Practices Award on OSH&E (Occupational Safety, Health and Environment) in the Processing and Allied Sector.

CORPORATE PHILANTHROPY AWARDS 2012

Crescent Steel and Allied Products Limited was selected by Pakistan Center of Philanthropy for the "Corporate Philanthropy Award 2012". Our Company was also awarded a Certificate of Recognition for the philanthropic contribution made and related activities carried out during 2012.

MAJOR BUSINESS RISKS AND THEIR MITIGATION

The Company is conducting business in a complex and challenging environment and is therefore exposed to a number of external and internal risks that may present threats to its success and profitability. Every business decision taken is based on weighing the associated risks against rewarding opportunities. We take measured risks as we strive to seize business opportunities that are compatible with our policies helping ensure measured sustainable growth.

Risk management is one of the essential elements of the Company's corporate governance and creates a balance between entrepreneurial attitude and risk levels associated with business opportunities. Given the changes in our business environment and the new projects that we have undertaken, we have undertaken a review of our enterprise wide risk management framework which will be implemented over the course of FY15. The aim of this system is to review identified risks as well as to assess, manage, and deal with them in a timely manner. It supports recognition of developments likely to jeopardize the future performance of the Company and helps take pre-emptive action against unnecessary risks.

The risk management system also serves as a means to systematically record business risks of the Company and present and control these risks in a transparent and comparable manner. It provides reasonable assurance that our business objectives can be achieved and our obligations to stakeholders; namely, customers, shareholders, employees and the surrounding communities are met with the highest level of compliance and integrity. Risk management is primarily the responsibility of the business managers; however, top management takes responsibility for the oversight of key risks, their associated controls and compliance with legal requirements.

Major risks and their mitigations are covered separately in this report.

ACKNOWLEDGEMENT

We have faced some extraordinary challenges in our main business segments – Steel and Cotton; however, as a Group we stayed true to our mission and guiding principles. We put in place the building blocks to ensure we emerged from these challenges a stronger and more focused business, able to respond to the changing dynamics of the markets we operate in.

Our business model is resilient, and is underpinned by a management and performance framework that ensures we remain selective in securing projects which embrace our strength in engineering.

We expect to see strong performance from our engineering and capital markets businesses over the course of FY15. Our aim is to expand our product offering to capitalize on improving market conditions in the building and construction markets.

This financial year has proven our resilience. I would like to thank the Board and its committees for their proactive role in guiding us, and to all our employees and my management team for their strong commitment and their outstanding contribution to achieving this profitable result, in a very challenging time.

I would also like to thank you, our shareholders, and also our customers, for your continued patronage.

For and on behalf of the Board of Directors

Ahsan M. Saleem
Chief Executive Officer
21 August 2014

MAJOR BUSINESS RISKS AND THEIR MITIGATION

WITH AN EXPLICIT UNDERSTANDING THAT THIS IS NOT AN EXHAUSTIVE ENUMERATION, THE MAJOR RISKS AND CHALLENGES FACED BY THE COMPANY ALONG WITH MEASURES TAKEN FOR THEIR MITIGATIONS ARE SET FORTH BELOW

MAJOR BUSINESS RISKS	MITIGATING FACTORS / ACTIONS IN PLACE
MACRO-ECONOMIC SITUATION AND POLITICAL INSTABILITY	
The overall liquidity position in the economy, fiscal deficit, reduction in PSDP and political instability in the Country may adversely affect the business of our customers, in particular of the Steel segment, thereby indirectly having an impact on the Company's operations.	The Company operates through diversified business segments competing in different industries each with its distinct opportunities and risks. The Company constantly seeks to increase its customer base and product offering to maintain and grow its revenues.
RAW MATERIAL SOURCING / PRICING	
Inability to access raw materials and growth in cost and expenses for raw materials may adversely influence the operations and non-availability of raw materials may lead to liquidated damages. Further, sensitivity in price movements of raw materials may lead to erosion of margins.	The Company aims to use its purchasing power and long term relationships with suppliers to acquire raw materials and safeguard their constant delivery at the best conditions. The supplier base is constantly increased to ensure uninterrupted procurement and reduction in lead times. The Company uses various available means including hedging to minimize any losses due to adverse price movements.
INVESTMENT RISK	
Adverse stock market developments may affect the profitability and valuation of assets.	The Company has significant investments in marketable securities. To reduce this risk to an acceptably low level, it follows a diversified investment policy and actively manages its portfolio to match the required risk profiles.
CURRENCY RISK	
Exchange rate fluctuations may have an impact on financial results due to reliance on imported raw material.	The Company uses various available means to hedge against currency fluctuations to minimize any resulting exchange losses.
CREDIT RISK	
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet their contractual obligations, and arises principally from trade receivables, bank balances, security deposits, mark-up accrued and investment in debt securities.	To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. The tender approval committee approves sales tenders and credit terms. Where considered necessary, advance payments are obtained from certain parties whereas sales made to major customers are secured through letters of credit. Further, we limit our exposure to credit risk by investing in counterparties that have high credit ratings.

MAJOR BUSINESS RISKS	MITIGATING FACTORS / ACTIONS IN PLACE
SAFETY AND SECURITY OF ASSET	
There is a risk that operational assets of the company may be lost, damaged or made redundant due to theft, fire or any other unforeseen events that will adversely affect the operations of the Company.	The company has designed and implemented high quality standards for safety and security of all the operational assets and compliance with such standards is strictly ensured and monitored. Apart from safety and security policies and procedures, the Company has fully insured all the assets of the Company to safeguard them from any unforeseen adverse event and to reduce the resulting financial and operational loss to a minimum level.
COST AND AVAILABILITY OF FUNDS	
Exhaustion in the steady availability of funds and rise in interest rates may adversely affect liquidity and overall financial conditions.	The significant portion of working capital requirements of the Company is arranged through short term financing. To successfully mitigate these risks, the Company has secured sufficient financing facilities to meet these requirements. Further, the Company's held for trading investments portfolio is also managed to meet the working capital needs, if required.
INTERNAL CONTROLS	
In the absence of effective internal controls, the Company may be exposed to financial irregularities and resultant losses.	A robust internal control system is in place that is continuously monitored by the Company's Internal Audit Function and through other monitoring procedures. The process of monitoring internal controls is an ongoing process with the objective to further strengthen the controls and bring improvements in the system. The controls in place also cover areas ranging from safeguarding of assets, compliance with laws and regulations and accuracy and reliability of records and financial reporting.
POWER AND GAS OUTAGE	
Power and gas shortage may adversely impact the continuity of operations.	Smooth operations of the Company may get affected; in particular, of the Cotton segment which relies primarily on gas generators to meet its power requirements. The Company has made arrangements to provide alternative power source to ensure that operations are carried out uninterrupted and as planned.
INCREASE IN COMPETITION THROUGH LEVERAGING OF TECHNOLOGICAL CHANGES	
Competitors may be able to identify and implement a major technological step, resulting in product substitution, improvement in their production efficiencies and lower costs. The Company's inability to implement similar steps may make it uncompetitive.	Through corporate agility and strong market sensing, the Company remains abreast with information on product changes, demand and any technological advancements in current manufacturing processes to ensure that the Company at least matches but ideally, exceeds the quality and service performance of competitors. The Company continuously adds to its product and service offering along with constant expansion efforts to meet growing capacity demands and specific product needs.
EMPLOYEE RECRUITMENT AND RETENTION	
Failure to attract and retain the right people may adversely affect the achievement of the Company's growth plans.	A strong emphasis is placed on the Company's human resource and its skill set. We operate the best talent management and human resource instruments to attract, retain, motivate, educate and nurture personnel and staff.

MODERN AGE

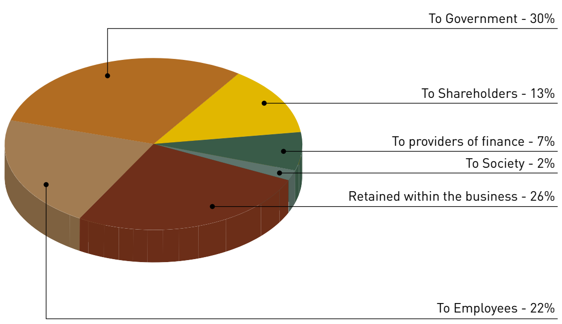
DEVELOPED BY SIR WILLIAM SIEMENS AND FREDRICK SIEMENS, OPEN-HEARTH FURNACES ARE ONE OF A NUMBER OF KINDS OF FURNACES WHERE EXCESS CARBON AND OTHER IMPURITIES ARE BURNT OUT OF PIG IRON TO PRODUCE STEEL. SIMILAR TO THE PUDDLING PROCESS, BUT ON A MUCH LARGER SCALE, HEAT IS RECYCLED USING A LABYRINTH OF BRICKWORK, WHICH IS HEATED WITH THE EXHAUST GASES BEFORE CHANGING THE DIRECTION OF FLOW AND USING IT TO PREHEAT THE INCOMING AIR.THIS PROCESS BECAME MORE VIABLE DUE TO THE AMOUNT OF STEEL PRODUCED FROM SCRAP RISING, SINCE THE BESSEMER PROCESS ONLY PRODUCED ENOUGH HEAT IN THE VESSEL TO USE 5% SCRAP IN PRODUCTION.

STATEMENT OF VALUE ADDITION

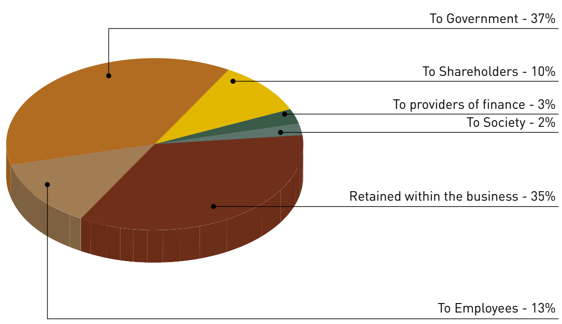
	2014 Rupees in '000	2014 %	2013 Rupees in '000	2013 %
WEALTH GENERATED				
Total revenue	4,813,105	100	6,203,194	100
Bought-in-material and services	(3,628,808)	75	(4,232,419)	68
	1,184,297	25	1,970,775	32
WEALTH DISTRIBUTED				
To Employees				
Salaries, wages and other benefits	253,376	22	252,397	13
To Government				
Income tax, sales tax, custom duties, WWF and WPPF	357,962	30	730,236	37
To Shareholders				
Dividend *	155,265	13	197,610	10
To providers of finance				
Finance costs	84,146	7	62,903	3
To Society				
Donation towards education, health and environment	22,275	2	35,150	2
Retained within the business for future growth				
Depreciation, amortization and retained earnings	311,273	26	692,479	35
	1,184,297	100	1,970,775	100

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

Distribution of Wealth 2014



Distribution of Wealth 2013



PERFORMANCE INDICATORS

FOR THE CURRENT AND PAST SIX FINANCIAL YEARS

PERFORMANCE INDICATORS	2014*	2013* Restated	2012* Restated	2011*	2010*	2009*	2008
A - Profitability Ratios							
Earnings before interest, taxation, depreciation and amortization (EBITDA) (Rs. in millions)	562.9	1,245.0	541.3	942.0	903.9	120.1	954.7
Profit / (loss) before taxation and deprecation (Rs. in millions)	473.5	1,179.7	453.4	787.1	771.5	(85.0)	801.4
Gross profit ratio (%)	5.7	13.0	12.9	18.4	22.1	21.6	21.3
Operating profit / (loss) margin to sales (net) (%)	11.5	23.0	11.0	17.5	19.4	(1.8)	17.4
Net profit / (loss) margin to sales (net) (%)	8.9	16.3	8.7	9.8	11.2	(12.0)	9.9
EBITDA margin to sales (net) (%)	14.0	24.9	14.6	21.4	24.4	3.6	22.7
Operating leverage ratio	3.1	6.2	4.2	0.4	(108.5)	5.1	(0.2)
Return on equity (%)	9.0	20.5	11.0	15.0	15.9	(17.1)	13.9
Return on average equity (%)	9.0	23.0	11.4	15.7	16.8	(15.0)	13.4
Return on capital employed (RoCE) (%)	10.7	25.8	12.5	21.3	20.8	(1.8)	17.4
Return on average capital employed (%)	10.5	29.0	12.2	21.8	21.0	(1.5)	18.0
Return on average assets (%)	7.5	18.0	8.3	10.2	10.0	(9.1)	8.7
B - Liquidity Ratios							
Current ratio	2.3 : 1	2.4 : 1	1.8:1	1.6 : 1	1.2 : 1	1.2 : 1	1.4 : 1
Quick / Acid-test ratio	1.6 : 1	1.7 : 1	1.2:1	0.9 : 1	0.6 : 1	0.8 : 1	1.1 : 1
Cash to current liabilities (%)	(18.6)	(25.3)	(24.1)	(49.8)	(28.7)	(45.8)	(52.7)
Cash flows from operations to sales (%)	14.1	(1.6)	7.3	2.5	12.2	10.1	13.5
Working capital (Net current assets)	830.6	1,233.5	851.2	683.9	374.7	308.0	706.0
Working capital turnover (times)	3.9	4.8	5.1	8.9	10.9	6.5	4.8
C - Activity / Turnover Ratios							
Debtors turnover ratio (times)	28.2	17.7	15.3	20.9	20.5	32.7	28.0
No. of days in receivables / Average collection period (days)	13	21	24	17	18	11	13
Inventory turnover ratio (times)	7.1	7.0	4.8	3.8	3.5	4.2	5.3
No. of days in inventory (days)	51	52	76	95	104	86	68
Creditors turnover ratio (times)	38.1	19.9	16.2	23.1	14.1	24.6	19.7
No. of days in creditors / Average payment period (days)	9.6	18	23	16	26	15	19
Property, plant and equipment turnover (times)	5.1	6.4	5.9	4.3	3.5	2.7	3.4
Total assets turnover (times)	0.9	1.0	0.9	1.1	0.8	0.9	0.9
Operating cycle (days)	55	55	77	97	96	82	63
D - Investment / Market Ratios							
Basic and diluted earnings / (loss) per share (Rs.) **	5.80	13.14	5.50	6.95	6.71	(6.42)	6.69
Price earnings ratio (times) ***	7.5	3.4	4.2	3.8	3.7	-	9.2
Dividend yield (%) ***	5.7	7.8	8.6	13.4	12.0	-	4.9
Dividend payout ratio (%) ***	43.1	31.1	33.0	45.8	40.7	-	49.4
Dividend cover ratio (times) ***	2.3	3.8	2.8	2.0	2.2	-	2.2
Cash dividend (Rs. in millions) ***	155.3	197.6	112.9	197.6	169.4	-	154.0
Cash dividend per share (Rs.) ***	2.5	3.5	2.0	3.5	3.0	-	3.0
Stock dividend / Bonus shares (Rs. in millions) ***	-	56.4	-	-	-	-	51.3
Stock dividend / Bonus shares (%) ***	-	10	-	-	-	-	10
Market value per share (at the end of the year) (Rs.)	43.5	45.0	23.2	26.1	25.1	18.0	61.7
- Lowest during the year (Rs.)	43.5	21.6	18.0	23.8	18.0	13.0	58.0
- Highest during the year (Rs.)	74.8	54.5	28.5	31.7	34.0	61.0	108.0
Break-up value per share (Rs.)	64.5	64.0	50.1	46.3	42.2	37.5	48.2
E - Capital Structure Ratios							
Financial leverage ratio (%)	8.3	12.2	11.7	25.5	31.9	46.0	49.2
Long term debt to equity ratio (%)	1.5	0.9	0.6	0.5	-	2.4	5.6
Cost of debt	13.7	14.4	16.7	17.0	14.4	15.8	12.5
Long term debt : Equity ratio	2 : 98	1 : 99	1 : 99	1 : 99	0 : 100	2 : 98	5 : 95
Total liabilities to total assets (%)	15.3	18.7	25.7	29.1	40.9	40.2	38.2
Gearing ratio (%)	5.3	9.6	8.8	20.0	20.7	31.4	32.9
Interest coverage (times)	5.5	18.3	3.9	5.4	5.9	(0.3)	5.1

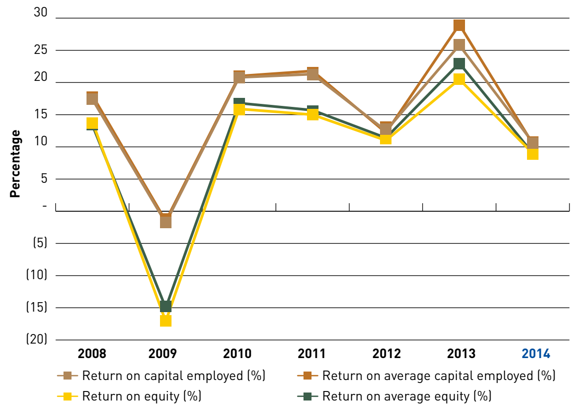
Notes:

* The figures presented in this analysis for the financial years ended 30 June 2014, 2013, 2012, 2011, 2010 and 2009 are those based on the Company's separate financial statements (please refer to note 2.1 to the financial statements for further information). The figures presented for the financial years prior to 2009 are based on the Company's individual financial statements as published in the annual reports in those respective years.

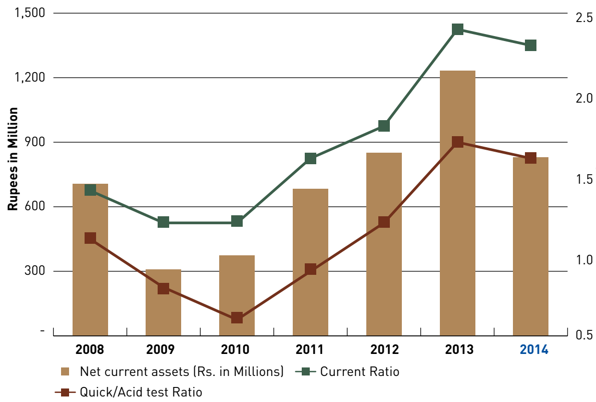
** The basic and diluted earnings / (loss) per share for prior years have been restated to take into account the issue of bonus shares in the financial year ended 2013.

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

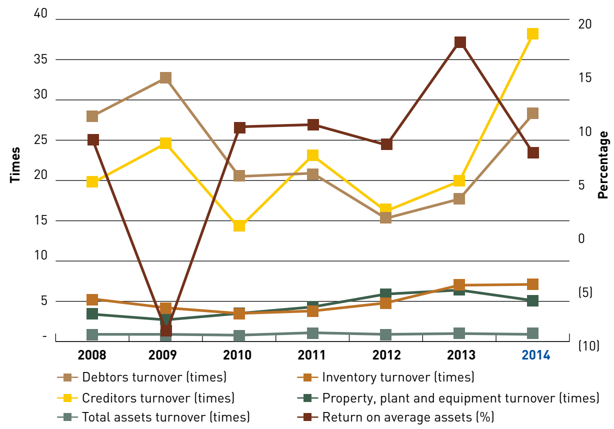
Return on capital and equity



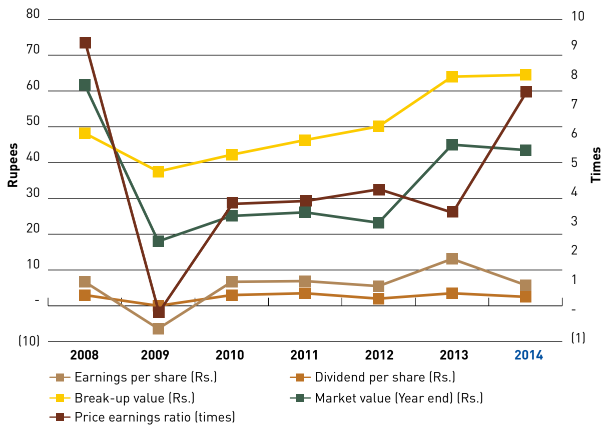
Liquidity



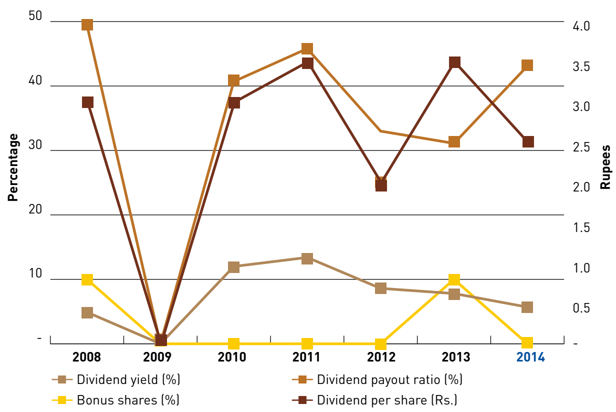
Asset Management



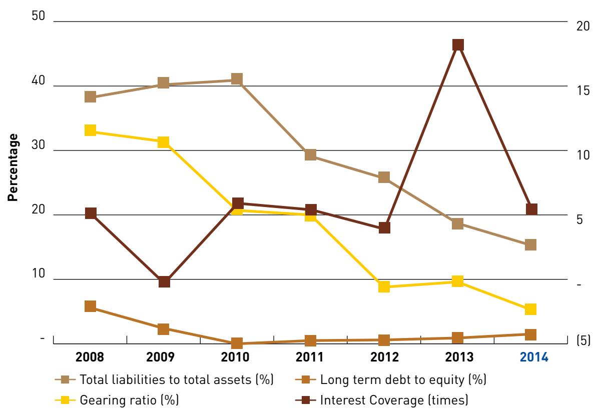
Per Share Result



Dividend and Returns



Debt Management



VERTICAL ANALYSIS
FOR THE LAST SIX FINANCIAL YEARS

Rupees in million	2014	%	2013	% Restated	2012	% Restated	2011	%	2010	%	2009	%
Balance Sheet												
Property, plant and equipment	795	16.8	778	15.9	667.0	16.0	1,021	25.2	1,061	23.9	1,225	31.5
Intangible assets	14	0.3	14	0.3	2.0	-	13	0.3	24	0.5	1	-
Investment property	27	0.6	31	0.6	36.0	0.9	40	1.0	45	1.0	47	1.2
Long term investments	2,388	50.5	1,591	32.5	1,321.0	31.6	1,169	28.8	1,185	26.7	900	23.1
Long term loans and deposits	26	0.5	369	7.5	244.0	5.8	15	0.4	3	0.1	4	0.1
Deferred taxation	-	-	-	-	8.0	0.2	-	-	-	-	-	-
Stores, spares and loose tools	72	1.5	79	1.6	66.0	1.6	66	1.6	73	1.6	84	2.2
Stock-in-trade	407	8.6	662	13.5	587.0	14.0	841	20.7	1,027	23.2	617	15.8
Trade debts	89	1.9	197	4.0	369.0	8.8	145	3.6	277	6.2	84	2.2
Loan and advances	49	1.0	32	0.7	138.0	3.3	104	2.6	55	1.2	40	1.0
Trade deposits and short term prepayments	7	0.1	9	0.2	5.0	0.1	6	0.1	6	0.1	6	0.2
Investments	456	9.6	798	16.3	498.0	11.9	491	12.1	464	10.6	655	16.9
Current portion of long term investments	-	-	-	-	25.0	0.6	24	0.6	17	0.4	36	0.9
Mark-up accrued	-	-	54	1.1	17	0.4	3	0.1	1	-	1	-
Other receivables	136	2.9	134	2.7	41	1.0	60	1.5	25	0.6	161	4.1
Taxation - net	159	3.4	75	1.5	93	2.2	41	1.0	19	0.4	28	0.7
Cash and bank balances	107	2.2	65	1.4	63	1.5	17	0.4	154	3.5	4	0.1
Total assets	4,732	100	4,888	100	4,180	100	4,056	100.0	4,436	100.0	3,893	100.0
Issued, subscribed and paid-up capital	621	13.1	565	11.6	565.0	13.5	565	13.9	565	12.7	565	14.5
Capital reserves	299	6.3	530	10.8	377	9.0	353	8.7	362	8.2	371	9.5
Revenue reserves	3,087	65.2	2,880	58.9	2,167	51.8	1,959	48.3	1,696	38.2	1,393	35.8
Shareholders' equity	4,007	84.6	3,975	81.3	3,109	74.3	2,877	70.9	2,623	59.1	2,329	59.8
Long term loan	-	-	-	-	-	-	-	-	-	-	56	1.4
Deferred income	2	-	1	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	62	1.3	34	0.7	20	0.5	15	0.4	-	-	-	-
Deferred taxation	10	0.2	6	0.1	-	-	51	1.3	72	1.6	100	2.6
Trade and other payables	372	7.9	412	8.4	692	16.6	370	9.1	871	19.6	374	9.6
Mark-up accrued	8	0.2	9	0.2	16	0.4	24	0.6	34	0.8	19	0.5
Short term borrowings	228	4.9	418	8.7	335	8.0	707	17.4	780	17.6	903	23.2
Current portion of deferred income	2	-	1	-	-	-	-	-	-	-	-	-
Current portion of long term loan	-	-	-	-	-	-	-	-	56	1.3	112	2.9
Current portion of redeemable capital	-	-	-	-	-	-	-	-	-	-	-	-
Current portion of liabilities against assets subject to finance lease	41	0.9	32	0.7	8	0.2	12	0.3	-	-	-	-
Taxation - net	-	-	-	-	-	-	-	-	-	-	-	-
Total equity and liabilities	4,732	100.0	4,888	100.1	4,180	100.0	4,056	100.0	4,436	100.0	3,893	100.0
Profit and Loss Account												
Sales - net	4,032	100.0	5,002	100.0	3,943	100.0	4,403	100.0	3,704	100.0	3,311	100.0
Cost of sales	3,801	94.3	4,351	87.0	3,434	87.1	3,593	81.6	2,887	77.9	2,597	78.4
Gross profit	231	5.7	651	13.0	509	12.9	810	18.4	817	22.1	714	21.6
Income from / (loss on) investments - net	440	10.9	298	6.0	67.0	1.7	189	4.3	172	4.6	(338)	(10.2)
Distribution and selling expenses	52	1.3	68	1.4	46.0	1.2	39	0.9	27	0.7	17	0.5
Administrative expenses	165	4.1	173	3.5	164.0	4.2	157	3.6	159	4.3	127	3.8
Other operating expenses	69	1.7	134	2.7	66.0	1.7	68	1.5	101	2.7	332	10.0
Other income	79	2.0	576	11.5	132.0	3.3	34	0.8	18	0.5	39	1.2
Operating profit / (loss) before finance costs	464	11.5	1,150	22.9	432	10.8	769	17.5	720	19.5	(61)	(1.7)
Finance costs	84	2.1	62	1.2	109.0	2.8	143	3.2	122	3.3	204	6.2
Share of profit in equity accounted investees - net of taxation	-	-	-	-	-	-	-	-	-	-	-	-
Profit / (loss) before taxation	380	9.4	1,088	21.7	323	8.0	626	14.3	598	16.2	(265)	(7.9)
Taxation	19.0	0.5	271	5.4	(19.0)	(0.5)	194	4.4	181	4.9	135	4.1
Profit / (loss) after taxation	361	8.9	817	16.3	342	8.5	432	9.9	417	11.3	(400)	(12.0)

HORIZONTAL ANALYSIS

FOR THE LAST SIX FINANCIAL YEARS

Rupees in million	2014	%	2013	% Restated	2012	% Restated	2011	%	2010	%	2009	%
Balance Sheet												
Property, plant and equipment	795	2.2	778	16.6	667	(34.7)	1,021	(3.8)	1,061	(13.4)	1,225	(0.6)
Intangible assets	14	-	14	600.0	2	(84.6)	13	(45.8)	24	2,300.0	1	-
Investment property	27	(12.9)	31	(13.9)	36	(10.0)	40	(11.1)	45	(4.3)	47	(6.0)
Long term investments	2,388	50.1	1,591	20.4	1,321	13.0	1,169	(1.4)	1,185	31.7	900	(29.7)
Long term loans and deposits	26	(93.0)	369	51.2	244	1,526.7	15	400.0	3	(25.0)	4	-
Deferred taxation	-	-	-	(100.0)	8	100.0	-	-	-	-	-	-
Stores, spares and loose tools	72	(8.9)	79	19.7	66	-	66	(9.6)	73	(13.1)	84	9.1
Stock-in-trade	407	(38.5)	662	12.8	587	(30.2)	841	(18.1)	1,027	66.5	617	1.8
Trade debts	89	(54.8)	197	(46.6)	369	154.5	145	(47.7)	277	229.8	84	(29.4)
Loan and advances	49	53.1	32	(76.8)	138	32.7	104	89.1	55	37.5	40	60.0
Trade deposits and short term prepayments	7	(22.2)	9	80.0	5	(16.7)	6	-	6	-	6	200.0
Investments	456	(42.9)	798	60.2	498	1.4	491	5.8	464	(29.2)	655	(53.5)
Current portion of long term investments	-	-	-	(100.0)	25	4.2	24	41.2	17	(52.8)	36	100.0
Mark-up accrued	-	(100.0)	54	217.6	17	466.7	3	200.0	1	-	1	(50.0)
Other receivables	136	1.5	134	226.8	41	(31.7)	60	140.0	25	(84.5)	161	403.1
Taxation - net	159	112.0	75	(19.4)	93	126.8	41	115.8	19	(32.1)	28	100.0
Cash and bank balances	107	64.6	65	3.2	63	270.6	17	(89.0)	154	3,750.0	4	(50.0)
Total assets	4,732	(3.2)	4,888	16.9	4,180	3.1	4,056	(8.6)	4,436	13.9	3,893	(19.7)
Issued, subscribed and paid-up capital	621	9.9	565	-	565	-	565	-	565	-	565	10.1
Capital reserves	299	(43.6)	530	40.6	377	6.8	353	(2.5)	362	(2.4)	371	-
Revenue reserves	3,087	7.2	2,880	32.9	2,167	10.6	1,959	15.5	1,696	21.8	1,393	(34.0)
Shareholders' equity	4,007	0.8	3,975	27.9	3,109	8.1	2,877	9.7	2,623	12.6	2,329	(22.2)
Long term loan	-	-	-	-	-	-	-	-	-	(100.0)	56	(66.7)
Deferred income	2	100.0	1	100.0	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	62	82.4	34	70.0	20	33.3	15	100.0	-	-	-	-
Deferred taxation	10	66.7	6	100.0	-	(100.0)	51	(29.2)	72	(28.0)	100	(10.7)
Trade and other payables	372	(9.7)	412	(40.5)	692	87.0	370	(57.5)	871	132.9	374	55.2
Mark-up accrued	8	(11.1)	9	(43.8)	16	(33.3)	24	(29.4)	34	78.9	19	(5.0)
Short term borrowings	228	(45.5)	418	24.8	335	(52.6)	707	(9.4)	780	(13.6)	903	(19.3)
Current portion of deferred income	2	100.0	1	100.0	-	-	-	-	-	-	-	-
Current portion of long term loan	-	-	-	-	-	-	-	(100.0)	56	(50.0)	112	-
Current portion of redeemable capital	-	-	-	-	-	-	-	-	-	-	-	(100.0)
Current portion of liabilities against assets subject to finance lease	41	28.1	32	300.0	8	(33.3)	12	100.0	-	-	-	-
Taxation - net	-	-	-	-	-	-	-	-	-	-	-	(100.0)
Total equity and liabilities	4,732	(3.2)	4,888	16.9	4,180	3.1	4,056	(8.6)	4,436	13.9	3,893	(19.7)
Profit and Loss Account												
Sales - net	4,032	(19.4)	5,002	26.9	3,943	(10.4)	4,403	18.9	3,704	11.9	3,311	(21.2)
Cost of sales	3,801	(12.6)	4,351	26.7	3,434	(4.4)	3,593	24.5	2,887	11.2	2,597	(21.4)
Gross profit	231	(64.5)	651	27.9	509	(37.2)	810	(0.9)	817	14.4	714	(20.3)
Income from / (loss on) investments - net	440	47.7	298	344.8	67	(64.6)	189	9.9	172	150.9	(338)	(556.8)
Distribution and selling expenses	52	(23.5)	68	47.8	46	17.9	39	44.4	27	58.8	17	13.3
Administrative expenses	165	(4.6)	173	5.5	164	4.5	157	(1.3)	159	25.2	127	(6.6)
Other operating expenses	69	(48.5)	134	103.0	66	(2.9)	68	(32.7)	101	(69.6)	332	201.8
Other income	79	(86.3)	576	336.4	132	288.2	34	88.9	18	(53.8)	39	95.0
Operating profit / (loss) before finance costs	464	(59.7)	1,150	166.2	432	(43.8)	769	6.8	720	1,280.3	(61)	(108.4)
Finance costs	84	35.5	62	(43.1)	109	(23.8)	143	17.2	122	(40.2)	204	33.3
Share of profit in equity accounted investees - net of taxation	-	-	-	-	-	-	-	-	-	-	-	(100.0)
Profit / (loss) before taxation	380	(65.1)	1,088	236.8	323	(48.4)	626	4.7	598	325.7	(265)	(142.3)
Taxation	19	(93.0)	271	1,526.3	(19)	(109.8)	194	7.2	181	34.1	135	(36.0)
Profit / (loss) after taxation	361	(55.8)	817	138.9	342	(20.8)	432	3.6	417	204.3	(400)	(196.2)

COMMENTS ON SIX YEAR PROFIT AND LOSS

The Company has two core businesses i.e. Steel line pipe and Cotton spinning. Revenue and bottom line of steel segment is directly related to infrastructure and development projects of Gas industry. Execution of such projects is largely dependent on financial position of those industries and the prevailing circular debt crisis. Steel segment operating performance mainly affected due to international competition, supply issues and non-availability of raw material at reasonable prices.

Cotton spinning industry is sensitive to fluctuation in international cotton and yarn prices and its demand and supply. The industry faces challenges in achieving targets due to increased price of raw cotton, frequent power shut downs and hike in electricity and gas tariff.

SALES

During last six years sales have created a business cycle. However, last year sales revenue was record high due to increase in sales of bare pipes while in 2012, sales were low as compared to that of previous years due to loss of cotton plant in that year. This year sales revenue was Rs. 4,032 million which is lower as compared to Rs. 5,002 million in 2013. This was primarily due to lack of orders in steel division, and decrease in sales volume of cotton.

GROSS PROFIT

Gross profit margin dipped to 5.7% from 13% in 2013. A decreasing trend was observed in prior years but this year GP has dived by 7.3%.

Steel margins have reduced over the years due to international competition and unabsorbed fixed cost because of underutilization of capacity during substantial part of the year.

Cotton division cost of sales surpassed the revenues for the year mainly due to rising costs of cotton, frequent power breakages and increase in electricity and gas tariffs.

DISTRIBUTION AND SELLING, ADMINISTRATIVE AND OTHER OPERATING EXPENSES

In order to expand business, the Company focused on exploring revenue opportunities outside Pakistan for yarn and raw cotton from 2010. Due to this increased agency commission and export related expenses impact on distribution and selling expenses every year by an increasing trend till last year, but Company this year has controlled this expenditure and reduced the distribution and selling expenses from Rs. 68 million in 2013 to Rs. 52 million in 2014. Moreover, administrative expenses have also come down from Rs. 173 million last year to Rs. 165 million in current year due to cost control measure taken by the Company.

FINANCE COST/ CASH FLOWS

Finance cost has increased by 35% in 2014 to Rs. 84 million. This increase in finance cost is due to short term trade-financing, lease financing for capital expenditures and an increase in discount rate. However, in the past decreasing trend was observed from 2009 (Rs. 204 million) to 2013 (Rs. 62 million) that was mainly due to consistent profitability, improved cash flows and reduction in policy rates.

PROFIT AFTER TAXATION

Profit after taxation has been relatively consistent from 2008 – 12, in 2013 it jumped with an increase of over 135% to Rs. 817 million mainly due to insurance claim settlement and reversal of impairment amounting to Rs. 147 million. Increased cost of sales, loss incurred by cotton division has mainly resulted in lower profit after tax in 2014 as compare to 2013. Further in year 2009, the Company incurred loss after tax of Rs. 400 million mainly due to realized and unrealized losses and impairment in investments after the crash of equity markets.

COMMENTS ON SIX YEAR BALANCE SHEET

EQUITY

Equity has grown from Rs. 2.3 billion in 2009 to Rs. 4 billion in 2014. This increase in equity is attributable to consistent performance of the Company over the last six year.

SHORT TERM BORROWINGS

Short term borrowings has decreased from Rs. 903 million in 2009 to Rs. 228 million in 2014. The decrease in short term borrowings is due to consistent increase in profitability and improved working capital position.

PROPERTY, PLANT AND EQUIPMENT

Reduction in net book value of property plant and equipment over the years is due to disposal and depreciation, whereas, a major decline in 2012 was due to fire incident in Unit-2 of cotton division resulting in its shut down. In 2013 and 2014 an increase is observed which is due to acquisition of plant and machineries for BMR.

LONG TERM INVESTMENTS

Long term investments has consistently increased over the years from Rs. 900 million in 2009 to Rs. 2,388 million in 2014. This increase mainly represents diversification of businesses through capital injection in subsidiaries.

FINANCIAL CALENDAR

THE COMPANY FOLLOWS THE PERIOD OF JULY 01 TO JUNE 30 AS THE FINANCIAL YEAR.

Financial Results will be announced as per the following tentative schedule:

Annual General Meeting	23rd October 2014
1st Quarter ending 30 September 2014	Last week of October, 2014
2nd Quarter ending 30 December 2014	Last week of January, 2015
3rd Quarter ending 30 March 2015	Last week of April, 2015
Year ending 30 June 2015	Last week of July, 2015

KEY OPERATING AND FINANCIAL DATA

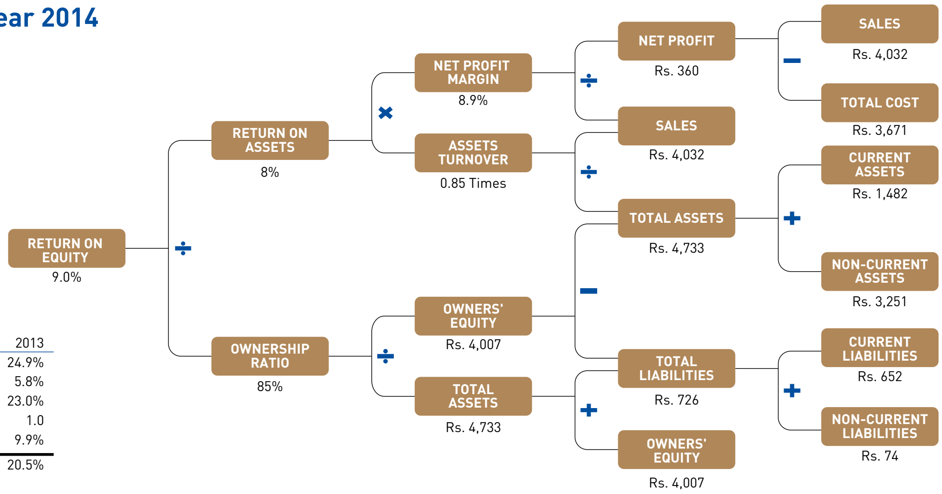
FOR THE CURRENT AND PAST SIX FINANCIAL YEAR(S)

	SUMMARIZED FINANCIAL DATA	2014	2013 Restated	2012 Restated	2011	2010	2009	2008
A -	**Summary of Profit and Loss Account (Rupees in millions)**							
	Sales - net	4,031.6	5,001.7	3,942.9	4,402.7	3,704.4	3,310.9	4,200.2
	Cost of sales	3,801.3	4,350.8	3,434.1	3,592.5	2,887.3	2,597.2	3,303.8
	Gross profit	**230.3**	**650.9**	**508.8**	**810.2**	**817.1**	**713.7**	**896.4**
	Income from / (loss on) investments - net	440.1	298.4	67.2	188.6	171.6	(337.9)	73.6
	Distribution, selling and administrative expenses	217.2	241.1	210.0	196.1	186.2	143.8	151.0
	Other operating expenses	68.7	134.0	65.8	68.1	101.4	331.5	109.7
	Other income	78.6	575.7	132.2	34.4	18.3	39.0	19.6
	Operating profit / (loss) before finance costs	**463.1**	**1,149.9**	**432**	**769.0**	**719.4**	**(60.5)**	**728.9**
	Finance costs	84.1	62.9	109.5	143.2	121.9	203.6	153.0
	"Share of profit in equity accounted investees - net of taxation"	-	-	-	-	-	-	50.8
	Profit / (loss) before taxation	**379.0**	**1,087.0**	**322.9**	**625.8**	**597.5**	**(264.1)**	**626.7**
	Taxation	18.8	271.0	(18.9)	194.1	181.0	134.7	210.9
	Net income / (loss)	**360.2**	**816.0**	**341.8**	**431.7**	**416.5**	**(398.8)**	**415.8**
B -	**Summary of Balance Sheet (Rupees in millions)**							
	Current assets	1,482.4	2,106.1	1,902.0	1,796.7	2,116.8	1,716.2	2,279.1
	Stock-in-trade	407.2	662.4	586.7	840.6	1,026.6	616.4	606.1
	Trade debts	89.5	196.9	368.9	145.1	276.9	83.9	118.7
	Current liabilities	651.8	872.6	1,050.8	1,112.8	1,742.1	1,408.2	1,573.1
	Trade and other payables	372.4	412.3	691.5	370.1	871.5	373.9	240.8
	Property, plant and equipment	795.1	777.8	666.8	1,020.8	1,061.4	1,224.6	1,233.2
	Total assets	4,733.0	4,888.7	4,179.7	4,054.9	4,436.3	3,892.7	4,846.7
	Long term financing (excluding current maturity)	62.0	34.5	19.8	15.4	-	55.9	168.1
	Deferred income (including current maturity)	4.1	2.2	-	-	-	-	-
	Deferred liabilities	9.7	6.2	-	50.4	71.6	99.8	111.5
	Short term financing (including current maturity of long-term financing)	269.4	450.5	343.0	719.0	836.4	1,015.3	1,306.4
	Reserves	3,386.1	3,409.5	2,544.5	2,311.7	2,058.0	1,764.2	2,480.7
	Shareholders' equity	4,007.2	3,974.1	3,109.1	2,876.3	2,622.6	2,328.8	2,994.0
C -	**Summary of Cash Flow Statement (Rupees in millions)**							
	Cash and cash equivalents at the beginning of the year	(220.7)	(253.1)	(553.7)	(499.2)	(644.7)	(828.9)	26.3
	Net cash (used in) /generated from operating activities	568.0	(81.4)	288.7	111.6	451.3	335.9	565.9
	Net cash inflows / (outflows) from investing activities	(135.3)	192.3	284.5	15.5	3.3	70.4	(893.3)
	Net cash (outflows) / inflows from financing activities	(333.1)	(78.5)	(272.6)	(181.6)	(309.1)	(222.1)	(527.8)
	Net increase / (decrease) in cash and cash equivalents	99.6	32.4	300.6	(54.5)	145.5	184.2	(855.2)
	Cash and cash equivalents at the end of the year	(121.1)	(220.7)	(253.1)	(553.7)	(499.2)	(644.7)	(828.9)
D -	**Other Data (Rupees in millions)**							
	Depreciation and amortization	99.8	95.1	141.9	173.1	184.5	180.6	175.0
	Capital expenditure	131.8	220.5	68.2	113.9	34.5	169.1	153.5
	No. of ordinary shares (no. of shares in millions)	62.1	56.5	56.5	56.5	56.5	56.5	51.3
	Payments to National Exchequer	358.0	730.2	290.3	360.3	499.2	520.4	712.3

* Note:

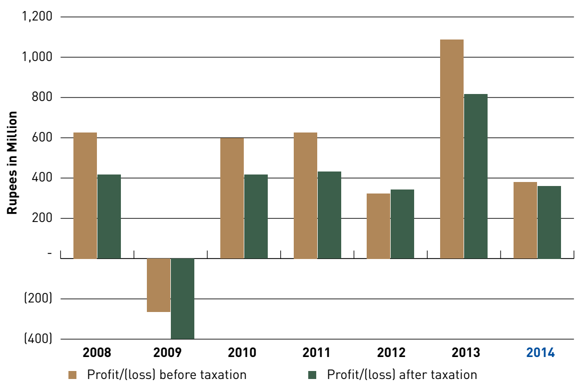
The figures presented in this analysis for the financial years ended 30 June 2014, 2013, 2012, 2011, 2010 and 2009 are those based on the Company's separate financial statements (please refer to note 2.1 to the financial statements for further information). The figures presented for the financial years prior to 2009 are based on the Company's individual financial statements as published in the annual reports in those respective years.

DuPont Analysis for the year 2014

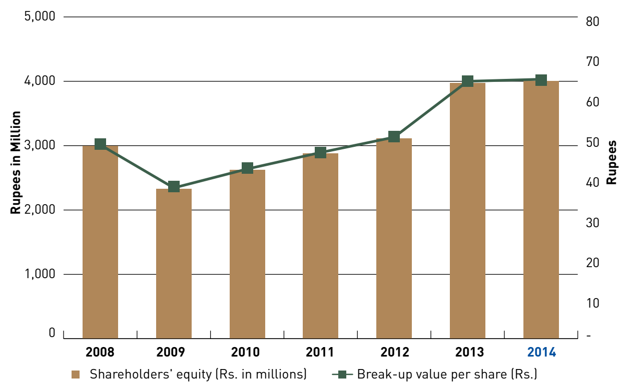


DuPont Analysis	2014	2013
Tax burden	5.0%	24.9%
Interest burden	22.2%	5.8%
EBIT margin - Restated	11.5%	23.0%
Asset Turnover (times) - Reststed	0.9	1.0
Leverage - Restated	7.1%	9.9%
Return on equity	9.0%	20.5%

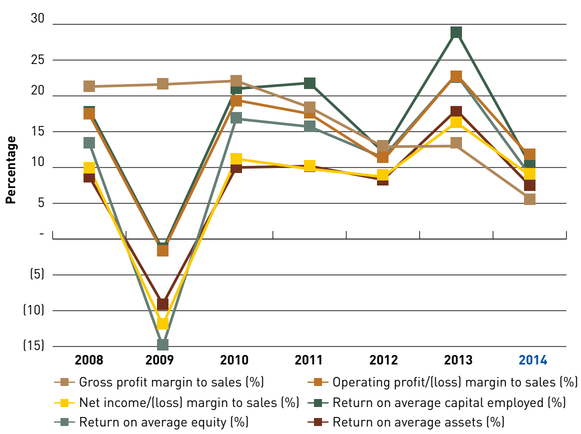
Profit/(loss) before and after taxation



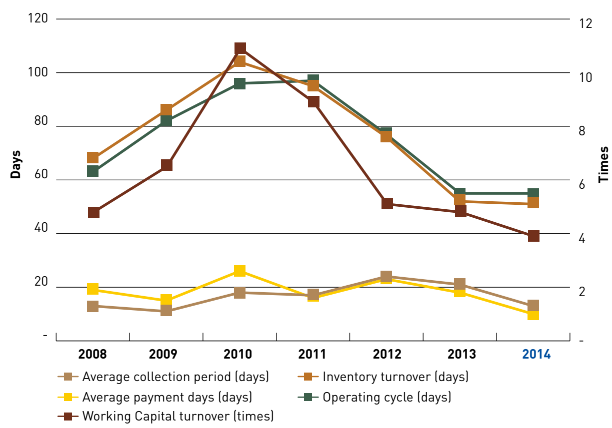
Shareholders' equity and Break-up value per share



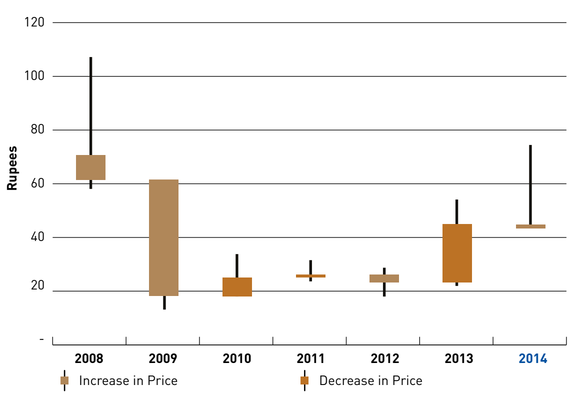
Profitability and Return



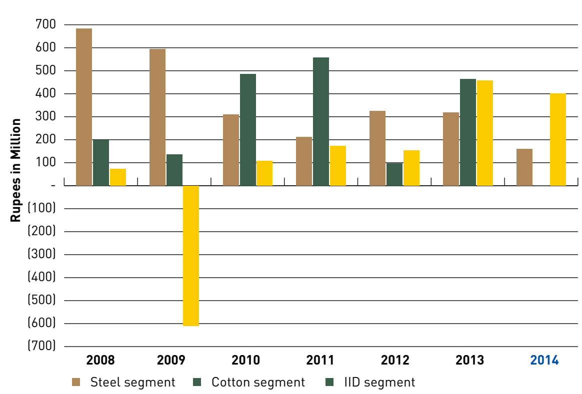
Management of Working Capital



Movement in Stock Prices



Earnings Before Interest, Taxation, Depreciation and Amortization (EBITDA)



QUARTERLY ANALYSIS

SALES

The first, second and fourth quarter remained relatively consistent in sales while third quarter contributed highest of all i.e. 32% to annual revenue. The increase in revenue from third quarter was due to increased sales of bare pipes as sizeable orders for bare pipes were obtained as compare to first and second quarter where sales of bare pipes remained low. Coating of pipes were lower in second quarter while relatively consistent in other quarters due to low activities in coating industry. Revenue from cotton division remained consistent throughout the year.

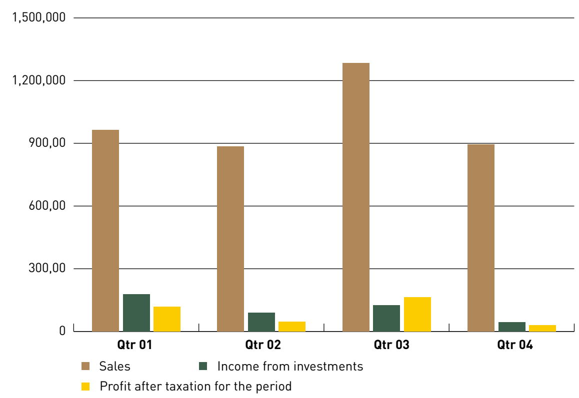
INCOME FROM INVESTMENTS

Income from investment for the first quarter was highest of all that posted Rs. 180 million mainly due to gain on derecognition of available for sale investment. Second quarter was relatively dull with major contribution from unrealized gain on held for trading investment of Rs. 80 million and dividend income amounted to Rs. 12.6 million. Third quarter made development as compare to second quarter with dividend income being main contributor with Rs. 66.7 million while unrealized gain for held for trading investment stood at Rs.45 million. Fourth quarter investment income stood at Rs. 45 million out of which dividend income was Rs. 3 million, gain on sale of investment amounted to Rs. 65 million which was set off by loss on held for trading investment amounting to Rs. 29 million.

PROFIT AFTER TAXATION

Profit after taxation for the first quarter was recorded at Rs. 119 million mainly due to income from investments. However, profit after tax for second quarter decreased more than half of first quarter due to increased cost of sales. Third quarter recorded the highest profit after tax due to positive gross profit of Rs. 154 million as sales revenue from steel division increased and income from investment amounted to Rs. 125 million. Fourth quarter contributed the lowest profit after tax to the bottom line amounting to Rs. 30 million mainly due to diminution in the value of investment amounted to Rs. 51 million.

Quarterly Trend Analysis



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

THIS STATEMENT IS BEING PRESENTED TO COMPLY WITH THE CODE OF CORPORATE GOVERNANCE (CCG) AS CONTAINED IN THE LISTING REGULATIONS OF THE STOCK EXCHANGES OF PAKISTAN FOR THE PURPOSE OF ESTABLISHING A FRAMEWORK OF GOOD GOVERNANCE, WHEREBY A LISTED COMPANY IS MANAGED IN COMPLIANCE WITH THE BEST PRACTICES OF CORPORATE GOVERNANCE.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

   Independent Directors

   Mr. Ahmad Waqar
   Mr. Syed Zahid Hussain

   Executive Director

   Mr. Ahsan M. Saleem

   Non-Executive Directors

   Mr. Khurram Mazhar Karim
   Mr. Nasir Shafi
   Mr. S.M. Ehtishamullah
   Mr. Zahid Bashir

   The independent directors meet the criteria of independence under clause i(b) of the CCG.

2. The Directors have confirmed that none of them is serving as a Director in more than seven listed companies, including this company.

3. All the resident Directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or being a member of a Stock Exchange has been declared as a defaulter by that stock exchange.

4. A casual vacancy occurred on the board on 12 September 2013 and was filled up by the directors within 90 days.

5. The company has prepared a 'Code of Conduct', and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The Board has developed a vision, mission and values statement, and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained. The corporate strategy of the Company is reviewed and approved by the Board along with the annual plan.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive and non-executive directors, have been taken by the board/shareholders.

8. All the meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board met once in every quarter during the year ended 30 June 2014 to approve the financial statements of the Company. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days prior to the meetings. The minutes of the meetings were appropriately recorded and circulated in time.

9. The directors were apprised about the changes in the CCG, applicable laws and their duties and responsibilities to effectively manage the affairs of the company for and on behalf of the shareholders.

10. The directors of the Company having 15 years of experience on the board of a listed company are exempted from the requirement of directors' training program. All the board members except one director qualify for exemption under this provision of the CCG. One director has been exempted by SECP from this provision due to his other experience.

11. The Board has approved appointment of Company Secretary / CFO and the Head of Internal Audit, including their remuneration and terms and conditions of employment, as recommended by the HR and Remuneration Committee.

12. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and it fully describes the salient matters required to be disclosed.

13. The financial statements of the company were duly endorsed by the CEO and CFO before approval by the Board.

14. The directors, CEO and executives do not hold any interest in the shares of the Company, other than that disclosed in the pattern of shareholding.

15. The Company has complied with all the corporate and financial reporting requirements of the CCG.

16. The Board has formed an Audit Committee. It comprises of three (3) members, of whom two (2) are non-executive Directors and one independent director. The Chairman of the Committee is an independent director.

17. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been framed and advised to the Committee for compliance.

18. The board has formed an HR and Remuneration Committee. It comprises of three (3) members, of whom two (2) are non-executive directors and one independent director. The Chairman of the committee is an independent director.

19. The Board has set-up an effective internal audit function. This function has been outsourced to BDO Ebrahim & Co., Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company, and they (or their representatives) are involved in the internal audit function on a full time basis. The Company has also designated a full time employee as Head of Internal Audit.

20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

22. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

23. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

24. We confirm that all other material principles enshrined in the CCG have been complied with.

By order of the Board

Ahsan M. Saleem
Chief Executive Officer
21 August 2014

Crescent Steel and Allied Products Limited

Unconsolidated Financial Statements

For the year ended 30 June 2014

Financial Statements of this Annual Report are printed on 100% recycled paper.

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

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Karachi 75530 Pakistan

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

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

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

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

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

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

Date: 21 August 2014
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

AUDITORS' REPORT TO THE MEMBERS

KPMG Taseer Hadi & Co.
Chartered Accountants
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Karachi 75530 Pakistan

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

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

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

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

b) in our opinion:

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

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

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

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

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

KPMG Taseer Hadi & Co.

Date: 21 August 2014
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

UNCONSOLIDATED BALANCE SHEET

As at 30 June 2014

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

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

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

Chief Executive

Director

Chief Financial Officer

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 30 June 2014

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

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

Chief Executive | Director | Chief Financial Officer

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2014

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

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

Chief Executive

Director

Chief Financial Officer

UNCONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2014

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

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

Chief Executive | Director | Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

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

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

Chief Executive | Director | Chief Financial Officer

1. THE COMPANY AND ITS OPERATIONS

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

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

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

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

2. BASIS OF PREPARATION

2.1 Separate financial statements

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

2.2 Statement of compliance

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

2.3 Basis of measurement

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

2.4 Functional and presentation currency

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

3. USE OF ESTIMATES AND JUDGEMENTS

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

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

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

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

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

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

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

4.1.1 Employee Benefits - change in accounting policy

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Property, plant and equipment and depreciation

Owned assets

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

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

Subsequent cost

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

Depreciation

Depreciation is charged to income on a straight line basis at the rates specified in note 13.1 to these financial statements. Depreciation on additions to property, plant and equipment is charged from the month in which an item is acquired or capitalized while no depreciation is charged for the month in which the item is disposed off or retained.

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

Disposal

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

Leased assets

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

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

Capital work in progress

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

Impairment

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

5.2 Intangible assets

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

Subsequent expenditure

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

Amortization

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

Impairment

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

5.3 Investment property

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

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

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

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

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

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

5.4 Investments

Investments in subsidiaries

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

Investments in associates

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

Financial assets at fair value through profit or loss

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

Held to maturity investments

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

Loans and receivables

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

Available for sale investments

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

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

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

Impairment

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

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

Derivative financial instruments

The Company enters into derivative financial instruments, which include future contracts in stock market. Derivatives are initially recorded at fair value and are remeasured to fair value on subsequent balance sheet dates. The fair value of a derivative is equivalent to the unrealized gain or loss from marking to market the derivative using prevailing market rates. Derivatives with positive market values (unrealized gains) are included in other receivables and derivatives with negative market values (unrealized losses) are included in other liabilities in the balance sheet. The resultant gains and losses from derivatives held for trading purposes are recognized in the profit and loss account. No derivative is designated as hedging instrument by the Company.

5.5 Non-current assets held for sale

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

5.6 Stores, spares and loose tools

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

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

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

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

5.7 Stock-in-trade

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

5.8 Trade debts and other receivables

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

5.9 Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of cash flow statement.

5.10 Employee benefits

5.10.1 Compensated absences

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

5.10.2 Post retirement benefits

5.10.2.1 Defined contribution plan - Provident fund

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

Cotton segment

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

All employees except Cotton segment

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

5.10.2.2 Defined benefit plans

Pension and gratuity fund schemes

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

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

5.11 Mark-up bearing borrowings

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

5.12 Leases

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

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

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

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

5.13 Trade and other payables

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

5.14 Taxation

Current

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

Deferred

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

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

5.15 Revenue recognition

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

Interest income is recognized using the effective interest method.

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

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

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

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

Miscellaneous income is recognized on receipt basis.

5.16 Borrowing costs

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

5.17 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

5.18 Impairment

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

5.19 Foreign currency translation

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

5.20 Offsetting of financial assets and financial liabilities

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

5.21 Segment reporting

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

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

5.22 Proposed dividend and transfer between reserves

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

6. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

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

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

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

7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

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

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

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

8. DEFERRED INCOME

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

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

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

9.2 Movement in provisions

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

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

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

Under the arrangement if the Company succeed in the petition, Government of Sindh will refund the amount subject to their right to appeal before Honourable Supreme Court. To date the Company has provided bank guarantees amounting to Rs. 34.119 million (2013: Rs. 31.618 million) in favour of Excise and Taxation Department. Based on the legal advice, the management believes that the chance of success in the petition is in the Company's favor. Current year charge has been estimated on the value of imports during the year and forms a component of cost of such imported raw materials. Any subsequent adjustment with respect to increase or decrease in the estimate has been recognized in profit and loss account. However, on a prudent basis full provision has been recognized.

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

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

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

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

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

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

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

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

12. CONTINGENCIES AND COMMITMENTS

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

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

12.3 Sindh Industrial Trade Estate (SITE) has cancelled allotment of plot A-26 and A-27 and charged non-utilization fees of Rs. 0.285 million and Rs. 0.621 million respectively. The Company has challenged the cancellation and filed a suit in the Sindh High Court. The High Court has restrained SITE from taking any adverse action against the Company. Therefore, management considers that the case would be decided in the Company's favour and no provision is required to be recognized.

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

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

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

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

13.1 Operating fixed assets

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

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

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

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

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

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

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

This also includes an amount of Rs. 26.4 million (2013: Rs. 26.4 million) paid by the Company to Pakistan Steel Mills Limited (PSML) against allotment of plot measuring 24,200 square yards. However third party has filed a case in Honourable High Court of Sindh for declaration and injunction against said property. The Company has filed a suit in Honourable High Court of Sindh for specific performance and declaration against PSML with respect to the said property and also filed an application for vacation of the injunction operating against the property. The Honourable High Court of Sindh vide its interim order has restrained PSML from creating any third party interest till the disposition of the case. The applications are pending for hearing. Based on consultation with its legal advisor, management believes that it has a reasonable grounds in the case and expects a favorable outcome.

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

13.5 The following assets were disposed off during the year:

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

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

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

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

15. INVESTMENT PROPERTY

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

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

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

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

16.1 Subsidiary companies - at cost

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

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

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

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

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

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

16.2 Associated companies - at cost

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

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

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

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

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

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

16.3.1 Available for sale

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

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

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

16.3.4 Available for sale

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24.1 Available for sale

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

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

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

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

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

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

24.3 Available for sale

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

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

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

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

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

24.4 Held for trading

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

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

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

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

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

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

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

Rupees in '000	2014	2013
26.1 Due from related parties		
Crescent Jute Products Limited	118	–
Shakarganj Mills Limited	127	226
CS Capital (Private) Limited	108	–
Shakarganj Energy (Private) Limited	301	–
Crescent Hadeed (Private) Limited	3,516	1,835
	4,170	2,061

27. TAXATION - NET

Rupees in '000	2014	2013
Advance taxation	1,572,323	1,451,387
Provision for taxation	(1,413,504)	(1,375,957)
	158,819	75,430

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

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

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

28. CASH AND BANK BALANCES

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

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

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

30.1 Cost of sales

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

30.2 Detail of salaries, wages and other benefits

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

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

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

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

32. DISTRIBUTION AND SELLING EXPENSES

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

32.1 Detail of salaries, wages and other benefits

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

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

33. ADMINISTRATIVE EXPENSES

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

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

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

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

33.4 Donations

Donations include the following in which a director is interested :

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

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

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

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

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

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

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

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

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

	(Number of shares)	(Restated)
Weighted average number of ordinary shares in issue during the year	62,105,993	62,105,993

	Rupees	
Basic and diluted earnings per share	5.80	13.14

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

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

41. SEGMENT REPORTING

41.1 Reportable segments

The Company's reportable segments are as follows :

- Steel segment - It comprises of manufacturing and coating of steel pipes (note 1.2).
- Cotton segment - It comprises of manufacturing of yarn (note 1.3).
- Investment and Infrastructure Development (IID) segment - To effectively manage the investment portfolio in shares and other securities (strategic as well as short term) and investment property (held for rentals as well as long term appreciation).

Information regarding the Company's reportable segments presented below:

41.2 Segment revenues and results

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

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

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

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

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

41.3 Revenue from major products and services

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

41.4 Information about major customers

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

41.5 Geographical information

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

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

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

41.6 Segment assets and liabilities

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

Rupees in '000	Steel segment	Cotton segment	IID segment	Total
As at 30 June 2014				
Segment assets for reportable segments	1,125,658	882,112	2,562,193	4,569,963
Unallocated corporate assets				163,038
Total assets as per balance sheet				4,733,001
Segment liabilities for reportable segments	198,479	130,675	57,574	386,728
Unallocated corporate liabilities and deferred income				339,094
Total liabilities as per balance sheet				725,822
As at 30 June 2013 - as restated				
Segment assets for reportable segments	877,871	1,256,882	2,517,874	4,652,627
Unallocated corporate assets				236,101
Total assets as per balance sheet				4,888,728
Segment liabilities for reportable segments	148,375	210,486	2,806	361,667
Unallocated corporate liabilities and deferred income				552,985
Total liabilities as per balance sheet				914,652

41.6.1 For the purposes of monitoring segment performance and allocating resources between segments :

- all assets are allocated to reportable segments other than those directly relating to corporate and taxation assets; and

- all liabilities are allocated to reportable segments other than those directly relating to corporate and taxation.

Cash and bank balances, borrowings and related mark-up receivable therefrom and payable thereon, respectively are not allocated to reporting segments as these are managed by the Company's central treasury function.

41.7 Other segment information

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

42. STAFF RETIREMENT BENEFITS

42.1 Defined benefit plans

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

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

42.1.2 The amounts recognised in balance sheet are as follows:

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

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

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

42.1.4 Movement in the present value of defined benefit obligations

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

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

Rupees in '000	2014 Pension	2014 Gratuity	2014 Total	2013 Pension	2013 Gratuity (Restated)	2013 Total
Fair value of plan assets - 1 July	291,929	82,463	374,392	190,554	48,604	239,158
Contributions by the Company	8,790	3,467	12,257	8,740	3,493	12,233
Interest income on plan assets	30,761	8,841	39,602	24,772	6,319	31,091
Benefits paid	(6,716)	–	(6,716)	(6,338)	(939)	(7,277)
Benefit due but not paid	(571)	–	(571)	–	–	–
Return on plan assets, excluding interest income	11,990	2,719	14,709	74,201	24,986	99,187
Fair value of plan assets - 30 June	336,183	97,490	433,673	291,929	82,463	374,392
42.1.6 Actual return on plan assets	42,751	11,560	54,311	98,973	31,305	130,278

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

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

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

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

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

Sensitivity analysis

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

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

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

42.2 Defined contribution plan

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

43. FINANCIAL INSTRUMENTS

The Company has exposure to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk

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

43.1 Credit risk

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

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

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

Trade and other receivables

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

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

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

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

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

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

Settlement risk

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

Bank balances

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

Loans and deposits

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

Investment in debt securities

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

Concentration of credit risk

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

43.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligation arising from financial liabilities that are settled by delivering cash or another financial asset or that such obligation will have to be settled in a manner disadvantageous to the Company. The Company is not materially exposed to liquidity risk as substantially all obligation / commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company has obtained running finance facilities from various commercial banks to meet the short term liquidity commitments, if any.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

Rupees in '000			2014				
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
Financial liabilities							
Liabilities against assets subject to finance lease	103,029	–	119,554	28,310	24,003	41,987	25,254
Trade and other payables (refer note 9)	228,416	–	228,416	228,416	–	–	–
Mark-up accrued	8,168	–	8,168	8,168	–	–	–
Short term borrowings	228,366	228,366	–	–	–	–	–
	567,979	228,366	356,138	264,894	24,003	41,987	25,254

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

43.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Investment Committee monitors the portfolio of its investments and adjust the portfolio in light of changing circumstances.

43.3.1 Currency risk

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

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

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

The following significant exchange rate has been applied :

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

Sensitivity analysis

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

Effect on profit or loss

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

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

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

43.3.2 Interest rate risk

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

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

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the balance sheet date would have decreased / (increased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.

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

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

43.3.3 Other price risk

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

A 10% increase / decrease in redemption and share prices at year end would have decreased / increased the Company's gain / loss in case of held for trading investments and increase / decrease surplus on re-measurement of investments in case of 'available for sale' investments as follows:

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

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

43.4 Fair value of financial instruments

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

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

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

- Level 3: Valuation techniques using significant unobservable inputs.

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

44. REMUNERATION TO THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

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

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

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

44.3 The chief executive, executives and their families are also covered under group life and hospitalization insurance. A director is also covered under group hospitalization scheme.

45. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of subsidiary and associated companies, directors of the Company, companies in which directors also hold directorship, related group companies, key management personnel and staff retirement benefit funds.

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

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

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

Rupees in '000

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

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

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

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

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

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

46. CAPITAL RISK MANAGEMENT

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

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

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

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

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

46.1 Gearing ratio

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

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

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

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

47. PLANT CAPACITY AND PRODUCTION

47.1 Steel segment

Pipe plant

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

Coating plant

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

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

47.2 Cotton segment

Spinning unit 1

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

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

48. GENERAL

48.1 Number of employees

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

48.2. Non adjusting event after balance sheet date

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

49. DATE OF AUTHORIZATION FOR ISSUE

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

Chief Executive	Director	Chief Financial Officer

Crescent Steel and Allied Products Limited

Consolidated Financial Statements

For the year ended 30 June 2014

Financial Statements of this Annual Report are printed on 100% recycled paper.

KEY FIGURES

BASED ON RESULTS OF THE GROUP AS PRESENTED IN THE CONSOLIDATED FINANCIAL STATEMENTS

SALES REVENUE (Rs. in million)	4,030
EBITDA (Rs. in million)	903
PROFIT BEFORE TAXATION AND DEPRECIATION (Rs. in million)	803
PROFIT AFTER TAXATION (Rs. in million)	553
EARNINGS PER SHARE (BASIC AND DILUTED) (Rupees)	8.9
PRICE EARNINGS RATIO (TIMES)	4.9
CASH DIVIDEND (INCLUDING FINAL PROPOSED) (Rupees per share)	2.5

CAPITAL EXPENDITURE
(Rs. in million)
254

RETURN ON AVERAGE CAPITAL EMPLOYED
(%)
14.6

TOTAL ASSETS
(Rs. in million)
6,165

CURRENT RATIO
(Ratio)
2.6:1

SHAREHOLDERS' EQUITY
(Rs. in million)
5,246

BREAK-UP VALUE PER SHARE
(Rupees)
84.5

PERFORMANCE INDICATORS CONSOLIDATED

FOR THE CURRENT AND PAST SIX FINANCIAL YEARS

PERFORMANCE INDICATORS	2014*	2013* Restated	2012* Restated	2011*	2010*	2009*	2008
A - Profitability Ratios							
Earnings before interest, taxation, depreciation and amortization (EBITDA) (Rs. in millions)	902.5	1,316.6	703.6	1,151.0	1,022.2	279.2	954.7
Profit before taxation and deprecation (Rs. in millions)	802.3	1,251.3	582.7	995.2	889.8	74.1	801.4
Gross profit ratio (%)	5.7	13.0	12.9	18.4	22.1	21.6	21.3
Operating profit margin to sales (net) (%)	11.5	19.1	7.8	17.5	22.3	2.9	17.4
Net profit / (loss) margin to sales (net) (%)	13.7	17.8	11.9	14.5	14.4	(7.2)	9.9
EBITDA margin to sales (net) (%)	22.4	26.3	17.8	26.2	27.6	8.4	22.7
Operating leverage ratio	1.8	4.4	4.1	0.9	63.1	4.1	(0.2)
Return on equity (%)	10.5	18.0	11.7	17.8	17.4	(9.4)	13.9
Return on average equity (%)	10.8	19.9	12.4	19.2	19.0	(8.7)	13.4
Return on capital employed (RoCE) (%)	14.4	22.5	12.8	22.0	21.4	2.7	17.4
Return on average capital employed (%)	14.6	25.0	12.7	23.4	22.2	2.4	18.0
Return on average assets (%)	9.2	16.3	9.4	13.1	11.9	(5.4)	8.7
B - Liquidity Ratios							
Current ratio	2.6 : 1	2.5 : 1	1.8 : 1	1.5 : 1	1.2 : 1	1.2 : 1	1.4 : 1
Quick / Acid-test ratio	2 : 1	1.8 : 1	1.3 : 1	0.8 : 1	0.6 : 1	0.8 : 1	1.1 : 1
Cash to current liabilities (%)	(11.8)	(23.6)	(23.5)	(49.1)	(27.0)	(45.8)	(52.7)
Cash flows from operations to sales (%)	4.3	(1.7)	11.1	4.1	12.3	10.1	13.5
Working capital (Net current assets)	1,123.6	1,340.9	856.4	595.2	384.7	308.0	706.0
Working capital turnover (times)	3.3	4.6	5.4	9.0	10.7	6.5	4.8
C - Activity / Turnover Ratios							
Debtors turnover ratio (times)	28.1	17.7	15.3	20.9	20.5	32.7	28.0
No. of days in receivables / Average collection period (days)	13	21	24	18	18	11	13
Inventory turnover ratio (times)	7.1	7.0	4.8	3.8	3.5	4.2	5.3
No. of days in inventory (days)	51	52	76	95	104	86	68
Creditors turnover ratio (times)	29.3	19.9	15.9	22.3	14.0	24.6	19.7
No. of days in creditors / Average payment period (days)	12	18	23	16	26	15	19
Property, plant and equipment turnover (times)	2.9	3.9	3.6	3.1	2.9	2.7	3.4
Total assets turnover (times)	0.7	0.9	0.8	0.9	0.8	0.8	0.9
Operating cycle (days)	52	55	77	96	96	82	63
D - Investment / Market Ratios							
Basic and diluted earnings / (loss) per share (Rs.) **	8.91	14.35	7.58	10.29	8.61	(3.85)	6.69
Price earnings ratio (times) ***	4.9	3.1	3.1	2.5	2.9	-	9.2
Dividend yield (%) ***	5.7	7.8	8.6	13.4	12.0	-	4.9
Dividend payout ratio (%) ***	28.1	28.5	24.0	30.9	31.7	-	49.4
Dividend cover ratio (times) ***	3.6	4.1	3.8	2.9	2.9	-	2.2
Cash dividend (Rs. in millions) ***	155.3	197.6	112.9	197.6	169.4	-	154.0
Cash dividend per share (Rs.) ***	2.5	3.5	2.0	3.5	3.0	-	3.0
Stock dividend / Bonus shares (Rs. in millions) ***	-	56.4	-	-	-	-	51.3
Stock dividend / Bonus shares (%) ***	-	10.0	-	-	-	-	10
Market value per share (at the end of the year) (Rs.)	43.5	45.0	23.2	26.1	25.1	18.0	61.7
- Lowest during the year (Rs.)	43.5	21.6	18.0	23.8	18.0	13.0	58.0
- Highest during the year (Rs.)	74.8	54.5	28.5	31.7	34.0	61.0	108.0
Break-up value per share (Rs.)	84.5	79.8	64.7	58.0	49.6	41.0	48.2
E - Capital Structure Ratios							
Financial leverage ratio (%)	6.3	9.8	9.0	23.6	27.2	42.1	49.2
Long term debt to equity ratio (%)	1.2	0.7	0.5	3.6	-	2.2	5.6
Cost of debt	13.7	14.4	16.7	16.5	14.4	15.8	12.5
Long term debt : Equity ratio	1 : 99	1 : 99	0 : 100	3 : 97	0 : 100	2 : 98	5 : 95
Total liabilities to total assets (%)	14.9	15.6	21.1	26.6	37.1	38.1	38.2
Gearing ratio (%)	3.4	7.6	6.8	18.7	17.5	29.5	32.9
Interest coverage (times)	8.5	19.5	5.1	6.8	6.9	0.5	5.1

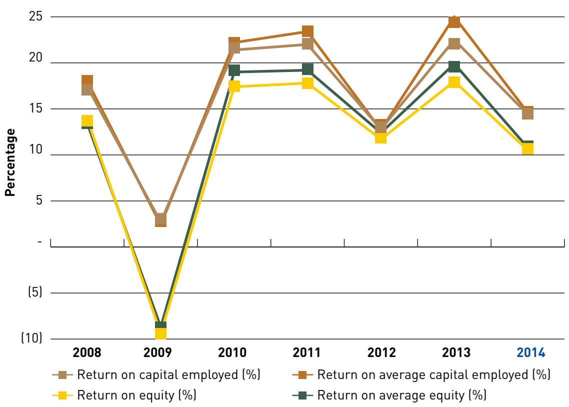
Notes:

* The figures presented in this analysis for the financial years ended 30 June 2014, 2013, 2012, 2011, 2010 and 2009 are those based on the Group's consolidated financial statements. The figures presented for the financial years prior to 2009 are based on the Holding Company's individual financial statements as published in the annual reports in those respective years.

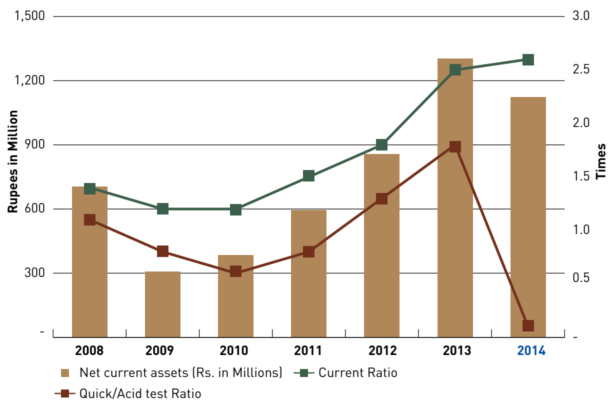
** The basic and diluted earnings / (loss) per share for prior years have been restated to take into account the issue of bonus shares in the financial year ended 2013.

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

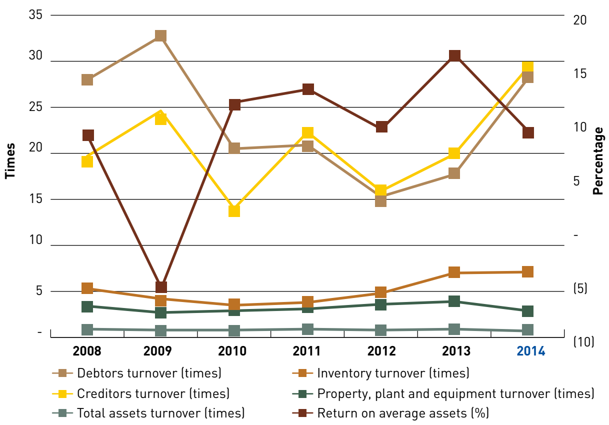
Return on capital and equity



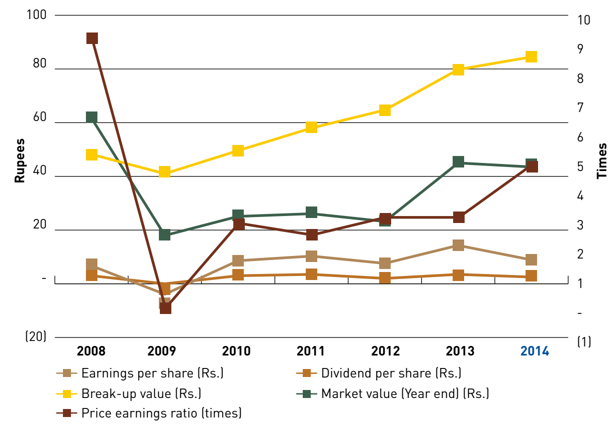
Liquidity



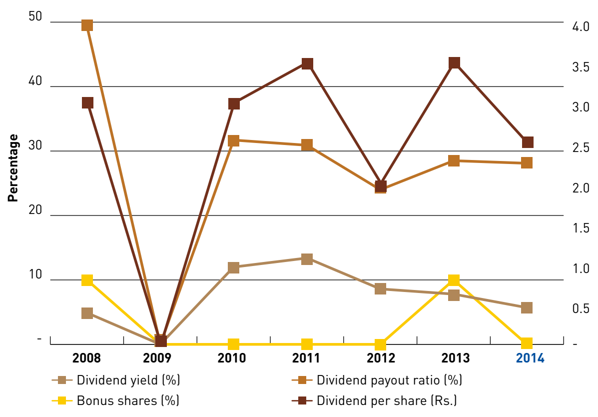
Asset Management



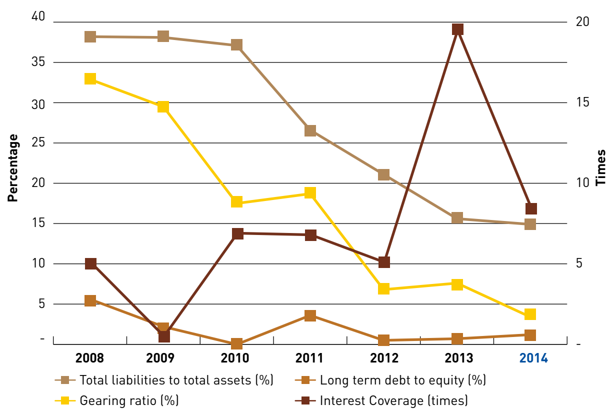
Per Share Result



Dividend and Returns



Debt Management



VERTICAL ANALYSIS CONSOLIDATED

FOR THE LAST SIX FINANCIAL YEARS

Rupees in million	2014	%	2013	% Restated	2012	% Restated	2011	%	2010	%	2009	%
Consolidated Balance Sheet												
Property, plant and equipment	1,404	22.8	1,281	21.8	1,086	21.3	1,431	29.2	1,257	25.7	1,225	29.8
Intangible assets	39	0.6	14	0.2	2	-	13	0.3	24	0.5	1	-
Investment property	73	1.2	62	1.1	36	0.7	40	0.8	45	0.9	47	1.1
Investment in equity accounted investees	2,540	41.2	2,040	34.6	1,806	35.5	1,498	30.6	1,231	25.1	1,031	25.2
Other long term investments	221	3.6	221	3.7	221	4.3	189	3.9	206	4.2	86	2.1
Long term loans and deposits	51	0.8	20	0.3	21	0.4	15	0.3	3	0.1	4	0.1
Deferred taxation	-	-	-	-	8	0.2	-	-	-	-	-	-
Stores, spares and loose tools	72	1.2	79	1.3	66	1.3	66	1.3	73	1.5	84	2.0
Stock-in-trade	407	6.6	662	11.3	587	11.5	841	17.1	1,027	21.0	617	15.0
Trade debts	89	1.4	197	3.4	369	7.3	145	3.0	277	5.7	84	2.0
Advances	58	0.9	32	0.5	138	2.7	30	0.6	55	1.1	40	1.0
Trade deposits and short term prepayments	7	0.1	10	0.2	6	0.1	6	0.1	6	0.1	6	0.1
Investments	758	12.3	946	16.1	523	10.3	491	10.0	463	9.5	655	16.0
Current portion of long term investments	-	-	-	-	8	0.2	17	0.3	-	-	36	0.9
Mark-up accrued on term finance certificates	-	-	-	-	-	-	1	-	1	-	1	-
Other receivables	143	2.3	135	2.3	48	0.9	62	1.3	25	0.5	161	3.9
Taxation - net	159	2.6	76	1.3	93	1.8	41	0.8	19	0.4	28	0.7
Cash and bank balances	144	2.3	80	1.4	69	1.4	19	0.4	183	3.7	4	0.1
Non-current asset held for sale	-	-	19	0.3	-	-	-	-	-	-	-	-
Total assets	6,165	100	5,874	100	5,087	100	4,905	100.0	4,895	100.0	4,110	100.0
Issued, subscribed and paid-up capital	621	10.1	565	9.6	565	11.1	565	11.5	565	11.5	565	13.7
Capital reserves	388	6.3	554	9.4	402	7.9	326	6.6	274	5.6	163	4.0
Revenue reserves	4,237	68.7	3,836	65.3	3,049	59.9	2,711	55.3	2,241	45.8	1,818	44.2
Shareholders' equity	5,246	85.1	4,955	84.3	4,016	78.9	3,602	73.4	3,080	62.9	2,546	61.9
Long term loans	-	-	-	-	-	-	115	2.3	-	-	56	1.4
Liabilities against assets subject to finance lease	62	1.0	34	0.6	20	0.4	15	0.3	-	-	-	-
Deferred income	2	-	1	-	-	-	-	-	-	-	-	-
Deferred taxation	141	2.3	6	0.1	-	-	50	1.0	72	1.5	100	2.4
Trade and other payables	434	7.0	415	7.1	692	13.6	378	7.8	873	17.9	374	9.1
Mark-up accrued	9	0.1	9	0.2	16	0.3	26	0.5	34	0.7	19	0.5
Short term borrowings	228	3.6	418	7.1	335	6.6	707	14.5	780	15.9	903	22.0
Current portion of deferred income	2	-	1	-	-	-	-	-	-	-	-	-
Current portion of long term loan	-	-	-	-	-	-	-	-	56	1.1	112	2.7
Current portion of liabilities against assets subject to finance lease	41	0.7	32	0.5	8	0.2	12	0.2	-	-	-	-
Total equity and liabilities	6,165	100	5,871	100	5,087	100.0	4,905	100.0	4,895	100.0	4,110	100.0
Consolidated Profit and Loss Account												
Sales - net	4,030	100.0	5,002	100	3,943	100	4,400	100	3,704	100.0	3,311	100.0
Cost of sales	3,800	94.3	4,351	87.0	3,434	87.1	3,590	82	2,887	77.9	2,597	78.4
Gross profit	230	5.7	651	13.0	509	12.9	810	18.4	817	22.1	714	21.6
Income from / (loss on) investments - net	441	10.9	348	7.0	68	1.7	189	4.3	223	6.0	(339)	(10.2)
Distribution and selling expenses	52	1.3	68	1.4	46	1.2	39	0.9	27	0.7	17	0.5
Administrative expenses	172	4.3	177	3.5	170	4.3	160	3.6	160	4.3	127	3.8
Other operating expenses	33	0.8	169	3.4	66	1.7	60	1.4	64	1.7	175	5.3
Other income	47	1.2	371	7.4	12	0.3	31	0.7	38	1.0	39	1.2
Operating profit before finance costs	461	11.4	956	19.1	307	7.7	771	17.5	827	22.4	95	3.0
Finance costs	95	2.4	63	1.3	110	2.8	144	3.3	122	3.3	204	6.2
Share of profit in equity accounted investees - net of taxation	341	8.5	269	5.4	255	6.5	207	4.7	11	0.3	4	0.1
Profit / (loss) before taxation	707	17.5	1,162	23.2	452	11.4	834	18.9	716	19.4	(105)	(3.1)
Taxation	154	3.8	272	5.4	(19)	(0.5)	194	4.4	181	4.9	135	4.1
Profit / (loss) after taxation	553	13.7	890	17.8	471	11.9	640	14.5	535	14.5	(240)	(7.2)

HORIZONTAL ANALYSIS CONSOLIDATED

FOR THE LAST SIX FINANCIAL YEARS

Rupees in million	2014	%	2013	% Restated	2012	% Restated	2011	%	2010	%	2009	%
Consolidated Balance Sheet												
Property, plant and equipment	1,404	9.6	1,281	18.0	1,086	(24.1)	1,431	13.8	1,257	2.6	1,225	(0.6)
Intangible assets	39	178.6	14	600.0	2	(84.6)	13	(45.8)	24	2,300.0	1	-
Investment property	73	17.7	62	72.2	36	(10.0)	40	(11.1)	45	(4.3)	47	(6.0)
Investment in equity accounted investees	2,540	24.5	2,040	13.0	1,806	20.6	1,498	21.7	1,231	19.4	1,031	(19.5)
Other long term investments	221	-	221	-	221	16.9	189	(8.3)	206	139.5	86	100.0
Long term loans and deposits	51	155.0	20	(4.8)	21	40.0	15	400.0	3	(25.0)	4	-
Deferred taxation	-	-	-	(100.0)	8	100.0	-	-	-	-	-	-
Stores, spares and loose tools	72	(8.9)	79	19.7	66	-	66	(9.6)	73	(13.1)	84	9.1
Stock-in-trade	407	(38.5)	662	12.8	587	(30.2)	841	(18.1)	1,027	66.5	617	1.8
Trade debts	89	(54.8)	197	(46.6)	369	154.5	145	(47.7)	277	229.8	84	(29.4)
Advances	58	81.3	32	(76.8)	138	360.0	30	(45.5)	55	37.5	40	60.0
Trade deposits and short term prepayments	7	(30.0)	10	66.7	6	-	6	-	6	-	6	200.0
Investments	758	(19.9)	946	80.9	523	6.5	491	6.0	463	(29.3)	655	(53.5)
Current portion of long term investments	-	-	-	(100.0)	8	(52.9)	17	100.0	-	(100.0)	36	100.0
Mark-up accrued on term finance certificates	-	-	-	-	-	(100.0)	1	-	1	-	1	(50.0)
Other receivables	143	5.9	135	181.3	48	(22.6)	62	148.0	25	(84.5)	161	403.1
Taxation - net	159	109.2	76	(18.3)	93	126.8	41	115.8	19	(32.1)	28	100.0
Cash and bank balances	144	80.0	80	15.9	69	263.2	19	(89.6)	183	4,475.0	4	(50.0)
Non-current asset held for sale	-	(100.0)	19	100.0	-	-	-	-	-	-	-	-
Total assets	6,165	5.0	5,874	15.5	5,087	3.7	4,905	0.2	4,895	19.1	4,110	(15.2)
Issued, subscribed and paid-up capital	621	9.9	565	-	565	-	565	-	565	-	565	10.1
Capital reserves	388	(30.0)	554	37.8	402	23.3	326	19.0	274	68.1	163	(56.1)
Revenue reserves	4,237	10.5	3,836	25.8	3,049	12.5	2,711	21.0	2,241	23.3	1,818	(13.8)
Shareholders' equity	5,246	5.9	4,955	23.4	4,016	11.5	3,602	16.9	3,080	21.0	2,546	(15.0)
Long term loans	-	-	-	-	-	(100.0)	115	100.0	-	(100.0)	56	(66.7)
Liabilities against assets subject to finance lease	62	82.4	34	70.0	20	33.3	15	100.0	-	-	-	-
Deferred income	2	100.0	1	100.0	-	-	-	-	-	-	-	-
Deferred taxation	141	2,250.0	6	100.0	-	(100.0)	50	(30.6)	72	(28.0)	100	(10.7)
Trade and other payables	434	4.6	415	(40.0)	692	83.1	378	(56.7)	873	133.4	374	55.2
Mark-up accrued	9	-	9	(43.8)	16	(38.5)	26	(23.5)	34	78.9	19	(5.0)
Short term borrowings	228	(45.5)	418	24.8	335	(52.6)	707	(9.4)	780	(13.6)	903	(19.3)
Current portion of deferred income	2	100.0	1	100.0	-	-	-	-	-	-	-	-
Current portion of long term loan	-	-	-	-	-	-	-	(100.0)	56	(50.0)	112	-
Current portion of liabilities against assets subject to finance lease	41	28.1	32	300	8	(33.3)	12	100.0	-	-	-	-
Total equity and liabilities	6,165	5.0	5,871	15.4	5,087	3.7	4,905	0.2	4,895	19.1	4,110	(15.2)
Consolidated Profit and Loss Account												
Sales - net	4,030	(19.4)	5,002	26.9	3,943	(10.4)	4,400	18.8	3,704	11.9	3,311	(21.2)
Cost of sales	3,800	(12.7)	4,351	26.7	3,434	(4.3)	3,590	24.4	2,887	11.2	2,597	(21.4)
Gross profit	230	(64.7)	651	27.9	509	(37.2)	810	(0.9)	817	14.4	714	(20.3)
Income from / (loss on) investments - net	441	26.7	348	411.8	68	(64.0)	189	(15.2)	223	165.8	(339)	(558.1)
Distribution and selling expenses	52	(23.5)	68	47.8	46	17.9	39	44.4	27	58.8	17	13.3
Administrative expenses	172	(2.8)	177	4.1	170	6.3	160	-	160	26.0	127	(6.6)
Other operating expenses	33	(80.5)	169	156.1	66	10.0	60	(6.3)	64	(63.4)	175	59.1
Other income	47	(87.3)	371	2,991.7	12	(61.3)	31	(18.4)	38	(2.6)	39	95.0
Operating profit before finance costs	461	(51.7)	956	211.4	307	(60.2)	771	(6.8)	827	770.5	95	(87.0)
Finance costs	95	50.8	63	(42.7)	110	(23.6)	144	18.0	122	(40.2)	204	33.3
Share of profit in equity accounted investees - net of taxation	341	26.8	269	5.5	255	23.2	207	1,781.8	11	175.0	4	(92.2)
Profit / (loss) before taxation	707	(39.1)	1,162	157.0	452	(45.8)	834	16.5	716	781.9	(105)	(116.7)
Taxation	154	(43.4)	272	1,531.6	(19)	(109.8)	194	7.2	181	34.1	135	(36.0)
Profit / (loss) after taxation	553	(37.8)	890	88.9	471	(26.4)	640	19.6	535	322.9	(240)	(157.7)

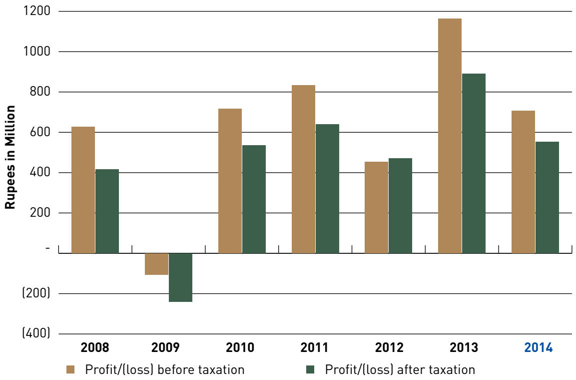
KEY OPERATING AND FINANCIAL DATA
FOR THE CURRENT AND PAST SIX FINANCIAL YEAR(S)

	SUMMARIZED FINANCIAL DATA	2014*	2013* Restated	2012* Restated	2011*	2010*	2009*	2008
A	**Summary of Profit and Loss Account (Rupees in millions)**							
	Sales - net	4,030.2	5,001.7	3,942.9	4,400.0	3,704.4	3,310.9	4,200.2
	Cost of sales	3,799.9	4,350.8	3,434.1	3,590.1	2,887.3	2,597.2	3,303.8
	Gross profit	230.3	650.9	508.8	809.9	817.1	713.7	896.4
	Income from / (loss on) investments - net	441.4	348.1	67.8	188.6	222.7	(338.8)	73.6
	Distribution, selling and administrative expenses	223.7	244.9	216.0	198.8	187.5	143.8	151.0
	Other operating expenses	33.5	169.0	65.8	60.3	63.5	175.2	109.7
	Other income	47.3	371.2	11.6	31.6	37.7	39.0	19.6
	Operating profit before finance costs	461.8	956.3	306.4	771.0	826.5	94.9	728.9
	Finance costs	94.9	62.9	109.5	144.0	121.9	203.6	153.0
	Share of profit in equity accounted investees - net of taxation	340.5	269.5	255.3	206.9	11.2	3.7	50.8
	Profit / (loss) before taxation	707.4	1,162.9	452.2	833.9	715.8	(105.0)	626.7
	Taxation	154.2	272.0	(18.9)	194.1	181.0	134.7	210.9
	Net income / (loss)	553.2	890.9	471.1	639.8	534.8	(239.7)	415.8
B	**Summary of Balance Sheet (Rupees in millions)**							
	Current assets	1,836.8	2,216.1	1,908.0	1,718.4	2,128.8	1,716.2	2,279.1
	Stock-in-trade	407.2	662.4	586.7	840.6	1,026.6	616.4	606.1
	Trade debts	89.5	196.9	368.9	145.1	276.9	83.9	118.7
	Current liabilities	713.2	875.2	1,051.6	1,123.2	1,744.1	1,408.2	1,573.1
	Trade and other payables	432.8	414.8	692.3	378.0	873.4	373.9	240.8
	Property, plant and equipment	1,404.4	1,280.7	1,086.2	1,431.2	1,256.9	1,224.6	1,233.2
	Total assets	6,165.2	5,872.7	5,087.2	4,905.2	4,894.8	4,109.7	4,846.7
	Long term financing (excluding current maturity)	62.0	34.5	19.8	130.4	-	55.9	168.1
	Deferred income (including current maturity)	4.0	2.3	-	-	-	-	-
	Deferred liabilities	141.5	6.2	-	50.4	71.6	99.8	111.5
	Short term financing (including current maturity of long-term financing)	269.4	450.5	343.0	719.0	836.4	1,015.3	1,306.4
	Reserves	4,625.1	4,391.0	3,451.2	3,036.7	2,514.6	1,981.2	2,480.7
	Shareholders' equity	5,246.2	4,955.6	4,015.8	3,601.3	3,079.2	2,545.8	2,994.0
C	**Summary of Cash Flow Statement (Rupees in millions)**							
	Cash and cash equivalents at the beginning of the year	(206.3)	(247.0)	(551.1)	(470.1)	(644.7)	(828.9)	26.3
	Net cash generated / (used in) from operating activities	171.9	(85.1)	437.0	180.6	455.8	335.9	565.9
	Net cash inflows / (outflows) from investing activities	283.4	77.9	254.8	(195.0)	27.9	70.4	(893.3)
	Net cash (outflows) / inflows from financing activities	(333.1)	47.9	(387.7)	(66.6)	(309.1)	(222.1)	(527.8)
	Net increase / (decrease) in cash and cash equivalents	122.2	40.7	304.1	(81.0)	174.6	184.2	(855.2)
	Cash and cash equivalents at the end of the year	(84.1)	(206.3)	(247.0)	(551.1)	(470.1)	(644.7)	(828.9)
D	**Other Data (Rupees in millions)**							
	Depreciation and amortization	100.2	90.8	141.9	173.1	184.5	180.6	175.0
	Capital expenditure	253.9	348.5	97.4	326.3	228.9	169.1	153.5
	No. of ordinary shares (no. of shares in millions)	62.1	56.5	56.5	56.5	56.5	56.5	51.3
	Payments to National Exchequer	361.4	731.4	290.4	360.3	499.2	520.4	712.3

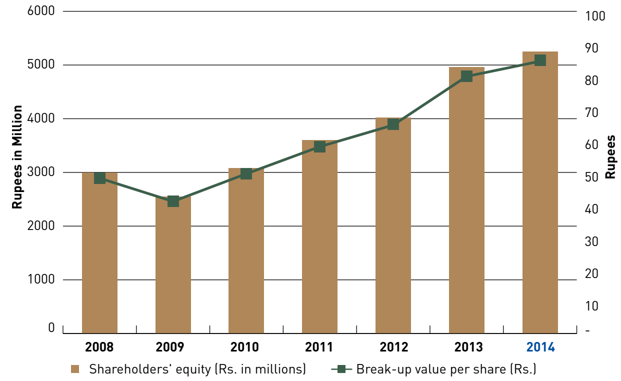
* Note:

The figures presented in this analysis for the financial years ended 30 June 2014, 2013, 2012, 2011, 2010 and 2009 are those based on the Group's consolidated financial statements. The figures presented for the financial years prior to 2009 are based on the Holding Company's individual financial statements as published in the annual reports in those respective years.

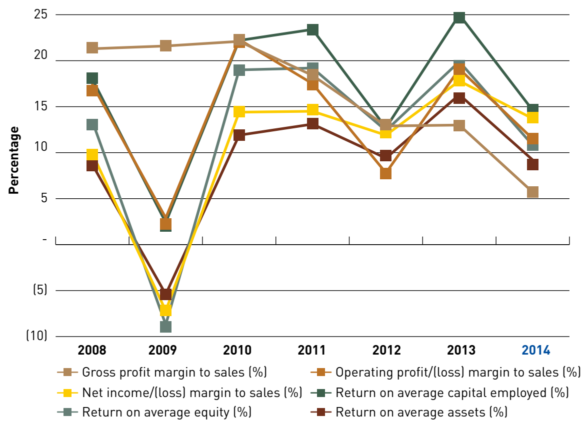
Profit/(loss) before and after taxation



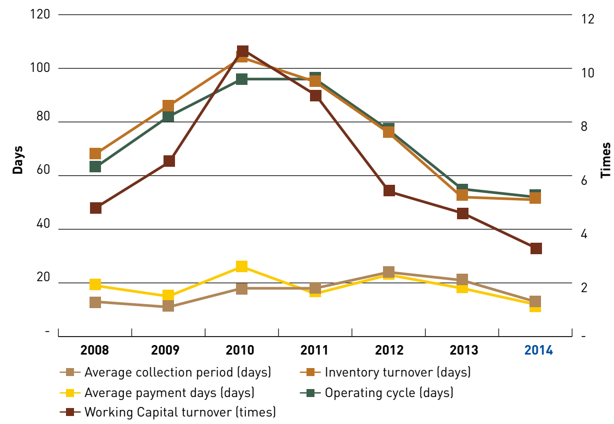
Shareholders' equity and Break-up value per share



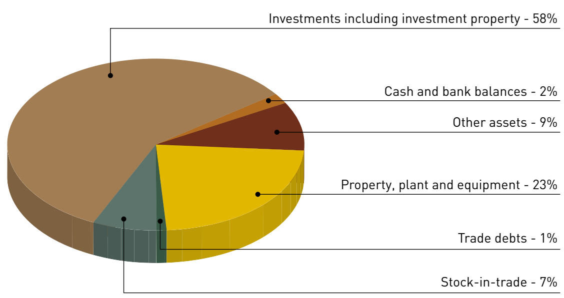
Profitability and Return



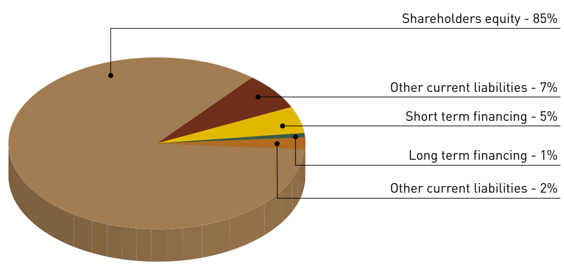
Management of Working Capital



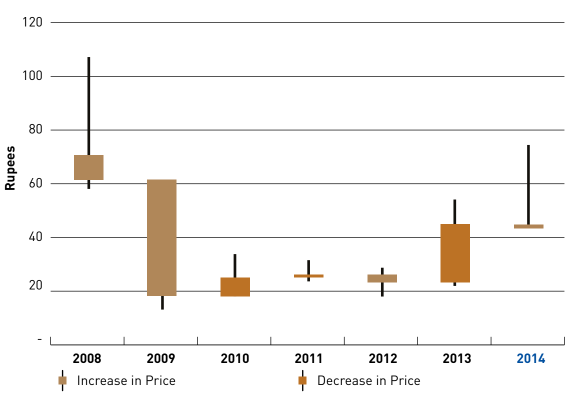
Total Assets as of 30 June 2014



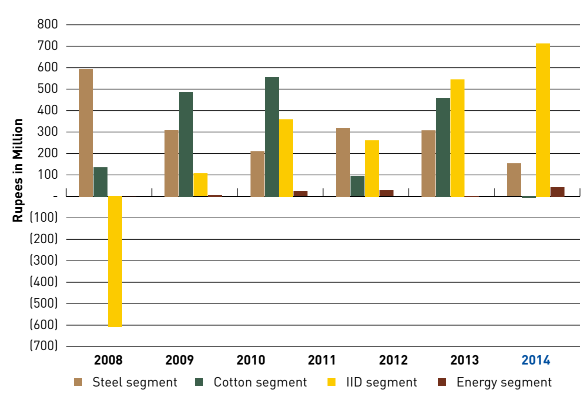
Total Liabilities as of 30 June 2014



Movement in Stock Prices



Earnings Before Interest, Taxation, Depreciation and Amortization (EBITDA)

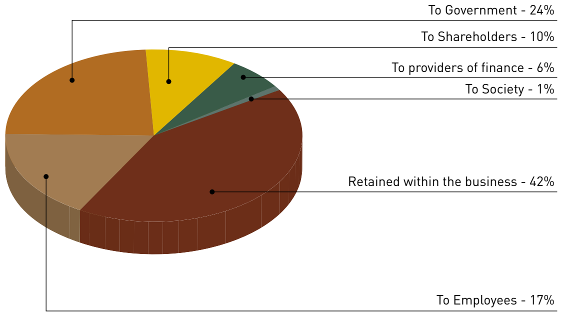


STATEMENT OF VALUE ADDITION

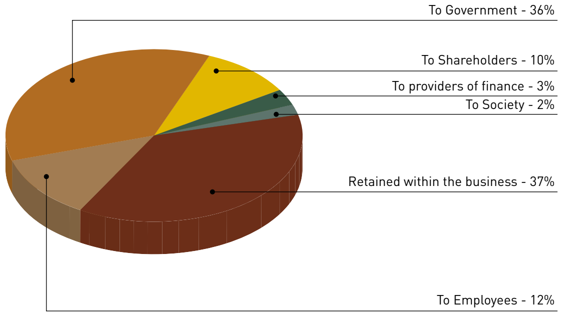
	2014 Rupees in '000	%	2013 Rupees in '000	%
WEALTH GENERATED				
Total revenue	5,122,064	100	6,317,756	100
Bought-in-material and services	(3,596,477)	70	(4,271,062)	68
	1,525,587	30	2,046,694	32
WEALTH DISTRIBUTED				
To Employees				
Salaries, wages and other benefits	255,105	17	252,397	12
To Government				
Income tax, sales tax, custom duties, WWF and WPPF	361,399	24	731,392	36
To Shareholders				
Dividend *	155,265	10	197,610	10
To providers of finance				
Finance costs	94,911	6	62,907	3
To Society				
Donation towards education, health and environment	22,275	1	35,150	2
Retained within the business for future growth				
Depreciation, amortization and retained earnings	636,632	42	767,238	37
	1,525,587	100	2,046,694	100

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

Distribution of Wealth 2014



Distribution of Wealth 2013



COMMENTS ON CONSOLIDATED ANALYSIS SIX YEARS

The Group comprise of CSAPL and three wholly owned subsidiaries i.e. Shakarganj Energy (Private) Limited (SEL), CS Capital (Private) Limited (CSCL) and Crescent Hadeed (Private) Limited (CHL).

CONSOLIDATED PROFIT AND LOSS:

The Company started presenting consolidated financial statements since 2010. The difference between the results of Separate and Consolidated financial statements mainly represents share of profits from equity accounted investments and investment income of CSCL. Share of profit has significantly increased from Rs. 11 million in 2010 to Rs. 341 million in 2014 mainly from investment in Altern Energy Limited, whereas, investment income contributed by CSCL amounted to Rs. 65 million in FY14 (2013: Rs. 50 million). SEL and CHL have not yet commenced operations, therefore the related impact in the consolidated profit and loss is insignificant.

CONSOLIDATED BALANCE SHEET:

With respect to balance sheet, the gradual increase in property plant and equipment from 2010 represents capital expenditure in relation to SEL. During the year CHL also incurred capital expenditure of Rs. 82 million related to land and capital work in progress.

Also, investments in equity accounted investments have more than doubled from Rs. 1,031 million in 2009 to Rs. 2,540 million in 2014 mainly due to recognition of share of profits from Altern Energy Limited.

DIRECTORS' REPORT CONSOLIDATED

The Directors of Crescent Steel and Allied Products Limited (CSAPL) have pleasure in presenting their report together with the audited consolidated financial statements of the Group for the year ended 30 June 2014. The Group comprises of CSAPL and its wholly owned subsidiary companies Shakarganj Energy (Private) Limited, CS Capital (Private) Limited, Crescent Hadeed (Pvt) Limited and Crescent Continental Gas Pipelines Limited (CCGPL). CCGPL is not carrying on any business operations and accordingly no financial statements are being prepared.

The Directors' Report giving commentary on the performance of CSAPL for the year ended 30 June 2014 has been presented separately.

GROUP RESULTS

The consolidated financial results of the Group are summarized below:

Rupees in '000		**2014**	2013 Restated
Profit for the year before taxation		707,603	1,162,728
Taxation		(154,247)	(272,039)
Profit after taxation		553,356	890,689
Total other comprehensive (Loss)/ income for the year		(5,565)	65,836
Unappropriated profit brought forward		1,993,754	1,206,609
Profit available for appropriation		2,541,545	2,163,134
Appropriations:			
- Final dividend	2012 - @10%	-	(56,460)
- First interim dividend	2013 - @10%	-	(56,460)
- Second interim dividend	2013 - @10%	-	(56,460)
- Final dividend	2013 - @15%	(84,690)	-
- First interim dividend	2014 - @10%	(62,106)	-
		(146,796)	(169,380)
Transfer to general reserve		(800,000)	-
Unappropriated profit carried forward		1,594,749	1,993,754
Basic and diluted earnings per share		Rs.8.91	Rs.14.34

PATTERN OF SHAREHOLDING

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

MATERIAL CHANGES AND COMMITMENTS

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

CHIEF EXECUTIVE'S REVIEW

The Directors endorse the contents of the Chief Executive's Review for the year ended 30 June 2014 which contains the state of the Group's affairs, operational performance of CSAPL and its subsidiary companies, future prospects of profits and other requisite information. The contents of the said review shall be read along with this report and shall form an integral part of the Director's Report in terms of section 236 of the Companies Ordinance, 1984 and the requirements of the Code of Corporate Governance under the Listing Regulations of the Stock Exchanges.

By order of the Board

Ahsan M. Saleem
Chief Executive Officer
21 August 2014

AUDITORS' REPORT TO THE MEMBERS

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

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

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of Crescent Steel and Allied Products Limited and its subsidiary companies (the Group) as at 30 June 2014 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Crescent Steel and Allied Products Limited and its subsidiary companies namely CS Capital (Private) Limited and Crescent Hadeed (Private) Limited. The subsidiary company Shakarganj Energy (Private) Limited was audited by other firm of auditors whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such company, is based solely on the report of such other auditor. These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of Crescent Steel and Allied Products Limited and its subsidiary companies as at 30 June 2014 and the results of their operations for the year then ended.

Date: 21 August 2014
Karachi

KPMG Taseer Hadi & Co.
KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

CONSOLIDATED BALANCE SHEET

As at 30 June 2014

Rupees in '000	Note	2014	2013 (Restated)	2012 (Restated)
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorized capital				
100,000,000 ordinary shares of Rs. 10 each		1,000,000	1,000,000	1,000,000
Issued, subscribed and paid-up capital	6	621,060	564,600	564,600
Capital reserves		388,388	555,198	402,574
Revenue reserves		4,236,749	3,835,754	3,048,609
		5,246,197	4,955,552	4,015,783
Non-current liabilities				
Liabilities against assets subject to finance lease	7	61,963	34,450	19,811
Deferred taxation	19	141,503	6,171	–
Deferred income	8	2,324	1,413	–
		205,790	42,034	19,811
Current liabilities				
Trade and other payables	9	432,818	414,826	692,342
Mark-up accrued	10	9,221	9,002	16,262
Short term borrowings	11	228,366	418,365	334,958
Current portion of deferred income	8	1,764	847	–
Current portion of liabilities against assets subject to finance lease	7	41,066	32,116	8,073
		713,235	875,156	1,051,635
Contingencies and commitments	12			
Total equity and liabilities		6,165,222	5,872,742	5,087,229

Rupees in '000	Note	**2014**	2013 (Restated)	2012 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	13	1,404,441	1,280,704	1,086,169
Intangible assets	14	39,292	13,645	1,617
Investment property	15	73,316	62,408	35,632
Investment in equity accounted investees	16	2,540,064	2,040,213	1,805,860
Other long term investments	17	220,717	220,717	220,717
Long term loans and deposits	18	50,603	19,944	20,867
Deferred taxation	19	–	–	8,394
		4,328,433	3,637,631	3,179,256
Current assets				
Stores, spares and loose tools	20	71,956	78,639	65,860
Stock-in-trade	21	407,199	662,419	586,720
Trade debts	22	89,479	196,857	368,930
Advances	23	57,550	31,654	137,896
Trade deposits and short term prepayments	24	7,410	9,503	5,753
Investments	25	757,696	945,997	523,077
Current portion of long term investments		–	–	8,313
Mark-up accrued	26	473	–	275
Other receivables	27	142,096	135,841	48,426
Taxation - net	28	158,668	75,649	93,357
Cash and bank balances	29	144,262	79,552	69,366
		1,836,789	2,216,111	1,907,973
Non-current asset held for sale		–	19,000	–
Total assets		6,165,222	5,872,742	5,087,229

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

Chief Executive

Director

Chief Financial Officer

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 30 June 2014

Rupees in '000	Note	2014	2013 (Restated)
Sales - net	30	4,030,170	5,001,667
Cost of sales	31	3,799,868	4,350,808
Gross profit		230,302	650,859
Income from investments	32	441,423	348,051
		671,725	998,910
Distribution and selling expenses	33	52,072	68,065
Administrative expenses	34	171,662	176,786
Other operating expenses	35	33,431	169,034
		257,165	413,885
		414,560	585,025
Other income	36	47,312	371,158
Operating profit before finance costs		461,872	956,183
Finance costs	37	94,911	62,907
Share of profit in equity accounted investees			
- net of taxation (including gain on dilution of investment)	38	340,642	269,452
Profit before taxation		707,603	1,162,728
Taxation	39	154,247	272,039
Profit after taxation		553,356	890,689
		(Rupees)	
Basic and diluted earnings per share	40	8.91	14.34

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

Chief Executive

Director

Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2014

Rupees in '000	Note	2014	2013 (Restated)
Profit after taxation for the year		553,356	890,689
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Unrealized appreciation during the year on remeasurement of investments classified as 'available for sale'		49,345	153,595
Reclassification adjustments relating to gain realized on disposal of investments classified as 'available for sale'		(211,393)	(971)
(Loss) / gain on remeasurement of staff retirement benefit plan - net of tax		(5,565)	65,836
Proportionate share of other comprehensive income of equity accounted investees		51,698	–
Other comprehensive income for the year		(115,915)	218,460
Total comprehensive income for the year		437,441	1,109,149

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

Chief Executive | Director | Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2014

Rupees in '000	Note	2014	2013 (Restated)
Cash flows from operating activities			
Cash generated from operations	41	490,140	408,726
Taxes paid		(120,678)	(279,071)
Finance costs paid		(94,692)	(67,945)
Contribution to gratuity and pension funds		(12,252)	(12,232)
Contribution to Workers' Profit Participation Fund		(49,610)	–
Payment of infrastructure fee and liquidated damages		(10,554)	(5,890)
Compensated absences paid		(157)	(547)
Deferred income on sale and lease back		2,752	2,260
10-C bonus paid		(2,360)	(4,909)
Long term loans and deposits - net		(30,659)	(125,526)
Net cash generated from / (used in) operating activities		171,930	(85,134)
Cash flows from investing activities			
Capital expenditure		(253,917)	(348,469)
Acquisition of intangible assets		(30,712)	(14,457)
Sale proceeds on disposal of held for sale		4,249	–
Proceeds from disposal of operating fixed assets		34,355	25,368
Proceeds from disposal of operating fixed assets under sale and leaseback arrangement		69,898	62,150
Proceeds from assets subject to insurance claim		–	281,531
Investments - net		333,884	11,108
Dividend income received		124,883	59,495
Interest income received		762	1,185
Net cash inflows from investing activities		283,402	77,911
Cash flows from financing activities			
Proceeds from long term loan / (repayments against long term loan) - net		–	126,444
Payments against finance lease obligations		(42,807)	(25,005)
Proceeds from short term loans / (repayments against short term loans) - net		(132,475)	113,927
Dividends paid		(157,816)	(167,437)
Net cash (used in) / inflows from financing activities		(333,098)	47,929
Net increase in cash and cash equivalents		122,234	40,706
Cash and cash equivalents at beginning of the year		(206,338)	(247,044)
Cash and cash equivalents at end of the year	42	(84,104)	(206,338)

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

Chief Executive | Director | Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

Rupees in '000	Issued, subscribed and paid-up capital	Capital reserves			Revenue reserves		Total
		Share premium	Unrealized appreciation / (diminution) on remeasurement of investments classified as 'available for sale'	Other*	General reserve	Unappropriated profit	
Balance as at 1 July 2012 - as previously reported	564,600	349,959	27,343	25,272	1,842,000	1,198,788	4,007,962
Change in accounting policy for reversal of defined benefit liability recognition of actuarial gains and losses (refer note 4.1.1)	–	–	–	–	–	7,821	7,821
Balance as at 1 July 2012 - as restated	564,600	349,959	27,343	25,272	1,842,000	1,206,609	4,015,783
Total comprehensive income for the year ended 30 June 2013							
Profit after taxation	–	–	–	–	–	890,689	890,689
Other comprehensive income							
Total Other comprehensive income for the year	–	–	152,624	–	–	65,836	218,460
Total comprehensive income for the year	–	–	152,624	–	–	956,525	1,109,149
Transactions with owners							
Dividend:							
- Final @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2012	–	–	–	–	–	(56,460)	(56,460)
- First interim @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2013	–	–	–	–	–	(56,460)	(56,460)
- Second interim @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2013	–	–	–	–	–	(56,460)	(56,460)
	–	–	–	–	–	(169,380)	(169,380)
Balance as at 30 June 2013 - as restated	564,600	349,959	179,967	25,272	1,842,000	1,993,754	4,955,552
Balance as at 1 July 2013 as previously reported	564,600	349,959	179,967	25,272	1,842,000	1,919,907	4,881,705
Effect of change in accounting policy (refer note 4.1.1)	–	–	–	–	–	73,847	73,847
Balance as at 1 July 2013 - restated	564,600	349,959	179,967	25,272	1,842,000	1,993,754	4,955,552
Transfer to general reserves	–	–	–	–	800,000	(800,000)	–
Total comprehensive income for the year ended 30 June 2013							
Profit after taxation	–	–	–	–	–	553,356	553,356
Other comprehensive income							
Total Other comprehensive income for the year	–	–	(162,048)	51,698	–	(5,565)	(115,915)
Total comprehensive income for the year	–	–	(162,048)	51,698	–	547,791	437,441
Transactions with owners							
Dividend:							
- Final @ 15% (i.e. Rs. 1.5 per share) for the year ended 30 June 2013	–	–	–	–	–	(84,690)	(84,690)
- First interim @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2014	–	–	–	–	–	(62,106)	(62,106)
	–	–	–	–	–	(146,796)	(146,796)
Issuance of Bonus shares final 2013 @ 10%	56,460	(56,460)	–	–	–	–	–
Balance as at 30 June 2014	621,060	293,499	17,919	76,970	2,642,000	1,594,749	5,246,197

* This represents the Group's share of various reserves held by equity accounted investees.
The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

Chief Executive	Director	Chief Financial Officer

1. THE GROUP AND ITS OPERATIONS

1.1 The Group consists of Crescent Steel and Allied Products Limited ('the Holding Company') and its wholly owned subsidiary companies namely; CS Capital (Private) Limited, Shakarganj Energy (Private) Limited, Solution de Energy (Private) Limited, Crescent Hadeed (Private) Limited and Crescent Continental Gas Pipelines Limited. The Holding Company was incorporated on 1 August 1983 as a public limited company in Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984) and is quoted on all stock exchanges of Pakistan. The registered offices of the Holding Company and its subsidiary companies are located at 10th floor, BOP Tower, 10-B, Block E-2, Main Boulevard, Gulberg-III, Lahore, whereas their principal offices are situated at 9th floor Sidco Avenue Centre 264 R.A. Lines, Karachi.

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

The Holding 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 Holding Company under the name and title of 'Crescent Cotton Products a division of Crescent Steel and Allied Products Limited'. The Holding Company also deals in equity shares.

1.3 CS Capital (Private) Limited was incorporated on 5 November 2010 as a private limited company in Pakistan under the Companies Ordinance,1984. The principal activity of the subsidiary company is to effectively manage investment portfolios in shares, commodities and other securities (strategic as well as short term). On 26 September 2011, the Holding Company has purchased the entire shareholding from its previous principal shareholder. Consequently, the Company becomes the wholly owned subsidiary of the Holding Company.

1.4 Shakarganj Energy (Private) Limited was incorporated on 02 April 2008 as a private limited company in Pakistan under the Companies Ordinance, 1984. The principal activity of the subsidiary company is to build, own, operate and maintain a power plant and to generate, accumulate, distribute, sell and supply electricity / power to PEPCO / DISCOS under agreement with the Government of Pakistan or to any other consumer as permitted. The subsidiary company has commissioned a 100 TPH high pressure boiler with 15 MW back pressure turbine to operate and generate 15 MW of electricity for onward sale of 8 MW to Shakarganj Mills Limited - a related party and balance to Faisalabad Electric Supply Company Limited (FESCO) during sugar crushing season only as per the feasibility business plan.

1.5 Solution de Energy (Private) Limited was incorporated as a private limited company in Pakistan under the provisions of the Companies Ordinance, 1984 as a result of a Joint Venture (JV) agreement between the Holding Company and a partnership concern. The principal activity of the subsidiary company is to build, own, operate and maintain 100MW solar power project (the Project) and to generate, accumulate, distribute, sell and supply electricity / power to PEPCO / DISCOS under the agreement with the Government of Pakistan or to any other consumer as permitted. As at 30 June 2014, all the shares are held by Shakarganj Energy (Private) Limited. The Company has been granted Letter of Interest (LOI) by the Punjab Power Development Board (PPDB) and currently the Company is in the phase of completing the requirements specified in LOI.

1.6 Crescent Hadeed (Private) Limited was incorporated on 15 May 2013 as a private limited company in Pakistan under the provisions of the Companies Ordinance,1984. The principal business of the subsidiary company will be to manufacture and sale of steel billets through a Steel Melting plant, to be located at Bhone, District Jhang, Punjab. The subsidiary company is currently in the process of setting up its plant / factory.

1.7 Crescent Continental Gas Pipelines Limited is not carrying on any business operations.

2. BASIS OF PREPARATION

2.1 Consolidated financial statements

These consolidated financial statements have been prepared from the information available in the separate financial statements of the Holding Company, CS Capital (Private) Limited, Crescent Hadeed (Private) Limited and the consolidated financial statements of Shakarganj Energy (Private) Limited for the year ended 30 June 2014. Crescent Continental Gas Pipelines Limited is not carrying on any business operations and accordingly no financial statements are being prepared. Details regarding the financial information of associates used in the preparation of these consolidated financial statements are given in note 16 to these consolidated financial statements.

The accounting policies used by the subsidiary companies in preparation of their financial statements are consistent with that of the Holding Company. The accounting policies used by the Group's associates in preparation of their respective financial statements are also consistent with that of the Holding Company. Where policies are different, necessary adjustments are made to the financial statements of that associate to bring its accounting policies in line with those used by the Group.

2.2 Statement of compliance

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

2.3 Basis of measurement

These consolidated 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 the plan assets.

2.4 Functional and presentation currency

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

3. USE OF ESTIMATES AND JUDGEMENTS

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

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

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

Property, plant and equipment and depreciation (refer note 5.2)
Intangible assets and amortization (refer note 5.3)
Investments (refer note 5.5 and 5.6)
Stock-in-trade, stores, spares and loose tools (refer note 5.8 and 5.9)
Staff retirement benefits (refer note 5.12)
Leases (refer note 5.14)
Income taxes (refer note 5.16)
Impairment (refer note 5.2, 5.3, 5.5 and 5.20)

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

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

During the year, certain amendments to standards became effective, however, the amendments or interpretation did not have any material effect on the consolidated financial statements of the Group except for the revised IAS 19 'Employees Benefits' detail of which are stated in note 4.1.1.

4.1.1 Employee Benefits - change in accounting policy

With effect from 01 January 2013, the revised IAS 19 'Employee Benefits' became effective. The revised IAS 19 requires actuarial gains and losses to be recognized immediately in other comprehensive income. Previously, actuarial gains and losses over and above the corridor limit were amortized over the expected average remaining working lives of employees as allowed under the relevant provision of previous IAS 19. Further, any past service costs are now recognized immediately in the consolidated profit and loss as soon as the change in the benefit plans are made. Previously, only vested past service costs were recognized immediately in consolidated profit and loss account and non-vested cost were amortized to consolidated profit and loss account over the vesting period. The standard also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit assets or liability and the discount rate, measured at the beginning of the year. Refer note 5.12.2.2 for revised accounting policy.

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

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

	30 June 2013			1 July 2012		
Rupees in '000	As previously reported	Effect due to change in policy	As restated	As previously reported	Effect due to change in policy	As restated
Effect on balance sheet						
Trade and other payables	415,057	(231)	414,826	692,709	(367)	692,342
Deferred taxation	(33,593)	39,764	6,171	(12,606)	4,212	(8,394)
Revenue reserves	3,761,907	73,847	3,835,754	3,040,788	7,821	3,048,609
Other receivables	22,461	113,380	135,841	36,760	11,666	48,426

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the preparation of these consolidated financial statements are set forth below and have been applied consistently to all years presented except as disclosed in notes 4.1.1 and 5.12.2.2.

5.1 Basis of consolidation

Subsidiaries

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

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

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

Investments in associates

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

These investments are initially recognized at cost. The consolidated financial statements include the associates' share of profit or loss and movements in other comprehensive income, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date it ceases. Share of post acquisition profit and loss of associates is recognized in the consolidated profit and loss account and consolidated statement of comprehensive income. Distributions received from associates reduce the carrying amount of investment. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that investment (including any long-term interests that, in substance, form part of the Group's net investment in the associate) is reduced to nil and the recognition of further losses is discontinued.

The carrying amount of investments in associates is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the investments is estimated which is higher of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount and is charged to consolidated profit and loss account. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of carrying amount that would have been determined if no impairment loss had been recognized. A reversal of impairment loss is recognized in the consolidated profit and loss account.

5.2 Property, plant and equipment and depreciation

Owned assets

Property, plant and equipment, except freehold land are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land is stated at cost.

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

Subsequent cost

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

Depreciation

Depreciation is charged to income on a straight line basis at the rates specified in note 13.1 to these consolidated financial statements. Depreciation on additions to property, plant and equipment is charged from the month in which an item is acquired or capitalized while no depreciation is charged for the month in which the item is disposed off or retained.

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

Disposal

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

Leased assets

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

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

Capital work in progress

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

Impairment

The carrying amount of property, plant and equipment is reviewed at each 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.

5.3 Intangible assets

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

Subsequent expenditure

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

Amortization

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

Research and development expenditures

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the subsidiary company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalized borrowing costs. Other development expenditure is recognized in consolidated profit or loss as incurred. Capitalised development expenditure is stated at cost less accumulated amortization and accumulated impairment loss, if any. During the period expenses incurred in respect of the project have been capitalized (Refer note 14).

Impairment

All intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. Where the carrying amount of asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount. The carrying amount of other intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exist than the assets recoverable amount is estimated. The recoverable amount is the higher 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.

5.4 Investment property

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

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

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

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

The Group assesses at each reporting date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the consolidated 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.

5.5 Investments

Financial assets at fair value through profit or loss

A non-derivative financial asset is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Investments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognized in the consolidated profit and loss account when incurred. Investments at fair value through profit or loss are measured at fair value and changes therein are recognized in the consolidated 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 Group has positive intention and ability to hold to maturity. Investments classified as held to maturity are recognized initially at fair value, plus attributable transaction costs. Subsequent to initial recognition, held to maturity financial assets are measured at amortized cost using the effective interest method, less any impairment loss, if any.

Loans and receivables

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

Available for sale investments

Other investments not covered in any of the above categories are classified as available for sale and are initially recognized at fair value plus attributable transactions costs. Subsequent to initial recognition these are measured at fair value, with any resultant gain or loss being recognized in other comprehensive income. Gains or losses on available for sale investments are recognized in other comprehensive income until the investments are sold or disposed off or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in other comprehensive income is included in current year's consolidated 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 Group follows trade date accounting for regular way purchase and sale of securities, except for sale and purchase of securities in the future market.

Impairment

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

An impairment loss in respect of financial assets measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cashflows discounted at the assets original effective interest rate. Losses are recognized in consolidated 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 consolidated profit and loss account. Impairment losses on available for sale financial assets are recognized by reclassifying the losses accumulated in reserves in equity to consolidated profit and loss account. The cumulative loss that is reclassified from equity to consolidated profit and loss account is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss recognized previously in consolidated 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 consolidated 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.

Derivative financial instruments

The Group enters into derivative financial instruments, which include future contracts in stock market. Derivatives are initially recorded at fair value and are remeasured to fair value on subsequent reporting dates. The fair value of a derivative is equivalent to the unrealized gain or loss from marking to market the derivative using prevailing market rates. Derivatives with positive market values (unrealized gains) are included in other receivables and derivatives with negative market values (unrealized losses) are included in other liabilities in the balance sheet. The resultant gains and losses from derivatives held for trading purposes are recognized in the profit and loss account. No derivative is designated as hedging instrument by the Group.

5.6 Investment in commodities

Investment in commodities is stated at fair value less cost to sell. Such commodities are principally acquired with the purpose of selling in near future and generating a profit from fluctuations in price.

5.7 Non-current assets held for sale

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

5.8 Stores, spares and loose tools

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

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

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

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

5.9 Stock-in-trade

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

5.10 Trade debts and other receivables

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

5.11 Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of consolidated cash flow statement.

5.12 Employee benefits

5.12.1 Compensated absences

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

5.12.2 Post retirement benefits

5.12.2.1 Defined contribution plan - Provident fund

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

Cotton segment

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

All employees except Cotton segment

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

5.12.2.2 Defined benefit plans

Pension and gratuity fund schemes

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

The Holding Company's obligation is determined through actuarial valuations carried out under the "Projected Unit Credit Method". Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income. The Holding Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. Net interest expense, current service costs and any past service costs are recognized in consolidated profit 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.

5.13 Mark-up bearing borrowings

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

5.14 Leases

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

Assets held under finance leases along with corresponding lease liabilities are initially recognized at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance costs and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recognized in the consolidated profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalized as more fully explained in note 5.18 below.

Payments made under operating leases (net of any incentives received from the lessor) are charged 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 consolidated 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 consolidated profit and loss account.

5.15 Trade and other payables

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

5.16 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 only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

5.17 Revenue recognition

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

Interest income and profit on bank deposits 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 consolidated profit and loss account in the period in which they arise. Gains and losses arising on revaluation of derivatives to the fair value are also recognized in the profit and loss account.

Unrealized gains and losses arising on revaluation of securities classified as 'available for sale' are recognized in the consolidated 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.

Miscellaneous income is recognized on receipt basis.

5.18 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 consolidated profit and loss account currently.

5.19 Provisions

A provision is recognized in the consolidated balance sheet when the Group has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

5.20 Impairment

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

5.21 Foreign currency translation

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

5.22 Offsetting of financial assets and financial liabilities

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

5.23 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.

5.24 Proposed dividend and transfer between reserves

Dividend distributions 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 consolidated financial statements in the period in which such transfers are made.

6. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2014	2013		2014	2013
Number of shares			Rupees in '000	
22,230,188	22,230,188	Ordinary shares of Rs. 10 each fully paid in cash	222,302	222,302
39,875,805	34,229,805	Ordinary shares of Rs. 10 each issued as bonus shares	398,758	342,298
62,105,993	56,459,993		621,060	564,600

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

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

7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

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

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

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

8. DEFERRED INCOME

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

Rupees in '000	Note	**2014**	2013 (Restated)
9. TRADE AND OTHER PAYABLES			
Trade creditors		29,837	57,642
Bills payable		15,784	–
Commission payable		2,707	12,601
Customer's security deposits		4,228	200
Accrued liabilities	9.1	71,991	81,610
Advances from customers		25,505	15,123
Provisions	9.2	89,805	93,849
Due to related parties	9.3	340	198
Payable against purchase of investments		110,197	–
Payable to provident fund		1,492	87
Retention money		287	486
Sales Tax payable		89	–
Withholding tax payable		4,559	50
Workers' Profit Participation Fund	9.4	9,023	52,395
Workers' Welfare Fund		615	18,794
Unclaimed dividend		56,853	67,873
Others		9,506	13,918
		432,818	414,826
9.1 Accrued liabilities			
Salaries, wages and other benefits		12,792	17,807
Accrual for 10-C bonus		1,204	2,405
Compensated absences		11,269	11,544
Others	9.1.1	46,726	49,854
		71,991	81,610

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

9.2 Movement in provisions

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

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

The above appeals were disposed off in May 2011 with a joint statement of the parties that, during the pendency of the appeal, another law came into existence which was not subject matter in the appeal, therefore, the decision thereon be first obtained from the High Court before approaching the Supreme Court with the right to appeal. The petition was filed in the High Court in respect of the above view. During the pendency of the appeal an interim arrangement was agreed whereby bank guarantee furnished for consignments cleared upto 27 Decemeber 2006 were returned. Bank guarantees were furnished for 50% of the levy for consignment released subsequent to 28 Decemeber 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 Holding Company succeed in the petition, Government of Sindh will refund the amount subject to their right to appeal before Honourable Supreme Court. To date the Holding Company has provided bank guarantees amounting to Rs. 34.119 million (2013: Rs. 31.618 million) in favour of Excise and Taxation Department. Based on the legal advice, the management believes that the chance of success in the petition is in the Holding Company's favor. Current year charge has been estimated on the value of imports during the year and forms a component of cost of such imported raw materials. Any subsequent adjustment with respect to increase or decrease in the estimate has been recognized in profit and loss account. However, on prudent basis full provision has been recognized.

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

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

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

Rupees in '000	Note	**2014**	2013
9.4 Workers' Profit Participation Fund			
Opening balance as at 1 July		52,395	15,376
Allocation for the year	35	4,851	34,797
Mark-up on funds utilized in the Holding Company's business	37	1,387	2,222
		58,633	52,395
Amount paid to the trustees of the fund		(49,610)	–
Closing balance as at 30 June		9,023	52,395
10. MARK-UP ACCRUED			
Mark-up accrued on :			
- Finance lease obligations		345	207
- Running finance and short term loans		8,876	8,795
		9,221	9,002
11. SHORT TERM BORROWINGS			
Secured from banking companies			
Running finances under mark-up arrangements	11.1	228,366	285,890
Short term loans	11.2	–	132,475
		228,366	418,365

11.1 Short term running finance available from various commercial banks under mark-up arrangements amounted to Rs. 600 million (2013: Rs. 500 million) out of which Rs. 250 million (2013: Rs. 250 million) is interchangeable with letters of credit. During the year, mark-up on such arrangements ranged between 10.58% to 12.38% (2013: 10.81% to 15.10%) per annum.

11.2 Short term loan financing available from various commercial banks under mark-up arrangements amounted to Rs. 1,300 million (2013: Rs. 1,100 million) out of which Rs. 400 million (2013: Rs. 300 million) is interchangeable with letters of credit. During the year, mark-up on such arrangements ranged between 11.26% to 13.20% (2013: 14.17% to 16.56%) per annum.

11.3 The facilities for opening letters of credit amounted to Rs. 1,815 million (2013: Rs. 1,400 million) out of which Rs. 250 million (2013: Rs. 250 million) and Rs. 400 million (2013: Rs. 300 million) are interchangeable with short term running finance and short term loans respectively as mentioned in notes 11.1 and 11.2 above. The facility for letters of guarantee as at 30 June 2014 amounted to Rs. 538 million (2013: Rs. 500 million). Amounts unutilized for letters of credit and guarantees as at 30 June 2014 were Rs. 1,599.693 million and Rs. 278.360 million (2013: Rs. 1,356.764 million and Rs. 191.017 million) respectively.

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

12. CONTINGENCIES AND COMMITMENTS

12.1 The Holding Company has filed a suit in the Sindh High Court against the Federation of Pakistan and others, for levy of import license fee at the rate of 6% against import of coating plant in 1992. The Holding Company contested that as per SRO 1317(I)/94 dated 22 December 1990, the coating plant being located in rural area, is only liable to pay import license fee at the rate of 2%. The Holding Company has provided demand draft of Rs. 3.420 million (refer note 18.1) as directed by the Honourable Court. The petition was dismissed by the High Court as having been incompetently filed. The Holding Company has filed the appeal with Honourable Supreme Court and no hearing has taken place since then. No provision has been recognized in these consolidated financial statements as management considers that the case would be decided in the Holding Company's favour.

12.2 The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance), thus rendering the Group liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In 2011, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. However, in 2013, a larger bench of Sindh High Court (SHC) passed an order declaring that the amendments introduced through Finance Act 2008 do not suffer from any constitutional and legal infirmity. Both the decisions of LHC and SHC are pending before Supreme Court for adjudication. The management's tax advisor is of the view that the decision of LHC will remain applicable to the Group as the registered office of the Holding Company is situated in its jurisdiction till the decision of Supreme Court. Accordingly aggregate net of tax provision of Rs. 10.076 million has not been recorded in these consolidated financial statements.

12.3 Sindh Industrial Trade Estate (SITE) has cancelled allotment of plot A-26 and A-27 and charged non-utilization fees of Rs. 0.285 million and Rs. 0.621 million respectively. The Holding Company has challenged the cancellation and filed a suit in the Sindh High Court. The High Court has restrained SITE from taking any adverse action against the Holding Company. Therefore, management considers that the case would be decided in the Holding Company's favour and no provision is required to be recognized.

12.4 Aggregate amount of guarantees issued by banks on behalf of the Holding Company against various contracts aggregated Rs. 258.215 million (2013: Rs. 308.893 million).

12.5 Commitments in respect of capital expenditure contracted for by the Group as at 30 June 2014 amounted to Rs. 71.649 million (2013: Rs. 17.592 million) which includes Rs. 7.462 million related to office premises located in Islamabad payable on completion of project. This also includes commitments contracted by the subsidiary companies aggregating Rs. 64.187 million (2013: Rs. 10.130 millon) in respect of civil work and capital expenditure to acquire plant and machinery.

12.6 Commitments under letters of credit as at 30 June 2014 amounted to Rs. 201.846 million (2013: Rs. 43.236 million)

Rupees in '000	Note	2014	2013
13. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	13.1	726,398	682,345
Capital work-in-progress	13.5	678,043	598,359
		1,404,441	1,280,704

13.1 Operating fixed assets

Description	Note	Land		Buildings		Office premises	Plant and machinery		Electrical / office equipment and installation	Furniture and fittings	Computers	Motor vehicles		Total
Rupees in '000		Freehold	Leasehold including improvements	On freehold land	On leasehold land		Owned *	Leased				Owned	Leased	
Net carrying value as at 1 July 2013														
Opening net book value (NBV)		217,479	3,970	98,277	4,192	29	222,519	70,771	13,568	2,605	2,977	19,921	26,037	682,345
Additions / transfers		38,554	-	4,593	-	-	91,943	69,708	1,799	4,170	4,247	13,478	9,562	238,054
Disposals (at NBV)	13.5	(8,336)	-	-	-	-	(69,358)	(15,163)	-	-	-	(4,502)	(6,041)	(103,400)
Depreciation charge	13.1.1	-	(53)	(14,232)	(1,132)	(6)	(47,014)	(9,926)	(4,130)	(709)	(1,657)	(5,082)	(6,660)	(90,601)
Balance as at 30 June 2014 (NBV)		247,697	3,917	88,638	3,060	23	198,090	115,390	11,237	6,066	5,567	23,815	22,898	726,398
Gross carrying value as at 30 June 2014														
Cost	13.2	247,697	5,646	206,750	70,027	40,493	1,242,820	125,139	49,421	22,144	55,204	65,018	32,241	2,162,600
Accumulated depreciation		-	(1,729)	(118,112)	(66,967)	(40,470)	(1,044,730)	(9,749)	(38,184)	(16,078)	(49,637)	(41,203)	(9,343)	(1,436,202)
Net book value		247,697	3,917	88,638	3,060	23	198,090	115,390	11,237	6,066	5,567	23,815	22,898	726,398
Net carrying value as at 1 July 2012														
Opening net book value (NBV)		147,479	4,023	86,877	5,470	2,641	229,668	23,906	15,568	2,896	960	13,224	15,892	548,604
Additions / transfers		70,000	-	25,152	-	-	93,204	50,376	1,939	205	2,801	26,820	14,290	284,787
Disposals (at NBV)		-	-	-	-	-	(47,914)	-	-	-	-	(14,779)	-	(62,693)
Depreciation charge		-	(53)	(13,752)	(1,278)	(2,612)	(52,439)	(3,511)	(3,939)	(496)	(784)	(5,344)	(4,145)	(88,353)
Balance as at 30 June 2013 (NBV)		217,479	3,970	98,277	4,192	29	222,519	70,771	13,568	2,605	2,977	19,921	26,037	682,345
Gross carrying value as at 30 June 2013														
Cost		217,479	5,646	202,157	70,027	40,493	1,221,336	77,093	47,622	17,974	50,997	59,938	31,783	2,042,545
Accumulated depreciation		-	(1,676)	(103,880)	(65,835)	(40,464)	(998,817)	(6,322)	(34,054)	(15,369)	(48,020)	(40,017)	(5,746)	(1,360,200)
Net book value		217,479	3,970	98,277	4,192	29	222,519	70,771	13,568	2,605	2,977	19,921	26,037	682,345
Depreciation rate (% per annum)		-	1	5 & 10	5 & 10	10	5 - 20	10	5 - 20	10	33.33	20	20	

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

Rupees in '000	Note	2014	2013
13.1.1 The depreciation charge for the year has been allocated as follows :			
Cost of sales	31.1	82,280	79,254
Distribution and selling expenses	33	852	623
Administrative expenses	34	7,246	8,476
Intangible under development phase		223	–
		90,601	88,353

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

13.3 The fair value of property, plant and equipment of the Group as at 30 June 2013 approximated to Rs. 2,402.438 million.

Rupees in '000	Note	2014	2013
13.4 Capital work-in-progress			
Advances to suppliers		33,747	14,931
Civil work	13.4.1 & 13.4.2	138,742	105,419
Plant and machinery		502,771	475,344
Others		2,783	2,665
		678,043	598,359

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

This also includes an amount of Rs. 26.4 million (2013: Rs. 26.4 million) paid by the Holding Company to Pakistan Steel Mills Limited (PSML) against allotment of plot measuring 24,200 square yards. However third party has filed a case in Honourable High Court of Sindh for declaration and injunction against said property. The Holding Company has filed a suit in Honourable High Court of Sindh for specific performance and declaration against PSML with respect to the said property and also filed an application for vacation of the injunction operating against the property. The Honourable High Court 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. Management believe that it has a reasonable grounds in the case and expects a favourable outcome.

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

13.4.3 Capital work-in-progress includes expenditure aggregating Rs. 596.076 million (2013: Rs. 539.379 million) incurred by the subsidiary company in respect of Bagasse Fired Thermal Generation power plant at Bhone. The plant is expected to commence operations during the next year.

13.5 The following assets were disposed off during the year:

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

Rupees in '000	Note	**2014**	2013
14. INTANGIBLE ASSETS			
Intangible assets			
- Under use	14.1	14,031	13,645
- Under project development	14.2	25,261	–
		39,292	13,645
14.1 Intangible assets - under use			
Net carrying value as at 1 July			
Net book value as at 1 July		13,645	1,617
Additions		5,674	14,457
Amortization	14.1.1	(5,288)	(2,429)
Net book value as at 30 June	14.1.2	14,031	13,645
Gross carrying value as at 30 June			
Cost		65,909	60,232
Accumulated amortization		(49,238)	(43,947)
Accumulated impairment		(2,640)	(2,640)
Net book value		14,031	13,645
Amortization rate (% per annum)		33.33	33.33

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

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

14.2 This pertains to payments made on account of feasibility and other project related activities related to the subsidiary company -Solution de Energy (Private) Limited. The costs incurred have been capitalized as project development expenditure (intangible asset) in these financial statements in accordance with the requirements of IAS 38.

Rupees in '000	Note	2014	2013
15. INVESTMENT PROPERTY			
Investment property			
- Under use	15.1	73,316	31,268
- Under project development		–	31,140
		73,316	62,408

15.1 Investment property under use

Description Rupees in '000	Note	Leasehold land and improvements	Buildings on leasehold land	Office premises	Total
Net carrying value as at 1 July 2013					
Opening net book value (NBV)		3,773	15,854	11,641	31,268
Additions		44,836	1,757	–	46,593
Depreciation charge	15.1.1	(633)	(1,097)	(2,815)	(4,545)
Balance as at 30 June 2014 (NBV)	15.1.2	47,976	16,514	8,826	73,316
Gross carrying value as at 30 June 2014					
Cost		49,445	23,365	29,655	102,465
Accumulated depreciation		(1,469)	(6,851)	(20,829)	(29,149)
Net book value		47,976	16,514	8,826	73,316
Net carrying value as at 1 July 2012					
Opening net book value (NBV)		4,011	16,936	14,685	35,632
Depreciation charge		(238)	(1,082)	(3,044)	(4,364)
Balance as at 30 June 2013 (NBV)		3,773	15,854	11,641	31,268
Gross carrying value as at 30 June 2013					
Cost		4,609	21,608	29,655	55,872
Accumulated depreciation		(836)	(5,754)	(18,014)	(24,604)
Net book value		3,773	15,854	11,641	31,268
Depreciation rate (% per annum)		1 & 10	5	10 - 20	

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

15.1.2 Fair value of the investment property based on recent valuation is Rs. 216.988 million (2013: Rs. 146.125).

16. INVESTMENT IN EQUITY ACCOUNTED INVESTEES

The following associates, over which the Group has significant influence either due to representation on the investee company's board or percentage of holding of voting power or both, are accounted for under the equity method of accounting as defined in IAS 28, 'Investments in Associates'.

2014	2013		Note	2014	2013
Number of shares				Rupees in '000	
		Unquoted			
72,103,141	69,175,416	Altern Energy Limited (Chief Executive Officer - Mr. Taimur Dawood)	16.1	2,479,138	2,040,213
19,471,769	15,244,665	Shakarganj Mills Limited (Chief Executive Officer - Mr. Ahsan M. Saleem)	16.2	26,626	–
3,430,000	–	Crescent Socks (Private) Limited (Chief Executive Officer - Mr. Shehryar Mazhar)	16.3	34,300	–
				2,540,064	2,040,213

16.1 The Holding Company and the Subsidiary Companies hold 16.64% and 3.2% respectively i.e. aggregrate holding of 19.84% in the investee company. There is no common directorship in the investee company. However, the Company directly and / or indirectly has significant influence as per IAS 28 ' Investments in Associates', therefore only for the purpose of the equity accounting as required under IAS 28 it has been treated as an accociate.

During the year the Group has further invested Rs. 60.194 million. Share of profit from associates recognized and dividend received during the year amounted to Rs. 450.834 million and Rs. 72.103 million respectively.

The Holding Company has assessed the recoverable amount of investment in Altern Energy Limited based on value in use calculation. This calculation has been made on free cash flows to firm method (FCFF) which assumes discount rate of 8.23%.

16.2 During the year, the Group has further invested Rs. 85.120 million in the investee company, which has increased the holding of the group upto 28.29% (2013: 21.93%). As at 30 June 2014 the carrying amount of equity accounted investment in Shakarganj Mills Limited has been reduced to Rs. 26.626 million (2013: Rs. Nil) due to recognition of Group's share of losses incurred by the investee company.

The share of net loss and reserves for the year amounting to Rs. 58.494 million (2013: Rs. 125.092 million) have been recognised, including effect of unrecognized share of losses pertaining to prior years, resulting in the cumulative share of unrecognized net losses as at 30 June 2014 of Rs. Nil (2013: Rs. 1.471 million).

16.3 Crescent Socks (Private) Limited was incorporated in April 2014. Therefore, this represents approximately its fair value.

16.4 The above figures are based on unaudited condensed interim financial information of these companies as at 31 March 2014. The latest financial statements of these companies as at 30 June 2014 are not presently available.

Rupees in '000	Note	2014	2013
16.5 Market value of investments in associates is as follows:			
Quoted			
Altern Energy Limited		1,551,660	855,008
Shakarganj Mills Limited		329,462	333,248
		1,881,122	1,188,256

Percentage of holding	2014	2013
16.6 Percentage of holding of equity in associates is as follows:		
Quoted		
Altern Energy Limited	19.84	19.04
Shakarganj Mills Limited	28.01	21.93

16.7 Summarized financial information of associated companies as at 31 March 2014 is as follows:

Rupees in '000		Total assets	Total liabilities	Revenues	Profit/(loss) after tax
2014					
Altern Energy Limited	16.7.1	38,455,246	17,845,678	14,961,495	2,843,004
Shakarganj Mills Limited	16.7.2	10,399,779	8,567,559	7,561,306	(265,350)
2013					
Altern Energy Limited		39,799,918	21,856,204	15,234,247	2,078,811
Shakarganj Mills Limited		13,416,336	11,251,061	6,559,851	432,627

16.7.1 These figures are based on the latest available condensed interim consolidated financial information as at 31 March 2014 including its subsidiary company Rousch (Pakistan) Power Limited being managed by Power Management Company holding 59.98% shares.

16.7.2 These figures are based on the latest available condensed interim financial information of the investee company as at 31 March 2014.

Rupees in '000	Note	2014	2013
17. OTHER LONG TERM INVESTMENTS			
Investments in related parties			
Available for sale	17.1	–	–
Other investments			
Available for sale	17.4	220,717	220,717
		220,717	220,717

17.1 Available for sale

2014	2013			2014	2013
Number of shares			Note	Rupees in '000	
		Unquoted			
2,403,725	2,403,725	Crescent Bahuman Limited	17.2	24,037	24,037
1,047,000	1,047,000	Crescent Industrial Chemicals Limited	17.3	10,470	10,470
				34,507	34,507
		Less: Provision for impairment		34,507	34,507
				–	–

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

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

17.4 Available for sale

2014	2013			2014	2013
Number of shares			Note	Rupees in '000	
		Unquoted			
1,852,500	1,852,500	Central Depository Company of Pakistan Limited (CDC)		60,717	60,717
16,000,000	16,000,000	Shakarganj Food Products Limited	17.4.1	160,000	160,000
				220,717	220,717

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

Rupees in '000	Note	2014	2013
18. LONG TERM LOANS AND DEPOSITS			
Security deposits - leasing companies		13,552	7,327
Security deposits - others	18.1 & 18.2	37,051	12,617
		50,603	19,944

18.1 This includes demand drafts of Rs. 3.420 million provided to the Secretary Ministry of Commerce as explained in note no. 12.1.

18.2 This includes amortized cost of Rs. 24.434 million which pertains to long term deposit relating to Shakarganj Energy (Private) Limited (subsidiary company) of Rs. 32.486 million deposited for interconnectivity of 11KV feeder to FESCO under Power Purchase Agreement (PPA) for sale of 4-6 MW power. Under the PPA, initially this cost was required to be borne by the subsidiary company, however, it is agreed that the cost so incurred will be paid back to the subsidiary company by FESCO in five years time through ten (10), half yearly equal instalments, without mark-up, commencing after one month from commercial operation date. For fair presentation, this interest free long term deposit has been discounted under International Accounting Standard (IAS) - 39 "Financial Instruments: Recognition and Measurement" using approximate of open market interest rate thereby stating it at amortized cost in these consolidated financial statements.

Rupees in '000	Note	2014	2013 (Restated)
19. DEFERRED TAXATION			
Deferred tax credits / (debits) arising in respect of :			
Taxable temporary differences			
Accelerated tax depreciation / amortization		27,178	28,951
Finance lease obligations		12,341	10,284
Unrealized gain on held for trading investments		9,547	–
Effect of change in accounting policy under IAS-19 (revised)		36,767	39,764
Share of profit from equity accounted investees		128,881	–
		214,714	78,999
Deductible temporary differences			
Provision for slow moving stores, spares and loose tools		(24,464)	(21,539)
Provisions for doubtful trade debts, doubtful advances and others		(31,289)	(35,481)
Provisions for impairment of fixed assets		(7,217)	(7,010)
Provision of Government Infrastructure Development Cess		(1,183)	-
Provision for diminution in the value of investments		(9,058)	(8,798)
		(73,211)	(72,828)
		141,503	6,171
19.1 Break up of deferred tax charge / (reversal) is as following:			
Profit and loss		138,330	20,987
Other comprehensive income		(2,998)	(35,552)
		135,332	(14,565)

Rupees in '000	Note	2014	2013
20. STORES, SPARES AND LOOSE TOOLS			
Stores - steel segment		7,735	9,870
Spare parts - steel segment		55,512	50,185
Loose tools - steel segment		1,135	1,193
Stores and spares - cotton segment		53,388	56,657
		117,770	117,905
Less: Provision for slow moving items	20.1	45,814	39,266
		71,956	78,639
20.1 Movement in provision for slow moving items			
Opening balance		39,266	38,554
Provision made during the year		6,548	1,277
Reversal of provision made during the year		–	(565)
Closing balance		45,814	39,266

Rupees in '000	Note	2014	2013
21. STOCK-IN-TRADE			
Raw materials			
Hot rolled steel coils (HR Coil)		19,823	11,142
Coating materials		88,798	103,232
Others		15,246	16,762
Raw cotton	21.1	144,193	313,503
Stock-in-transit (HR Coil)		19,401	–
	21.2	287,461	444,639
Work-in-process	21.3 & 31.1	42,007	17,574
Finished goods	21.2 & 31.1	71,054	196,283
Scrap / cotton waste		6,677	3,923
		119,738	217,780
		407,199	662,419

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

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

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

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

Rupees in '000	Note	2014	2013
22. TRADE DEBTS			
Secured			
Considered good		72,110	36,605
Unsecured			
Considered good		17,369	160,252
Considered doubtful		2,786	13,701
Provision for doubtful trade debts	22.1	(2,786)	(13,701)
		17,369	160,252
		89,479	196,857
22.1 Movement in provision for doubtful trade debts			
Opening balance		13,701	1,139
Provision made during the year		–	12,662
Reversal of provision made during the year		(10,915)	(100)
Closing balance		2,786	13,701

Rupees in '000	Note	2014	2013
23. ADVANCES			
Unsecured			
Advances - considered good			
Executives		2,326	2,645
Suppliers for goods and services		26,780	29,009
Advances to others	23.1	28,444	–
Advances - considered doubtful			
Suppliers for goods and services		47	47
Provision for doubtful advances		(47)	(47)
		–	–
		57,550	31,654

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

Rupees in '000	Note	2014	2013
24. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Deposits to leasing companies		1,434	6,082
Security deposits		1,343	1,735
Prepayments		4,633	1,686
		7,410	9,503
25. INVESTMENTS			
Investments in related parties			
Available for sale	25.1	66,305	8,007
Held to maturity	25.2	23,995	29,994
		90,300	38,001
Other investments			
Available for sale	25.3	–	258,011
Held for trading	25.4	654,693	647,899
Short term deposits		10,575	–
Investment in commodity	25.5	2,128	2,086
		667,396	907,996
		757,696	945,997

25.1 Available for sale

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

2014	2013	Name of investee company	Note	2014	2013
Number of shares				Rupees in '000	
		Quoted			
3,235,973	452,379	The Crescent Textile Mills Limited	25.1.1	66,305	8,007

25.1.1 The Group has recognized impairment loss amounting to Rs. 4.537 million (2013: Rs. 4.537 million) against the investment.

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

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

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

25.3 Available for sale

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

2014	2013	Name of investee company	Note	2014	2013
(Number os share / certificates)				Rupees in '000	
		Quoted			
–	9,060,000	Asian Stocks Fund Limited		–	94,677
91,300	91,300	Crescent Jute Products Limited	25.3.1	–	–
1,996	1,996	Innovative Investment Bank Limited		–	–
26,490	26,490	Jubilee Spinning and Weaving Mills Limited	25.3.2	–	–
–	7,944,263	Safeway Mutual Fund Limited		–	163,334
				–	258,011

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

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

25.3.3 Investments having an aggregate market value of Rs. 802.024 million (2013: Rs. 909.398 million) have been pledged with financial institutions as security against financing facilities (see note 11.4) out of which Rs. 570.280 million (2013: Rs. 664.659 million) relates to long term investments.

25.4 Held for trading

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

2014	2013	Name of investee company	2014	2013
(Number os share / certificates)			Rupees in '000	
41,466	–	Adamjee Insurance Company Limited	1,898	–
237,859	201,859	Agriauto Industries Limited *	19,479	15,166
183,600	77,707	Al-Ghazi Tractors Limited *	24,189	15,891
–	5,000	Atlas Fund of Funds	–	58
12,000	10,000	Attock Petroleum Limited	7,078	5,611
60,000	–	Avanceon Limited	1,457	–
126,000	–	Century Insurance Company Limited	2,068	–
		Balance carried forward	56,169	36,726

2014	2013	Name of investee company	2014	2013
(Number os share / certificates)			Rupees in '000	
		Balance brought forward	56,169	36,726
110,000	16,000	Cherat Cement Company Limited	7,200	931
1,403,500	1,807,500	D.G. Khan Cement Company Limited	123,452	151,270
–	10,000	Dawood Hercules Corporation	–	461
10,000	60,000	Engro Corporation Limited	1,785	7,312
6,500	–	Engro Fertilizer Limited	372	–
15,000	15,000	Engro Polymer Limited	203	182
85,000	–	Fatima Fertilizer Company Limited	2,465	–
35,000	10,000	Fauji Cement Company Limited	673	133
325,000	150,000	Fauji Fertilizer Bin Qasim Limited	12,925	5,631
85,000	85,000	Fauji Fertilizer Company Limited	9,542	9,132
20,000	20,000	First Habib Bank Modaraba**	–	200
172,500	172,500	Golden Arrow Selected Stocks Fund*	1,656	1,423
5,000	–	Honda Atlas Cars (Pakistan) Limited	465	–
30,000	–	IGI Insurance Limited	6,831	–
1,350	1,350	Innovative Investment Bank Limited	–	–
90,000	90,000	International Industries Limited	4,450	4,060
–	68,801	International Steels Limited	–	1,217
187,500	–	K-Electric Limited	1,592	–
151,000	100,000	Kohinoor Energy Limited	6,254	3,750
60,000	–	Kohat Cement Limited	7,669	–
60,000	60,000	Kot Addu Power Company Limited	3,542	3,713
10,000	–	Maple Leaf Cement Limited	301	–
10,000	–	Meezan Bank Limited	432	–
10,000	–	Nishat (Chunian) Limited	424	–
60,000	350,000	Nishat Mills Limited	6,715	32,974
230,000	–	Nishat Power Limited	8,183	–
96,000	43,000	Oil and Gas Development Company Limited	25,083	9,836
–	10,000	Pak Elektron Limited	-	161
245,400	100,000	Pak Suzuki Motor Company Limited	67,212	14,872
120,000	100,000	Pakgen Power Limited	2,165	2,453
50,000	141,252	Pakistan National Shipping Corporation	3,556	6,498
98,000	63,500	Pakistan Oilfields Limited	56,281	31,583
560,000	514,560	Pakistan Petroleum Limited	125,632	108,871
31,700	301,368	Pakistan State Oil Company Limited	12,327	96,552
280,000	230,000	Pakistan Telecommunication Company Limited	7,132	5,104
313,306	240,109	PICIC Energy Fund**	3,559	3,366
1,430,399	1,391,399	PICIC Growth Fund	45,401	33,602
765,173	765,173	PICIC Investment Fund	10,866	8,769
14,000	–	Pioneer Cement Limited	653	–
–	8,329,764	Samba Bank Limited	–	21,407
–	50,924	Security Paper Limited	–	3,411
3,906	3,125	Shell Pakistan Limited	1,079	447
1,019	1,221	Siemens Pakistan Engineering Company Limited	1,281	795
25,000	38,500	Sui Northern Gas Pipelines Limited	566	772
25,000	35,000	Sui Southern Gas Company Limited	917	683
100,000	–	Telecard Limited	412	–
440,376	642,376	The Hub Power Company Limited	25,868	39,602
100,000	–	TRG Pakistan Limited	1,403	–
			654,693	647,899

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

** Securities delisted as per KSE quotation sheet as at 30 June 2014. However, the units of PICIC Energy Fund are valued at Net Assets Value due to maturity of the Fund.

25.5 This represents 2,857 tolas of Silver held by the Company and valued at Rs. 2.128 million (2013: Rs. 2.086 million) being its fair value. The management considers cost to sell of underlying as insignificant, hence not considered while ascertaining fair value.

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

Name of investee company	2014	2013
Altern Energy Limited	570,280	664,659
Attock Petroleum Limited	7,078	–
Cherat Cement Company Limited	6,873	–
Engro Corporation Limited	–	1,219
Engro Polymer Limited	203	–
Fauji Fertilizer Bin Qasim Limited	11,633	5,631
Fauji Fertilizer Company Limited	9,542	4,834
International Industries Limited	4,450	4,060
Kot Addu Power Company Limited	3,542	–
Kohinoor Energy Limited	6,254	3,750
Meezan Bank Limited	432	–
Oil and Gas Development Company Limited	19,857	4,575
Pakistan Oilfields Limited	56,281	24,869
Pakistan Petroleum Limited	22,434	82,846
Pak Suzuki Motor Company Limited	45,191	7,436
Pakistan State Oil Company Limited	2,800	63,907
Pakistan Telecommunication Company Limited	7,132	2,885
Shell Pakistan Limited	691	358
Sui Northern Gas Pipelines Limited	566	–
Sui Southern Gas Company Limited	917	–
The Hub Power Company Limited	25,868	38,369
	802,024	909,398

26. MARK-UP ACCRUED

	2014	2013
Considered good		
Mark-up accrued on		
- Others	4	–
- Term Deposit	469	–
	473	–

Rupees in '000	Note	2014	2013 (Restated)
27. OTHER RECEIVABLES			
Dividend receivable		935	6,393
Receivable against sale of non-current assets held for sale		4,816	–
Receivable against sale of investments		800	–
Receivable against rent from investment property		1,031	1,051
Claim receivable		10,059	3,786
Due from related parties	27.1	245	1,200
Sales tax refundable		7,635	19,570
Provision there against		–	(4,346)
Reversal of provision during the year		–	4,346
Written off during the year		–	(11,376)
		–	(11,376)
		7,635	8,194
Receivable from staff retirement benefit funds	44.1.3	116,177	113,380
Others		398	1,837
		142,096	135,841

Rupees in '000		2014	2013
27.1	Due from related parties		
	Crescent Jute Products Limited	118	–
	Shakarganj Mills Limited	127	1,200
		245	1,200
28.	TAXATION - NET		
	Advance taxation	1,576,932	1,451,606
	Provision for taxation	(1,418,264)	(1,375,957)
		158,668	75,649

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

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

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

The Income Tax assessments of the Subsidiary Companies, based on tax returns, are deemed to be finalized under section 120 of the Income Tax Ordinance, 2001 unless selected for an amendment / audit by the taxation authorities.

Rupees in '000			Note	2014	2013
29.	CASH AND BANK BALANCES				
	With banks	in profit and loss account			
		- local currency	29.1	53,480	9,894
		- foreign currency		2	2
				53,482	9,896
		in current accounts		88,632	61,293
	Cash in hand			2,148	8,363
				144,262	79,552

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

Rupees in '000			2014	2013
30.	SALES - NET			
	Local sales			
	Bare pipes (own product excluding coating revenue)		1,385,656	1,522,072
	Revenue from conversion		13,645	9,839
	Coating of pipes		53,434	644,859
	Cotton yarn / raw cotton		2,533,891	2,537,542
	Others (including pipes laboratory testing)		18,721	60,983
	Scrap / waste		65,291	83,709
	Sales returns		(30,529)	(28,607)
			4,040,109	4,830,397
	Export sales			
	Raw Cotton / Cotton yarn		252,578	498,698
			4,292,687	5,329,095
	Sales tax		(262,517)	(327,428)
			4,030,170	5,001,667
31.	COST OF SALES			
	Steel segment	31.1	1,037,366	1,500,309
	Cotton segment	31.1	2,762,502	2,850,499
			3,799,868	4,350,808

31.1 Cost of sales

Rupees in '000	Note	Steel segment 2014	Steel segment 2013 (Restated)	Cotton Segment 2014	Cotton Segment 2013 (Restated)	Total 2014	Total 2013 (Restated)
Raw materials consumed		845,170	1,158,021	1,891,841	2,007,209	2,737,011	3,165,230
Cost of raw cotton sold		–	–	122,261	321,549	122,261	321,549
Packing materials consumed		–	–	24,568	25,137	24,568	25,137
Outside Conversion charges		–	–	171,161	241,067	171,161	241,067
Stores and spares consumed		35,845	35,466	29,680	49,095	65,525	84,561
Fuel, power and electricity		26,253	43,507	192,343	153,839	218,596	197,346
Salaries, wages and other benefits	31.2	75,328	80,985	99,520	92,997	174,848	173,982
Insurance		1,780	1,552	2,962	3,770	4,742	5,322
Repairs and maintenance		7,319	3,884	2,875	19,428	10,194	23,312
Depreciation	13.1.1	23,698	18,821	58,582	60,433	82,280	79,254
Stock-in-trade written down to NRV		7,508	45,645	2,428	5,981	9,936	51,626
Other expenses		53,443	57,142	24,507	15,753	77,950	72,895
		1,076,344	1,445,023	2,622,728	2,996,258	3,699,072	4,441,281
Opening stock of work-in-process	21	3,661	13,089	13,913	9,179	17,574	22,268
Closing stock of work-in-process		(10,153)	(3,661)	(31,854)	(13,913)	(42,007)	(17,574)
		(6,492)	9,428	(17,941)	(4,734)	(24,433)	4,694
Cost of goods manufactured		1,069,852	1,454,451	2,604,787	2,991,524	3,674,639	4,445,975
Opening stock of finished goods	21	22,580	68,438	173,703	32,678	196,283	101,116
Closing stock of finished goods		(55,066)	(22,580)	(15,988)	(173,703)	(71,054)	(196,283)
		(32,486)	45,858	157,715	(141,025)	125,229	(95,167)
		1,037,366	1,500,309	2,762,502	2,850,499	3,799,868	4,350,808

31.2 Detail of salaries, wages and other benefits

Rupees in '000	Note	Steel segment 2014	Steel segment 2013 (Restated)	Cotton Segment 2014	Cotton Segment 2013 (Restated)	Total 2014	Total 2013 (Restated)
Salaries, wages and other benefits		72,749	74,994	97,539	90,569	170,288	165,563
Gratuity fund	31.3	(91)	796	(7)	31	(98)	827
Pension fund	31.3	344	3,013	122	753	466	3,766
Provident fund contributions		2,326	2,182	1,866	1,644	4,192	3,826
		75,328	80,985	99,520	92,997	174,848	173,982

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

Rupees in '000	Note	2014	2013
32 INCOME FROM INVESTMENTS			
Return on UBL's Term Finance Certificate		–	76
Dividend income		47,323	65,044
Loss on commodity		43	(692)
Gain / (loss) on sale of investments - net		307,738	97,034
Unrealized gain on held for trading investments		74,090	175,809
Rent from investment property	32.1	12,229	10,780
		441,423	348,051

32.1 Direct operating expenses incurred against rental income from investment property amounted to Rs. 4.577 million (2013: Rs. 3.657 million). Further, Rs. 1.293 million (2013: Rs. 1.209 million) were incurred against the non rented out area.

33. DISTRIBUTION AND SELLING EXPENSES

Rupees in '000	Note	Steel segment 2014	Steel segment 2013 (Restated)	Cotton Segment 2014	Cotton Segment 2013 (Restated)	Total 2014	Total 2013 (Restated)
Salaries, wages and other benefits	33.1	8,026	6,785	4,334	3,934	12,360	10,719
Commission		–	–	23,100	27,675	23,100	27,675
Travelling, conveyance and entertainment		472	450	192	1,244	664	1,694
Depreciation	13.1.1	852	622	–	1	852	623
Insurance		156	181	20	18	176	199
Postage, telephone and telegram		202	105	214	231	416	336
Advertisement		3,039	1,242	–	135	3,039	1,377
Bid bond expenses		902	644	–	–	902	644
Legal and professional charges		1,138	2,154	11	126	1,149	2,280
Others		810	947	8,604	21,571	9,414	22,518
		15,597	13,130	36,475	54,935	52,072	68,065

33.1 Detail of salaries, wages and other benefits

		Steel segment		Cotton Segment		Total	
		2014	2013	**2014**	2013	**2014**	2013
Rupees in '000	Note		(Restated)		(Restated)		(Restated)
Salaries, wages and other benefits		7,711	5,841	4,319	3,929	12,030	9,770
Gratuity fund	33.2	(16)	136	–	–	(16)	136
Pension fund	33.2	65	559	–	–	65	559
Provident fund contributions		266	249	15	5	281	254
		8,026	6,785	4,334	3,934	12,360	10,719

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

34. ADMINISTRATIVE EXPENSES

		Steel segment		Cotton segment		IID segment		Energy segment		Total	
		2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Rupees in '000	Note		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)
Salaries, wages and other benefits	34.1	50,914	51,653	13,254	12,160	3,722	3,914	–	–	67,890	67,727
Rents, rates and taxes		2,442	2,643	3,031	624	1,081	458	326	305	6,880	4,030
Travelling, conveyance and entertainment		8,266	5,885	2,223	1,421	517	345	186	–	11,192	7,651
Fuel and power		9,153	7,831	831	1,148	475	421	–	–	10,459	9,400
Postage, telephone and telegram		2,433	1,786	776	511	149	91	–	–	3,358	2,388
Insurance		1,089	835	231	227	127	112	600	545	2,047	1,719
Repairs and maintenance		3,698	4,305	762	634	381	365	–	–	4,841	5,304
Auditors' remuneration	34.3	1,119	1,069	250	439	195	175	30	90	1,594	1,773
Legal, professional and corporate service charges		7,692	10,245	1,363	1,804	3,672	2,222	371	80	13,098	14,351
Advertisement		64	90	7	9	3	3	–	–	74	102
Donations	34.4	11,369	26,772	10,272	7,232	634	1,146	–	–	22,275	35,150
Depreciation	13.1.1 & 15.1.1	5,623	7,129	1,299	1,066	4,869	4,645	–	–	11,791	12,840
Amortization of intangible assets	14.1.1	4,230	1,943	846	389	212	97	–	–	5,288	2,429
Printing, stationery and office supplies		3,641	3,597	856	774	269	328	28	5	4,794	4,704
Newspapers, subscriptions and periodicals		566	530	1,001	431	43	39	–	–	1,610	1,000
Others		2,302	4,308	568	1,096	1,595	796	6	18	4,471	6,218
		114,601	130,621	37,570	29,965	17,944	15,157	1,547	1,043	171,662	176,786
34.1 Detail of salaries, wages and other benefits											
Salaries, wages and other benefits		48,443	44,517	12,735	10,764	3,528	3,358	–	–	64,706	58,639
Gratuity fund	34.2	(120)	1,025	(23)	198	(10)	80	–	–	(153)	1,303
Pension fund	34.2	492	4,181	96	808	40	327	–	–	628	5,316
Provident fund contributions		2,099	1,930	446	390	164	149	–	–	2,709	2,469
		50,914	51,653	13,254	12,160	3,722	3,914	–	–	67,890	67,727

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

Rupees in '000	Note	2014	2013
34.3 Auditors' remuneration			
Audit fee	34.3.1	1,422	1,345
Fee for audit of funds' financial statements and other reports		20	220
Out of pocket expenses		152	208
		1,594	1,773

34.3.1 Audit fee includes services for audit of annual separate and consolidated financial statements of the Holding Company and the individual financial statements of the subsidiary companies, limited review of unconsolidated condensed interim financial information for the six months period, 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 Depositry Company of Pakistan Limited.

34.4 Donations

Donations include the following in which a director is interested :

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

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

Rupees in '000	Note	2014	2013
35. OTHER OPERATING EXPENSES			
Exchange loss		–	19,781
Sales tax refundabale written off		–	11,376
Impairment on non-current asset held-for-sale		–	29,810
Loss on disposal of assets held for sale		9,935	–
Impairment of capital work in progress	35.1	–	22,406
Provision for			
– Workers' Welfare Fund		565	18,886
– Workers' Profit Participation Fund		4,851	34,797
– Doubtful trade debts		–	12,662
– Liquidated damages		2,152	12,794
– Slow moving stores, spares and loose tools - net		6,548	1,278
– Diminution in the value of investments	25.2	5,999	–
– Government Infrastructure Development Cess		3,381	–
– Dividend receivable on preference shares		–	5,106
Others		–	138
		33,431	169,034

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

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

Rupees in '000	Note	2014	2013
36. OTHER INCOME			
Income from financial assets			
Return on deposits		1,235	834
Income from non-financial assets			
Gain on disposal of operating fixed assets	36.1	965	306,633
Exchange gain		16,939	-
Gain on settlement of non-executed contracts		-	-
Insurance commission		708	1,105
Liability written back		3,521	-
Reversal of provision			
- stock-in-trade		-	565
- doubtful trade debts		10,916	100
- sales tax refundabale		-	4,346
- liquidated damages		3,456	8,934
Others	36.1	9,572	48,641
		46,077	370,324
		47,312	371,158

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

Rupees in '000	2014	2013
37. FINANCE COSTS		
Incurred on		
- finance lease obligations	9,427	5,208
- running finances	38,354	36,433
- short term loans	30,719	15,126
- Workers' Profit Participation Fund	1,387	2,222
Discount on long term deposit	8,429	–
Bank charges	6,595	3,918
	94,911	62,907
38. SHARE OF PROFIT IN EQUITY ACCOUNTED INVESTEES - NET OF TAXATION (INCLUDING GAIN ON DILUTION OF INVESTMENT)		
Altern Energy Limited		
Share of profit after taxation	450,834	216,067
Gain on dilution of investment	–	18,285
	450,834	234,352
Shakarganj Mills Limited	(110,192)	35,100
	340,642	269,452

Rupees in '000	2014	2013 (Restated)
39. TAXATION		
Current		
- for the year	18,715	300,631
- for prior years	(2,798)	(7,605)
	15,917	293,026
Deferred		
- for the year	43,262	(20,987)
- for prior years	95,068	–
	138,330	(20,987)
	154,247	272,039
39.1 Relationship between taxation expense and accounting profit		
Profit before taxation	707,603	1,162,728
Tax at the applicable rate of 34% (2013: 35%)	240,585	406,955
Tax effect of inadmissible expenses / losses	3,536	(88,890)
Tax effect of exempt income and export sales under final tax regime	(10,665)	–
Tax effect of income taxed at lower rates	(168,296)	(134,456)
Tax effect of operating fixed assets subject to insurance claim	–	106,735
Prior year tax effect	92,270	(101,293)
Tax effect of change in effective tax rate and other adjustments	(3,183)	988
	154,247	272,039
40. BASIC AND DILUTED EARNINGS PER SHARE		
Profit after taxation	553,356	890,689

		(Restated) (Number of shares)
Weighted average number of ordinary shares in issue during the year	62,105,993	62,105,993

	Rupees	
Basic and diluted earnings per share	8.91	14.34

Rupees in '000	Note	2014	2013 (Restated)
41. CASH GENERATED FROM OPERATIONS			
Profit before taxation		707,603	1,162,728
Adjustments for non cash charges and other items			
Depreciation on operating fixed assets and investment property		94,924	88,353
Amortization of intangible assets		5,288	2,429
Charge for the year on staff retirement benefit funds		892	11,907
(Reversal) / charge for compensated absences		(189)	2,072
Provision for 10-C bonus		1,159	2,331
Amortization of advances to staff		–	5
Dividend income		(47,323)	(65,044)
Unrealised gain on held for trading investments - net		(74,090)	(175,809)
Gain on sale of investments		(307,738)	(97,034)
Unrealized (gain) / loss on commodity - Silver		(43)	692
Provision for stock-in-trade and stores, spares and loose tools - net		6,548	713
(Reversal of provision) / provision for doubtful trade debts		(10,916)	12,562
Provision for Workers' Welfare Fund		565	18,791
Provision for Workers' Profit Participation Fund		4,851	34,797
Reversal of provision against sales tax refundable		–	(4,346)
(Reversal of provision) / provision for liquidated damages		(1,304)	3,860
Provision for Gas Infrastructure Development Cess		3,381	–
Provision for diminution in the value of investments - net		5,999	–
Return on deposits and investments		(1,235)	(910)
Gain on disposal of operating fixed assets		(965)	(25,031)
Gain on disposal of assets subject to insurance claim		–	(281,531)
Deferred income		(924)	(71)
Impairment on non-current asset held for sale		-	29,810
Loss on disposal of assets held for sale		9,935	–
Impairment charge relating to capital work in process		–	22,406
Provision against dividend receivable on preference shares		–	5,106
Finance costs		94,911	62,907
Share of profit from equity acounted investees - net of taxation		(340,642)	(269,452)
Working capital changes	41.1	339,453	(133,515)
		490,140	408,726
41.1 Working capital changes			
Decrease / (increase) in current assets			
Stores, spares and loose tools		135	(13,491)
Stock-in-trade		263,034	(62,684)
Trade debts		118,293	159,511
Advances		(16,927)	106,241
Trade deposits and short term prepayments		2,093	(3,750)
Other receivables		(13,370)	22,476
		353,258	208,303
(Decrease) / increase in current liabilities			
Trade and other payables		(13,805)	(341,818)
		339,453	(133,515)

Rupees in '000		2014	2013
42. CASH AND CASH EQUIVALENTS			
Running finances under mark-up arrangements	11	(228,366)	(285,890)
Cash and bank balances	29	144,262	79,552
		(84,104)	(206,338)

43. SEGMENT REPORTING

43.1 Reportable segments

The Group'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 1.2).
- Investment and Infrastructure Development (IID) segment - To effectively manage the investment portfolio in shares and other securities (strategic as well as short term) and investment property (held for rentals as well as long term appreciation).
- Energy segment - It comprises of operations of the subsidiary company (note 1.4).

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

43.2 Segment revenues and results

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

Rupees in '000	Steel segment	Cotton segment	IID segment	Energy segment	Total
For the year ended 30 June 2014					
Sales - net*	1,280,643	2,749,527	–	–	4,030,170
Cost of sales*	1,037,366	2,762,502	–	-	3,799,868
Gross profit	243,277	(12,975)	–	–	230,302
Income from investments	–	–	441,423	–	441,423
	243,277	(12,975)	441,423	–	671,725
Distribution and selling expenses	15,597	36,475	–	–	52,072
Administrative expenses	114,601	37,570	17,944	1,547	171,662
Other operating expenses	8,778	8,536	6,182	9,935	33,431
	138,976	82,581	24,126	11,482	257,165
	104,301	(95,556)	417,297	(11,482)	414,560
Other income	14,157	27,630	4,847	678	47,312
Operating profit / (loss) before finance costs	118,458	(67,926)	422,144	(10,804)	461,872
Finance costs	34,207	46,304	5,952	8,448	94,911
Share of profit in equity accounted investees - net of taxation	-	-	285,185	55,457	340,642
Profit / (loss) before taxation	84,251	(114,230)	701,377	36,205	707,603
Taxation					154,247
Profit after taxation					553,356

*The sales of goods to subsidiary company has been eliminated in sales and cost of sales.

Rupees in '000	Steel segment	Cotton segment	IID segment (Restated)	Energy segment	Total
For the year ended 30 June 2013					
Sales - net	1,964,574	3,037,093	–	–	5,001,667
Cost of sales	1,500,309	2,850,499	–	–	4,350,808
Gross profit	464,265	186,594	–	–	650,859
Income from investments	–	–	348,051	–	348,051
	464,265	186,594	348,051	–	998,910
Distribution and selling expenses	13,130	54,935	–	–	68,065
Administrative expenses	130,621	29,965	15,157	1,043	176,786
Other operating expenses	62,705	48,987	27,532	29,810	169,034
	206,456	133,887	42,689	30,853	413,885
	257,809	52,707	305,362	(30,853)	585,025
Other income	23,494	345,389	2,113	162	371,158
Operating profit / (loss) before finance costs	281,303	398,096	307,475	(30,691)	956,183
Finance costs	19,870	28,116	14,917	4	62,907
Share of profit in equity accounted investees - net of taxation	–	–	239,978	29,474	269,452
Profit / (loss) before taxation	261,433	369,980	532,536	(1,221)	1,162,728
Taxation					272,039
Profit after taxation					890,689

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

43.2.2 Transfer prices between reportable segments are on an arm's length basis in a manner similar to transactions between third parties.

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

43.3 Revenue from major products and services

The analysis of the Group's revenue from external customers for major products and services is given in note 30 to these consolidated financial statements.

43.4 Information about major customers

Revenue from major customers of Steel segment represents an aggregate amount of Rs. 1,197.032 million (2013: Rs. 1,516.231 million) of total Steel segment revenue of Rs. 1,280.643 million (2013: Rs. 1,964.574 million). Further, revenue from major customers of Cotton segment represents an aggregate amount of Rs. 260.990 million (2013: Rs. 873.076 million) of total Cotton segment revenue of Rs. 2,749.527 million (2013: Rs. 3,037.093 million).

43.5 Geographical information

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

Rupees in '000	2014	2013
Far East	252,578	498,697
Pakistan	3,777,592	4,502,970
	4,030,170	5,001,667

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

43.6 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	Energy segment	Total
As at 30 June 2014					
Segment assets for reportable segments	1,122,218	882,112	1,208,524	607,606	3,820,460
Investment in equity accounted investees	–	–	2,293,501	246,563	2,540,064
Unallocated corporate assets					(195,302)
Total assets as per balance sheet					6,165,222
Segment liabilities for reportable segments	198,594	130,675	114,607	4,276	448,152
Unallocated corporate liabilities and deferred income					470,873
Total liabilities as per balance sheet					919,025
As at 30 June 2013 - as restated					
Segment assets for reportable segments	781,190	1,250,852	1,340,044	526,847	3,898,933
Investment in equity accounted investees	-	-	1,840,398	199,815	2,040,213
Unallocated corporate assets					(66,404)
Total assets as per balance sheet					5,872,742
Segment liabilities for reportable segments	148,375	210,486	3,031	2,313	364,205
Unallocated corporate liabilities and deferred income					552,985
Total liabilities as per balance sheet					917,190

43.6.1 For the purposes of monitoring segment performance and allocating resources between segments :

- all assets are allocated to reportable segments other than those directly relating to corporate and taxation assets; and

- all liabilities are allocated to reportable segments other than those directly relating to corporate and taxation.

Cash and bank balances, borrowings and related mark-up receivable therefrom and payable thereon, respectively are not allocated to reporting segments as these are managed by the Group's central treasury function.

43.7 Other segment information

Rupees in '000	Steel segment	Cotton segment	IID segment	Energy segment	Total
For the year ended 30 June 2014					
Capital expenditure	131,984	54,942	15,536	24,785	227,247
Depreciation and amortization	34,403	60,727	5,082	–	100,212
Non-cash items other than depreciation and amortization - net	36,270	51,292	(706,989)	(37,701)	(657,128)
For the year ended 30 June 2013					
Capital expenditure	50,472	82,195	(630)	132,304	264,341
Depreciation and amortization	28,515	61,889	378	–	90,782
Non-cash items other than depreciation and amortization	64,737	(241,306)	(534,688)	178	(711,079)

44. STAFF RETIREMENT BENEFITS

44.1 Defined benefit plans

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

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

44.1.2 The amounts recognised in balance sheet are as follows:

		2014			2013		
Rupees in '000	Note	Pension	Gratuity	Total	Pension	Gratuity (Restated)	Total
Present value of defined benefit obligations	44.1.4	259,928	57,568	317,496	208,373	52,639	261,012
Fair value of plan assets	44.1.5	(336,183)	(97,490)	(433,673)	(291,929)	(82,463)	(374,392)
(Asset) / liability recognized in balance sheet		(76,255)	(39,922)	(116,177)	(83,556)	(29,824)	(113,380)

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

Rupees in '000	Note	2014 Pension	2014 Gratuity	2014 Total	2013 Pension (Restated)	2013 Gratuity (Restated)	2013 Total (Restated)
Opening balance		(83,556)	(29,824)	(113,380)	(7,723)	(3,943)	(11,666)
Net benefit cost / (income) charged to profit and loss	44.1.7	1,166	(269)	897	9,641	2,266	11,907
Remeasurements recognized in other comprehensive income		14,925	(6,362)	8,563	(76,734)	(24,654)	(101,388)
Contributions by the Holding Company	44.1.5	(8,790)	(3,467)	(12,257)	(8,740)	(3,493)	(12,233)
Closing balance		(76,255)	(39,922)	(116,177)	(83,556)	(29,824)	(113,380)

44.1.4 Movement in the present value of defined benefit obligations

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

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

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

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

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

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

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

Rupees in '000	2014 Pension	2014 Gratuity	2014 Total	2013 Pension (Restated)	2013 Gratuity (Restated)	2013 Total (Restated)
Remeasurement (gain) / loss from changes in demographic assumptions	24,298	–	24,298	–	–	–
Remeasurement (gain) / loss of experience adjustments	2,617	(3,643)	(1,026)	(2,533)	332	(2,201)
Remeasurement (gain) / loss of defined benefit obligation	26,915	(3,643)	23,272	(2,533)	332	(2,201)
Return on plan assets, excluding interest income	(11,990)	(2,719)	(14,709)	(74,201)	(24,986)	(99,187)
Remeasurement loss / (gain) charged in the other comprehensive income	14,925	(6,362)	8,563	(76,734)	(24,654)	(101,388)

Rupees in '000	2014 Pension	2014 Gratuity	2014 Total	2013 Pension (Restated)	2013 Gratuity (Restated)	2013 Total (Restated)
44.1.9 Total defined benefit cost recognized in profit and loss account and other comprehensive income	16,091	(6,631)	9,460	(67,093)	(22,388)	(89,481)
Expected contributions to funds in the following year	11,238	4,365	15,603	9,993	3,902	13,895
Re-measurements: Accumulated actuarial (gains) / losses recognised in equity	14,925	(6,362)	8,563	(76,734)	(24,654)	(101,388)
Weighted average duration of the defined benefit obligation (years)	11	4				
Analysis of present value of defined benefit obligation						
Type of Members:						
Pensioners	21	–		21	–	
Beneficiaries	70	69		68	67	
	91	69		89	67	
Vested / Non-Vested						
Vested benefits	32,201	500	32,701	179,790	52,237	232,027
Non - vested benefits	227,727	57,068	284,795	28,584	401	28,985
	259,928	57,568	317,496	208,374	52,638	261,012

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

Sensitivity analysis

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

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

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

44.2 Defined contribution plan

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

45. FINANCIAL INSTRUMENTS

The Group has exposure to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk

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

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 Group. It arises principally from trade receivables, bank balances, security deposits, mark-up accrued and investment in debt securities.

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

Rupees in '000	**2014**	2013 (Restated)
Investments	37,551	40,419
Loans and deposits	51,946	21,679
Trade debts	89,479	196,857
Mark-up accrued	473	–
Other receivables	18,284	2,891
Bank balances	142,114	71,189
	339,847	333,035

Trade and other receivables

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

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

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

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

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

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

Settlement risk

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

Bank balances

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

The credit quality of the units of mutual fund held by the Group can be assessed with reference to external credit ratings as follows:

	Rating		Rating		
Rupees in '000	Short term	Long term	Agency	2014	2013
Mutual Funds					
PICIC Investment Fund	MFR 3 star	MFR 3 star	JCR - VIS	3,749	3,025
PICIC Growth Fund	MFR 3 star	MFR 3 star	JCR - VIS	4,592	2,552
PICIC Energy Fund	MFR 3 star	MFR 3 star	JCR - VIS	3,559	3,366
Golden Arrow Selected Stocks Fund	MFR 4-star	MFR 5-star	PACRA	1,656	1,423
				13,556	10,366

Investment in debt securities

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

Concentration of credit risk

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

45.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligation arising from financial liabilities that are settled by delivering cash or another financial asset or that such obligation will have to be settled in a manner disadvantageous to the Group. The Group is not materially exposed to liquidity risk as substantially all obligation / commitments of the Group are short term in nature and are restricted to the extent of available liquidity. In addition, the Group has obtained running finance facilities from various commercial banks to meet the short term liquidity commitments, if any.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

Rupees in '000	2014						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
Financial liabilities							
Liabilities against assets subject to finance lease	103,029	–	119,554	28,310	24,003	41,987	25,254
Trade and other payables (refer note 9)	288,572	–	288,572	288,572	–	–	–
Mark-up accrued	9,221	–	9,221	9,221	–	–	–
Short term borrowings	228,366	228,366	–	–	–	–	–
	629,188	228,366	417,347	326,103	24,003	41,987	25,254

Rupees in '000	2013						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
Financial liabilities							
Liabilities against assets subject to finance lease	66,566	–	76,082	16,602	21,975	23,918	13,587
Trade and other payables (refer note 9) - as restated	223,071	–	223,071	223,071	–	–	–
Mark-up accrued	9,002	–	9,002	9,002	–	–	–
Short term borrowings	418,365	418,365	–	–	–	–	–
	717,004	418,365	308,155	248,675	21,975	23,918	13,587

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 Group's income or the value of its holdings of financial instruments. The Investment Committee monitors the portfolio of its investments and adjust the portfolio in light of changing circumstances.

45.3.1 Currency risk

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

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

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

The following significant exchange rate has been applied :

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

Sensitivity analysis

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

Effect on profit or loss

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

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

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

45.3.2 Interest rate risk

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

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

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit 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 2013.

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

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

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 Group's investment in units of mutual funds and ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the Group diversifies its portfolio and continuously monitors developments in equity markets. In addition the Group actively monitors the key factors that affect stock price movement.

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

Rupees in '000	**2014**	2013
Effect on profit	65,469	50,208
Effect on equity	6,631	26,602
Effect on investments	72,100	76,810

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

45.4 Fair value of financial instruments

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

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

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

- Level 3: Valuation techniques using significant unobservable inputs.

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

46. REMUNERATION TO THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

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

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

46.2 The chief executive and eight 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 associated companies, directors, companies where directors also hold directorship, related group companies, key management personnel and staff retirement benefit funds. Balances and transactions between the Holding Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

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

Name	Nature of relationship	Nature of transaction	**2014**	2013
Rupees in '000				
Altern Energy Limited	Associated company	Dividend received	72,103	–
Shakarganj Mills Limited	Associated company	Dividend paid	8,813	4,896
		Purchase of Land	36,240	70,000
		Sales of finished goods	3,171	170,343
		Services received	4,406	1,169
		Reimbursable expenses	1,556	2,625

Name	Nature of relationship	Nature of transaction	2014	2013
Rupees in '000				
Commecs Educational Trust *	Related party	Donation given	–	2,000
Crescent Jute Products Limited *	Related party	Purchase of assets	5,909	–
		Services received	137	
		Reimbursable expenses	648	–
CSAP Foundation*	Related party	Donation given	285	1,945
Muhammad Amin Muhammad Bashir Limited *	Related party	Dividend paid	2	1
Pakistan Centre for Philanthropy *	Related party	Donation given	–	2,500
		Annual subscription charges	180	180
Premier Insurance Company *	Related party	Dividend paid	–	11
		Insurance premium	9,839	1,643
The Crescent Textile Mills Limited *	Related party	Dividend paid	20,119	11,177
The Citizens' Foundation *	Related party	Donation given	19,820	26,580
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Contribution made	1,831	1,650
		Dividend paid	16	9
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Contribution made	3,797	3,492
		Dividend paid	3,852	1,676
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Contribution made	9,623	8,740
		Dividend paid	8,457	3,003
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Contribution made	5,344	4,901
		Dividend paid	1,651	850
CSAP - Staff Benevolent Fund	Staff welfare fund	Contribution made	–	10,000
Key management personnel	Related parties	Remuneration and benefits	94,376	57,364

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

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

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 Group, including directors of the Group. There were no transactions with the key management personnel during the year other than their terms of employment / entitlements.

47.4 Outstanding balances and other information with respect to related parties as at 30 June 2014 and 2013 are included in issued, subscribed and paid-up capital (note 6.1), trade and other payables (note 9.3), investment in equity accounted investees (note 16), other long term investments (note 17.1), trade debts (note 22.1), investments (note 25.1), other receivables (note 27.1), administrative expenses (note 34.4) and staff retirement benefits (note 44).

48. CAPITAL RISK MANAGEMENT

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

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

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total debt less cash and bank balances. Total capital is calculated as equity as shown in the 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	**2014**	2013
Total debt	48.1.1	331,395	484,931
Less: Cash and bank balances		144,262	79,552
Net debt		187,133	405,379
Total equity	48.1.2	5,246,197	4,955,552
Total capital		5,433,330	5,360,931
Gearing ratio		3%	8%

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

48.1.2 Total equity includes all capital and reserves of the Holding 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 30,000 tons (2013: 30,000 tons) annually on the basis of notional pipe size of 30" dia x ½" thickness. The actual production achieved during the year was 10,248 tons (2013: 12,266 tons) line pipes of varied sizes and thickness, which is equivalent to 21,676 tons (2013: 26,790 tons) if actual production is translated to the notional pipe size of 30" diameter.

Coating plant

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

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

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 (2013: 6,452,874 kilograms). Actual production converted into 20s count was 5,749,028 kilograms (2013: 4,953,253 kilograms).

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

49.3 Energy segment

Power plant

The power plant is under installation phase with a maximum output capacity of 14 MWh (2013: 14 MWh).

50. GENERAL

50.1 Number of employees

The number of employees including contractual employees of the Group as at 30 June 2014 were 742 (2013: 859) and weighted average number of employees were 846 (2013: 878).

50.2 Non adjusting event after reporting date

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

51. DATE OF AUTHORIZATION FOR ISSUE

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

Chief Executive	Director	Chief Financial Officer

PATTERN OF SHAREHOLDING

As at 30 June 2014

No. of Shareholders	Shareholding From	Shareholding To	Total Shares held
444	1	100	13,991
691	101	500	233,607
534	501	1,000	432,891
879	1,001	5,000	2,238,603
258	5,001	10,000	2,035,392
103	10,001	15,000	1,289,475
66	15,001	20,000	1,182,720
47	20,001	25,000	1,064,665
26	25,001	30,000	743,813
22	30,001	35,000	715,791
17	35,001	40,000	637,952
10	40,001	45,000	429,743
23	45,001	50,000	1,120,327
12	50,001	55,000	636,186
4	55,001	60,000	235,000
3	60,001	65,000	188,000
5	65,001	70,000	341,038
5	70,001	75,000	367,128
5	75,001	80,000	386,606
2	80,001	85,000	163,202
3	85,001	90,000	261,593
2	90,001	95,000	182,500
6	95,001	100,000	592,738
2	105,001	110,000	216,962
2	115,001	120,000	235,502
1	125,001	130,000	130,000
1	135,001	140,000	136,523
1	140,001	145,000	143,458
6	145,001	150,000	887,455
1	155,001	160,000	156,572
5	160,001	165,000	821,177
1	165,001	170,000	165,072
1	170,001	175,000	171,500
2	175,001	180,000	358,000
1	195,001	200,000	200,000
2	215,001	220,000	440,000
2	225,001	230,000	456,852
1	240,001	245,000	243,601
1	245,001	250,000	247,260
2	255,001	260,000	517,240

PATTERN OF SHAREHOLDING

As at 30 June 2014

No. of Shareholders	Shareholding From	Shareholding To	Total Shares held
1	265,001	270,000	268,372
2	270,001	275,000	547,162
1	285,001	290,000	285,219
1	290,001	295,000	292,000
1	300,001	305,000	302,600
1	305,001	310,000	310,000
1	330,001	335,000	332,368
1	355,001	360,000	355,759
2	375,001	380,000	753,500
1	390,001	395,000	390,646
2	395,001	400,000	800,000
1	410,001	415,000	411,017
2	425,001	430,000	855,967
1	455,001	460,000	459,500
1	470,001	475,000	470,690
1	485,001	490,000	485,300
1	525,001	530,000	525,220
1	560,001	565,000	561,800
1	730,001	735,000	734,500
1	1,175,001	1,180,000	1,176,987
1	1,360,001	1,365,000	1,362,500
1	1,995,001	2,000,000	2,000,000
1	2,100,001	2,105,000	2,104,556
1	2,580,001	2,585,000	2,584,145
1	2,625,001	2,630,000	2,629,385
1	2,680,001	2,685,000	2,682,068
1	3,375,001	3,380,000	3,377,789
1	3,400,001	3,405,000	3,401,000
1	3,795,001	3,800,000	3,795,165
1	6,830,001	6,835,000	6,830,643
3,233			62,105,993

CATEGORIES OF SHAREHOLDING

As at 30 June 2014

Categories of Shareholder	Physical	CDC	Total	% age
1 Directors, Chief Executive Officer,				
Their Spouses and Minor Childern				
Chief Executive				
Mr. Ahsan M. Saleem	-	426,467	426,467	0.69
Directors				
Mr. Ahmad Waqar	27	-	27	0.00
Mr. Khurram Mazhar Karim	-	5,293	5,293	0.01
Mr. Nasir Shafi	-	37,876	37,876	0.06
Mr. Zahid Bashir	-	86,088	86,088	0.14
Syed Mahmood Ehtishamullah	-	13,196	13,196	0.02
Director's Spouses and Their Minor Childern				
Mrs. Shahnaz A. Saleem	-	520,471	520,471	0.84
	27	1,089,391	1,089,418	1.75
2 Executives	12,298	45,695	57,993	0.09
3 Associated Companies, Undertakings & Related Parties				
Muhammad Amin Muhammad Bashir Limited	679	-	679	0.00
Shakarganj Mills Limited	-	2,992,068	2,992,068	4.82
The Crescent Textile Mills Limited	-	6,830,643	6,830,643	11.00
Trustee - Crescent Cotton Products P. Fund	-	55,000	55,000	0.09
Trustees - Crescent Cotton Staff P. Fund	-	4,840	4,840	0.01
Trustees - CSAPL Employees Gratuity Fund	-	1,176,987	1,176,987	1.90
Trustees - CSAPL Employees Pension Fund	-	2,584,145	2,584,145	4.16
Trustees - CSAPL Employees SP Fund	-	525,220	525,220	0.85
	679	14,168,903	14,169,582	22.82
4 NIT & ICP (Name Wise Detail)				
CDC - Trustee National Investment (Unit) Trust	-	3,377,789	3,377,789	5.44
	-	3,377,789	3,377,789	5.44
5 Mutual Funds (Name Wise Detail)				
CDC - Trustee First Capital Mutual Fund	-	16,500	16,500	0.03
CDC - Trustee NAFA Stock Fund	-	377,500	377,500	0.61
CDC - Trustee NIT- Equity Market Opportunity Fund	-	228,762	228,762	0.37
	-	622,762	622,762	1.00
6 Banks, NBFCs, DFIs, Takaful, Pension Funds	3,800,054	5,404,101	9,204,155	14.82
Modarabas	190	-	190	0.00
Insurance Companies	-	2,331,056	2,331,056	3.75
Other Companies,Corporate Bodies, Trust etc.	38,203	2,686,097	2,724,300	4.39
9 General Public				
Local	694,807	27,833,941	28,528,748	45.94
	4,546,258	57,559,735	62,105,993	100.00

Shareholders More Than 5.00%		
The Crescent Textile Mills Limited	6,830,643	11.00
Islamic Development Bank (Non-Resident)	3,795,165	6.11
Bilquis Saleem	3,401,000	5.48
CDC - Trustee National Investment (Unit) Trust	3,377,789	5.44

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 30th Annual General Meeting of shareholders of Crescent Steel and Allied Products Limited (the "Company") will be held on Thursday, 23 October 2014 at 12:00 noon at Qasr-e-Noor, 9 E-2 Main Boulevard, Gulberg-III, Lahore to transact the following Ordinary Business:

1. To receive, consider and adopt the Reports of Directors and Auditors together with Audited Annual Separate and Consolidated Financial Statements for the year ended 30 June 2014.

2. To approve the payment of final cash dividend @ Rs.1.50 per share (15%) and also the interim cash dividend @ Re. 1.00 per share (10%) already paid, making a total of Rs. 2.50 per share (25%) for the year ended 30 June 2014.

3. To appoint Company's auditor for the financial year ending 30 June 2015 and to fix their remuneration.

Lahore: 1 October 2014

BY ORDER OF THE BOARD
Muhammad Saad Thaniana
Company Secretary

Notes

1. The Share Transfer Books of the Company will remain closed from 17 October 2014 to 23 October 2014 (both days inclusive). Transfers received in order at Share Registrar Office of the Company, CorpTec Associates (Pvt) Limited, 503-E, Johar Town, Lahore by the close of business on 16 October 2014, will be treated in time for the entitlement of dividend to the transferees and to attend the meeting.

2. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote instead of him/her. A Proxy must be a member of the Company.

3. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarially attested copy of the power of attorney must be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting.

4. Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting

   a. In case of Individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.

   b. In case of corporate entity, the Board's resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

   a. In case of individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.

   b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.

c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.

d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.

e. In case of corporate entity, the Board's resolution/power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

5. Notice to Shareholders who have not provided CNIC:

The Company has made several requests through advertisements in Urdu and English newspapers having circulation throughout the country and Independent Share Registrar of the Company has also sent letters through Registered Post to the shareholders who have not yet provided valid copies of their Computerized National Identity Card (CNIC), requesting them to provide their CNIC's. The directive of the Securities and Exchange Commission of Pakistan contained in S.R.O. 831(I)/2012 dated 5 July 2012 requires that the dividend warrants should bear the Computerized National Identity Card Numbers (CNIC) of the registered shareholders or the authorized person except in the case of minor(s) and corporate shareholders.

CNIC number of the shareholders is, therefore, mandatory for the issuance of future dividend warrants and in the absence of such information, payment of dividend may be withheld in term of SECP's above mentioned directive. Therefore, the shareholders who have not yet provided their CNICs are once again advised to provide the attested copies of their CNICs directly to our Independent Share Registrar at the address given herein above without any further delay.

6. Mandate for E-DIVIDENDS for shareholders

In order to make process of payment of cash dividend more efficient, e-dividend mechanism has been envisaged where shareholders can get amount of dividend credited into their respective bank accounts electronically without any delay. In this way, dividends may be instantly credited to respective bank accounts and there are no chances of dividend warrants getting lost in the post, undelivered or delivered to the wrong address, etc. The Securities and Exchange Commission of Pakistan (SECP) through Notice No. 8(4) SM/CDC 2008 dated 5 April 2013 has advised all Listed Companies to adopt e-dividend mechanism due to the benefits it entails for shareholders. In view of the above, you are hereby encouraged to provide a dividend mandate in favour of e-dividend by providing dividend mandate form duly filled in and signed.

7. Deduction of Income Tax from Dividend at Revised Rates

Pursuant to the provisions of Finance Act, 2014 effective 1 July 2014, deduction of income tax from dividend payments shall be made on the basis of filers and non-filers as follows:

S.No	Nature of Shareholders	Rate of deduction
1	Filers of Income Tax Return	10%
2	Non- Filers of Income Tax Return	15%

Income Tax will be deducted on the basis of Active Tax Payers List posted on the Federal Board of Revenue website.
Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax certificate or necessary documentary evidence, as the case may be.

8. Placement of Financial Statements

The Company has placed the Audited Annual Separate and Consolidated Financial Statements for the year ended 30 June 2014 along with Auditors and Directors Reports thereon on its website: www.crescent.com.pk

GLOSSARY / LIST OF ABBREVIATIONS

AFS	Available For Sale
API	American Petroleum Institute
APTMA	All Pakistan Textile Mills Association
Board	Board of Directors
BMR	Balancing, Modernization and Replacement
BSC	Balanced Scorecard
BU	Business Unit
CCP	Crescent Cotton Products
CDC	Central Depository Company of Pakistan
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIO	Chief Information Officer
COLA	Cost of Living Allowance
CSAPL	Crescent Steel and Allied Products Limited
CSCL	CS Capital (Private) Limited
CSR	Corporate Social Responsibility
Dia	Diameter
DRP	Disaster Recovery Plan
EBIT	Earnings before Interest and Taxation
EBITDA	Earnings before Interest, Taxation Depreciation and Amortization
EDB	Engineering Development Board of Pakistan
EIA	Energy Information Administration
EOBI	Employees' Old Age Benefit Institute
EPS	Earning Per Share
E&P	Exploration and Production
ERP	Enterprise Resource Planning
ERS	Expeditious Refund System
FBR	Federal Board of Revenue
FDI	Foreign Direct Investment
GoP	Government of Pakistan
HFT	Held for Trading
HR & R	Human Resource and Remuneration
HR Coil	Hot Rolled Coil
HR	Human Resource
HSE	Health, Safety and Environment
HTM	Held to Maturity
IAS	International Accounting Standards
ICAP	Institute of Chartered Accountants of Pakistan
ICMAP	Institute of Cost and Management Accountants of Pakistan
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
IID	Investment and Infrastructure Development
IP Pipeline Project	Iran Pakistan Pipeline Project
ISO	International Organization for Standards
IT	Information Technology
KG	Kilo Gram
KIBOR	Karachi Interbank Offer Rate
KSE	Karachi Stock Exchange
Lbs	Pounds
LC	Letter of Credit
LED	Light Emitting Diode
LNG	Liquefied Natural Gas
LRQA	Lloyd`s Register Quality Assurance
LSM	Large Scale Manufacturing
MT	Management Trainee
MSCI	Morgan Stanley Capital International
NBV	Net Book Value
NRV	Net Realisable Value
OHSAS	Occupational Health and Safety Advisory Services
OPS	Ounce Per Spindle
OSH&E	Occupational Safety, Health and Environment
PEPCO	Pakistan Electric Power Company
PICG	Pakistan Institute of Corporate Governance
PNAC	Pakistan National Accreditation Council
PSDP	Public Sector Development Programme
SECP	Securities and Exchange Commission of Pakistan
SEL	Shakarganj Energy (Private) Limited
SMEDA	Small and Medium Enterprise Development Authority
SML	Shakarganj Mills Limited
SP	Spiral Machine
TCF	The Citizens Foundation
TFC	Term Finance Certificate
THF	The Health Foundation
USDA	United States Department of Agrictulture
WPPF	Workers' Profit Participation Fund
WWF	Workers' Welfare Fund

FORM OF PROXY

30th Annual General Meeting

I/We ____, being member(s) of Crescent Steel and Allied Products Limited and holder of ________________ Shares as per Folio No.______CDC Participation ID # __________ and Sub Account # _________/CDC Investor Account ID #______________do hereby appoint ______________________ ______________ of _____________________________________ or failing him/her _____________________________ of _____________________________ having Folio No.______CDC Participation ID # __________ and Sub Account # _________/CDC Investor Account ID #______________as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of Crescent Steel and Allied Products Limited scheduled to be held on Thursday, 23 October 2014 at 12:00 noon, at Qasr-e-Noor, 9-E-2, Main Boulevard, Gulberg-III, Lahore. and at any adjournment thereof.

At witness my/our hand this _________________ day of _________________ 2014.

1. Name _____________________________________
   N.I.C _____________________________________
   Address _____________________________________
   ____

2. Name _____________________________________
   N.I.C _____________________________________
   Address _____________________________________
   ____

Please affix here
Revenue Stamp
Rs. 5/-

Members' Signature

Note:

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a proxy.
2. The instrument appointing a Proxy, together with the Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited at our Share Registrar Office of the Company, CorpTec Associates (Pvt) Limited, 503-E, Johar Town, Lahore, not less than 48 hours before the time of holding the Meeting.
3. CDC account holders will further have to follow the under mentioned guidelines as laid down in circular# 1 dated January 26, 2000 of the Securities & Exchange Commission of Pakistan for appointing Proxies:
   i) In case of individuals, the account holder or sub-account holder whose securities and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
   ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
   iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
   iv) The proxy shall produce his original CNIC or original passport at the time of the meeting.
   v) In case of a corporate entity, the Board of Directors' resolution/Power of attorney with specimen signatures of the proxy holder shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

ELECTRONIC TRANSMISSION OF ANNUAL REPORT AND NOTICE OF AGM

Our environmental strategy is centered around the reduction of our carbon footprint. To do this, we strive to reduce the materials that we use and to reuse and recycle as far as possible. Last year, we planted over 4,400 trees and as you all may have noticed the financial statements of our annual report were printed on recycled paper. Our policy of environmental conservation, advocacy for our planet and, reducing, reusing and recycling helped us reduce our carbon footprint by 26 tons of carbon annually - equivalent to emissions from burning over 3,400 gallons of fuel.

This year the Securities and Exchange Commission of Pakistan is championing the cause of environmental conservation by encouraging Corporates to review their distribution of Annual and Periodic Accounts by allowing electronic transmission of these to shareholders subject to their consent.

We have assessed the impact of this provision - not only will this initiative help Corporates to create greater value for shareholders by reducing costs, it will also help reduce Pakistan's carbon footprint with only a small effort. Estimates suggest that every 500 e-copies will help save 29 trees and reduce carbon emissions by 170 kg annually.
Please help us by signing up for an e-copy and saving a tree.

Fill out the enclosed consent form, and send it to the below mentioned mailing/email address, and let us know you CARE!"

Share Registrar Office
M/s CorpTec Associates (Private) Limited
503-E Johar Town, Lahore
info@corptec.com.pk

Principal Office
Crescent Steel and Allied Products Limited
9th Floor, Sidco Avenue Centre, 264 R.A.
Lines, Karachi-74200
arif.raza@crescent.com.pk

CONSENT FORM FOR ELECTRONIC TRANSMISSION OF ANNUAL REPORT AND NOTICE OF AGM

M/s Corptec Associates (Private) Limited
503-E Johar Town, Lahore
Email: info@corptec.com.pk

Subject: CONSENT FORM FOR ELECTRONIC TRANSMISSION OF ANNUAL REPORT AND NOTICE OF AGM

Dear Sirs,

I/we, being the shareholder(s) of Crescent Steel and Allied Products Limited ("Company"), do hereby consent and authorize the Company for electronic transmission of the Annual Audited Financial Statements of the Company along with Notice of Annual General Meeting via the Email provided herein below and further undertake to promptly notify the Company of any change in my Email address.

I understand that the transmission of Annual Audited Financial Statements of the Company along with Notice of Annual General Meeting via the Email shall meet the requirements as mentioned under Section 50, 158 and 233 of the Companies Ordinance, 1984.

1. Name of Shareholder(s): ____________________

2. Fathers / Husband Name: ____________________

3. CNIC: ____________________

4. NTN: ____________________

5. Participant ID / Folio No: ____________________

6. E-mail address: ____________________

7. Telephone: ____________________

8. Mailing address: ____________________

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Signature:
(In case of corporate shareholders,
the authorized signatory must sign)

Date: ____________________

CRESCENT.COM.PK