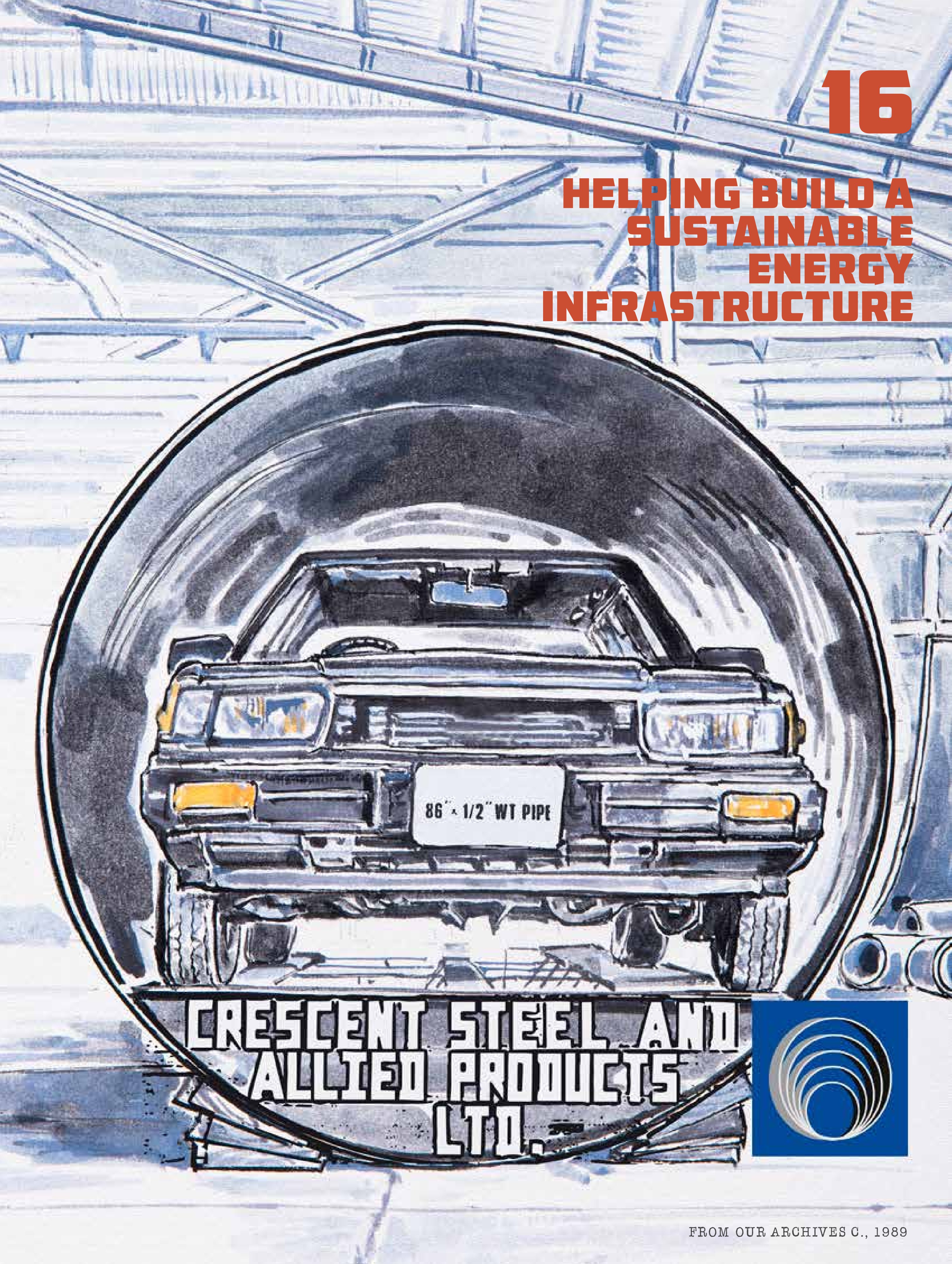
16

HELPING BUILD A SUSTAINABLE ENERGY INFRASTRUCTURE



FROM OUR ARCHIVES C., 1989

HELPING BUILD A SUSTAINABLE ENERGY INFRASTRUCTURE

Three decades ago, Crescent Steel and Allied Products Limited was incorporated with a vision to help build a sustainable energy infrastructure for Pakistan. At the time, all oil and gas infrastructure pipes were imported into the country.

Today the Company has diversified businesses in the Engineering, Textiles, Capital Markets and Power sectors and we are proud to have contributed a significant share of the national gas transmission network since 1987 when the first pipe was rolled out.

This year's report features a series of customized illustrations that have been made to give you an insight into our steel line pipe segment. Each artwork reflects our passion and the strength of our purpose – helping build a sustainable energy infrastructure of Pakistan.

CONTENTS

STACKED HOT ROLLED COILS

KEY FIGURES

Based on results of the company as presented in the unconsolidated financial statements

7,412 (Rs. in million)
Sales Revenue

141.5* (Rs. in million)
Capital expenditure

1,675 (Rs. in million)
EBITDA

23.5 (%)
Return on average capital employed

1,424 (Rs. in million)
Profit before taxation and depreciation

9,484 (Rs. in million)
Total assets

967 (Rs. in million)
Profit after taxation

1.4:1 (Ratio)
Current ratio

12.97 (Rupees)
Earnings per share (basic and diluted)

5,807 (Rs. in million)
Shareholders' equity

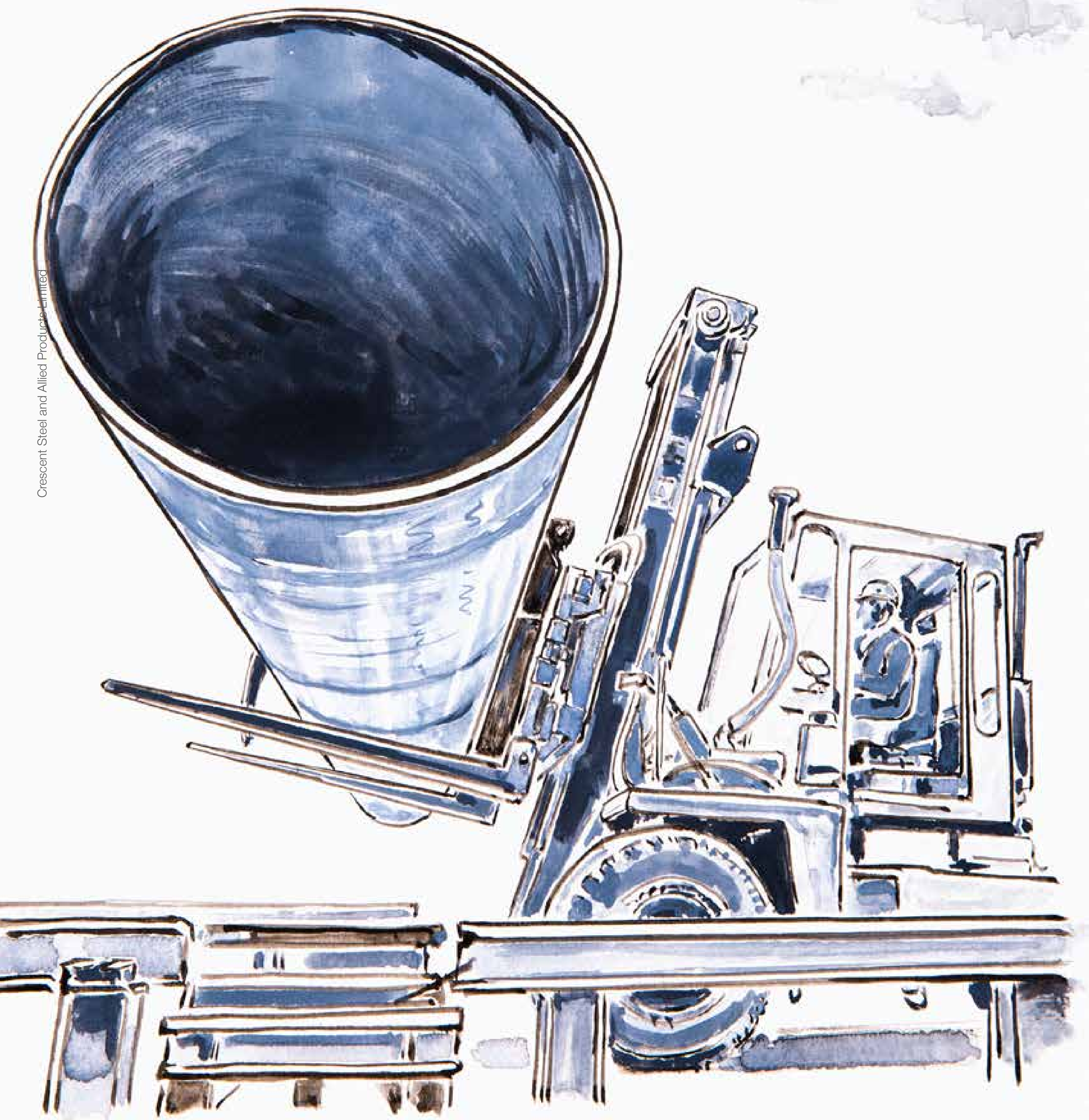
8.8 (Times)
Price earnings ratio

74.8 (Rupees)
Break-up value per share

5.0 (Rupees per share)
Cash dividend (including final proposed)

* Does not include CAPEX of Rs. 600 million financed through operating lease.

HANDLING OF PIPES



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 conduct business.

OWNERSHIP

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

CUSTOMER FOCUS

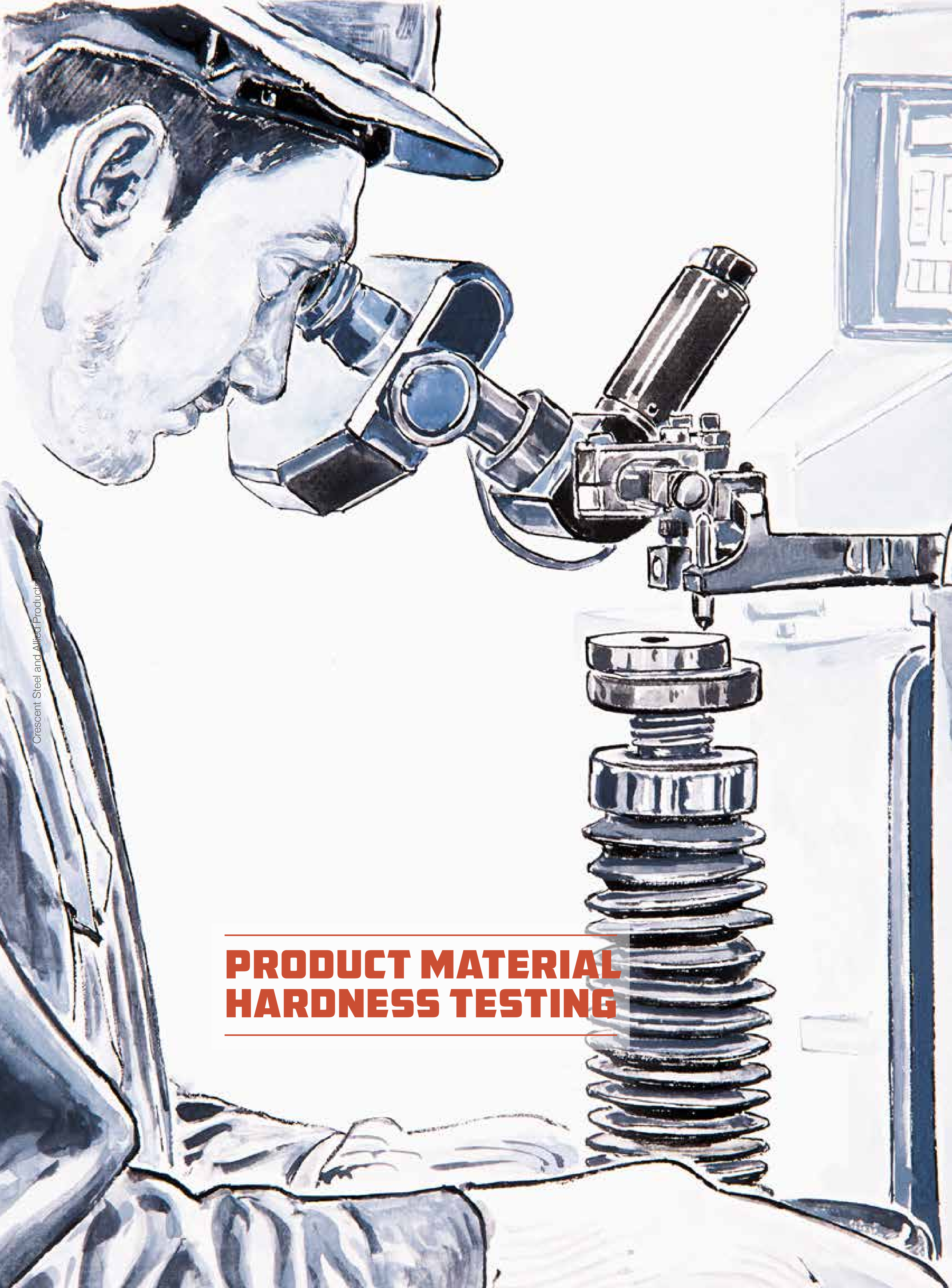
LEVERAGING RELATIONSHIPS FOR PERFORMANCE.
Delivering value through responsiveness to internal and external customers.

CONTINUOUS IMPROVEMENT

CONTINUOUS IMPROVEMENT GIVES US COMPETITIVE ADVANTAGE.
Fostering collaboration, innovation, and creativity as individuals and as teams.

COMMUNITY CARE

SOCIAL RESPONSIBILITY IS AT THE HEART OF OUR BUSINESS.
Enabling change in communities where we operate through impact investment programs.



PRODUCT MATERIAL HARDNESS TESTING

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 this 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, 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

OUR GOVERNING PRINCIPLES

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 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. It is also responsible for consideration and approval of CEO recommendations on selections, evaluation and compensation for key management positions that report directly to CEO.

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 and Human Resource and Remuneration 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 recommend 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. Respective Business Unit Heads are accountable for performance and bottom line business units. 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 four 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, competitive terms of service and development of their skills through planned and extensive training.
- 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 ISO 14001 and OHSAS 18001.

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 Pakistan 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.

PIPE FORMING

MECHANISM FOR PROVIDING INFORMATION AND RECOMMENDATION TO THE BOARD

Information regarding any matter of concern or recommendation is also put forward by the CEO to the respective committees of the board.

FORMAL REPORTING LINE

The prevailing 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

Our employees are encouraged to express their views and forward their suggestions to the management and the Board. We have established several forums for them through which they can give their feedback and ideas regarding the business and the Company. For our employees, suggestion boxes have been installed across our locations and we also have a virtual suggestion box on our dashboard. These suggestion boxes act as a direct line to the CEO. Through this, employees can give their suggestions, grievances and concerns or raise any matter related to the Company, which is reviewed and monitored directly by the CEO. In case, the matter is of a significant nature, the same is addressed in the meetings of the Management Committee, Board of Directors or the relevant Board Committee. The Company also has a Whistle Blowing Policy to enable employees to raise serious concerns to the management regarding the business or Company without fear of repercussions.

An Open House session with the CEO is also held annually with employees, through which they are provided with the opportunity to have a one-on-one meeting with the CEO and express their concerns and suggestions directly to him. These meetings are aimed at capturing free and first-hand suggestions that are useful in refining operations and in improving work environment.

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 CEO and Company Secretary. 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.

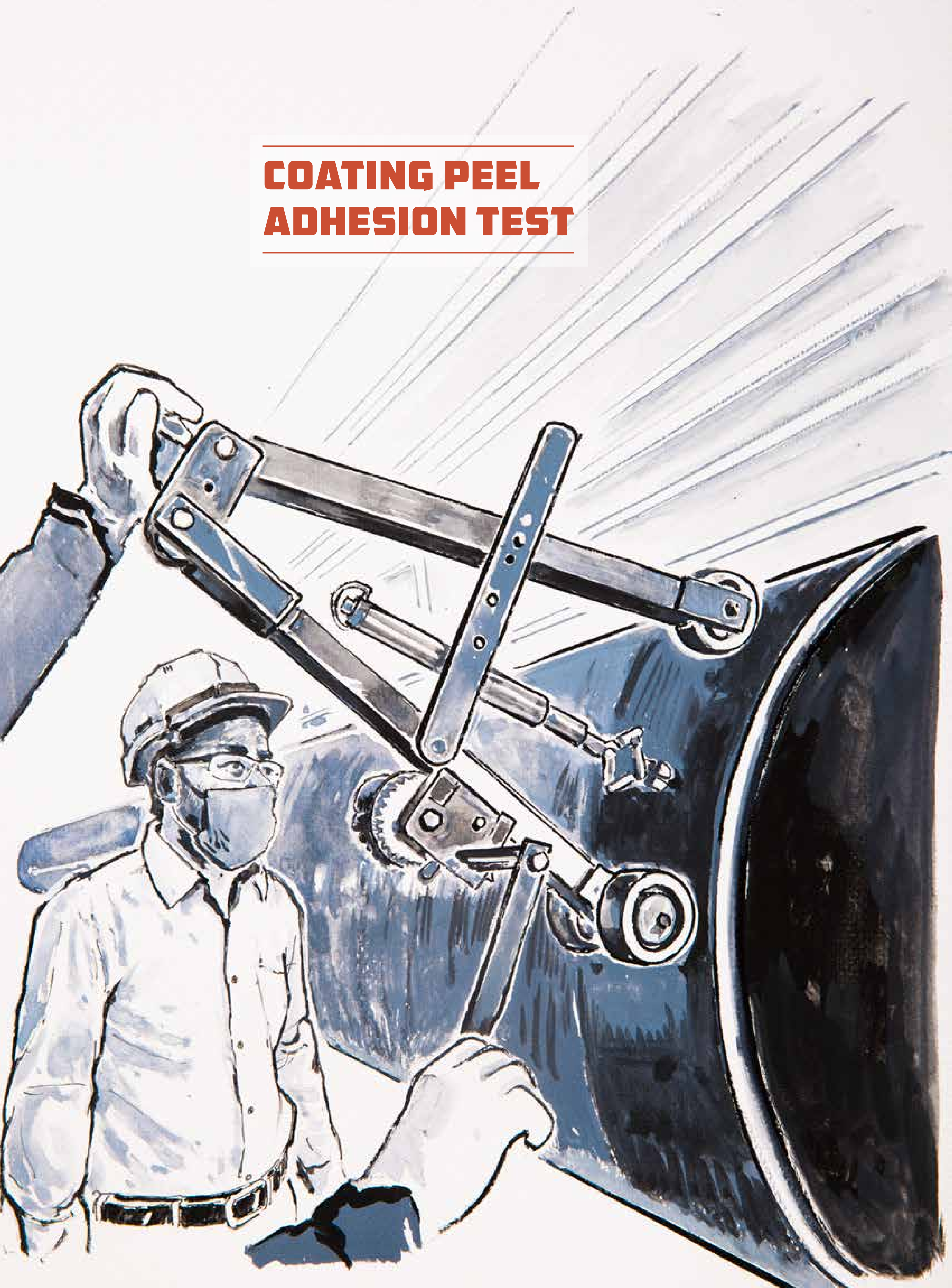
MANAGING CONFLICT OF INTEREST

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 "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.

COATING PEEL ADHESION TEST



CORPORATE STRATEGY

OUR FRAMEWORK FOR SUSTAINABLE VALUE CREATION

The objectives of our strategy, which is based on four perspectives, are a balanced product offering, technological leadership, talent acquisition and retention, and, a leading position in the market segments relevant to us, as well as agility, customer focus and community care.

In recent years, we have realigned our financial structure and have achieved the necessary flexibility to respond in the short term to developments and to expand or strengthen our offerings should opportunities arise. This is demonstrated by the expansion of our pipe manufacturing facility, which puts us in an even better position to capture infrastructure enhancement opportunities that will help build the country's energy and water infrastructure. We also successfully set up a steel melting and billet manufacturing plant with a vision to become a major contributor to Pakistan's construction sector by supplying high quality steel long products. We are continuing to be cautious and do not consider ourselves to be under pressure to achieve objectives for the sake of achievement alone. Creating value and strengthening our expertise are more important to us than size.

STRATEGIC DIMENSIONS FOR ENHANCING THE VALUE OF THE CORPORATION ON A SUSTAINABLE BASIS

Our strategy comprises four dimensions that complement one another and are geared toward sustainably creating value and ensuring the future viability of the company. Over the past three years, we have been able to achieve a few important interim objectives of our strategy.

For us, enhancing the value of the corporation on a long-term basis means sustainable, lasting success while taking into consideration the costs of capital. We want to sustainably increase the value of our Company for all our stakeholders – for our shareholders, employees and customers as well as for society as a whole. We believe that profitable growth should also be responsible growth and this approach lies at the heart of our business model.

To do this we have formulated strategic perspectives for different timeframes. The basis is our long-term vision: "To be the leader in every business we do, by delivering sustainable value to all stakeholders." Based on this vision, we are steering the Company with a medium-term strategy.

From this strategic vision, we formulate business strategies for our various business segments. Our Business Strategy Committee uses the Balanced Scorecard approach to set strategic direction and objectives under the following four perspectives:

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

In order to realize the corporate mission and vision, the Strategic Theme of the Company's action is ACT: Agility - Creativity – Tenacity

SUSTAINABILITY AND BUSINESS SUCCESS ARE TWO SIDES OF THE SAME COIN FOR US, AS WE HAVE ALREADY SHOWCASED IN NUMEROUS EXAMPLES IN OUR CORPORATE RESPONSIBILITY REPORT: CRESCENT STEEL IS SUSTAINABLY MANAGED

Our Company, our customers and our markets are subject to both long-term trends and short-term economic developments. Demographic change, urbanization, climate change and globalization are trends that entail major challenges for everyone around the world. At the same time, however, they offer tremendous business opportunities. We also consider economic development forecasts, observe our competitive environment and leverage our particular strengths as a multi business Company helping build Pakistan's energy and water infrastructure and, by remaining invested in Pakistan corporates to capture future growth and returns. To be viable, our strategy must be consistent with the values adopted by Crescent Steel.

We believe that the engineering sector will remain the engine for economic growth in Pakistan and our strategic focus is geared towards eventually developing a robust engineering sector portfolio.

CORPORATE STRATEGY

OUR FRAMEWORK FOR SUSTAINABLE VALUE CREATION

To enable our people to act on the vision and strategy, we close in on integrated set of objectives and measures, agreed by all business units. These objectives describe the long-term drivers of success for our business. Our Business Strategy Committee ensures that everyone understands the long-term goal of the Company and that departmental and individual goals remain aligned and clear.

Our operational strategy is centred on:

- Enhancing shareholders' value by producing reasonable and consistent returns
- Conservative, sound risk management
- Observing the law and all rules and regulations in letter and spirit
- Growing responsibly through business acquisitions and organic growth in engineering, energy, and food
- Leveraging cost and quality leadership to enhance customers' value
- Maintaining international standards of quality, safety and health
- Leveraging the information system for maximum and efficient business intelligence
- Retaining, developing and leveraging quality human talent
- Impact investments and giving back to the people we work with and the communities where we operate

Our business strategy focuses on the profitability of business segments. Going forward we will continue to work towards expanding our existing base (steel line pipes, line pipe coatings and other core assets) and work towards harvesting gains on strategic investments in power projects. 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 growth in this sector both locally and internationally.

In order to optimize our offerings, we have structured all new businesses as fully owned subsidiaries. The move is geared towards bringing independent focus to businesses, enhanced monitoring and evaluation, transparency and, fostering a culture of greater autonomy and accountability. This will not only enable us to effectively divest in underperforming segments but also to select and strengthen high performing 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 assets.

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 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 acquiring the right people and encouraging lifelong learning among our employees, 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.

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.

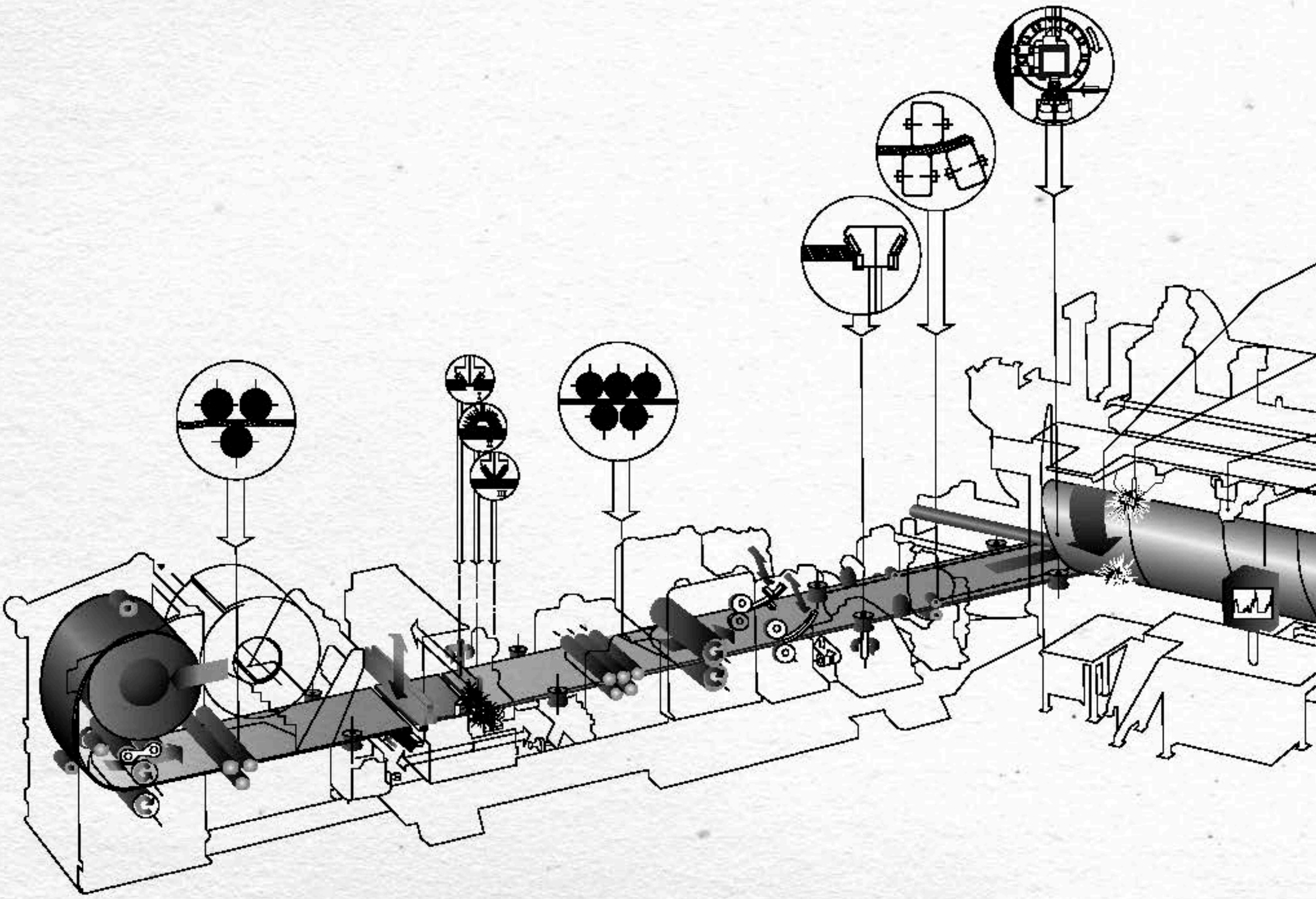
The operational strategy aims to continuously identify processes for improvement, strengthen supply chain management, expand supplier-base and improve risk management.

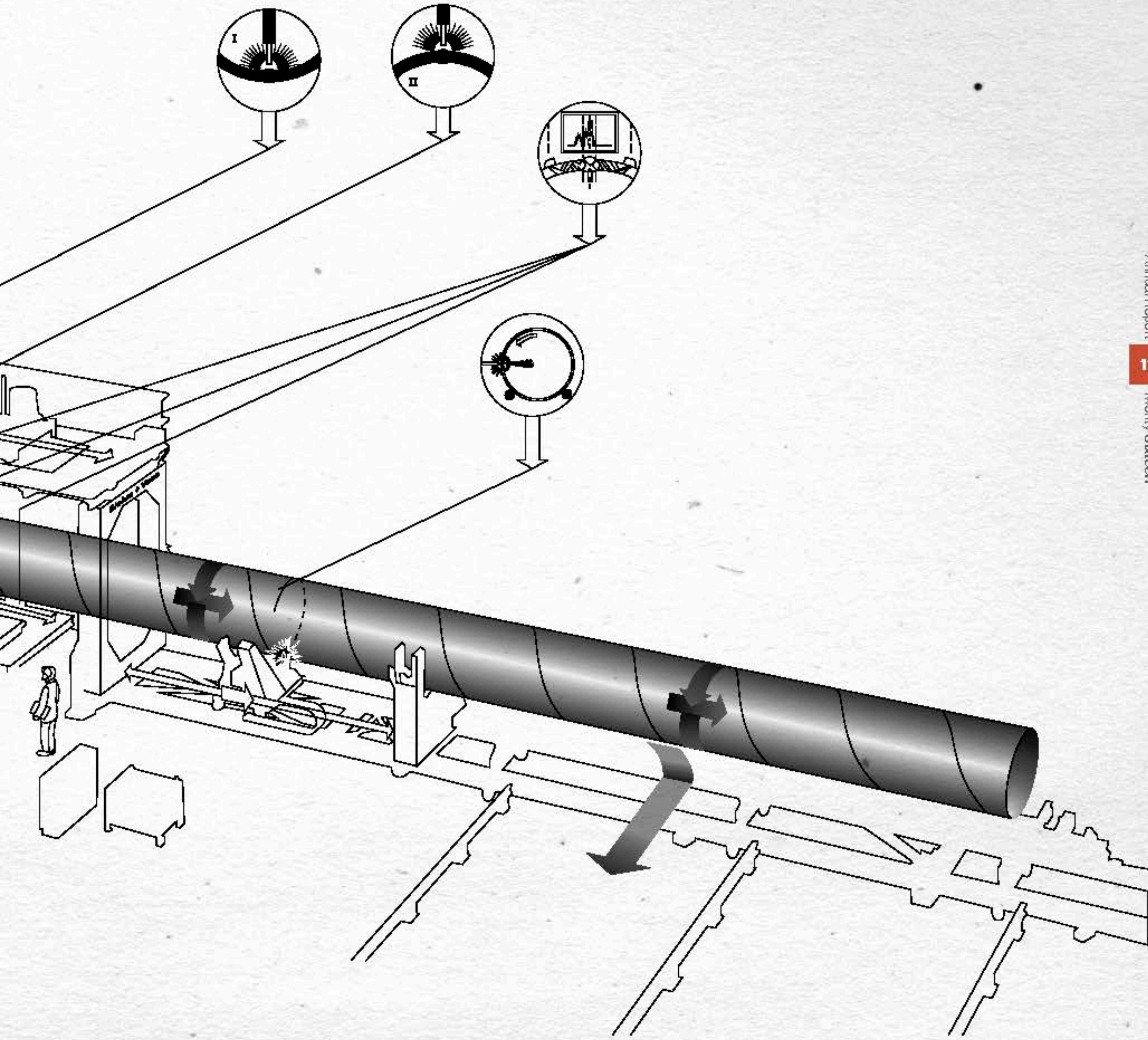
Our subsidiaries in the Energy sector (Shakarganj Energy (Private) Limited) and the Engineering sector (Crescent Hadeed (Private) Limited) commenced operations during FY 2016. Notwithstanding the apparent and limited opportunities available for expansion and diversification, our strategic thrust will be to expand in the engineering sector, organically as well as through acquisitions.

We continue to evaluate investments of long-term strategic importance, including projects: to invest in energy infrastructure of Pakistan; to reduce our energy dependency; to enhance our engineering sector operations; and to fund investments through our own cash flow and assets as liquidity requirements become increasingly vital to our operations.

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 world 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.

SPIRAL PIPE MILL SCHEMATIC

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II

OUR HISTORY (1983-2016)

1983

- Incorporation of Crescent Steel and Allied Products Limited*

1987

- Commercial Production
- Listing on Stock exchange
- API Certification accreditation

1989-1990

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

1991

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

1992

- First ever 3LPE coating project in Pakistan executed

1995-1996

- 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*

2001-2002

- 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

- Implementation of ERP and other IT related initiatives taken
- Testing facilities for our 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

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

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 Award 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 Award 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
- Machinery enhancement at Crescent Cotton Products
- 2nd Position – Best Corporate Report Award 2010

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
- Acknowledged among KSE - Top 25 Companies 2011
- BMR at Crescent Cotton Products
- 1st position for "Best Management and Decent Work Practices" by the Employers' Federation of Pakistan
- 2nd Position - Best Practices Award on OSH&E (Occupational Safety, Health) in 7th Employers' Federation of Pakistan
- 2nd Position – Best Corporate Report Award 2011

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
- BMR at Crescent Cotton Products
- Defined Crescent Core Values
- Launched Crescent Communications, an internal communication platform
- Developed a sustainability reporting framework
- 1st Position – Best Corporate Report Award 2012
- 2nd Prize – Corporate Excellence Award by Management Association of Pakistan

2014

- Ground breaking of Crescent Hadeed (Private) Limited
- 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 of Shakarganj Energy (Private) Limited
- 1st Position – Employer of the Year Award 2012
- 1st Position – 9th Best Practice Award on OSH&E 2013
- 2nd Position – Best Corporate Report Award 2013
- 3rd Best CEO Award 2013
- 4th Position – Best Sustainability Award 2013
- 5th Position – Corporate Philanthropy Awards 2012

2015

- Land allocated by Punjab Power Development Board to Solution de Energy (Private) Limited to establish solar power generation facility
- Commencement of commercial production of Shakarganj Energy (Private) Limited
- Installation of 7,680 compact attachments to enhance efficiency*
- Crescent Cotton Products registered as active member of Better Cotton Initiative (BCI)
- Received Karachi Stock Exchange Top 25 Companies Award for the years 2010, 2011 and 2013
- 1st Prize - Corporate Excellence Award by Management Association of Pakistan
- 2nd Position - Best Presented Annual Report Award 2013 by South Asian Federation of Accountants
- 3rd Position - 10th Best Practice Award on OSH&E 2014

2016

- Rights issued to finance expansion in the line pipe manufacturing unit by adding another SP Line
- Installation and commencement of operation by second SP Machine enhancing the installed capacity and product offering*
- Record production of 58,202 tons of Mixed-dia bare pipe and coating of 590,738 square meters
- Installation of Condensing extraction steam turbine generator of 16.5 MW at Shakarganj Energy (Private) Limited for off-season electricity generation
- Commencement of commercial production at Crescent Hadeed (Private) Limited
- 1st in the Diversified Holdings Sector - South Asian Federation of Accountants's Best Presented Annual Report Awards 2014
- 3rd position in the Engineering Sector and 2nd position for Sustainability Report - Best Corporate and Sustainability Report Awards 2014 (ICAP and ICMAP)
- 2nd in the category of Human Resource Development - Employer's Federation of Pakistan's 3rd Employer of the Year Award 2014

* *Highlights denote diversification into new business, major expansion in existing units and landmark achievements*

COMPANY INFORMATION

BOARD OF DIRECTORS

Ahmad Waqar
Chairman, Non-Executive Director (Independent)

Ahsan M. Saleem
Chief Executive Officer and Managing Director

Farrukh V. Junaidy
Non-Executive Director (Independent) NIT Nominee

Nasir Shafi
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)

Farrukh V. Junaidy
Member, Non-Executive Director (Independent)

Nasir Shafi
Member, Non-Executive Director

S.M. Ehtishamullah
Member, Non-Executive Director

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Zahid Bashir
Chairman, Non-Executive Director

Nasir Shafi
Member, Non-Executive Director

S.M. Ehtishamullah
Member, Non-Executive Director

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

GOVERNANCE AND EVALUATION COMMITTEE

Ahmad Waqar
Chairman, Non-Executive Director (Independent)

Ahsan M. Saleem
Member, Chief Executive Officer

Zahid Bashir
Member, Non-Executive Director

THE MANAGEMENT

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

Muhammad Saad Thaniana – 2007*
Chief Financial Officer and CEO Shakarganj Energy (Private) Limited

Abdul Rouf – 2000*
BU Head – Cotton Division

Arif Raza – 1985*
BU Head – Steel Division

Ehsan Durrani – 2008*
Human Resource Advisor

Hajerah A. Saleem – 2012*
BU Head - Investments and Infrastructure Development Division and Head of Corporate Affairs

Hasan Altaf Saleem – 2010*
Resident Director (CCP)

Iqbal Abdulla – 2014*
IT Advisor

Iqbal Zafar Siddiqui – 2008*
Head of Supply Chain and CEO of Crescent Hadeed (Private) Limited

Mushtaque Ahmed – 1985*
Head of Manufacturing – Steel Division

STOCK EXCHANGE LISTING

Crescent Steel and Allied Products Limited is a listed Company and its shares are traded on the Pakistan Stock Exchange. The Company's shares are quoted in leading dailies under the Engineering Sector with symbol 'CSAP'.

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.
Tel: +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.
Tel: +92 42 3517 0336-37
Fax: +92 42 3517 0338
Email: info@corptec.com.pk

** Year of joining*
Disclaimer: Other than the position of Chiarman and CEO, listings are in alphabetical order.

PRODUCTS

STEEL DIVISION

Manufacturer of DSAW steel line pipes in diameters ranging from 8" to 120" 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/synthetic yarn of various counts from 10/s to 31/s, including compact, slub and siro yarn.

ANNUAL GENERAL MEETING

The 32nd Annual General Meeting of Crescent Steel and Allied Products Limited will be held on 30th September 2016 at Qasr-e-Noor, 9 E-2, Main Boulevard, Gulberg-III, Lahore.

AUDITORS

KPMG Taseer Hadi & Co.

LEGAL ADVISOR

Hassan and Hassan, Advocates, Lahore
A.K. Brohi & Co., Advocates, Karachi

BANKERS

Al-Baraka Bank Pakistan Limited (Islamic Window)
Allied Bank Limited
BankIslami Pakistan Limited (Islamic Window)
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial and Commercial Bank of China
MCB Bank Limited
National Bank of Pakistan
Summit Bank Limited

REGISTERED OFFICE

10th Floor, BOP Tower, 10-B, Block E-2, Main Boulevard, Gulberg-III, Lahore.
Tel: +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.
Tel: +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.
Tel: +92 21 3567 4881-85
Fax: +92 21 3568 0476
Email: info@crescent.com.pk

STEEL DIVISION

PIPE AND COATING PLANTS

A/25, S.I.T.E., Nooriabad, District Jamshoro, Sindh-73090.
Tel: +92 25 4670 020-22
+92 25 4670 055
Email: arif.raza@crescent.com.pk

SHAKARGANJ ENGINEERING

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

CRESCENT HADEED (PRIVATE) LIMITED

59 Kilometer, Jhang Sargodha Road, Bhone, District Jhang
Tel: +92 48 6889210 – 12
Email: iqbal.siddiqui@crescent.com.pk

COTTON DIVISION

CRESCENT COTTON PRODUCTS

1st Mile, Lahore Road, Jaranwala, District Faisalabad,
Tel: +92 41 4318 061-65
Fax: +92 41 4318 066
Email: abdul.rouf@crescent.com.pk

POWER PLANT

SHAKARGANJ ENERGY (PRIVATE) LIMITED

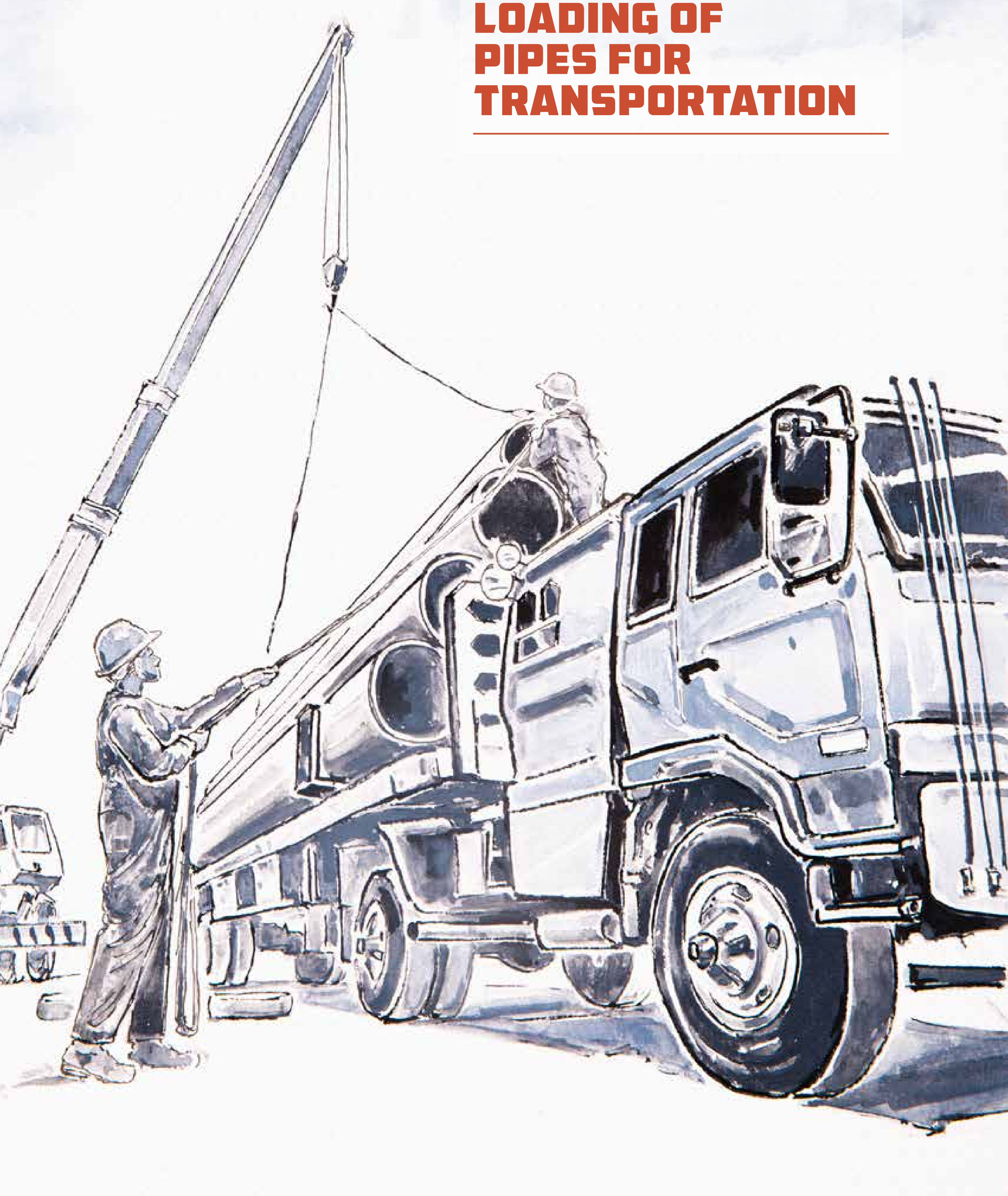
57 Kilometer, Jhang Sargodha Road, Bhone, District Jhang.
Tel: +92 48 6889 210 - 12

CORPORATE WEBSITE

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

For Annual Report for the year ended 30 June 2016, go to:
www.crescent.com.pk/annual-report-2016-june/
or scan QR code

LOADING OF PIPES FOR TRANSPORTATION



YEAR IN BRIEF

PERFORMANCE

- The Company's after tax profit and EPS for the year stood at Rs. 967.1 million and Rs. 12.97 respectively. Based on the performance, the Board has recommended final cash dividend of 20% amounting to Rs. 155.3 million (i.e. Rs. 2 per share) for the year. This is in addition to the first and second interim cash dividends of Rs. 1.5/- per share each (i.e. 15% each) which make a total cash distribution of Rs. 5 per share (i.e. 50%) for the year ended 30 June 2016.

- Sales revenue and gross profit of the Company were higher by 252.7% and 6,495.0% respectively, compared to last year.

- Break-up value per share increased to Rs. 74.8 from Rs. 65.2 as at 30 June 2015 in separate financial statements and to Rs. 94.3 from Rs. 86.8 in consolidated financial statements.

- The Company's share of profits from associates (consolidated financial statements) amounted to Rs. 347.1 million.

- Record production of 58,202 tons of Mixed-dia bare pipe and coating of 590,738 square meters.

DEVELOPMENTS

- Commencement of commercial production at Crescent Hadeed (Private) Limited.

- Installation and commencement of operation by second SP Machine/Line.

- Installation of Condensing extraction steam turbine generator of 16.5 MW at Shakarganj Energy (Private) Limited.

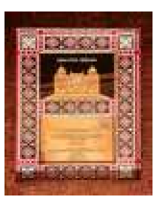
- Shifting of operations from 100% cotton to synthetic blends Crescent Cotton.

- Issued rights to finance capacity expansion and working capital requirement.

AWARDS AND ACCOLADES

SAFA'S BEST PRESENTED ANNUAL REPORT AWARDS 2014

Crescent Steel was ranked first in the Diversified Holdings Sector by South Asian Federation of Accountants (SAFA) under the 'Best Presented Annual Report Awards'.



EMPLOYER'S FEDERATION OF PAKISTAN'S 3RD EMPLOYER OF THE YEAR AWARD 2014

Crescent Steel ranked second in the category of Large Companies for the Best Enterprise for Human Resource Development by Employer's Federation of Pakistan.

CORPORATE REPORT AWARDS 2014 (ICAP AND ICMAP)

The Annual Report of the Company for the year 2014 secured third position in the Engineering Sector of Best Corporate and Sustainability Report Awards 2014.

SUSTAINABILITY REPORT AWARDS 2014 (ICAP AND ICMAP)

Our Sustainability Report for the year 2014 secured second position in the Best Corporate and Sustainability Report Awards 2014.

COMPANY PROFILE

Crescent Steel and Allied Products Limited is a Conglomerate corporation listed on the Pakistan Stock Exchange as 'CSAP'. Starting commercial operations with a pipe manufacturing facility in March 1987, today the company operates businesses in four defined sectors – engineering, textiles, capital markets and power – spread over six campuses in Pakistan. The Company operates three divisions and three wholly owned subsidiaries.

STEEL DIVISION – SPIRAL PIPE PRODUCTION LINE, PIPE COATINGS AND FABRICATION

The Company's Steel Division operates two Spiral Pipe production lines and a Coating line located at Nooriabad. The Steel Division also operates an engineering unit located in Faisalabad, capable of fabricating and erecting reliable machinery at par with international standards.

The Spiral Pipe Plant has the capability of manufacturing high quality steel pipes in the diameter range of 8" – 120" (219 mm – 3,048 mm) in wall thickness from 4 mm – 25 mm and material grades up to API 5L X-100. During the year, a second SP line was installed taking the unit's pipe production capacity to 200,000 tonnes per annum. The unit has authorization to use API monogram of the American Petroleum Institute (API) – the highest international standard accredited for quality of steel line pipe and also continues to retain the ISO 9001 certification. In addition, Crescent Steel is the first Pakistani company to acquire oil and gas industry specific ISO/TS 29001, Quality Management System Certification from API which it continues to retain.

The Coating Plant is capable of applying various flow efficient and corrosion protection coatings such as Multi-Layer Polyolefin and Polypropylene 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), tape coatings on pipe diameter above 60" (1,524 mm) and internal epoxy coatings on diameters ranging from 8" – 60" (219 mm – 1,524 mm).

The division's engineering unit is engaged in fabrication and erection of machinery at par with international standards and designs, especially for sugar and cement industry. The unit specialises in the manufacture and supply of boilers, cane shredders, 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. This ability was leveraged in the commissioning of our steel melting and billet manufacturing unit with the engineering unit supplying key infrastructure and equipment to the plant including the overhead crane.

COTTON DIVISION – COTTON YARN SPINNING UNIT

The Cotton Division comprises of one spinning unit with 19,680 spindles and is located in Jaranwala. The unit operating as ''Crescent Cotton Products" (CCP), has a daily production capacity of 385 Bags of high quality cotton/synthetic carded yarn, in counts ranging from 10s to 31s.

CCP is a division of the company but its operating results are shown separately, CCP as a division holds ISO 9001 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 quality cotton/synthetic yarn with value addition of Slub, Siro and Compact Attachments. CCP is equipped modern high-tech European and Japanese machinery ensuring a high-quality yarn making process, producing various counts from 10s to 31s and has a notional capacity (based on 20s) of 6.36 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, while real estate investments are held for rental as well as long term appreciation.

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

The company operates as a fully owned subsidiary of Crescent Steel and Allied Products Limited and its primary business is to generate, accumulate, distribute, sell and supply electricity to Crescent Hadeed and to distribution companies, as permitted.

Equipped with a 15MW a co-generation, bagasse fired thermal generation power plant at Bhone, Punjab, the unit commenced commercial operations in December 2014. The generation plant uses bagasse in the combustion process to produce power and process steam. During the year a condensing and extraction turbine was installed at the unit to process steam in off season periods and ensure a steady supply to Crescent Hadeed throughout the year.

SOLUTION DE ENERGY (PRIVATE) LIMITED

Solution de Energy (Private) Limited was incorporated in Pakistan in October 2013 as a fully owned subsidiary of Shakarganj Energy (Private) Limited. The principal activity of the company is to build, own, operate and maintain 100MW solar power project.

CRESCENT HADEED (PRIVATE) LIMITED

Crescent Hadeed a wholly owned subsidiary of Crescent Steel and Allied Products Limited was incorporated in May 2013 to cater to the growing demand of steel products is in line with our vision to organically expand in the steel long products business, the unit's annual production capacity today stands at 42,000 MT of steel billets in various sizes and a standard length of 6 meters.

The billets manufactured at our facility will be used by re-rolling mills to manufacture bars and other steel long products for use in the construction and engineering sectors.

The trial production was conducted in two phases; January to February and April to May 2016. During the trial production, electricity was provided by Shakarganj Energy (Private) Limited. Successfully concluding the trail phase, CHL is in commercial production since 1st June 2016.

BOARD OF DIRECTORS

AHMAD WAQAR, 67

Joined Board: 30 January 2012

Chairman (Non-Executive, Independent)

Masters in English Literature, MBA (Finance)

OTHER ENGAGEMENTS:

Principal Advisor to Chairman – Petroleum Exploration Limited (PEL)

PAST ENGAGEMENTS:

Secretary – Revenue Division/Chairman FBR, Investment Division/Board of Investment, Finance Division, Ministry of Petroleum and Natural Resources, Privatization Commission/Additional Secretary Incharge, Ministry of Privatization Commission
Chairman – Saindak Metals (Private) Limited, Pakistan Mineral Development Corporation, Government Holdings (Private) Limited
Director/Member – State Bank of Pakistan, United Bank Limited, Habib Bank Limited Pak-Kuwait Investment Company, Pakistan Telecommunication Company Limited, Pakistan International Airline, Hydro Carbon Institute of Pakistan, Development Institute of Pakistan, Pakistan Electronic Media Regulatory Authority, Private Power Infrastructure Board, Overseas Pakistanis Foundation, Ufone
Deputy Auditor General – Government of Pakistan
Member Finance – Capital Development Authority
Chief Accounts Officer – Pakistan Telecommunication Company Limited
Deputy Secretary – Cabinet Division
Controller/Joint Controller/Deputy Controller/Assistant Controller – Military Accounts

AHSAN M. SALEEM, 63

Joined Board: 01 August 1983

Chief Executive Officer and Managing Director

Masters in Economics

OTHER ENGAGEMENTS:

Chairman – Commecs Institute of Business and Emerging Sciences
Director – Central Depository Company of Pakistan Limited (CDC), CDC Trustee Company Limited, The Citizens Foundation, Pakistan Centre for Philanthropy
Managing Trustee – Commecs Educational Trust

PAST ENGAGEMENTS:

Chief Executive – Shakarganj Limited

FARRUKH V. JUNAIDY, 57

Joined Board: 29 January 2015

Director (Non-Executive, Independent)

FCA

OTHER ENGAGEMENTS:

Senior Partner – Junaidy Shoaib Asad Chartered Accountants

PAST ENGAGEMENTS:

Director – Karachi Stock Exchange, National Clearing Company of Pakistan
Group Chief Financial Officer – Dewan Mushtaq Group
Partner – KPMG Pakistan
Company Secretary and Senior Vice President – Ghandhara Leasing Company Limited
Vice President – ICAP

NASIR SHAFI, 67

Joined Board: 01 August 1983

Director (Non-Executive)

MBA

OTHER ENGAGEMENTS:

Chief Executive Officer – Crescent Bahuman Limited

PAST ENGAGEMENTS:

Director – The Crescent Textile Mills Limited

S.M. EHTISHAMULLAH, 77

Joined Board: 30 January 2000

Director (Non-Executive)

FCA

PAST ENGAGEMENTS:

Director – Agriauto Industries Limited, Al-Ghazi Tractors Limited, Crescent Leasing Corporation Limited, Hinopak Motors Limited

SYED ZAHID HUSSAIN, 71

Joined Board: 01 September 2010

Director (Non-Executive, Independent)

B.Sc, LLB, MA

OTHER ENGAGEMENTS:

Director – Nishat Mills Limited, Pakistan LNG Terminal Limited

PAST ENGAGEMENTS:

Chairman – Pakistan Industrial Development Corporation, State Cement Corporation of Pakistan, State Petroleum Refining & Petrochemical Corporation (Private) Limited, Oil & Gas Development Company Limited
Managing Director – Indus Steel Pipes Limited, Sindh Engineering Limited (Mazda Automobiles)
High Commissioner / Ambassador – Kenya*

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

ZAHID BASHIR, 71

Joined Board: 01 August 1983

Director (Non-Executive)

MBA

OTHER ENGAGEMENTS:

Chairman – Equity Textile Mills Limited, Mohammad Amin Mohammad Bashir Limited, Premier Financial Services (Private) Limited, Premier Insurance Limited
Director – Crescent Powertec Limited, Ahsan Associates (Private) Limited, Amin Bashir C.G.P.F and Oil Mills (Private) Limited

MUHAMMAD SAAD THANIANA, 48

Company Secretary and Chief Financial Officer

FCA, ACMA, Certified Director of Corporate Governance from PICG

OTHER ENGAGEMENTS:

Chief Executive Officer – Shakarganj Energy (Private) Limited, Solution de Energy (Private) Limited
Director – CS Capital (Private) Limited, Crescent Hadeed (Private) Limited, Shakarganj Food Products Limited

BOARD OF DIRECTORS AND ITS COMMITTEES

THE BOARD

The Company has a unitary board structure consisting of seven directors of which three are independent. The Chief Executive Officer is the only executive director on the Board. Crescent gives due consideration to the qualifications and expertise of individuals when deciding on the Board's composition to ensure a vast range of expertise and experience is represented on the Board in the best interest of stakeholders and the Company.

The Board has formulated policies which it reviews on periodic basis including risk management, procurement of fixed assets, goods and services, investments, borrowings, donations, charitable giving and contributions, whistle blowing, delegation of financial authority, transactions with related parties and transfer pricing, provision for slow moving stores and spares and impairment of assets, Board charter etc. and such policies are implemented and monitored through delegation of duties to three standing committees of the Board: The Audit, Human Resource and Remuneration, and Governance and Evaluation Committees.

COMMITTEES OF THE BOARD

AUDIT

The Committee comprises of four 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.
- Frequency of meetings: atleast once in every quarter to approve periodic accounts.

HUMAN RESOURCE AND REMUNERATION

The Committee comprises of four members who are Non-Executive Directors. 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.
- Frequency of meetings: atleast once a year.

GOVERNANCE AND EVALUATION

The Committee comprises of two Non-Executive Directors and Executive Director 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.
- Frequency of meetings: atleast once a year.

ATTENDANCE IN BOARD AND COMMITTEE MEETINGS

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. Ahmad Waqar	7	7	-	-	-	-	2	2
Mr. Farrukh V. Junaidy	7	5	5	3	-	-	-	-
Mr. Khurram Mazhar Karim*	4	1	3	-	-	-	-	-
Mr. Nasir Shafi**	7	6	1	1	2	1	-	-
Mr. S.M. Ehtishamullah	7	3	5	3	2	1	-	-
Mr. Syed Zahid Hussain	7	7	5	5	2	2	-	-
Mr. Zahid Bashir	7	4	-	-	2	2	2	1
EXECUTIVE DIRECTOR								
Mr. Ahsan M. Saleem	7	7	-	-	-	-	2	2

* Resigned from Board on 28th January 2016
** Joined Audit Committee on 28th April, 2016

MANAGEMENT COMMITTEES

MANAGEMENT COMMITTEE

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

The Committee devises long-term policies and vision for the Company with the sole objective for providing the best returns to shareholders by optimally allocating existing resources. The Committee is also responsible for reviewing the Company's operations on regular basis, establishing and ensuring adequacy of internal controls and, monitoring compliance of key policies. The Management Committee meets on a quarterly basis. Terms of reference of the committee include the following:

- To 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,
- 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, and
- Analyse 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:

- To prepare, approve and recommend to the Board a framework of business strategy,
- 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., and
- 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
Iqbal Abdulla
Muhammad Saad Thaniana

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:

- To 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 the company,
- 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, and
- 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:
- To determine the sector wise weightage of the portfolio based on market condition,
- Assess and monitor the risk associated to the portfolio, and
- 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
Arif Raza
Hajerah A. Saleem
Hasan Altaf Saleem

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:

- To 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, and
- 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 Auditors and the External Auditors attend Audit Committee meetings by invitation. The Committee meets with the Internal Auditors and the External Auditors with and without the presence of CEO and CFO.

The Audit Committee has concluded its annual review of the conduct and operations of the Company during the financial year ended 30 June 2016, and reports that:

- Five meetings of the Audit Committee were held during the financial year ended 30 June 2016 which were 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 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. All core and other applicable International Accounting Standards were followed in preparation of financial statements of the Company and consolidated financial statements for the financial year ended 30 June 2016, 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 consolidated and unconsolidated financial statements of the company along with 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 shareholder needs.
- The Audit Committee has reviewed and approved all related party transactions.
- No cases of complaints regarding accounting, internal controls, audit matters or Whistle Blowing events 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.

- 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 monitored 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 has carried 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 with 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 the financial year 2016-17.
- 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 engagement of the "Unconsolidated Financial Statements", the "Consolidated Financial Statements" and the "Statement of Compliance with the Code of Corporate Governance" for the financial year ended 30 June 2016.
- The Auditors have been allowed direct access to the Audit Committee and the effectiveness, independence and objectivity of the Auditors has thereby been ensured.
- The Audit Committee has reviewed and discussed Audit observations with the external auditors for year ended 30 June 2016. Moreover, during the year Management letter for year ended 30 June 2015 was received within 45 days of the date of the Auditors' Report on financial statements as required under the PSX Rule Book; and the Audit Committee reviewed and discussed Management letter with the external auditors and the management.
- 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 the year 2016-17 be proposed at the forthcoming Annual General Meeting.

By order of the Audit Committee

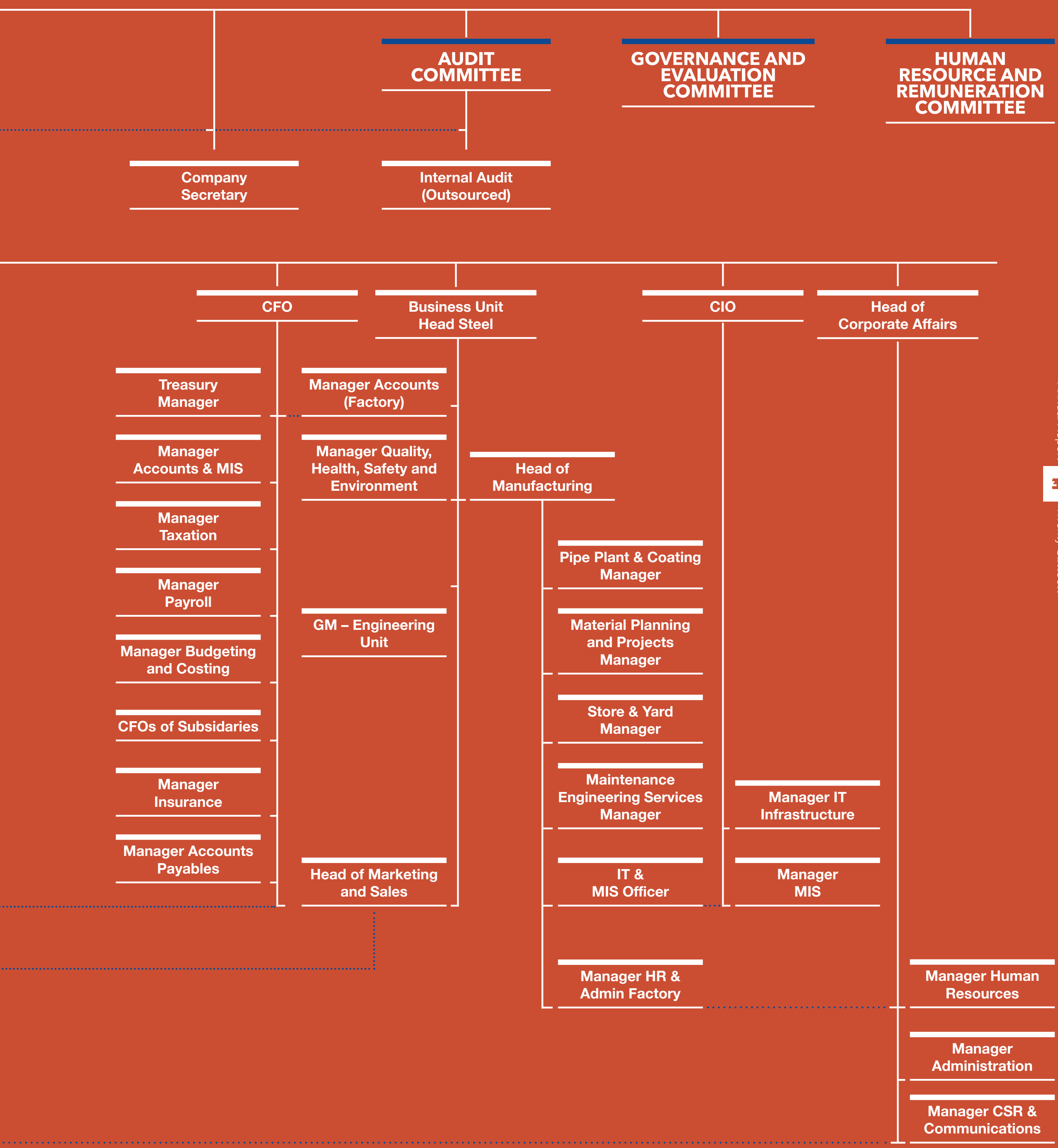
Syed Zahid Hussain
Chairman, Audit Committee
15 August 2016

STRUCTURE OF THE COMPANY

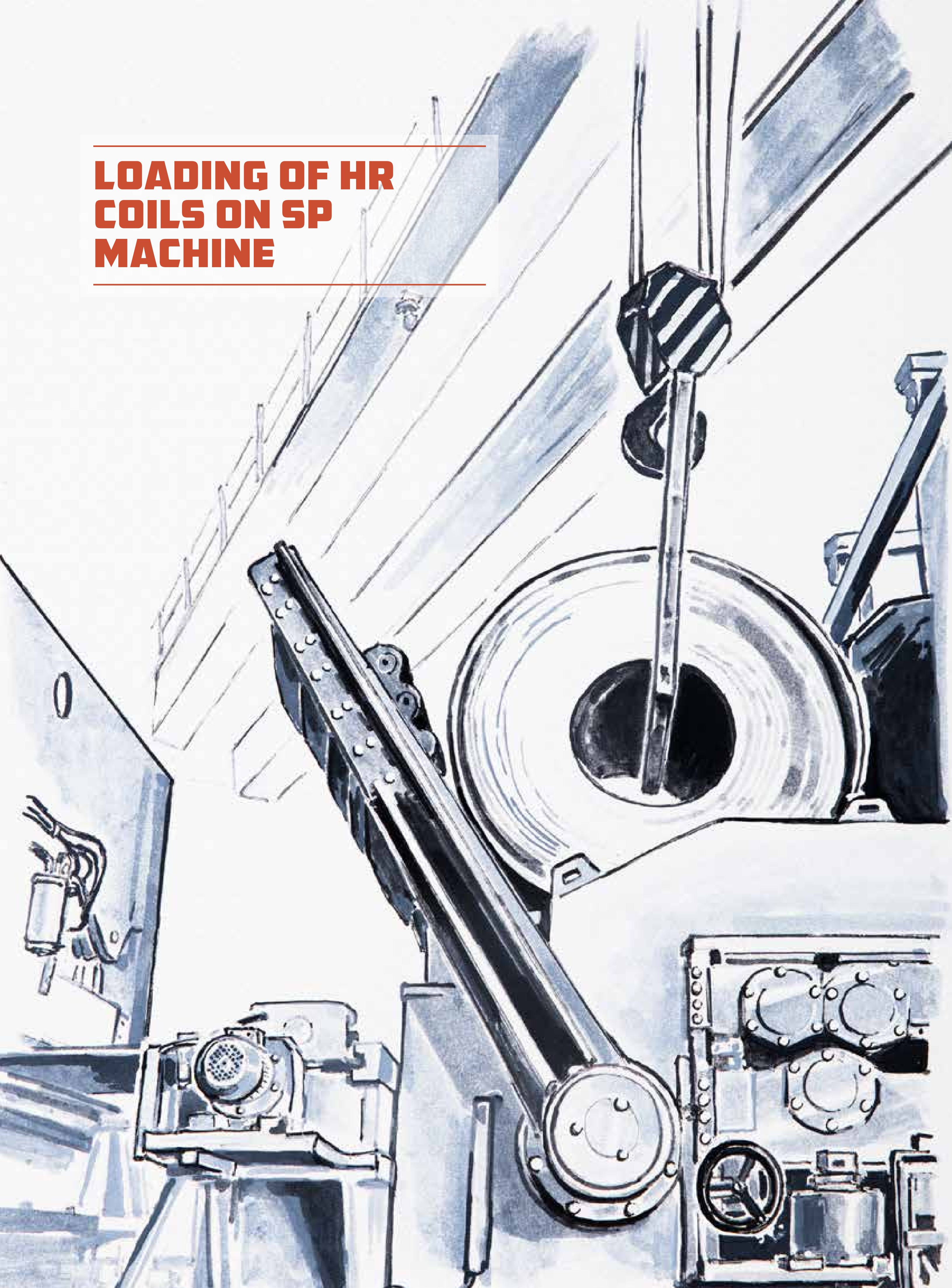
- **BOARD OF DIRECTORS**
  - **GROUP CEO**
    - Resident Director
    - Business Analyst / Business Development Manager
    - Group Management Committees
    - Ceo Secretariat
    - CEO of Subsidiaries
      - CS Capital (Private) Limited
      - Shakarganj Energy (Private) Limited
      - Crescent Hadeed (Private) Limited
    - Head of Risk & Compliance
    - Business Unit Head - IID
      - Projects and Infrastructure Manager
      - Back Office Manager
      - Portfolio Manager
    - Business Unit Head - Cotton
      - Mills Manager
      - Electrical Engineer
      - Power House Incharge
      - Spinning Manager QA
      - IT & MIS Officer
      - Manager Accounts (Factory)
      - Stores Manager
      - Manager Human Resource & Administration
    - Head of Supply Chain
      - Manger Supply Chain
        - Assistant Manager Supply Chain (Local Purchase)
        - Assistant Manager Supply Chain (Imports & Logistics)

GROUP MANAGEMENT COMMITTEES:

- Executive Committee
- Business Strategy Committee
- IT Steering Committee
- Investment Committee
- Social Inestments & CSR Committee
- Budget Committee
- Capital Assets Committee
- HSE Council
- Tender Committee
- Website Committee



LOADING OF HR COILS ON SP MACHINE



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 2016.

OPERATING RESULTS

The financial results of the Company are summarized below:

Rupees in '000		2016	2015
Profit for the year before taxation		1,315,573	62,771
Taxation (charge) / reversal		(348,437)	43,651
Profit after taxation		967,136	106,422
Total other comprehensive income for the year		184,301	30,002
Unappropriated profit brought forward		488,642	445,377
Profit available for appropriation		1,640,079	581,801
Appropriations:			
- Final dividend	2014 - @ 15%	–	(93,159)
- Final dividend	2015 - @ 7%	(43,475)	–
- First interim dividend	2016 - @ 15%	(116,449)	–
- Second interim dividend	2016 - @ 15%	(116,449)	–
		(276,373)	(93,159)
Transfer to general reserve		-	-
Unappropriated profit carried forward		1,363,706	488,642
Basic and diluted earnings per share		Rs. 12.97	Rs. 1.53

The Board of Directors of the Company in their meeting held on 15th August 2016 have proposed a final cash dividend for the year ended 30 June 2016 of Rs. 2 per share (i.e. 20%) (2015: Rs. 0.7 per share) amounting to Rs. 155.265 million. This is in addition to the first and second interim cash dividends of Rs. 1.5/- per share each (i.e. 15% each) already distributed and recorded in these financial statements; which make a total cash distribution of Rs. 5 per share (i.e. 50%) for the year ended 30 June 2016. The Board has also proposed an appropriation of Rs. 1,000 million (2015: Nil) from unappropriated profits in the general reserve.

The proposed final cash dividend is subject to the approval of the members at the Annual General Meeting to be held on 30th September 2016. 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 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 and departure therefrom has been adequately disclosed and explained, if any.
- 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 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 2016 were 891 (2015: 360).
- 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. 188.9 million	31 December 2014
Gratuity Fund	Rs. 113.2 million	31 December 2014
Pension Fund	Rs. 320.8 million	31 December 2013
CCP Provident Fund	Rs. 27.0 million	30 June 2015

- During the year seven meetings of Board of Directors and five meetings of Audit Committee were held whereas two meetings, each of Governance and Evaluation Committee and Human Resource and Remuneration Committee were convened.

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. During the year pursuant to the allotment of right shares the following persons have acquired the shares of the company:

NAME OF SHAREHOLDER	NATURE	NO. OF SHARES
Ahsan M. Saleem	CEO	110,616
Shahnaz A. Saleem	CEO's Spouse	130,117
Khurram Mazhar Karim	*Director	1,323
S.M. Ehtishamullah	Director	6,299
Zahid Bashir	Director	21,522
Arif Raza	Executive	7,101
Iqbal Zafar Siddiqui	Executive	4,000
Mushtaque Ahmed	Executive	4,880
Abdul Rouf	Executive	4,000
Hajerah Ahsan Saleem	Executive	9,010
Hasan Altaf Saleem	Executive	6,755
Muhammad Saad Thaniana (CFO & Company Secretary)	Executive	4,000
Mohammad Fahad (Head of Internal Audit)	Executive	1,500
Crescent Textile Mills Limited	Substantial Shareholder	1,707,660

The aforesaid information was also disclosed to Pakistan Stock Exchange (PSX) and Securities and Exchange Commission of Pakistan (SECP) in accordance with the provisions of PSX Rule Book and Securities Act, 2015. Other than that no trading in the shares of the Company was carried out by any other Director, the Chief Executive Officer, the Chief Financial Officer, the Company Secretary, Executives and their spouses and minor children.

* Resigned on 28th January, 2016.

DIRECTORS

During the year, a casual vacancy in the Board of Directors arose due to the resignation of Mr. Khurram Mazhar Karim with effect from 28th January, 2016. Mr. Ahsan M. Saleem, who was a deemed director by virtue of being a Chief Executive, was appointed as Director of the Company to fill in this casual vacancy. Mr. Khurram Mazhar Karim was also a member of Board audit committee of Crescent Steel and Allied Products Limited and pursuant to his resignation from board, Mr. Nasir Shafi was appointed as a member in the aforesaid committee.

PERFORMANCE EVALUATION OF BOARD OF DIRECTORS AND ITS COMMITTEES

Governance and Evaluation Committee has assessed the performance of Board of Directors and its committees based on the established mechanism of self-assessment by the individual Board or committee members as the case may be. The above mechanism was approved by the Board on the recommendation of Governance and Evaluation Committee.

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
- Impact on Society

Subsequently, on the recommendation of the Committee, this was approved by the Board after their review.

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

During the year ended 30 June 2016, the Board of Directors has revised the remuneration of Mr. Ahsan M. Saleem, Chief Executive Officer from Rs. 950,000 to Rs. 1,200,000 per month effective from 1st January, 2016. There was no change in other terms and conditions of his appointment.

Mr. Ahsan M. Saleem is a director of the Company in addition to being a Chief Executive, and is considered as interested in the aforesaid revision of his terms of appointment.

FINANCIAL STATEMENTS

As required under clause 5.19.14(a) of PSX Rule Book, the Chief Executive Officer and Chief Financial Officer presented 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, authorized 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 the 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 2016 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 Pakistan Stock Exchange (PSX) Rule Book.

By order of the Board

Ahsan M. Saleem

Ahsan M. Saleem
Chief Executive Officer
15 August 2016

CHIEF EXECUTIVE'S REVIEW

Despite financial year 2016 being an exceptionally challenging one for some of our businesses, it was also an exceptionally rewarding one for our core business of line pipe manufacturing. Gas pipeline capacity augmentation projects pushed up demand for line pipes and we captured a meaningful part of the business. We closed the year with record line pipe production and profits and progressed well on our group expansion projects. Before getting into the details, including our financial performance and the important steps we are taking to become better, I would like to share a few observations about the outgoing fiscal year.

Ahsan M. Saleem
Chief Executive Officer

Over the past 12 months, I met with many of our shareholders, customers and key stakeholders. These interactions made it clear that Crescent Steel is widely viewed as having a strong industry position with excellent opportunities for growth. Our strategy is clear and well understood. Our customers appreciate the knowledge, expertise and commitment of our people and there is great pride in being in a position to contribute to Pakistan's energy and water infrastructure landscape as the most reliable line pipe manufacturer in Pakistan.

I am proud of the commitment and hard work of my team and colleagues across the group in face of a highly challenging and volatile operating environment. It is a pleasure to present the annual report of your Company along with audited unconsolidated and consolidated financial statements for the year ended 30 June 2016.

EPS FY16
RS. 12.97

SALES
RS. 7.4
BILLION

7.3% of the net profit as Community Care

ECONOMIC AND DEVELOPMENT OUTLOOK

Located at the crossroads of South Asia, Central Asia, China and the Middle East - at the fulcrum of a regional market with a vast population, large and diverse resources, and untapped potential for trade - Pakistan has important strategic geopolitical advantage and development potential. The increasing working-age population provides the country with a potential demographic dividend but also with the critical challenge to provide adequate services and jobs. Pakistan faces significant economic, governance and security challenges to achieve durable development outcomes. The lack of reliable energy and water infrastructure, a largely uneducated workforce, persistence of conflict in the border areas and security challenges throughout the country affect all aspects of life in Pakistan and impedes development and economic growth. An educated Pakistan, sustainable and reliable energy and water infrastructure alongside improved security is critical to economic growth in Pakistan.

On the back of low and stable international oil prices, falling commodity prices and steady implementation of its reforms program for increased energy availability and improved security conditions, economic conditions have improved leading rating agencies and capital markets to improve their outlook for Pakistan. Inflation hit a 15 year low averaging 2.86 percent during FY16, enabling the Central Bank to cut policy rates by 75 bps to 5.75 percent. Growth is slowly recovering supported by a favourable slump in international oil prices and fast-growing remittances, with GDP growth accelerating to 4.7 percent in FY16 and expected to uptick to 4.8 percent in FY17 as per ADB estimates. The government however is targeting GDP growth for FY17 at 5.5%.

Industrial growth is accelerating on the back of higher activity in large-scale manufacturing and construction, the latter being driven primarily by initiation of China Pakistan Economic Corridor (CPEC) infrastructure and energy projects, dampening the effect of setbacks in the agricultural sector.

Going into FY17, we maintain a positive outlook on country performance given oil prices are expected to remain range bound over the next 12 months continuing to ease pressure on the balance of payments. Capital Markets are well positioned in terms of liquidity and expected to perform on the back of healthy corporate earnings in a low interest rate environment while further progress on planned reforms and activity under CPEC is expected to boost growth and yield results.

FINANCIAL AND OPERATIONAL PERFORMANCE

OVERALL FINANCIAL PERFORMANCE

During the year ended 30 June 2016 (FY16) the Company's pre-tax profits stood at Rs. 1,315.6 million (FY15: Rs. 62.7 million) with the Steel Division contributing a record Rs. 1,370.8 million (FY15: loss before tax (LBT): Rs. 81.4 million) in pre-tax profits. The after-tax profit increased to Rs. 967.1 million (FY15: Rs. 106.4) whereas earning per share (EPS) for the current year stood at Rs. 12.97 (FY:15 Rs. 1.53)

On Group basis [including the results of the wholly owned subsidiary companies CS Capital (Private) Limited, Crescent Hadeed (Private) Limited and, Shakarganj Energy (Private) Limited (SEL)], consolidated profit after taxation of the year amounted to Rs. 1,122.2 million (FY15: Rs. 200 million) and EPS Stood at Rs. 15.05 (FY15: Rs. 2.87)

FINANCIAL AND OPERATIONAL PERFORMANCE BASED ON UNCONSOLIDATED FINANCIAL STATEMENTS

The company posted record profits for FY16 primarily on account of business generated by the Steel Division. IID division's performance was restricted in line with the volatility in the local bourse while the Cotton Division remained in-operational during the year as market conditions were not conducive for profitability. The IID Division however, remained a key driver of short term working capital to finance operations in the Steel Division through both short term borrowings and liquidity generated from the sale of trading investments.

Company's sales revenue stood at Rs. 7,412 million (FY15: Rs. 2,101.6 million) and mainly constitutes turnover from Steel

CHIEF EXECUTIVE'S REVIEW

Division. The Steel Division posted sales of Rs. 7,378.1 million (FY15: 609.1 million). Investment income from IID Division amounted to Rs. 42.5 million (FY15: 308.7 million). Cotton Divisions' sales stood at Rs. 33.9 million (FY15: 1,492.5 million)

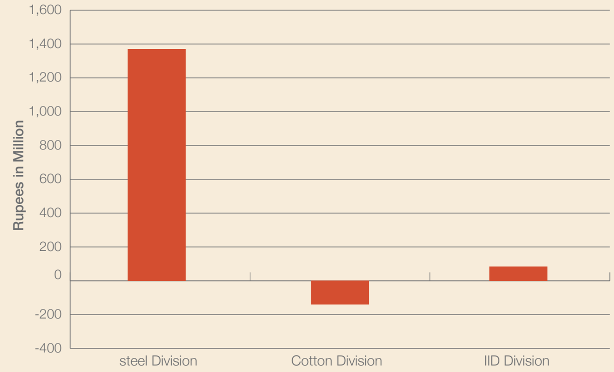
On the basis of reporting segments, Steel Division reported profit before tax of Rs. 1,370.8 million [FY15: loss before tax (LBT): Rs. 81.4 million] on account of higher sales and positive pricing impact of Hot Rolled Steel Coils. IID Division reported a profit before tax of Rs. 83.4 million (FY15: Rs. 268.2 million) during the period, mainly due to reversal of impairment of investment. The year-on- year dip in profit before tax of IID Division is primarily on account of low income from strategic investments. Cotton Division reported loss before tax (LBT) of Rs. 138.7 million [FY15: loss before tax (LBT) Rs. 124.1 million].

Company's profit before tax stood at Rs. 1,315.6 million (FY15: Rs. 62.7 million) and profit after tax stood at Rs. 967.1 million (FY15: Rs. 106.4 million). Other comprehensive income for the year was Rs. 183.5 million (FY15: 30.3 million) resulting in total comprehensive income for the year Rs. 1,150.7 million (FY15: Rs. 136.7 million).

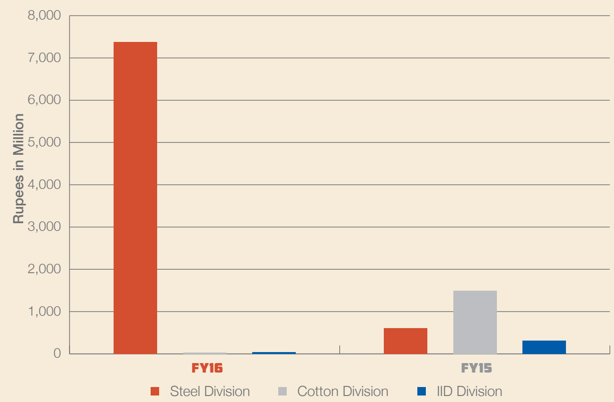
Summary of operating results as per Separate Financial Statements.

- Sales revenue increased to at Rs. 7,412 million (FY15: Rs. 2101.6 million)
- Investment income decreased to Rs. 42.6 million (FY15: Rs. 308.7 million)
- Gross profit increased to Rs. 2,142.9 million (FY15: Rs. 32.5 million)
- Gross profit margin increased to 28.9% (FY15: 1.5%)
- EBIT increased to Rs. 1,559.3 million (FY15: Rs. 143.4 million)
- EBITDA increased significantly to Rs. 1,675.5 million (FY15: Rs. 254.8 million)
- Profit before tax increased to Rs. 1,315.6 million (FY15: Rs. 62.7 million)
- Profit after tax increased to Rs. 967.1 million (FY15: Rs. 106.4 million)
- EPS increased to Rs. 12.97 (FY15: Rs. 1.53)
- Return on average capital employed was 23.5% (FY15: 3.1%)
- Return on average equity was 19.6% for the current period (FY15: 2.7%)

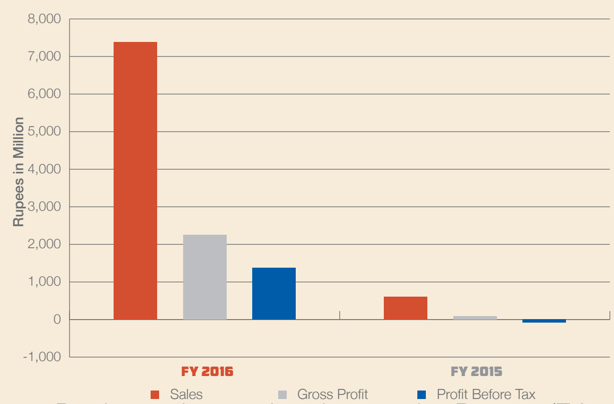
DIVISION-WISE COMPOSITION OF TOTAL PROFIT / (LOSS) BEFORE TAXATION (FY16)



TOTAL REVENUE AND INCOME (FY16)



OPERATING RESULTS- STEEL DIVISON (RS. IN MILLION)



- Break-up value per share increased to Rs. 74.8 (FY15: Rs. 65.2)

BUSINESS SEGMENTS

STEEL DIVISION – OPERATIONAL AND FINANCIAL REVIEW

Steel Division's performance was above average mainly due to a healthy order intake due to execution of planned capacity expansion in the gas distribution network and reduction in Hot Rolled Steel Coil prices. The actual mix diameter bare pipe production during FY16 leaped to 58,202 tons (FY15: 2,837 tons), capacity utilization of pipe plant increased to 64.7% (FY15: 3.2%). Coating activities also increased by manifold and in terms of volume stood at 590,738 square meters of pipe (FY15: 90,735 square meters). The Steel Division's revenue increased to Rs. 7,378.1 million (FY15: Rs. 609.1 million). Gross profit amounted to Rs. 2,254.0 million (FY15: Rs, 90.9 million) and resulting net profit stood at Rs. 1,370.8 million (FY15: Net loss 81.4 million) after taking in account one off non-cash charge of Rs. 90 million relating to discount on long term deposit.

COTTON DIVISION – OPERATIONAL AND FINANCIAL REVIEW

After deep analysis in June 2016 it was decided to shift operations from 100% cotton to polyester cotton (PC) and polyester viscose (PV) blends.

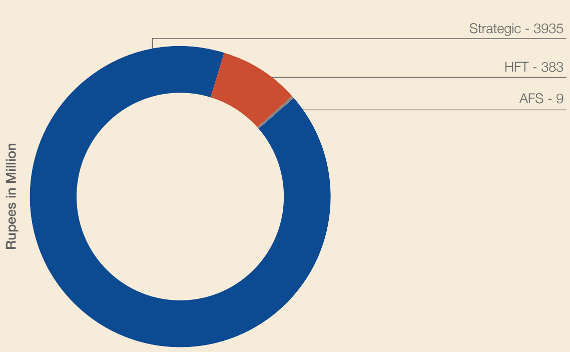
During the year, division recorded revenue of Rs. 33.9 million (FY15: Rs. 1,492 million). Gross loss of Rs. 111 million (FY15: Rs. 58.4 million) was recorded mainly due to fixed costs. The year ended with a loss before tax of Rs. 138.7 million (FY15: Rs. 124.1 million).

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

IID OPERATING PERFORMANCE

During the year ended 30 June 2016, the Investments and Infrastructure Development (IID) division's accumulated profit before tax (PBT) fell by Rs. 184.8 million or 69% to close the year ended 30 June 2016 at Rs. 83.4 million against the budgeted profit before tax of Rs. 62 million and, FY15 PBT of Rs. 268.2 million. The YoY variance in PBT is primarily on account of dividend income of Rs. 175.2 million received from subsidiary companies and Altern Energy Limited during FY15. The HFT segment recorded an ROI of 9.25% on weighted average investments of Rs. 341.8 million – during the same period, the benchmark KSE-100 index increased by 9.84%.

INVESTMENT PORTFOLIO



FINANCIAL AND OPERATIONAL PERFORMANCE BASED ON CONSOLIDATED FINANCIAL STATEMENTS

Consolidated pre-tax profits stood at Rs. 1,499.3 million with the Steel Division contributing Rs. 1,279.3 million. Consolidated profit after tax and EPS for the Group for FY16 stood at Rs. 1,122.2 million (FY15: Rs. 200 million) and Rs. 15.05 (FY15: Rs. 2.87). Net share of profit from equity-accounted association amounted to Rs. 347.1 million (FY15: Rs. 203.3 million). Other comprehensive income for the year was Rs. 200.5 million (FY15: 37.1 million) resulting in total comprehensive income for the year Rs. 1,322.7 million (FY15: 237.2 million)

During the period, our subsidiary Shakarganj Energy (Private) Limited (SEL) posted loss before tax of Rs. 55.3 million (FY15 PBT: Rs. 9.8 million) on account of fixed production overheads, low activity and high off-season bagasse cost. A 16.5 MW condensing extraction steam turbine generator was installed during the year for off-season power generation.

CS Capital (Private) Limited (CSCL) added Rs. 5.4 million to the Group's bottom line.

During the year plant and machinery for Crescent Hadeed (Private) Limited (CHL) was installed and trial production carried out in two phases. During the trial production in May power was provided from SEL. Commercial production has commenced from 1st June 2016. For the year, loss before tax stood at Rs. 66.5 million, which includes pre-commencement losses of Rs. 19.2 million and impairment of finished goods and raw materials of Rs. 27 million.

CHIEF EXECUTIVE'S REVIEW

BALANCE SHEET

The balance sheet as per unconsolidated financial statements continues to remain healthy with total assets amounting to Rs. 9,484 million in FY16 (FY15: Rs. 5,393 million). Current ratio stood at 1.4:1 (FY15: 1.4:1), whereas, the break-up value per share has improved to Rs. 74.8 (FY15: Rs. 65.2). Gearing ratio increased to 31.4% (FY15: 13.8%).

On a Group basis, the consolidated balance sheet footing stood at Rs. 11,457 million (FY15: Rs. 6,837 million). The break-up value per share has improved to Rs. 94.3 (FY15: Rs. 86.8). The shareholders' fund stood at Rs. 7,319.2 million (FY15: Rs. 5,390.2 million).

CASH FLOW MANAGEMENT

Since inception we have supported our organic growth programs and prioritized business needs while also investing our cash flows in investing and acquisition opportunities. With our strong balance sheet, we have the financial strength and flexibility to execute on all of our capital allocation priorities simultaneously.

The Company's cash flow management system forecasts cash flows on a regularly and monitors the cash position on a daily basis. The Company manages its working capital requirements through short-term trading investments, running finance facilities and other short term borrowing instruments. During the year, the weighted average cost of borrowings stood at 8.4% per annum against 10.9% in FY15.

Net increase in cash and cash equivalents for the year is Rs. 142.3 million which comprises net cash used in operating activities, net cash used in investing activities and net inflows from financing activities amounting to Rs. 1,820.1 million, Rs. 816.3 million and Rs. 2,778.7 million, respectively. The negative cash flow position are primarily on account of working capital requirements where stock in trade constitutes an increase of Rs. 1,751.3 million as raw material for upcoming orders had been secured during the year.

CHALLENGES

TARIFF ANOMALIES

Historically, of the total business tendered, a significant portion of the business is awarded to foreign manufacturers as local manufacturers face unfair competition in the face of export rebates available to foreign manufacturers coupled with local tariff anomalies on the import of pipe and, interpretation issues with the application of price preference to local manufacturers under SRO 827(I)/2001. Local manufacturers in Pakistan face survival challenges as large diameter pipe imports are largely unregulated, with little difference between duties on imported raw material and finished product (for large diameter welded pipes). We remain persistent in our effort to engage the Engineering Development Board (EDB), Board of Investment (BoI) and FBR in an attempt to seek trade remedies/protection for local large diameter pipe manufacturers. FY16 saw an increased demand for line pipes and as the two gas transmission and distribution companies gear up their respective infrastructures to enhance capacity and ensure readiness for LNG import and local manufacturers were booked at capacity, however, the tariff anomalies remain unaddressed and a significant portion of line pipe demand is met by importing pipes. We are constantly in touch with the relevant regulatory authorities and trade bodies for a meaningful dialogue on these anomalies.

ENERGY INSECURITY

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

REGIONAL COMPETITION

Regional players in the local line pipe industry, specifically Chinese manufacturers have a competitive edge and are able to beat local prices on the back of export rebates offered to them on the export of pipes. Consequently, local manufacturers are unable to beat foreign prices without significant erosion to margin.

LIQUIDITY MANAGEMENT

The sharp increase in the volume of business and investment asks of newly established subsidiary units added liquidity pressures to meet working capital requirements. On the other hand, the opportunity for the Company to increase capacity and position itself to capture the immediate demand for line pipes also put of pressure on the liquidity/cash availability of the company. To address the liquidity challenges, the Company harvested trading investments, raised capital through a rights issue, and leveraged the balance sheet position to secure additional banking facilities.

INITIATIVES

Innovation, machinery optimization 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, good service, and environmental conservation.

STEEL DIVISION

In order to meet customer demand for large diameter heavy wall thickness pipes and to meet the increasing demand for line pipes in the interim we acquired and commissioned a second pipe manufacturing line at our plant. The plant was also upgraded with an automatic welding unit enhancing productivity. We are in the process of improving our pipe finishing capacity by installing additional pipe testing and handling equipment, with this addition we will be able to process two different pipe sizes at the same time. As a process innovation initiative the team optimized the setup of the finishing line to reduce throughput time at the finishing line. The new Spiral Pipe Plant has enabled us to more than double our production capacity to 200,000 tons and enhanced our product offering to 8"-120" in diameter range upto 25mm in thickness and material grades upto API 5L X100.

COTTON DIVISION

As a survival strategy to counter the prevailing disparity in cotton and cotton yarn prices in air-Jet and shuttle-less yarn during FY16, a number of local cotton spinning units switched over to PC & PV while some preferred to run at under capacity. After an in-depth analysis and close watch on the yarn market, in June 2016 we moved production to PC & PV yarn. During the year the division also added one Savio Polar to increase winding capacity.

INFORMATION SYSTEMS

After the excellent outcome of the initial Business Intelligence portal rollout, our IT team has vastly enhanced the scope of the BI portal to cover almost all areas including Manufacturing, Sales, Supply Chain, Quality and Finance giving a real time decision support system to the end users.

Reliability and uptime of IT systems is critical to the business and in order to maintain this our IT team has implemented a real time monitoring and measurement tool for all critical servers and services which has resulted in a much superior uptime and user experience.

A Customer Portal has been rolled out giving real time status of orders and deliveries to selected customers.

Successor cloud based HCM system has been identified and is now in an advanced stage of implementation.

Our Oracle EBS implementation has been extended to cover all aspects of business at subsidiary units Crescent Hadeed and Shakarganj Energy.

CONTRIBUTION TO NATIONAL EXCHEQUER AND ECONOMY

Contribution to the National Exchequer and the Economy aggregated Rs. 3,285.3 million (FY15: Rs. 553.4 million) and Group level aggregated to Rs. 3,355 million (FY15: Rs. 617.5 million).

The Company has contributed Rs. 2,250 million (FY15: Rs. 157.2 million) towards the national exchequer on account of government levies and taxes. Contribution to the Economy included Rs. 243.8 million (FY15: Rs. 80.7 million) on account of payments to providers of capital and Rs. 388.2 million (FY15: Rs. 43.5 million) in the shape of shareholders' returns through cash dividends. Crescent Steel continued to contribute to economic prosperity by providing employment to 891 (FY15: 360) full and part-time employees with compensation and benefits of Rs. 332.5 million (FY15: Rs. 262.9 million).

The Group has contributed Rs. 2,297 million (FY15: Rs. 210.7 million) towards the national exchequer on account of government levies and taxes. Contribution to the Economy included Rs. 253.9 million (FY15: Rs. 87.3 million) on account of payments to providers of capital and Rs. 388.2 million (FY15: Rs. 43.5 million) in the shape of shareholders' returns through cash dividends. On a Group level the Company provided employment to 966 (FY15: 397) full and part-time employees with compensation and benefits of Rs. 345.1 million (FY15: Rs. 266.9 million).

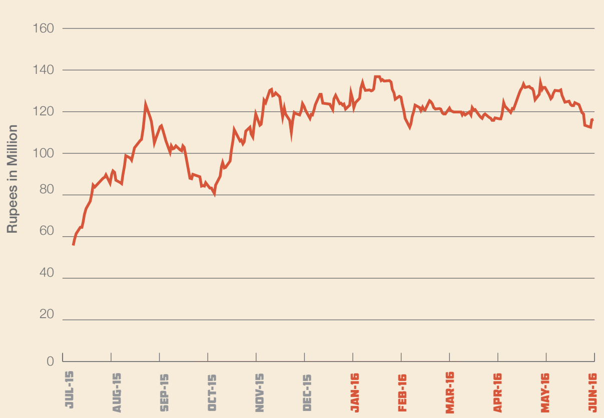
During the year, the Company manufactured 58,202 tons (FY15: 2,837 tons) of steel pipes, 0.8 million lbs. (FY15: 13.2 million lbs.) of cotton yarn and purchased Rs. 4,796 million (FY15: Rs. 1,901 million) worth of goods and services from various suppliers [Group Level: Rs. 5,036 million, FY15: Rs. 2,070.6 million].

SHARE PRICE SENSITIVITY ANALYSIS

Share price is related to the performance and operating result of the Company. 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 FY16, business activity for the steel segment hit record highs since its inception while the cotton spinning segment remained idle due to overall performance of the spinning industry. The IID segment remained under pressure as the local bourse remained volatile during the year.

'CSAP' opened FY16 at Rs. 54.56, peaking at a high Rs.137.85 in February 2016 on the back of a healthy order intake to close the year at Rs. 114.61 on 30 June, 2016. For the first half of FY16 the share price remained between Rs. 54.56 – Rs.128.72 and remained between Rs. 110.81 – Rs. 134.83 in the second half of FY16. The share price however, was adjusted for the 25% rights issue and the total dividend pay-out of 30% announced during FY16 in addition to the 7% dividend announced for FY15 during the first quarter of FY16.

COMPANY SHARE PRICE



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 parallel to our strategic and process improvement initiatives. Effectiveness of our Quality Management System is ensured through an independent quality function.

STEEL DIVISION

This year Crescent Steel has carried out vast expansion of its manufacturing and testing facility and therefore has also added state of the art technologies to improve its quality of product.

In this regard an eight channel online ultrasonic testing has also been setup to strengthen the non-destructive testing facilities of Crescent Steel and Allied Products Limited. A low temperature freezer has been added in the laboratory to enhance testing capability of coated and steel impact test samples at -40 degree Celsius.

Crescent Steel realizes skilled manpower in yet another aspect that cannot be over looked in producing quality products. CSAPL has therefore inducted highly skilled personnel and has arranged further internal and external training to improve their skill set.

In order to ensure sustainability of the quality, we have acquired the Quality Management System in line with API Q1 and ISO 9001 and have been constantly maintaining it. An independent quality function is also in place to ensure the effectiveness of the QMS throughout the facility.

COTTON DIVISION

Crescent Cotton Products is committed to deliver best quality products (Yarn) with prediction approaches for determination/evaluation of the yarn properties through state of the art instruments by USTER Technologies. The division continues to retain ISO 9001 Standard Certification and is also an active member of Better Cotton Initiative (BCI).

INFORMATION TECHNOLOGY GOVERNANCE

IT Governance is an integral part of CSAPL Enterprise governance and consists of leadership, structures, and processes which ensure that CSAPL's IT sustains and extends its impact on business to meet its objectives.

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.

IT STRATEGY

Our IT department has a well-defined strategic plan which serves as a guide for IT strategic initiatives over next three to five years. Crescent Steel's operational agility is heavily dependent on our technology inputs and how we employ them. Our IT department is a critical resource with limitless potential for effecting improvements in the Company's business processes.

CORPORATE SOCIAL RESPONSIBILITY AND IMPACT INVESTING

We acknowledge that our developments can impact stakeholders, and this is an area where we are constantly listening to and learning from stakeholders so that we can minimize our impact. At Crescent Steel, Corporate Social Responsibility (CSR) is a strategic management driven initiative that incorporates our business, environmental, and citizenship activities in a manner that supports our vision and upholds our values.

Our 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. It is our commitment to contribute to sustainable economic development – working with employees, their families, the local community and society at large to improve the quality of life, in ways that are good for business and good for the overall development of our society.

Our CSR activities are 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, health and societal sectors. Working with selected community partners the Company made social investments of Rs. 71.5 million (FY15: Rs. 10.3 million) in the form of donations and sponsorships. In addition to cash contributions our people have volunteered 1,367 hours (FY15: 663 hours) to structured community programs throughout the year.

Detailed information and analysis on our 2016 environmental and social performance is published in the Crescent Steel Corporate Responsibility Report 2016 while selected partnerships are also captured below.

COMMITMENT TO EDUCATION

Access to education remains low and completion rate for primary education is among the lowest in the world. In FY14 public spending on education was 2.1% of GDP which reflects on the quality, poor teaching and learning outcomes and inadequate infrastructure. Pakistan is the sixth largest country in the world and according to UNESCO, ranks 159th (out of 177 countries) in literacy rate. It has almost 5.5 million children that are out of school, the second highest number in the world. In addition to targeted investments towards primary and secondary education, we also continue to support tertiary level education for children of employees and other merit students at recognised schools in Pakistan and abroad.

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

An educated Pakistan is critical to sustained economic development in Pakistan and a productive and inspired workforce. As our contribution to an educated Pakistan, we have been in partnership with our non-profit partner, The Citizens Foundation (TCF) since 1996 to support a robust program focusing on education.

To date the Company has helped build 21 schooling units (16 primary and 5 secondary school units) and continues to support 15 schooling units (12 primary and 3 secondary

CHIEF EXECUTIVE'S REVIEW

school units). An estimated 2,657 children have graduated from primary schools supported by us, approximately 285 secondary school graduates from campuses supported by us have been awarded intermediate and tertiary level scholarships arranged by TCF. Combined enrolment in these schools today is 3,362 students, the majority of whom reside in some of the most impoverished communities of the country; 49% of these students are female.

JUGNOO SABAQ

An adult literacy program, Jugnoo Sabaq was launched within the Company in 2003 to help improve literacy levels among workers at our facilities. 12 employees are enrolled in the Jugnoo Sabaq classes, out of which three employees from the Nooriabad campus have taken the part II Matriculation Examinations this year.

COMMITMENT TO HEALTH

Access to quality healthcare and emergency medical services remain an area of concern. We continue to invest in a healthy Pakistan by supporting healthcare initiatives through donations and volunteering time for selected partners in the Health Sector.

HEALTH NON-PROFIT PARTNER: THE AGA KHAN UNIVERSITY HOSPITAL

We contributed towards the construction of the Paediatric Intensive Care Unit at Aga Khan University Hospital. The contribution was dedicated in memory of our late Chairman, Mian Mazhar Karim

HEALTH NON-PROFIT PARTNER: THE AMAN FOUNDATION

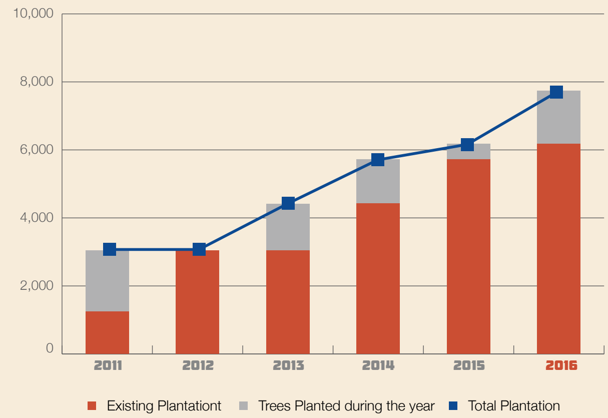
Aman Life Saving Ambulances are the first and only ambulances in Karachi that provide a tiered emergency response with cardiac care, advance and basic life support. We partnered with the Aman Foundation to sponsor an ambulance.

HEALTH NON-PROFIT PARTNER: THE INDUS HOSPITAL

Indus Hospital is a state of the art tertiary healthcare facility that is currently undergoing expansion to cater to a large segment of the society. Their goal is to become the largest hospital of Pakistan, comprising of 1,800 beds. We proudly supported Indus Hospital in their mission by contributing a General Ward Bed.

In addition to this, 70 employees from our Head Office and Nooriabad facility donated 35000 ml of blood through the Indus Hospital Blood Drive. Indus Hospital has established the first centralized blood bank of Pakistan with an aim to save lives by collecting blood through voluntary donations.

TREE PLANTATION



COMMITMENT TO COMMUNITY AND THE ENVIRONMENT

A lack of understanding and awareness about environmental protection and conservation practices in Pakistan has led to practices that exploit the country's vast natural resources without replenishing them. A growing population and increasing infrastructure needs have also resulted in damage to the environment. Our environmental investments seek to partner to help create environmental awareness and to sensitize all stakeholders to protect the planet and consume responsibly.

ENVIRONMENT NON-PROFIT PARTNER: WWF - PAKISTAN

WWF-Pakistan is a member of the WWF International Network, one of the world's largest environmental conservation organizations. During Earth Hour 2016, we went beyond just switching off unnecessary lights by partnering with WWF-Pakistan to visit Kheenjar Lake in Thatta District, the second largest fresh water lake in Pakistan. The activity involved planting neem trees, engaging with the surrounding community and helping put into place a waste management system for the community.

These neem trees will reduce up to 0.29 tonnes of carbon dioxide annually, which is equivalent to burning 39 gallons of gasoline.

MARINE CONSERVATION: MANGROVE PLANTATION

During the year, we planted 150 mangrove saplings at WWF's Wetland Centre. We also continue to maintain the 225 mangroves planted in previous years through monetary contributions that ensure that for every mangrove that doesn't survive, WWF will plant another sapling. This totals our mangrove plantation to 375, reducing our carbon footprint by 2.2 tons annually. The plantation was followed by a beach cleaning activity.

RECYCLE, REDUCE AND REUSE

Crescent Steel donated 1,224 kg of paper in FY16 to our non-profit partner - Gul Bahao.

TREE PLANTATION ACTIVITIES AT OUR CAMPUSES

During the year, we planted 1,361 trees at our Bhone campus. Over the years our plantation size has increased to over 7,741 trees. These trees will help us reduce our carbon footprint by 46 tons of carbon annually.

COMMITMENT TO SOCIETY

Pakistan faces a number of social issues that impact the community and the society at large. Alongside targeted community investments in the education, healthcare and environmental segments, we also focus on Community Development programs that seek to provide welfare and rehabilitation services by engaging communities.

SOCIETY NON-PROFIT PARTNER: DAR-UL-SUKUN

Dar-ul-Sukun recently launched a Wheelchairs and Assistive Devices Program. The initiative of the program was to provide the primary need of mobility to people with disabilities in 24 districts of Sindh. Their goal was to distribute 1,000 wheelchairs and assistive devices. Crescent Steel contributed by sponsoring 36 wheelchairs. Our employees also volunteered time to spend a day with the physically and intellectually challenged at their facility in Karachi.

SOCIETY NON-PROFIT PARTNER: IMKAAN WELFARE ORGANISATION

Imkaan Welfare Organisation works towards monitoring issues leading to infanticide and child abandonment. The organization has set up Sehat Ghar - a maternal and child health care program that provides support to women and children in Machar Colony. Through Sehat Ghar, Imkaan has established a clinic that provides free of cost healthcare to the community. We partnered with Imkaan to support opex for medical treatment extended to 6,213 women and children to fight Hepatitis B and C, tuberculosis, waterborne diseases, scabies and respiratory disorders. Our employees also volunteered 20 hours of community work with Imkaan during Crescent Cares Week.

HEALTH, SAFETY, ENVIRONMENT AND SUSTAINABILITY

The safety of our people, the environment and the communities in which we work is incorporated into everything we do. Every employee has authority to stop work, and can refuse and stop work that is unsafe without fear of repercussion. Safety is more than something we talk about; we incorporate it into everything we do despite challenges in implementation in certain areas of our operations. The safety and health of our people, our contractors and our customers is a priority and our mission is to ensure our people return home safely each day. Our manufacturing facilities and corporate offices are supported by an HSE team that ensures safety by providing training, conducting audits, addressing and identifying hazards to keep our workplaces safe. Our managers and HSE team are responsible for exploring innovative ways to reduce our carbon footprint and conserve the environment. We hold ourselves to HSE standards that comply with regulatory and legislated requirements as well as international standards, and create a safe and environmentally friendly workplace. This is reflected in the retention of the HSE management system certifications against ISO 14001 and OHSAS 18001.

SAFETY IS NOT AN ACT, IT IS A HABIT

Our approach to HSE is apparent in our Mission Zero agenda that targets zero accidents and work related illnesses. To effectively implement the mission zero agenda we empower and encourage our people to play their part.

CULTURAL CHANGE THROUGH COMMUNICATION

We believe communication is critical to creating the conditions to meet our objectives on safety at the workplace. We have one-on-one HSE orientations for all new starters and an HSE briefing for all new visitors. One of the key aims of this exercise is to encourage a culture of care and safe practices.

RAISING AWARENESS AND ENGAGING OUR PEOPLE

We all have a part to play in keeping our workplaces safe. One of the most effective ways we can do this is by being aware of the risks around us and taking action to address these. That's why we actively encourage all our people to regularly assess their working environments and report any identified risks - as they arise.

ENHANCING WELLBEING

A key priority of our agenda is the prevention of work-related illness. While there is clear evidence that employment can have a positive effect on personal wellbeing, poor health in the workplace can present significant safety risks.

We offer a range of services to help enhance the health of our employees. These include medicals for employees in certain roles and healthcare benefits for staff – as well as targeted communication campaigns aimed at tackling lifestyle-related issues.

PEOPLE

We understand that positive attitude, strong skills and creative abilities of our Human Capital assets will create value by enabling greater organizational performance and productivity. Our HR goal is to continually align the aspirations of our people with those of the Company, encouraging a performance-oriented culture and a place where people love to work.

EMPLOYEE COMMUNICATION AND ENGAGEMENT

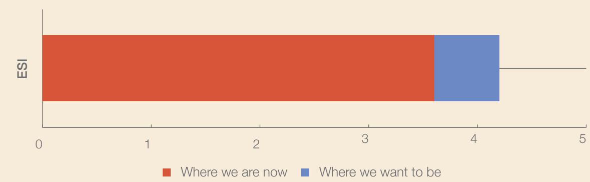
Employees represent an important audience not only in terms of their contributions at the workplace, but also in terms of their ability to serve as ambassadors of the Company. With this vision, we strive to develop an open and effective environment of communication for our employees where they are given an opportunity to express their ideas, which are heard, valued and respected.

We have established two-way dialogue between the management and the staff to encourage new ideas and suggestions to improve existing processes. On a quarterly basis, we brief our staff about Crescent Steel's operational and financial results through various channels, including electronic communications, publications and informal or formal meetings and casual gatherings. We hold an annual Open House with the CEO where anyone can meet the CEO on a one-on-one basis to share ideas and/or concerns. The Open House with the CEO is one of the key drivers of process improvements at Crescent Steel. Our whistle blowing policy and suggestion box to the CEO encourages employees to express their views and raise valid concerns regarding the Company without fear of repercussions. We manage an internal communications channel, designed to keep our people informed of latest developments in the organization. These communications are routed via our communications desk, Crescent Internal Communications and are available on the Crescent SharePoint portal.

VOICE OF EMPLOYEES: EMPLOYEE SATISFACTION SURVEY

Our annual Employee Satisfaction Survey (ESS) is key for us in determining what matters to our people and to the business. It provides us with the intelligence essential to our strategy of building better, happy, more productive workplaces. In 2016, our overall employee satisfaction index was 3.6 (2015: 3.4). Areas of concern included collaboration and clarity around growth opportunities and career paths. Another area of focus is job engagement and remuneration. Strong scores were registered for our market value and

EMPLOYEE SATISFACTION INDEX



perception, strategy, values, culture and communication, with particularly positive results on individual commitment, quality of management and conduct.

DIVERSITY AND INCLUSION

We are committed to providing equality of opportunity and creating a rewarding workplace for all employees. Increasing female representation, especially in senior and management level roles, is an ongoing priority. As at 30 June 2016, 1.3% of our employees were female. 12.5% of the Executive Management Team roles were filled by women and 2.3% of our workforce consisted of minorities. We are developing work practices to accommodate a diverse workforce such as flexible work schedules at our Head Office and we are pleased to see these are being adopted by our people. We go beyond abilities, age, ethnicity, gender and religion to create an environment that welcomes all forms of diversity. We provide equal opportunity in recruitment, career development, promotion, training and reward for all employees. 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

In an ever changing and fast paced corporate world, training and development is an indispensable function. At Crescent Steel, we believe that training is not a cost, but an investment. We have established effective development opportunities for our employees that ensure that our Company is a desirable place to work.

We provide our employees adequate opportunities for learning both on and off the job in relation to their job requirement, career development and succession planning. 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.

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

We harness employee strengths, interests and passions to create greater value for the organization. Our hallmark is to systematically link organizational performance and individual development goals in the search for learning opportunities and better ways to work. We support development at all levels – starting from career training through to further development of top management. The aim is to encourage employees in shaping the future direction of their careers by enabling them to gain relevant experience and knowledge. We also have regular career conversations as they serve as a reminder of the organization's commitment to employee learning, which in turn strengthens employee commitment.

SUCCESSION PLANNING

Talent management and succession planning is carried out annually. Through succession planning, we identify capable individuals and develop them through training, job rotation or through educational activities for them to succeed in decision-making positions at various grades and levels within the organization.

A performance development and retention plan is designed for selected candidates. This enables us to identify potential successors and ensures that they are appropriately developed so that they have the skills and experience necessary to step up and fill a key role within the Company when the time arises.

REWARDS AND BENEFITS

We provide employees with a complete package of total rewards, which go beyond competitive pay to include: support for employees' health and financial security, opportunities to grow, recognition for employees' contributions, and a good working environment.

Our compensation and benefits philosophy is to provide competitive rewards to attract and retain the best talent and foster a sense of ownership in the company. Compensation as part of our total rewards package is an important element that should motivate and inspire employees to strive towards excellence. We believe in rewarding for performance, so when our employees contribute, they gain. We want all of our employees to be inspired by the difference they make and the recognition they receive for great results.

In addition to basic remuneration, we offer variable – performance based incentives to employees depending on the performance, with which each employee contributes to the Company's success. 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 results and also depends upon the accomplishment of individual goals and objectives defined during the 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 centres, provide adequate time off, retirement savings and more.

HR INTEGRATION – PROGRAM FOR IMPROVING HR MANAGEMENT

We have developed an integrated HR function. It contributes to the mission and objectives of the organization, linking its components with each other, integrating the primary processes of the organization and contributes to its resilience and sustainability. The aim of HR integration is to increase the efficiency, effectiveness and quality of HR work. Our focus areas include: HR processes, HR organization, HR shared services and HR IT systems. These aspects link HR with the overall organization.

HUMAN RESOURCE INFORMATION SYSTEM

We have recently acquired a Human Capital Management System and are currently in advanced stages of implementing core modules of the system. Focused on an e-environment and pushing HR roles to managers the system will enable us to instil value for and a culture of HR actions, automate HR operations, effectively manage employee data and will support HR processes, such as performance management, benefits administration and employee lifecycle management. This in turn will save time, cost and resources and will bring greater visibility to both HR and unit heads about their human capital universe.

FIVE VALUES AS BASIS FOR CORPORATE CULTURE

Our values support our vision, shape our culture and reflect what the Company values. They are the essence of the Company's identity, principles and beliefs. They guide the perspective of the organization as well as its actions. Our five values: Integrity, Ownership, Customer Focus, Continuous Improvement and Community Care, define who we are, how we work, what we believe in and what we stand for. These values transform our Company's mission and vision into reality, they are our corporate culture and drive our people's behavior as well as its relationship with its customers, suppliers and shareholders.

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. 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. The Board Governance and Evaluation Committee monitors the compliance with the governing principles and periodically advises the Board on any changes in the Governance requirements.

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 and 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 rotational basis so that each and every policy is reviewed at least once every three years.

AWARDS AND ACCOLADES

SAFA'S BEST PRESENTED ANNUAL REPORT AWARDS 2014

Crescent Steel was ranked first in the Diversified Holdings Sector by South Asian Federation of Accountants (SAFA) under the 'Best Presented Annual Report Awards'.

EMPLOYER'S FEDERATION OF PAKISTAN'S 3RD EMPLOYER OF THE YEAR AWARD 2014

Crescent Steel ranked second in the category of Large Companies for the Best Enterprise for Human Resource Development by Employer's Federation of Pakistan.

CORPORATE REPORT AWARDS 2014 (ICAP & ICMAP)

The Annual Report of the Company for the year 2014 secured third position in the Engineering Sector of Best Corporate and Sustainability Report Awards 2014.

SUSTAINABILITY REPORT AWARDS 2014 (ICAP & ICMAP)

Our Sustainability Report for the year 2014 secured second position in the Best Corporate and Sustainability Report Awards 2014.

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.

CHIEF EXECUTIVE'S REVIEW

MAJOR BUSINESS RISKS AND THEIR MITIGATION

The Company conducts business in a complex and challenging environment and is therefore exposed to 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 long term vision.

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. Our risk management system supports recognition of developments likely to jeopardize the future performance of the Company and helps take pre-emptive action against unnecessary risks. Initiatives are underway to take management of risks to a new level by putting a comprehensive Enterprise Risk Management Framework in place in fiscal year 2017.

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

MARKET REVIEW AND FUTURE PROSPECTS

STEEL DIVISION

This year the local gas distribution companies kicked off the planned large scale augmentation of the existing gas distribution network, thus creating a demand for large diameter line pipes. The demand stimulus was further triggered by the inking of agreements to finalize a consensus on the commercial aspects of the 1200 km "North-South" gas pipeline construction project and to soon sign contract for construction of the gas pipeline. Further it's expected that Pakistan and Iran are set to negotiate Gas Sale purchase agreement to facilitate the implementation of the already-delayed Iran-Pakistan gas pipeline project. Moreover, construction work on the 700-kilometre Gwadar-Nawabshah gas pipeline is expected to start soon on the same route of the Iran-Pakistan gas pipeline project in collaboration with China. With the country facing power shortage and current gas reserves depleting fast, the construction of these gas supply pipelines to transport gas to the new upcountry power plants remains a priority. In short-term these projects will be key demand driver in the local large diameter industry.

Multiple projects have been planned for FY17-FY18, including the Karachi Bulk Water Supply (K4) project, Thar Coal Power Project and, Islamabad Water Supply Project. In addition to these, Port/Jetty Construction Projects if initiated will also generate demand for steel line pipes in the short-medium term. The Federal Budget for FY17 has targeted an aggregate outlay of Rs. 4.394 trillion and allocated Rs. 1.675 trillion to the Public Sector Development Programme (PSDP).

The overall HRC prices are showing an upward trend, which will make it challenging to secure margins at the same level. However, our focus will be to concentrate on capacity utilization to the fullest.

OUTLOOK STEEL DIVISION

FY16 was a booming year for both line pipe manufacturing and line coating unit. High activity during the year was recorded and it's expected to continue on the basis of the upcoming gas pipeline projects in the country. Like the previous fiscal year, we continue to expect a significant order intake for both bare pipe and coating. To take advantage of this we have placed ourselves in an ideal positon by augmenting our capacity by adding another SP Line.

COTTON YARN OUTLOOK

World ending stock of raw cotton at close of FY15-16 was 99 million bales of 480 lbs and expected production of 101 million bales of 480 lbs during FY 2016-17 against expected consumption of 111 million bales resulting in lower ending stock by 10 million bales of 480 lbs as compared to last year. China's raw cotton consumption will increase due to addition of about 8 million spindles instigating an increase in international prices. Chinese demand for Yarn and fabric import will also reduce consequently that will assert more pressure on Pakistan, Vietnam and India in exporting their products.
Pakistan's textile industry is going through one of the toughest period in decades. Recession in the textile industry globally compounded with internal issues such as the energy crisis, increase in cost of inputs, falling quality of locally produced cotton and withdrawal of subsidy etc. has effected Pakistan's textile industry adversely.

More than 100 units have been forced to shut down in the face of unfavourable circumstances whereas others spinners are shifting production towards man-made fibres and blended yarns. The shift from pure cotton yarn will temporarily enable spinners to mitigate the challenges of ever falling marginal returns.

KSE-100 PERFORMANCE AND OUTLOOK

During FY2015-16, Pakistan benchmark equity index, KSE-100, gained 9.8% (6.8% in US Dollar terms). Pakistan's reclassification to the MSCI-EM index and recovering crude oil prices lifted the index to record high of 38,777 on 17 June, 2016 compared to a low of 30,564 on 23 February, 2016 and 34,399 at the beginning of the year. During Q4FY16 the index yielded 20.4% in returns.

While returns posted during the year were the lowest since 2008 (FY15: 16%, FY14: 42%), KSE-100 outperformed both the MSCI-EM and MSCI-FM indices which closed lower by 15.5% and 15.1%, respectively. The index also outperformed regional peers India, Bangladesh and Sri Lanka which declined by 4%, 2% and 10%, respectively.

Volumes of KSE-100 index remained impaired as the average daily volume clocked in at 208 million shares (3.1%) while the average daily traded value registered at USD 91 million (14.3%) during FY16 amid growing investors focus on mid-tier stocks.

Foreign participants remained net sellers throughout the year with an offload of USD 282 million recuperating during the last quarter with net foreign buying of USD 74 million (highest monthly inflow in the past 26 months) on the back of Pakistan's inclusion to MSCI-EM index.

Going forward developments on domestic politics, liquidity and oil prices will set the tone and direction of the index performance. With Pakistan being reclassified to the MSCI-EM index, we expect foreign participation to increase adding some much needed liquidity.

ACKNOWLEDGEMENT

Financial year 2016 turned was a rewarding year for our core operations in the Steel Division. As a Group we were able to achieve some of our interim strategic objectives and closed the year with a strong financial position and growth plan for the future. We are strongly positioned for profitability and growth in fiscal year 2017 and are confident that we will ride the challenges and deliver value through different business avenues and the continued commitment of our people.

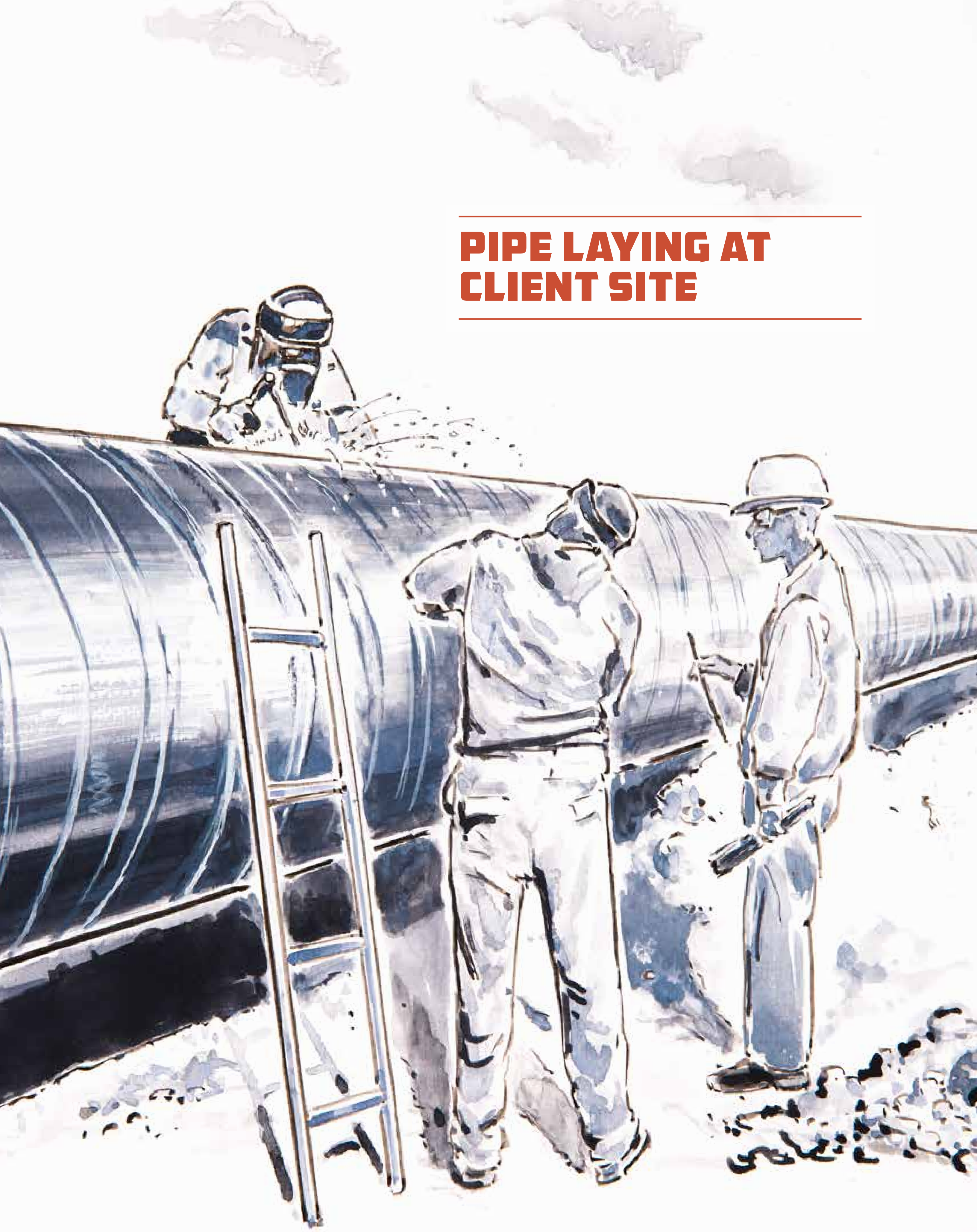
I would like to thank the Board and its' committees for their proactive role in guiding us, and to all our employees and my management team for their strong commitment and their outstanding contribution to achieving this profitable result, in a very challenging and volatile time.

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
15 August 2016

PIPE LAYING AT CLIENT SITE



MAJOR BUSINESS RISKS AND THEIR MITIGATION

MAJOR BUSINESS RISKS	MITIGATING FACTORS / ACTIONS IN PLACE
MACRO-ECONOMIC SITUATION AND POLITICAL INSTABILITY	
China Pakistan Economic Corridor (CPEC) is a game changer for Pakistan's economy. Similarly planned augmentation of gas supply network will curtail current energy shortages and will provide boost to the economy. Company's future revenues are highly dependent on the successful implementation of these projects. Political instability may indirectly adversely affect the business of our customers, in particular of the Steel Division.	The Company operates through diversified business segments and subsidiaries competing in different industries each with its distinct opportunities and risks. To increase revenues, the Company strives to grow its product range and customer base in the engineering, energy and food sector.
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 does not speculate or trade in its raw materials requirement and 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 and with the minimum time-lag between receiving an order and procurement of raw material. 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.
DEPENDENCE ON SUPPLIERS / CUSTOMERS	
Risk of not identifying alternate suppliers for key raw materials may hamper business operations for our core segments. Also, dependence on few customers especially in Steel Division may lead to business interruptions and financial loss.	Company actively strives to search for competitive suppliers for all its raw materials in both local and international markets. The Company constantly seeks to increase its customer base and product offering to maintain and grow its revenues.
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, including Dollar based bidding for international tenders, to hedge against currency fluctuations to minimize any resulting exchange losses.
INTEREST RATE RISKS	
An increase in interest rates will increase the Company's borrowing costs and reduce profitability.	Company avails financing at competitive rates from varying financial institutions. Also, borrowings are based on floating rates to minimize interest rate risks.
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.
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 minimum level.

MAJOR BUSINESS RISKS AND THEIR MITIGATION

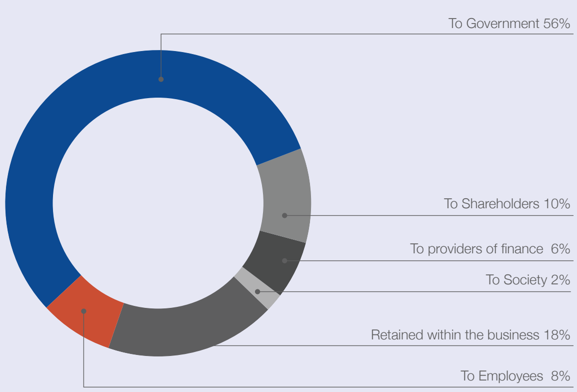
MAJOR BUSINESS RISKS	MITIGATING FACTORS / ACTIONS IN PLACE
HEALTH, SAFETY AND ENVIRONMENT	
Risk related to health, safety and environment can adversely affect our operations. These can be associated with personal health and safety, product quality and safety and environmental efficiency. An unfavourable incident can have a major impact on our Company and communities and may cause reputational damage and business disruption.	Our business operations are run in compliance with international Quality, Health, Safety and Environmental standards. Moreover, we consistently do efforts to minimize our environmental impact by energy conservation and other measures with community partners. Refer Sustainability Report for developments during the year.
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.	Company keeps assessing its financial (funded and non-funded) requirement against its ability to borrow. Where our financing requirements exceed our ability to borrow, we seek to secure alternate avenues of raising finance including from shareholders, for business and operational need. 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.
REGULATORY COMPLIANCE	
Non-compliance with laws and regulation may result in penalties, reputational damage and business interruptions.	We strictly monitor our compliance with laws and regulations and all the changes in regulatory environment are dealt with proactively. Apart from external compliance we put emphasis on compliance with our 'Code of Conduct' and 'Governing Principles' which are in line with best practices.
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.

STATEMENT OF VALUE ADDITION

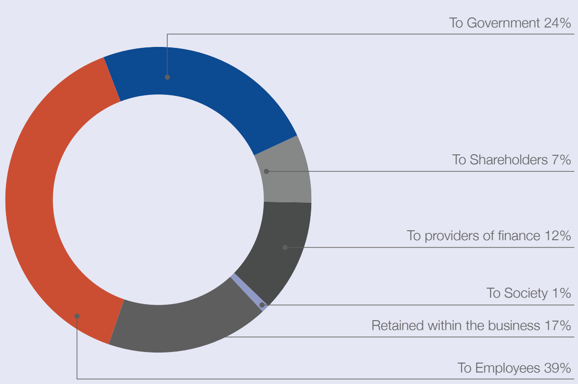
	2016 Rupees in '000	%	2015 Rupees in '000	%
WEALTH GENERATED				
Total revenue	8,803,602	100%	2,566,485	100%
Bought-in-material and services	(4,795,815)	54%	(1,900,644)	74%
	4,007,787	46%	665,841	26%
WEALTH DISTRIBUTED				
To Employees				
Salaries, wages and other benefits	332,467	8%	262,920	39%
To Government				
Income tax, sales tax, custom duties, WWF and WPPF	2,250,026	56%	157,219	24%
To Shareholders				
Dividend *	388,163	10%	43,474	7%
To providers of finance				
Finance costs	243,780	6%	80,666	12%
To Society				
Donation towards education, health and environment	70,892	2%	9,148	1%
Retained within the business for future growth				
Depreciation, amortization and retained earnings	722,459	18%	112,414	17%
	4,007,787	100%	665,841	100%

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

DISTRIBUTION OF WEALTH 2016



DISTRIBUTION OF WEALTH 2015



PERFORMANCE INDICATORS

FOR THE CURRENT AND PAST SIX FINANCIAL YEARS

PERFORMANCE INDICATORS	2016	2015	2014	2013	2012	2011	2010
A - PROFITABILITY RATIOS							
Earnings before interest, taxation, depreciation and amortization (EBITDA) (Rs. in millions)	1,675.5	254.9	562.9	1,245.0	541.3	942.0	903.9
Profit before taxation and deprecation (Rs. in millions)	1,424.8	167.2	473.5	1,179.7	453.4	787.1	771.5
Gross profit ratio (%)	28.9	1.5	5.7	13.0	12.9	18.4	22.1
Operating profit margin to sales (net) (%)	21.0	6.8	11.5	23.0	11.0	17.5	19.4
Net profit margin to sales (net) (%)	13.0	5.1	8.9	16.3	8.7	9.8	11.2
EBITDA margin to sales (net) (%)	22.6	12.1	14.0	24.9	14.6	21.4	24.4
Operating leverage ratio	3.9	1.4	3.1	6.2	4.2	0.4	(108.5)
Return on equity (%)	16.7	2.6	9.0	20.5	11.0	15.0	15.9
Return on average equity (%)	19.6	2.6	9.0	23.0	11.4	15.7	16.8
Return on capital employed (RoCE) (%)	18.3	3.0	10.7	25.8	12.5	21.3	20.8
Return on average capital employed (%)	23.5	3.2	10.5	29.0	12.2	21.8	21.0
Return on average assets (%)	13.0	2.1	7.5	18.0	8.3	10.2	10.0
B - LIQUIDITY RATIOS							
Current ratio	1.4 : 1	1.4 : 1	2.3 : 1	2.4:1	1.8:1	1.6 : 1	1.2 : 1
Quick / Acid-test ratio	0.7 : 1	1 : 1	1.6 : 1	1.7:1	1.2:1	0.9 : 1	0.6 : 1
Cash to current liabilities (%)	(3.7)	(24.6)	(18.6)	(25.3)	(24.1)	(49.8)	(28.7)
Cash flows from operations to sales (%)	(24.6)	7.7	14.0	(1.6)	7.3	2.5	12.2
Working capital (Net current assets)	1,399.5	423.3	830.6	1,233.5	851.2	683.9	374.7
Working capital turnover (times)	8.1	3.4	3.9	4.8	5.1	8.9	10.9
C - ACTIVITY / TURNOVER RATIOS							
Debtors turnover ratio (times)	36.1	23.7	28.2	17.7	15.3	20.9	20.5
No. of days in receivables / Average collection period (days)	10	15	13	21	24	17	18
Inventory turnover ratio (times)	3.9	4.8	7.1	7.0	4.8	3.8	3.5
No. of days in inventory (days)	94	76	51	52	76	95	104
Creditors turnover ratio (times)	23.2	9.0	38.1	19.9	16.2	23.1	14.1
No. of days in creditors / Average payment period (days)	15.7	40.4	9.6	18	23	16	26
Property, plant and equipment turnover (times)	9.0	2.7	5.1	6.4	5.9	4.3	3.5
Total assets turnover (times)	0.8	0.4	0.9	1.0	0.9	1.1	0.8
Operating cycle (days)	89	51	55	55	77	97	96
D - INVESTMENT / MARKET RATIOS							
Basic and diluted earnings per share (Rs.) *	12.97	1.53	5.16	11.70	4.90	6.19	5.97
Price earnings ratio (times) *	8.8	34.0	8.4	3.8	4.7	4.2	4.2
Dividend yield (%) **	4.4	1.3	5.7	7.8	8.6	13.4	12.0
Dividend payout ratio (%) **	40.1	40.8	43.1	31.1	33.0	45.8	40.7
Dividend cover ratio (times) ***	2.6	2.2	2.1	3.3	2.5	1.8	2.0
Cash dividend (Rs. in millions) **	388.2	43.5	155.3	197.6	112.9	197.6	169.4
Cash dividend per share (Rs.) **	5.0	0.7	2.5	3.5	2.0	3.5	3.0
Stock dividend / Bonus shares (Rs. in millions)	-	-	-	56.4	-	-	-
Stock dividend / Bonus shares (%)	-	-	-	10	-	-	-
Market value per share (at the end of the year) (Rs.)	114.6	51.9	43.5	45.0	23.2	26.1	25.1
- Lowest during the year (Rs.)	54.6	34.9	43.5	21.6	18.0	23.8	18.0
- Highest during the year (Rs.)	134.8	62.4	74.8	54.5	28.5	31.7	34.0
Break-up value per share (Rs.)	74.8	65.2	64.5	64.0	50.1	46.3	42.2
E - CAPITAL STRUCTURE RATIOS							
Financial leverage ratio (%)	46.9	17.0	8.3	12.2	11.7	25.5	31.9
Long term debt to equity ratio (%)	8.1	7.0	1.5	0.9	0.6	0.5	-
Cost of debt	8.4	10.9	13.7	14.4	16.7	17.0	14.4
Long term debt : Equity ratio	8 : 92	7 : 93	2 : 98	1 : 99	1 : 99	1 : 99	0 : 100
Total liabilities to total assets (%)	38.7	24.9	15.3	18.7	25.7	29.1	40.9
Gearing ratio (%)	31.4	13.8	5.3	9.6	8.8	20.0	20.7
Interest coverage (times)	6.4	1.8	5.5	18.3	3.9	5.4	5.9

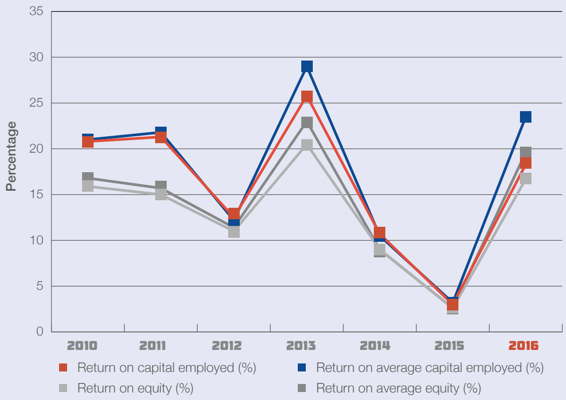
Notes:

* The basic and diluted earnings per share for prior years have been restated to take into account right issue during the year ended 30 June 2016.

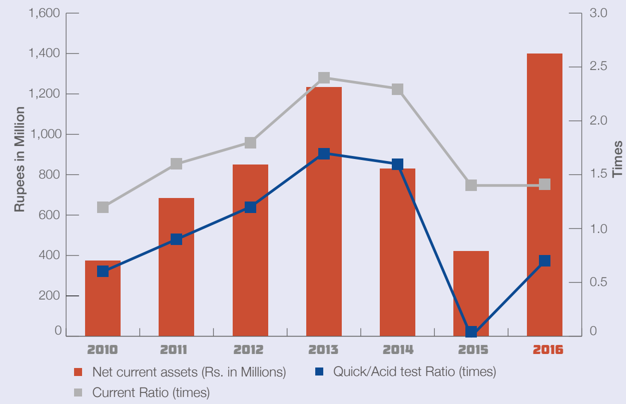
** This includes declaration of final cash dividend recommended by the Board of Directors subsequent to year end.

*** This includes the declaration of final cash dividend recommended by the Board of Directors subsequent to year end and prior year has been restated to take into account right issue during the year ended 30 June 2016.

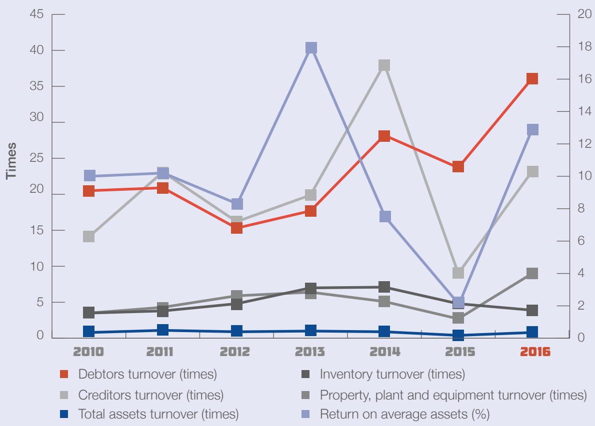
RETURN ON CAPITAL AND EQUITY



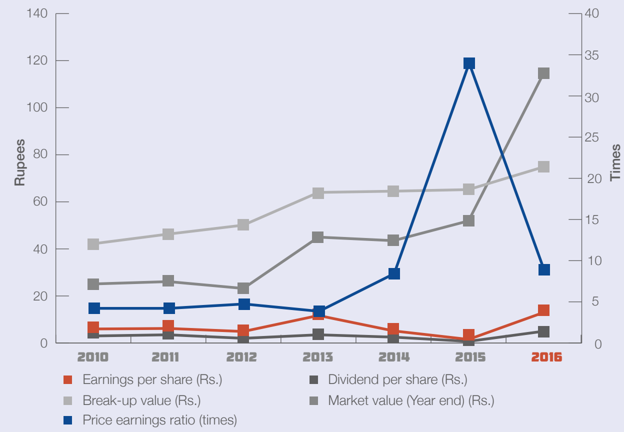
LIQUIDITY



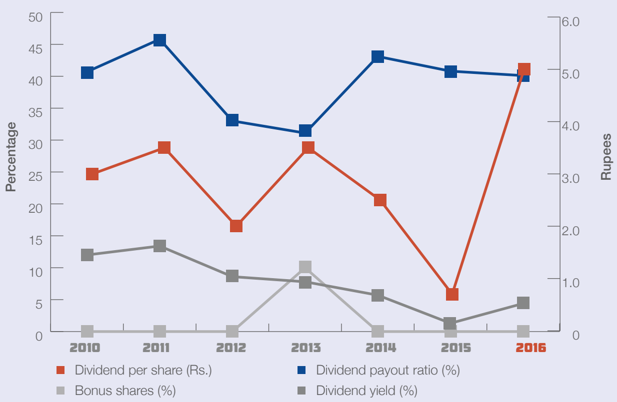
ASSET MANAGEMENT



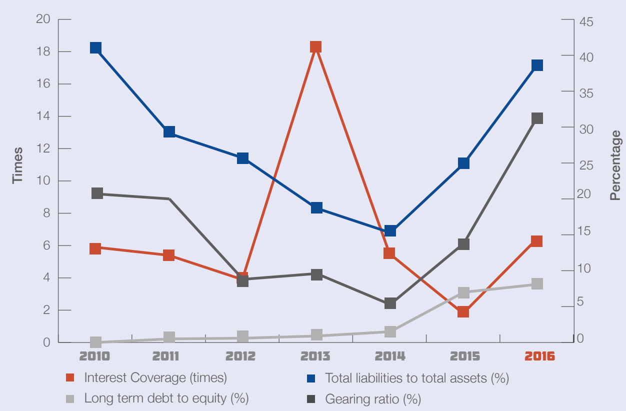
PER SHARE RESULT



DIVIDEND AND RETURNS



DEBT MANAGEMENT



VERTICAL ANALYSIS

FOR THE LAST SIX FINANCIAL YEARS

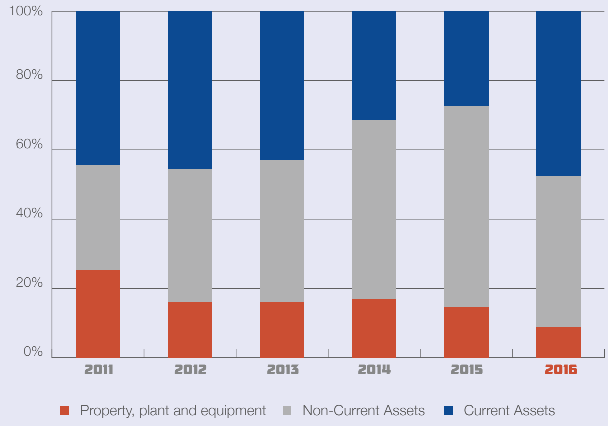
Rupees in million	2016	%	2015	%	2014	%	2013	%	2012	%	2011	%
BALANCE SHEET												
Property, plant and equipment	823	8.7	781	14.5	795	16.8	778	15.9	667	16.0	1,021	25.2
Intangible assets	3	-	10	0.2	14	0.3	14	0.3	2	-	13	0.3
Investment property	19	0.2	23	0.4	27	0.6	31	0.6	36	0.9	40	1.0
Long term investments	3,935	41.5	3,038	56.3	2,388	50.5	1,591	32.5	1,321	31.6	1,169	28.8
Long term loans and deposits	177	1.9	24	0.4	26	0.5	369	7.5	244	5.8	15	0.4
Deferred taxation	-	-	38	0.7	-	-	-	-	8	0.2	-	-
Stores, spares and loose tools	112	1.2	67	1.2	72	1.5	79	1.6	66	1.6	66	1.6
Stock-in-trade	2,267	23.9	453	8.4	407	8.6	662	13.5	587	14.0	841	20.7
Trade debts	323	3.4	88	1.6	89	1.9	197	4.0	369	8.8	145	3.6
Loan and advances	40	0.4	18	0.3	49	1.0	32	0.7	138	3.3	104	2.6
Trade deposits and short term prepayments	16	0.2	11	0.2	7	0.1	9	0.2	5	0.1	6	0.1
Investments	392	4.1	388	7.2	456	9.6	798	16.3	498	11.9	491	12.1
Current portion of long term investments	-	-	-	-	-	-	-	-	25	0.6	24	0.6
Mark-up accrued	-	-	-	-	-	-	54	1.1	17	0.4	3	0.1
Other receivables	785	8.3	200	3.7	136	2.9	134	2.7	41	1.0	60	1.5
Taxation - net	529	5.6	211	3.9	159	3.4	75	1.5	93	2.2	41	1.0
Cash and bank balances	63	0.6	43	0.7	107	2.4	65	1.4	63	1.5	17	0.4
Total assets	9,484	100	5,393	100	4,732	100	4,888	100	4,180	100	4,056	100
Issued, subscribed and paid-up capital	776	8.2	621	11.5	621	13.1	565	11.6	565	13.5	565	13.9
Capital reserves	1,026	10.8	299	5.5	299	6.3	530	10.8	377	9.0	353	8.7
Revenue reserves	4,006	42.2	3,131	58.1	3,087	65.2	2,880	58.9	2,167	51.8	1,959	48.3
Shareholders' equity	5,808	61.2	4,051	75.1	4,007	84.6	3,975	81.3	3,109	74.3	2,877	70.9
Long term loan	394	4.2	239	4.4	-	-	-	-	-	-	-	-
Deferred income	9	0.1	1	-	2	-	1	-	-	-	-	-
Liabilities against assets subject to finance lease	77	0.8	46	0.9	62	1.3	34	0.7	20	0.5	15	0.4
Deferred taxation	68	0.7	-	-	10	0.2	6	0.1	-	-	51	1.3
Trade and other payables	850	9.0	638	11.8	372	7.9	412	8.4	692	16.6	370	9.1
Mark-up accrued	21	0.2	12	0.2	8	0.2	9	0.2	16	0.4	24	0.6
Short term borrowings	2,084	22.1	302	5.7	228	4.9	418	8.6	335	8.0	707	17.4
Current portion of deferred income	5	0.1	2	-	2	-	1	-	-	-	-	-
Current portion of long term loan	109	1.1	55	1.0	-	-	-	-	-	-	-	-
Current portion of liabilities against assets subject to finance lease	59	0.6	47	0.9	41	0.9	32	0.7	8	0.2	12	0.3
Total equity and liabilities	9,484	100	5,393	100	4,732	100	4,888	100	4,180	100	4,056	100
PROFIT AND LOSS ACCOUNT												
Sales - net	7,412	100.0	2,101	100.0	4,032	100.0	5,002	100.0	3,943	100.0	4,403	100.0
Cost of sales	5,269	71.1	2,069	98.5	3,801	94.3	4,351	87.0	3,434	87.1	3,593	81.6
Gross profit	2,143	28.9	32	1.5	231	5.7	651	13.0	509	12.9	810	18.4
Income from investments - net	43	0.6	309	14.7	440	10.9	298	6.0	67	1.7	189	4.3
Distribution and selling expenses	16	0.2	27	1.3	52	1.3	68	1.4	46	1.2	39	0.9
Administrative expenses	283	3.8	167	7.9	165	4.1	173	3.5	164	4.2	157	3.6
Other operating expenses	421	5.7	29	1.4	69	1.7	134	2.7	66	1.7	68	1.5
Other income	94	1.3	25	1.2	79	2.0	576	11.5	132	3.3	34	0.8
Operating profit before finance costs	1,559	21.1	143	6.8	464	11.5	1,150	22.9	432	10.8	769	17.5
Finance costs	244	3.3	81	3.9	84	2.1	62	1.2	109	2.8	143	3.2
Profit before taxation	1,316	17.8	62	3.0	380	9.4	1,088	21.7	323	8.0	626	14.3
Taxation	348	4.7	(44)	(2.1)	19	0.5	271	5.4	(19)	(0.5)	194	4.4
Profit after taxation	967	13.1	106	5.1	361	8.9	817	16.3	342	8.5	432	9.9

HORIZONTAL ANALYSIS

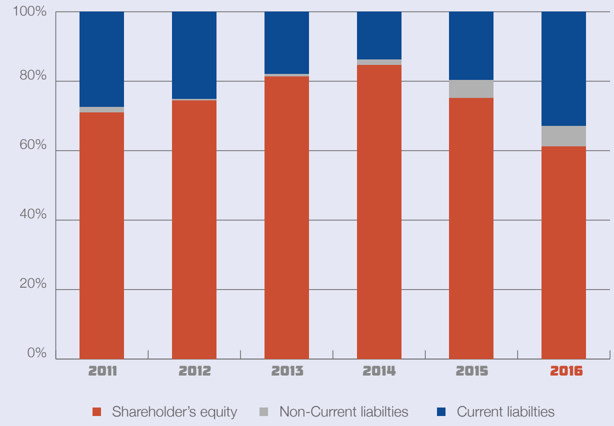
FOR THE LAST SIX FINANCIAL YEARS

Rupees in million	2016	%	2015	%	2014	%	2013	%	2012	%	2011	%
BALANCE SHEET												
Property, plant and equipment	823	5.4	781	(1.8)	795	2.2	778	16.6	667	(34.7)	1,021	(3.8)
Intangible assets	3	(70.0)	10	(28.6)	14	-	14	600.0	2	(84.6)	13	(45.8)
Investment property	19	(17.4)	23	(14.8)	27	(12.9)	31	(13.9)	36	(10.0)	40	(11.1)
Long term investments	3,935	29.5	3,038	27.2	2,388	50.1	1,591	20.4	1,321	13.0	1,169	(1.4)
Long term loans and deposits	177	637.5	24	(7.7)	26	(93.0)	369	51.2	244	1,526.7	15	400.0
Deferred taxation	-	(100.0)	38	100.0	-	-	-	(100.0)	8	100.0	-	-
Stores, spares and loose tools	112	67.2	67	(6.9)	72	(8.9)	79	19.7	66	-	66	(9.6)
Stock-in-trade	2,267	400.4	453	11.3	407	(38.5)	662	12.8	587	(30.2)	841	(18.1)
Trade debts	323	267.0	88	(1.1)	89	(54.8)	197	(46.6)	369	154.5	145	(47.7)
Loan and advances	40	122.2	18	(63.3)	49	53.1	32	(76.8)	138	32.7	104	89.1
Trade deposits and short term prepayments	16	45.5	11	57.1	7	(22.2)	9	80.0	5	(16.7)	6	-
Investments	392	1.0	388	(14.9)	456	(42.9)	798	60.2	498	1.4	491	5.8
Current portion of long term investments	-	-	-	-	-	-	-	(100.0)	25	4.2	24	41.2
Mark-up accrued	-	-	-	-	-	(100.0)	54	217.6	17	466.7	3	200
Other receivables	785	292.5	200	47.1	136	1.5	134	226.8	41	(31.7)	60	140.0
Taxation - net	529	150.7	211	32.7	159	112.0	75	(19.4)	93	126.8	41	115.8
Cash and bank balances	63	46.5	43	(59.8)	107	64.6	65	3.2	63	270.6	17	(89.0)
Total assets	9,484	75.9	5,393	14.0	4,732	(3.2)	4,888	16.9	4,180	3.1	4,056	(8.6)
Issued, subscribed and paid-up capital	776	25.0	621	-	621	9.9	565	-	565	-	565	-
Capital reserves	1,026	243.1	299	-	299	(43.6)	530	40.6	377	6.8	353	(2.5)
Revenue reserves	4,006	27.9	3,131	1.4	3,087	7.2	2,880	32.9	2,167	10.6	1,959	15.5
Shareholders' equity	5,808	43.4	4,051	1.1	4,007	0.8	3,975	27.9	3,109	8.1	2,877	9.7
Long term loan	394	64.9	239	100.0	-	-	-	-	-	-	-	-
Deferred income	9	800.0	1	(50.0)	2	100.0	1	100.0	-	-	-	-
Liabilities against assets subject to finance lease	77	67.4	46	(25.8)	62	82.4	34	70.0	20	33.3	15	100.0
Deferred taxation	68	100.0	-	(100.0)	10	66.7	6	100.0	-	(100.0)	51	(29.2)
Trade and other payables	850	33.2	638	71.5	372	(9.7)	412	(40.5)	692	87.0	370	(57.5)
Mark-up accrued	21	75.0	12	50.0	8	(11.1)	9	(43.8)	16	(33.3)	24	(29.4)
Short term borrowings	2,084	590.1	302	32.5	228	(45.5)	418	24.8	335	(52.6)	707	(9.4)
Current portion of deferred income	5	150.0	2	-	2	100.0	1	100.0	-	-	-	-
Current portion of long term loan	109	98.2	55	100.0	-	-	-	-	-	-	-	(100.0)
Current portion of liabilities against assets subject to finance lease	59	25.5	47	14.6	41	28.1	32	300.0	8	(33.3)	12	100.0
Total equity and liabilities	9,484	75.9	5,393	14.0	4,732	(3.2)	4,888	16.9	4,180	3.1	4,056	(8.6)
PROFIT AND LOSS ACCOUNT												
Sales - net	7,412	252.8	2,101	(47.9)	4,032	(19.4)	5,002	26.9	3,943	(10.4)	4,403	18.9
Cost of sales	5,269	154.7	2,069	(45.6)	3,801	(12.6)	4,351	26.7	3,434	(4.4)	3,593	24.5
Gross profit	2,143	6,596.7	32	(85.9)	231	(64.5)	651	27.9	509	(37.2)	810	(0.9)
Income from investments - net	43	(86.2)	309	(29.8)	440	47.7	298	344.8	67	(64.6)	189	9.9
Distribution and selling expenses	16	(42.6)	27	(47.7)	52	(23.5)	68	47.8	46	17.9	39	44.4
Administrative expenses	283	69.5	167	1.1	165	(4.6)	173	5.5	164	4.5	157	(1.3)
Other operating expenses	421	1,352.8	29	(57.5)	69	(48.5)	134	103.0	66	(2.9)	68	(32.7)
Other income	94	274.8	25	(67.6)	79	(86.3)	576	336.4	132	288.2	34	88.9
Operating profit before finance costs	1,559	990.4	143	(69.1)	464	(59.7)	1,150	166.2	432	(43.8)	769	6.8
Finance costs	244	201.0	81	(3.9)	84	35.5	62	(43.1)	109	(23.8)	143	17.2
Profit before taxation	1,316	2,022	62	(83.5)	380	(65.1)	1,088	236.8	323	(48.4)	626	4.7
Taxation	348	891.8	(44)	(330.0)	19	(93.0)	271	1,526.3	(19)	(109.8)	194	7.2
Profit after taxation	967	812.4	106	(70.5)	361	(55.8)	817	138.9	342	(20.8)	432	3.6

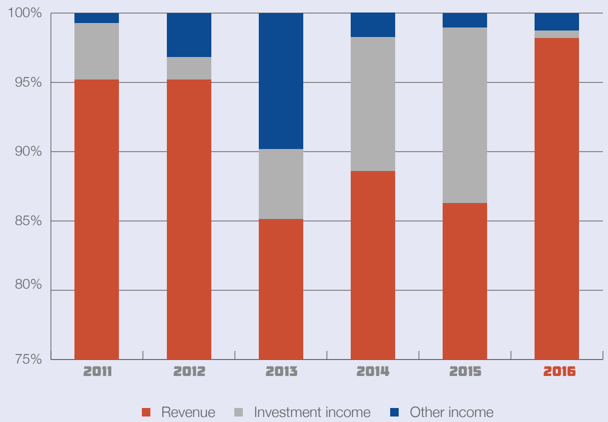
BALANCE SHEET ANALYSIS (ASSETS) %



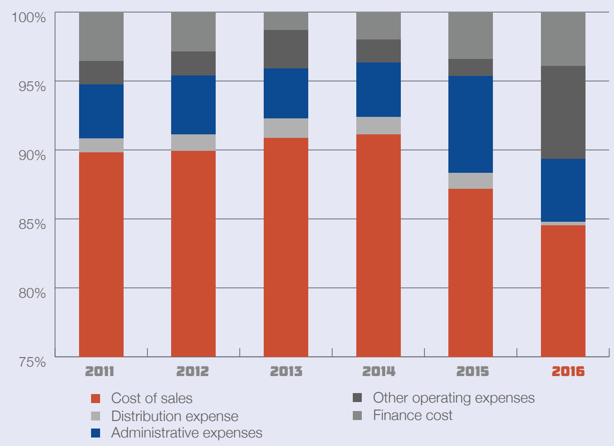
BALANCE SHEET ANALYSIS (EQUITY AND LIABILITIES) %



PROFIT AND LOSS ANALYSIS (REVENUE AND INCOME) %

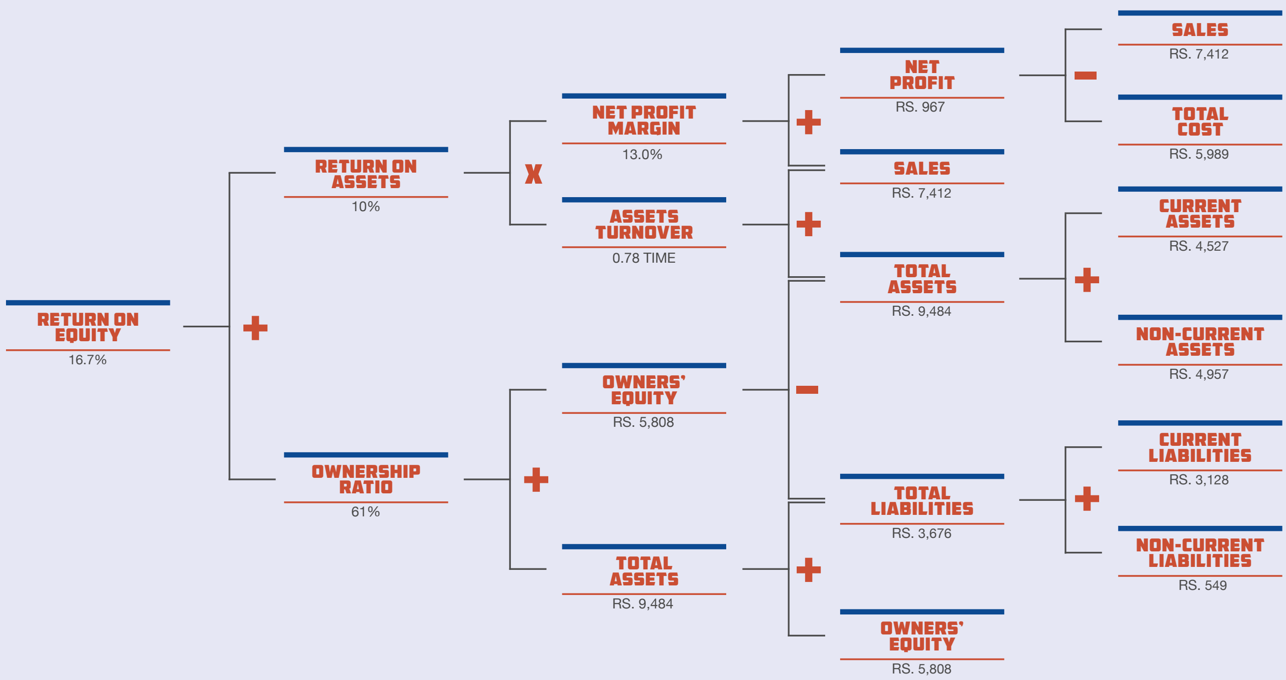


PROFIT AND LOSS ANALYSIS (EXPENSES) %



DUPONT ANALYSIS
FOR THE YEAR 2016

(Rupees in million)



DUPONT ANALYSIS	2016	2015
Tax burden	26.5%	(69.5%)
Interest burden	18.5%	128.5%
EBIT margin	21.0%	6.8%
Asset Turnover (times)	0.8	0.4
Leverage	28.8%	12.8%
Return on equity	**16.7%**	**2.6%**

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:

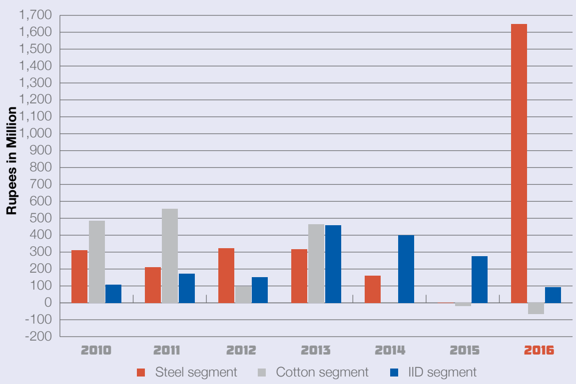
Annual General Meeting	30 September 2016
1st Quarter ending 30 September 2016	Last week of October, 2016
2nd Quarter ending 31 December 2016	Last week of January, 2017
3rd Quarter ending 31 March 2017	Last week of April, 2017
Year ending 30 June 2017	Last week of July, 2017

KEY OPERATING AND FINANCIAL DATA

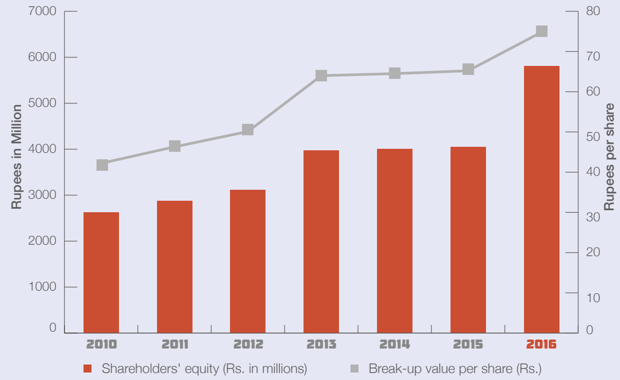
FOR THE CURRENT AND PAST SIX FINANCIAL YEARS

Rupees in millions	2016	2015	2014	2013	2012	2011	2010
A SUMMARY OF PROFIT AND LOSS ACCOUNT							
Sales - net	7,412.0	2,101.6	4,031.6	5,001.7	3,942.9	4,402.7	3,704.4
Cost of sales	5,269.1	2,069.1	3,801.3	4,350.8	3,434.1	3,592.5	2,887.3
Gross profit	2,142.9	32.5	230.3	650.9	508.8	810.2	817.1
Income from investments - net	42.6	308.7	440.1	298.4	67.2	188.6	171.6
Distribution, selling and administrative expenses	298.6	194.0	217.2	241.1	210.0	196.1	186.2
Other operating expenses	421.3	29.3	68.7	134.0	65.8	68.1	101.4
Other income	93.7	25.6	78.6	575.7	132.2	34.4	18.3
Operating profit before finance costs	1,559.3	143.5	463.1	1,149.9	432	769.0	719.4
Finance costs	243.8	80.7	84.1	62.9	109.5	143.2	121.9
Profit before taxation	1,315.5	62.8	379.0	1,087.0	322.9	625.8	597.5
Taxation	348.4	(43.7)	18.8	271.0	(18.9)	194.1	181.0
Net income	967.1	106.5	360.2	816.0	341.8	431.7	416.5
B SUMMARY OF BALANCE SHEET							
Current assets	4,527.1	1,478.7	1,482.4	2,106.1	1,902.0	1,796.7	2,116.8
Stock-in-trade	2,266.8	453.1	407.2	662.4	586.7	840.6	1,026.6
Trade debts	322.9	87.9	89.5	196.9	368.9	145.1	276.9
Current liabilities	3,127.6	1,055.4	651.8	872.6	1,050.8	1,112.8	1,742.1
Trade and other payables	850.2	637.6	372.4	412.3	691.5	370.1	871.5
Property, plant and equipment	822.6	780.7	795.1	777.8	666.8	1,020.8	1,061.4
Total assets	9,484.2	5,392.7	4,733.0	4,888.7	4,179.7	4,054.9	4,436.3
Long term financing (excluding current maturity)	471.4	285.2	62.0	34.5	19.8	15.4	-
Deferred income (including current maturity)	13.8	3.2	4.1	2.2	-	-	-
Deferred liabilities	68.3	-	9.7	6.2	-	50.4	71.6
Short term financing (including current maturity of long-term financing)	2,251.9	404.2	269.4	450.5	343.0	719.0	836.4
Reserves	5,031.4	3,429.7	3,386.1	3,409.5	3,544.5	2,311.7	2,058.0
Shareholders' equity	5,807.7	4,050.7	4,007.2	3,974.1	3,109.1	2,876.3	2,622.6
C SUMMARY OF CASH FLOW STATEMENT							
Cash and cash equivalents at the beginning of the year	(259.3)	(121.1)	(220.7)	(253.1)	(553.7)	(499.2)	(644.7)
Net cash (used in) / generated from operating activities	(1,820.1)	162.2	565.2	(81.4)	288.7	111.6	451.3
Net cash (used in) / inflows from investing activities	(816.3)	(399.2)	(132.5)	192.3	284.5	15.5	3.3
Net cash inflow / (used in) from financing activities	2,778.7	98.8	(333.1)	(78.5)	(272.6)	(181.6)	(309.1)
Net increase / (decrease) in cash and cash equivalents	142.3	(138.2)	99.6	32.4	300.6	(54.5)	145.5
Cash and cash equivalents at the end of the year	(117.0)	(259.3)	(121.1)	(220.7)	(253.1)	(553.7)	(499.2)
D OTHER DATA							
Depreciation and amortization	116.1	111.4	99.8	95.1	141.9	173.1	184.5
Capital expenditure	141.5	95.7	131.8	220.5	68.2	113.9	34.5
No. of ordinary shares (no. of shares in millions)	77.6	62.1	62.1	56.5	56.5	56.5	56.5
Payments to National Exchequer	2,250.0	157.2	358.0	730.2	290.3	360.3	499.2

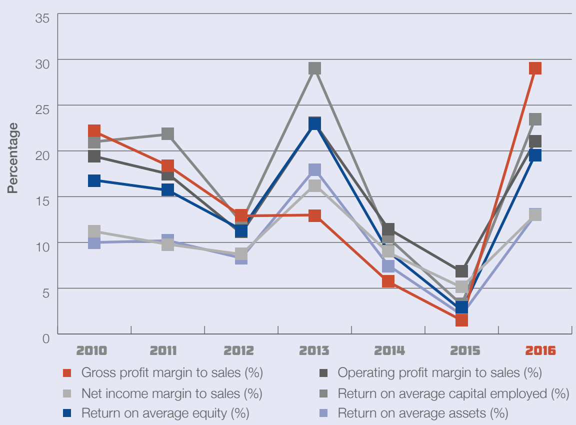
EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTIZATION (EBITDA)



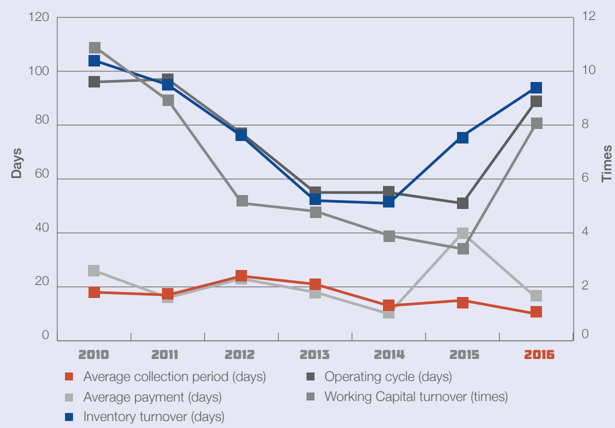
SHAREHOLDERS' EQUITY AND BREAK-UP VALUE PER SHARE



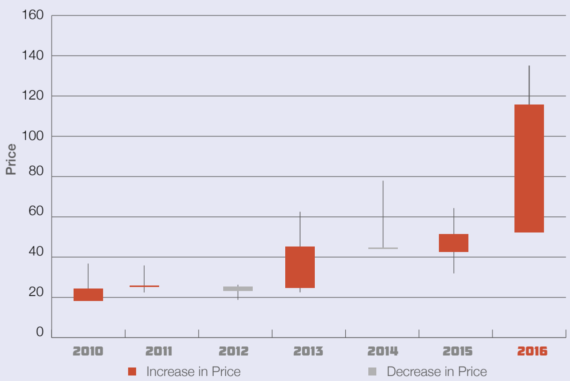
PROFITABILITY AND RETURN



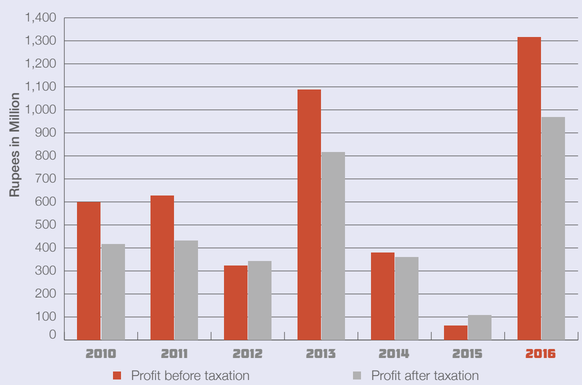
MANAGEMENT OF WORKING CAPITAL



MOVEMENT IN STOCK PRICES



PROFIT BEFORE AND AFTER TAXATION



COMMENTS ON SIX YEARS PROFIT AND LOSS

The Company's core businesses are steel line pipe manufacturing and line coatings and, spinning. Infrastructure and development projects of the oil and gas and water sectors directly impact the top and bottom lines of the Steel line pipe segment and execution of projects is largely dependent on financial position of gas and water utilities in Pakistan. On the back of gas import infrastructure requirements, demands for line pipes and line pipe coatings picked up towards the end of fiscal year 2015 as the gas utilities geared their focus on required capacity augmentation in their transmission networks and consequently the sales and profits in the steel segment hit a record high during fiscal year 2016. At the same time, the spinning side of our business faced challenging market conditions and remained in-operational during the year.

SALES

Sales revenue stood at Rs. 7,412 million – a record high – primarily constituted sales in the steel line pipe segment while sales revenue of Rs. 2,102 million in 2015 was the lowest in past six years, primarily due to a low order intake in the Steel Division and a decline in revenues from the cotton spinning segment on account of adverse market conditions and low order intake hampering export sales.

GROSS PROFIT

Gross profit margin for FY16 of 28.9% was also at a six year high against a Gross Profit margin of 1.5% in 2015, the lowest during the six-year period and above the six-year average of Rs. 13.4%. During the last three years the Cotton Division reported a gross loss mainly due to fluctuations in prices of raw cotton which could not be passed on to customers as yarn prices remain subdued. Energy shortages, an increase in minimum wages and imposition of GICD and other surcharges also adversely affected division's margin.

DISTRIBUTION AND SELLING, ADMINISTRATIVE AND OTHER OPERATING EXPENSES

Distribution and selling expenses were at their lowest level in the six year period primarily because the Cotton Division remained in-operational during the year. Additionally, agency commissions and export freight factored in previous years as Distribution and Selling expenses did not exist as the division's export sales fell in 2013 after the loss of the fine count spinning unit in a fire incident. Distribution and selling expenses fell from Rs. 68 million in 2013 to Rs. 15 million in 2016.

During the year, other operating expenses were at a six year high. These mainly comprised of expense provision for Workers' Welfare Fund and Workers' Profit Participation Fund, which were directly related to profits of the Company. Another major component to other operating expenses was charge for liquidated damages – this charge is directly linked to delivery of orders. On the other hand, administrative expenses after having been range bound during the last 5 years increased during current year mainly due to increased business activity and an increase in contributions to community in line with our strategy to contribute upto 5% of profits before tax.

FINANCE COST

Finance costs were higher, commensurate with increased business activity and associated working capital requirements, however, policy rates saw a 75 bps cut during the fiscal year significantly dampening the cost of funds from the six year high of 17% in 2011 to 8.4% in 2016 . During the year, finance cost increased to Rs. 243.8 - this includes a one-off non cash finance cost of Rs. 89.9 million on discounting of long term deposit pertaining to Ijarah financing for our second spiral pipe production line.

In absolute terms, finance cost averaged Rs. 120 million p.a over the last six years peaking at Rs. 244 million (Rs. 154.1 million, exclusive of the one time ijara finance cost) in 2016 and dipping to a low of Rs. 62 million in 2013. A falling trend in cost of funds between 2011 and 2013 from Rs. 143 million to Rs. 62 million, respectively was primarily due to both, improved cash flows and a consistent reduction in policy rates.

PROFIT AFTER TAXATION

Fluctuations in profit after taxation during the six year period is on account of varying market conditions across business segments. Profit after taxation averaged Rs. 504 million p.a. peaking at Rs. 967 million in 2016 and dipping to Rs. 106 million in 2015. The 2016 PAT was primarily supported by a healthy order book in the steel line pipe segment. Gains from insurance claim settlement on the spinning unit lost in a fire added to profits in fiscal year 2012 while income from the investments division through fiscal years 2013, 2014 and 2015 at Rs. 298 million, Rs. 440 million and Rs. 309 million continued to protect the Company's bottom line. Low order intake in the steel line pipe segment in 2015 coupled with volatility in textile markets resulted in significantly lower profit after tax in 2015 when compared with previous years. The Investments and Infrastructure Development Division continued to act as a shock absorber during the lean periods, protecting the Company's bottom line which remained green throughout the six-year period. Tax charge for 2016 includes Rs. 40.1 million on account of Super Tax levied by the Government.

CASH FLOWS

Fiscal year 2016 recorded net cash inflows of Rs. 142.3 million as compared to the highest inflow of Rs. 300.6 million in fiscal year 2012 on account of one time proceeds from insurance claim. Due to low operational activity in fiscal year 2015 in the Steel and Cotton Divisions, there was a net outflow of Rs. 138.2 million. FY16 recorded net outflow from operating activities amounting to Rs. 1,820.1 million. The negative cash flow position was primarily on account of an increase in business activity in the Steel Division and associated working capital requirements, where stock in trade constituted an increase of Rs. 1,751.3 million as raw material for upcoming orders had been secured during the year. Cash outflow from investing activities amounting to Rs. 816.3 million was mainly represents investments in subsidiaries and capital expenditures, financed by issue of right shares and a mix of short and long term borrowings.

RATIO ANALYSIS

PROFITABILITY RATIOS

Gross profit margin of the Company stood at a six year high of 28.9% in fiscal year 2016 fluctuating over the six year period to dip at 1.5% in fiscal year 2015. These fluctuations are representative of dampened activity in core business segments of the Company. The Gross Profit margin does not account for income from investments which is reflected in relatively better net profit margins which stood at 13% in fiscal year 2016 dipping to a low of 5.1% in 2015 and peaking to a high of 16.3% in fiscal year 2013.

OPERATING PERFORMANCE / LIQUIDITY

The current ratio for FY16 and FY15 stood at 1.4 down from the six-year peak of 2.4 in FY13. Quick ratio for FY16 decreased to 0.7 as compared to the six year high of 1.7 in FY13, primarily due to stock in trade increasing to Rs. 2,266.8 million.

Activity / Turnover ratios

Company's operating cycle for FY16 stood at 89 days as compared to 51 days in FY15 and 97 days in FY11. The increase in the operating cycle days during FY16 is primarily attributable to inventory buildup of raw material and finished goods at year end as raw material for orders in hand had been secured to hedge against any adverse price shocks.. Turnover days, increased by 18 days primarily due to an increase in the working capital requirements and raw material sourcing to meet future production requirements against orders in hand. At the same time creditor's turnover days fell by 24.7 days to 15 days against a six-year average of 20 days – this is primarily attributable to payments against sight letters of credit.

Investment / Market ratios

EPS stood at a six year high of Rs. 12.97 in FY16 as against the lowest six year EPS of Rs. 1.53 in FY15. Price to earnings ratio (PE ratio) improved to 8.8 times from its peak of 34 times in FY15 and was below its six year average of 10.7 times. This was despite an increase in the share price to Rs. 114.6 at the end of fiscal year 2016 against Rs. 51.9 at the end of fiscal year 2015. The dividend payout ratio was maintained at 40% translating into a cash dividend of Rs. 5 per share, which was the highest during the six-year period.

Capital Structure Ratios

In 2016 financial leverage ratio increased to 46.9% 2016 from 17% in 2015 due to increase availing long term financing. Debt to equity ratio increased to 8:92 as compare to 7 last year. Company's interest cover ratio increase to 6.4 times in comparison with 1.8 times in 2015 as a result of increase in profitability.

COMMENTS ON SIX - YEAR BALANCE SHEET

EQUITY

Equity has doubled from Rs. 2.9 billion in 2011 to Rs. 5.8 billion in 2016. Increase in equity is attributable to profitable results of the Company over the last six year and issue of rights shares amounting to Rs. 900.5 million (including premiums)

SHORT TERM BORROWINGS / LONG TERM LOAN

Short term borrowings has increased from Rs. 719 million in 2011 to Rs. 2,251.9 million in 2016. Upward movement is due to increase in working capital requirement to meet operating requirement during the year. During the financial year 2016, the Company entered into new long term loan agreements for capital expenditure requirement to meet current requirement and future growth.

PROPERTY, PLANT AND EQUIPMENT

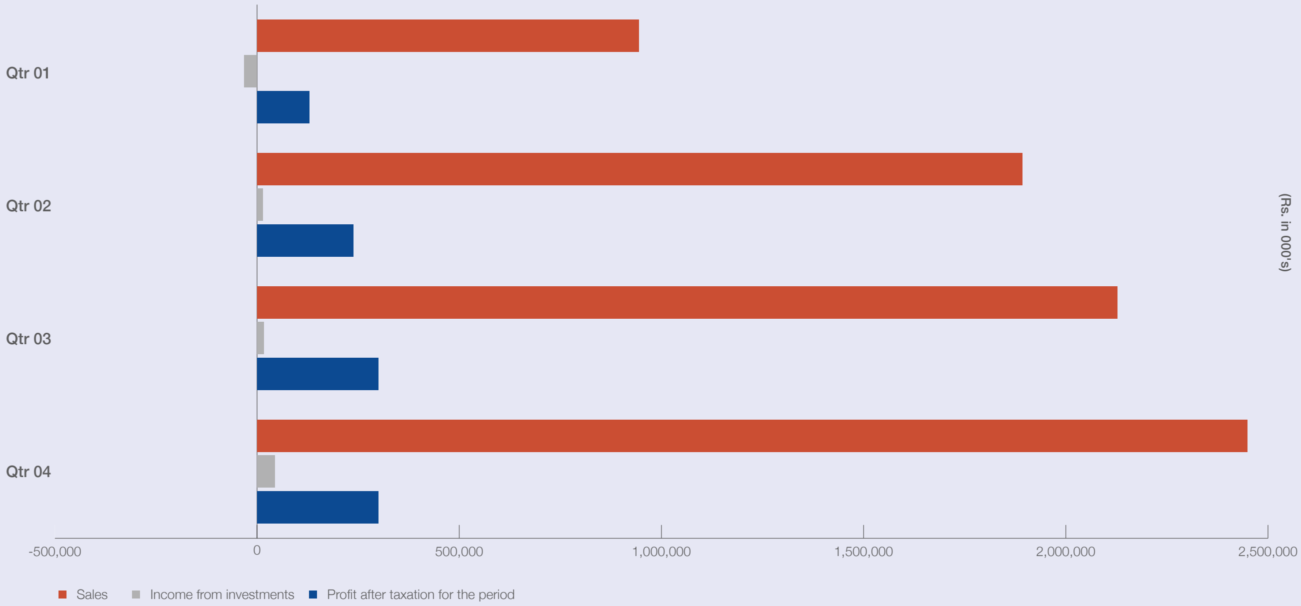
Increase in net book value of property plant and equipment is due to acquisition of plant and machinery during the year. A major decline in 2012 was due to fire incident in Unit-2 of Cotton Division resulting in its shut down.

LONG TERM INVESTMENTS

Long term investments has consistently increased over the years from Rs. 1,169 million in 2011 to Rs. 3,935 million in 2016. This increase mainly represents consistent investment in subsidiaries for diversification of businesses and growing group revenues.

QUARTERLY ANALYSIS

QUARTERLY TREND ANALYSIS



SALES

After a steady first quarter, sales picked up and remained consistent quarter and quarter with Q4 contributing 33% or Rs. 2,449 million to annual revenue [H1FY16: Rs. 2,835 million (38%), H2FY16: Rs. 4,576 million (62%)]. As explained in detail in the operating performance reviews, the Steel line pipe segment remained the main contributor to sales on the back of transmission capacity augmentation projects initiated by the gas utilities.

INCOME FROM INVESTMENTS

During the first quarter the IID Division recorded a net loss Rs. 35.9 million. Income from investments, inclusive of dividend income of Rs. 10.9 million, stood at Rs. -31.5 million on the back of volatile market conditions. The second and third quarter showed positive results on the back of Pakistan's inclusion to the MSCI-EM index and the Division contributed Rs. 83.4 million to profits during the fiscal year while Investment Income for the fiscal year stood at Rs. 42.5 million. The year closed with the fourth quarter contributing Rs. 43 million with unrealized gains on HFT investments of Rs. 40 million.

PROFIT AFTER TAXATION

Profit after taxation for the first quarter stood at Rs. 129 million primarily constituting profits from the Steel Division. Second and third quarters added Rs. 537.8 million to the bottom line and constitute profits from the Steel and IID Division. Consistent with the third quarter, the fourth quarter posted profit after tax of Rs. 300 million despite discounting of Rs. 89.9 million on long term deposit pertaining to new Ijarah financing arrangement for SP2.

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 Pakistan Stock Exchange 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:

Category	Names
Independent Directors	Mr. Ahmad Waqar
	Mr. Farrukh Viqaruddin Junaidy
	Mr. Zahid Hussain
Executive Director	Mr. Ahsan M. Saleem
Non-Executive Directors	Mr. Nasir Shafi
	Mr. S.M. Ehtishamullah
	Mr. Zahid Bashir

   The independent directors meet the criteria of independence under clause 5.19.1.(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 (excluding the listed subsidiaries of listed holding companies where applicable).

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. During the year, a casual vacancy in the Board of Directors arose due to the resignation of Mr. Khurram Mazhar Karim with effect from 28th January, 2016. Mr. Ahsan M. Saleem, who was a deemed director by virtue of being a Chief Executive, was appointed as Director of the Company within 90 days to fill in this casual vacancy.

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 statement, overall corporate strategy 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 that purpose. The Board met seven times during the year ended 30 June 2016, including once in every quarter 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.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

10. 5 out of 7 Directors of the Company were exempted from the requirement of Director's Training Program by virtue of minimum of 14 years of education and 15 years of experience as director of a listed company. One Director was specifically exempted by SECP from the requirements of Director's Training Program because of his other experience. Remaining one director of the Company had obtained certification during the year under Directors' training program conducted by Pakistan Institute of Corporate Governance.
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 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 of 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 four (4) members, of whom two (2) are non-executive directors and two (2) are independent directors. 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 four (4) members, of whom three (3) are non-executive directors and one (1) independent director. The Chairman of the Committee is a Non-Executive 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.
23. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

By order of the Board

Ahsan M. Saleem

Ahsan M. Saleem
Chief Executive Officer
15 August 2016

CRESCENT STEEL AND ALLIED PRODUCTS LIMITED

UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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

REVIEW REPORT TO THE MEMBERS

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

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

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of Crescent Steel and Allied Products Limited ("the Company") for the year ended 30 June 2016 to comply with the requirements of Listing Regulations of Pakistan Stock Exchange where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2016.

Date: 15 August 2016
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

AUDITORS' REPORT TO THE MEMBERS

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

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

We have audited the annexed unconsolidated balance sheet of Crescent Steel and Allied Products Limited ("the Company") as at 30 June 2016 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

b) in our opinion:

   i) the unconsolidated balance sheet and unconsolidated profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes disclosed in note 4.1 with which we concur;

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of the profits, its cash flows and changes in equity for the year then ended; and

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

Date: 15 August 2016
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

UNCONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2016

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

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

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

Chief Executive

Director

Chief Financial Officer

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2016

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

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

Chief Executive

Director

Chief Financial Officer

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

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

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

Chief Executive

Director

Chief Financial Officer

UNCONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

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

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

Chief Executive

Director

Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

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

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

Chief Executive	Director	Chief Financial Officer

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

1. THE COMPANY AND ITS OPERATIONS

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

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

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

1.4 The Company deals in equity shares and also has investment in subsidiaries and associates, the details of which are stated in notes 17.1 and 17.2.

2. BASIS OF PREPARATION

2.1 Unconsolidated financial statements

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

2.2 Statement of compliance

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

2.3 Basis of measurement

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

2.4 Functional and presentation currency

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

3. USE OF ESTIMATES AND JUDGEMENTS

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

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

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

– Property, plant and equipment and depreciation (refer note 5.1)
– Intangible assets and amortization (refer note 5.2)
– Investments (refer note 5.4)
– Stores, spares and loose tools and stock-in-trade (refer note 5.6 and 5.7)
– Employee benefits (refer note 5.10)
– Leases (refer note 5.12)
– Taxation (refer note 5.14)
– Impairment (refer note 5.1, 5.3, 5.4 and 5.18)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the preparation of these financial statements are set forth below and have been applied consistently to all years presented, except for the new standards and requirements which become effective during the year as disclosed in the note 4.1.

5.1 Property, plant and equipment and depreciation

Owned assets

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

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

Subsequent cost

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

Depreciation

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

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

Disposal

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

Leased assets

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

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

Capital work in progress

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

Impairment

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

5.2 Intangible assets

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

Subsequent expenditure

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

Amortization

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

Impairment

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

5.3 Investment property

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

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

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

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

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

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

5.4 Investments

Investments in subsidiaries

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

Investments in associates

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

Financial assets at fair value through profit and loss

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

Held to maturity investments

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

Loans and receivables

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

Available for sale investments

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

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

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

Impairment

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

An impairment loss in respect of financial assets measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cashflows discounted at the assets original effective interest rate. Losses are recognized in the unconsolidated profit and loss account. When an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the unconsolidated profit and loss account. Impairment losses on available for sale financial assets are recognized by reclassifying the losses accumulated in reserves in equity to the unconsolidated profit and loss account. The cumulative loss that is reclassified from equity to the unconsolidated profit and loss account is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any cumulative impairment loss recognized previously in the unconsolidated profit and loss account.

If in subsequent period, the fair value of an impaired available for sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed with the amount of reversal recognized in the unconsolidated profit and loss account. However, any subsequent recovery in the fair value of an impaired available for sale equity security is recognized in other comprehensive income. An impairment loss in respect of interest in associates and subsidiaries is measured by comparing the recoverable amount (i.e. higher of fair value or value in use) of investment with its carrying amount. An impairment loss is recognized in the unconsolidated profit and loss account. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

Derivative financial instruments

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

5.5 Non-current assets held for sale

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

5.6 Stores, spares and loose tools

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

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

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

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

5.7 Stock-in-trade

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

5.8 Trade debts and other receivables

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

5.9 Cash and cash equivalents

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

5.10 Employee benefits

5.10.1 Compensated absences

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

5.10.2 Post retirement benefits

5.10.2.1 Defined contribution plan - Provident fund

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

Cotton segment

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

All employees except Cotton segment

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

5.10.2.2 Defined benefit plans

Pension and gratuity fund schemes

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

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

5.11 Mark-up bearing borrowings

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

5.12 Leases

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

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

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

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

5.13 Asset held under Ijarah financing

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

5.14 Trade and other payables

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

5.15 Taxation

Current

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

Deferred

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

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

5.16 Revenue recognition

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

Interest income is recognized using the effective interest method.

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

Gains and losses on sale of investments are accounted for when the commitment (trade date) for sale of security is made. Unrealized gains and losses arising on revaluation of securities classified as ‘held for trading’ are recognized in the unconsolidated profit and loss account in the period in which they arise. Gains and losses arising on revaluation of derivatives to the fair value are also recognized in the unconsolidated profit and loss account.

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

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

5.17 Borrowing costs

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

5.18 Provisions

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

5.19 Impairment

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

5.20 Foreign currency translation

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

5.21 Offsetting of financial assets and financial liabilities

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

5.22 Segment reporting

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

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

5.23 Proposed dividend and transfer between reserves

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

5.24 Earnings per share

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

6. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

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

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

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

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

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

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

8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

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

8.1 The Company has entered into finance lease arrangements with leasing companies for lease of plant and machinery and motor vehicles. The lease term of these arrangments is from three years to five years (2015: three years) and the liability is payable by the month ranging from three months to sixty months (2015: seven month to thirty-five months). The periodic lease payments include built-in rates of mark-up ranging between 11.10% to 15.41% (2015: 12.04% to 20.25%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 152.669 million (2015: Rs. 91.058 million) which pertains to obligations arising from sale and leaseback of assets.

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

9. DEFERRED INCOME

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

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

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

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

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

10.2 Movement in provisions

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

10.2.1 This provision has been recognized against infrastructure fee levied by the Government of Sindh through Sindh Finance (Amendment) Ordinance, 2001. The Company has contested this issue in the High Court.

The Company filed an appeal in the Supreme Court against the judgement of the High Court dated 15 September 2008 partly accepting the appeal by declaring that the levy and collection of infrastructure fee prior to 28 December 2006 was illegal and ultra vires and after that it was legal. Additionally, the Government of Sindh also filed appeal against the part of judgement decided against them.

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

Under the arrangement if the Company succeed in the petition, Government of Sindh will refund the amount subject to their right to appeal before Honourable Supreme Court. To date the Company has provided bank guarantees amounting to Rs. 65.219 million (2015: Rs. 38.219 million) in favour of Excise and Taxation Department. Based on the legal advice, the management believes that the chance of success in the petition is in the Company's favour. Current year charge has been estimated on the value of imports during the year and forms a component of cost of such imported raw materials. Any subsequent adjustment with respect to increase or decrease in the estimate has been recognized in the unconsolidated profit and loss account. However, on a prudent basis full provision has been recognized.

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

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

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

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

11. MARK-UP ACCRUED

		2016	2015
Mark-up accrued on:			
- Finance lease obligations		304	346
- Long term loans		4,758	2,268
- Running finance and short term loans		15,961	9,069
		21,023	11,683

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

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

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

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

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

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

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

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

Both the decisions of LHC and SHC are pending before Supreme Court for adjudication. The management's tax advisor is of the view that the decision of LHC will remain applicable to the Company as the Company's registered office is situated in its jurisdiction till the decision of Supreme Court. Accordingly, aggregate net of tax provision of Rs. 12.053 million has not been recorded in these financial statements.

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

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

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

13.2 Commitments

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

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

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

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

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

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

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

14.1 Operating fixed assets

Description	Note	Land		Buildings		Office	Plant and machinery		Electrical /	Furniture	Computers	Motor vehicles		Total
		Freehold	Leasehold including improvements	On freehold land	On leasehold land	premises	Owned *	Leased	office equipment and installation	and fittings		Owned	Leased	
Rupees in '000														
Net carrying value as at 1 July 2015														
Opening net book value (NBV)		209,143	3,864	75,700	1,950	17	182,938	130,904	12,844	2,355	5,544	29,080	16,484	670,823
Additions / transfers	14.1.1	–	–	15,170	–	9,000	60,476	83,641	6,275	512	2,004	35,046	29,689	241,813
Disposals (at NBV)	14.5	–	–	–	–	–	(25,148)	(35,683)	(13)	–	(74)	(30,350)	(5,266)	(96,534)
Depreciation charge	14.1.1	–	(54)	(13,082)	(551)	(81)	(48,821)	(18,220)	(5,145)	(528)	(3,468)	(9,521)	(5,843)	(105,314)
Balance as at 30 June 2016 (NBV)		209,143	3,810	77,788	1,399	8,936	169,445	160,642	13,961	2,339	4,006	24,255	35,064	710,788
Gross carrying value as at 30 June 2016														
Cost	14.2	209,143	5,299	221,789	70,027	49,493	1,269,182	187,186	60,074	18,422	52,386	50,998	41,564	2,235,563
Accumulated depreciation		–	(1,489)	(144,001)	(68,628)	(40,557)	(1,099,737)	(26,544)	(46,113)	(16,083)	(48,380)	(26,743)	(6,500)	(1,524,775)
Net book value		209,143	3,810	77,788	1,399	8,936	169,445	160,642	13,961	2,339	4,006	24,255	35,064	710,788
Net carrying value as at 1 July 2014														
Opening net book value (NBV)		209,143	3,917	88,638	3,060	23	198,090	115,390	11,237	2,614	5,567	23,815	22,898	684,392
Additions / transfers		–	–	–	–	–	68,290	33,836	6,224	246	2,909	17,969	3,810	133,284
Disposals (at NBV)		–	–	–	–	–	(33,724)	(3,539)	(43)	–	–	(5,115)	(4,055)	(46,476)
Depreciation charge		–	(53)	(12,938)	(1,110)	(6)	(49,718)	(14,783)	(4,574)	(505)	(2,932)	(7,589)	(6,169)	(100,377)
Balance as at 30 June 2015 (NBV)		209,143	3,864	75,700	1,950	17	182,938	130,904	12,844	2,355	5,544	29,080	16,484	670,823
Gross carrying value as at 30 June 2015														
Cost		209,143	5,646	206,750	70,027	40,493	1,248,230	153,919	54,661	18,715	58,113	64,524	26,167	2,156,388
Accumulated depreciation		–	(1,782)	(131,050)	(68,077)	(40,476)	(1,065,292)	(23,015)	(41,817)	(16,360)	(52,569)	(35,444)	(9,683)	(1,485,565)
Net book value		209,143	3,864	75,700	1,950	17	182,938	130,904	12,844	2,355	5,544	29,080	16,484	670,823
Depreciation rate (% per annum)		–	1	5 & 10	5 & 10	10	5 - 20	10	5 - 20	10	33.33	20	20	

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

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

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

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

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

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

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

This also includes an amount of Rs. 26.4 million (2015: Rs. 26.4 million) paid by the Company to Pakistan Steel Mills Limited (PSML) against allotment of plot measuring 24,200 square yards. However, third party has filed a case in Honourable High Court of Sindh for declaration and injunction against said property. The Company has filed a suit in Honourable High Court of Sindh for specific performance and declaration against PSML with respect to the said property and also filed an application for vacation of the injunction operating against the property. The Honourable High Court of Sindh vide its interim order has restrained PSML from creating any third party interest till the disposition of the case. The applications are pending for hearing. Based on consultation with its legal advisor, management believes that it has reasonable grounds in the case and expects a favorable outcome.

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

14.5 The following assets were disposed off during the year:

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

Rupees in '000	Note	2016	2015

15. INTANGIBLE ASSETS

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

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

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

16. INVESTMENT PROPERTIES

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

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

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

Rupees in '000	Note	2016	2015

17. LONG TERM INVESTMENTS

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

17.1 Subsidiary companies - at cost

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

17.1.1 This represents the Company's investment in 100% ordinary shares of Shakarganj Energy (Private) Limited. The Company has acquired Shakarganj Energy (Private) Limited on 4 January 2010. During the year, the Company has further subscribed right issue offered by the investee company aggregating Rs. 32.196 million ordinary shares for Rs. 321.961 million.

17.1.2 This represents the Company's investment in 100% ordinary shares of CS Capital (Private) Limited. The Company has acquired CS Capital (Private) Limited on 26 September 2011.

17.1.3 This represents the Company's investment in 100% ordinary shares of Crescent Hadeed (Private) Limited which was incorporated on 15 May 2013. During the year, the Company has further subscribed right issues made by the investee company aggregating 25 million ordinary shares for Rs. 250 million.

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

17.2 Associated companies - at cost

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

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

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

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

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

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

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

17.3.1 Investment in related parties

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

17.3.2 The chief executive of Crescent Bahuman Limited is Mr. Nasir Shafi. The break-up value of shares of the investee company is Rs.Nil per share (2015: Rs. Nil per share), calculated on the basis of audited annual financial statements for the year ended 30 June 2015.

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

17.3.4 Other investments

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

Rupees in '000	2016	2015

18. LONG TERM DEPOSITS

Security deposits - leasing companies	15,334	11,601
Security deposits - Ijarah financing arrangement	150,648	–
Security deposits - others	10,686	12,619
	176,668	24,220

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

Rupees in '000	Note	2016	2015

21. STOCK-IN-TRADE

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

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

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

Rupees in '000	Note	2016	2015

22. TRADE DEBTS

Secured			
Considered good	22.1	297,296	33,749
Unsecured			
Considered good		25,555	54,173
Considered doubtful		14,271	5,684
Provision for doubtful trade debts	22.2	(14,271)	(5,684)
		25,555	54,173
		322,851	87,922

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

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

23. ADVANCES

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

24. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

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

25. INVESTMENTS

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

25.1 Available for sale

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

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

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

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

25.3 Available for sale

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

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

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

25.4 Held for trading

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

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

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

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

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

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

26. OTHER RECEIVABLES

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

26.1 Due from related parties

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

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

27.1 The Income Tax assessments of the Company have been finalized up to and including tax year 2003, except for pending appeal effect orders in respect of assessment years 2001-2002 and 2002-2003. Tax returns of subsequent tax years, except for tax year 2009, are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 unless selected for an amendment / audit by the taxation authorities. Deemed assessments for certain tax years were amended by the department resulting in additional demand of Rs. 109.227 million (2015: Rs. 109.227 million) which is currently pending in appeals before the Appellate Tribunal Inland Revenue and the Commissioner Inland Revenue (Appeals).

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

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

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

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

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

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

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

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

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

30.1 Cost of sales

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

30.2 Detail of salaries, wages and other benefits

Rupees in '000	Note	Steel segment 2016	Steel segment 2015	Cotton Segment 2016	Cotton Segment 2015	Total 2016	Total 2015
Salaries, wages and other benefits	30.2.1	182,884	77,361	26,456	98,617	209,340	175,978
Gratuity fund	30.2.2	1,860	(954)	43	104	1,903	(850)
Pension fund	30.2.2	4,607	(309)	878	260	5,485	(49)
Provident fund contributions		3,209	2,529	625	1,818	3,834	4,347
		192,560	78,627	28,002	100,799	220,562	179,426

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

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

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

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

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

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

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

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

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

32. DISTRIBUTION AND SELLING EXPENSES

		Steel segment		Cotton Segment		Total	
Rupees in '000	Note	**2016**	2015	**2016**	2015	**2016**	2015
Salaries, wages and other benefits	32.1	6,141	8,442	1,141	1,509	7,282	9,951
Commission		–	–	67	8,842	67	8,842
Travelling, conveyance and entertainment		1,318	904	187	109	1,505	1,013
Depreciation	14.1.2	1,123	1,080	–	–	1,123	1,080
Insurance		183	222	–	17	183	239
Postage, telephone and telegram		106	88	125	104	231	192
Advertisement		185	–	–	–	185	–
Bid bond expenses		411	1,801	–	–	411	1,801
Legal and professional charges		3,110	1	–	–	3,110	1
Others		1,036	1,901	364	2,227	1,400	4,128
		13,613	14,439	1,884	12,808	15,497	27,247
32.1 Detail of salaries, wages and other benefits							
Salaries, wages and other benefits		5,426	8,289	1,141	1,498	6,567	9,787
Gratuity fund	32.2.1	157	(136)	–	–	157	(136)
Pension fund	32.2.1	377	(7)	–	–	377	(7)
Provident fund contributions		181	296	–	11	181	307
		6,141	8,442	1,141	1,509	7,282	9,951

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

33. ADMINISTRATIVE EXPENSES

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

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

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

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

33.3 Donations

Donations include the following in which a director is interested :

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

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

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

Rupees in '000	2016	2015

37. TAXATION

	2016	2015
Current		
- for the year	281,109	18,383
- Super tax	40,103	–
- for prior years	(95)	(144)
	321,117	18,239
Deferred	27,320	(61,890)
	348,437	(43,651)

Rupees in '000	2016	2015

37.1 Relationship between taxation expense and accounting profit

	2016	2015
Profit before taxation	1,315,573	62,771
Tax at the applicable rate of 32% (2015: 33%)	420,983	20,714
Tax effect of inadmissible expenses / losses	(89,990)	521
Tax effect of income taxed at a lower rate	(21,010)	(64,658)
Prior year tax effect	(95)	(144)
Super tax	40,103	–
Tax effect of change in effective tax rate	(1,554)	(84)
	348,437	(43,651)

38. BASIC AND DILUTED EARNINGS PER SHARE

	2016	2015
Profit after taxation	967,136	106,422
	(Number of shares)	
		(Restated)
Weighted average number of ordinary shares in issue during the year	74,574,740	69,751,296
	(Rupees)	
		(Restated)
Basic and diluted earnings per share	12.97	1.53

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

Rupees in '000	Note	2016	2015

39. CASH (USED IN) / GENERATED FROM OPERATIONS

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

39.1 Working capital changes

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

Rupees in '000	Note	2016	2015

40. CASH AND CASH EQUIVALENTS

Running finances under mark-up arrangements	12.1	(179,837)	(301,822)
Cash and bank balances	28	62,902	42,551
		(116,935)	(259,271)

41. SEGMENT REPORTING

41.1 Reportable segments

The Company's reportable segments are as follows :

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

Information regarding the Company's reportable segments presented below:

41.2 Segment revenues and results

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

Rupees in '000	Steel segment	Cotton segment	IID segment	Total
For the year ended 30 June 2016				
Sales - net	7,378,136	33,899	–	7,412,035
Cost of sales	5,124,130	144,929	–	5,269,059
Gross profit / (loss)	2,254,006	(111,030)	–	2,142,976
Income from investments	–	–	42,555	42,555
	2,254,006	(111,030)	42,555	2,185,531
Distribution and selling expenses	13,613	1,884	–	15,497
Administrative expenses	237,646	24,773	20,684	283,103
Other operating expenses	417,461	3,794	(2)	421,253
	668,720	30,451	20,682	719,853
	1,585,286	(141,481)	21,873	1,465,678
Other income	16,433	13,697	63,545	93,675
Operating profit / (loss) before finance costs	1,601,719	(127,784)	85,418	1,559,353
Finance costs	230,873	10,928	1,979	243,780
Profit / (loss) before taxation	1,370,846	(138,712)	83,439	1,315,573
Taxation				348,437
Profit after taxation				967,136

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

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

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

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

41.3 Revenue from major products and services

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

41.4 Information about major customers

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

41.5 Geographical information

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

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

41.5.2 All non-current assets of the Company as at 30 June 2016 and 2015 were located and operating in Pakistan.

41.6 Segment assets and liabilities

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

Rupees in '000	Steel segment	Cotton segment	IID segment	Total
As at 30 June 2016				
Segment assets for reportable segments	4,981,453	448,478	3,292,742	8,722,673
Unallocated corporate assets				761,530
Total assets as per unconsolidated balance sheet				9,484,203
Segment liabilities for reportable segments	611,078	108,262	1,923	721,263
Unallocated corporate liabilities and deferred income				2,955,215
Total liabilities as per unconsolidated balance sheet				3,676,478
As at 30 June 2015				
Segment assets for reportable segments	1,725,602	488,312	2,832,988	5,046,902
Unallocated corporate assets				345,801
Total assets as per unconsolidated balance sheet				5,392,703
Segment liabilities for reportable segments	490,721	163,564	1,483	655,768
Unallocated corporate liabilities and deferred income				686,192
Total liabilities as per unconsolidated balance sheet				1,341,960

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

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

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

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

41.7 Other segment information

Rupees in '000	Steel segment	Cotton segment	IID segment	Total
For the year ended 30 June 2016				
Capital expenditure	105,432	11,765	4,960	122,157
Depreciation and amortization	47,485	62,444	6,237	116,166
Non-cash items other than depreciation and amortization - net	326,093	2,518	(99,177)	229,434
For the year ended 30 June 2015				
Capital expenditure	27,042	60,754	593	88,389
Depreciation and amortization	41,431	61,463	4,691	107,585
Non-cash items other than depreciation and amortization - net	33,498	41,113	(276,072)	(201,461)

42. STAFF RETIREMENT BENEFITS

42.1 Defined benefit plans

42.1.1 The actuarial valuation of both pension and gratuity schemes has been conducted in accordance with IAS 19, 'Employee benefits' as at 30 June 2016. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation:

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

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

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

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

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

42.1.4 Movement in the present value of defined benefit obligations

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

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

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

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

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

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

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

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

Sensitivity analysis

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

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

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

42.2 Defined contribution plan

The Company has set up provident fund for its permanent employees and the contributions were made by the Company to the Trust in accordance with the requirement of Section 227 of the Companies Ordinance, 1984. The total charge against provident fund for the year ended 30 June 2016 was Rs. 7.594 million (2015: Rs. 7.527 million). Year end of Provident Fund Financial Statements is 31 December and 30 June for Steel & IID Division and Cotton Division respectively.

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

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

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

43. FAIR VALUES

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

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

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

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

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

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

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

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

The investments in subsidiaries and associates are stated at cost.

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

44. FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

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

44.1 Credit risk

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

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

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

Trade and other receivables

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

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

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

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

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

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

Settlement risk

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

Bank balances

The Company kept its surplus funds with banks having good credit rating. Currently the surplus funds are kept with banks having rating from AAA to A-1.

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

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

Deposits

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

Investment in debt securities

Credit risk arising on debt securities is mitigated by investing principally in investment grade rated instruments. Where the investment is considered doubtful a provision is created there against.

Concentration of credit risk

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

44.2 Liquidity risk

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

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

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

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

44.3 Market risk

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

44.3.1 Currency risk

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

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

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

The following significant exchange rate has been applied:

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

Sensitivity analysis

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

Effect on profit or loss

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

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

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

44.3.2 Interest rate risk

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

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

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2015.

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

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

44.3.3 Other price risk

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

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

Rupees in '000	**2016**	2015
Effect on profit	38,313	36,509
Effect on equity	881	957
Effect on investments	39,194	37,466

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

45. REMUNERATION TO THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

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

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

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

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

46. TRANSACTIONS WITH RELATED PARTIES

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

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

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

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

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

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

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

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

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

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

47. CAPITAL RISK MANAGEMENT

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company's overall strategy remains unchanged from year 2015.

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

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

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

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

47.1 Gearing ratio

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

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

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

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

48. PLANT CAPACITY AND PRODUCTION

48.1 Steel segment

Pipe plant

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

Coating plant

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

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

48.2 Cotton segment

Spinning unit 1

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

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

49. GENERAL

49.1 Number of employees

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

49.2. Non adjusting event after balance sheet date

The Board of Directors of the Company in their meeting held on 15 August 2016 have proposed final cash dividend for the year ended 30 June 2016 of Rs. 2 per share (i.e. 20%) (2015: Re. 0.7 per share) amounting to Rs. 155.265 million (2015: Rs. 43.475 million). This is in addition to the first and second interim cash dividends of Rs.1.5 per share each (i.e. 15% each) already distributed and recorded in these financial statements; this make a total distribution of Rs. 5 per share (i.e. 50%) for the year ended 30 June 2016. The Board has also proposed an appropriation of Rs. 1,000 million (2015: Nil) from unappropriated profits in the general reserve. The above proposed final cash dividend and transfer to general reserves are subject to the approval of the members at the Annual General Meeting to be held on 30 September 2016. These financial statements do not include the effect of above proposals which will be accounted for in the period in which it is approved by the members.

50. DATE OF AUTHORIZATION FOR ISSUE

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

Chief Executive	Director	Chief Financial Officer

CRESCENT STEEL AND ALLIED PRODUCTS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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

KEY FIGURES

Based on results of the company as presented in the Consolidated financial statements

7,575 (Rs. in million)
Sales Revenue

557 (Rs. in million)
Capital expenditure

1,914.4 (Rs. in million)
EBITDA

21.5 (%)
Return on average capital employed

1,660.5 (Rs. in million)
Profit before taxation and depreciation

11,457 (Rs. in million)
Total assets

1,122 (Rs. in million)
Profit after taxation

1.6:1 (Ratio)
Current ratio

15.05 (Rupees)
Earnings per share (basic and diluted)

7,319 (Rs. in million)
Shareholders' equity

7.6 (Times)
Price earnings ratio

94.3 (Rupees)
Break-up value per share

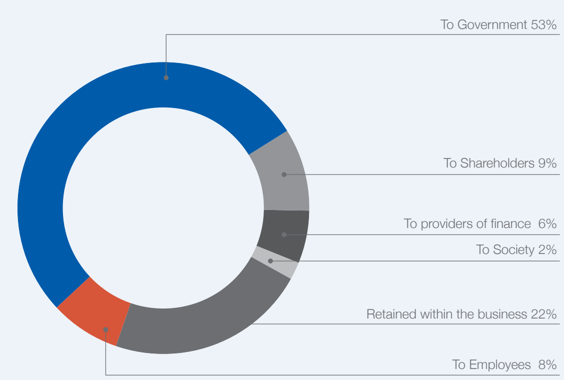
5 (Rupees per share)
Cash dividend (including final proposed)

STATEMENT OF VALUE ADDITION

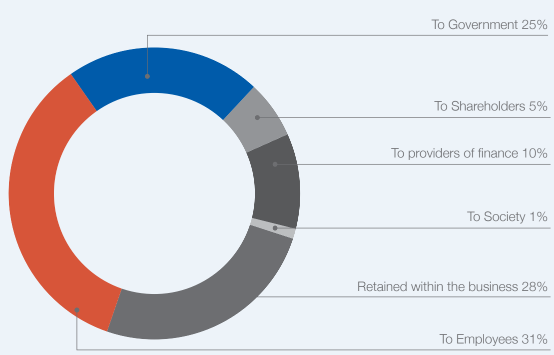
	2016 Rupees in '000	2016 %	2015 Rupees in '000	2015 %
WEALTH GENERATED				
Total revenue	9,337,070	100%	2,921,879	100%
Bought-in-material and services	(5,036,026)	54%	(2,070,656)	71%
	4,301,044	46%	851,223	29%
WEALTH DISTRIBUTED				
To Employees				
Salaries, wages and other benefits	345,057	8%	266,935	31%
To Government				
Income tax, sales tax, custom duties, WWF and WPPF	2,296,860	53%	210,678	25%
To Shareholders				
Dividend *	388,163	9%	43,474	5%
To providers of finance				
Finance costs	253,921	6%	87,315	10%
To Society				
Donation towards education, health and environment	70,892	2%	9,148	1%
Retained within the business for future growth				
Depreciation, amortization and retained earnings	946,151	22%	233,673	28%
	4,301,044	100%	851,223	100%

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

DISTRIBUTION OF WEALTH 2016



DISTRIBUTION OF WEALTH 2015



PERFORMANCE INDICATORS CONSOLIDATED

FOR THE CURRENT AND PAST SIX FINANCIAL YEARS

PERFORMANCE INDICATORS	2016	2015	2014	2013	2012	2011	2010
A - PROFITABILITY RATIOS							
Earnings before interest, taxation, depreciation and amortization (EBITDA) (Rs. in millions)	1,914.4	389.4	902.5	1,316.6	703.6	1,151.0	1,022.2
Profit before taxation and depreciation (Rs. in millions)	1,653.4	295.1	802.3	1,251.3	582.7	995.2	889.8
Gross profit ratio (%)	26.6	0.9	5.7	13.0	12.9	18.4	22.1
Operating profit margin to sales (net) (%)	18.6	2.2	11.5	19.1	7.8	17.5	22.3
Net profit margin to sales (net) (%)	14.8	8.7	13.7	17.8	11.9	14.5	14.4
EBITDA margin to sales (net) (%)	25.3	16.9	22.4	26.3	17.8	26.2	27.6
Operating leverage ratio	2.6	1.6	1.8	4.4	4.1	0.9	63.1
Return on equity (%)	15.3	3.7	10.5	18.0	11.7	17.8	17.4
Return on average equity (%)	17.7	3.8	10.8	19.9	12.4	19.2	19.0
Return on capital employed (RoCE) (%)	17.1	4.2	14.4	22.5	12.8	22.0	21.4
Return on average capital employed (%)	21.5	4.4	14.6	25.0	12.7	23.4	22.2
Return on average assets (%)	12.3	3.1	9.8	16.3	9.4	13.1	11.9
B - LIQUIDITY RATIOS							
Current ratio	1.6 : 1	1.9 : 1	2.6 : 1	2.5 : 1	1.8 : 1	1.5 : 1	1.2 : 1
Quick / Acid-test ratio	0.9 : 1	1.4 : 1	2 : 1	1.8 : 1	1.3 : 1	0.8 : 1	0.6 : 1
Cash to current liabilities (%)	(6.8)	(18.9)	(11.8)	(23.6)	(23.5)	(49.1)	(27.0)
Cash flows from operations to sales (%)	(31.0)	4.1	4.3	(1.7)	11.1	4.1	12.3
Working capital (Net current assets)	2,095.1	929.3	1,123.6	1,340.9	856.4	595.2	384.7
Working capital turnover (times)	5.0	2.2	3.3	4.6	5.4	9.0	10.7
C - ACTIVITY / TURNOVER RATIOS							
Debtors turnover ratio (times)	28.4	30.7	28.1	17.7	15.3	20.9	20.5
No. of days in receivables / Average collection period (days)	13	12	13	21	24	18	18
Inventory turnover ratio (times)	3.7	5.3	7.1	7.0	4.8	3.8	3.5
No. of days in inventory (days)	98	69	51	52	76	95	104
Creditors turnover ratio (times)	20.0	8.5	29.3	19.9	15.9	22.3	14.0
No. of days in creditors / Average payment period (days)	18	43	12	18	23	16	26
Property, plant and equipment turnover (times)	3.1	1.1	2.9	3.9	3.6	3.1	2.9
Total assets turnover (times)	0.7	0.3	0.7	0.9	0.8	0.9	0.8
Operating cycle (days)	93	38	52	55	77	96	96
D - INVESTMENT / MARKET RATIOS							
Basic and diluted earnings per share (Rs.)*	15.05	2.87	7.93	12.77	6.75	9.17	7.67
Price earnings ratio (times)*	7.6	18.1	5.5	3.5	3.4	2.8	3.3
Dividend yield (%) **	4.4	1.3	5.7	7.8	8.6	13.4	12.0
Dividend payout ratio (%) **	34.6	21.7	28.1	28.5	24.0	30.9	31.7
Dividend cover ratio (times) ***	3.0	4.1	3.2	3.6	3.4	2.6	2.6
Cash dividend (Rs. in millions) **	388.2	43.5	155.3	197.6	112.9	197.6	169.4
Cash dividend per share (Rs.) **	5.0	0.7	2.5	3.5	2.0	3.5	3.0
Stock dividend / Bonus shares (Rs. in millions)	-	-	-	56.4	-	-	-
Stock dividend / Bonus shares (%)	-	-	-	10.0	-	-	-
Market value per share (at the end of the year) (Rs.)	114.6	51.9	43.5	45.0	23.2	26.1	25.1
- Lowest during the year (Rs.)	54.6	34.9	43.5	21.6	18.0	23.8	18.0
- Highest during the year (Rs.)	134.8	62.4	74.8	54.5	28.5	31.7	34.0
Break-up value per share (Rs.)	94.3	86.8	84.5	79.8	64.7	58.0	49.6
E - CAPITAL STRUCTURE RATIOS							
Financial leverage ratio (%)	39.9	12.8	6.3	9.8	9.0	23.6	27.2
Long term debt to equity ratio (%)	6.4	5.3	1.2	0.7	0.5	3.6	-
Cost of debts	8.4	10.9	13.7	14.4	16.7	16.5	14.4
Long term debt : Equity ratio	6 : 94	5 : 95	1 : 99	1 : 99	0 : 100	3 : 97	0 : 100
Total liabilities to total assets (%)	36.0	21.1	14.9	15.6	21.1	26.6	37.1
Gearing ratio (%)	28.0	9.8	3.4	7.6	6.8	18.7	17.5
Interest coverage (times)	6.9	2.9	8.5	19.5	5.1	6.8	6.9

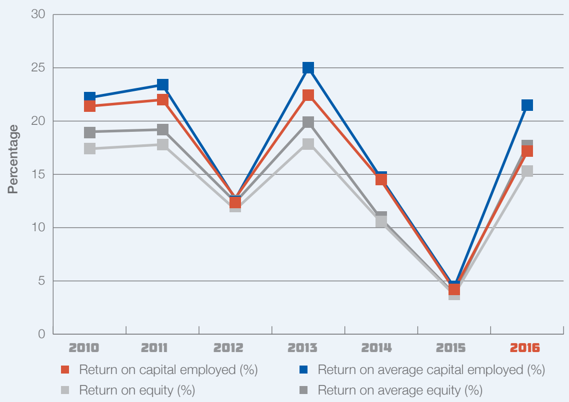
Notes:

* The basic and diluted earnings per share for prior years have been restated to take into account the right issue during the year ended 30 June 2016.

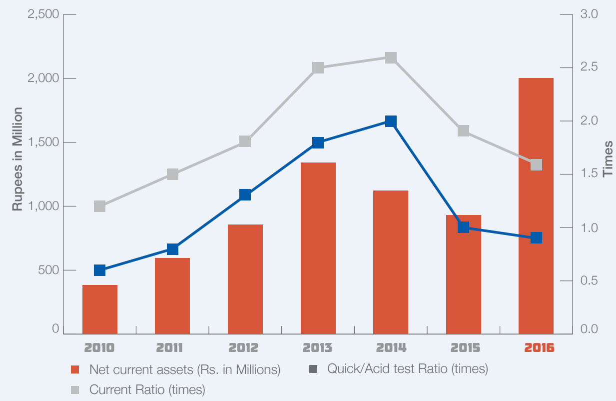
** This includes declaration of final cash dividend recommended by the Board of Directors subsequent to year end.

*** This includes declaration of final cash dividend recommended by the Board of Directors subsequent to year end and prior year have been restated to take into account right issue during the year end 30 June 2016.

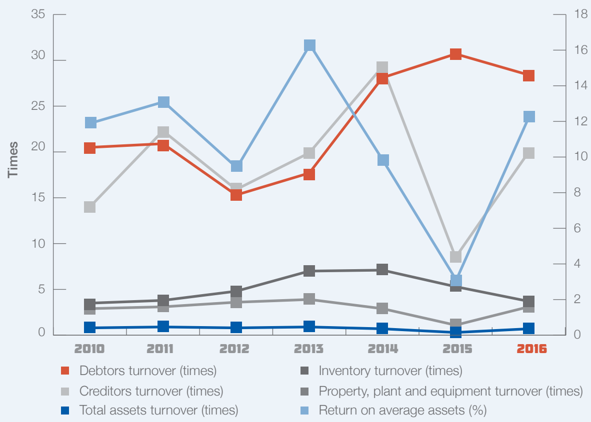
RETURN ON CAPITAL AND EQUITY



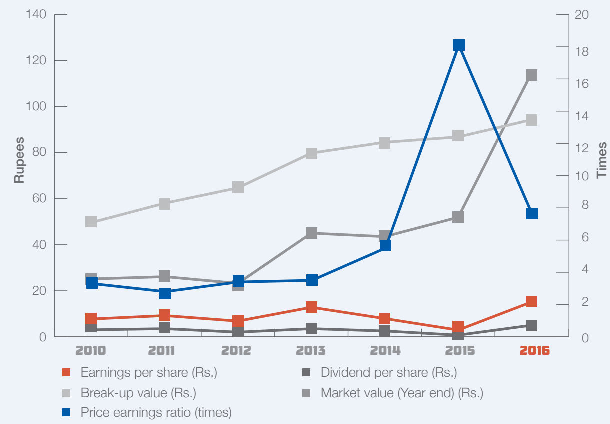
LIQUIDITY



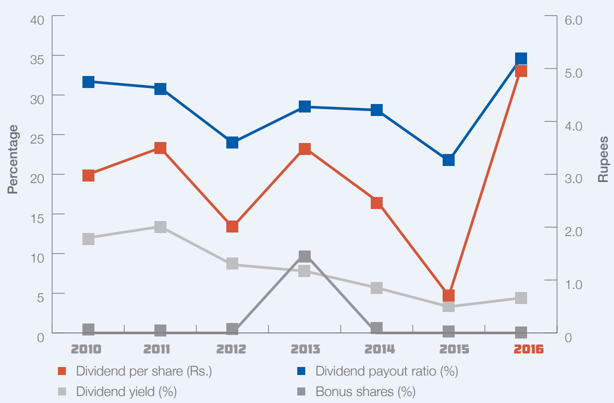
ASSET MANAGEMENT



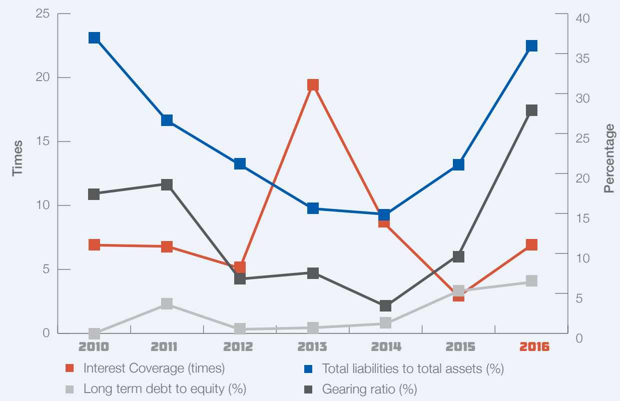
PER SHARE RESULT



DIVIDEND AND RETURNS



DEBT MANAGEMENT



VERTICAL ANALYSIS CONSOLIDATED

FOR THE LAST SIX FINANCIAL YEARS

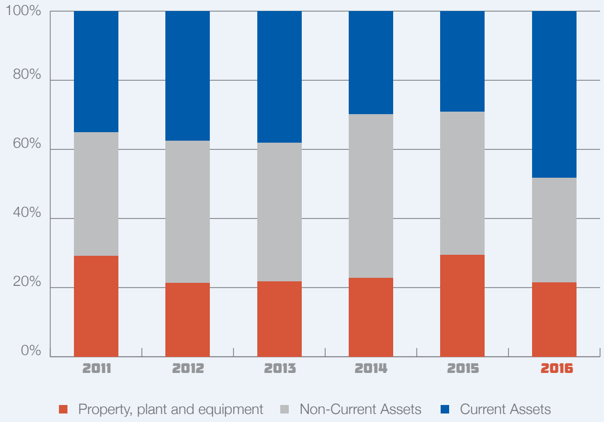
Rupees in million	2016	%	2015	%	2014	%	2013	%	2012	%	2011	%
CONSOLIDATED BALANCE SHEET												
Property, plant and equipment	2,468	21.5	2,019	29.5	1,404	22.8	1,281	21.8	1,086	21.3	1,431	29.2
Intangible assets	113	1.0	68	1.0	39	0.6	14	0.2	2	-	13	0.3
Investment property	60	0.5	67	1.0	73	1.2	62	1.1	36	0.7	40	0.8
Investment in equity accounted investees	2,882	25.2	2,423	35.4	2,540	41.2	2,040	34.6	1,806	35.5	1,498	30.6
Other long term investments	221	1.9	221	3.2	221	3.6	221	3.7	221	4.3	189	3.9
Long term loans and deposits	189	1.6	48	0.7	51	0.8	20	0.3	21	0.4	15	0.3
Deferred taxation	-	-	-	-	-	-	-	-	8	0.2	-	-
Stores, spares and loose tools	130	1.1	67	1.0	72	1.2	79	1.3	66	1.3	66	1.3
Stock-in-trade	2,531	22.1	453	6.6	407	6.6	662	11.3	587	11.5	841	17.1
Trade debts	472	4.1	61	0.9	89	1.4	197	3.4	369	7.3	145	3.0
Advances	45	0.4	58	0.8	58	0.9	32	0.5	138	2.7	30	0.6
Trade deposits and short term prepayments	38	0.3	15	0.2	7	0.1	9	0.2	6	0.1	6	0.1
Investments	879	7.7	824	12.1	758	12.3	946	16.1	523	10.3	491	10.0
Current portion of long term investments	-	-	-	-	-	-	-	-	8	0.2	17	0.3
Mark-up accrued on term finance certificates	-	-	-	-	-	-	-	-	-	-	1	-
Other receivables	800	7.0	187	2.7	143	2.3	135	2.3	48	0.9	62	1.3
Taxation - net	555	4.8	225	3.3	159	2.6	76	1.3	93	1.8	41	0.8
Cash and bank balances	74	0.6	101	1.5	144	2.3	80	1.4	69	1.4	19	0.4
Non-current asset held for sale	-	-	-	-	-	-	19	0.3	-	-	-	-
Total assets	11,457	100	6,837	100	6,165	100	5,873	100	5,087	100	4,905	100
Issued, subscribed and paid-up capital	776	6.8	621	9.1	621	10.1	565	9.6	565	11.1	565	11.5
Capital reserves	1,139	9.9	396	5.8	388	6.3	555	9.4	402	7.9	326	6.6
Revenue reserves	5,404	47.2	4,374	64.0	4,237	68.7	3,836	65.3	3,049	59.9	2,711	55.3
Shareholders' equity	7,319	63.9	5,391	78.9	5,246	85.1	4,956	84.3	4,016	78.9	3,602	73.4
Long term loans	394	3.4	239	3.5	-	-	-	-	-	-	115	2.3
Liabilities against assets subject to finance lease	77	0.7	46	0.7	62	1.0	34	0.6	20	0.4	15	0.3
Deferred income	9	0.1	1	-	2	-	1	-	-	-	-	-
Deferred taxation	229	2.0	98	1.4	142	2.3	6	0.1	-	-	50	1.0
Trade and other payables	954	8.3	643	9.4	433	7.0	415	7.1	692	13.6	378	7.8
Mark-up accrued	23	0.2	13	0.2	9	0.1	9	0.2	16	0.3	26	0.5
Short term borrowings	2,279	19.8	302	4.3	228	3.7	418	7.1	335	6.6	707	14.5
Current portion of deferred income	5	-	2	-	2	-	1	-	-	-	-	-
Current portion of long term loan	109	1.0	55	0.8	-	-	-	-	-	-	-	-
Current portion of liabilities against assets subject to finance lease	59	0.5	47	0.7	41	0.7	32	0.5	8	0.2	12	0.2
Total equity and liabilities	11,457	100	6,837	100	6,165	100	5,873	100	5,087	100	4,905	100
CONSOLIDATED PROFIT AND LOSS ACCOUNT												
Sales - net	7,575	100.0	2,303	100	4,030	100	5,002	100	3,943	100	4,400	100
Cost of sales	5,559	73.4	2,282	99.1	3,800	94.3	4,351	87	3,434	87.1	3,590	82
Gross profit	2,016	26.6	21	0.9	230	5.7	651	13.0	509	12.9	810	18.4
Income from investments - net	102	1.3	219	9.5	441	10.9	348	7	68	1.7	189	4.3
Distribution and selling expenses	16	0.2	27	1.2	52	1.3	68	1.4	46	1.2	39	0.9
Administrative expenses	299	3.9	181	7.9	172	4.3	177	3.5	170	4.3	160	3.6
Other operating expenses	427	5.6	11	0.5	33	0.8	169	3.4	66	1.7	60	1.4
Other income	30	0.4	32	1.4	47	1.2	371	7.4	12	0.3	31	0.7
Operating profit before finance costs	1,406	18.6	52	2.2	461	11.4	956	19.1	307	7.7	771	17.5
Finance costs	254	3.4	87	3.8	95	2.4	63	1.3	110	2.8	144	3.3
Share of profit in equity accounted investees - net of taxation	347	4.6	203	8.8	341	8.5	269	5.4	255	6.5	207	4.7
Profit before taxation	1,499	19.8	168	7.2	707	17.5	1,162	23.2	452	11.4	834	18.9
Taxation	377	5.0	(32)	(1.4)	154	3.8	272	5.4	(19)	(0.5)	194	4.4
Profit after taxation	1,122	14.8	200	8.6	553	13.7	890	17.8	471	11.9	640	14.5

HORIZONTAL ANALYSIS CONSOLIDATED

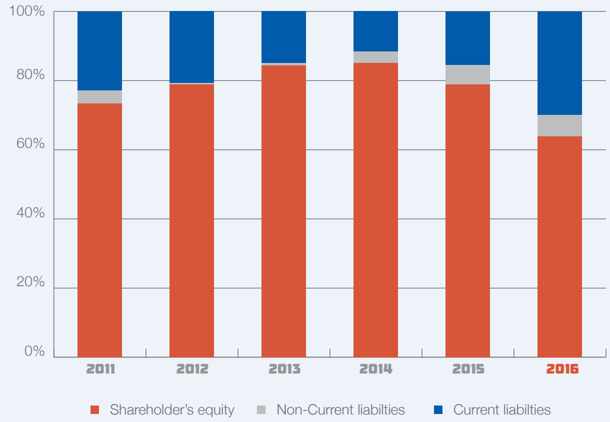
FOR THE LAST SIX FINANCIAL YEARS

Rupees in million	2016	%	2015	%	2014	%	2013	%	2012	%	2011	%
CONSOLIDATED BALANCE SHEET												
Property, plant and equipment	2,468	22.2	2,019	43.8	1,404	9.6	1,281	18.0	1,086	(24.1)	1,431	13.8
Intangible assets	113	66.2	68	74.4	39	178.6	14	600.0	2	(84.6)	13	(45.8)
Investment property	60	(10.4)	67	(8.2)	73	17.7	62	72.2	36	(10.0)	40	(11.1)
Investment in equity accounted investees	2,882	18.9	2,423	(4.6)	2,540	24.5	2,040	13.0	1,806	20.6	1,498	21.7
Other long term investments	221	-	221	-	221	-	221	-	221	16.9	189	(8.3)
Long term loans and deposits	189	293.8	48	(5.9)	51	155.0	20	(4.8)	21	40.0	15	400.0
Deferred taxation	-	-	-	-	-	-	-	(100.0)	8	100.0	-	-
Stores, spares and loose tools	130	94.0	67	(6.9)	72	(8.9)	79	19.7	66	-	66	(9.6)
Stock-in-trade	2,531	458.7	453	11.3	407	(38.5)	662	12.8	587	(30.2)	841	(18.1)
Trade debts	472	673.8	61	(31.5)	89	(54.8)	197	(46.6)	369	154.5	145	(47.7)
Advances	45	(22.4)	58	-	58	81.3	32	(76.8)	138	360.0	30	(45.5)
Trade deposits and short term prepayments	38	153.3	15	114.3	7	(22.2)	9	50.0	6	-	6	-
Investments	879	6.7	824	8.7	758	(19.9)	946	80.9	523	6.5	491	6.0
Current portion of long term investments	-	-	-	-	-	-	-	(100.0)	8	(52.9)	17	100.0
Mark-up accrued on term finance certificates	-	-	-	-	-	-	-	-	-	(100.0)	1	-
Other receivables	800	327.8	187	30.8	143	5.9	135	181.3	48	(22.6)	62	148.0
Taxation - net	555	146.7	225	41.5	159	109.2	76	(18.3)	93	126.8	41	115.8
Cash and bank balances	74	(26.7)	101	(29.9)	144	80.0	80	15.9	69	263.2	19	(89.6)
Non-current asset held for sale	-	-	-	-	-	(100.0)	19	100.0	-	-	-	-
Total assets	11,457	67.6	6,837	10.9	6,165	5.0	5,873	15.5	5,087	3.7	4,905	0.2
Issued, subscribed and paid-up capital	776	25.0	621	-	621	9.9	565	-	565	-	565	-
Capital reserves	1,139	187.6	396	2.1	388	(30.0)	555	38.1	402	23.3	326	19.0
Revenue reserves	5,404	23.5	4,374	3.2	4,237	10.5	3,836	25.8	3,049	12.5	2,711	21.0
Shareholders' equity	7,319	35.8	5,391	2.8	5,246	5.9	4,956	23.4	4,016	11.5	3,602	16.9
Long term loans	394	64.9	239	100.0	-	-	-	-	-	(100.0)	115	100.0
Liabilities against assets subject to finance lease	77	67.4	46	(25.8)	62	82.4	34	70.0	20	33.3	15	100.0
Deferred income	9	800.0	1	(50.0)	2	100.0	1	100.0	-	-	-	-
Deferred taxation	229	133.7	98	(31.0)	142	2,267.0	6	100.0	-	(100.0)	50	(30.6)
Trade and other payables	954	48.4	643	48.5	433	4.3	415	(40.0)	692	83.1	378	(56.7)
Mark-up accrued	23	76.9	13	44.4	9	-	9	(43.8)	16	(38.5)	26	(23.5)
Short term borrowings	2,279	654.6	302	32.5	228	(45.5)	418	24.8	335	(52.6)	707	(9.4)
Current portion of deferred income	5	150.0	2	-	2	100.0	1	100.0	-	-	-	-
Current portion of long term loan	109	98.2	55	100.0	-	-	-	-	-	-	-	(100.0)
Current portion of liabilities against assets subject to finance lease	59	25.5	47	14.6	41	28.1	32	300.0	8	(33.3)	12	100.0
Total equity and liabilities	11,457	67.6	6,837	10.9	6,165	5.0	5,873	15.5	5,087	3.7	4,905	0.2
CONSOLIDATED PROFIT AND LOSS ACCOUNT												
Sales - net	7,575	228.9	2,303	(42.9)	4,030	(19.4)	5,002	26.9	3,943	(10.4)	4,400	18.8
Cost of sales	5,559	143.6	2,282	(39.9)	3,800	(12.7)	4,351	26.7	3,434	(4.3)	3,590	24.4
Gross profit	2,016	9,500.0	21	(90.9)	230	(64.7)	651	27.9	509	(37.2)	810	(0.9)
Income from investments - net	102	(53.4)	219	(50.3)	441	26.7	348	411.8	68	(64.0)	189	(15.2)
Distribution and selling expenses	16	(40.7)	27	(48.1)	52	(23.5)	68	47.8	46	17.9	39	44.4
Administrative expenses	299	65.1	181	5.5	172	(2.8)	177	4.1	170	6.3	160	-
Other operating expenses	427	3,781.8	11	(65.8)	33	(80.5)	169	156.1	66	10.0	60	(6.3)
Other income	30	(6.3)	32	(32.3)	47	(87.3)	371	2,991.7	12	(61.3)	31	(18.4)
Operating profit before finance costs	1,406	2,603.8	52	(88.7)	461	(51.8)	956	211.4	307	(60.2)	771	(6.8)
Finance costs	254	191.9	87	(8.1)	95	50.8	63	(42.7)	110	(23.6)	144	18.0
Share of profit in equity accounted investees - net of taxation	347	71.0	203	(40.4)	341	26.8	269	5.5	255	23.2	207	1,781.8
Profit before taxation	1,499	792.3	168	(76.2)	707	(39.2)	1,162	157.0	452	(45.8)	834	16.5
Taxation	377	1,278.1	(32)	(121.0)	154	(43.4)	272	1,531.6	(19)	(109.8)	194	7.2
Profit after taxation	1,122	461.0	200	(63.8)	553	(37.8)	890	88.9	471	(26.4)	640	19.6

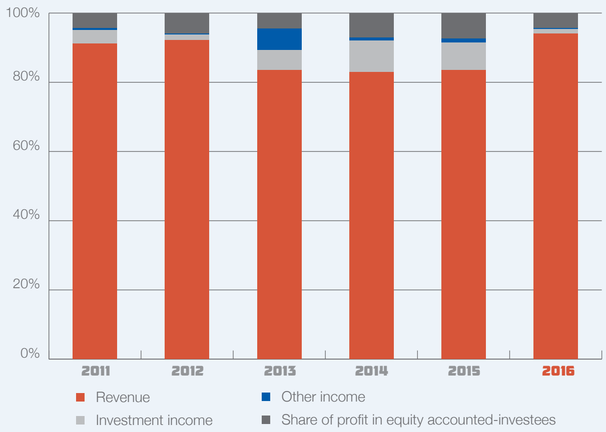
BALANCE SHEET ANALYSIS (ASSETS) %



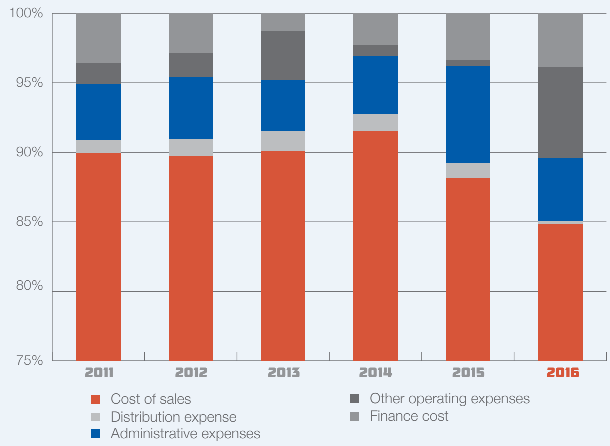
BALANCE SHEET ANALYSIS (EQUITY AND LIABILITIES) %



PROFIT AND LOSS ANALYSIS (REVENUE AND INCOME) %



PROFIT AND LOSS ANALYSIS (EXPENSES) %



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).

Commercial operations of CHL and SEL commenced in June 2016 and December 2014 respectively.

CONSOLIDATED PROFIT AND LOSS:

The Company started presenting consolidated financial statements since 2010. The difference between the results of Unconsolidated 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. 206.9 million in 2011 to Rs. 347.1 million in 2016 mainly from investment in Altern Energy Limited, whereas, investment income amounted to Rs. 102.5 million in FY16 (2015: Rs. 219.2 million) out of which Rs. 65.6 million was contributed by CSCL (2015: Rs. 85.6 million).

CONSOLIDATED BALANCE SHEET:

With respect to balance sheet, carrying amount of property plant and equipment (PPE) increased by 22% from last year. PPE of CHL and SEL increased by Rs. 142 million and Rs. 202 million respectively.

Furthermore, investments in equity accounted investments have almost doubled from Rs. 1,498 million in 2011 to Rs. 2,882 million in 2016 mainly due to recognition of share of profits from Altern Energy Limited.

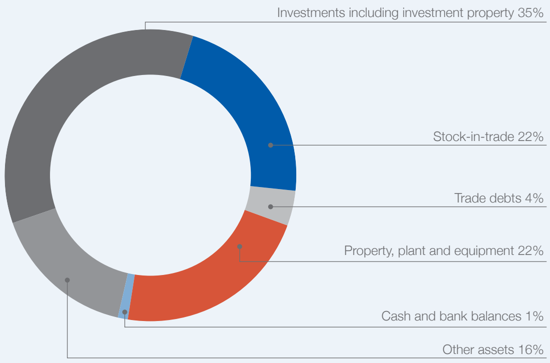
Total assets of the holding company have increased to Rs. 11,475 million in 2016 from Rs. 4,905 million in 2011.

KEY OPERAITNG AND FINANCIAL DATA

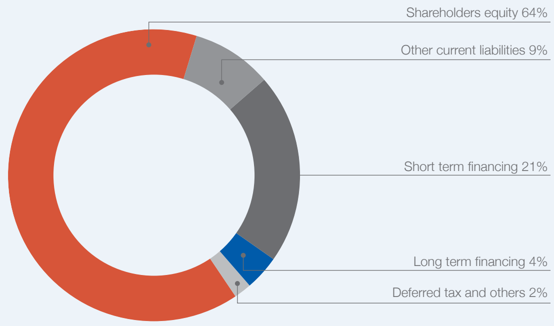
FOR THE CURRENT AND PAST SIX FINANCIAL YEARS

SUMMARIZED FINANCIAL DATA Rupees in millions	2016	2015	2014	2013	2012	2011	2010
A SUMMARY OF PROFIT AND LOSS ACCOUNT							
Sales - net	7,575.4	2,302.5	4,030.2	5,001.7	3,942.9	4,400.0	3,704.4
Cost of sales	5,559.6	2,281.9	3,799.9	4,350.8	3,434.1	3,590.1	2,887.3
Gross profit	2,015.8	20.6	230.3	650.9	508.8	809.9	817.1
Income from investments - net	102.5	219.2	441.4	348.1	67.8	188.6	222.7
Distribution, selling and administrative expenses	315.2	208.7	223.7	244.9	216.0	198.8	187.5
Other operating expenses	426.8	11.3	33.4	169.0	65.8	60.3	63.5
Other income	29.8	31.8	47.3	371.2	11.6	31.6	37.7
Operating profit before finance costs	1,406.1	51.6	461.9	956.3	306.4	771.0	826.5
Finance costs	253.9	87.3	94.9	62.9	109.5	144.0	121.9
Share of profit in equity accounted investees - net of taxation	347.1	203.3	340.5	269.5	255.3	206.9	11.2
Profit before taxation	1,499.3	167.6	707.5	1,162.9	452.2	833.9	715.8
Taxation	377.1	(32.4)	154.2	272.0	(18.9)	194.1	181.0
Net income	1,122.2	200.0	553.3	890.9	471.1	639.8	534.8
B SUMMARY OF BALANCE SHEET							
Current assets	5,524.1	1,991.0	1,836.8	2,216.1	1,908.0	1,718.4	2,128.8
Stock-in-trade	2,531.2	453.1	407.2	662.4	586.7	840.6	1,026.6
Trade debts	472.1	60.6	89.5	196.9	368.9	145.1	276.9
Current liabilities	3,429.0	1,061.7	713.2	875.2	1,051.6	1,123.2	1,744.1
Trade and other payables	954.1	642.8	432.8	414.8	692.3	378.0	873.4
Property, plant and equipment	2,467.8	2,018.5	1,404.4	1,280.7	1,086.2	1,431.2	1,256.9
Total assets	11,457.3	6,836.7	6,165.2	5,872.7	5,087.2	4,905.2	4,894.8
Long term financing (excluding current maturity)	471.4	285.2	62.0	34.5	19.8	130.4	-
Deferred income (including current maturity)	9.1	3.1	4.0	2.3	-	-	-
Deferred liabilities	228.5	98.2	141.5	6.2	-	50.4	71.6
Short term financing (including current maturity of long-term financing)	2,446.9	404.2	269.4	450.5	343.0	719.0	836.4
Reserves	6,542.9	4,769.2	4,625.1	4,391.0	3,451.2	3,036.7	2,514.6
Shareholders' equity	7,319.2	5,390.2	5,246.2	4,955.6	4,015.8	3,601.3	3,079.2
C SUMMARY OF CASH FLOW STATEMENT							
Cash and cash equivalents at the beginning of the year	(200.4)	(84.1)	(206.3)	(247.0)	(551.1)	(470.1)	(644.7)
Net cash (used in) / generated from operating activities	(2,345.1)	94.1	169.2	(85.1)	437.0	180.6	455.8
Net cash (outflows) / inflows from investing activities	(534.1)	(309.2)	286.2	77.9	254.8	(195.0)	27.9
Net cash inflows / (outflows) from financing activities	2,846.2	98.8	(333.1)	47.9	(387.7)	(66.6)	(309.1)
Net (decrease) / increase in cash and cash equivalents	(33.0)	(116.4)	122.2	40.7	304.1	(81.0)	174.6
Cash and cash equivalents at the end of the year	(233.4)	(200.4)	(84.1)	(206.3)	(247.0)	(551.1)	(470.1)
D OTHER DATA							
Depreciation and amortization	161.2	134.5	100.2	90.8	141.9	173.1	184.5
Capital expenditure	557.1	745.3	253.9	348.5	97.4	326.3	228.9
No. of ordinary shares (no. of shares in millions)	77.6	62.1	62.1	56.5	56.5	56.5	56.5
Payments to National Exchequer	2,296.9	210.7	361.4	731.4	290.4	360.3	499.2

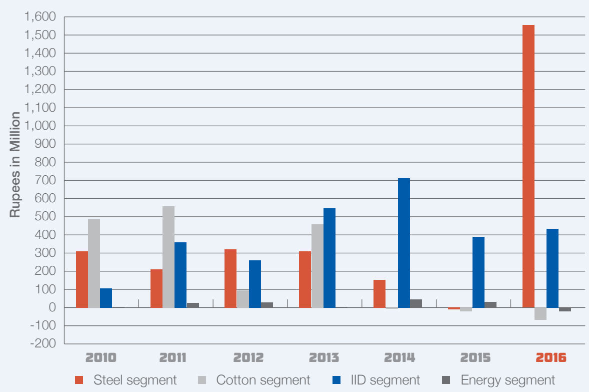
TOTAL ASSETS AS OF 30 JUNE 2016



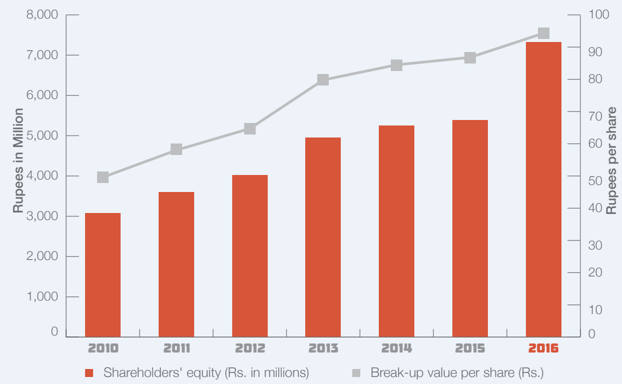
TOTAL LIABILITIES AS OF 30 JUNE 2016



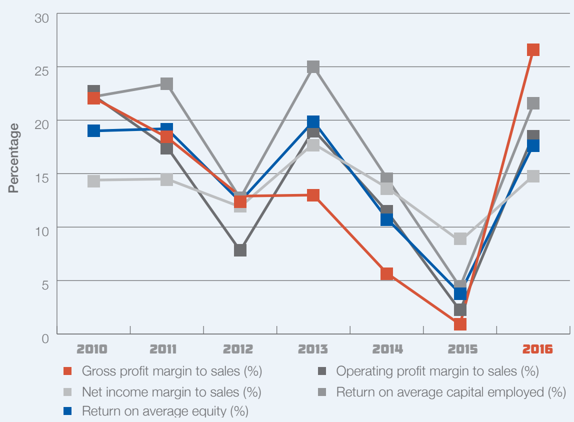
EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTIZATION (EBITDA)



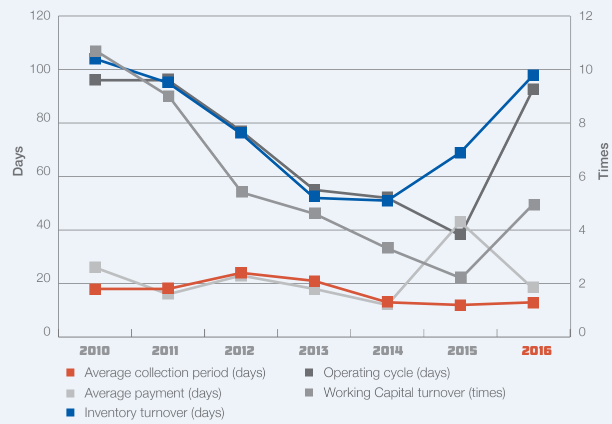
SHAREHOLDERS' EQUITY AND BREAK-UP VALUE PER SHARE



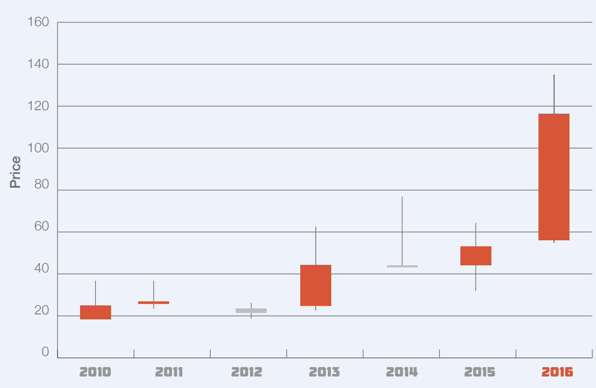
PROFITABILITY AND RETURN



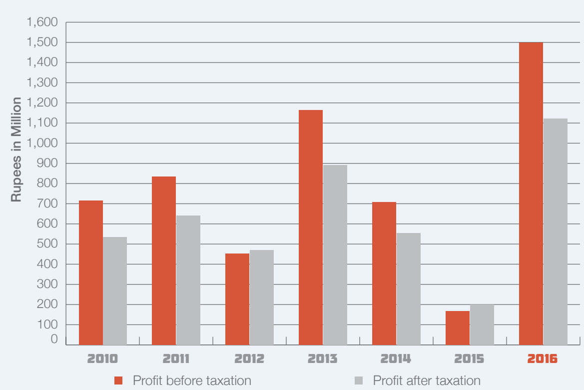
MANAGEMENT OF WORKING CAPITAL



MOVEMENT IN STOCK PRICES



PROFIT BEFORE AND AFTER TAXATION



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 2016. The Group comprises of CSAPL and its wholly owned subsidiary companies namely; Shakarganj Energy (Private) Limited, CS Capital (Private) Limited, Crescent Hadeed (Private) 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 2016 has been presented separately.

GROUP RESULTS

The consolidated financial results of the Group are summarized below:

Rupees in '000		2016	2015
Profit for the year before taxation		1,499,311	167,669
Taxation (charge) / reversal		(377,132)	32,362
Profit after taxation		1,122,179	200,031
Total other comprehensive income for the year		184,301	30,002
Unappropriated profit brought forward		1,731,623	1,594,749
Profit available for appropriation		3,038,103	1,824,782
Appropriations:			
- Final dividend	2014 - @ 15%	–	(93,159)
- Final dividend	2015 - @ 7%	(43,475)	–
- First interim dividend	2016 - @ 15%	(116,449)	–
- Second interim dividend	2016 - @ 15%	(116,449)	–
		(276,373)	(93,159)
Transfer to general reserve		–	–
Unappropriated profit carried forward		2,761,730	1,731,623
Basic and diluted earning per share		Rs. 15.05	Rs. 2.87

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 2016 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 Pakistan Stock Exchange (PSX) Rule Book.

By order of the Board

Ahsan M. Saleem
Chief Executive Officer
15 August 2016

AUDITORS' REPORT TO THE MEMBERS

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

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

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of Crescent Steel and Allied Products Limited and its subsidiary companies (the Group) as at 30 June 2016 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, 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 consolidated 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 2016 and the results of their operations for the year then ended.

Date: 15 August 2016
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2016

Rupees in '000	Note	2016	2015
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
100,000,000 ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid-up capital	6	776,325	621,060
Capital reserves		1,139,136	395,534
Revenue reserves		5,403,730	4,373,623
		7,319,191	5,390,217
Non-current liabilities			
Long term loans	7	394,250	238,875
Liabilities against assets subject to finance lease	8	77,145	46,367
Deferred taxation	20	228,544	98,208
Deferred income	9	9,179	1,315
		709,118	384,765
Current liabilities			
Trade and other payables	10	954,129	642,765
Mark-up accrued	11	23,419	12,856
Short term borrowings	12	2,278,930	301,822
Current portion of long term loans	7	109,250	55,125
Current portion of liabilities against assets subject to finance lease	8	58,687	47,283
Current portion of deferred income	9	4,552	1,858
		3,428,967	1,061,709
Contingencies and commitments	13		
Total equity and liabilities		11,457,276	6,836,691

Rupees in '000	Note	2016	2015
ASSETS			
Non-current assets			
Property, plant and equipment	14	2,467,814	2,018,522
Intangible assets	15	112,685	68,211
Investment properties	16	60,548	67,026
Investment in equity accounted investees	17	2,882,395	2,423,250
Other long term investments	18	220,717	220,717
Long term deposits	19	189,049	48,011
		5,933,208	4,845,737
Current assets			
Stores, spares and loose tools	21	130,244	66,801
Stock-in-trade	22	2,531,238	453,108
Trade debts	23	472,121	60,639
Advances	24	44,994	58,395
Trade deposits and short term prepayments	25	37,650	14,552
Investments	26	879,380	823,918
Mark-up accrued		37	475
Other receivables	27	799,501	186,669
Taxation - net	28	555,016	224,989
Cash and bank balances	29	73,887	101,408
		5,524,068	1,990,954
Total assets		11,457,276	6,836,691

The annexed notes from 1 to 52 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 2016

Rupees in '000	Note	2016	2015
Sales - net	30	7,575,429	2,302,528
Cost of sales	31	5,559,590	2,281,931
Gross profit		2,015,839	20,597
Income from investments	32	102,460	219,246
		2,118,299	239,843
Distribution and selling expenses	33	15,980	27,247
Administrative expenses	34	299,188	181,457
Other operating expenses	35	426,816	11,302
		741,984	220,006
		1,376,315	19,837
Other income	36	29,808	31,841
Operating profit before finance costs		1,406,123	51,678
Finance costs	37	253,921	87,315
Share of profit in equity accounted investees - net of taxation	38	347,109	203,306
Profit before taxation		1,499,311	167,669
Taxation	39	377,132	(32,362)
Profit after taxation		1,122,179	200,031
		(Rupees)	
			Restated
Basic and diluted earnings per share	40	15.05	2.87

The annexed notes from 1 to 52 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 2016

Rupees in '000	2016	2015
Profit after taxation for the year	1,122,179	200,031
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss		
Unrealized (diminution) / appreciation during the year on remeasurement of investment classified as 'available for sale'	(3,689)	7,890
Gain on remeasurement of staff retirement benefit plan - net of tax	184,301	30,002
Proportionate share of other comprehensive income of equity accounted investees	19,882	(744)
Other comprehensive income for the year	200,494	37,148
Total comprehensive income for the year	1,322,673	237,179

The annexed notes from 1 to 52 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 2016

Rupees in '000	Note	2016	2015
Cash (used in) / generated from operating activities			
Cash generated from operations	41	(1,170,100)	274,038
Taxes paid		(655,806)	(91,954)
Finance costs paid		(241,011)	(70,791)
Contribution to gratuity and pension funds		(17,836)	(14,879)
Contribution to Workers' Profit Participation Fund		(75,000)	(4,851)
Payment of infrastructure fee		(32,219)	(888)
Compensated absences paid		(879)	(556)
10-C bonus paid		(138)	(1,067)
Long term deposits - net		(152,070)	4,998
Net cash (used in) / generated from operating activities		(2,345,059)	94,050
Cash flows from investing activities			
Capital expenditure		(557,093)	(745,304)
Acquisition of intangible assets		(49,716)	(35,462)
Proceeds from disposal of operating fixed assets		13,427	15,488
Proceeds from disposal of operating fixed assets under sale and leaseback arrangement		112,291	37,552
Investments - net		(104,784)	279,431
Dividend income received		49,068	133,172
Interest income received		2,754	5,916
Net cash (used in) investing activities		(534,053)	(309,207)
Cash flows from financing activities			
Proceeds from long term loans		209,500	294,000
Payments against finance lease obligations		(68,329)	(57,151)
Proceeds from short term loans / (repayments against short term loans) - net		1,971,673	–
Proceed from issue of right shares		900,537	–
Transaction cost incurred on issuance of right shares		(17,863)	–
Dividends paid		(149,298)	(138,002)
Net cash flow from financing activities		2,846,220	98,847
Net (decrease) in cash and cash equivalents		(32,892)	(116,310)
Cash and cash equivalents at beginning of the year		(200,414)	(84,104)
Cash and cash equivalents at end of the year	42	(233,306)	(200,414)

The annexed notes from 1 to 52 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 2016

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 30 June 2015	621,060	293,499	17,919	76,970	2,642,000	1,594,749	5,246,197
Total comprehensive income for the year ended 30 June 2015							
Profit after taxation	–	–	–	–	–	200,031	200,031
Other comprehensive income							
Total Other comprehensive income for the year	–	–	7,890	(744)	–	30,002	37,148
Total comprehensive income for the year	–	–	7,890	(744)	–	230,033	237,179
Transactions with owners							
Dividend:							
- Final @ 15% (i.e. Rs. 1.5 per share) for the year ended 30 June 2014	–	–	–	–	–	(93,159)	(93,159)
Balance as at 30 June 2015	621,060	293,499	25,809	76,226	2,642,000	1,731,623	5,390,217
Total comprehensive income for the year ended 30 June 2016							
Profit after taxation	–	–	–	–	–	1,122,179	1,122,179
Other comprehensive income							
Total Other comprehensive income for the year	–	–	(3,689)	19,882	–	184,301	200,494
Total comprehensive income for the year	–	–	(3,689)	19,882	–	1,306,480	1,322,673
Transactions with owners							
Issuance of right shares	155,265	745,272	–	–	–	–	900,537
Transaction costs on issuance of right shares	–	(17,863)	–	–	–	–	(17,863)
Dividend:							
- Final @ 7% (i.e. Re. 0.7 per share) for the year ended 30 June 2015	–	–	–	–	–	(43,475)	(43,475)
- First interim @ 15% (i.e. Rs 1.5 per share) for the year ended 30 June 2016	–	–	–	–	–	(116,449)	(116,449)
- Second interim @ 15% (i.e. Rs 1.5 per share) for the year ended 30 June 2016	–	–	–	–	–	(116,449)	(116,449)
Balance as at 30 June 2016	776,325	1,020,908	22,120	96,108	2,642,000	2,761,730	7,319,191

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

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.

Chief Executive | Director | Chief Financial Officer

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

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 01 August 1983 as a public limited company in Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984) and is quoted on the Pakistan stock exchange. The registered 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 layers 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 05 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 Limited - an associated company and balance to Faisalabad Electric Supply Company Limited (FESCO) during sugar crushing season only as per the feasibility business plan. During the year, installation of new extraction / condensing turbine of 16.5 MW has been completed from which commercial production of electricity amounting to Rs. 25.087 million has been made to Crescent Hadeed (Private) Limited in the month of June 2016 under a memorandum of understanding signed on 15 May 2014.

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 100 MW 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 2016, 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. Further, the Company has been allocated Land from PPDB. Also, Interconnectivity study report has been completed and submitted for NTDC vetting. PPDB will approve the feasibility study after the vetting of interconnectivity study by NTDC.

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 is to manufacture and sale of steel billets through a Steel Melting plant, located at Bhone, District Jhang, Punjab. Following trial production completed on 31 May 2016, the Company commenced commercial production from June 2016.

1.7 Crescent Continental Gas Pipelines Limited having share capital of Rs. 90 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 unconsolidated 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 2016. 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 17 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 their 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 and Islamic Financial Accounting Standards (IFASs) issued by Institute of Chartered Accountant of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of and directives of the Companies Ordinance, 1984 shall prevail.

2.3 Basis of measurement

These 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)
– Employees benefits (refer note 5.12)
– Leases (refer note 5.14)
– Income taxes (refer note 5.17)
– Impairment (refer note 5.2, 5.3, 5.5 and 5.21)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 / 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 the 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 and capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land is stated at cost.

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

Subsequent cost

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

Depreciation

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

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

Disposal

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

Leased assets

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

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

Capital work in progress

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

Impairment

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

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

Research and development expenditures

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the consolidated profit and loss account as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use and capitalized borrowing costs. Other development expenditure is recognized in the consolidated profit and loss account as incurred. Capitalized development expenditure is stated at cost less accumulated amortization and accumulated impairment loss, if any. However, during the year expenses incurred in respect of the project have been capitalized (refer note 15).

Impairment

All intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. Where the carrying amount of asset exceeds its estimated recoverable amount, it is written down immediately to its recoverable amount. The carrying amount of other intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exist than the assets recoverable amount is estimated. The recoverable amount is the greater of its value 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 in the consolidated profit and loss account.

5.5 Financial assets

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 as being 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 of financial assets

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

An impairment loss in respect of financial assets measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the assets original effective interest rate. Impairment loss is recognized in the 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 the 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 the consolidated profit and loss account. The cumulative loss that is reclassified from equity to the 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 the 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 the 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. 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 consolidated balance sheet. The resultant gains and losses from derivatives held for trading purposes are recognized in the consolidated 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 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 less impairment loss, if any and net realizable value. Cost is arrived at on a weighted average basis. Cost of work-in-process and finished goods include cost of materials and appropriate portion of production overheads. Net realizable value is the estimated selling price in the ordinary course of business less costs of completion and selling expenses. The cost of finished goods of Steel segment is assigned by using specific identification of their individual costs. Scrap stocks are valued at their estimated net realizable value.

5.10 Trade debts and other receivables

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

5.11 Cash and cash equivalents

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

5.12 Employees 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 consolidated 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 the 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 5.19 below.

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

In the context of sale and leaseback transactions, where a sale and leaseback transaction is classified as a finance lease, any excess of the sale proceeds over the carrying values is deferred and recognized in the 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 Asset held under Ijarah financing

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

5.16 Trade and other payables

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

5.17 Taxation

Current

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

Deferred

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

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

5.18 Revenue recognition

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

Revenue from electricity sales is recognised on transmission of electricity power.

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 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 consolidated 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.

5.19 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.

5.20 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.

5.21 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 the consolidated profit and loss account.

5.22 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 Pakistani Rupees at the rates of exchange prevailing at the reporting date. Exchange differences, if any, are recognized in the consolidated profit and loss account.

5.23 Offsetting of financial assets and financial liabilities

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

5.24 Segment reporting

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

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

5.25 Proposed dividend and transfer between reserves

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

5.26 Earnings per share

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

6. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

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

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

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

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

7.1 During year ended 30 June 2015, the Holding Company entered into a long term loan arrangement with Allied Bank Limited for an amount of Rs. 312 million. The term of the loan is 5 years from the date of disbursement with a grace period of 1 year, repayable in 16 equal quarterly installments started from December 2015. During the year, Holding Company has made repayment of Rs. 58.5 million. Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum. During the year, mark-up on such arrangements ranged between 7.60% to 8.49% (2015: 8.34% to 11.68%) per annum. The facility is secured against first joint pari passu hypothecation / equitable mortgage on plant, machinery and property of the Holding Company.

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

8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

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

8.1 The 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 to five years (30 June 2015: three years) and the liability is payable by the month ranging from three months to sixty months (30 June 2015: Seven month to thirty-five months). The periodic lease payments include built-in rates of mark-up ranging between 11.10% to 15.41% (2015: 12.04% to 20.25%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 152.669 million (30 June 2015: Rs. 91.058 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.

9. DEFERRED INCOME

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

10. TRADE AND OTHER PAYABLES

Rupees in '000	Note	**2016**	2015
Trade creditors		119,102	24,034
Bills payable		13,394	307,854
Commission payable		653	1,074
Customer's security deposits		2,350	2,075
Accrued liabilities	10.1	410,415	83,533
Advances from customers		59,425	78,236
Provisions	10.2	124,084	91,897
Due to related parties	10.3	1,074	16
Payable to provident fund		1,723	1,251
Retention money		1,550	7,320
Sales tax payable		77	2,255
Withholding tax payable		16,952	12,161
Advance tax payable collected on electricity supply		8,364	3,840
Workers' Profit Participation Fund	10.4	2,661	4,302
Workers' Welfare Fund		23,002	67
Dividend payable - Second interim		116,449	–
Unclaimed dividend		22,638	12,012
Others		30,216	10,838
		954,129	642,765

Rupees in '000	Note	2016	2015
10.1 Accrued liabilities			
Salaries, wages and other benefits		31,187	9,798
Accrual for 10-C bonus		2,075	137
Compensated absences		13,398	11,857
Liquidated demages		105,815	–
Custom duty	10.1.1	134,569	–
Others	10.1.2	123,371	61,741
		410,415	83,533

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

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

10.2 Movement in provisions

Rupees in '000	Infrastructure fee Note 10.2.1	Sales Tax Note 10.2.2	Liquidated damages Note 10.2.3	Total
Opening balance as at 1 July 2015	62,375	3,242	26,280	91,897
Provision for the year	64,406	–	–	64,406
Payments during the year	(32,219)	–	–	(32,219)
Closing balance as at 30 June 2016	94,562	3,242	26,280	124,084

10.2.1 This provision has been recognized against infrastructure fee levied by the Government of Sindh through Sindh Finance (Amendment) Ordinance, 2001. The Group has contested this issue in the High Court. The Group 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 Group succeed in the petition, Government of Sindh will refund the amount subject to their right to appeal before Honourable Supreme Court. To date the Group has provided bank guarantees amounting to Rs. 67.519 million (2015: Rs. 39.469 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 Group's favour. Current year charge has been estimated on the value of imports during the year and forms a component of cost of such imported raw materials. Any subsequent adjustment with respect to increase or decrease in the estimate has been recognized in profit and loss account. However, on a prudent basis full provision has been recognized.

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

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

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

Rupees in '000	Note	2016	2015
10.4 Workers' Profit Participation Fund			
Opening balance as at 1 July		4,302	9,023
Allocation for the year	35	73,359	–
Mark-up on funds utilized in the Holding Company's business	37	–	130
		77,661	9,153
Amount paid to the trustees of the fund		(75,000)	(4,851)
Closing balance as at 30 June		2,661	4,302

11. MARK-UP ACCRUED

	Note	2016	2015
Mark-up accrued on:			
- Finance lease obligations		304	346
- Long term loans		4,758	2,268
- Running finance and short term loans	11.1	18,357	10,242
		23,419	12,856

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

Rupees in '000	Note	2016	2015
12. SHORT TERM BORROWINGS			
Secured from banking companies			
Running finances under mark-up arrangements	12.1	307,193	301,822
Short term loans	12.2	1,971,737	–
		2,278,930	301,822

12.1 Short term running finance available from conventional side of various commercial banks under mark-up arrangements amounted to Rs. 750 million (2015: Rs. 650 million) out of which Rs. 250 million (2015: Rs. 250 million), Rs. 50 million (2015: Rs. 50 million) and Rs. 100 million (2015: Rs. Nil) is interchangeable with letters of credit, Finance against import margin and letter of guarantee facility respectively. During the year, mark-up on such arrangements ranged between 7.75% to 8.99% (2015: 8.33% to 12.37%) per annum.

12.2 This includes an amount of Rs. 219 million outstanding against Istisnaa Financing. Short term loan financing available from various commercial banks under mark-up arrangements amounted to Rs. 4,862 million (2015: Rs. 1,300 million) out of which Rs. 3,908 million (2015: Rs. 400 million), Rs. 50 million (2015: Rs. 50 million) and Rs. 310 million (2015: Rs. Nil) is interchangeable with letters of credit, running finance and letter of guarantee facility respectively . During the year, mark-up on such arrangements ranged between 7.82% to 9.01% (2015: 9.76% to 12.62%) per annum.

12.3 The facilities for opening letters of credit amounted to Rs. 4,990 million (2015: Rs. 1,600 million) out of which Rs. 250 million (2015: Rs. 250 million), Rs. 3,710 million (2015: Rs. 400 million) and Rs. 410 million (2015: Rs. Nil) are interchangeable with short term running finance, short term loans and letter of guarantee facility respectively as mentioned in notes 12.1 and 12.2 above. The facility for letters of guarantee as at 30 June 2016 amounted to Rs. 1,385 million (2015: Rs. 772.250 million). Amounts unutilized for letters of credit and guarantees as at 30 June 2016 were Rs. 2,692 million and Rs. 113 million (2015: Rs. 639.790 million and Rs. 53.176 million) respectively.

12.4 The above facilities are expiring on various dates and are secured by way of hypothecation of plant and machinery, stock-in-trade, trade debts and other current assets, pledge of shares and cotton / cotton yarn; and lien over import / export document (refer note 26.6).

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance), thus rendering the Company liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In 2011, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. However, in 2013, a larger bench of Sindh High Court (SHC) passed an order declaring that the amendments introduced through Finance Act 2008 do not suffer from any constitutional and legal infirmity. Both the decisions of LHC and SHC are pending before Supreme Court for adjudication. The management's tax advisor is of the view that the decision of LHC will remain applicable to the Group as the Group's registered office is situated in its jurisdiction till the decision of Supreme Court. Accordingly aggregate net of tax provision of Rs. 14.453 million has not been recorded in these consolidated financial statements.

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

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

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

13.2 Commitments

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

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

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

13.2.2 Aggregate amount of guarantees issued by conventional side of banks on behalf of the Group against various contracts aggregated Rs. 1,168.440 million (2015: Rs. 719.074 million).

13.2.3 Commitments in respect of capital expenditure contracted for by the Group as at 30 June 2016 amounted to Rs. 53.899 million (2015: Rs. 96.922 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 Company aggregating Rs. 12.665 million (2015: Rs. 83.821 millon) in respect of civil work and capital expenditure to acquire plant and machinery.

13.2.4 Commitments under letters of credit as at 30 June 2016 amounted to Rs. 661.221 million (2015: Rs. 653.225 million).

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

Rupees in '000	Note	2016	2015
14. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	14.1	2,293,213	1,227,329
Capital work-in-progress	14.5	174,601	791,193
		2,467,814	2,018,522

14.1 Operating fixed assets

Description		Land		Buildings		Office	Plant and machinery		Electrical /	Furniture	Computers	Motor vehicles		Total
Rupees in '000		Freehold	Leasehold including improvements	On freehold land	On leasehold land	premises	Owned *	Leased	office equipment and installation	and fittings		Owned	Leased	
Net carrying value as at 1 July 2015														
Opening net book value (NBV)		250,967	3,864	75,700	1,950	17	692,197	130,904	13,945	5,545	5,868	29,888	16,484	1,227,329
Additions / transfers		–	–	340,781	–	9,000	796,204	83,641	8,239	1,849	3,476	37,162	29,689	1,310,041
Disposals (at NBV)	14.6	–	–	–	–	–	(25,148)	(35,683)	(13)	–	(74)	(30,349)	(5,266)	(96,533)
Depreciation charge	14.2	–	(54)	(14,440)	(551)	(81)	(88,230)	(18,220)	(5,581)	(967)	(3,825)	(9,832)	(5,843)	(147,624)
Balance as at 30 June 2016 (NBV)		250,967	3,810	402,041	1,399	8,936	1,375,023	160,642	16,590	6,427	5,445	26,869	35,064	2,293,213
Gross carrying value as at 30 June 2016														
Cost	14.4	250,967	5,299	547,400	70,027	49,493	2,534,755	187,186	63,401	23,396	54,222	53,950	41,564	3,881,660
Accumulated depreciation		–	(1,489)	(145,359)	(68,628)	(40,557)	(1,159,732)	(26,544)	(46,811)	(16,969)	(48,777)	(27,081)	(6,500)	(1,588,447)
Net book value		250,967	3,810	402,041	1,399	8,936	1,375,023	160,642	16,590	6,427	5,445	26,869	35,064	2,293,213
Net carrying value as at 1 July 2014														
Opening net book value (NBV)		247,697	3,917	88,638	3,060	23	198,090	115,390	11,942	5,361	5,567	23,815	22,898	726,398
Additions / transfers		3,270	–	–	–	–	598,141	33,836	6,804	991	3,273	18,804	3,810	668,929
Disposals (at NBV)		–	–	–	–	–	(33,724)	(3,539)	(43)	–	–	(5,115)	(4,055)	(46,476)
Depreciation charge		–	(53)	(12,938)	(1,110)	(6)	(70,310)	(14,783)	(4,758)	(807)	(2,972)	(7,616)	(6,169)	(121,522)
Balance as at 30 June 2015 (NBV)		250,967	3,864	75,700	1,950	17	692,197	130,904	13,945	5,545	5,868	29,888	16,484	1,227,329
Gross carrying value as at 30 June 2015														
Cost		250,967	5,646	206,750	70,027	40,493	1,778,081	153,919	56,024	22,352	58,477	65,359	26,167	2,734,262
Accumulated depreciation		–	(1,782)	(131,050)	(68,077)	(40,476)	(1,085,884)	(23,015)	(42,079)	(16,807)	(52,609)	(35,471)	(9,683)	(1,506,933)
Net book value		250,967	3,864	75,700	1,950	17	692,197	130,904	13,945	5,545	5,868	29,888	16,484	1,227,329
Depreciation rate (% per annum)		–	1	5 & 10	5 & 10	10	5 - 20	10	5 - 20	10	33.33	20	20	

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

During the year asset having net book value Rs. 40.948 million (2015: 7.793 million) were transferred from lease assets to own assets on maturity of lease arrangements.

14.1.1 This includes trial production loss of Rs. 30.031 million incurred by subsidiaries during the trial production period which was completed on May 2016 to achieve desired results such as targeted quality, rate of production etc. The details are as follows:

Rupees in '000	2016
Cost of goods sold	91,763
Other expenses	9,894
Less: sale of finished goods	(71,626)
Loss	30,031

Rupees in '000	Note	2016	2015
14.2 The depreciation charge for the year has been allocated as follows			
Cost of sales	31.1	131,086	106,568
Distribution and selling expenses	33	1,173	1,080
Administrative expenses	34	13,463	9,658
Allocated against rental income	36	1,457	3,771
Intangible under development phase		445	445
		147,624	121,522

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

14.4 The fair value of property, plant and equipment of the Group as at 30 June 2016 approximated to Rs. 4,508.7 million.

Rupees in '000	Note	2016	2015
14.5 Capital work-in-progress			
Advances to suppliers		50	4,594
Civil work	14.5.1 & 14.5.2	147,914	315,057
Plant and machinery		26,637	470,428
Software		–	1,042
Others		–	72
		174,601	791,193

14.5.1 This includes advance against purchase of land and building aggregating Rs. 71.385 million (2015: Rs. 68.385 million) out of which an amount of Rs. 53 million (2015: Rs. 50 million) pertain to advance against purchase of land located at Lahore. The 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 (2015: 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 favorable outcome.

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

14.6 The following assets were disposed off during the year:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particular of buyers
Rupees in '000						
Plant and machinery	14,742	614	14,128	13,500	Sale and lease back	Orix Leasing Pakistan Limited
	51,939	–	51,939	64,369	Sale and lease back	Sindh Leasing Company Limited
	5,835	–	5,835	5,835	Sale and lease back	Pak-Gulf Leasing Company Limited
	4,257	922	3,335	3,072	Negotiation	Sally Textile Mills Limited
	2,359	511	1,848	1,728	Negotiation	Sally Textile Mills Limited
Motor vehicles	20,362	339	20,023	20,362	Sale and lease back	Orix Leasing Pakistan Limited
	2,490	41	2,449	2,500	Sale and lease back	Sindh Leasing Company Limited
	2,235	149	2,086	2,050	Sale and lease back	Sindh Leasing Company Limited
	1,814	393	1,421	1,725	Sale and lease back	Sindh Leasing Company Limited
	1,056	70	986	975	Sale and lease back	Sindh Leasing Company Limited
	1,032	172	860	975	Sale and lease back	Sindh Leasing Company Limited
	704	163	541	546	Company Policy	Mr.Shams ul Haq
	1,404	924	480	480	Company Policy	Mr. Mukhtar
	373	113	260	229	Company Policy	Mr. Mohammad Afzal
	373	113	260	229	Company Policy	Mr. Muhammad Arif
	373	146	227	229	Company Policy	Mr. Mohammad Ramzan
	65	–	65	51	Company Policy	Mr. Iftikhar
	72	10	62	70	Company Policy	Mr. Muhammad Arif
	72	10	62	56	Company Policy	Mr. Tahir Ali
	72	14	58	56	Company Policy	Mr. Mohammad Yasin
	72	15	57	56	Company Policy	Mr. Muhammad Shamim
	72	15	57	56	Company Policy	Mr. Liaqat Ali
	72	15	57	56	Company Policy	Mr. Shahid Imran
	72	15	57	56	Company Policy	Mr. Amjad Farooq
	72	15	57	56	Company Policy	Mr. Tahir Ali
	72	15	57	56	Company Policy	Mr. Qadeer Ahmed
	72	15	57	56	Company Policy	Mr. Baqar Ali
Others	36,307	36,106	201	6,289	Various	Various
2016	148,440	40,915	107,525	125,718		
2015	77,048	30,572	46,476	53,050		

Rupees in '000	Note	2016	2015

15. INTANGIBLE ASSETS

	Note	2016	2015
Intangible assets			
- Under use	15.1	11,423	9,525
- Under project development	15.2	101,262	58,686
		112,685	68,211

15.1 Intangible assets - under use

	Note	2016	2015
Net carrying value as at 1 July			
Net book value as at 1 July		9,525	14,031
Additions		9,028	2,482
Amortization	15.1.1	(7,130)	(6,988)
Net book value as at 30 June	15.1.2	11,423	9,525
Gross carrying value as at 30 June			
Cost		77,419	68,391
Accumulated amortization		(63,356)	(56,226)
Accumulated impairment		(2,640)	(2,640)
Net book value		11,423	9,525
Amortization rate (% per annum)		33.33	33.33

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

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

15.2 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 consolidatd financial statements in accordance with the requirements of IAS 38.

16. INVESTMENT PROPERTIES

Description Rupees in '000	Note	Leasehold land and improvements	Buildings on leasehold land	Office premises	Total
Net carrying value as at 1 July 2015					
Opening net book value (NBV)		45,369	15,328	6,329	67,026
Additions		–	–	–	–
Depreciation charge	16.1	(2,607)	(1,186)	(2,685)	(6,478)
Balance as at 30 June 2016 (NBV)		42,762	14,142	3,644	60,548
Gross carrying value as at 30 June 2016					
Cost	16.2	49,445	23,366	29,830	102,641
Accumulated depreciation		(6,682)	(9,225)	(26,186)	(42,093)
Net book value		42,763	14,141	3,644	60,548
Net carrying value as at 1 July 2014					
Opening net book value (NBV)		47,976	16,514	8,826	73,316
Additions		–	–	175	175
Depreciation charge		(2,607)	(1,186)	(2,672)	(6,465)
Balance as at 30 June 2015 (NBV)		45,369	15,328	6,329	67,026
Gross carrying value as at 30 June 2015					
Cost		49,445	23,366	29,830	102,641
Accumulated depreciation		(4,075)	(8,039)	(23,501)	(35,615)
Net book value		45,370	15,327	6,329	67,026
Depreciation rate (% per annum)		1 & 10	5	10 - 20	

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

16.2 Fair value of the investment property based on recent valuation is Rs. 248.550 million (2015: Rs. 223.550 million), which is determined by independent valuer on the basis of market value.

17. INVESTMENT IN EQUITY ACCOUNTED INVESTEES

2016	2015		Note	2016	2015
Number of shares				Rupees in '000	
		Quoted			
63,967,500	64,491,500	Altern Energy Limited	17.1	2,772,227	2,397,727
		(Chief Executive Officer -			
		Mr. Taimur Dawood)			
30,809,987	19,471,769	Shakarganj Limited	17.2	96,515	–
		(Chief Executive Officer -			
		Mr. Anjum M. Saleem)			
		Unquoted			
3,430,000	3,430,000	Crescent Socks (Private) Limited	17.3	13,653	25,523
		(Chief Executive Officer -			
		Mr. Shehryar Mazhar)			
				2,882,395	2,423,250

17.1 The Holding Company and the subsidiary companies hold 16.64% and 0.96% respectively i.e. aggregate holding of 17.6% in the investee company. There is no common directorship in the investee company. However, the Company directly and / or indirectly has significant influence as per IAS 28 ' Investments in Associates', therefore only for the purpose of the equity accounting as required under IAS 28 it has been treated as an associate.

Share of profit and reserves from associates recognized during the year amounted to Rs. 395.869 million and Rs. (0.139) million respectively.

17.2 During the year, Group has subscribed the right shares issue amounted to Rs. 113.382 million. The net share of loss and reserves for the year amounting to Rs. 16.867 million (2015: Rs. 26.626 million) has been recognized, including effect of unrecognized share of losses and reserves pertaining to prior year, resulting in the cumulative share of unrecognized net losses and reserves as at 30 June 2016 of Rs. Nil (2015: Rs.80.425 million).

17.3 During the year, share of loss from associate recognized amounted to Rs. 11.870 million (2015: 8.777 million).

17.4 The above figures are based on unaudited condensed interim financial information of these companies as at 31 March 2016. The latest financial statements of these companies as at 30 June 2016 are not presently available.

Rupees in '000	2016	2015
17.5 Market value of investments in associates is as follows:		
Quoted		
Altern Energy Limited	2,344,409	2,063,728
Shakarganj Limited	481,252	331,020
	2,825,661	2,394,748

Percentage of holding	2016	2015
17.6 Percentage of holding of equity in associates is as follows:		
Altern Energy Limited	17.60	17.75
Shakarganj Limited	28.01	28.01

17.7 Summarized financial information of associated companies as at 31 March 2016 is as follows:

		Total assets	Total liabilities	Revenues	Profit / (loss) after tax
2016					
Altern Energy Limited	17.7.1	39,492,469	13,175,273	20,374,055	2,804,398
Shakarganj Limited	17.7.2	12,350,221	7,094,686	3,461,956	206,845
Crescent Socks (Private) Limited	17.7.2	112,237	84,369	58,783	(19,792)
2015					
Altern Energy Limited		37,171,398	14,649,811	13,333,803	2,517,106
Shakarganj Limited		13,388,146	8,830,508	4,634,778	(100,868)
Crescent Socks (Private) Limited		72,607	20,508	27,734	(12,646)

17.7.1 These figures are based on the latest available condensed interim consolidated financial information as at 31 March 2016 including its subsidiary company Rousch (Pakistan) Power Limited being managed by Power Management Company holding 59.98% shares.

17.7.2 These figures are based on the latest available condensed interim financial information of the investee company as at 31 March 2016.

Rupees in '000	Note	2016	2015
18. OTHER LONG TERM INVESTMENTS - Available for sale			
Investments in related parties	18.1	60,717	60,717
Other investments	18.2	160,000	160,000
		220,717	220,717

18.1 Investment in related parties

2016	2015		Note	2016	2015
Number of shares				Rupees in '000	
		Unquoted			
2,403,725	2,403,725	Crescent Bahuman Limited	18.1.1	24,037	24,037
1,047,000	1,047,000	Crescent Industrial Chemicals Limited	18.1.2	10,470	10,470
1,852,500	1,852,500	Central Depository Company of Pakistan Limited (CDC)		60,717	60,717
				95,224	95,224
		Less: Provision for impairment		34,507	34,507
				60,717	60,717

18.1.1 The chief executive of Crescent Bahuman Limited is Mr. Nasir Shafi. The break-up value of shares of the investee company is Rs. Nil per share (2015: Rs. Nil per share), calculated on the basis of audited annual financial statements for the year ended 30 June 2015.

18.1.2 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.

18.2 Available for sale

2016	2015		2016	2015
Number of shares			Rupees in '000	
		Unquoted		
16,000,000	16,000,000	Shakarganj Food Products Limited	160,000	160,000

Rupees in '000	Note	2016	2015
19. LONG TERM DEPOSITS			
Security deposits - leasing companies		15,334	11,601
Security deposits - Ijarah financing arrangement		150,648	–
Security deposits - others	19.1	23,067	36,410
		189,049	48,011

19.1 This includes amortized cost of Rs. 12.381 million which pertains to long term deposit relating to Shakarganj Energy (Private) Limited (subsidiary company) of Rs. 32.486 million deposit 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 amortised cost in these consolidated financial statements.

Rupees in '000	2016	2015

20. DEFERRED TAXATION

Deferred tax credits / (debits) arising in respect of:		
Taxable temporary differences		
Accelerated tax depreciation / amortization	17,719	18,408
Finance lease obligations	17,962	17,197
Unrealized gain on held for trading investments	6,358	11,524
Employee benefits	129,874	50,887
Share of profit from equity accounted investees	157,729	130,021
	329,642	228,037
Deductible temporary differences		
Tax loss	–	(57,947)
Provision for slow moving stores, spares and loose tools	(12,648)	(23,251)
Provisions for doubtful trade debts, doubtful advances and others	(39,979)	(29,915)
Discounting on long term deposit	(26,805)	–
Deferred income	(4,119)	–
Provisions for impairment of fixed assets	(6,186)	(6,598)
Provision of Government Infrastructure Development Cess	(3,597)	(3,836)
Provision for diminution in the value of investments	(7,764)	(8,282)
	(101,098)	(129,829)
	228,544	98,208

20.1 Break up of deferred tax charge / (reversal) is as following:

Consolidated profit and loss	51,349	(57,414)
Other comprehensive income	78,987	14,120
	130,336	(43,294)

20.2 Net deferred tax asset of Rs. 22.511 million arising on account of losses of Cresent Hadeed (Private) Limited (subsidiary) has not been accounted for in these consolidated financial statements because subsidiary Company has a benefit of tax exemption for a period of 5 years from the commencement of commercial production and it is not probable that taxable profits would be available in near future.

Rupees in '000	Note	2016	2015

21. STORES, SPARES AND LOOSE TOOLS

Stores - steel segment		22,807	9,680
Spare parts - steel segment		108,583	53,416
Loose tools - steel segment		2,656	1,122
Stores and spares - cotton segment		38,357	51,158
		172,403	115,376
Less: Provision for slow moving items	21.1	42,159	48,575
		130,244	66,801

21.1 Movement in provision for slow moving items

Opening balance	48,575	45,814
Provision made during the year	368	2,761
Reversal of provision made during the year	(6,784)	–
Closing balance	42,159	48,575

Rupees in '000	Note	2016	2015
22. STOCK-IN-TRADE			
Raw materials:			
Hot rolled steel coils (HR Coil)		1,390,626	11,727
Coating materials		234,524	31,546
Remelting scrap		106,455	–
Others		167,238	19,331
Raw cotton		28,332	32,901
Bagasse		59,031	–
Stock-in-transit		289,215	315,294
	22.1	2,275,421	410,799
Work-in-process	22.1 & 31.1	86,922	13,480
Finished goods	22.1 & 31.1	158,019	26,062
Scrap / cotton waste		10,876	2,767
		255,817	42,309
		2,531,238	453,108

22.1 Stock-in-trade as at 30 June 2016 includes items valued at net realisable value (NRV) as follows. The write down to NRV amounting to Rs. 102.481 million (2015: Rs. 8.914 million) has been recognized in cost of goods sold.

Rupees in '000	Cost	NRV
Raw material	2,303,922	2,275,421
Work-in-process	88,060	86,922
Finished goods	230,861	158,019
	2,622,843	2,520,362

Rupees in '000	Note	2016	2015
23. TRADE DEBTS			
Secured			
Considered good		341,854	6,466
Unsecured			
Considered good	23.1	130,267	54,173
Considered doubtful		16,818	5,684
Provision for doubtful trade debts	23.2	(16,818)	(5,684)
		130,267	54,173
		472,121	60,639

23.1 This includes an amount of Rs. 113.488 million (2015: Nil million) due from Shakarganj Limited, a related party.

Rupees in '000	Note	2016	2015
23.2 Movement in provision for doubtful trade debts			
Opening balance		5,684	2,786
Provision made during the year		11,134	3,936
Reversal of provision made during the year		–	(201)
Written off during the year against provision		–	(837)
Closing balance		16,818	5,684

24. ADVANCES

Rupees in '000	Note	2016	2015
Unsecured			
Advances - considered good			
Executives		4,823	3,069
Suppliers for goods and services		40,171	55,326
Advances - considered doubtful			
Suppliers for goods and services		47	47
Provision for doubtful advances		(47)	(47)
		–	–
		44,994	58,395

25. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Rupees in '000	Note	2016	2015
Security deposits - leasing companies		8,657	5,154
Security deposits - others		21,126	848
Prepayments		7,867	8,550
		37,650	14,552

26. INVESTMENTS

Rupees in '000	Note	2016	2015
Investments in related parties			
Available for sale	26.1	124,316	92,634
Held to maturity	26.2	–	–
		124,316	92,634
Other investments			
Available for sale	26.3	–	–
Held for trading	26.4	740,332	717,631
Investment in term deposit receipts - Conventional		12,875	11,825
Investment in commodity	26.5	1,857	1,828
		755,064	731,284
		879,380	823,918

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

26.1 Available for sale

2016	2015	Name of investee company	Note	2016	2015
Number of shares				Rupees in '000	
		Quoted			
6,381,743	4,379,871	The Crescent Textile Mills Limited	26.1.1	124,316	92,634

26.1.1 The Holding Company has recognized impairment loss amounting to Rs. 4.537 million (2015: Rs. 4.537 million) against the investment.

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

26.3 Available for sale

2016	2015	Name of investee company	Note	2016	2015
Number of shares				Rupees in '000	
		Unquoted			
1,996	1,996	Innovative Investment Bank Limited	26.3.1	–	–
		Quoted			
26,490	26,490	Jubilee Spinning and Weaving Mills Limited	26.3.1	–	–
				–	–

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

26.4 Held for trading

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

2016	2015	Name of investee company	2016	2015
(Number of shares / certificates)			Rupees in '000	
88,300	98,300	Agriauto Industries Limited *	17,241	18,278
15,000	23,800	Al-Ghazi Tractors Limited *	6,330	11,665
11,300	11,300	Attock Cement Pakistan Limited	2,698	2,154
12,000	12,000	Attock Petroleum Limited	5,250	6,807
–	60,000	Avanceon Limited	–	2,006
50,000	126,000	Century Insurance Company Limited	1,223	2,646
292,000	284,800	Cherat Cement Company Limited	34,915	24,787
595,000	737,500	D.G. Khan Cement Company Limited	113,342	105,293
35,000	–	Engro Corporation Limited	11,654	–
310,000	10,000	Engro Fertilizer Limited	19,989	887
–	15,000	Engro Polymer and Chemicals Limited	–	147
10,000	–	Engro Powergen Qadirpur Limited	289	–
75,500	70,000	Fatima Fertilizer Company Limited	2,562	2,735
125,000	35,000	Fauji Cement Company Limited	4,475	1,220
		Carry forward	219,968	178,625

2016	2015	Name of investee company	2016	2015
(Number of share / certificates)			Rupees in '000	
		Brought forward	219,968	178,625
445,000	325,000	Fauji Fertilizer Bin Qasim Limited	23,589	17,979
145,000	115,000	Fauji Fertilizer Company Limited	16,635	17,183
–	25,000	Ghani Glass Limited	–	708
5,000	–	Glaxo SmithKline (Pakistan) Limited	1,036	–
1,500	–	Glaxo SmithKline Consumer Healthcare Pakistan Limited	–	–
–	172,500	Golden Arrow Selected Stocks Fund*	–	1,911
10,000	–	Hi-Tech Lubricants Limited	592	–
1,350	1,350	Innovative Investment Bank Limited	–	–
90,000	90,000	International Industries Limited	7,278	6,043
200,000	175,000	International Steels Limited	7,124	4,917
2,500,000	4,800,000	K-Electric Limited **	20,150	40,416
90,000	90,000	Kohat Cement Limited	23,573	17,986
857,000	639,000	Kohinoor Energy Limited	35,308	32,270
444,000	343,500	Kot Addu Power Company Limited	39,627	29,555
60,000	60,000	Meezan Bank Limited	2,550	2,460
35,000	35,000	Nishat (Chunian) Limited	1,240	1,286
110,000	70,000	Nishat Mills Limited	11,869	7,996
182,000	230,000	Nishat Power Limited	9,192	13,464
116,000	81,000	Oil and Gas Development Company Limited	16,016	14,518
–	360,000	Pakcem Limited (Formerly Lafarge Pakistan Cement Limited)	–	7,006
37,500	–	Pak Elektron Limited	2,424	–
100,000	370,000	Pakgen Power Limited	2,405	11,104
475,000	410,000	Pakistan International Bulk Terminals Limited	15,233	14,678
120,000	130,000	Pakistan Oilfields Limited	41,698	52,497
470,000	460,000	Pakistan Petroleum Limited	72,873	75,560
97,200	92,200	Pakistan State Oil Company Limited	36,495	35,569
910,000	910,000	Pakistan Telecommunication Company Limited	13,678	18,655
2,405,000	2,400,000	PICIC Growth Fund	57,239	65,880
764,673	765,173	PICIC Investment Fund	8,641	10,008
–	10,000	Pioneer Cement Limited	–	852
500,000	160,000	Sui Northern Gas Pipelines Limited	18,145	4,262
135,000	25,000	Sui Southern Gas Company Limited	3,716	1,068
–	100,000	Telecard Limited	–	426
190,000	350,000	The Hub Power Company Limited	22,812	32,749
275,000	–	TRG Pakistan Limited	9,226	–
			740,332	717,631

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

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

26.5 This represents 2,857 tolas of Silver held by the subsidiary company and valued at Rs. 1.857 million (2015: Rs. 1.828 million) being its fair value. The management considers cost to sell of underlying as insignificant, hence not considered while ascertaining fair value.

26.6 The market value of investments which has been pledge with financial institutions as security against financing facilities (refer note 12.4) are as follows:

Rupees in '000	Note	2016	2015
Name of investee company			
Altern Energy Limited (Associated Company)		2,337,353	1,200,000
Agriauto Industries Limited		11,715	–
Attock Cement Pakistan Limited		2,698	2,154
Attock Petroleum Limited		5,250	6,807
Century Insurance Company Limited		1,223	–
Cherat Cement Company Limited		34,914	16,083
D.G. Khan Cement Company Limited		58,099	49,256
Engro Corporation Limited		8,324	–
Engro Fertilizer Limited		645	–
Engro Polymer and Chemicals Limited		–	147
Fatima Fertilizer Company Limited		2,562	1,563
Fauji Cement Company Limited		4,475	–
Fauji Fertilizer Bin Qasim Limited		22,794	17,979
Fauji Fertilizer Company Limited		16,635	12,701
Glaxo SmithKline (Pakistan) Limited		1,036	–
International Industries Limited		7,278	6,043
International Steel Limited		6,234	–
K-Electric Limited		3,627	–
Kohat Cement Limited		23,573	–
Kohinoor Energy Limited		26,327	7,625
Kot Addu Power Company Limited		34,227	29,254
Meezan Bank Limited		2,550	410
Nishat Power Limited		5,051	5,854
Oil and Gas Development Company Limited		14,636	14,518
Pak Elektron Limited		1,940	–
Pakgen Power Limited		2,405	–
Pakistan Oilfields Limited		41,695	52,497
Pakistan Petroleum Limited		72,875	75,560
Pakistan State Oil Company Limited		36,495	35,569
Pakistan Telecommunication Company Limited		13,678	18,655
PICIC Growth Fund		57,239	–
Sui Northern Gas Pipelines Limited		–	2,930
Sui Southern Gas Company Limited		3,716	1,067
The Hub Power Company Limited		22,811	32,749
		2,884,080	1,589,421

27. OTHER RECEIVABLES

	Note	2016	2015
Dividend receivable		1,608	1,027
Receivable against sale of investments		–	1,333
Receivable against rent from investment property		674	386
Claim receivable		562	562
Due from related parties	27.1	1,273	–
Retention money receivable		149,163	–
Sales tax refundable		164,628	2,426
Margin on letter of credit		22,067	–
Receivable from staff retirement benefits funds	44.1.3	456,276	177,575
Others		3,250	3,360
		799,501	186,669

27.1 This represents balances due from Shakarganj Limited.

Rupees in '000	2016	2015
28. TAXATION - NET		
Advance taxation	2,350,567	1,697,436
Provision for taxation	(1,795,551)	(1,472,447)
	555,016	224,989

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

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

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

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

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

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

The Board of Directors in their meeting held on 15 August 2016 has distributed sufficient cash dividend for the year ended 30 June 2016 (refer note 51.2) which complies with the above stated requirement. Accordingly, no provision for tax on undistributed reserves has been recognized in these consolidated financial statements for the year ended 30 June 2016.

Rupees in '000	Note	2016	2015
29. CASH AND BANK BALANCES			
With banks - Conventional banking			
- in saving accounts	29.1	65,533	40,571
- in current accounts		6,519	58,703
		72,052	99,274
Cash in hand		1,835	2,134
		73,887	101,408

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

Rupees in '000	Note	2016	2015
30. SALES - NET			
Local sales			
Bare pipes		3,456,159	373,889
Steel billets		154,869	–
Pre coated pipes		3,954,524	248,478
Pipe coating		991,498	–
Cotton yarn / raw cotton		34,338	1,465,557
Electricity sales		20,363	95,713
Steam sales		127,999	171,930
Others		78,627	50,510
Scrap / waste		39,316	48,275
Sales returns		–	(27,126)
		8,857,693	2,427,226
Export sales			
Cotton yarn		–	40,260
		8,857,693	2,467,486
Sales tax		(1,282,264)	(164,958)
		7,575,429	2,302,528
31. COST OF SALES			
Steel segment	31.1	5,225,885	494,597
Cotton segment	31.1	144,929	1,550,853
Energy segment	31.1	188,776	236,481
		5,559,590	2,281,931

31.1 Cost of sales

Rupees in '000	Note	Steel segment 2016	Steel segment 2015	Cotton Segment 2016	Cotton Segment 2015	Energy segment 2016	Energy segment 2015	Total 2016	Total 2015
Raw materials consumed		4,533,198	261,930	37,138	1,049,343	139,398	212,593	4,709,734	1,523,866
Cost of raw cotton sold		–	–	18,672	52,839	–	–	18,672	52,839
Packing materials consumed		–	–	643	21,777	–	–	643	21,777
Stores and spares consumed		104,902	22,894	11,592	31,588	–	–	116,494	54,482
Fuel, power and electricity		101,823	23,964	16,545	164,513	–	–	118,368	188,477
Salaries, wages and other benefits	31.2	196,187	78,627	28,002	100,799	4,367	2,019	228,556	181,445
Insurance		4,091	1,664	2,702	3,100	–	–	6,793	4,764
Repairs and maintenance		10,521	5,604	5,982	3,284	5,736	1,240	22,239	10,128
Depreciation	14.2	35,401	27,310	58,787	58,629	36,898	20,629	131,086	106,568
Rental under Ijarah financing		13,180	–	–	–	–	–	13,180	–
Stock-in-trade written down to NRV		99,004	8,914	3,477	–	–	–	102,481	8,914
Other expenses		270,592	37,901	(594)	17,251	2,377	–	272,375	55,152
		5,368,899	468,808	182,946	1,503,123	188,776	236,481	5,740,621	2,208,412
Opening stock of work-in-process		13,368	10,153	112	31,854	–	–	13,480	42,007
Closing stock of work-in-process	22	(76,672)	(13,368)	(10,250)	(112)	–	–	(86,922)	(13,480)
		(63,304)	(3,215)	(10,138)	31,742	–	–	(73,442)	28,527
Cost of goods manufactured		5,305,595	465,593	172,808	1,534,865	188,776	236,481	5,667,179	2,236,939
Opening stock of finished goods		50,430	55,066	–	15,988	–	–	50,430	71,054
Closing stock of finished goods	22	(130,140)	(26,062)	(27,879)	–	–	–	(158,019)	(26,062)
		(79,710)	29,004	(27,879)	15,988	–	–	(107,589)	44,992
		5,225,885	494,597	144,929	1,550,853	188,776	236,481	5,559,590	2,281,931

31.2 Detail of salaries, wages and other benefits

	Note	Steel segment 2016	Steel segment 2015	Cotton Segment 2016	Cotton Segment 2015	Energy segment 2016	Energy segment 2015	Total 2016	Total 2015
Salaries, wages and other benefits	31.2.1	186,511	77,361	26,456	98,617	4,367	2,019	217,334	177,997
Gratuity fund	31.2.2	1,860	(954)	43	104	–	–	1,903	(850)
Pension fund	31.2.2	4,607	(309)	878	260	–	–	5,485	(49)
Provident fund contributions		3,209	2,529	625	1,818	–	–	3,834	4,347
		196,187	78,627	28,002	100,799	4,367	2,019	228,556	181,445

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

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

Rupees in '000	Note	2016	2015

32. INCOME FROM INVESTMENTS

	Note	2016	2015
Dividend income	32.1	49,649	61,160
Unrealized gain / (loss) on commodity		29	(300)
(Loss) / gain on sale of investments - net	32.1	(19,894)	108,117
Unrealized gain on held for trading investments	32.1	31,231	40,780
Gain on redemption of preference shares	32.2	35,100	–
Rent from investment properties	32.3	6,345	9,489
		102,460	219,246

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

Name of investee company	Dividend income	Realised gain / (loss)	Unrealised gain / (loss)
Shariah compliant investee companies			
Agriautos Industries Limited	883	(160)	821
Altern Energy Limited	–	(130)	–
Attock Cement Pakistan Limited	119	–	544
Attock Petroleum Limited	444	–	(1,556)
Avanceon Limited	–	356	–
Cherat Cement Company Limited	1,186	260	9,325
D.G. Khan Cement Company Limited	3,788	3,337	28,413
Engro Corporation Limited	485	131	95
Engro Fertilizer Limited	60	13	(599)
Engro Foods Limited	–	5	–
Fatima Fertilizer Company Limited	–	–	(400)
Fauji Cement Company Limited	444	24	100
Fauji Fertilizer Bin Qasim Limited	1,609	68	(1,505)
Fauji Fertilizer Company Limited	1,417	–	(4,710)
Ghani Gases Limited	25	107	–
Glaxo SmithKline (Pakistan) Limited	20	–	(179)
ICI Pakistan Limited	1	–	–
K-Electric Limited	–	(5,782)	1,164
Kohat Cement Limited	810	–	5,586
Kohinoor Energy Limited	3,515	(244)	(5,629)
Meezan Bank Limited	180	–	90
Nishat Mills Limited	495	(192)	(953)
Pak Elektron Limited	11	-	(283)
Pakgen Power Limited	220	(187)	(596)
Pakistan Oilfields Limited	5,478	(7,433)	1,836
Pakistan Petroleum Limited	2,938	(120)	(3,802)
Pakistan Telecommunication Company Limited	1,820	–	(4,978)
Pioneer Cement Limited	–	22	–
Sui Northern Gas Pipelines Limited	–	1,077	5,138
Telecard Limited	–	(66)	–
The Hub Power Company Limited	2,483	1,125	4,883
	28,431	(7,789)	32,805
Non - Shariah compliant investee companies			
Al-Ghazi Tractors Limited	2,398	(154)	(1,021)
Century Insurance Company Limited	250	126	173
Engro Polymer Limited	–	9	–
Engro Powergen Qadirpur Limited	20	–	(106)
Carry forward	2,668	(19)	(954)

Name of investee company		Dividend income	Realised gain / (loss)	Unrealised gain / (loss)
Brought forward		2,668	(19)	(954)
First UDL Modaraba		9	–	–
Golden Arrow Selected Stocks Fund		216	(443)	–
Hi-Tech Lubricants Limited		–	–	(15)
International Industries Limited		315	–	1,236
International Steel Limited		–	62	1,362
Kot Addu Power Company Limited		3,522	–	1,379
Pakcem Limited		–	582	–
Nishat (Chunian) Limited		53	–	(46)
Nishat Power Limited		992	(501)	(1,341)
Oil and Gas Development Company Limited		428	(759)	(2,159)
Pakistan International Bulk Terminals Limited		–	(556)	1,824
Pakistan State Oil Company Limited		855	–	(787)
PICIC Growth Fund		–	(9,231)	(321)
PICIC Investment Fund		–	(1,488)	(214)
Sui Southern Gas Company Limited		–	45	(1,735)
The Crescent Textile Mills Limited	32.1.1	6,351	283	–
TPL Trakker Limited		–	17	–
TRG Pakistan Limited		–	(97)	197
		15,409	(12,105)	(1,574)
Others				
Central Depository Company of Pakistan Limited		5,809	–	–
		49,649	(19,894)	31,231

32.1.1 Unrealised loss amounting to Rs. 3.689 million on this non-Shariah compliant investment was recognized in the other comprehensive income during the year.

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

32.2 This represents gain on redemption of preference shares of Shariah compliant investee company.

32.3 Direct operating expenses incurred against rental income from investment properties amounted to Rs. 7.232 million (2015: Rs. 7.667 million). Further, Rs. 1.083 million (2015: Rs. 3.419 million) were incurred against the non rented out area.

33. DISTRIBUTION AND SELLING EXPENSES

		Steel segment		Cotton Segment		Total	
Rupees in '000	Note	**2016**	2015	**2016**	2015	**2016**	2015
Salaries, wages and other benefits	33.1	6,485	8,442	1,141	1,509	7,626	9,951
Commission		–	–	67	8,842	67	8,842
Travelling, conveyance and entertainment		1,388	904	187	109	1,575	1,013
Depreciation	14.2	1,173	1,080	–	–	1,173	1,080
Insurance		183	222	–	17	183	239
Postage, telephone and telegram		123	88	125	104	248	192
Advertisement		185	–	–	–	185	–
Bid bond expenses		411	1,801	–	–	411	1,801
Legal and professional charges		3,110	1	–	–	3,110	1
Others		1,038	1,901	364	2,227	1,402	4,128
		14,096	14,439	1,884	12,808	15,980	27,247

		Steel segment		Cotton Segment		Total	
Rupees in '000	Note	**2016**	2015	**2016**	2015	**2016**	2015
33.1 Detail of salaries, wages and other benefits							
Salaries, wages and other benefits		5,770	8,289	1,141	1,498	6,911	9,787
Gratuity fund	33.1.1	157	(136)	–	–	157	(136)
Pension fund	33.1.1	377	(7)	–	–	377	(7)
Provident fund contributions		181	296	–	11	181	307
		6,485	8,442	1,141	1,509	7,626	9,951

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

34. ADMINISTRATIVE EXPENSES

		Steel segment		Cotton segment		IID segment		Energy segment		Total	
Rupees in '000	Note	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
Salaries, wages and other benefits	34.1	89,150	58,668	12,571	13,122	6,819	3,690	378	163	108,918	75,643
Rents, rates and taxes		1,779	1,776	293	404	1,055	983	721	2,170	3,848	5,333
Travelling, conveyance and entertainment		7,939	4,749	1,323	1,208	389	195	114	67	9,765	6,219
Fuel and power		6,962	7,935	661	727	340	1,380	–	–	7,963	10,042
Postage, telephone and telegram		2,592	2,069	437	530	110	108	–	–	3,139	2,707
Insurance		882	1,043	171	233	88	158	831	1,078	1,972	2,512
Repairs and maintenance		26,568	5,364	430	547	1,522	286	1	–	28,521	6,197
Auditors' remuneration	34.2	1,899	1,196	448	410	257	187	60	205	2,664	1,998
Legal, professional and corporate service charges		12,304	12,049	2,248	2,180	2,433	4,086	1,413	1,310	18,398	19,625
Advertisement		2,022	412	22	50	120	21	–	–	2,164	483
Donations	34.3	66,888	8,691	–	–	4,000	457	–	–	70,888	9,148
Depreciation	14.2 & 16.1	10,400	7,522	2,560	1,716	6,981	6,886	–	–	19,941	16,124
Amortization of intangible assets	15.1.1	5,708	5,590	1,096	1,118	274	280	52	–	7,130	6,988
Printing, stationery and office supplies		4,268	6,298	949	1,219	328	621	1	7	5,546	8,145
Newspapers, subscriptions and periodicals		540	1,391	534	700	28	82	–	–	1,102	2,173
Others		4,430	5,649	1,030	1,247	987	608	782	616	7,229	8,120
		244,331	130,402	24,773	25,411	25,731	20,028	4,353	5,616	299,188	181,457
34.1 Detail of salaries, wages and other benefits											
Salaries, wages and other benefits		88,593	57,539	15,100	12,831	6,769	3,592	378	163	110,840	74,125
Gratuity fund	34.1.1	(1,040)	(1,030)	(2,883)	(183)	(346)	(76)	–	–	(4,269)	(1,289)
Pension fund	34.1.1	(1,203)	(53)	(196)	(9)	168	(4)	–	–	(1,231)	(66)
Provident fund contributions		2,800	2,212	550	483	228	178	–	–	3,578	2,873
		89,150	58,668	12,571	13,122	6,819	3,690	378	163	108,918	75,643

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

Rupees in '000	Note	2016	2015
34.2 Auditors' remuneration			
Audit fee	34.2.1	1,653	1,647
Fee for audit of funds' financial statements and other reports		756	196
Out of pocket expenses		255	155
		2,664	1,998

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

34.3 Donations

Donations include the following in which a director is interested:

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

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

Rupees in '000	2016	2015

35. OTHER OPERATING EXPENSES

Exchange loss	24,197	–
Loss on disposal of assets held for sale	1,030	–
Provision for:		
- Workers' Welfare Fund	22,986	56
- Workers' Profit Participation Fund	73,359	–
- doubtful trade debts	11,133	8,253
- other receivables	1,270	–
- liquidated damages	–	232
- slow moving stores, spares and loose tools - net	–	2,761
Liquidated damages	292,841	–
	426,816	11,302

36. OTHER INCOME

Income from financial assets		
Return on deposits - from conventional side of bank	2,317	5,969
Income from non-financial assets		
Gain on disposal of operating fixed assets	3,813	5,439
Deferred income amortized	2,682	2,043
Discount income on long term deposit	2,770	2,406
Exchange gain	–	2,097
Insurance commission	1,419	166
Liabilities written back	9,188	2,789
Reversal of provision:		
- stores and spares	6,416	–
- doubtful trade debts	–	202
Rent income	1,080	8,229
Others	123	2,501
	27,491	25,872
	29,808	31,841

37. FINANCE COSTS

Mark-up on short term loans - Shariah arrangement	10,824	–
Interest on - Non - Shariah arrangement		
- finance lease obligations	11,912	12,410
- long term loans	43,978	23,741
- running finances	20,527	41,206
- short term loans	65,519	6,843
Workers' Profit Participation Fund	–	130
Discounting on deposit under Ijarah arrangement	89,959	–
Bank charges	11,202	2,985
	253,921	87,315

Rupees in ‘000	2016	2015
38. SHARE OF PROFIT IN EQUITY ACCOUNTED INVESTEES - NET OF TAXATION		
Shariah compliant investee companies		
Altern Energy Limited	395,869	262,703
Shakarganj Limited	(36,890)	(50,621)
Others		
Crescent Socks (Private) Limited	(11,870)	(8,776)
	347,109	203,306

39. TAXATION

Rupees in ‘000	2016	2015
Current		
- for the year	285,811	25,191
- Super tax	40,103	–
- for prior years	(131)	(139)
	325,783	25,052
Deferred	51,349	(57,414)
	377,132	(32,362)

39.1 Relationship between taxation expense and accounting profit

Rupees in ‘000	2016	2015
Profit before taxation	1,499,311	167,669
Tax at the applicable rate of 32% (2015: 33%)	479,780	55,330
Tax effect of inadmissible expenses / losses	(163,210)	51,745
Tax effect of exempt income and export sales under final tax regime	12,390	(83,119)
Tax effect of income taxed at a lower rate	6,698	(63,519)
Prior year tax effect	(131)	(139)
Super tax	40,103	–
Tax effect of change in effective tax rate	1,502	7,340
	377,132	(32,362)

40. BASIC AND DILUTED EARNINGS PER SHARE

	2016	2015
Profit after taxation	1,122,179	200,031
	(Number of shares)	
		(Restated)
Weighted average number of ordinary shares in issue during the year	74,574,740	69,751,296
	(Rupees)	
		(Restated)
Basic and diluted earnings per share	15.05	2.87

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

Rupees in '000	Note	2016	2015
41. CASH GENERATED FROM OPERATIONS			
Profit before taxation		1,499,311	167,669
Adjustments for non-cash charges and other items			
Depreciation on operating fixed assets and investment properties		154,101	127,473
Amortization of intangible assets		7,130	6,988
Charge for the year on staff retirement benefit funds		3,088	(2,397)
Charge for compensated absences		2,420	1,111
Provision for 10-C bonus		2,076	–
Dividend income		(49,649)	(61,160)
Unrealized gain on held for trading investments - net		(31,231)	(40,780)
Gain on sale of investments		19,849	(108,116)
Gain on redemption of preference shares		(35,100)	–
Unrealized (gain) / loss on commodity - Silver		(29)	300
Provision for stores, spares and loose tools - net		(6,416)	2,761
Provision for doubtful trade debts / other receivables		12,403	8,051
Provision for Workers' Welfare Fund		22,966	3
Provision for Workers' Profit Participation Fund		73,359	–
Provision for liquidated damages		–	232
Return on deposits and investments		(4,480)	(8,325)
Gain on disposal of operating fixed assets		(3,813)	(5,441)
Deferred income		(2,682)	(2,043)
Liabilities written back		(9,188)	(2,789)
Finance costs		253,921	87,314
Share of profit from equity accounted investees - net of taxation		(347,109)	(203,305)
Working capital changes	41.1	(2,731,027)	306,492
		(1,170,100)	274,038

41.1 Working capital changes			
(Increase) / decrease in current assets			
Stores, spares and loose tools		(57,027)	2,394
Stock-in-trade		(2,013,726)	(44,060)
Trade debts		(423,692)	25,104
Advances		13,401	(9,814)
Trade deposits and short term prepayments		(14,790)	(6,787)
Other receivables		(334,010)	24,760
		(2,829,844)	(8,403)
Increase in current liabilities			
Trade and other payables		98,817	314,895
		(2,731,027)	306,492

Rupees in '000	Note	2016	2015
42. CASH AND CASH EQUIVALENTS			
Running finances under mark-up arrangements	12	(307,193)	(301,822)
Cash and bank balances	29	73,887	101,408
		(233,306)	(200,414)

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 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 2016					
Sales - net	7,400,802	33,899	–	140,728	7,575,429
Cost of sales	5,225,885	144,929	–	188,776	5,559,590
Gross profit / (loss)	2,174,917	(111,030)	–	(48,048)	2,015,839
Income / (loss) from investments	–	–	108,165	(5,705)	102,460
	2,174,917	(111,030)	108,165	(53,753)	2,118,299
Distribution and selling expenses	14,096	1,884	–	–	15,980
Administrative expenses	244,331	24,773	25,731	4,353	299,188
Other operating expenses	419,188	3,794	1,288	2,546	426,816
	677,615	30,451	27,019	6,899	741,984
	1,497,302	(141,481)	81,146	(60,652)	1,376,315
Other income	16,506	10,193	7	3,102	29,808
Operating profit / (loss) before finance costs	1,513,808	(131,288)	81,153	(57,550)	1,406,123
Finance costs	234,469	10,928	8,184	340	253,921
Share of profit in equity accounted investees - net of taxation	–	–	344,488	2,621	347,109
Profit / (loss) before taxation	1,279,339	(142,216)	417,457	(55,269)	1,499,311
Taxation					377,132
Profit after taxation					1,122,179

Rupees in '000	Steel segment	Cotton segment	IID segment	Energy segment	Total
For the year ended 30 June 2015					
Sales - net	581,318	1,492,459	–	228,751	2,302,528
Cost of sales	494,597	1,550,853	–	236,481	2,281,931
Gross profit / (loss)	86,721	(58,394)	–	(7,730)	20,597
Income from investments	–	–	219,150	96	219,246
	86,721	(58,394)	219,150	(7,634)	239,843
Distribution and selling expenses	14,439	12,808	–	–	27,247
Administrative expenses	130,402	25,411	20,028	5,616	181,457
Other operating expenses	2,829	4,103	54	4,316	11,302
	147,670	42,322	20,082	9,932	220,006
	(60,949)	(100,716)	199,068	(17,566)	19,837
Other income	8,783	16,191	568	6,299	31,841
Operating (loss) / profit before finance costs	(52,166)	(84,525)	199,636	(11,267)	51,678
Finance costs	37,303	39,530	10,186	296	87,315
Share of profit in equity accounted investees - net of taxation	–	–	181,920	21,386	203,306
(Loss) / profit before taxation	(89,469)	(124,055)	371,370	9,823	167,669
Taxation					(32,362)
Profit after taxation					200,031

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

43.2.2 Transfer prices between reportable segments are on an agreed 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. 7,249.377 million (2015: Rs. 406.368 million) of total Steel segment revenue of Rs. 7,400.802 million (2015: Rs. 581.318 million). Revenue from major customers of Cotton segment represents an aggregate amount of Rs. 19.286 million (2015: Rs. 726.724 million) of total Cotton segment revenue of Rs. 33.899 million (2015: Rs. 1,492.459 million). Revenue from major customers of Energy segment represent an aggregate amount of Rs. 140.728 million (2015: Rs. 212.593 million) of total Energy segment revenue of Rs. 140.728 million (2015: Rs. 228.751 million).

43.5 Geographical information

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

Rupees in '000	2016	2015
Far East	–	40,260
Pakistan	7,575,429	2,262,268
	7,575,429	2,302,528

43.5.2 All non-current assets of the Group as at 30 June 2016 and 2015 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 2016					
Segment assets for reportable segments	5,060,823	447,198	1,227,819	1,112,457	7,848,297
Investment in equity accounted investees	–	–	2,662,684	219,711	2,882,395
Unallocated corporate assets					726,584
Total assets as per consolidated balance sheet					11,457,276
Segment liabilities for reportable segments	732,084	108,259	132,340	49,892	1,022,575
Unallocated corporate liabilities and deferred income					3,115,510
Total liabilities as per consolidated balance sheet					4,138,085

Rupees in '000	Steel segment	Cotton segment	IID segment	Energy segment	Total
As at 30 June 2015					
Segment assets for reportable segments	1,732,551	488,312	1,106,190	786,512	4,113,565
Investment in equity accounted investees	–	–	2,169,198	254,052	2,423,250
Unallocated corporate assets					299,876
Total assets as per consolidated balance sheet					6,836,691
Segment liabilities for reportable segments	508,236	163,564	3,228	23,034	698,062
Unallocated corporate liabilities and deferred income					748,412
Total liabilities as per consolidated balance sheet					1,446,474

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 2016					
Capital expenditure	230,957	11,765	4,960	289,995	537,677
Depreciation and amortization	46,020	62,444	8,712	44,055	161,231
Non-cash items other than depreciation and amortization - net	330,963	3,556	(438,282)	1,711	(102,052)
For the year ended 30 June 2015					
Capital expenditure	665,734	64,525	593	11,101	741,953
Depreciation and amortization	41,431	65,234	7,167	–	113,832
Non-cash items other than depreciation and amortization - net	32,973	40,472	(381,437)	(23,134)	(331,126)

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

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

44.1.2 The amounts recognized in the consolidated balance sheet are as follows:

		2016			2015		
Rupees in '000	Note	Pension	Gratuity	Total	Pension	Gratuity	Total
Present value of defined benefit obligations	44.1.4	354,115	82,485	436,600	290,974	65,769	356,743
Fair value of plan assets	44.1.5	(660,348)	(232,528)	(892,876)	(410,636)	(123,682)	(534,318)
Asset recognized in the consolidated balance sheet		(306,233)	(150,043)	(456,276)	(119,662)	(57,913)	(177,575)

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

		2016			2015		
Rupees in '000	Note	Pension	Gratuity	Total	Pension	Gratuity	Total
Opening balance		(119,662)	(57,913)	(177,575)	(76,255)	(39,922)	(116,177)
Net benefit cost / (income) charged to profit and loss	44.1.7	4,631	(2,210)	2,421	(122)	(2,296)	(2,418)
Remeasurements recognized in other comprehensive income		(178,341)	(84,946)	(263,287)	(32,652)	(11,470)	(44,122)
Contributions by the Holding Company	44.1.5	(12,861)	(4,974)	(17,835)	(10,633)	(4,225)	(14,858)
Closing balance		(306,233)	(150,043)	(456,276)	(119,662)	(57,913)	(177,575)

44.1.4 Movement in the present value of defined benefit obligations

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

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

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

44.1.6 Actual return on plan assets	244,869	104,171	349,040	71,576	21,967	93,543

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

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

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

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

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

Sensitivity analysis

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

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

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

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 2016 was Rs. 7.605 million (2015: Rs. 7.527 million). Year end of Provident Fund Financial Statements is 31 December and 30 June for Steel & IID Division and Cotton Division respectively.

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

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

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

45. FAIR VALUES

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

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

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

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

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

Rupees in '000	2016							
	Carring amount				Fair value			
	Investments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- listed equity securities	864,648	–	–	864,648	864,648	–	–	864,648
- commodities	1,857	–	–	1,857	1,857	–	–	1,857
	866,505	–	–	866,505	866,505	–	–	866,505
Financial assets not measured at fair value								
Investments								
- unlisted equity securities	220,717	–	–	220,717	–	–	–	–
- equity	2,882,395	–	–	2,882,395	–	–	–	–
- term deposit receipt	12,875	–	–	12,875	–	–	–	–
Trade debts	–	472,121	–	472,121	–	–	–	–
Other receivables	–	175,347	–	175,347	–	–	–	–
Bank balances	–	72,232	–	72,232	–	–	–	–
	3,115,987	719,700	–	3,835,687	–	–	–	–
Financial liabilities not measured at fair value								
Long term loans	–	–	503,500	503,500	–	–	–	–
Liabilities against assets subject to finance lease	–	–	135,832	135,832	–	–	–	–
Trade and other payables	–	–	687,798	687,798	–	–	–	–
Mark-up accrued	–	–	23,419	23,419	–	–	–	–
Short term borrowings	–	–	2,278,930	2,278,930	–	–	–	–
	–	–	3,629,479	3,629,479	–	–	–	–

Rupees in '000	2015							
	Carring amount				Fair value			
	Investments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- listed equity securities	810,265	–	–	810,265	810,265	–	–	810,265
- commodities	1,828	–	–	1,828	1,828	–	–	1,828
	812,093	–	–	812,093	812,093	–	–	812,093
Financial assets not measured at fair value								
Investments								
- unlisted equity securities	220,717	–	–	220,717	–	–	–	–
- equity	2,423,250	–	–	2,423,250	–	–	–	–
- term deposit receipt	11,825	–	–	11,825	–	–	–	–
Trade debts	–	60,639	–	60,639	–	–	–	–
Other receivables	–	3,308	–	3,308	–	–	–	–
Bank balances	–	99,274	–	99,274	–	–	–	–
	2,655,792	163,221	–	2,819,013	–	–	–	–
Financial liabilities not measured at fair value								
Long term loans	–	–	294,000	294,000	–	–	–	–
Liabilities against assets subject to finance lease	–	–	93,650	93,650	–	–	–	–
Trade and other payables	–	–	431,849	431,849	–	–	–	–
Mark-up accrued	–	–	12,856	12,856	–	–	–	–
Short term borrowings	–	–	301,822	301,822	–	–	–	–
	–	–	1,134,177	1,134,177	–	–	–	–

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

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

46. FINANCIAL RISK MANAGEMENT

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.

46.1 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	**2016**	2015
Investments	–	13,556
Deposits	193,756	48,859
Trade debts	472,121	60,639
Mark-up accrued	37	475
Other receivables	180,205	6,668
Bank balances	72,052	99,274
	918,171	229,471

Trade and other receivables

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

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

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

Rupees in '000	**2016**	2015
Steel segment	356,077	47,682
Cotton segment	11,332	7,859
Energy segment	104,712	–
	472,121	55,541
The aging of trade debts at reporting date is		
Not past due	167,658	13,839
Past due 1 - 30 days	276,060	9,502
Past due 30 - 180 days	12,858	16,296
Past due 180 days	32,362	26,688
	488,938	66,325
Less: Impaired	16,817	5,686
	472,121	60,639

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.

The movement in the allowances for impairment in respect of trade debts and loan and advances is given in note 23.2 and note 24 respectively.

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 A1+.

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

	Rating		Rating		
Rupees in '000	Short term	Long term	Agency	**2016**	2015
Mutual Funds					
PICIC Investment Fund	MFR 3 star	MFR 3 star	JCR - VIS	8,641	10,008
PICIC Growth Fund	MFR 1 star	MFR 1 star	JCR - VIS	57,239	65,880
Golden Arrow Selected Stocks Fund	MFR 4 star	MFR 4 star	PACRA	–	1,911
				65,880	77,799

Deposits

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

Investment in debt securities

Credit risk arising on debt securities is mitigated by investing principally in investment grade rated instruments. Where the investment is considered doubtful a provision is created there against.

Concentration of credit risk

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

46.2 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	2016						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to six years
Financial liabilities							
Long term loans	503,500	–	503,500	39,000	70,250	140,500	253,750
Liabilities against assets subject to finance lease	135,832	–	154,799	38,046	30,994	40,438	45,331
Trade and other payables (refer note 10)	711,149	–	711,149	711,149	–	–	–
Mark-up accrued	23,419	–	23,419	23,419	–	–	–
Short term borrowings	2,278,930	2,278,930	–	–	–	–	–
	3,652,830	2,278,930	1,392,867	811,614	101,244	180,938	299,081

Rupees in '000	2015						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to six years
Financial liabilities							
Long term loan	294,000	–	294,000	18,375	36,750	73,500	165,375
Liabilities against assets subject to finance lease	93,650	–	104,971	27,656	27,903	39,845	9,567
Trade and other payables (refer note 10)	438,609	–	438,609	438,609	–	–	–
Mark-up accrued	12,856	–	12,856	12,856	–	–	–
Short term borrowings	301,822	301,822	–	–	–	–	–
	1,140,937	301,822	850,436	497,496	64,653	113,345	174,942

46.3 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.

46.3.1 Currency risk

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

	2016		
	USD	Euro	Total
Foreign creditors	(119,190)	(17,690)	(136,880)
Outstanding letters of credit	(6,229,673)	(77,196)	(6,306,869)
Net exposure	(6,348,863)	(94,886)	(6,443,749)

	2015		
	USD	Euro	Total
Foreign creditors	(2,890,633)	(114,300)	(3,004,933)
Outstanding letters of credit	(6,423,065)	–	(6,423,065)
Net exposure	(9,313,698)	(114,300)	(9,427,998)

The following significant exchange rate has been applied:

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

Sensitivity analysis

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

Effect on the consolidated profit and loss

	2016	2015
USD	(619,138)	(931,370)
Euro	(9,489)	(11,430)
	(628,627)	(942,800)

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 the consolidated profit for the year and assets / liabilities of the Group.

46.3.2 Interest rate risk

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

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

Fair value sensitivity analysis for fixed rate instruments

The 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 the consolidated 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 (increased) / decreased the consolidated profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2015.

	Profit and loss 100 bp	
Rupees in '000	Increase	Decrease
As at 30 June 2016		
Cash flow sensitivity - Variable rate financial liabilities	(29,183)	29,183
As at 30 June 2015		
Cash flow sensitivity - Variable rate financial liabilities	(6,895)	6,895

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

46.3.3 Other price risk

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

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

Rupees in '000	2016	2015
Effect on consolidated profit	74,033	71,763
Effect on consolidated equity	12,431	9,262
Effect on investments	86,464	81,025

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

46.4 Fair value of financial instruments

The carrying values of other financial assets and financial liabilities reported in consolidated 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.

47. REMUNERATION TO THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

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

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

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

47.3 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.

48. 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. All transactions with parties are under agreed terms / contractual arrangements. Balances and transactions between the Holding Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

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

Name	Nature of relationship	Nature of transaction	2016	2015
Rupees in '000				
Altern Energy Limited	Associated company	Dividend received	–	72,103
Shakarganj Limited	Associated company	Dividend paid	6,582	4,488
		Purchase of raw material	171,161	212,593
		Sales of raw cotton	19,661	–
		Sales of finished goods	140,728	250,241
		Services received	3,548	3,600
		Reimbursable expenses	6,557	1,557
		Purchase of assets	–	40
		Advance against goods	–	40,000
Central Depository Company of Pakistan Limited	Related party	Services received	2,141	108
		Dividend Received	5,809	–
Crescent Jute Products Limited *	Related party	Services received	–	90
		Reimbursable expenses	–	459
CSAP Foundation*	Related party	Donation given	3,038	569
Muhammad Amin Muhammad Bashir Limited *	Related party	Dividend paid	2	1
Premier Insurance Limited *	Related party	Insurance premium	11,515	6,467
The Crescent Textile Mills Limited *	Related party	Dividend paid	17,589	10,246
		Dividend received	6,351	565
The Citizens' Foundation *	Related party	Donation given	48,518	7,875
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Contribution made	644	1,744
		Dividend paid	154	7
		Issue of right shares	868	–
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Contribution made	4,974	4,225
		Dividend paid	3,031	1,765
		Issue of right shares	17,066	–

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

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

48.1 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.

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

48.3 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.

48.4 Outstanding balances and other information with respect to related parties as at 30 June 2016 and 2015 are included in issued, subscribed and paid-up capital (note 6.1), trade and other payables (note 10.3), investment in equity accounted investees (note 17), other long term investments (note 18.1), investments (note 26.1 and 26.2), other receivables (note 27.1), administrative expenses (note 34) and staff retirement benefits (note 44).

49. 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 2015.

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

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

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

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

49.1 Gearing ratio

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

Rupees in '000	Note	2016	2015
Total debt	49.1.1	2,918,262	689,472
Less: Cash and bank balances		73,887	101,408
Net debt		2,844,375	588,064
Total equity	49.1.2	7,319,191	5,390,217
Total capital		10,163,566	5,978,281
Gearing ratio		28%	10%

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

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

50. PLANT CAPACITY AND PRODUCTION

50.1 Steel segment

Pipe plant

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

Coating plant

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

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

Steel melting plant

The plant's installed / rated capacity for production based on three shifts is 42,000 matric tons annually. Actual production duirng the year was 2,638 matirc tons as the commercial operations commenced from 1 June 2016.

50.2 Cotton segment

Spinning unit 1

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

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

50.3 Energy segment

Power plant

The power plant has a maximum output capacity of 16.5 MWh (2015: 14 MWh).

51. GENERAL

51.1 Number of employees

The number of employees including contractual employees of the Group as at 30 June 2016 were 966 (2015: 397) and weighted average number of employees were 545 (2015: 812).

51.2 Non adjusting event after balance sheet date

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

52. DATE OF AUTHORIZATION FOR ISSUE

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

Chief Executive	Director	Chief Financial Officer

PATTERN OF SHAREHOLDING

AS AT 30 JUNE 2016

No. of Shareholders	Shareholding		Total Shares held
	From	To	
500	1	100	18,866
761	101	500	242,625
458	501	1,000	368,349
634	1,001	5,000	1,575,461
159	5,001	10,000	1,216,883
77	10,001	15,000	955,583
61	15,001	20,000	1,080,037
38	20,001	25,000	862,174
32	25,001	30,000	882,994
15	30,001	35,000	500,521
16	35,001	40,000	620,147
14	40,001	45,000	595,285
18	45,001	50,000	867,944
5	50,001	55,000	266,529
6	55,001	60,000	345,873
7	60,001	65,000	439,860
3	65,001	70,000	200,405
3	70,001	75,000	224,338
6	75,001	80,000	466,823
4	80,001	85,000	328,050
4	85,001	90,000	352,102
2	90,001	95,000	184,118
5	95,001	100,000	489,598
1	100,001	105,000	103,215
4	105,001	110,000	434,710
2	115,001	120,000	233,167
3	120,001	125,000	368,575
2	125,001	130,000	258,000
1	130,001	135,000	133,750
4	135,001	140,000	550,388
4	145,001	150,000	592,127
1	150,001	155,000	151,250
4	160,001	165,000	655,500
1	175,001	180,000	175,125
3	180,001	185,000	549,540
2	185,001	190,000	375,000
4	195,001	200,000	796,000
1	200,001	205,000	201,471
2	205,001	210,000	413,237
1	215,001	220,000	219,250
2	220,001	225,000	448,225
1	255,001	260,000	259,620

PATTERN OF SHAREHOLDING

AS AT 30 JUNE 2016

No. of Shareholders	Shareholding From	Shareholding To	Total Shares held
1	285,001	290,000	290,000
1	295,001	300,000	300,000
2	305,001	310,000	615,417
2	310,001	315,000	624,900
1	320,001	325,000	322,025
1	325,001	330,000	328,563
2	335,001	340,000	677,500
1	360,001	365,000	360,952
1	380,001	385,000	382,250
1	390,001	395,000	390,646
1	395,001	400,000	400,000
1	405,001	410,000	405,250
1	415,001	420,000	415,460
3	440,001	445,000	1,327,298
1	450,001	455,000	452,690
1	460,001	465,000	465,000
2	495,001	500,000	1,000,000
2	535,001	540,000	1,077,039
1	550,001	555,000	555,000
1	595,001	600,000	598,801
1	620,001	625,000	625,000
1	625,001	630,000	626,100
1	695,001	700,000	700,000
1	765,001	770,000	769,375
1	790,001	795,000	792,068
1	830,001	835,000	832,582
1	835,001	840,000	836,500
1	885,001	890,000	890,000
1	915,001	920,000	920,000
1	1,300,001	1,305,000	1,305,000
1	1,355,001	1,360,000	1,357,800
1	1,470,001	1,475,000	1,471,233
1	1,910,001	1,915,000	1,913,100
1	2,110,001	2,115,000	2,111,500
1	2,470,001	2,475,000	2,473,606
1	2,630,001	2,635,000	2,630,695
1	2,735,001	2,740,000	2,735,236
1	2,885,001	2,890,000	2,887,500
1	3,230,001	3,235,000	3,230,181
1	4,250,001	4,255,000	4,251,250
1	4,740,001	4,745,000	4,743,956
1	8,535,001	8,540,000	8,538,303
2,920			77,632,491

CATEGORIES OF SHAREHOLDING

AS AT 30 JUNE 2016

Categories of Shareholder	Physical	CDC	Total	% age
Directors, Chief Executive Officer, Their Spouses and Minor Childern				
Chief Executive				
Mr. Ahsan M. Saleem	-	537,083	537,083	0.69
Directors				
Mr. Ahmad Waqar	27	-	27	0.00
Mr. Nasir Shafi	-	37,876	37,876	0.05
Mr. Syed Zahid Hussain	2	-	2	0.00
Mr. Zahid Bashir	-	107,610	107,610	0.14
Syed Mahmood Ehtishamullah	-	19,495	19,495	0.03
Director's Spouses and Their Minor Childern				
Mrs. Shahnaz A. Saleem	-	650,588	650,588	0.84
	29	1,352,652	1,352,681	1.74
Executives	14,492	61,367	75,859	0.10
Associated Companies, Undertakings & Related Parties				
Muhammad Amin Muhammad Bashir Limited	848	-	848	0.00
Premier Insurance Limited	-	120,700	120,700	0.16
Shakarganj Mills Limited	-	792,068	792,068	1.02
The Cresent Textile Mills Limited	-	8,538,303	8,538,303	11.00
Trustees - Crescent Cotton Products Staff Provident Fund	-	74,800	74,800	0.10
Trustees - CSAP SPF	618	832,582	833,200	1.07
Trustees - CSAP Staff Gratuity Fund	-	1,471,233	1,471,233	1.90
Trustees - CSAP Staff Pension Fund	-	3,230,181	3,230,181	4.16
Trustees - CSAP Staff Provident Fund	-	500	500	0.00
M/s. Jubilee Spinning & Weaving Mills Limited	110	39,878	39,988	0.05
Trustee - The Crescent Textile Mills Ltd Empl. Provident Fund		836,500	836,500	1.08
M/s. Crescent Cotton Mills Limited		18,076	18,076	0.02
Managing Committee Crescent Foundation		444,698	444,698	0.57
M/s. Suraj Cotton Mills Limited		300,000	300,000	0.39
Trustees - SML Employees Provident Fund		168,500	168,500	0.22
Trustees - SML Employees Gratuity Fund		51,700	51,700	0.07
Trustees - SML Employees Gratuity Fund		15,300	15,300	0.02
	1,576	16,935,019	16,936,595	21.82
NIT & ICP (Name Wise Detail)				
CDC - Trustee National Investment (Unit) Trust	-	2,735,236	2,735,236	3.52
	-	2,735,236	2,735,236	3.52
Mutual Funds (Name Wise Detail)				
CDC - Trustee ABL Islamic Pension Fund - Equity Sub Fund	-	8,000	8,000	0.01
CDC - Trustee Al Meezan Mutual Fund	-	441,100	441,100	0.57
CDC - Trustee Alfalah GHP Alpha Fund	-	219,250	219,250	0.28
CDC - Trustee AlFalah GHP Islamic Stock Fund	-	224,350	224,350	0.29
CDC - Trustee Alfalah GHP Stock Fund	-	405,250	405,250	0.52
CDC - Trustee Alfalah GHP Value Fund	-	124,375	124,375	0.16
CDC - Trustee APIF - Equity Sub Fund	-	15,000	15,000	0.02
CDC - Trustee Askari Asset Allocation Fund	-	82,000	82,000	0.11
CDC - Trustee Askari Equity Fund	-	57,000	57,000	0.07
CDC - Trustee Dawood Islamic Fund	-	10,000	10,000	0.01
CDC - Trustee Faysal Asset Allocation Fund	-	626,100	626,100	0.81
CDC - Trustee Faysal Balanced Growth Fund	-	55,000	55,000	0.07
CDC - Trustee Faysal Islamic Asset Allocation Fund	-	290,000	290,000	0.37
CDC - Trustee First Capital Mutual Fund	-	9,200	9,200	0.01

PATTERN OF SHAREHOLDING

AS AT 30 JUNE 2016

Categories of Shareholder	Physical	CDC	Total	% age
CDC - Trustee First Dawood Mutual Fund	-	10,000	10,000	0.01
CDC - Trustee HBL - Stock Fund	-	1,357,800	1,357,800	1.75
CDC - Trustee HBL IPF Equity Sub Fund	-	61,700	61,700	0.08
CDC - Trustee HBL Islamic Asset Allocation Fund	-	123,500	123,500	0.16
CDC - Trustee HBL Islamic Stock Fund	-	314,500	314,500	0.41
CDC - Trustee HBL Mustahekum Sarmaya Fund 1	-	36,000	36,000	0.05
CDC - Trustee HBL PF Equity Sub Fund	-	53,775	53,775	0.07
CDC - Trustee Meezan Asset Allocation Fund	-	30,000	30,000	0.04
CDC - Trustee Meezan Balanced Fund	-	382,250	382,250	0.49
CDC - Trustee Meezan Islamic Fund	-	1,913,100	1,913,100	2.46
CDC - Trustee NAFA Islamic Active Allocation Equity Fund	-	138,500	138,500	0.18
CDC - Trustee NAFA Islamic Principal Protected Fund - II	-	48,500	48,500	0.06
CDC - Trustee NAFA Islamic Stock Fund	-	310,400	310,400	0.40
CDC - Trustee NIT - Equity Market Opportunity Fund	-	360,952	360,952	0.46
CDC - Trustee Pakistan Capital Market Fund	-	400	400	0.00
CDC - Trustee PIML Islamic Equity Fund	-	14,000	14,000	0.02
CDC - Trustee PIML Value Equity Fund	-	15,000	15,000	0.02
MCBFSL - Trustee Pak Oman Advantage Asset Allocation Fund	-	40,000	40,000	0.05
MCBFSL - Trustee Pak Oman Islamic Asset Allocation Fund	-	40,000	40,000	0.05
MCFSL - Trustee Askari Islamic Asset Allocation Fund	-	50,000	50,000	0.06
Safeway Fund Limited	-	920,000	920,000	1.19
	-	8,787,002	8,787,002	11.32
Banks, NBFCs, DFIs, Takaful, Pension Funds etc.	4,748,809	6,765,114	11,513,923	14.83
Modarabas	190	54,000	54,190	0.07
Insurance Companies	-	6,287,195	6,287,195	8.10
Other Companies,Corporate Bodies, Trust etc.	37,892	3,285,582	3,323,474	4.28
General Public (Others)				
A. Local	772,732	25,705,354	26,478,086	34.11
B. Foreign	-	88,250	88,250	0.11
	772,732	25,793,604	26,566,336	34.22
	5,575,720	72,056,771	77,632,491	100.00

Shareholders More Than 5.00%		
The Cresent Textile Mills Limited	8,538,303	11.00
Islamic Development Bank	4,743,956	6.11
Bilquis Saleem	4,251,250	5.48

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 32nd Annual General Meeting of shareholders of Crescent Steel and Allied Products Limited (the "Company") will be held on Friday, 30 September 2016 at 12:00 noon at Qasr-e-Noor, 9 E-2 Main Boulevard, Gulberg-III, Lahore to transact the following Business:

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 2016.

2. To approve the payment of final cash dividend of Rs. 2.0 per share (i.e., @20%) in addition to the first and second interim cash dividends of Rs. 1.5/- per share each, a total cash distribution of Rs. 5 per share (i.e., @50%) for the year ended 30 June 2016.

3. To appoint Company's auditors for the financial year ending 30 June 2017 and to fix their remuneration.

Special Business

4. To obtain consent of the shareholders in terms of S.R.O. 470(I)/2016 dated 31 May 2016 issued by Securities and Exchange Commission of Pakistan, for the transmission of the annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company either through CD or DVD or USB and to pass the following resolution as an Ordinary Resolution, with or without modification:

   "Resolved that consent & approval of the members of Crescent Steel and Allied Products Limited (the "Company") be and is hereby accorded for transmission of annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company to the members for future years commencing from the year ending on 30 June 2017 through CD or DVD or USB instead of transmitting the same in hard copies.

   Resolved Further that Chief Executive Officer or Company Secretary of the Company be and is hereby authorized to do all acts, deeds and things, take or cause to be taken all necessary actions to comply with all legal formalities and requirements and file necessary documents as may be necessary or incidental for the purposes of implementing this resolution"

5. To consider and, if deemed fit, pass the following resolution as a Special Resolution with or without modification for alterations in the Articles of Association of the Company:

   "RESOLVED that pursuant to Section 28 and other applicable provisions, if any, of the Companies Ordinance, 1984 and any other law(s), Articles of Association of the Company be and are hereby amended by inserting a new Article 47A immediately after the existing Article 47 to read as under;

   47A ELECTRONIC VOTING: The Company shall comply with the mandatory e-voting requirements as may be prescribed by the Securities and Exchange Commission of Pakistan from time to time and members may be allowed to appoint members as well as non-members as proxies for the purposes of electronic voting pursuant to this Article."

   Resolved further that the Chief Executive Officer or Company Secretary be and is hereby authorized to do all acts, deed and things, take all steps and action necessary, ancillary and incidental for altering the Articles of Association of the Company including filing of all requisite documents/ statutory forms as may be required to be filed with the Registrar of Companies and complying with all other regulatory requirements so as to effectuate the alterations in the Articles of Association and implementing the aforesaid resolution.

Lahore: 08 September 2016

BY ORDER OF THE BOARD
Muhammad Saad Thaniana
Company Secretary

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. **Book Closure:**

   The Share Transfer Books of the Company will remain closed from 24 September 2016 to 30 September 2016 (both days inclusive). Transfers received in order at Share Registrar's Office, CorpTec Associates (Pvt) Limited, 503-E, Johar Town, Lahore by the close of business on 23 September 2016, will be treated in time for the entitlement of cash 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(l)/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 order dated 10th May, 2016. 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. Electronic Transmission of Financial Statements Etc.,

SECP through its Notification No. SRO. 787(1)/2014, dated September 08, 2014 has allowed companies to circulate Annual Audited Financial Statements along with Notice of Annual General Meeting through email instead of sending the same through post, to those members who desires to avail this facility. The members who desire to opt to receive aforesaid statements and notice of AGM through e-mail are requested to provide their written consent on the Standard Request Form available on the Company's website: www.crescent.com.pk

8. Deduction of Income Tax from Dividend at Revised Rates

Pursuant to the provisions of Finance Act, 2016 effective 1 July 2016, 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	12.5%
2	Non- Filers of Income Tax Return	20.0%

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.

The shareholders who have joint shareholdings held by Filers and Non-Filers shall be dealt with separately and in such particular situation, each account holder is to be treated as either a Filer or a Non-Filer and tax will be deducted according to his shareholding. If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Company latest by the AGM date.

Folio/CDC Account No.	Name of Shareholder	CNIC	Shareholding	Total Shares	Principal/Joint Shareholder

9. Placement of Financial Statements

The Company has placed the Audited Annual Separate and Consolidated Financial Statements for the year ended 30 June 2016 along with Auditors and Directors Reports thereon on its website: www.crescent.com.pk

Statement under Section160 (1)(b) of the Companies Ordinance,1984

This statement set out the material facts concerning the special business to be transacted at the annual general meeting of the Company to be held on 30 September 2016.

Circulations of Annual Reports through CD/DVD/USB

Securities and Exchange Commission of Pakistan has vide S.R.O 470(I)/2016 dated 31 May 2016 allowed the companies to circulate the annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company to its members through CD/DVD/USB subject to consent of the shareholders in the general meeting. This will save time and expenses incurred on printing of the annual report.

The Company shall supply the hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand. After approval of the shareholders, the Company will place a Standard Request Form on its website to communicate their need of hard copies of the documents along with postal and email address of the Company Secretary/Share Registrar to whom such requests shall be made.

Accordingly, the directors have placed the matter before the shareholders for their approval and to pass the ordinary resolution as proposed in the notice of meeting. The directors are not interested, directly or indirectly, in the above business except to the extent of their investment as has been detailed in the pattern of shareholding annexed to the Directors Report.

Alteration in the Articles of Association

Securities and Exchange Commission of Pakistan has issued Companies (E-Voting) Regulation 2016 on January 22, 2016 vide S.R.O 43(1)/2016. The directors have recommended alteration in the Articles of Association by inserting a new Article 47A therein which will give the members option to be part of the decision making in the general meeting of the Company through electronic means. Accordingly, it has been proposed to pass the resolution as a Special Resolution for alteration in the Articles of Association of the Company, as specified in the notice of meeting.

The directors are not interested, directly or indirectly, in the above business except to the extent of their investment as has been detailed in the pattern of shareholding annexed to the Directors Report.

GLOSSARY / LIST OF ABBREVIATIONS

ABD	Asian Development Bank
AFS	Available For Sale
API	American Petroleum Institute
APTMA	All Pakistan Textile Mills Association
BCI	Better Cotton Initiative
Board	Board of Directors
BOI	Board of Investment
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
CPEC	China Pakistan Economic Corridor
CSAPL	Crescent Steel and Allied Products Limited
CSCL	CS Capital (Private) Limited
CSR	Corporate Social Responsibility
GDP	Gross Domestic Product
Dia	Diameter
GIDC	Gross Infrastructure Development Cess
DRP	Disaster Recovery Plan
DSC	Differential Scanning Calorimeter
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
Lbs	Pounds
LC	Letter of Credit
LED	Light Emitting Diode
LNG	Liquefied Natural Gas
LRQA	Lloyd`s Register Quality Assurance
LSM	Large Scale Manufacturing
MFI	Melt Flow Index
MT	Management Trainee
MSCI-EM	Morgan Stanley Capital International Emerging Market
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
PSX	Pakistan Stock Exchange
QMS	Quality Management System
SECP	Securities and Exchange Commission of Pakistan
SEL	Shakarganj Energy (Private) Limited
SMEDA	Small and Medium Enterprise Development Authority
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
YoY	Year on Year

FORM OF PROXY 32ND 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 Friday, 30 September 2016 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 ________________2016.

1. Name _________________________________
   N.I.C _________________________________
   Address _________________________________
   ____

Please affix here Revenue Stamps of Rs. 5/-

Members' Signature

2. Name _________________________________
   N.I.C _________________________________
   Address _________________________________
   ____

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 the 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.

کریسنٹ سٹیل اینڈ الائیڈ پراڈکٹس لمیٹڈ

پراکسی فارم (مختار نامہ)

32 واں سالانہ اجلاس عام

میں/ہم ____________________

بحیثیت رکن کریسنٹ سٹیل اینڈ الائیڈ پراڈکٹس لمیٹڈ اور حامل __________ حصص بمطابق فولیو نمبر __________

سی ڈی سی پارٹیسپیشن (شرکت) آئی ڈی نمبر __________ اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر __________ /سی ڈی سی انویسٹرا کاؤنٹ آئی ڈی نمبر __________

محترم/محترمہ __________ یا اسکی غیر موجودگی میں __________

فولیو نمبر __________ /سی ڈی سی پارٹیسپیشن (شرکت) آئی ڈی نمبر __________

اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر __________ /سی ڈی سی انویسٹرا کاؤنٹ آئی ڈی نمبر __________ کو اپنے/ہمارے ایماء پر مورخہ 30 ستمبر 2016ء، بروز جمعہ دوپہر 12:00 بجے بمقام قصر نور، 2-E-9، مین بلیوارڈ، گلبرگ-III، لاہور پر منعقد ہونے والے کریسنٹ سٹیل اینڈ الائیڈ پراڈکٹس لمیٹڈ کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا/ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

آج بروز.................. بتاریخ.......... 2016ء کو میرے/ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

گواہان

1۔

دستخط: __________

نام: __________

پتہ: __________

____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: __________

2۔

دستخط: __________

نام: __________

پتہ: __________

____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: __________

-/5 روپے کا رسیدی ٹکٹ یہاں چسپاں کریں۔

دستخط رکن
کمپنی کے نمونہ دستخط سے مماثل ہونے چاہئیں۔

نوٹ:

1۔ اجلاس عام میں شرکت اور رائے دہی کا مستحق رکن، پراکسی مقرر کر سکتا ہے۔

2۔ پراکسی اور مختار نامہ یا دیگر اتھارٹی (اگر کوئی ہوں) تقرری کے آلات، جس کے تحت یہ دستخط شدہ ہو یا اس مختار نامہ کی نوٹریلی مصدقہ کاپی، کمپنی کے شیئر رجسٹرار دفتر، کارپ ٹیک ایسوسی ایٹس (پرائیویٹ) لمیٹڈ 503-E، جوہر ٹاؤن لاہور میں اجلاس منعقد ہونے سے کم از کم 48 (اڑتالیس) گھنٹے قبل جمع کروائے جانے چاہئیں۔

3۔ سی ڈی سی اکاؤنٹ ہولڈرز کو پراکسیز تقرری کے لئے سیکورٹیز اینڈ ایکسچینج کمیشن پاکستان کے مورخہ 26 جنوری 2000 کو جاری کردہ سرکلر نمبر 1 میں دی گئی مندرجہ ذیل گائیڈ لائنز کی پیروی کرنا ہوگی۔

i۔ بصورت افراد، اکاؤنٹ ہولڈر اور/یا سب اکاؤنٹ ہولڈر جن کی سیکورٹیز اینڈ رجسٹریشن تفصیلات قواعد وضوابط کے مطابق اپ لوڈ ہوں، انہیں درج بالا شرائط کے مطابق پراکسی فارم (مختار نامہ) جمع کرانا ہونگے۔

ii۔ پراکسی فارم پر بطور گواہان دو افراد کے دستخط ہونے چاہئیں اور ان کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبرز فارم پر درج ہوں۔

iii۔ بینیفشل اونرز اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول، پراکسی فارم (مختار نامہ) کے ہمراہ جمع کرانا ہونگی۔

iv۔ پراکسی، اجلاس کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ مہیا کرے گا/گی۔

v۔ بصورت کارپوریٹ اینٹٹی، بورڈ کی قرارداد/مختار نامہ معہ پراکسی ہولڈر کے دستخط (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نامہ) کے ہمراہ کمپنی میں جمع کرانا ہوگا۔

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. Till date, we planted over 7,741 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 46 tons of carbon annually - equivalent to emissions from burning over 6,031 gallons of fuel.

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
info@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: ______________________________

____

Date: ____________________

____
Signature:
(In case of corporate shareholders, the authorized signatory must sign)

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