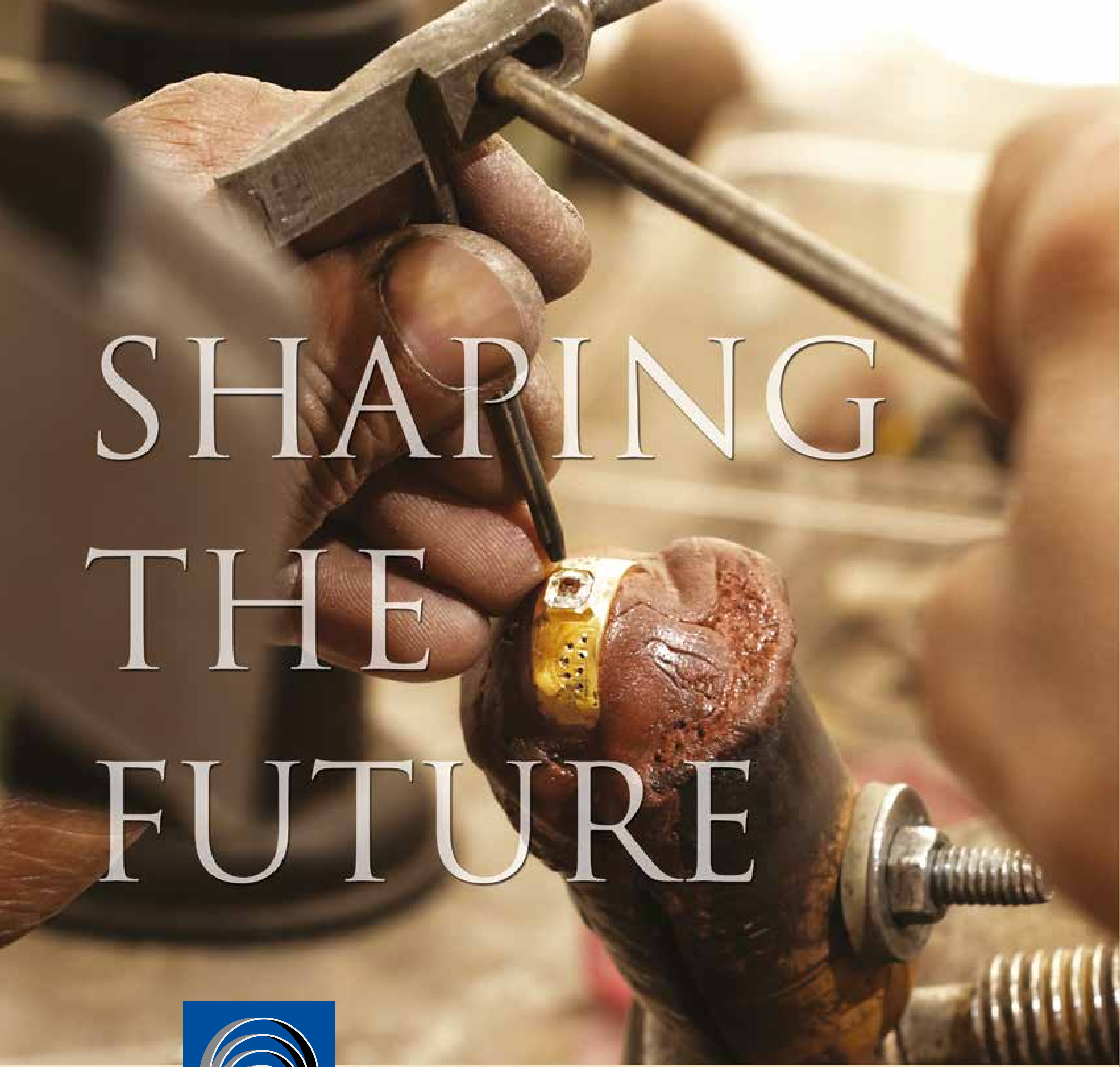


SHAPING THE FUTURE

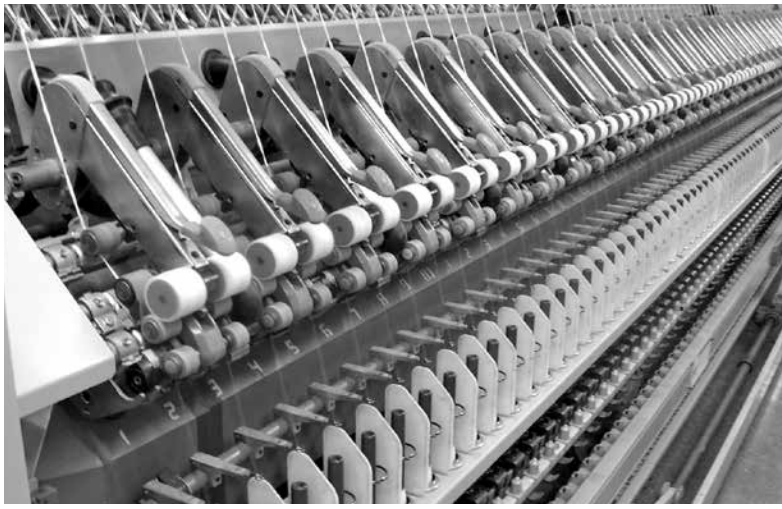
Crescent Steel and
Allied Products Limited

Annual Report 2013









Amsler RKP 450


INDENTATION HARDNESS TEST
GEL TIME TEST

CSAPL



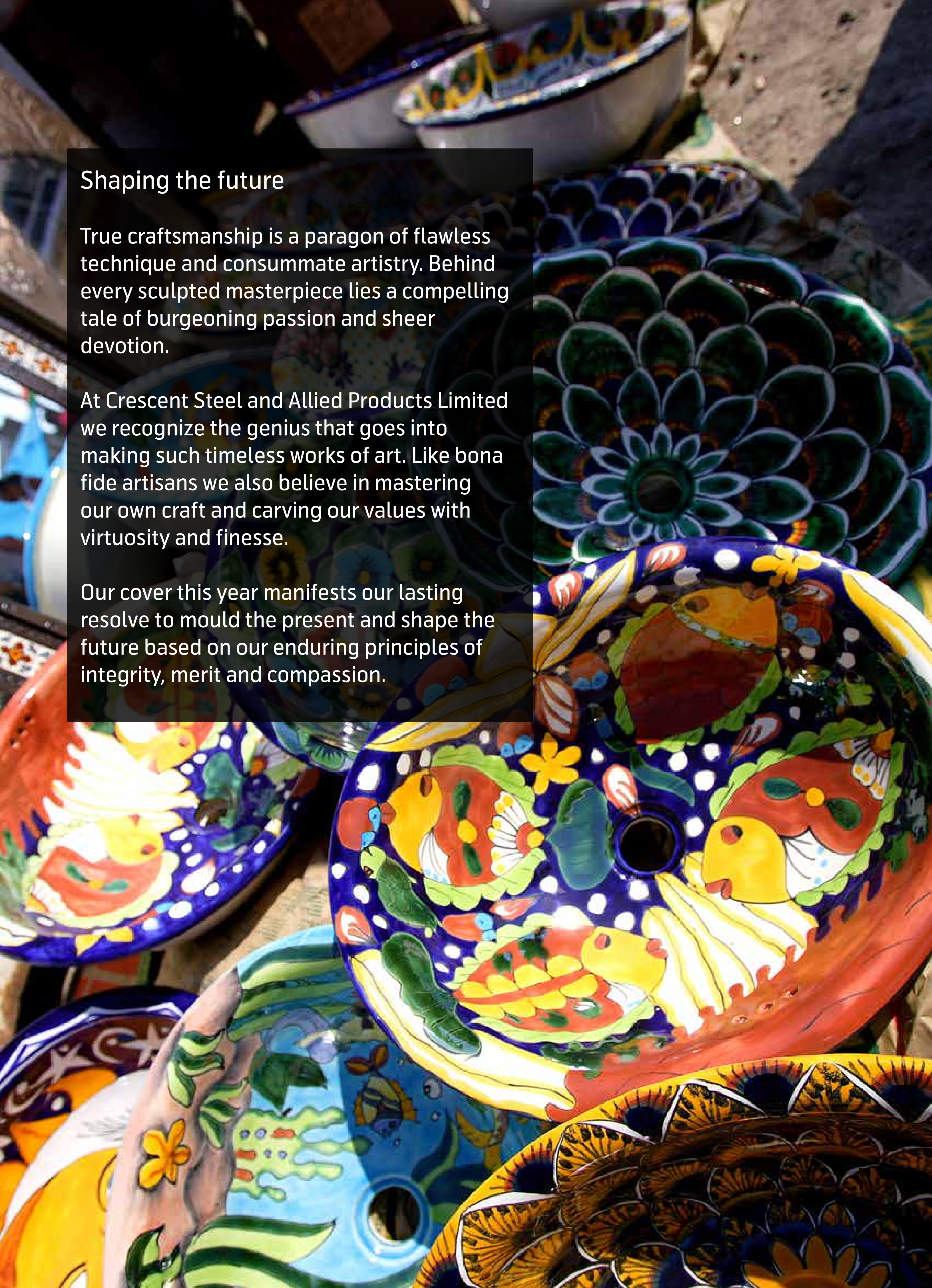










Shaping the future

True craftsmanship is a paragon of flawless technique and consummate artistry. Behind every sculpted masterpiece lies a compelling tale of burgeoning passion and sheer devotion.

At Crescent Steel and Allied Products Limited we recognize the genius that goes into making such timeless works of art. Like bona fide artisans we also believe in mastering our own craft and carving our values with virtuosity and finesse.

Our cover this year manifests our lasting resolve to mould the present and shape the future based on our enduring principles of integrity, merit and compassion.

Key figures

(based on results of the Company as presented in the separate financial statements)

		2013	2012	
Sales revenue	(Rs. in million)	5,002	3,943	▲
EBITDA	(Rs. in million)	1,241	574	▲
Profit before taxation and depreciation	(Rs. in million)	1,175	453	▲
Profit after taxation	(Rs. in million)	816	432	▲
Earnings per share (basic and diluted)	(Rupees)	14.45	6.05	▲
Price earning ratio	(Times)	3.1	3.8	▼
Cash dividend (including final proposed)	(Rupees per share)	3.5	2.0	▲
Bonus shares (proposed)	(%)	10.0	-	▲
Capital expenditure	(Rs. in million)	216	68	▲
Return on average capital employed	(%)	29.3	12.2	▲
Total assets	(Rs. in million)	4,809	4,172	▲
Current ratio	(Ratio)	2.3:1	1.8:1	▲
Shareholders' equity	(Rs. in million)	3,900	3,101	▲
Break-up value per share	(Rupees)	69.0	54.9	▲

Awards and accolades

- Top 25 Companies Award 2011 (KSE)
- Best Corporate Report Awards 2011 and 2012 (ICAP and ICMAP)
- Award of Excellence – Best Management and Decent Work Practices
- Best Practices Award On OSH&E (Occupational Safety, Health and Environment)
- Best CEO Award
- Corporate Philanthropy Award 2011
- 29th Corporate Excellence Award (Management Association of Pakistan)

Leaving a mark on everything we touch and watching it become a part of a better tomorrow

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Vision

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

Mission

To grow and enhance company value,

Maintain cost and quality leadership in the internationally competitive environment,

Promote best use of human talent in a safe environment, as an equal opportunity employer,

To conduct business as a responsible corporate citizen and to seek and support local communities with a focus on education, health and environment, and

To pursue new growth opportunities in engineering, energy and food sectors.

Core Values

Our core values represent who we are and define how we work together to achieve success

INTEGRITY

Being ethically unyielding and honest in the way we carry on business even when nobody is looking.

OWNERSHIP

Ownership is acting with stewardship to build a better, stronger and more dynamic organization.

CUSTOMER FOCUS

Knowing our customers, anticipating their needs, and being responsive to deliver the best value internally and externally.

CONTINUOUS IMPROVEMENT

We foster collaboration, innovation and creativity and have a passion for challenges– as individuals and as teams.

COMMUNITY CARE

Making a positive difference in the lives of the people we work with and in the communities we operate in through impact investments.

Our Governing Principles

CSAPL conducts its business in a responsible manner and with honesty, and integrity. We also have the same expectations from all those with whom we have relationships. We insist on doing what is right which sets the tone of our actions and underpins the functioning of our employees. We also insist that all transactions be open, transparent and within the legal framework culminating in responsible financial reporting.

Integrity

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

Role of the Board of Directors

The Board has a fiduciary responsibility for the proper direction and control of the activities of the Company. This responsibility includes such areas of stewardship as the identification and control of the Company's business risks, the integrity of management information systems and clear, 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

All directors of the Company are Non-Executive except for the Chief Executive Officer. The CEO is paid fixed salary as per Company's HR policies and salary levels; performance of CEO is evaluated against approved criteria by the HR and 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.

Code of Conduct

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

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

Board Committees

The Board has constituted the following committees:

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

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

Audit Committee

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

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

Human Resource and Remuneration Committee (HR & R)

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

Governance and Evaluation Committee

The role of Governance and Evaluation Committee is to assist the

Our Governing Principles

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

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

Management Structure

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

In addition the Company operates an Energy Division through its 100% subsidiary Shakarganj Energy (Private) Limited.

Responsibility to Stakeholders

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

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

Service to Society

We are committed to be active as responsible corporate citizens. We believe in "giving something back" by helping address 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 our activities at all our campuses are required to conform to international standards for health and safety certified by ISO14001:2004 and OHSAS 18001:2007.

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

Role of Shareholders

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

Mechanism for providing information and Conflict on interest

Mechanism for providing Information and Recommendation to 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

We believe in a culture of openness and freedom of expression. We do this by providing several forums for employees to bring their valuable suggestions and feedback to the management and the Board. Company has provided an e-suggestion box on the dashboard of every employee's workstation. Their feedback, concerns and recommendations are received directly by the CEO. Any significant issues flagged are addressed by the Board or the relevant Board Committee.

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

Shareholders

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

Moreover, 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.

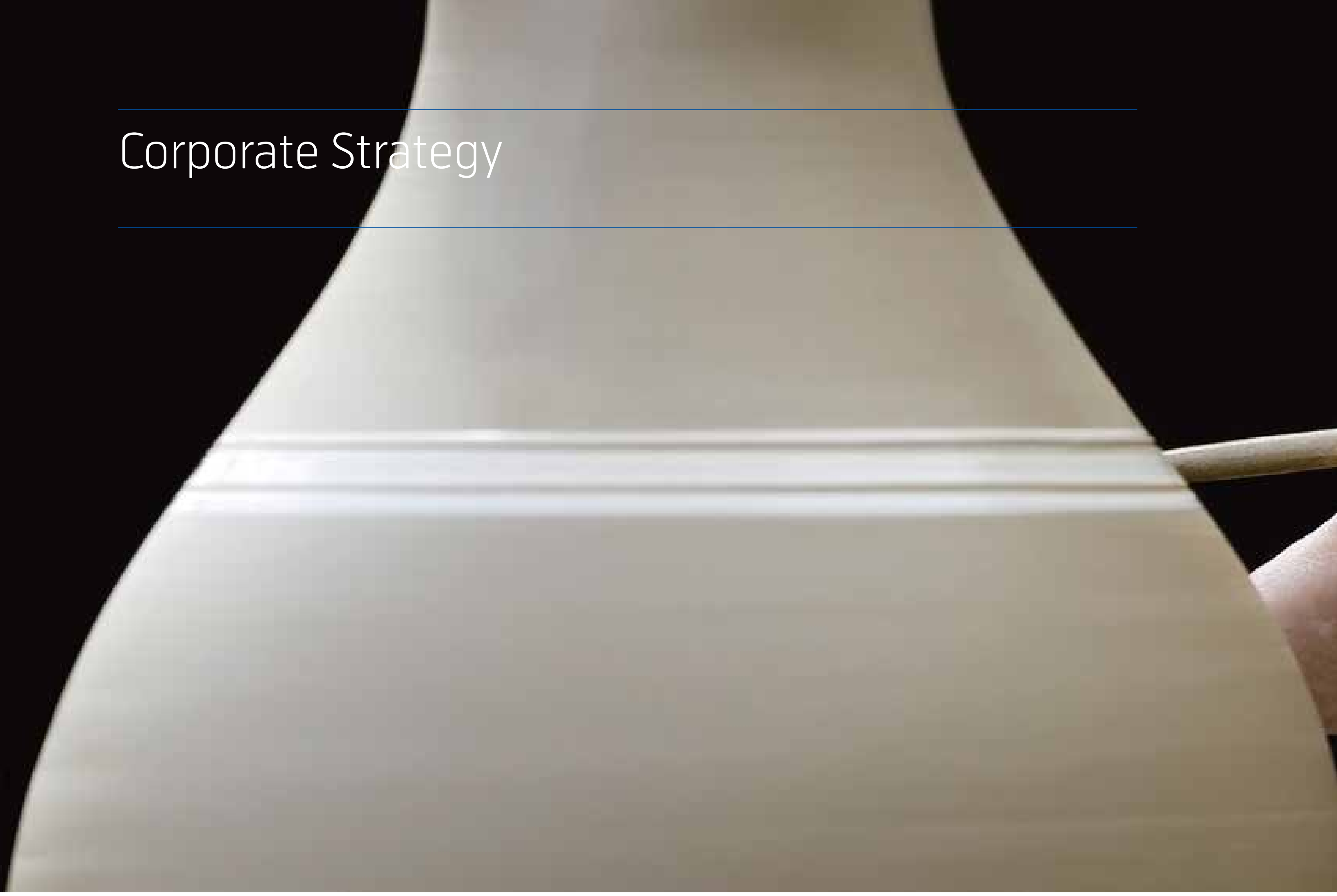
Managing Conflict of Interest

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 and Exchange Commission of Pakistan to avoid dealing in shares while they are in possession of the insider information.

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

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

Corporate Strategy



Our strategy setting and reviews are conducted annually by a designated Business Strategy Committee that drives and channels the process.

The Committee, comprising of our executive team, conducts an extensive 'SWOT analysis' regarding the business, by assessing internal and external issues and dependencies, counter measures, new opportunities and strengths.

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

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

At the core of strategy review and development process is alignment with our mission, vision and values. The process of translating the vision helps the leadership team build a consensus around the organization's vision and strategy that helps to align operational terms that provide useful guides to action at the local and unit levels.

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

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

Our operational strategy is centred on:

- Customer Focus
- Strong capital and financial position
- Conservative, sound risk management
- Operational agility: people development and process improvement to enhance quality and productivity
- Ethical behaviour, observing the letter and the spirit of rules and regulations
- Leveraging our human capital alongside information systems infrastructure

Marking our vision

We plan to remain at the cutting edge of technology through refurbishment of our plants and 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 waste and permanent cost reductions. We aim to further fine tune our investment strategy, by reducing exposure to high risk.

Our Information Technology strategy is tightly aligned to business goals and corporate priorities, and is designed on governance approaches to deliver the highest value. We plan to leverage our investment in enterprise resource planning systems for business intelligence to support and enable broader goals.

The Human Resource strategy is designed to contribute to our durability by supporting customer orientation and upholding our values. To do so we will develop, master and implement HR processes that will meet our present needs; we also anticipate our future needs by managing future resources in advance, developing employees' employability, encouraging dialogue and the exchange of information and insights. Our people enjoy working with us because they are informed, listened to, respected, given responsibility 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 and align employee engagement and measure the impact of our social and philanthropic investments.

As we move into the next fiscal year, we continue to believe that the engine for growth in Pakistan is a robust and efficient engineering sector and reliable power infrastructure. Shakarganj Energy (Private) Limited is expected to commence operations during the upcoming sugar crushing season, while our billet manufacturing plant is also expected to be in commissioning phase by the close of Fiscal 2014. Notwithstanding the apparent and limited opportunities available for expansion and diversification, our strategic thrust will be to expand in the energy, food and engineering sectors, organically as well as through acquisitions.

Our History

1983
- Incorporation of Crescent Steel and Allied Products Limited

1987
- Commercial Production
- API Certification accreditation

1989-90
- Modification of pipe plant to produce line pipes up to 90 inches diameter

1991
- Exported line pipes
- Investment made in 3-layer polyolefin coating facility

1992
- First ever 3LPE coating project in Pakistan executed

1995-96
- Change of Reporting Period from December to June
- New Logo of Company

1997
- First company in its sector to obtain ISO 9001 accreditation
- Reported on Environment and Social Responsibility

2000
- Diversified into the textile sector by acquiring Crescent Cotton Products consisting of 19,680 spindles

2001-02
- BMR at Crescent Cotton Products

2003
- Adaptation of the Code of Corporate Governance
- Formation of the Board Audit Committee
- Formation of the Board Human Resource Committee

2004
- Installation of ERP and other IT related initiatives taken
- Testing facilities for sour service line pipes acquired

2005
- Installed fine count unit at Crescent Cotton Products consisting 25,344 spindles

2006
- Pipe manufacturing and coating plant significantly upgraded to produce pipes for cross country pipelines
- New spinning mill completed and commenced production
- Acknowledged among KSE - Top 25 Companies 2005
- First Pakistani Company to acquire oil and gas industry specifics ISO/TS 29001, QMS Certification from API
- 1st Position - Best Corporate Report Awards 2005 (ICAP and ICMAP)

2007
- Implementation of Oracle e-business suite initiated
- The Investment and Infrastructure Development Division (IID) was carved out as a separate business unit

2008
- 1st Position – Best Corporate Report Award 2007
- Port piles work executed

2009
- Oracle e-business suite go - live
- SAFA Merit certificate - Best Presented Accounts and Corporate Governance Disclosure Awards 2009
- Acknowledged among KSE - Top 25 Companies 2008
- 2nd Position – Best Corporate Report 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
- 2nd Position – Best Corporate Report Award 2010
- Machinery enhancement at Crescent Cotton Products

2012
- Acquired 100% stake in CS Capital (Private) Limited
- Steel division upgraded with state of the art digital control systems and HMI (Human Machine Interface) capabilities
- 1st position for “Best Management and Decent Work Practices” by the Employers’ Federation of Pakistan
- Acknowledged among KSE - Top 25 Companies 2011
- 2nd Position – Best Corporate Report Award 2011
- 2nd Position - Best Practices Award on OSH&E (Occupational Safety, Health) in 7th Employers’ Federation of Pakistan
- BMR at Crescent Cotton Products

2013
- Incorporated wholly owned subsidiary Crescent Hadeed (Private) Limited to manufacture steel billets
- High energy efficient motors installed for reducing consumption of energy during production
- As a permanent cost reduction and quality assurance measure the Cotton Division was upgraded with production cards
- 1st Position – Best Corporate Report Award 2012
- 2nd Prize – Corporate Excellence Award by Management Association of Pakistan
- BMR at Crescent Cotton Products
- Redefined Core Values
- Launched Crescent Communications, an internal communication platform
- Developed a sustainability reporting framework

Year in Brief

Highlights of major events during the year

Performance

- The Company's after tax profit and EPS for the year stood at Rs. 816 million and Rs. 14.45. Based on the performance, an interim cash dividend of 20% was announced together with a final cash dividend of 15% totalling a distribution of 35% (i.e. Rs. 3.5 per share) for the year. Bonus issue of 10% was also proposed for shareholders.

- Sales revenue and gross profit of Steel division were higher by 53.52% and 6.05% respectively, compared to last year.

- Break-up value per share increased to Rs. 69.07 from Rs. 54.9 as at 30 June 2012.

- Investment income increased to Rs.298 million (FY12: 67.2 million).

- The Company's share of profits from associates amounted to a record Rs. 269.4 million.

Developments

- Steel division installed automatic laser tracking system to further improve the automatic submerged arc welding (SAW) control system at our existing Pipe Mill. The system will be helpful in enhancing productivity and better welding quality of our pipes.

- High energy efficient motors have also been installed during the year for reducing consumption of energy during production processes.

- High Production Cards with excellent quality were added in existing set up at our Cotton Division to increase production efficiency while reducing the maintenance and production cost.

- In line with our corporate strategy to diversify and expand our business Crescent Hadeed (Private) Limited was incorporated as a fully owned subsidiary. The principal activity of the company will be to manufacture steel billets.

Corporate Governance

- First three meetings of the Governance and Evaluation Committee (which was formed last year) were held wherein:

  a) Mechanism for evaluation of the Board's performance was developed.

  b) Evaluation of the Board's performance was reviewed and recommended to the board for their approval.

  c) Compliance with the Code and Company's governing principles was reviewed.

  d) Whistle blowing policy was formally laid down in the Committee and was approved by the Board.

- Human Resource and Remuneration Committee reviewed the performance of the CEO and recommended the same to the Board.



Awards and accolades

Top 25 Companies Award 2011 (KSE)

The Company was again selected for the 'KSE Top 25 Companies Award' for 2011 by the premier stock exchange of the Country for acknowledgment of its performance and growth.

Best Corporate Report Awards 2011 and 2012 (ICAP and ICMAP)

The Annual Report of the Company for the year 2012 and 2011 secured 1st and 2nd position respectively in the Engineering Sector of 'Best Corporate Report Awards 2012' and 'Best Corporate Report Awards 2011' respectively.

Award of Excellence – Best Management and Decent Work Practices

The Company secured 1st position in the competition for "Best Management and Decent Work Practices" organized by the Employers' Federation of Pakistan.

Best Practices Award On OSH&E (Occupational Safety, Health and Environment)

The Company also secured 1st Prize in the competition of 8th Employers' Federation of Pakistan Best Practices Award on OSH&E (Occupational Safety, Health and Environment) in the Processing and Allied Sector.

Best CEO Award

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

Corporate Philanthropy Award 2011

Crescent Steel and Allied Products Limited was selected by Pakistan Centre for Philanthropy for the "Corporate Philanthropy Award" 2011. Our Company was awarded with a Certificate of Recognition for the philanthropic contribution made and related activities carried out during 2011.

Management Association of Pakistan: 29th Corporate Excellence Award

Crescent Steel and Allied Products Limited was ranked runners up in the category of Industrial Metals and Mining.

Company Information

Board of Directors

Mazhar Karim
Chairman, Non-Executive Director

Ahsan M. Saleem
Chief Executive and Managing Director

Ahmad Waqar
Non-Executive Director (Independent)

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)

Nasir Shafi
Member, Non-Executive Director

S.M. Ehtishamullah
Member, Non-Executive Director

Human Resource and Remuneration Committee

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

S.M. Ehtishamullah
Member, Non-Executive Director

Zahid Bashir
Member, Non-Executive Director

Governance and Evaluation Committee

Ahmad Waqar
Chairman, Non-Executive Director (Independent)

Zahid Bashir
Member, Non-Executive Director

The Management

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

Chief Financial Officer
Muhammad Saad Thaniana – 2007*

BU Head – Steel Division
Iqbal Zafar Siddiqui – 2008*

BU Head – Cotton Division
Abdul Rouf – 2000*

Human Resource Advisor
Ehsan Durrani – 2008*

Head of Marketing – Steel Division
Arif Raza – 1985*

Head of Manufacturing – Steel Division
Mushtaque Ahmed – 1985*

Stock Exchange Listing

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

Public Information

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

Shareholders' information

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

Products

Steel division

Manufacturer of DSAW steel line pipes in diameters ranging from 8" to 90" and applicator of internal and external coating conforming to international standards.

Cotton division

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

Annual General Meeting

The 29th Annual General Meeting of Crescent Steel and Allied Products Limited will be held on Monday, 30 September 2013 at 12:00 noon at Qasr-e-Noor, 9 E-2, Main Boulevard, Gulberg- III, Lahore.

Auditors

KPMG Taseer Hadi & Co.

Legal advisor

Hassan and Hassan, Advocates, Lahore

** Year joined Company*

Bankers

Allied Bank Limited
Barclays Bank PLC, Pakistan
Habib Metropolitan Bank Limited
HSBC Bank Middle East Limited
Industrial Commercial Bank of China
MCB Bank Limited
Summit Bank Limited
Standard Chartered Bank (Pakistan) Limited

Registered office

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

Liaison office Lahore

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

Principal office

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

Factory – Steel division

Pipe and Coating plants

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

Engineering unit

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

Mills – Cotton Division

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

Power plant

Shakarganj Energy (Private) Limited
57 Km Jhang Sargodha Road,
Bhone, District Jhang.
Telephone: +92 48 6889 210 and 12
Fax: +92 48 6889 211

Corporate website

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

For Annual Report for the year ended June 2013, go to http://www.crescent.com.pk/annual-report-2013-june/ or scan QR code

Company Profile

Crescent Steel and Allied Products Limited (CSAPL) is a Public Limited Company listed on all the Stock Exchanges of Pakistan. It started commercial production in March 1987. The manufacturing facilities consist of a Spiral Pipe Production line and an internal/external Coating line, both located side by side at the Sindh Industrial Trading Estate, Nooriabad in Jamshoro, Sindh and a Cotton Spinning Unit of 19,680 spindles at Jaranwala, Punjab.

Company's Investment and Infrastructure Development Division manages an investment portfolio and real estate.

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

STEEL DIVISION

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

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

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

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

edge of technology, quality control and quality assurance.

Expanding the steel business, the Company incorporated a wholly owned subsidiary company Crescent Hadeed (Private) limited on 15 May 2013. The principal activity of the subsidiary company will be to manufacture steel billets.

COTTON DIVISION

The Company is running cotton spinning mill located at Jaranwala near Faisalabad, which is the hub of textile industry and carries out this activity under the name and title of "Crescent Cotton Products" (CCP) a division of Crescent Steel and Allied Products Limited. CCP is a division of the Company but its operating results are shown separately. CCP as a division holds ISO 9001: 2008 Quality Management Credentials, is registered with Ministry of Textile Industry Pakistan and is a member of International Cotton Association Limited (ICA Limited) and All Pakistan Textile Mills Association (APTMA). CCP produces good quality cotton yarn with value addition of Slub, Siro and Compact Attachments. CCP consisting of 19,680 spindles is equipped with modern high-tech European and Japanese machinery ensuring a high-quality yarn making process, producing various counts from 6s to 30s and having a notional capacity (based on 20s) of 6.5 million kgs per annum. CCP products are consistently in demand and generally sold at a premium.

INVESTMENT AND INFRASTRUCTURE DEVELOPMENT DIVISION

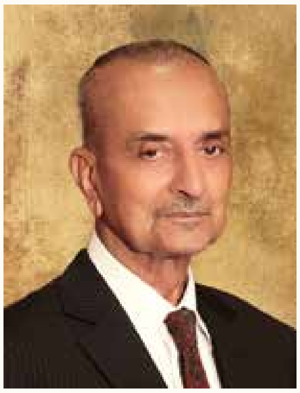
The division manages a portfolio of equity investments and real estate. The portfolio is balanced in a way that spreads risk over a diversified spectrum and offers potential for growth as well as dividend yields.

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

ENERGY DIVISION – SUBSIDIARY COMPANY SHAKARGANJ ENERGY (PRIVATE) LIMITED

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

Board of Directors



Mr. Mazhar Karim, 78
Chairman *(Non – Executive)*

Joined Board
01 August 1983

Other engagements
Chairman
Shakarganj Mills Limited

Mr. Ahsan M. Saleem, 60
Masters in Economics
Chief Executive Officer

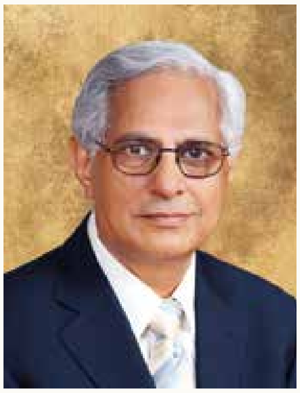
Joined Board
01 August 1983

Other engagements
Chairman
Commecs Institute of Business and Emerging Sciences

Chief Executive
Shakarganj Mills Limited

Director
The Citizens Foundation
Pakistan Centre for Philanthropy

Managing Trustee
Commecs Educational Trust

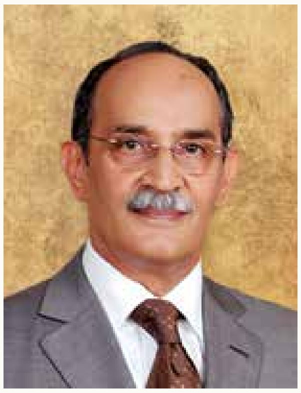


Mr. Ahmad Waqar, 64
Masters in English Literature, MBA
Director *(Non-Executive, Independent)*

Joined Board
30 January 2012

Other engagements
Chairman
Pangea Growth (Private) Limited.

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



Mr. Nasir Shafi, 64
MBA
Director *(Non-Executive)*

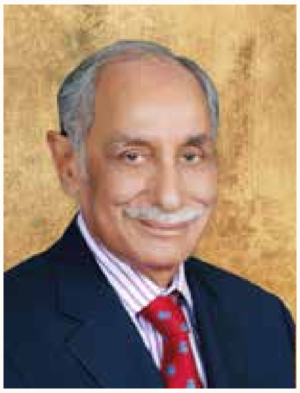
Joined Board
01 August 1983

Other engagements
Chief Executive Officer
Crescent Bahuman Limited

Director
The Crescent Textile Mills Limited

Mr. S.M. Ehtishamullah, 74
FCA
Director *(Non-Executive)*

Joined Board
30 January 2000



Mr. Zahid Bashir, 68
MBA
Director *(Non-Executive)*

Joined Board
01 August 1983

Other engagements
Chairman
Equity Textile Mills Limited
Mohammad Amin Mohammad Bashir Limited
Premier Financial Services (Pvt) Limited
Premier Insurance Co. of Pakistan Limited

Director
Asian Care Health and Life Insurance Company Limited
Crescent Powertec Limited

Syed Zahid Hussain, 68
B.Sc, LLB, MA
Director *(Non-Executive, Independent)*

Joined Board
01 September 2010

Other engagements
Director
Nishat Mills Limited
National Bank of Pakistan

Past engagements
Chairman
Pakistan Industrial Development Corporation
Cement Corporation of Pakistan
Petroleum Corporation of Pakistan
Oil & Gas Development Company Limited

High Commissioner / Ambassador
Kenya *

Muhammad Saad Thaniana, 46
FCA, ACMA, *Certified Director of Corporate Governance from PICG*
Company Secretary and Chief Financial Officer

Other engagements
Chief Executive Officer
CS Capital (Private) Limited
Shakarganj Energy (Private) Limited

Director
Safeway Fund Limited
Shakarganj Food Products Limited

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

Board of Directors and its Committees

The Board

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

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

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

Board Committees

Audit

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

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

- To provide the Board of Directors ("the Board") with an independent and objective evaluation of the operations, policies, procedures and controls implemented within the Company.
- To provide supplemental assistance and resources to the internal audit department of the Company in order for them to provide the management and the Board of the Company with an independent, objective evaluation of their operations, policies, procedures and controls.
- To provide the Board with an oversight of the internal audit department in the Company to assure that an effective internal audit function is in place system-wide, which includes a risk based annual and long-range audit plan, a reporting mechanism and a quality control plan.
- To provide assistance to the Board in fulfilling their oversight responsibility relating to integrity

of the financial statements and financial reporting.

- To review and evaluate procedures established to comply with laws and regulations and to monitor compliance thereof.
- To assess the Company's risk management process including risk related to Financial Statement and Financial Reporting.

Human Resources and Remuneration

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

The terms of reference of the Committee includes the following:

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

Governance and Evaluation

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

The Committee meets at least once a year and is convened by the Chairman of the Committee. It is responsible for the following:

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

Attendance in meetings

	Board		Audit Committee		Human Resource and Remuneration Committee		Governance and Evaluation Committee	
	Required	Attended	Required	Attended	Required	Attended	Required	Attended
NON- EXECUTIVE DIRECTORS								
Mr. Mazhar Karim	5	1	-	-	-	-	-	-
Mr. Ahmad Waqar *(Independent)*	5	5	-	-	-	-	3	3
Mr. Nasir Shafi	5	3	4	2	-	-	-	-
Mr. S.M. Ehtishamullah	5	5	4	4	2	2	-	-
Syed Zahid Hussain *(Independent)*	5	5	4	4	2	2	-	-
Mr. Zahid Bashir	5	5	-	-	2	2	3	3
EXECUTIVE DIRECTORS								
Mr. Ahsan M. Saleem	5	5	-	-	-	-	-	-

Management Committees

Executive Committee

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

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

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

Business Strategy Committee

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

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

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

IT Steering Committee

Ahsan M. Saleem, Chairman
Asif Masroor
Mohammad 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:

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

Investment Committee

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

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

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

Social Investment and CSR Committee

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

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

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

Other Committees

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

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

Report of the Audit Committee

The Audit Committee 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 (CEO), the Chief Financial Officer (CFO), the Internal Auditor and the External Auditor attend Audit Committee meetings by invitation. The Committee meets with the Internal Auditor and the External Auditor with and without CEO and CFO being present.

The Audit Committee has concluded its annual review of the conduct and operations of the Company during 2013, and reports that:

- Four meetings of the Audit Committee were held during the year 2013 and presided by the Chairman.
- 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 on a going concern basis, for the financial year ended 30 June 2013, which present fairly the state of affairs, results of operations, cash flows and change in equity of the Company and its subsidiaries.
- The CEO and the CFO have reviewed the financial statements of the Company, consolidated financial statements and the Directors' Report. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations and applicable accounting standards and design and effectiveness of internal control system of the Company.
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Ordinance, 1984 and the external reporting is consistent with Management processes and adequate for shareholder needs.
- The Audit Committee has reviewed and approved all related party transactions.
- No cases of complaints regarding accounting, internal accounting controls or audit matters, or Whistle Blowing were received by the Committee.
- The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.
- The Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and the shareholders wealth at all levels within the Company.
- The Audit Committee ensured that their statutory obligations and requirements of best practices of governance have been met through a tool-kit developed by the management.
- During the year, the Committee devised the methodology to review its own effectiveness and recommended the assessment tool-kit for the approval of the board though Governance and Evaluation Committee.
- Closed periods were duly determined and announced by the Company, precluding the Directors, the CEO and Executives of the Company from dealing in Company shares, prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision, which could materially affect the share market price of Company, along with maintenance of confidentiality of all business information.

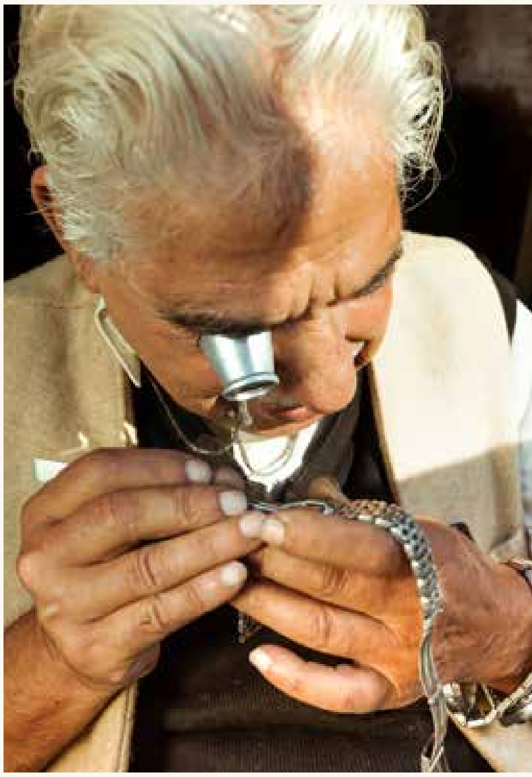
INTERNAL AUDIT

- The Board has effectively implemented the internal control framework through an outsourced Internal Audit function via BDO Ebrahim and Co., Chartered Accountants on full time basis, who are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

- Internal auditor independently reviews the risks and control processes operated by management. The Internal Auditor 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 year 2013-14.
- Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

EXTERNAL AUDIT

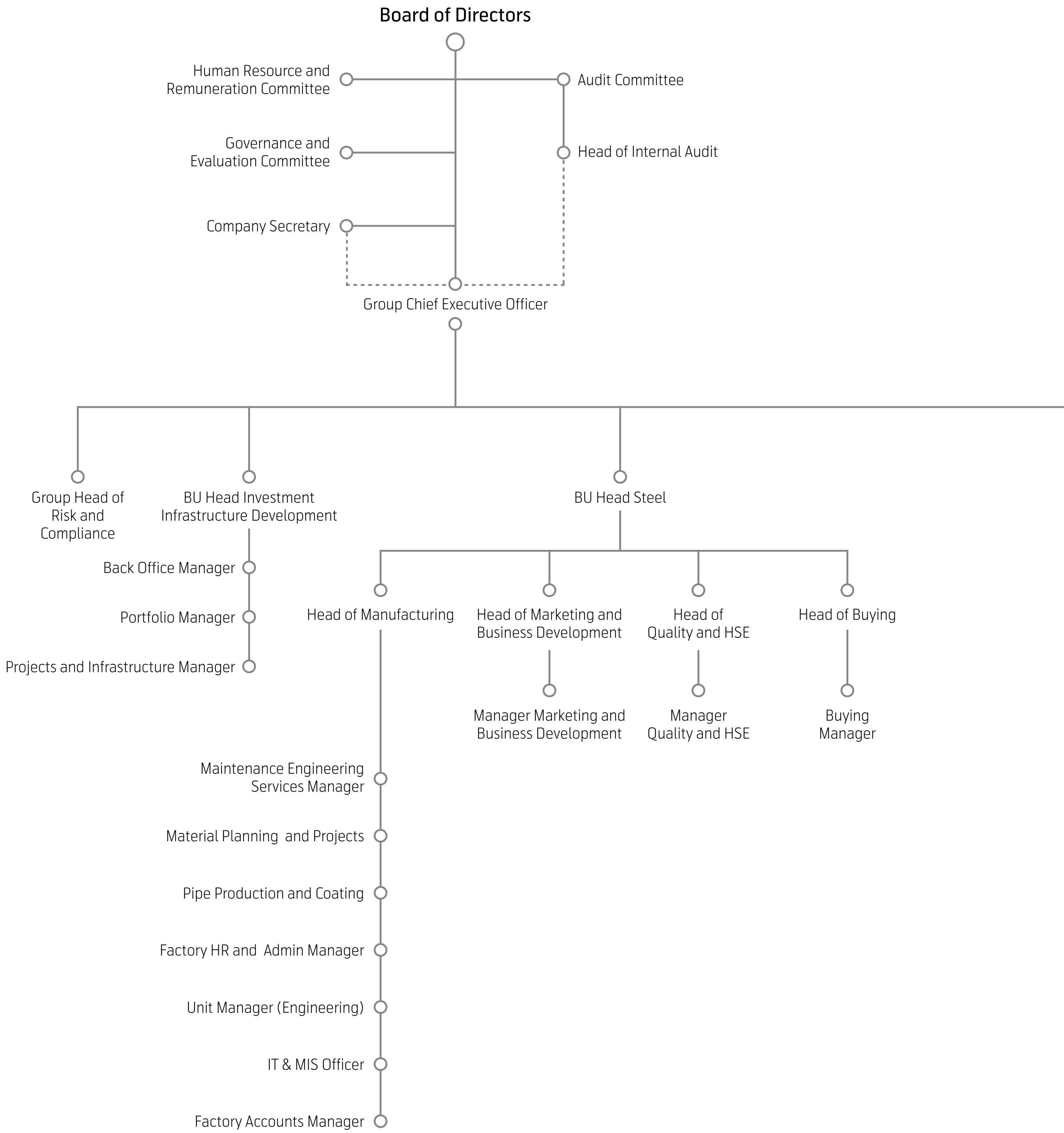
- The statutory Auditors of the Company, KPMG Taseer Hadi and Co., Chartered Accountants, have completed their Audit assignment of the "Company's Financial Statements", the "Consolidated Financial Statements" and the "Statement of Compliance with the Code of Corporate Governance" for the financial year ended 30 June 2013.
- 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 2013. Further during the year Management letter of 2012 was issued within 30 days of the date of the Auditors' Report on financial statements as required under the listing regulations and Audit Committee reviewed and discussed Management letter with the external auditors and 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 the auditor, the Committee has recommended to the Board that a resolution to reappoint KPMG Taseer Hadi and Co., Chartered Accountants, for the year 2013-14 be proposed at the forthcoming Annual General Meeting.

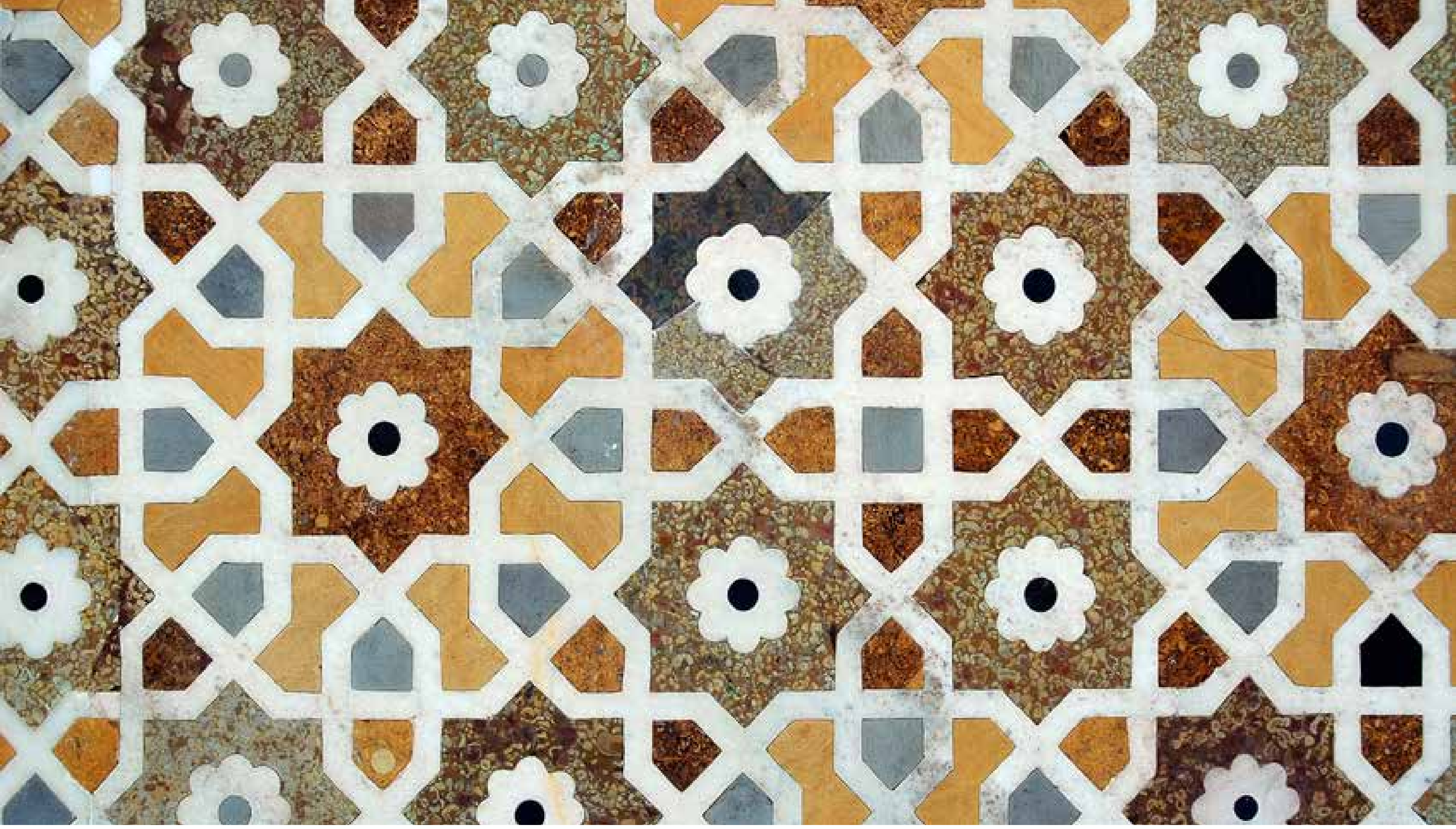


By order of the Audit Committee

Syed Zahid Hussain
Chairman, Audit Committee
29 July 2013

Management Structure / Organization Chart





- BU Head Cotton
  - Cotton Buying Manager
  - Buying Manager
  - Unit Manager
  - Factory Accounts Manager
  - Marketing and Business Development Manager
  - IT and MIS Officer
- Group Human Resource, Corporate and Public Affairs Head
  - Group Manager HR
  - Group Senior Officer Recruitment
  - Manager Administration
  - Manager Public Affairs and CSR
- Group Corporate Finance Head
  - Group Manager Treasury
  - Group Manager Accounts and MIS
  - Group Manager Taxation
  - Manager Accounts - Subsidiaries
- Group Corporate IT Head
  - Group IT Security Manager
  - Group Network Administrator
  - Group Database Administrator

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 2013.

Operating Results

The financial results of the Company are summarized below:

Rupees in '000		2013	2012
Profit for the year		1,086,718	322,868
Taxation		270,978	18,906
Profit after taxation		815,740	341,774
Unappropriated profit brought forward		317,343	116,719
Profit available for appropriation		1,133,083	458,493
Appropriations:			
- Final dividend	2011 - @ 15%	-	(84,690)
- First interim dividend	2012 - @ 10%	-	(56,460)
- Final dividend	2012 - @ 10%	(56,460)	-
- First interim dividend	2013 - @ 10%	(56,460)	-
- Second interim dividend	2013 - @ 10%	(56,460)	-
		(169,380)	(141,150)
Unappropriated profit carried forward		963,703	317,343
Basic and diluted earnings per share		Rs. 14.45	Rs. 6.05

The Board of Directors of the Company in their meeting held on 30 July 2013 have proposed a final cash dividend for the year ended 30 June 2013 of Rs. 1.5 per share (i.e. 15%) (2012: Re. 1 per share) amounting to Rs. 84.690 million (2012: Rs. 56.460 million) and 10 % bonus shares (5,645,999 shares) i.e. one share for every ten ordinary shares held (2012: Nil) out of share premium account. This is in addition to the first and second interim cash dividends of Re. 1 per share each (i.e. 10% each) already distributed and recorded in these financial statements; this make a total cash distribution of Rs. 3.5 per share (i.e. 35%) and 10% bonus shares for the year ended 30 June 2013. The Board has also proposed an appropriation of Rs. 800 million (2012: Nil) from unappropriated profit to the general reserve.

The proposed final cash dividend and bonus issue are subject to the approval of the members at the Annual General Meeting to be held on 30 September 2013. 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.

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.

- 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 and operating results during the current year as compared to last year and significant plans and decisions along with future prospects, risks and uncertainties associated with the Company 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 at the end of year was 852 (2012: 875).
- The following is the value of investments of the following funds based on the audited accounts for the year ended 31 December 2009:

  - Provident fund
    Rs. 87.608 million

  - Gratuity fund
    Rs. 27.882 million

  - Pension fund
    Rs. 108.774 million

  - CCP Provident fund
    Rs. 11.570 million

- During the year, five meetings of Board of Directors, four of Audit Committee, two of Human Resource and Remuneration Committee and three of Governance and Evaluation Committee were held and the attendance by each Director is attached separately.

Pattern of Shareholding and Shares Traded

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

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

200,000 shares were purchased by Mrs. Shahnaz A. Saleem, spouse of the Chief Executive Officer of the Company during the year which has been duly reported as per the law.

Directors

Election was held on 28 January 2012, a seven member Board was elected unopposed whose term of office will expire on 29 January 2015.

Board's Performance Evaluation

The Board has developed a mechanism for evaluation of Board's performance and effectiveness on twelve universal areas which includes Board composition, strategic planning, fiscal and financial oversight and management, CEO's selection, performance review and support, and conduct of Board's business.

During the year, the above mechanism was approved by the Board on the recommendation of Governance and Evaluation Committee. Subsequently, the Governance and Evaluation Committee assessed the Board's

Directors' Report

Performance based on self assessment by the individual Board members. The final Evaluation was recommended to the Board for approval, which was duly approved.

CEO's Performance Evaluation

During the year, the HR&R 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 2013, the Board of Directors has revised the remuneration of Mr. Ahsan M. Saleem, Chief Executive Officer from Rs. 790,000 to Rs. 852,400 per month effective 01 January 2013. There was no change in other terms and conditions of his appointment.

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

Financial statements

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

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

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

Auditors

The auditors, KPMG Taseer Hadi & Co. retire and offer themselves for re-appointment. The Board Audit Committee and the Board of Directors of the Company have endorsed their appointment for shareholders consideration 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 2013 which contains the state of the Company's affairs, operational performance, future prospects of profits and other requisite information. The contents of the said review shall be read along with this report and shall form an integral part of the Directors' Report in terms of section 236 of the Companies Ordinance, 1984 and the requirements of the Code of Corporate Governance under the Listing Regulations of the Stock Exchanges.

By order of the Board

Ahsan M. Saleem
Chief Executive Officer
30 July 2013

Moulding ourselves for a greater purpose

Chief Executive's Review

I take pleasure in presenting the Annual Report of your company along with audited Financial Statements (Separate and Consolidated) for the year ended 30 June 2013.

Ahsan M. Saleem
Chief Executive Officer

Economic Outlook

The outgoing government's 5-year term ended in March 2013, with limited political scope for major policy or structural reforms to be implemented. Economic developments in FY13 were marred with deepening concerns about sustainability and the adequacy of foreign reserves.

During the year, growth in Pakistan's industrial sector improved supported by a broad-based recovery in large scale manufacturing, construction and mining and quarrying; agricultural growth was adversely affected by heavy rains and localized floods during the Kharif season. The Services sector also remained subdued due to decline in growth rates of transport, storage and communication and general services.

The downside from possible shortfalls in agricultural production offset the modest improvement in large-scale manufacturing during the first half of the year. Production of petroleum products, iron, and steel picked up, but growth in textiles and food, which account for almost half of large-scale manufacturing production and the bulk of exports, remained negligible. Consequently, GDP growth rate during FY13 remained low at 3.6% versus 4.4% in FY12.

Growth in tax revenues remained sluggish, while expenditures on

power subsidies and debt servicing increased sharply, crowding out private sector credit disbursements. Coupled with pressures on liquidity, the devaluation of the PKR against the US dollar exacerbated ongoing economic instability and declining growth. As official reserves declined markedly, food and general inflation both re-accelerated in January following their earlier decline, and exports stagnated while imports contracted.

Encouragingly, inflation fell significantly at around 7.75% during FY 2013. Economic activity was partly fuelled by SBP's monetary easing; as receding inflationary pressures during the first half provided room to cut rates, during the fiscal, the central bank reduced discount rates by 300 bps to 9% in an attempt to stimulate growth and investment.

The lack of power being the main physical constraint on growth, performance in FY14 depends on the government's ability to limit power outages; however Pakistan faces fundamental challenges to growth.

While some drivers of the current situation, such as security challenges, are unlikely to change immediately, with greater structural reform we expect easing fiscal deficits, stable inflation and lower public sector losses enabling resource allocation for infrastructure development in the long to medium term.

Market Review

Steel

Pakistan is a highly volatile market for steel line pipes. Due to the specialized nature of the product, there is a limited market confined to the Oil & Gas, Water, Sewerage and, Construction sectors. Of these, the Oil & Gas sector dominates the market for steel line pipes.

Pakistan's energy consumption has been increasing exponentially over the past few years; however, there have not been any significant discoveries in the sector, stagnating supplies and infrastructural development. To address the energy crisis, Pakistan has been looking into cross country natural gas pipeline projects and although some of these projects are at an advanced stage, the geopolitical constraint on potential partnerships remains a hurdle in obtaining closure on pending projects. We believe that the country is in dire need of sound and connected energy infrastructure to enable reliable power availability across the country.

At present the government is working on various projects to enhance the country's energy infrastructure including LNG imports. If materialized, these projects will create demand for line pipes to enable transmission of LNG from the port to processing and distribution stations; Pakistan's pipe manufacturing industry is keenly following up on developments on this front. Additionally, the government's decision to allow fertilizer companies to directly purchase gas from E&P companies has opened up new markets for large diameter pipe manufacturers.

Industry and trade regulation remains a challenge as regional players, strengthened by government subsidies, sell steel products across international markets to capitalize on attractive dumping margins. Local manufacturers in Pakistan face survival challenges in the absence of effective trade regulations.

We have been actively engaging regulators and policy makers to seek trade protection for local manufacturers.

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

With increasing needs on infrastructural development, Pakistan is a promising market for steel line pipes; however, sales are cyclical and materialization on projects is slow given high dependency on public sector initiatives.

With the Federal Budget targeting an aggregate outlay of Rs. 3.98 trillion of which proportioned amount for the Public Sector Development Programme (PSDP) is Rs. 1.2 trillion, and, greater focus on developing the country's energy infrastructure, we are optimistic on business prospects for our engineering business, in FY14.

Cotton

During the fiscal, the government imposed and withdrew various changes in applicable tax laws. Floods, consistent power outages and gas load shedding, adversely impacted manufacturing performance of the textile industry. Chinese demand for yarn fell during the second half of FY13. Consequently, local yarn prices remained under pressure, although only marginally lower than export prices.

As per USDA estimates, Pakistan's Marketing Year (MY) 2013/14 cotton crop is forecast at 10.2 million (480 lb.) bales, 9% higher than the MY 2012/13 production level of 9.35 million bales.

To enhance productivity and quality of cotton products, the government is considering an ambitious five-year program, setting aside funds for research and development, capacity-building, and infrastructure development.

We will continue to explore and tap emerging and new market opportunities in the sector; Pakistan is the fourth largest producer and third largest consumer of cotton, in addition to being the largest exporter of cotton yarn in the world. Cotton is the country's foremost non-food cash crop and the cotton sector, along with the textile and apparel industry, accounts for 11 percent of GDP, and 60 percent of the country's export value, while employing 35 percent of the industrial labour force. Consequently, cotton production supports Pakistan's largest industrial sector. An important sector for the local economy, future prospects of the sector performance are promising.

Financial and Operational Performance

Overall financial performance

The Company's after tax profit for the year ended 30 June 2013 (FY13) increased to Rs. 816 million as compared to Rs. 342 million in the last year. EPS for the current year stood at Rs. 14.45 as compared to Rs. 6.05 in last year.

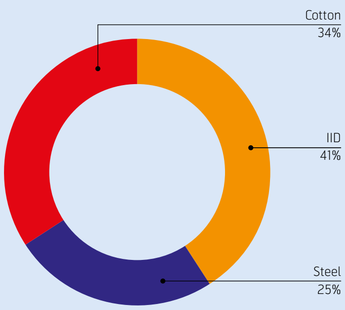
On Group basis (including the results of the wholly owned subsidiary companies Shakarganj Energy (Private) Limited (SEL), CS Capital (Private) Limited and Crescent Hadeed (Private) Limited, consolidated profit after taxation for the year amounted to Rs. 890 million and EPS stood at Rs. 15.77.

Financial and Operational Performance based on Separate Financial Statements

The financial year ended with all the divisions contributing positively to the bottom line. The Cotton and IID divisions' contribution to the bottom line was significantly higher than the previous year; Steel Division remained at par in comparison to last year's performance.

Sales revenue increased by 27% to Rs. 5,002 million for FY13 (FY12: Rs. 3,943 million). Profit before tax of Steel, Cotton and IID divisions amounted to Rs. 270 million, Rs. 374 million and Rs. 443 million (FY12: Rs. 279 million, LBT Rs. 88 million and Rs.132 million), respectively. The total profit after tax of Rs. 816 million includes Rs. 147 million relating to insurance claim settlement of Unit II of Cotton division and Rs. 167 million (FY12: Rs. 100 million) of reversal on

Composition of Total PBT (FY13)

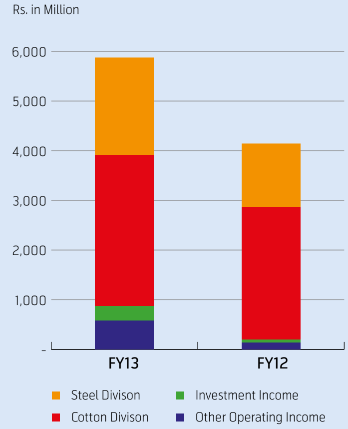


impairment of investments. Had there been no insurance claim settlement and reversal of impairment, the Company would still have a profit after tax Rs. 502 million and EPS of Rs. 8.89 for the year ended 30 June 2013; due to operating profits of Rs. 269.7 million, Rs. 89.3 million and Rs. 275.3 million from Steel, Cotton and IID divisions, respectively, as compared to profits of Steel and IID divisions of Rs. 278 million and Rs. 132 million respectively, and loss of Cotton division of Rs. 87.6 million in the previous year.

Summary of operating results as per Separate Financial Statements:

- Sales revenue increased by 27% to Rs. 5,002 million (FY12: Rs. 3,943 million).
- Investment income increased to Rs. 298 million (FY12: 67.2 million).
- Gross profit margin was 13% for current year as compared to 13% last year.
- EBIT improved to Rs. 1,150 million for the current year (FY12: 432 million).
- EBITDA stood at Rs. 1,241 million (FY12: Rs. 574 million).
- EPS increased to Rs. 14.45 for the current year (FY12: Rs. 6.05).
- Return on average capital

Total Revenue and Income (FY13)



employed (annualized) was 29.3% (FY12: 12.3%).

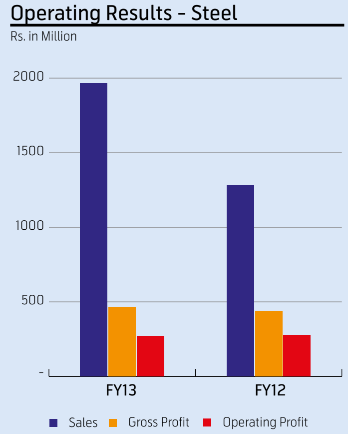
- Return on average equity (annualized) was 23.3% for the current period (FY12: 11.4%).
- Break-up value per share increased to Rs. 69.07 (FY12: Rs. 54.9).

Business Segments

Steel Division – Operational and Financial review

The actual mix diameter bare pipe production during FY13 increased by 57% to 12,266 tons (FY12: 5,236 tons), while capacity utilization of the pipe plant was 30% (FY12: 14 %). Coating activities decreased by 10.8% in terms of area and stood at 245,505 square meters of pipe (FY12: 275,332 square meters).

Operating Results - Steel



Chief Executive's Review



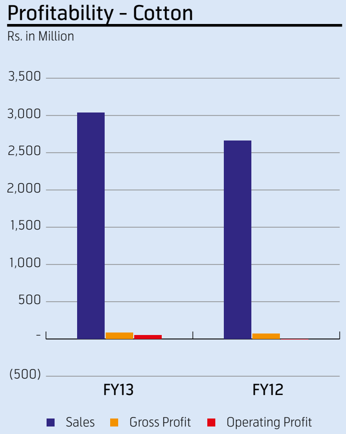




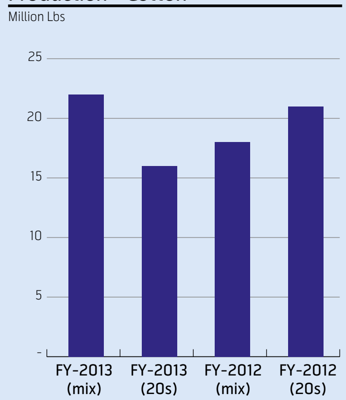
Revenue from Steel division increased by Rs. 685 million in FY13 to Rs. 1,965 million (FY12: 1,280 million). With comparatively higher sales, GP during FY13 was higher at Rs. 464.2 million compared to Rs. 437.7 million during FY12 due to a change in product mix.

Sales revenue and gross profit were higher by 53% and 6% respectively, compared to the corresponding period last year.

Profitability - Cotton



Production - Cotton



Cotton Division – Operational and Financial review

As a business continuity strategy after the fire at the spinning unit, the management explored opportunities to defend the division's top line and successfully contracted spinning units and outsourced the conversion of cotton to yarn. In addition to outsourced production, the division also traded raw cotton to contribute positively to the bottom line.

Precarious energy supply resulted in stoppages and restricted the unit from running at full swing to meet targeted production, as a result, Unit-I worked an average of 345 working days and produced 22.5 million Lbs. of mixed count yarn (FY12: 15 million Lbs.).

As a result of initiatives mentioned above, Cotton division recorded sales revenue of Rs. 3,037 million (FY12: Rs. 2,663 million), which includes revenue from yarn sales at outsourced facilities amounting to Rs. 946.5 million and raw cotton sales of Rs. 340.9 million.

The gross profit for the period was Rs. 186.6 million against Rs. 71.1 million in FY12; the improvement in GP is primarily attributable to an increase in sales volume and average selling prices by 5.3% and 4%, respectively, and an improvement in yield by 3.6% to 83.3% (FY12: 80.4%).

The pre-tax net profit (excluding insurance claim settlement) for the year was Rs. 89.3 million, against a net loss of Rs. 87.6 million (including Rs. 85.4 million loss of Unit-2) in the previous year. After accounting for the net gain from the insurance claim, the pre-tax net profit was Rs. 374.3 million.





Investment and Infrastructure Development (IID) Division – Operational and Financial review

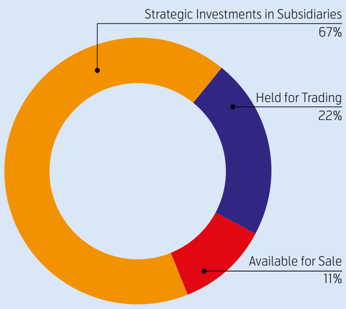
During the year ended 30th June 2013, the benchmark KSE-100 index extended its bullish trend and posted an enormous growth of 52.2% to close at 21,005.69 points. The bourse has sustained the bull run consistently for the period under review with massive jumps in between. The main factors contributing to this increase include healthy growth in corporate earnings, monetary easing by the State Bank of Pakistan with discount rate cut during the period of 300 bps to 9%, Capital gains tax relief package, improvements in Pakistan-US relations, foreign net inflows of USD 568mn and the positive sentiment after the election of the new government during the last quarter.

The division's profit before tax for the year ended 30 June 2013 stood at Rs. 442.7 million, Rs. 310 million (235%) higher, compared to Rs. 132 million last year. This includes an impairment reversal to the tune of Rs. 167.3 million (FY12: Rs. 100.6 million), on shares of Shakarganj Mills Limited. The PBT exclusive of this impairment was higher by 108% over last year, and is mainly attributable to income from investments amounting to Rs. 287.6 million. Total investment income includes dividend income of Rs. 60.4 million on the 'Held for Trading' and 'Available for Sale' portfolio classifications.

Income from investments in the HFT segment valued at an average of Rs. 404.4 million stood at Rs. 261.2 million or 64.59%. During the year, the IID division's portfolio of equity investments (excluding strategic investments) recorded a return of 85.2% on average investments of Rs. 517.7 million – higher than the benchmark KSE 100 index, which increased by 52.2%.

The value of investments in marketable securities (excluding strategic investments) amounted to Rs. 768.1 million (FY12: Rs. 497.4 million). During the period under review, shares valuing Rs. 323.18 million were purchased while shares equalling Rs. 432.33 million were sold on account of trading positions.

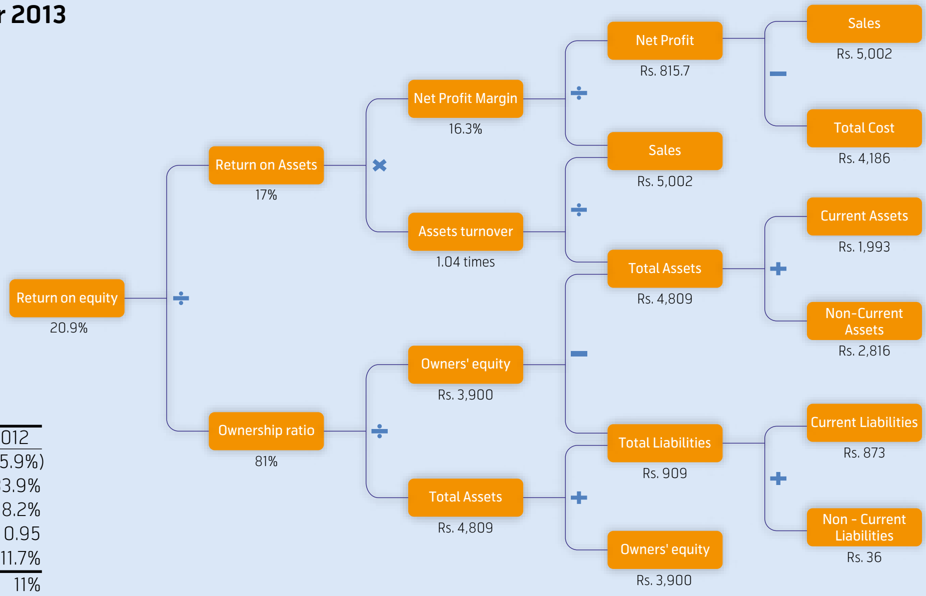
Investment Portfolio - IID



Financial and Operational Performance based on Consolidated Financial Statements

Consolidated profit after tax and EPS for the Group for FY13 amounted to Rs. 890 million and Rs. 15.77 per share (FY12: Rs. 471 million and Rs. 8.34 per share), respectively. The increase in profit after taxation in the consolidated financial statements is due to the accounting treatment used for equity accounted

DuPont Analysis for the year 2013



DuPont Analysis	2013	2012
Tax burden	24.9%	(5.9%)
Interest burden	5.8%	33.9%
EBIT margin	21.7%	8.2%
Asset Turnover (times)	1.04	0.95
Leverage	12.4%	11.7%
Return on equity	20.9%	11%

investments and consolidation of the results of CS Capital (Private) Limited, which made a total contribution of Rs. 48.2 million in group profits as compared to loss of Rs. 0.47 million in FY12.

The combined share of profits from associates including gain on dilution of interests amounted to Rs. 269.4 million (FY12: Rs. 255.3 million) out of which Rs. 29.4 million was contributed by SEL.

Balance Sheet

The balance sheet as per separate financial statements continues to remain healthy with an asset footing increasing to Rs. 4,808.9 million in FY13 (FY12: Rs. 4,172.3 million). Current ratio increased to 2.3:1 (FY12: 1.8:1), reflective of prudent asset-liability management. The break-up value per share has improved to Rs. 69.07 (FY12: Rs. 54.9).

On a Group basis, the consolidated asset footing stood at Rs. 5,792.9 million (FY12: Rs. 5,079.7 million). The break-up value per share has improved to Rs. 85.9 (FY12: Rs. 70.9). The shareholder's fund stood at Rs. 4,881.7 million (FY12: Rs. 4,007.9 million).

Cash Flow Management

Cash generated from operations during the year was shed down to Rs. 411.4 million (FY12: Rs. 805.4 million). Net increase in cash and cash equivalents stood at Rs. 32.4 million due to inflows of Rs. 192.3 million from investing activities. This was offset by outflows of Rs. 81.4 million for operating activities and Rs. 78.5 million related to financing activities.

Initiatives

Steel Division

Initiatives for continuous improvements to optimize plant and machinery are greatly valued at Crescent Steel. Process and equipment improvements result in increased productivity, enhanced uptime, and better product quality. During the year, we installed automatic laser tracking systems to further improve the automatic submerged arc welding (SAW) control systems at the Pipe Plant. The automation will enhance productivity and improve welding quality of our pipes.

Our engineers have also developed a digital system for measuring the feed strip cut-width and online pipe diameters immediately after welding to provide timely feedback to Pipe Plant operators enabling real time corrective measures. This system utilizes the latest laser distance measurement sensors and PLC programming which display the dimensions on Human Machine Interface (HMI) screens.

High energy efficient motors have also been installed during the year as a permanent cost cutting initiative, enabling lower energy consumption during production processes.

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

Cotton Division

To further improve quality and productivity, during the year up gradation in existing machinery was successfully carried out at Carding and Winding sections of the Unit. High Production Cards were added to the existing set up to enhance quality, increase production efficiency while reducing operational costs. Subsequently, a new Blow Room line was put up to cater to the post up gradation production requirements.

33 Energy efficiency motors were added to minimize the energy cost under cost sharing through USAID. In order to stay abreast with latest developments, international market and trends the division also acquired International Cotton Association (ICA) membership.

With Unit II in-operational during the year, the division's production capacity reduced by over 50%. To defend the top line and ensure business continuity, the Cotton division management arranged to trade raw cotton and outsource yarn production.

Contribution to National Exchequer and Economy

Crescent Steel continued to contribute to economic prosperity by providing employment for 852 full and part-time employees with compensation and benefits of Rs. 252.6 million. The Company has contributed Rs. 730.2 million towards the national exchequer on account of government levies and taxes (FY12: Rs. 290.3 million).

During the year, the Company manufactured 12,266 tons of steel pipes and 22.5 million lbs. of cotton yarn; bought Rs.4,232 million worth of goods and services from various suppliers of all sizes.

Contribution to the economy included Rs. 62.9 million on account of payments to providers of capital and Rs. 197.6 million in the shape of shareholders' returns through cash dividends.

Quality

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

Steel Division

Since inception, the Company retains authorization to use the American Petroleum Institute (API) monogram; API signifies the highest international standard accredited for quality of steel line pipes. In 1997, CSAPL was awarded ISO 9001 Quality Management Standard Certificate which it continues to maintain as ISO 9001:2008, and became the first Pakistani company to have acquired oil and gas industry specific, ISO/TS 29001 and API Q1 management system certifications.

Chief Executive's Review

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

Cotton Division

The Division strives to make products to be best suitable to user requirements and to maintain its quality consistency. To achieve and maintain this level a competent quality team is established in-house and for outsourced processing.

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

Information Technology Governance

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

Strategic alignment with Oracle ERP

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

Secure and Uninterrupted Infrastructure with Open Cloud

As a process improvement and cost reduction initiative, all major IT applications were successfully migrated to Open Cloud Technology with Tier-1 network that assures 100% network uptime under compliance with security and privacy certifications of Sarbanes Oxley, ISO 27001 and ISO 14001 for environmental management.

Mobility and Value Delivery

During the year our in-house IT team designed and developed a customer interface to provide real time order status information to Steel Division clients.

Record Management

Historical records are maintained off-site with adequate access controls. By digitizing records and information, the Company has migrated to a Cloud Computing and data warehousing environment. This not only ensures safety of data, it offers the advantage of being able to access this information anytime, anywhere.

Impact Investing

Corporate Social Responsibility (CSR) is our strategic management-driven initiative that integrates our business, environmental and citizenship activities to uphold our values. We are rapidly discovering that impact contribution to our community underpins long term success for our business. While Crescent Steel competes hard to achieve leadership and business success, we are not concerned only with results, but with how the results are achieved and the impact of our business and its activities for stakeholders.

Every employee knows that CSR is an integral part of our business model – we aspire to ensure that every single employee, customer, and supplier takes responsibility for social issues and that the design and execution of our engagement with community, business and strategic partners is impact oriented and sustainable.

Throughout each fiscal year, impact investment activities are carried out at the workplace and the local communities. Structured around social, environmental, and economic objectives, our community investment strategy aims at striking balance between our economic, social and environmental responsibilities and opportunities, to create substantial long term value for our stakeholders; helping disadvantaged people achieve economic independence and security through designed and structured societal investment programmes.

Our belief that our competitiveness and the health of the communities where we live and operate are mutually dependent has been incorporated in our corporate strategy; our impact investment policy allocates 2% to 5% of pre-tax profits towards focused community investments in the education, environment and health sectors. Working with selected community partners the Company invested Rs. 35.1 million (FY12: Rs. 22.6 million) through investments, donations and sponsorships.

We aspire to be recognized as an innovative, customer-focused company that delivers quality products, ensures excellent careers for its people and contributes positively to the communities in which we live and work. To meet our CSR objectives and maximize the impact of our community investments, we focus our support on specific issues and causes that are important to our stakeholders and believe in developing long-term strategic alliances with our community partners.

Commitment to Education:

Education Non-Profit Partner: The Citizens Foundation (TCF)

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

Our seventeen-year journey with TCF has been a tremendous experience. Starting with Crescent Steel campus I in 1997, today the Company has built and continues to support 15 school units (12 primary and 3 secondary) and over 2,000 children have studied at Crescent Steel sponsored schools to date. Combined enrolment in these schools is 2,172 students, the majority of whom reside in some of the most impoverished communities of the country; nearly 50% of these students are female.

Chief Executive's Review

TCF Rahbar Programme

TCF Rahbar - a Mentor-ship Program is aimed at the development of youth as responsible individuals and productive members of society.

We encourage our people to participate and give back to society through this platform. This year six employees participated in 3 cycles of this program, volunteered 240 hours, and mentored 24 girls and 24 boys.

Supporting Sports and Young Engineers: Formula Student Competition 2013

During the year, we engaged the National University of Sciences & Technology (NUST) and participated as one of the main sponsors for the 2013 Formula Student - NUST.

NUST is the first Pakistani University to have participated in Formula Student, the largest international student motor sport in the world.

The Competition is a platform for engineering students to design, manufacture and market their own Formula Student Vehicle to participate in the race. This year the event was held at Silverstone, UK and organized by the Society of Automotive Engineers Global (SAE).

Commecs Institute of Business and Emerging Sciences (CIBES)

Commecs Education Trust (CET) is an education non-profit partner based out of Karachi. CIBES is a degree awarding institution, sponsored by the COMMECS Education Trust (CET) providing tertiary level education. During the year, the Company contributed through donations to

build and dedicate facilities at CIBES that include class rooms, a library and laboratory.

Jugnoo Sabaq, an adult literacy program launched in 2003 within the Company, is progressing well. The program was initiated to help improve literacy levels among workers at our facilities. Workers lacking basic primary education at the time of induction were enrolled and are schooled using the Jugnoo curriculum; a regular Jugnoo teacher visits the Nooriabad campus and holds classes daily. The program has remained committed to its objectives and with every passing year, literacy rates at our facilities are improving.

During the year we trained a resource through the Jugnoo Teachers Training program to enable continuation of the program on an own source basis. The Jugnoo trainer volunteers one hour daily to assist in improving literacy levels.

Commitment to Health

We continue to support health care initiatives through selected partners by contributing budgeted allocations for the Health Sector.

Health Non-Profit Partner: The Health Foundation (THF)

THF's main mandate is to educate the public on prevention and management methods of viral hepatitis - a disease that is affecting millions of people in Pakistan. Crescent Steel supports THF's "A Hepatitis Free Community – Model" project that spans over a period of four years and is to be completed in FY2015.

Indus Hospital

We continue to contribute towards and support The Indus Hospital through annual donations. The Indus Hospital operates a state of the art hospital, providing premium, tertiary health care to some of the most vulnerable members of our society and provides quality health care completely free of cost.

Civil Hospital

Civil Hospital Karachi is a 1900+bed tertiary care public and teaching hospital affiliated with the Dow University of Health Sciences. Civil Hospital Karachi is the largest teaching hospital of Pakistan, catering to patients from Sindh and Baluchistan. This fiscal, Crescent Steel donated medical equipment for the hospital's Gynaecology and Obstetrics department.

Commitment to Community and the Environment

Pakistan Centre for Philanthropy (PCP)

Philanthropy in Pakistan, for the most part, can be described as successful in supporting social change and in giving individuals a chance, through an array of different initiatives, to the same opportunities in life as other, relatively more privileged Pakistanis.

Over the last decade and longer, there has been an emerging trend to support new initiatives with indigenous people and communities – much of this driven by the recent natural disasters, and the prolonged debates on the deteriorating education and health infrastructure. If we are lucky, the work being done in 'indigenous (institutional) philanthropy' will match-up with what the work of the Government should be - but for the most part individual philanthropy in Pakistan goes undocumented and generally has low expectation of social benefit.

It is well known that this type of giving is usually directed towards alleviating immediate hardship and in most cases is concentrated towards a specific individual or group (domestic workers, other needy people, soup kitchens, mosques, pop up schools and so on).

Crescent Steel fully endorses PCP's initiatives to study, evaluate and report on indigenous giving in Pakistan to enable effective and sustainable social development. During the year we contributed to support the research study through donations.

Environment Non-Profit Partner: WWF - Pakistan

At the head office, 800 Square Feet of office space has been allocated to WWF Pakistan allowing them to free up funds and labour in rent and maintenance so that the organization is able to focus on its core mission. We have enjoyed sharing our facilities with WWF for the past 18 years and are committed to continuing this partnership to conserve the environment and to instil a culture of care for our planet.

Earth Hour

Earth Hour is the world's largest public environmental action and a global testament of a commitment to protect the planet. Earth Hour was observed at 8.30 pm on Saturday 23rd March 2013 and Crescent Steel with hundreds of millions of people in thousands of cities across the globe by switching off unnecessary lights and appliances to highlight the threat of climate change to our planet.

We aspire to go beyond Earth Hour to protest climate change both, at the work place and at home to support the global campaign for environmental change.

At Crescent Steel, we encourage our employees to be active and responsible global citizens who act in an environmentally friendly way when performing everyday tasks that impact our environment.

Going Green

Paperless CSAPL

Our 'Go Green- Go Paperless' initiative aims to reduce and where possible and recycle paper consumption at the workplace. Through this initiative we hope to a move towards digital storage. Crescent Steel's paperless initiative is environment friendly and utilizes digital e-signatures for internal documentation and management reporting requirements. We have installed two smart printers to enable us to measure and reduce paper consumption.

70% of this annual report is printed on 100% recycled paper and constitutes a 30% reduction in paper volume compared to last year.

Tree Plantation activities at our Campuses

At our facilities, we encourage our employees to participate in plantation activities. We have undertaken various initiatives to go green at our facilities in Nooriabad - an arid area on the outskirts of Karachi, and, at our Dalowal and Jaranwala campuses.

During the year 150 trees were added at our Nooriabad premises, whereas, a massive plantation of 1,231 trees was carried out at our Jaranwala and Dalowal facilities.

Over the years our plantation size has increased to over 4,400 trees.

Marine Conservation

Mangrove Plantation and Beach Cleaning

This fiscal fifty mangrove seedlings were planted by Crescent Steel volunteers at the WWF Wetland Centre. Along with the mangrove plantation, employees participated in a beach cleaning activity, which further enhanced their vision for a clean environment.

Raising awareness on Pakistan's marine environment

Crescent Steel supports Agha's Sport-fishing in its annual Marine Gala; initiated in 2008 with the mandate to protect and conserve the marine environment, the event aims to promote and raise awareness of marine and environmental issues in Pakistan. As one of the sponsors of the 2013 Gala: "Discover Marine Pakistan", Crescent Steel in collaboration with Agha's Sport-fishing invited education non-profit partner TCF to bring a group of TCF school children for a dedicated mangrove tour.

Reducing Resource Use: Conserving Energy

We make a conscious effort to conserve energy at our offices, including a voluntary shut down of air conditioners for two hours every day. Crescent Steel also participates in an energy management system organized by SMEDA and APTMA.

Based on the recommendations of previous energy audits, we have installed energy efficient fixtures and are continually exploring new methods of energy conservation. During the year, in collaboration with USAID, we replaced existing motors at Nooriabad and Jaranwala facilities with highly energy efficient motors, resulting in lower power consumption and ultimately, reduced maintenance and production costs.

Clean Water

Last year a Reverse Osmosis (R.O) plant was installed at our spinning facility in Jaranwala to provide accessible, clean drinking water to our employees.

In continuation of our efforts to create awareness for sources of drinking water, in collaboration with the First Jaranwala Rotary Club, the Cotton Division participated in the launch of the Saaf Paani program. The Company helped identify and survey 40 hand pump locations and engaged the, Shakarganj Research Institute (SRI) to provide detailed testing to measure water quality from each source free of cost. The Company helped mark the pumps with high-visibility reflective tape and painted them Green or Red to signify the respective pumps as sources of either potable or unfit-for-drinking water.

Community awareness on existing sources of water will be done through local schools and health department officials, to educate people in Jaranwala about using only designated pumps for drinking while others may be used for washing or bathing.

Through this initiative, we hope to decrease the spread of water borne diseases such as hepatitis and severe diarrhoea.

Supporting Local Arts

During the year, the Company supported the indigenous arts sponsorship for a clay triennial, showcasing works from local ceramists alongside works of foreign artists from 16 countries across the globe. ASNA's mandate is to explore links between traditional crafts and contemporary ceramics through exhibitions, documentation and community interaction.

Health, Safety and Environment

We impose the highest standards of safety and protection on our staff, the plant, and the space in which we operate. The Company is committed to continually improve the work place environment by educating and briefing all its employees, contractors and visitors with regards to Health, Safety and Environment standards.

Through our reporting system we are building a culture in which all employees can discuss safety openly. This is reflected in the growing number of preventive reports which enable us to take prompt and more effective action to prevent unsafe situations.

We strive to stay a step ahead in complying with current legislature, legal and regulatory requirements by adopting safe working practices that protect people, property, computing systems, facilities and human health, within our boundaries. Aside of our internal safety practices, one of our goals is to protect the environment by conserving resources and preventing pollution in a cost effective manner.

People

People are central and fundamental to our existence as an enterprise and the success of our business. We strive to engage our people through recognition to enhance skills development and instil a passion for challenge. Over the years we have observed that our people have evolved, personally and professionally, and have developed an increased appreciation of their surrounding environment, community and the values championed by Crescent Steel.

Engagement

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

We use various tools to monitor our employee engagement including employee focus groups and round tables, participation levels in internal and community activities and the employee satisfaction survey. This year we engaged a sample of forty employees across functional units for feedback on the workplace culture and key issues.

We also designated three Open House days for employees to have a one on one sessions with the CEO to discuss any workplace issues, suggest processes and general improvements or just to have a chat.

Our Human Resource and CSR initiatives were categorically structured to encourage employee participation in community investment and internal programs.

Training, Development and Sustainability

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

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

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

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

Succession Planning

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

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

Rewards and Benefits

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

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.

Governance

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

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

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

On 28 January 2012 the shareholders elected a seven member Board for a three-year term, which comprises of six non – executive Directors (including two independent Directors) and the Chief Executive. On the same day an audit committee was also appointed comprising of one independent and two non – executive Directors.

In addition to the Audit Committee, the Board has also constituted the Human Resource and Remuneration committee and a Governance and Evaluation Committee; both comprise solely of Non-Executive Directors and are mandated to assist the Board to discharge its functions as well as monitor compliance with the Company's governing principles. The above committees were already in place before they were incorporated in the revised Code of Corporate Governance introduced by SECP on 10 April 2012.

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

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

Three meetings of the Governance and Evaluation Committee were also held during the year to establish the mechanism for Board evaluation and to review the compliance with the Code and the Company's governing principles. The committee tasked the management to develop and introduce a Whistle Blowing policy which was successfully incorporated and adequately communicated. A formal mechanism and framework for Board evaluation was also developed and deliberated on.

The Board has formulated and approved long-term strategy at the Corporate and Business Unit levels and placed a strong emphasis on its monitoring. The Board also approved the key metrics upon which the performance of all business segments is measured.

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 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 a rotational basis so the said policies are reviewed at least once every three years.

Whistle Blowing Policy

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

The whistle blowing framework intends to cover the following:

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

During the year the policy, mechanism, and safeguards were formally reviewed by the Governance and Evaluation Committee and subsequently approved by the Board.

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

Awards and Accolades

Top 25 Companies Award (KSE) 2011

Crescent Steel ranked in the KSE top 25 companies list, for the third time in four years. KSE evaluates listed companies on the basis of dividend payout, capital efficiency, profitability, free float of shares, transparency and investor relations, compliance with the listing regulations and good corporate governance.

Best Corporate Report Awards 2012 and 2011 (ICAP and ICMAP)

Our 2012 Annual Report ranked first for the Best Corporate Report Award 2012 in the Engineering sector while the 2011 Annual Report ranked second for the ICAP and ICMAP sponsored Best Corporate Report Award 2011.

The awards are a testament of the quality of our external engagement and our efforts to ensure quality, factual and timely reporting to our stakeholders.

Award of Excellence – Best Management and Decent Work Practices

Our Company participated and was ranked first in the competition for "Best Management & Decent Work Practices" organized by the Employers' Federation of Pakistan for their 60 year celebrations. Our Company won in the category of small private sector companies.

Best Practices Award for Occupational Safety, Health and Environment

During the year we secured 1st Prize in the 8th Employers' Federation of Pakistan Best Practices Award on Occupational Safety, Health and Environment in the Processing and Allied Sector.

Corporate Philanthropy Award 2011*

Crescent Steel and Allied Products Limited was selected by Pakistan Centre for Philanthropy for the "Corporate Philanthropy Award 2011". Our Company was awarded a Certificate of Recognition for the philanthropic contribution made and related activities carried out during 2011.

* *Disclosure: Our Chief Executive serves on the Board of Pakistan Centre for Philanthropy*

29th Corporate Excellence Award - MAP

Crescent Steel was runners up in the category of Industrial Metals & Mining at the 29th Corporate Excellence Awards held by the Management Association of Pakistan.

Outlook: Going Forward

Steel Division

In fiscal year 2013 the Steel Division's sales revenue more than doubled over last year. The newly elected Government has announced an increase of over 40% in the annual development budget for FY 2014; similarly the Provincial governments have also announced a significant increase in their development budgets. We foresee an increase in the infrastructure development activities all over the country, especially in the power and energy sector. This will lead to growth in demand for the Company's products.

The Economic Coordination Committee (ECC) has approved the import of LNG from Qatar on a government to government basis. Also, the Government, via Petroleum (Exploration and Production) Policy 2012, has brought facilitative policy reforms to encourage oil and gas exploration in the country especially for offshore and Shale gas exploration. We expect that this will significantly increase the Oil and Gas Exploration and Production activities in our Country and generate incremental demand for our products as it materializes.

A consortium of Fertilizer companies, in order to have uninterrupted gas supply, has entered into a Gas Sales and Purchase agreement with OGDC through which they will receive gas directly from different OGDC fields. The consortium will be responsible for laying the gas pipeline from gas fields to SSGC and the SNGPL gas network. It is expected that this project will generate demand of steel bare pipes.

Steel prices are stable but may go up if manufacturers decide to curtail outputs.

The new Government has also shown its willingness to go ahead with the IP Gas Pipeline project. Construction Work on the project is expected to start very soon. Iran has initially offered construction of about 300 km out of total 800 km of Pipeline in Pakistan from the Iranian border. The remaining portion of the pipeline is expected to be completed by SSGC and SNGPL.

Cotton Division

Next year appears challenging for the textile industry. We expect good cotton crop from China, India and Pakistan which is positive for price stability of raw cotton locally and internationally. However, due to China stockpiling 48 million bales, about half of the world cotton stock, any movement by the Chinese will affect the world market.

Pakistan is leading player of coarser count yarn but faces competition from India due to devaluation of Indian Rupee.

Chief Executive's Review

The industry continues to face regular power outages together with increasing fuel and power tariffs, which present a major threat to the economies of carrying out business by creating upward pressures on costs.

Investment and Infrastructure Development (IID) Division

Going forward the key drivers over the next year will be the release of the IMF loan, SBP's monetary policy, and government actions to control fiscal imbalances and resolve the energy crisis. However, economic issues and re-entry into IMF program will present key challenges for the government.

It is anticipated that the SBP will continue its stance on monetary easing to ensure appropriate debt servicing. The key event for July was the staff-level agreement between IMF and Pakistan regarding a new program worth USD 5.3bn which carries positives for medium-term macroeconomic stability.

In FY14, many factors will contribute to the performance of the local bourse. There may be periods of heightened short-term volatility driven by macroeconomic issues. However, the markets are expected to remain positive amid prospects of a healthy equity market.

Challenges

Trade Protection:

Industry and Trade Regulation continues to remain a challenge for the local pipe industry. Local manufacturers in Pakistan face unfair local and regional competition as pipe imports are largely unregulated, with just a 5% variance between duties on raw material and finished product.

However, with consistent efforts we were able to increase our market share to 47.26% for the FY13 (FY12: 31.20%) in bare pipe category for diameters 12 inches and above. We were also able to increase our share in the coating application of line pipes to 29.83% (FY12: 26%). The increase in market share was mainly due to securing orders from Public Sector Gas Companies.

Imported products continue to cannibalize local products and margins.

We have been consistently addressing this issue with EDB and FBR in an attempt to seek trade remedies for the local pipe manufacturing industry.

Energy Crises:

Pakistan is currently facing a severe energy crisis which is hampering economic growth. Increasing power and gas supply shortage is adversely affecting the industry and production while continuous tariff hikes continue to add pressure to operating costs. The Company is looking at alternate energy resources to address and mitigate the risk associated with the energy crises.

Major Business Risks and their Mitigation

The Company is conducting business in a complex and challenging environment and is, therefore, exposed to a number of risks to its success and profitability. Every business decision taken is based on weighing the associated risks against rewarding opportunities.

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. The Company has developed and implemented a comprehensive risk management framework that is integrated with the overall business strategy of the Company. The aim of this system is to identify risks early and to assess, manage, and deal with them. It supports recognizing developments likely to jeopardize the future performance of the Company and helps take pre-emptive action against unnecessary risks.

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

Risk and opportunity report

With an explicit understanding that this is not an exhaustive enumeration, the major risks and challenges faced by the Company along with measures taken for their mitigations are set forth below

Major business risks	Mitigating factors / actions in place
Macro economic situation and political instability	
The overall liquidity position in the economy, fiscal deficit, reduction in PSDP and political instability in the Country may adversely affect the business of our customers, in particular of the Steel segment, thereby indirectly having an impact on the Company's operations.	The Company operates through diversified business segments competing in different industries each with its distinct opportunities and risks. The Company constantly seeks to increase its customer base and product offering to maintain and grow its revenues.
Raw material sourcing / pricing	
Inability to access raw materials and growth in cost and expenses for raw materials may adversely influence the operations and non-availability of raw materials may lead to liquidated damages. Further, sensitivity in price movements of raw materials may lead to erosion of margins.	The Company aims to use its purchasing power and long term relationships with suppliers to acquire raw materials and safeguard their constant delivery at the best conditions. The supplier base is constantly increased to ensure uninterrupted procurement and reduction in lead times. The Company uses various available means including hedging to minimize any losses due to adverse price movements.
Investment risk	
Adverse stock market developments may affect the profitability and valuation of assets.	The Company has significant investments in marketable securities. To reduce this risk to an acceptably low level, it follows a diversified investment policy and actively manages its portfolio to match the required risk profiles.
Currency risk	
Exchange rate fluctuations may have an impact on financial results due to reliance on imported raw material.	The Company uses various available means to hedge against currency fluctuations to minimize any resulting exchange losses.
Credit risk	
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet their contractual obligations, and arises principally from trade receivables, bank balances, security deposits, markup 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 a minimum level.
Cost and availability of funds	
Exhaustion in the steady availability of funds and rise in interest rates may adversely affect liquidity and overall financial conditions.	The significant portion of working capital requirements of the Company is arranged through short term financing. To successfully mitigate these risks, the Company has secured sufficient financing facilities to meet these requirements. Further, the Company's held for trading investments portfolio is also managed to meet the working capital needs, if required.

Chief Executive's Review

Major business risks	Mitigating factors / actions in place
Internal controls	
In the absence of effective internal controls, the Company may be exposed to financial irregularities and resultant losses.	A robust internal control system is in place that is continuously monitored by the Company's Internal Audit Function and through other monitoring procedures. The process of monitoring internal controls is an ongoing process with the objective to further strengthen the controls and bring improvements in the system. The controls in place also cover areas ranging from safeguarding of assets, compliance with laws and regulations and accuracy and reliability of records and financial reporting.
Power and gas outage	
Power and gas shortage may adversely impact the continuity of operations.	Smooth operations of the Company may get affected; in particular, of the Cotton segment which relies primarily on gas generators to meet its power requirements. The Company has made arrangements to provide alternative power source to ensure that operations are carried out uninterrupted and as planned.
Increase in competition through leveraging of technological changes	
Competitors may be able to identify and implement a major technological step, resulting in product substitution, improvement in their production efficiencies and lower costs. The Company's inability to implement similar steps may make it uncompetitive.	Through corporate agility and strong market sensing, the Company remains abreast with information on product changes, demand and any technological advancements in current manufacturing processes to ensure that the Company at least matches but ideally, exceeds the quality and service performance of competitors. The Company continuously adds to its product and service offering along with constant expansion efforts to meet growing capacity demands and specific product needs.
Employee recruitment and retention	
Failure to attract and retain the right people may adversely affect the achievement of the Company's growth plans.	A strong emphasis is placed on the Company's human resource and its skill set. We operate the best talent management and human resource instruments to attract, retain, motivate, educate and nurture personnel and staff.

As we move into FY14, we have a strong balance sheet, good liquidity and financial flexibility with low gearing. Our significantly reduced cost base positions us well for an upturn in market conditions across our product suite.

We expect to see continued strong performance from our engineering and spinning businesses and the ongoing benefit of process innovations and permanent cost reductions over the course of FY14.

Crescent Steel is poised to benefit from local infrastructural developments in the medium to long term. Our aim is to increase the market penetration of our products, to capitalize on improving market conditions, and expand our presence in the building and construction markets.

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

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

For and on behalf of the Board of Directors

Ahsan M. Saleem
Chief Executive Officer
30 July 2013

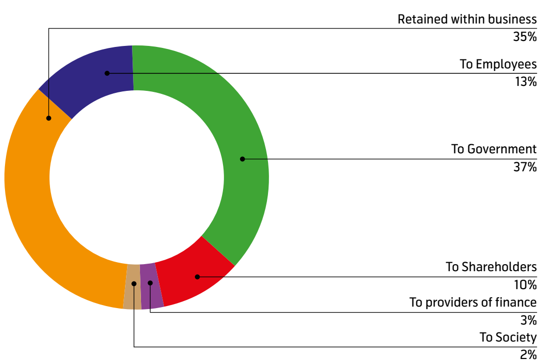
Statement of Value Addition

Based on Financial Statements for the year ended 30 June 2013

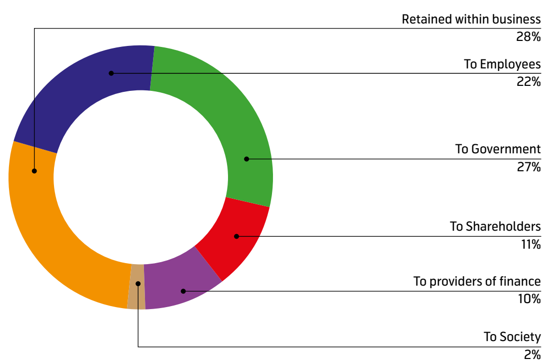
	2013		2012	
	Rs. ('000)	%	Rs. ('000)	%
WEALTH GENERATED				
Total revenue	6,203,193	100%	4,342,147	100%
Bought-in-material and services	(4,232,422)	68%	(3,260,729)	75%
	1,970,771	32%	1,081,418	25%
WEALTH DISTRIBUTED				
To Employees				
Salaries, wages and other benefits	252,584	13%	238,300	22%
To Government				
Income tax, sales tax, custom duties, WWF and WPPF	730,235	37%	290,310	27%
To Shareholders				
Dividend *	197,610	10%	112,920	11%
To providers of finance				
Finance costs	62,903	3%	109,514	10%
To Society				
Donation towards education, health and environment	35,150	2%	22,621	2%
Retained within the business for future growth				
Depreciation, amortization and retained earnings	692,289	35%	307,753	28%
	1,970,771	100%	1,081,418	100%

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

Distribution of Wealth - 2013



Distribution of Wealth - 2012

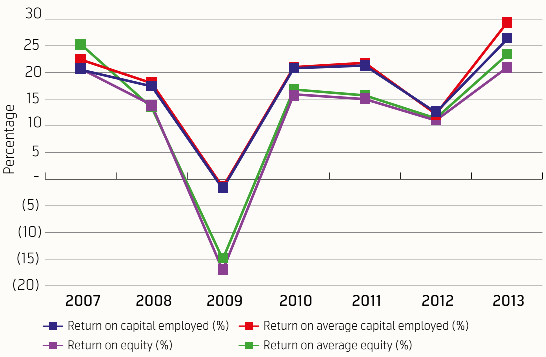


Performance Indicators

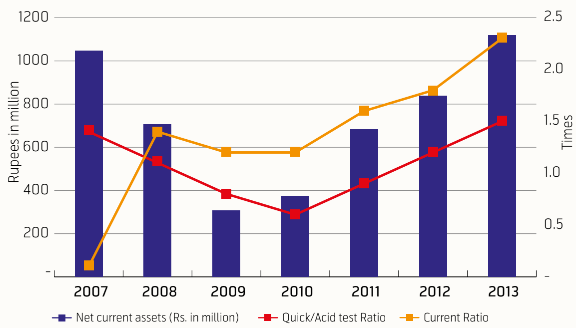
For the current and past six financial years

			2013*	2012*	2011*	2010*	2009*	2008	2007
A	**Profitability Ratios**								
	Earnings before interest, taxation, depreciation and amortization (EBITDA)	(Rs. in million)	1,240.5	574.3	942.0	903.9	120.1	954.7	1,029.2
	Profit / (loss) before taxation and deprecation	(Rs. in million)	1,175.2	453.4	787.1	771.5	(85.0)	801.4	899.9
	Gross profit ratio	(%)	13.0	12.9	18.4	22.1	21.6	21.3	17.3
	Operating profit / (loss) margin to sales (net)	(%)	23.0	11.0	17.5	19.4	(1.8)	17.4	25.6
	Net profit / (loss) margin to sales (net)	(%)	16.3	8.7	9.8	11.2	(12.0)	9.9	22.5
	EBITDA margin to sales (net)	(%)	24.8	14.6	21.4	24.4	3.6	22.7	34.9
	Operating leverage ratio		6.2	4.2	0.4	(108.5)	5.1	(0.2)	2.0
	Return on equity	(%)	20.9	11.0	15.0	15.9	(17.1)	13.9	20.7
	Return on average equity	(%)	23.3	11.4	15.7	16.8	(15.0)	13.4	25.3
	Return on capital employed (RoCE)	(%)	26.2	12.5	21.3	20.8	(1.8)	17.4	20.5
	Return on average capital employed	(%)	29.3	12.2	21.8	21.0	(1.5)	18.0	22.4
	Return on average assets	(%)	18.2	8.3	10.2	10.0	(9.1)	8.7	15.8
B	**Liquidity Ratios**								
	Current ratio		2.3 : 1	1.8 : 1	1.6 : 1	1.2 : 1	1.2 : 1	1.4 : 1	2 : 1
	Quick / Acid-test ratio		1.5 : 1	1.2 : 1	0.9 : 1	0.6 : 1	0.8 : 1	1.1 : 1	1.4 : 1
	Cash to current liabilities	(%)	(25.3)	(24.1)	(49.8)	(28.7)	(45.8)	(52.7)	2.4
	Cash flows from operations to sales	(%)	(1.7)	7.3	2.5	12.2	10.1	13.5	16.5
	Working capital (Net current assets)	(Rs. in million)	1,119.9	839.1	683.9	374.7	308.0	706.0	1,047.7
	Working capital turnover	(times)	5.1	6.5	8.9	10.9	6.5	4.8	3.3
C	**Activity / Turnover Ratios**								
	Debtors turnover ratio	(times)	17.7	15.3	20.9	20.5	32.7	28.0	23.0
	No. of days in receivables / Average collection period	(days)	21	24	17	18	11	13	16
	Inventory turnover ratio	(times)	7.0	4.8	3.8	3.5	4.2	5.3	4.4
	No. of days in inventory	(days)	52	76	95	104	86	68	82
	Creditors turnover ratio	(times)	19.9	16.2	23.1	14.1	24.6	19.7	11.5
	No. of days in creditors / Average payment period	(days)	18	23	16	26	15	19	32
	Property, plant and equipment turnover	(times)	6.4	5.9	4.3	3.5	2.7	3.4	2.3
	Total assets turnover	(times)	1.0	0.9	1.1	0.8	0.9	0.9	0.6
	Operating cycle	(days)	55	77	97	96	82	63	66
D	**Investment / Market Ratios**								
	Basic and diluted earnings / (loss) per share **	(Rs.)	14.45	6.05	7.64	7.38	(7.06)	7.36	12.10
	Price earnings ratio	(times)	3.1	3.8	3.4	3.4	-	8.4	5.9
	Dividend yield ***	(%)	7.8	8.6	13.4	12.0	-	4.9	4.2
	Dividend payout ratio ***	(%)	31.1	33.0	45.8	40.7	-	49.4	28.2
	Dividend cover ratio ***	(times)	4.1	3.0	2.2	2.5	-	2.5	4.0
	Cash dividend ***	(Rs. in million)	197.6	112.9	197.6	169.4	-	154.0	140.0
	Cash dividend per share ***	(Rs.)	3.5	2.0	3.5	3.0	-	3.0	3.0
	Stock dividend / Bonus shares ***	(Rs. in million)	56.4	-	-	-	-	51.3	46.7
	Stock dividend / Bonus shares ***	(%)	10	-	-	-	-	10	10
	Market value per share (at the end of the year)	(Rs.)	45.0	23.2	26.1	25.1	18.0	61.7	71.0
	- Lowest during the year	(Rs.)	21.6	18.0	23.8	18.0	13.0	58.0	32.0
	- Highest during the year	(Rs.)	54.6	28.5	31.7	34.0	61.0	108.0	72.0
	Break-up value per share	(Rs.)	69.0	54.9	50.9	46.4	41.2	58.4	68.5
E	**Capital Structure Ratios**								
	Financial leverage ratio	(%)	12.4	11.7	25.5	31.9	46.0	49.2	30.6
	Long term debt to equity ratio	(%)	0.9	0.6	0.5	-	2.4	5.6	11.1
	Long term debt : Equity ratio		1 : 99	1 : 99	1 : 99	0 : 100	2 : 98	5 : 95	10 : 90
	Total liabilities to total assets	(%)	18.9	25.7	29.1	40.9	40.2	38.2	31.8
	Gearing ratio	(%)	9.7	8.8	20.0	20.7	31.4	32.9	22.8
	Interest coverage	(times)	18.3	3.9	5.4	5.9	(0.3)	5.1	6.7

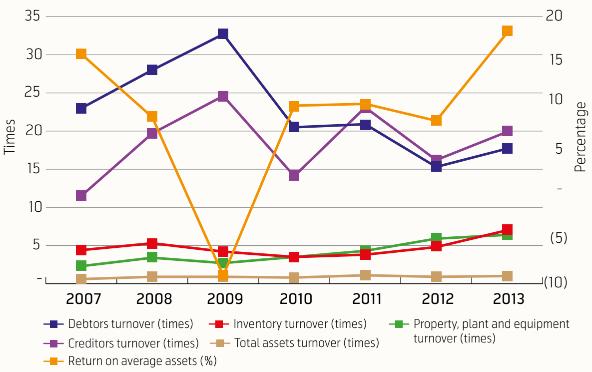
Return on capital and equity



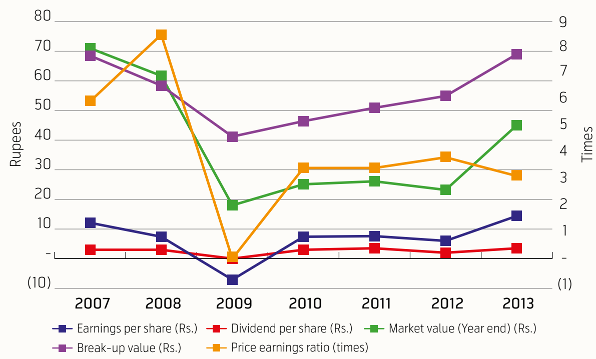
Liquidity



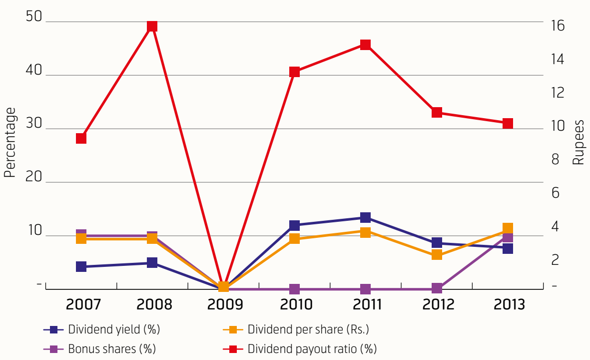
Asset Management



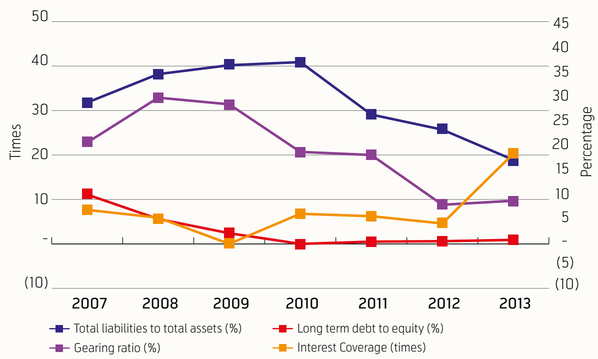
Per Share Results



Dividend and Returns



Debt Management



Notes:

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

** The basic and diluted earnings / (loss) per share for prior years have been restated to take into account the issue of bonus shares in the financial years ended 2008 and 2007.

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

Vertical Analysis

For the last six financial years

Rupees in million	2013*	%	2012*	%	2011*	%	2010*	%	2009*	%	2008	%
Balance Sheet												
Property, plant and equipment	778	16.2	667	16.0	1,021	25.2	1,061	23.9	1,225	31.5	1,233	25.4
Intangible assets	14	0.3	2	-	13	0.3	24	0.5	1	-	1	-
Investment property	31	0.6	36	0.9	40	1.0	45	1.0	47	1.2	50	1.0
Long term investments	1,591	33.1	1,321	31.7	1,169	28.8	1,185	26.7	900	23.1	1,280	26.4
Long term loans and deposits	369	7.7	244	5.8	15	0.4	3	0.1	4	0.1	4	0.1
Deferred taxation	34	0.7	13	0.3	-	-	-	-	-	-	-	-
Stores, spares and loose tools	79	1.6	66	1.6	66	1.6	73	1.6	84	2.2	77	1.6
Stock-in-trade	662	13.8	587	14.1	841	20.7	1,027	23.2	617	15.8	606	12.5
Trade debts	197	4.1	369	8.8	145	3.6	277	6.2	84	2.2	119	2.5
Loan and advances	32	0.7	138	3.3	104	2.6	55	1.2	40	1.0	25	0.5
Trade deposits and short term prepayments	9	0.2	5	0.1	6	0.1	6	0.1	6	0.2	2	-
Investments	768	16.0	497	11.9	491	12.1	464	10.6	655	16.9	1,408	29.0
Current portion of long term investments	30	0.6	25	0.6	24	0.6	17	0.4	36	0.9	-	-
Mark-up accrued	54	1.1	17	0.4	3	0.1	1	-	1	-	2	-
Other receivables	21	0.4	29	0.7	60	1.5	25	0.6	161	4.1	32	0.7
Taxation - net	75	1.6	93	2.2	41	1.0	19	0.4	28	0.7	-	-
Cash and bank balances	65	1.3	63	1.6	17	0.4	154	3.5	4	0.1	8	0.2
Total assets	**4,809**	**100.0**	**4,172**	**100.0**	**4,056**	**100.0**	**4,436**	**100.0**	**3,893**	**100.0**	**4,847**	**100.0**
Issued, subscribed and paid-up capital	565	11.7	565	13.5	565	13.9	565	12.7	565	14.5	513	10.6
Capital reserves	530	11.0	377	9.0	353	8.7	362	8.2	371	9.5	371	7.7
Revenue reserves	2,806	58.3	2,159	51.7	1,959	48.3	1,696	38.2	1,393	35.8	2,110	43.5
Shareholders' equity	**3,901**	**81.0**	**3,101**	**74.2**	**2,877**	**70.9**	**2,623**	**59.1**	**2,329**	**59.8**	**2,994**	**61.8**
Long term loan	-	-	-	-	-	-	-	-	56	1.4	168	3.5
Deferred income	1	-	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	34	0.7	20	0.5	15	0.4	-	-	-	-	-	-
Deferred taxation	-	-	-	-	51	1.3	72	1.6	100	2.6	112	2.3
Trade and other payables	413	8.6	692	16.6	370	9.1	871	19.6	374	9.6	241	5.0
Mark-up accrued	9	0.2	16	0.4	24	0.6	34	0.8	19	0.5	20	0.4
Short term borrowings	418	8.8	335	8.1	707	17.4	780	17.6	903	23.2	1,119	23.1
Current portion of deferred income	1	-	-	-	-	-	-	-	-	-	-	-
Current portion of long term loan	-	-	-	-	-	-	56	1.3	112	2.9	112	2.3
Current portion of redeemable capital	-	-	-	-	-	-	-	-	-	-	75	1.5
Current portion of liabilities against assets subject to finance lease	32	0.7	8	0.2	12	0.3	-	-	-	-	-	-
Taxation - net	-	-	-	-	-	-	-	-	-	-	6	0.1
Total equity and liabilities	**4,809**	**100.0**	**4,172**	**100.0**	**4,056**	**100.0**	**4,436**	**100.0**	**3,893**	**100.0**	**4,847**	**100.0**
Profit and Loss Account												
Sales - net	5,002	100.0	3,943	100.0	4,403	100.0	3,704	100.0	3,311	100.0	4,200	100.0
Cost of sales	4,351	87.0	3,434	87.1	3,593	81.6	2,887	77.9	2,597	78.4	3,304	78.7
Gross profit	**651**	**13.0**	**509**	**12.9**	**810**	**18.4**	**817**	**22.1**	**714**	**21.6**	**896**	**21.3**
Income from / (loss on) investments - net	298	6.0	67	1.7	189	4.3	172	4.6	(338)	(10.2)	74	1.8
Distribution and selling expenses	68	1.4	46	1.2	39	0.9	27	0.7	17	0.5	15	0.4
Administrative expenses	173	3.5	164	4.2	157	3.6	159	4.3	127	3.8	136	3.2
Other operating expenses	134	2.7	66	1.7	68	1.5	101	2.7	332	10.0	110	2.6
Other operating income	576	11.5	132	3.3	34	0.8	18	0.5	39	1.2	20	0.5
Operating profit / (loss) before finance costs	**1,150**	**22.9**	**432**	**11.0**	**769**	**17.5**	**720**	**19.5**	**(61)**	**(1.7)**	**729**	**17.4**
Finance costs	63	1.3	109	2.8	143	3.2	122	3.3	204	6.2	153	3.6
Share of profit in equity accounted investees - net of taxation	-	-	-	-	-	-	-	-	-	-	51	1.2
Profit / (loss) before taxation	**1,087**	**21.6**	**323**	**8.2**	**626**	**14.3**	**598**	**16.2**	**(265)**	**(7.9)**	**627**	**15.0**
Taxation	271	5.4	(19)	(0.5)	194	4.4	181	4.9	135	4.1	211	5.0
Profit / (loss) after taxation	**816**	**16.2**	**342**	**8.7**	**432**	**9.9**	**417**	**11.3**	**(400)**	**(12.0)**	**416**	**10.0**

* Note:

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

Horizontal Analysis

For the last six financial years

Rupees in million	2013*	%	2012*	%	2011*	%	2010*	%	2009*	%	2008	%
Balance Sheet												
Property, plant and equipment	778	16.6	667	(34.7)	1,021	(3.8)	1,061	(13.4)	1,225	(0.6)	1,233	(5.7)
Intangible assets	14	600.0	2	(84.6)	13	(45.8)	24	2,300.0	1	-	1	-
Investment property	31	(13.9)	36	(10.0)	40	(11.1)	45	(4.3)	47	(6.0)	50	100.0
Long term investments	1,591	20.4	1,321	13.0	1,169	(1.4)	1,185	31.7	900	(29.7)	1,280	1.7
Long term loans and deposits	369	51.2	244	1,526.7	15	400.0	3	(25.0)	4	-	4	(20.0)
Deferred taxation	34	161.5	13	100.0	-	-	-	-	-	-	-	-
Stores, spares and loose tools	79	19.7	66	-	66	(9.6)	73	(13.1)	84	9.1	77	57.1
Stock-in-trade	662	12.8	587	(30.2)	841	(18.1)	1,027	66.5	617	1.8	606	(4.3)
Trade debts	197	(46.6)	369	154.5	145	(47.7)	277	229.8	84	(29.4)	119	(34.3)
Loan and advances	32	(76.8)	138	32.7	104	89.1	55	37.5	40	60.0	25	(69.9)
Trade deposits and short term prepayments	9	80.0	5	(16.7)	6	-	6	-	6	200.0	2	(60.0)
Investments	768	54.5	497	1.2	491	5.8	464	(29.2)	655	(53.5)	1,408	35.3
Current portion of long term investments	30	20.0	25	4.2	24	41.2	17	(52.8)	36	100.0	-	-
Mark-up accrued	54	217.6	17	466.7	3	200.0	1	-	1	(50.0)	2	-
Other receivables	21	(27.6)	29	(51.7)	60	140.0	25	(84.5)	161	403.1	32	(56.2)
Taxation - net	75	(19.4)	93	126.8	41	115.8	19	(32.1)	28	100.0	-	(100.0)
Cash and bank balances	65	3.2	63	270.6	17	(89.0)	154	3,750.0	4	(50.0)	8	(78.4)
Total assets	**4,809**	**15.3**	**4,172**	**2.9**	**4,056**	**(8.6)**	**4,436**	**13.9**	**3,893**	**(19.7)**	**4,847**	**3.2**
Issued, subscribed and paid-up capital	565	-	565	-	565	-	565	-	565	10.1	513	9.9
Capital reserves	530	40.6	377	6.8	353	(2.5)	362	(2.4)	371	-	371	(53.2)
Revenue reserves	2,806	30.0	2,159	10.2	1,959	15.5	1,696	21.8	1,393	(34.0)	2,110	8.7
Shareholders' equity	**3,901**	**25.8**	**3,101**	**7.8**	**2,877**	**9.7**	**2,623**	**12.6**	**2,329**	**(22.2)**	**2,994**	**(6.4)**
Long term loan	-	-	-	-	-	-	-	(100.0)	56	(66.7)	168	(40.0)
Deferred income	1	100.0	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	34	70.0	20	33.3	15	100.0	-	-	-	-	-	-
Deferred taxation	-	-	-	(100.0)	51	(29.2)	72	(28.0)	100	(0.7)	112	72.3
Trade and other payables	413	(40.3)	692	87.0	370	(57.5)	81	132.9	374	55.2	241	(44.6)
Mark-up accrued	9	(43.8)	16	(33.3)	24	(29.4)	34	78.9	19	(5.0)	20	25.0
Short term borrowings	418	24.8	335	(52.6)	707	(9.4)	780	(13.6)	903	(19.3)	1,119	158.4
Current portion of deferred income	1	100.0	-	-	-	-	-	-	-	-	-	-
Current portion of long term loan	-	-	-	-	-	(100.0)	56	(50.0)	112	-	112	-
Current portion of redeemable capital	-	-	-	-	-	-	-	-	-	(100.0)	75	-
Current portion of liabilities against assets subject to finance lease	32	300.0	8	(33.3)	12	100.0	-	-	-	-	-	(100.0)
Taxation - net	-	-	-	-	-	-	-	-	-	(100.0)	6	100.0
Total equity and liabilities	**4,809**	**15.3**	**4,172**	**2.9**	**4,056**	**(8.6)**	**4,436**	**13.9**	**3,893**	**(19.7)**	**4,847**	**3.2**
Profit and Loss Account												
Sales - net	5,002	26.9	3,943	(10.4)	4,403	18.9	3,704	11.9	3,311	(21.2)	4,200	42.4
Cost of sales	4,351	26.7	3,434	(4.4)	3,593	24.5	2,887	11.2	2,597	(21.4)	3,304	35.4
Gross profit	**651**	**27.9**	**509**	**(37.2)**	**810**	**(0.9)**	**817**	**14.4**	**714**	**(20.3)**	**896**	**75.7**
Income from / (loss on) investments - net	298	344.8	67	(64.6)	189	9.9	172	150.9	(338)	(556.8)	74	(82.0)
Distribution and selling expenses	68	47.8	46	17.9	39	44.4	27	58.8	17	13.3	15	15.4
Administrative expenses	173	5.5	164	4.5	157	(1.3)	159	25.2	127	(6.6)	136	2.3
Other operating expenses	134	103.0	66	(2.9)	68	(32.7)	101	(69.6)	332	201.8	110	(12.7)
Other operating income	576	336.4	132	288.2	34	88.9	18	(53.8)	39	95.0	20	(81.3)
Operating profit / (loss) before finance costs	**1,150**	**166.2**	**432**	**(43.8)**	**769**	**6.9**	**720**	**1,280.3**	**(61)**	**(108.4)**	**729**	**(3.6)**
Finance costs	63	(42.2)	109	(23.8)	143	17.2	122	(40.2)	204	33.3	153	19.5
Share of profit / (loss) in equity accounted investees - net of taxation	-	-	-	-	-	-	-	-	-	(100.0)	51	(48.5)
Profit / (loss) before taxation	**1,087**	**236.5**	**323**	**(48.4)**	**626**	**4.7**	**598**	**325.7**	**(265)**	**(142.3)**	**627**	**(13.8)**
Taxation	271	1,526.3	(19)	(109.8)	194	7.2	181	34.1	135	(36.0)	211	229.7
Profit / (loss) after taxation	**816**	**138.6**	**342**	**(20.8)**	**432**	**3.6**	**417**	**204.3**	**(400)**	**(196.2)**	**416**	**(37.3)**

* Note:

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Comments on six-year Profit and Loss

Sales

During the last five year sales remained ranged bound between Rs. 3,311 million to Rs. 4,403 million. However, during the year 2013 sales revenue reached record high of Rs. 5,002 million. This was primarily due to increase in sales of bare pipe. Despite loss of unit-2 of cotton division, the Company was able to defend top line by outsourcing yarn processing and trading of raw cotton.

Gross Profit

Gross Profit margin has improved from 17.3 % in 2007 to 22.1 % in 2010. Thereafter, GP has reduced gradually and stands at 13% for the last 2 year. The reduction is mainly due to intense competition, especially in Steel division from International suppliers.

Distribution and Selling, Administrative and Other operating expenses

In order to expand business, the Company focused on exploring revenue opportunities outside Pakistan for yarn and raw cotton from 2010. This increased agency commission and other export related expenses of Cotton division; this resulted in a significant increase in Distribution and Selling expenses from Rs. 17 million in 2009 to Rs. 68 million in 2013. However, administrative expenses have been relatively consistent over the years.

Finance cost / Cash flows

Finance cost has reduced significantly from Rs. 204 million in 2009 to Rs. 63 million in 2013. This is resultant of consistent profitability, improved cash flows as well as reduction in discount rate over the previous years.

Profit after taxation

Company's profit after taxation (PAT) has relatively been consistent over the last six years except for 2009, where it was negative owing to impairment in investments, in line with global financial crises. Further, during the current year PAT has increased by 130% over last year, primarily on account of increased operating profits, insurance claim settlement and reversal of impairment in associate.

Comments on six-year Balance Sheet

Equity

Equity has grown from Rs. 2.9 billion in 2008 to Rs. 3.9 billion in 2013. The increase in equity is attributable to consistent performance of the Company over the last six years except for 2009, as explained in previous paragraph.

Short term borrowings

Short term borrowings decreased from Rs. 1,119 million in 2008 million to Rs. 418 million in 2013. Decrease in short term borrowing is mainly due to profitability and improved cash flows.

Property, plant and equipment

Reduction in net book value of property, plant and equipment over the years is mainly due to disposal and depreciation. Whereas, a major dip in 2012 was due to fire incident in Unit -2 of cotton division resulting in its shut down.

During FY13 property, plant and equipment has increased by 16.6% due to investment in production facilities and infrastructure to support growing scale of business.

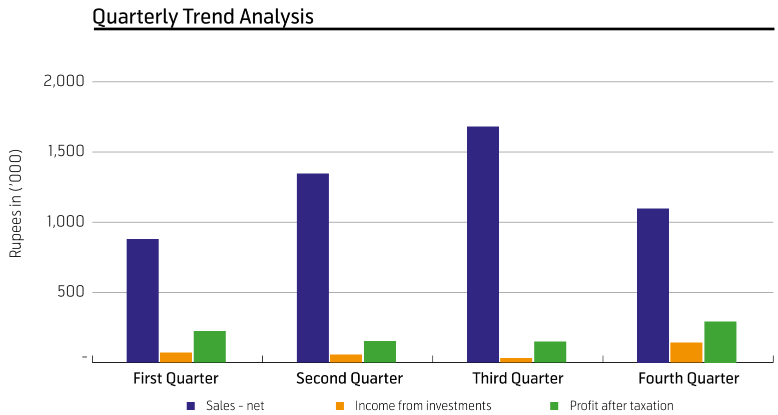
Long term investment

Long term investment has increased over the years significantly from Rs. 900 million six year ago to Rs. 1,591 million in 2013. This mainly represents investment in subsidiaries.

Quarterly Analysis

Sales

The first quarter started slowly which improved by the end of the quarter and registered the lowest quarterly sales of FY13 at Rs. 879 million. Whereas, increase in sales from second quarter onwards is attributable to the initiative of outsourcing of cotton to yarn processing, trading of raw cotton and higher sales of steel division in second quarter. Third quarter registered highest sales of Rs. 1,679 million mainly owing to the sizeable order of bare pipe. The fourth quarter was relatively sluggish as compared to previous two quarters and added 22% to annual revenue.



Income from Investments

Income from investment for the first quarter posted Rs. 70 million mainly due to unrealized gain on held for trading investments, which contributed 75% of total income from investment. During the second quarter dividend income added 61% to the investment income of Rs. 56 million. In third quarter, income from investment reduced to Rs. 32 million out of which Rs. 18 million and Rs. 11 million were contributed by dividend income and gain on sale of available for sale investments respectively. In the last quarter investment income increased significantly to Rs. 140 million mainly attributable to unrealized gain on held for trading investments in line with upsurge in equity markets due to positive sentiments after election of the new government.

Profit after taxation

Profit after taxation for the first quarter was recorded at Rs. 223 million mainly imputable to settlement of insurance claim received against damages caused by the fire in the Spinning Unit No. 2 of the Cotton Division. However, second and third quarters added Rs. 300 million to the bottom line due to increased turnover of cotton segment post outsourcing initiatives, income from investment and execution of large orders of steel segment. Fourth quarter added the highest to the bottom line i.e. Rs. 293 million, primarily due to reversal of provision for diminution in value of investment in associates and unrealized gain on held for trading portfolio.

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 2013
1st Quarter ending 30 September 2013	Last Week of October, 2013
2nd Quarter ending 31 December 2013	Last Week of January, 2014
3rd Quarter ending 31 March 2014	Last Week of April, 2014
Year ending 30 June 2014	Last Week of July, 2014

Key Operating and Financial Data

For the current and past six financial years

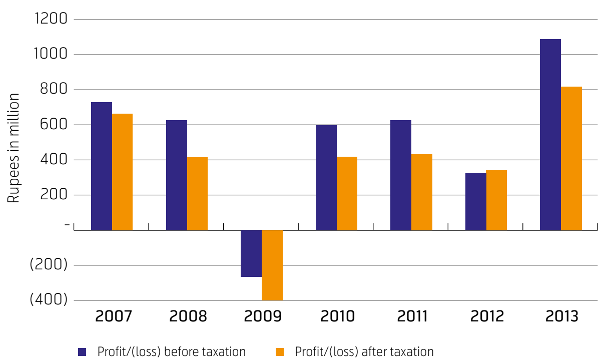
SUMMARIZED FINANCIAL DATA

	Rupees in million	2013*	2012*	2011*	2010*	2009*	2008	2007
A	**Summary of Profit and Loss Account**							
	Sales - net	5,001.7	3,942.9	4,402.7	3,704.4	3,310.9	4,200.2	2,950.1
	Cost of sales	4,350.9	3,434.1	3,592.5	2,887.3	2,597.2	3,303.8	2,439.7
	Gross profit	**650.8**	**508.8**	**810.2**	**817.1**	**713.7**	**896.4**	**510.4**
	Income from / (loss on) investments - net	298.4	67.2	188.6	171.6	(337.9)	73.6	411.4
	Distribution, selling and administrative expenses	241.2	210.0	196.1	186.2	143.8	151.0	146.6
	Other operating expenses	134.0	65.8	68.1	101.4	331.5	109.7	125.5
	Other operating income	575.7	132.2	34.4	18.3	39.0	19.6	107.0
	Operating profit / (loss) before finance costs	**1,149.7**	**432.4**	**769.0**	**719.4**	**(60.5)**	**728.9**	**756.7**
	Finance costs	62.9	109.5	143.2	121.9	203.6	153.0	128.5
	Share of profit in equity accounted investees - net of taxation	-	-	-	-	-	50.8	99.1
	Profit / (loss) before taxation	**1,086.8**	**322.9**	**625.8**	**597.5**	**(264.1)**	**626.7**	**727.3**
	Taxation	271.0	(18.9)	194.1	181.0	134.7	210.9	64.1
	Net income / (loss)	**815.8**	**341.8**	**431.7**	**416.5**	**(398.8)**	**415.8**	**663.2**
B	**Summary of Balance Sheet**							
	Current assets	1,992.7	1,890.3	1,796.7	2,116.8	1,716.2	2,279.1	2,124.8
	Stock-in-trade	662.4	586.7	840.6	1,026.6	616.4	606.1	633.5
	Trade debts	196.9	368.9	145.1	276.9	83.9	118.7	181.4
	Current liabilities	872.8	1,051.2	1,112.8	1,742.1	1,408.2	1,573.1	1,077.1
	Trade and other payables	412.5	691.9	370.1	871.5	373.9	240.8	435.1
	Property, plant and equipment	777.8	666.8	1,020.8	1,061.4	1,224.6	1,233.2	1,306.6
	Total assets	4,808.9	4,172.3	4,054.9	4,436.3	3,892.7	4,846.7	4,696.1
	Long term financing (excluding current maturity)	34.5	19.8	15.4	-	55.9	168.1	354.0
	Deferred income (including current maturity)	2.2	-	-	-	-	-	-
	Deferred liabilities	-	-	50.4	71.6	99.8	111.5	64.6
	Short term financing (including current maturity of long-term financing)	451.3	343.0	719.0	836.4	1,015.3	1,306.4	625.8
	Reserves	3,335.6	2,536.6	2,311.7	2,058.0	1,764.2	2,480.7	2,733.8
	Shareholders' equity	3,900.2	3,101.2	2,876.3	2,622.6	2,328.8	2,994.0	3,200.4
C	**Summary of Cash Flow Statement**							
	Cash and cash equivalents at the beginning of the year	(253.1)	(553.7)	(499.2)	(644.7)	(828.9)	26.3	(153.6)
	Net cash (used in) /generated from operating activities	(85.8)	288.7	111.6	451.3	335.9	565.9	486.0
	Net cash inflows / (outflows) from investing activities	134.5	279.6	15.5	3.3	70.4	(893.3)	(391.7)
	Net cash (outflows) / inflows from financing activities	(16.4)	(267.7)	(181.6)	(309.1)	(222.1)	(527.8)	85.6
	Net increase / (decrease) in cash and cash equivalents	32.3	300.6	(54.5)	145.5	184.2	(855.2)	179.9
	Cash and cash equivalents at the end of the year	(220.8)	(253.1)	(553.7)	(499.2)	(644.7)	(828.9)	26.3
D	**Other Data**							
	Depreciation and amortization	90.8	141.9	173.0	184.6	180.6	175.0	173.4
	Capital expenditure	216.2	68.2	113.9	34.5	169.1	153.5	126.9
	No. of ordinary shares (no. of shares in millions)	56.5	56.5	56.5	56.5	56.5	51.3	46.7
	Payments to National Exchequer	730.2	290.3	360.3	499.2	520.4	712.3	303.6

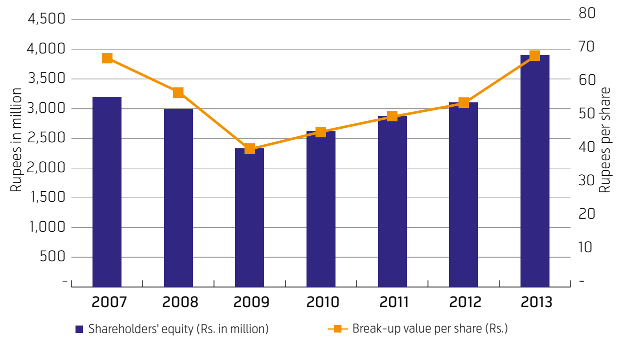
* Note:

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

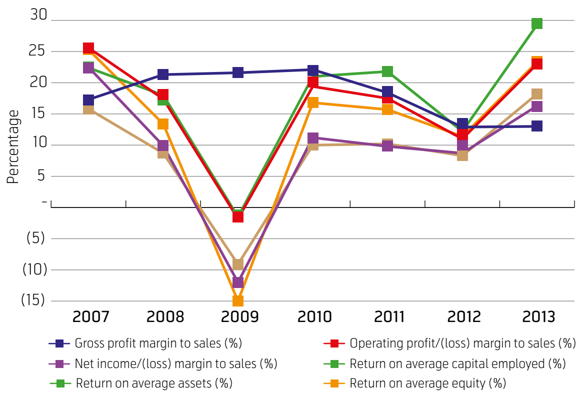
Profit/(loss) before and after taxation



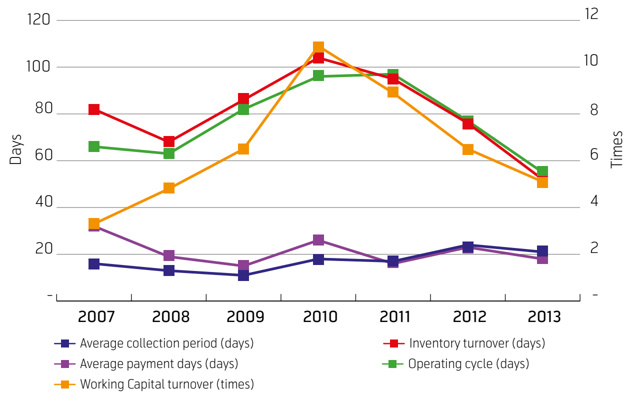
Shareholders' equity and Break-up value per share



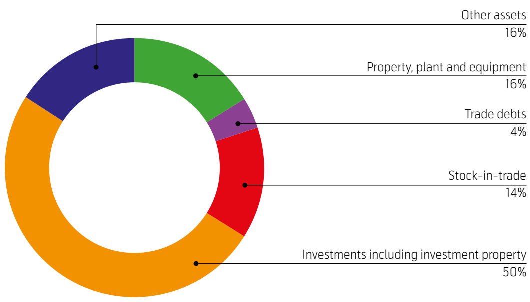
Profitability and Return



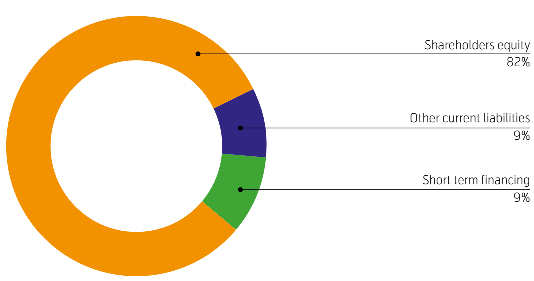
Management of working capital



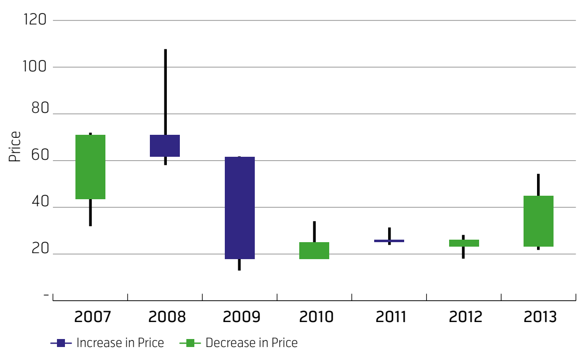
Total Assets as of 30 June 2013



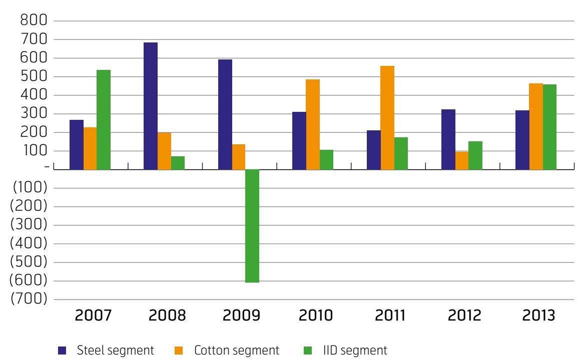
Total Liabilities as of 30 June 2013



Movement in Stock Prices



Earnings before interest, taxation, depreciation and amortization (EBITDA)



Statement of Compliance

with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (CCG) as contained in the Listing Regulations of the Stock Exchanges of Pakistan for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

   Independent Directors

   Mr. Ahmad Waqar
   Mr. Syed Zahid Hussain

   Executive Directors

   Mr. Ahsan M. Saleem

   Non-Executive Directors

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

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

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

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

4. No casual vacancy occurred during the year ended 2013.

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

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

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

8. All the meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board met five times during the year ended 30 June 2013 including once in every quarter to approve the financial statements of the Company. A separate meeting of the Board was held to approve the Annual Plan/Budget. 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.

   The directors of the Company having 15 years of experience on the board of a listed company are exempted from the requirement of directors' training program. All the board members except one director qualify for exemption under this provision of the CCG. The Company will, however, arrange training programs for said director as provided under the CCG.

10. 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 Human Resource and Remuneration Committee.

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

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

13. 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.

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

15. The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive Directors and the Chairman of the Committee is an independent director.

16. 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.

17. The Board has formed a Human Resource and Remuneration Committee. It comprises 3 members, all of whom are non-executive directors and the chairman of the committee is an independent director.

18. The Board has set-up an effective internal audit function. This function has been outsourced to BDO Ebrahim and 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.

19. 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.

20. 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.

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

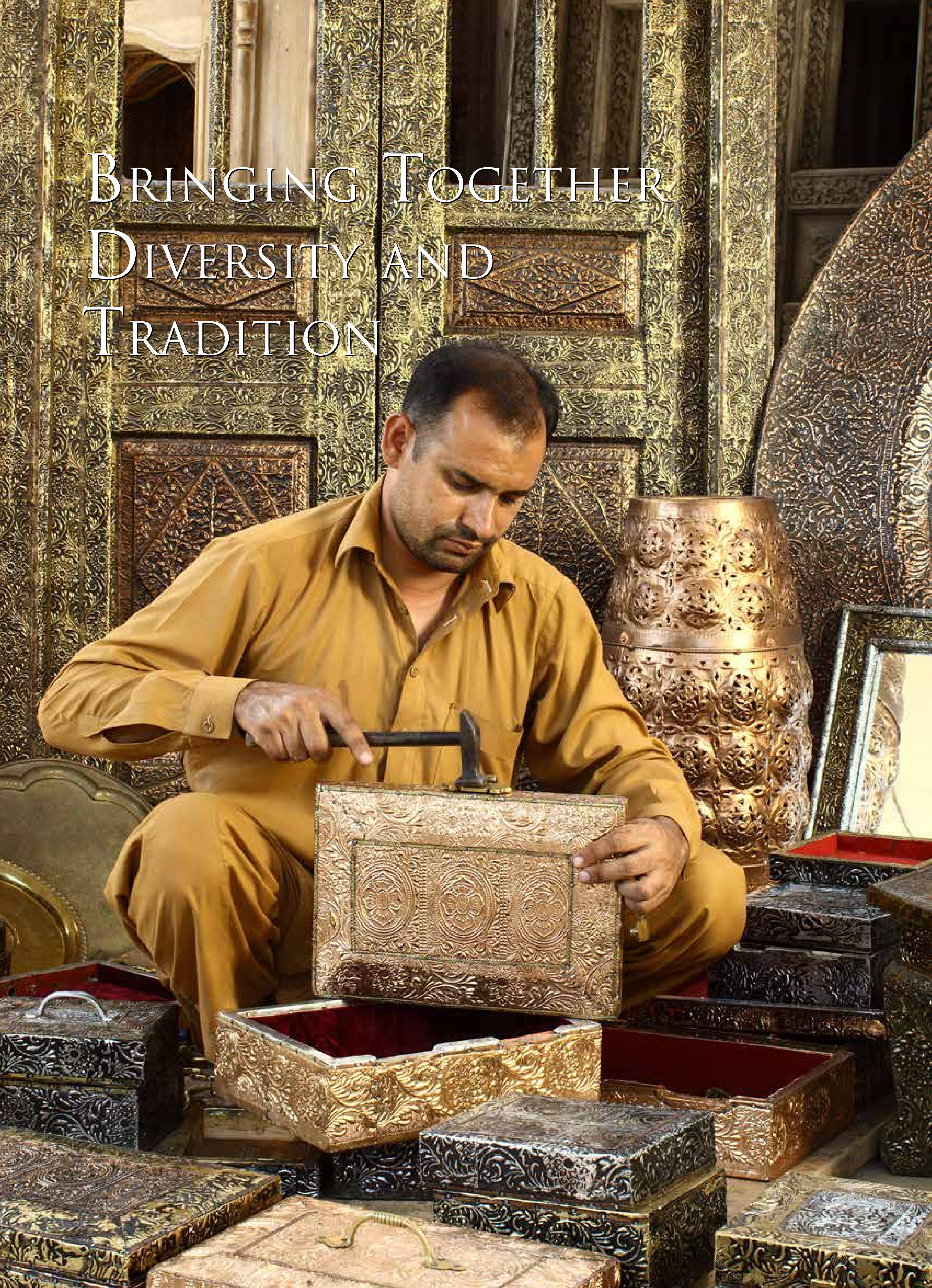
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

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

By order of the Board

Ahsan M. Saleem
Chief Executive Officer
30 July 2013

Bringing Together Diversity and Tradition



Crescent Steel and Allied Products Limited

Financial Statements

For the year ended 30 June 2013

Financial Statements of this Annual Report are printed on 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 Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Crescent Steel and Allied Products Limited ("the Company") to comply with the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges where the company is listed.

The responsibility for compliance with the Code of Corporate Governance 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 of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of 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's 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.

Further, Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges require the company to place before the Board of Directors for their consideration and approval 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 recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before 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 of Corporate Governance as applicable to the Company for the year ended 30 June 2013.

Usman Taseer Hadi & Co

30 July 2013
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Moneeza Usman Butt

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 balance sheet of Crescent Steel and Allied Products Limited ("the Company") as at 30 June 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and 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 balance sheet and 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;
   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 balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and 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 2013 and of the profits, its cash flows and changes in equity for the year then ended; and

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

KPMG Taseer Hadi & Co.

30 July 2013
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Moneeza Usman Butt

Balance Sheet

As at 30 June 2013

Rupees in '000	Note	2013	2012
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	564,600	564,600
Capital reserves		529,926	377,302
Revenue reserves		2,805,703	2,159,343
		3,900,229	3,101,245
Non-current liabilities			
Liabilities against assets subject to finance lease	7	34,450	19,811
Deferred income	8	1,413	-
		35,863	19,811
Current liabilities			
Trade and other payables	9	412,519	691,904
Mark-up accrued	10	9,002	16,262
Short term borrowings	11	418,365	334,958
Current portion of deferred income	8	847	-
Current portion of liabilities against assets subject to finance lease	7	32,116	8,073
		872,849	1,051,197
Contingencies and commitments	12		
Total equity and liabilities		4,808,941	4,172,253

Rupees in '000	Note	2013	2012
ASSETS			
Non-current assets			
Property, plant and equipment	13	777,834	666,793
Intangible assets	14	13,645	1,617
Investment property	15	31,268	35,632
Long term investments	16	1,590,521	1,321,397
Long term loans and deposits	17	369,388	243,867
Deferred taxation	18	33,593	12,606
		2,816,249	2,281,912
Current assets			
Stores, spares and loose tools	19	78,639	65,860
Stock-in-trade	20	662,419	586,720
Trade debts	21	196,857	368,930
Advances	22	31,654	137,895
Trade deposits and short term prepayments	23	9,147	5,471
Investments	24	768,101	497,414
Current portion of long term investments	25	29,994	25,320
Mark-up accrued	26	54,337	16,989
Other receivables	27	20,894	29,318
Taxation - net	28	75,430	93,090
Cash and bank balances	29	65,220	63,334
		1,992,692	1,890,341
Total assets		4,808,941	4,172,253

The annexed notes from 1 to 51 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer

Profit and Loss Account

For the year ended 30 June 2013

Rupees in '000	Note	2013	2012
Sales - net	30	5,001,667	3,942,869
Cost of sales	31	4,350,877	3,434,086
Gross profit		650,790	508,783
Income from investments	32	298,399	67,235
		949,189	576,018
Distribution and selling expenses	33	68,077	46,098
Administrative expenses	34	173,168	163,942
Other operating expenses	35	134,023	65,806
		375,268	275,846
		573,921	300,172
Other income	36	575,700	132,210
Operating profit before finance costs		1,149,621	432,382
Finance costs	37	62,903	109,514
Profit before taxation		1,086,718	322,868
Taxation	38	270,978	(18,906)
Profit after taxation		815,740	341,774
		(Rupees)	
Basic and diluted earnings per share	39	14.45	6.05

The annexed notes from 1 to 51 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer

Statement of Comprehensive Income

For the year ended 30 June 2013

Rupees in '000	Note	2013	2012
Profit after taxation for the year		815,740	341,774
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Unrealized appreciation during the year on remeasurement of investments classified as 'available for sale'		153,595	5,261
Reclassification adjustments relating to gain realized on disposal of investments classified as 'available for sale'		(971)	-
Impairment loss on investments classified as 'available for sale'	24.1.1 and 24.2.4	-	19,034
Other comprehensive income for the year		152,624	24,295
Total comprehensive income for the year		968,364	366,069

The annexed notes from 1 to 51 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer

Cash Flow Statement

For the year ended 30 June 2013

Rupees in '000	Note	2013	2012
Cash flows from operating activities			
Cash generated from operations	40	411,440	805,414
Taxes paid		(278,057)	(109,417)
Finance costs paid		(67,941)	(116,424)
Contribution to gratuity and pension funds		(12,232)	(11,253)
Contribution to Workers' Profit Participation Fund		-	(25,862)
Infrastructure fee paid		(5,890)	(23,188)
Compensated absences paid		(547)	(1,071)
Deferred income on sale and lease back		2,260	-
10-C bonus paid		(4,909)	(874)
Long term loans and deposits - net		(125,526)	(228,594)
Net cash (used in) / generated from operating activities		(81,402)	288,731
Cash flows from investing activities			
Capital expenditure		(220,529)	(68,200)
Acquisition of intangible assets		(14,457)	-
Proceeds from disposal of operating fixed assets		25,368	1,435
Proceeds from disposal of operating fixed assets under sale and leaseback arrangement		62,150	4,980
Proceeds from assets subject to insurance claim		281,531	304,961
Investments - net		2,702	(24,599)
Dividend income received		54,809	56,939
Interest income received		749	9,017
Net cash inflows from investing activities		192,323	284,533
Cash flows from financing activities			
Payments against finance lease obligations		(25,005)	(13,728)
Proceeds from short term loans obtained - net / (repayments against short term loans)		113,927	(118,239)
Dividend paid		(167,437)	(140,712)
Net cash outflows from financing activities		(78,515)	(272,679)
Net increase in cash and cash equivalents		32,406	300,585
Cash and cash equivalents at beginning of the year		(253,076)	(553,661)
Cash and cash equivalents at end of the year	41	(220,670)	(253,076)

The annexed notes from 1 to 51 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer

Statement of Changes in Equity

For the year ended 30 June 2013

Rupees in '000	Issued, subscribed and paid-up capital	Capital reserves: Share premium	Capital reserves: Unrealized appreciation / (diminution) on remeasurement of investments classified as 'available for sale'	Revenue reserves: General reserve	Revenue reserves: Unappropriated profit	Total
Balance as at 1 July 2011	564,600	349,959	3,048	1,842,000	116,719	2,876,326
Total comprehensive income for the year ended 30 June 2012						
Profit after taxation	-	-	-	-	341,774	341,774
Other comprehensive income						
Unrealized appreciation during the year on remeasurement of investments classified as 'available for sale'	-	-	5,261	-	-	5,261
Impairment loss on investments classified as 'available for sale'	-	-	19,034	-	-	19,034
	-	-	24,295	-	-	24,295
	-	-	24,295	-	341,774	366,069
Transactions with owners						
Dividend:						
- Final @ 15% (i.e. Rs. 1.5 per share) for the year ended 30 June 2011	-	-	-	-	(84,690)	(84,690)
- First interim @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2012	-	-	-	-	(56,460)	(56,460)
	-	-	-	-	(141,150)	(141,150)
Balance as at 30 June 2012	564,600	349,959	27,343	1,842,000	317,343	3,101,245
Total comprehensive income for the year ended 30 June 2013						
Profit after taxation	-	-	-	-	815,740	815,740
Other comprehensive income						
Unrealized appreciation during the year on remeasurement of investments classified as 'available for sale'	-	-	153,595	-	-	153,595
Reclassification adjustments relating to gain realized on disposal of investments classified as 'available for sale'	-	-	(971)	-	-	(971)
	-	-	152,624	-	-	152,624
	-	-	152,624	-	815,740	968,364
Transactions with owners						
Dividend:						
- Final @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2012	-	-	-	-	(56,460)	(56,460)
- First interim @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2013	-	-	-	-	(56,460)	(56,460)
- Second interim @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2013	-	-	-	-	(56,460)	(56,460)
	-	-	-	-	(169,380)	(169,380)
Balance as at 30 June 2013	564,600	349,959	179,967	1,842,000	963,703	3,900,229

The annexed notes from 1 to 51 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer

1. THE COMPANY AND ITS OPERATIONS

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

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

1.3 The Company acquired a running spinning unit of 14,400 spindles (now 19,680 spindles) at Jaranwala (District Faisalabad) on 30 June 2000 from Crescent Jute Products Limited. Another spinning unit CCP-II was added with 25,344 spindles in 2006 (currently not operational). 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 Details about the Company's investment in subsidiaries and associates are stated in notes 16.1 and 16.2.

2. BASIS OF PREPARATION

2.1 Separate financial statements

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

2.2 Statement of compliance

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

2.3 Basis of measurement

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

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

The Company reviews the rates of depreciation, useful lives, residual values and values of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

Intangible assets

The Company reviews the rate of amortization and value of intangible assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of intangible assets with a corresponding effect on the amortization charge and impairment.

Investment stated at fair value

Management has determined fair value of certain investments by using quotations from active market conditions and information about the financial instruments. These estimates are subjective in nature and involve some uncertainties and matters of judgment (e.g. valuation, interest rate, etc.) and therefore, cannot be determined with precision.

Held to maturity investments

The Company has classified certain investments as held to maturity. In this regard, judgement is involved in evaluating the intention and ability to hold these investments till their respective maturities.

Stock-in-trade and stores, spares and loose tools

The Company reviews the net realizable value of stock-in-trade and stores, spares and loose tools to assess any diminution in their respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade and stores, spares and loose tools with a corresponding effect on the amortization charge and impairment. Net realizable value is determined with respect to estimated selling price less estimated expenditure to make the sale.

Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 43 to these financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Changes in these assumptions in future years may affect the liability under these schemes in those years.

Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax laws and the decisions of appellate authorities on certain issues in the past.

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

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

During the year certain amendments to Standards or new interpretations became effective, however, the amendments or interpretation did not have any material effect on the financial statements of the Company.

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

The following new standards, amendments to existing standards and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2013:

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 requires actuarial gains and losses to be recognised immediately in other comprehensive income. This change will remove the corridor method and eliminate the ability of entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19, and expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The Company's policy is to account for actuarial gains and losses using the corridor method. The amendment will have an effect on unrecognized actuarial gains / losses at 30 June 2013 which will need to be recognized in other comprehensive income.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). The amendment has no impact on the financial statements of the Company.

- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). The amendment has no impact on financial statements of the Company.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

- Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following three standards, with consequential amendments to other standards and interpretations:

- IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements.

- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.

- IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The amendment has no impact on financial statements of the Company.

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). The amendment has no impact on financial statements of the Company.

- IAS 39 Financial Instruments: Recognition and Measurement- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective for annual periods beginning on or after 1 January 2014). The amendment has no impact on financial statements of the Company.

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). The amendment has no impact on financial statements of the Company.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Property, plant and equipment and depreciation

Owned assets

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

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

Subsequent cost

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

Depreciation

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

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

Disposal

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

Leased assets

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

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

Impairment

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

5.2 Intangible assets

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

Subsequent expenditure

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

Amortization

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

Impairment

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

5.3 Investment property

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

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

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

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

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

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

5.4 Investments

Investments in subsidiaries

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

Investments in associates

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

Financial assets at fair value through profit or loss

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

Held to maturity investments

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

Loans and receivables

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

Available for sale investments

Other investments not covered in any of the above categories including investments in associates in which the Company has no significant influence are classified 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 period's profit and loss account.

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

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

Impairment

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

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

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

Derivative financial instruments

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

5.5 Non-current assets held for sale

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

5.6 Stores, spares and loose tools

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

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

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

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

5.7 Stock-in-trade

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

5.8 Trade debts and other receivables

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

5.9 Cash and cash equivalents

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

5.10 Employee benefits

5.10.1 Compensated absences

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

5.10.2 Post retirement benefits

5.10.2.1 Defined contribution plan - Provident fund

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

Cotton segment

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

All employees except Cotton segment

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

5.10.2.2 Defined benefit plans

Pension and gratuity fund schemes

The Company operates pension and gratuity fund schemes for its permanent management employees as per the terms of employment. The pension scheme provides life time pension to retired employees or to their spouses.

Contributions are paid to the pension and gratuity funds on the basis of actuarial recommendations. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses which exceed 10% of the greater of the present value of the Company's obligations and the fair value of plan assets are amortized over the expected average remaining working lives of the eligible employees. Past service cost is recognized immediately to the extent that the benefits are already vested. For non-vested benefits past service cost is amortized on a straight line basis over the average period until the amended benefits become vested.

Amounts recognized in the balance sheet represent the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost and as reduced by the fair value of plan assets. Any assets resulting from this calculation is limited to the unrecognized actuarial losses and unrecognized past service cost plus the present value of available refunds and reductions in future contributions to the plan.

5.11 Mark-up bearing borrowings

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

5.12 Leases

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

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

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

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

5.13 Trade and other payables

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

5.14 Taxation

Current

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

Deferred

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

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

5.15 Revenue recognition

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

Interest income is recognized on an accrual basis using the effective interest method.

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

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

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

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

Miscellaneous income is recognized on receipt basis.

5.16 Borrowing costs

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

5.17 Provisions

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

5.18 Impairment

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

5.19 Foreign currency translation

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

5.20 Offsetting of financial assets and financial liabilities

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

5.21 Segment reporting

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

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

5.22 Proposed dividend and transfer between reserves

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

6. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2013	2012		2013	2012
Number of shares			Rupees in '000	
22,230,188	22,230,188	Ordinary shares of Rs. 10 each fully paid in cash	222,302	222,302
34,229,805	34,229,805	Ordinary shares of Rs. 10 each issued as bonus shares	342,298	342,298
56,459,993	56,459,993		564,600	564,600

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

	2013		2012	
	Percentage of holding	Number of shares	Percentage of holding	Number of shares
Crescent Cotton Mills Limited	0.02%	13,147	0.02%	13,147
Crescent Steel and Allied Products Limited - Gratuity Fund	1.90%	1,069,989	0.99%	557,989
Crescent Steel and Allied Products Limited - Pension Fund	4.16%	2,349,223	1.95%	1,102,245
Crescent Steel and Allied Products Limited - Staff Provident Fund	0.80%	450,200	0.71%	400,200
Crescent Cotton Products - Staff Provident Fund	0.10%	54,400	0.57%	323,418
Muhammad Amin Muhammad Bashir Limited	0.00%	618	0.00%	618
Premier Insurance Limited	0.00%	-	0.04%	24,500
Shakarganj Mills Limited	4.82%	2,720,062	4.82%	2,720,062
The Crescent Textile Mills Limited	11.00%	6,209,676	11.00%	6,209,676

7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Minimum lease payments		Future finance costs		Present value of minimum lease payments	
Rupees in '000	2013	2012	2013	2012	2013	2012
Not later than one year	38,577	11,171	6,461	3,098	32,116	8,073
Later than one year and not later than five years	37,505	21,391	3,055	1,580	34,450	19,811
	76,082	32,562	9,516	4,678	66,566	27,884
Less: Current portion shown under current liabilities					32,116	8,073
					34,450	19,811

7.1 The Company has entered into finance lease arrangements with leasing companies for lease of plant and machinery and motor vehicles. The lease term of these arrangements is three years (30 June 2012: three years) and the liability is payable by months ranging from ten months to thirty-two months (30 June 2012: twenty-two months to thirty-four months). The periodic lease payments include built-in rates of mark-up ranging between 14.59% to 20.25% (2012: 18.5% to 20.25%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 64.161 million (30 June 2012: Rs. 14.128 million) which pertains to obligations arising from sale and leaseback of assets.

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

8. DEFERRED INCOME

The Company entered into sale and lease back arrangements resulting in deferred income (representing excess of sales proceed over the carrying amount of respective assets) out of which Rs.0.847 million is classified in current liabilities; being current portion of deferred income of Rs.2.544 million. The deferred income will be amortized to profit and loss account over the lease term. During the year Rs. 0.284 million is amortized in profit and loss account.

Rupees in '000	Note	2013	2012
9. TRADE AND OTHER PAYABLES			
Trade creditors		55,414	45,612
Bills payable		-	35,584
Commission payable		12,601	6,133
Customer's security deposits		200	200
Accrued liabilities	9.1	81,300	64,274
Advances from customers		15,123	106,282
Provisions	9.2	93,849	82,864
Due to related parties	9.3	198	35
Payable to provident fund		87	183
Payable to staff retirement benefit funds	43	231	367
Retention money		486	140
Sales Tax payable		-	19,881
Withholding tax payable		50	238
Workers' Profit Participation Fund	9.4	52,395	15,376
Workers' Welfare Fund		18,794	3,755
Unclaimed dividend		67,873	65,930
Advance against insurance claim		-	235,952
Others		13,918	9,098
		412,519	691,904
9.1 Accrued liabilities			
Salaries, wages and other benefits		17,807	14,979
Accrual for 10-C bonus		2,405	4,982
Compensated absences		11,544	10,019
Others		49,544	34,294
		81,300	64,274

9.2 Movement in provisions

Rupees in '000	Infrastructure fee Note 9.2.1	Sales Tax Note 9.2.2	Liquidated damages Note 9.2.3	Total
Opening balance as at 1 July 2012	49,531	3,242	30,091	82,864
Reversal of provision for the year	-	-	(8,934)	(8,934)
Provision for the year	13,015	-	12,794	25,809
Payments during the year	(5,890)	-	-	(5,890)
Closing balance as at 30 June 2013	56,656	3,242	33,951	93,849

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

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

Under the arrangement if the Company succeed in the petition, Government of Sindh will refund the amount subject to their right to appeal before Honourable Supreme Court. To date the Company has provided bank guarantees amounting to Rs. 31.618 million (2012: Rs. 23.188 million) in favour of Excise and Taxation Department. Based on the legal advice, the management believes that the chance of success in the petition is in the Company's favor. Current year charge has been estimated on the value of imports during the year and forms a component of cost of such imported raw materials. Any subsequent adjustment with respect to increase or decrease in the estimate has been recognized in profit and loss account.

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

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

9.3 This represents expenses incurred by related parties on behalf of the Company.

	Rupees in '000	Note	2013	2012
9.4	**Workers' Profit Participation Fund**			
	Opening balance as at 1 July		15,376	25,862
	Allocation for the year	35	34,797	14,813
	Mark-up on funds utilized in the Company's business	37	2,222	563
			52,395	41,238
	Amount paid to the trustees of the fund		-	(25,862)
	Closing balance as at 30 June		52,395	15,376
10.	**MARK-UP ACCRUED**			
	Mark-up accrued on :			
	- Finance lease obligations		207	102
	- Running finance and short term loans		8,795	16,160
			9,002	16,262

	Rupees in '000	Note	2013	2012
11.	SHORT TERM BORROWINGS			
	Secured from banking companies			
	Running finances under mark-up arrangements	11.1	285,890	316,410
	Short term loans	11.2	132,475	18,548
			418,365	334,958

11.1 Short term running finance available from various commercial banks under mark-up arrangements amounted to Rs. 500 million (2012: Rs. 500 million) out of which Rs. 250 million (2012: Rs. Nil) is interchangeable with letters of credit. During the year, mark-up on such arrangements ranged between 10.81% to 15.10% (2012: 13.92% to 16.56%) per annum.

11.2 Short term loan available from various commercial banks under mark-up arrangements amounted to Rs. 1,100 million (2012: Rs. 1,100 million) out of which Rs. 300 million (2012: Rs. 300 million) is interchangeable with letters of credit. During the year, mark-up on such arrangements ranged between 11.27% to 14.35% (2012: 14.17% to 16.56%) per annum.

11.3 The facilities for opening letters of credit amounted to Rs. 1,400 million (2012: Rs. 1,150 million) out of which Rs. 250 million (2012: Rs. Nil) and Rs. 300 million (2012: Rs. 300 million) are interchangeable with short term running finance and short term loans respectively as mentioned in notes 11.1 and 11.2 above. The facility for letters of guarantee as at 30 June 2013 amounted to Rs. 500 million (2012: Rs. 500 million). Amounts unutilized for letters of credit and guarantees as at 30 June 2013 were Rs. 1,356.764 million and Rs. 191.017 million (2012: Rs. 815.627 million and Rs. 123.035 million) respectively.

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

12. CONTINGENCIES AND COMMITMENTS

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

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

12.3 Aggregate amount of guarantees issued by banks on behalf of the Company against various contracts aggregated Rs. 308.983 million (2012: Rs. 376.965 million).

12.4 Commitments in respect of capital expenditure contracted for as at 30 June 2013 amounted to Rs. 7.462 million (2012: Rs. 16.230 million) payable by June 2014 representing office premises located in Islamabad.

12.5 Commitments under letters of credit as at 30 June 2013 amounted to Rs. 43.236 million (2012: Rs. 298.789 million).

Rupees in '000	Note	2013	2012
13. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	13.1	682,345	548,604
Capital work-in-progress	13.5	95,489	118,189
		777,834	666,793

13.1 Operating fixed assets

Description		Land		Buildings		Office premises	Plant and machinery		Electrical / office equipment and installation	Furniture and fittings	Computers	Motor vehicles		Total
Rupees in '000	Note	Freehold	Leasehold including improvements	On freehold land	On leasehold land		Owned *	Leased				Owned	Leased	
Net carrying value as at 1 July 2012														
Opening net book value (NBV)	13.1.1	147,479	4,023	86,877	5,470	2,641	229,668	23,906	15,568	2,896	960	13,224	15,892	548,604
Additions / transfers	13.1.2	70,000	-	25,152	-	-	93,204	50,376	1,939	205	2,801	26,820	14,290	284,787
Disposals (at NBV)	13.6	-	-	-	-	-	(47,914)	-	-	-	-	(14,779)	-	(62,693)
Depreciation charge	13.2	-	(53)	(13,752)	(1,278)	(2,612)	(52,439)	(3,511)	(3,939)	(496)	(784)	(5,344)	(4,145)	(88,353)
Balance as at 30 June 2013 (NBV)		217,479	3,970	98,277	4,192	29	222,519	70,771	13,568	2,605	2,977	19,921	26,037	682,345
Gross carrying value as at 30 June 2013														
Cost	13.3	217,479	5,646	202,157	70,027	40,493	1,221,336	77,093	47,622	17,974	50,997	59,938	31,783	2,042,545
Accumulated depreciation		-	(1,676)	(103,880)	(65,835)	(40,464)	(998,817)	(6,322)	(34,054)	(15,369)	(48,020)	(40,017)	(5,746)	(1,360,200)
Net book value		217,479	3,970	98,277	4,192	29	222,519	70,771	13,568	2,605	2,977	19,921	26,037	682,345
Net carrying value as at 1 July 2011														
Opening net book value (NBV)		147,479	4,076	170,055	6,998	5,253	504,596	21,481	18,522	3,278	1,252	18,130	5,693	906,813
Additions / transfers		-	-	1,081	-	-	56,224	5,055	1,103	186	654	2,292	11,679	78,274
Disposals (at NBV)		-	-	-	-	-	(4,880)	-	-	-	(57)	(671)	-	(5,608)
Assets subject to insurance claim (at NBV)		-	-	(63,622)	-	-	(241,102)	-	(237)	-	-	-	-	(304,961)
Depreciation charge		-	(53)	(20,637)	(1,528)	(2,612)	(85,170)	(2,630)	(3,820)	(568)	(889)	(6,527)	(1,480)	(125,914)
Balance as at 30 June 2012 (NBV)		147,479	4,023	86,877	5,470	2,641	229,668	23,906	15,568	2,896	960	13,224	15,892	548,604
Gross carrying value as at 30 June 2012														
Cost		147,479	5,646	177,005	70,027	40,493	1,215,884	26,717	45,683	17,769	48,196	54,912	17,493	1,867,304
Accumulated depreciation		-	(1,623)	(90,128)	(64,557)	(37,852)	(986,216)	(2,811)	(30,115)	(14,873)	(47,236)	(41,688)	(1,601)	(1,318,700)
Net book value		147,479	4,023	86,877	5,470	2,641	229,668	23,906	15,568	2,896	960	13,224	15,892	548,604
Depreciation rate (% per annum)		-	1	5 and 10	5 and 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. 0.989 million (2012: Rs. 1.174 million) representing net book value of capitalized spares.

13.1.1 This includes freehold land measuring 1.976 acres (71,150 square feet) provisionally allotted to the Company in Woven Garment Zone Value Addition City by Faisalabad Industrial Estate Development Management Company (FIEDMC), which is owned by the Government of Punjab. Final sale deed execution in the Company's name is subject to certain conditions which include installation of industrial unit and obtaining completion certificate from FIEDMC.

13.1.2 This includes freehold land measuring 6.7598 acres (294,546 square feet) acquired during the year. The final sale deed has been executed along with all formalities relating to completion of the sale. The Company has applied for transfer of title in its name which is in process as at 30 June 2013.

	Rupees in '000	Note	2013	2012
13.2	The depreciation charge for the year has been allocated as follows :			
	Cost of sales	31.1	79,254	117,439
	Distribution and selling expenses	33	623	146
	Administrative expenses	34	8,476	8,329
			88,353	125,914

13.3 Property, plant and equipment as at 30 June 2013 include items having an aggregate cost of Rs. 969.540 million (2012: Rs. 855.535 million) that have been fully depreciated and are still in use by the Company.

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

	Rupees in '000	Note	2013	2012
13.5	**Capital work-in-progress**			
	Civil work	13.5.1 and 13.5.2	95,178	116,089
	Plant and machinery		311	2,100
			95,489	118,189

13.5.1 This includes advance against purchase of land and building aggregating Rs. 63.385 million (2012: Rs. 85.515 million) out of which an amount of Rs.50 million (2012: 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 (2012: 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. Management believes that it has a reasonable grounds in the case and expects a favorable outcome.

13.5.2 As more fully explained in note 35.1, the Company has recognized a provision for an amount of Rs. 20.619 million (2012: Nil) during the year.

13.6 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	47,457	-	47,457	50,000	Sales and Lease back	Pak Gulf Leasing Company Limited
	2,702	2,319	383	1,300	Negotiation	Waqas Rafiq International
	2,012	1,961	51	1,300	Negotiation	Mr.H.A. Haq
Motor vehicles	398	231	167	137	Company Scheme	Mr.Azhar Mehmood
	631	410	221	221	Company Scheme	Mr.Mohammad Yamin
	1,765	1,765	-	1,054	Company Auction	Various
	13,990	-	13,990	12,150	Sale and Leaseback	ORIX leasing
	67	11	56	60	Insurance Claim	EFU General Insurance
	63	21	42	41	Insurance Claim	EFU General Insurance
Others	36,130	35,804	326	23,522	Various	Various
2013	105,215	42,522	62,693	89,785		
2012	6,956	1,348	5,608	6,416		

Rupees in '000	Note	2013	2012
14. INTANGIBLE ASSETS			
Net carrying value as at 1 July			
Net book value as at 1 July		1,617	12,964
Additions / transfers		14,457	-
Amortization	14.1	(2,429)	(11,347)
Net book value as at 30 June	14.2	13,645	1,617
Gross carrying value as at 30 June			
Cost		60,232	45,775
Accumulated amortization		(43,947)	(41,518)
Accumulated impairment		(2,640)	(2,640)
Net book value		13,645	1,617
Amortization rate (% per annum)		33.33	33.33
14.1 The amortization charge for the year has been allocated as follows :			
Cost of sales	31.1	-	4
Administrative expenses	34	2,429	11,343
		2,429	11,347

14.2 Intangible assets as at 30 June 2013 include items having an aggregate cost of Rs. 43.099 million (2012: Rs. 9.504 million) that have been fully amortized and are still in use of the Company.

15. INVESTMENT PROPERTY

Description Rupees in '000	Note	Leasehold land and improvements	Buildings on leasehold land	Office premises	Total
Net carrying value as at 1 July 2012					
Opening net book value (NBV)		4,011	16,936	14,685	35,632
Depreciation charge	15.1	(238)	(1,082)	(3,044)	(4,364)
Balance as at 30 June 2013 (NBV)	15.2	3,773	15,854	11,641	31,268
Gross carrying value as at 30 June 2013					
Cost		4,609	21,608	29,655	55,872
Accumulated depreciation		(836)	(5,754)	(18,014)	(24,604)
Net book value		3,773	15,854	11,641	31,268
Net carrying value as at 1 July 2011					
Opening net book value (NBV)		4,249	18,016	17,969	40,234
Depreciation charge		(238)	(1,080)	(3,284)	(4,602)
Balance as at 30 June 2012 (NBV)		4,011	16,936	14,685	35,632
Gross carrying value as at 30 June 2012					
Cost		4,609	21,608	29,655	55,872
Accumulated depreciation		(598)	(4,672)	(14,970)	(20,240)
Net book value		4,011	16,936	14,685	35,632
Depreciation rate (% per annum)		1 and 10	5	10 - 20	

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

15.2 Fair value of the investment property based on recent valuation is Rs. 146.125 million (2012: Rs. 118.885 million).

Rupees in '000	Note	2013	2012
16. LONG TERM INVESTMENTS			
Subsidiary companies			
- at cost	16.1	504,871	400,114
- share deposit money	16.1.4	10,000	-
Associated companies - at cost	16.2	896,704	742,337
Other long term investments	16.3	178,946	178,946
		1,590,521	1,321,397

16.1 Subsidiary companies - at cost

2013	2012		Note	2013	2012
Number of shares				Rupees in '000	
		Unquoted			
33,010,000	33,010,000	Shakarganj Energy (Private) Limited	16.1.1	330,100	330,100
		(Chief Executive Officer -			
		Mr. Muhammad Saad Thaniana)			
17,476,995	7,001,400	CS Capital (Private) Limited	16.1.2	174,770	70,014
		(Chief Executive Officer -			
		Mr. Muhammad Saad Thaniana)			
100	-	Crescent Hadeed (Private) Limited	16.1.3	1	-
		(Chief Executive Officer -			
		Mr. Iqbal Zafar Siddiqui)			
2	2	Crescent Continental Gas Pipelines			
		Limited (US $ 1 each)	16.1.5	-	-
				504,871	400,114

16.1.1 This represents Company's investment in 100% ordinary shares of Shakarganj Energy (Private) Limited. The Company has acquired Shakarganj Energy (Private) Limited on 4 January 2010.

16.1.2 This represents Company's investment in 100% ordinary shares of CS Capital (Private) Limited. The Company acquired CS Capital (Private) Limited on 26 September 2011. During the year, the Company has further subscribed to right issues offered on various dates by the investee company aggregating 10.476 million ordinary shares for Rs. 104.755 million, making a total holding of 17.477 million ordinary shares as at 30 June 2013.

16.1.3 This represents Company's investment in 100% ordinary shares of Crescent Hadeed (Private) Limited which was incorporated on 15 May 2013.

16.1.4 This represents share deposit money against right shares of Crescent Hadeed (Private) Limited.

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

16.2 Associated companies - at cost

2013	2012		Note	2013	2012
Number of shares				Rupees in '000	
		Quoted			
60,475,416	60,475,416	Altern Energy Limited	16.2.1	593,488	593,488
		(Chief Executive Officer -			
		Mr. Syed Zamanat Abbas)			
15,244,665	15,244,665	Shakarganj Mills Limited		388,562	388,562
		(Chief Executive Officer -			
		Mr. Ahsan M. Saleem)			
				982,050	982,050
		Less: Provision for impairment	16.2.2	85,346	239,713
				896,704	742,337

16.2.1 During the year Altern Energy Limited has issued further share capital which was not subscribed by the Company and was offered to another investor. Accordingly, the Company's holding in the investee company is diluted from 17.65% to 16.64%. There is no common directorship in the investee company. However, only for the purpose of equity accounting as required under IAS 28 'Investments in Associates" it has been treated as an associate.

16.2.2 This represents provision for diminution in the value of investments of ordinary shares of Shakarganj Mills Limited. During the year the market value of underlying investment increased significantly. Consequently, the Company assessed the indicators for reversal of impairment and ascertained an amount of Rs. 154.367 million (2012: Rs. 90.919 million) by considering the fair value of underlying investment. The amount of reversal is included in "other income" in profit and loss account.

Rupees in '000	2013	2012
16.2.3 Market value of investments in associates is as follows :		
Quoted		
Altern Energy Limited	747,476	579,354
Shakarganj Mills Limited	333,248	196,351
	1,080,724	775,705

Percentage of holding	2013	2012
16.2.4 Percentage of holding of equity in associates is as follows :		
Quoted		
Altern Energy Limited	16.64	17.65
Shakarganj Mills Limited	21.93	21.93

Rupees in '000		2013	2012
16.3 Other long term investments			
Investments in related parties			
Available for sale	16.3.1	-	-
Other investments			
Available for sale	16.3.4	178,946	178,946
		178,946	178,946

16.3.1 Available for sale

2013	2012		Note	2013	2012
Number of shares				Rupees in '000	
		Unquoted			
2,403,725	2,403,725	Crescent Bahuman Limited	16.3.2	24,037	24,037
1,047,000	1,047,000	Crescent Industrial Chemicals Limited	16.3.3	10,470	10,470
				34,507	34,507
		Less: Provision for impairment		34,507	34,507
				-	-

16.3.2 The chief executive of Crescent Bahuman Limited is Mr. Nasir Shafi. The break-up value of shares of the investee company is Rs. Nil per share (2012 : Rs. Nil per share), calculated on the basis of audited annual financial statements for the year ended 30 June 2012.

16.3.3 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.

16.3.4 Available for sale

2013	2012		2013	2012
Number of shares			Rupees in '000	
		Unquoted		
1,425,000	1,425,000	Central Depository Company of Pakistan Limited (CDC)	58,946	58,946
12,000,000	12,000,000	Shakarganj Food Products Limited	120,000	120,000
			178,946	178,946

Rupees in '000		2013	2012
17. LONG TERM LOANS AND DEPOSITS			
Long term loan - Considered good (Unsecured)			
- to subsidiary company	17.1	349,444	223,000
- to staff	17.2	-	6
Security deposits - leasing companies		7,327	8,256
Security deposits - others	17.3	12,617	12,605
		369,388	243,867

17.1 This represents long term loan to the wholly owned subsidiary company namely; Shakarganj Energy (Private) Limited. The approved limit as per agreement of long term loan is Rs. 385 million. The repayment schedule of this long term loan will be finalized after the commencement of commercial operations of the subsidiary company and no repayments are anticipated within one year.

The mark-up rate on the above loan is 3 months KIBOR prevailing on the date of disbursement of each tranche and thereafter will be reset one day prior to the commencement of mark-up payment period and will be valid for the whole quarter. Mark-up is payable on quarterly basis. The effective mark-up charged during the year was 11.58% to 14.49% (2012: 14.36% to 16.60%) per annum.

17.2 This represents interest free house loans provided to employees for a period of 5 years.

17.3 This includes demand drafts of Rs. 3.420 million (2012: Rs. 3.420 million) provided to the Secretary Ministry of Commerce as explained in note no. 12.1.

Rupees in '000	Note	2013	2012
18. DEFERRED TAXATION			
Deferred tax credits / (debits) arising in respect of :			
Taxable temporary differences			
Accelerated tax depreciation / amortization		28,951	44,007
Finance lease obligations		10,284	4,171
		39,235	48,178
Deductible temporary differences			
Provision for slow moving stores, spares and loose tools		(21,539)	(21,922)
Provisions for doubtful trade debts, doubtful advances and others		(35,481)	(29,804)
Provision for impairment of fixed assets		(7,010)	-
Provision for diminution in the value of investments		(8,798)	(9,058)
		(72,828)	(60,784)
		(33,593)	(12,606)
19. STORES, SPARES AND LOOSE TOOLS			
Stores - steel segment		9,870	9,502
Spare parts - steel segment	19.1	50,185	45,603
Loose tools - steel segment		1,193	999
Stores and spares - cotton segment		56,657	48,310
		117,905	104,414
Less: Provision for slow moving items	19.2	39,266	38,554
		78,639	65,860

19.1 This includes items in-transit as at 30 June 2013 aggregating Rs. Nil (2012: Rs. 0.701 million).

Rupees in '000	Note	2013	2012
19.2 Movement in provision for slow moving items			
Opening balance		38,554	33,499
Provision made during the year		1,277	5,055
Reversal of provision made during the year		(565)	-
Closing balance		39,266	38,554
20. STOCK-IN-TRADE			
Raw materials			
Hot rolled steel coils (HR Coil)		11,142	11,237
Coating materials	20.1	103,232	64,683
Others		16,762	19,489
Raw cotton	20.1, 20.3 and 20.4	313,503	323,887
Stock-in-transit	20.2	-	35,649
		444,639	454,945
Work-in-process	31.1	17,574	22,268
Finished goods	20.3, 20.4 and 31.1	196,283	101,116
Scrap / cotton waste		3,923	8,391
		217,780	131,775
		662,419	586,720

20.1 This includes coating materials amounting to Rs. Nil (2012: Rs. 18.548 million) and raw cotton amounting to Rs. 132.475 million (2012: Rs. 174.604 million) pledged as security with financial institutions.

20.2 This includes raw cotton amounting to Rs. Nil (2012: Rs. 35.547 million).

20.3 Stock-in-trade as at 30 June 2013 includes items valued at net realisable value (NRV) as follows. The write down to NRV amounting to Rs. 51.626 million (2012: Rs. 30.248 million) has been recognized in cost of goods sold.

Rupees in '000	Cost	NRV
Finished goods	237,107	196,283
Raw material	455,441	444,639
	692,548	640,922

20.4 Raw materials and finished goods include raw cotton amounting to Rs. 44.510 million and cotton yarn amounting to Rs.135.842 million which are held with third parties for the purpose of conversion of raw cotton into yarn.

Rupees in '000	Note	2013	2012
21. TRADE DEBTS			
Secured			
Considered good		36,605	230,537
Unsecured			
Considered good	21.1	160,252	138,393
Considered doubtful		13,701	1,139
Provision for doubtful trade debts	21.2	(13,701)	(1,139)
		160,252	138,393
		196,857	368,930

21.1 This includes an amount of Rs. 0.220 million (2012: Rs. 78.072 million) due from Shakarganj Mills Limited, a related party.

Rupees in '000	Note	2013	2012
21.2 Movement in provision for doubtful trade debts			
Opening balance		1,139	5,561
Provision made during the year		12,662	202
Reversal of provision made during the year		(100)	(4,624)
Closing balance		13,701	1,139
22. ADVANCES			
Unsecured			
Advances - considered good			
Executives		2,645	3,333
Suppliers for goods and services		29,009	134,562
Advances - considered doubtful			
Suppliers for goods and services		47	47
Provision for doubtful advances	22.1	(47)	(47)
		-	-
		31,654	137,895

Rupees in '000	Note	2013	2012
22.1 Movement in provision for doubtful advances			
Opening balance		47	157
Reversal made during the year		-	(38)
Written off during the year against provision		-	(72)
Closing balance		47	47
23. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Deposits to leasing companies		6,082	-
Security deposits		1,735	3,279
Prepayments		1,330	2,192
		9,147	5,471
24. INVESTMENTS			
Investments in related parties			
Available for sale	24.1	8,007	4,026
Other investments			
Available for sale	24.2	258,011	110,274
Held for trading	24.3	502,083	383,114
		760,094	493,388
		768,101	497,414

24.1 Available for sale

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

2013	2012	Name of investee company	Note	2013	2012
Number of shares				Rupees in '000	
		Quoted			
452,379	452,379	The Crescent Textile Mills Limited	24.1.1	8,007	4,026

24.1.1 The Company has recognized impairment loss amounting to Rs. 4.537 million (2012: Rs. 4.537 million) against that investment.

24.2 Available for sale

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

2013	2012	Name of investee company	Note	2013	2012
Number of shares/certificates					Rupees in '000
		Quoted			
9,060,000	9,060,000	Asian Stocks Fund Limited	24.2.4	94,677	46,750
91,300	91,300	Crescent Jute Products Limited	24.2.1	-	-
1,996	1,996	Innovative Investment Bank Limited		-	-
26,490	26,490	Jubilee Spinning and Weaving Mills Limited	24.2.2	-	-
-	175,000	PICIC Investment Fund		-	965
7,944,263	7,944,263	Safeway Mutual Fund Limited		163,334	61,647
-	1,221	Siemens (Pakistan) Engineering Company Limited		-	912
				258,011	110,274

24.2.1 The investment in Crescent Jute Products Limited is carried at break-up value, which is Rs. Nil per share (2012: Rs. Nil) [break-up value including surplus on revaluation of property, plant and equipment Rs. Nil (Rs. 9.93 per share based on audited financial statements for the year ended 30 June 2012)],calculated on the basis of the unaudited condensed interim financial information for the nine months period ended 31 March 2013.

24.2.2 Investment in Jubilee Spinning and Weaving Mills Limited is carried at Rs. Nil per share (2012: Rs. Nil). The break-up value of shares of the investee company is Rs. Nil per share (2012: Rs. Nil) [break-up value including surplus on revaluation of property, plant and equipment and investment property Rs. 16.49 per share (2012: Rs. 16.03 per share)], calculated on the basis of the unaudited condensed interim financial information for the nine months period ended 31 March 2013.

24.2.3 Investments having an aggregate market value of Rs. 909.398 million (2012: Rs. 776.595 million) have been pledged with financial institutions as security against financing facilities (see note 11.4) out of which Rs. 664.659 million (2012: Rs. 515.164 million) relates to long term investments.

24.2.4 The Company has recognized impairment loss amounting to Rs. 14.497 million (2012: Rs. 14.497 million) against that investment.

24.3 Held for trading

The Company holds investments in ordinary shares of listed companies and certificates of close end mutual funds. Details are as follows:

2013	2012	Name of investee company	2013	2012
Number of shares/certificates				Rupees in '000
56,507	79,707	Al Ghazi Tractors Limited *	11,556	16,367
165,859	190,859	Agriauto Industries Limited *	12,461	15,460
-	10,000	Attock Petroleum Limited	-	4,744
-	400,000	Colony Mills Limited	-	688
1,402,500	275,000	D.G. Khan Cement Company Limited	117,375	10,830
50,000	10,000	Engro Corporation Limited	6,094	1,018
-	20,000	Fatima Fertilizer Company Limited	-	493
150,000	172,480	Fauji Fertilizer Bin Qasim Limited	5,631	7,041
55,000	-	Fauji Fertilizer Company Limited	5,909	-
-	20,000	First Habib Bank Modaraba	-	163
-	172,500	Golden Arrow Selected Stocks Fund Limited *	-	828
1,350	1,350	Innovative Investment Bank Limited	-	-
90,000	90,000	International Industries Limited	4,060	2,543
68,801	69,801	International Steel Limited	1,217	835
100,000	100,000	Kohinoor Energy Limited	3,750	2,150
-	70,000	Lotte Pakistan PTA Limited	-	492
-	32,762	National Refinery Limited	-	7,581
350,000	88,625	Nishat Mills Limited	32,974	4,217
30,000	20,000	Oil and Gas Development Company Limited	6,862	3,209
50,000	-	Pak Suzuki Motor Company Limited	7,436	-
50,000	357,640	Pakistan Oilfields Limited	24,869	131,232
130,000	180,000	Pakistan Telecommunication Company Limited	2,885	2,464
100,000	-	Pakgen Power Company Limited	2,453	-
391,560	318,560	Pakistan Petroleum Limited	82,846	59,982
239,368	171,474	Pakistan State Oil Company Limited	76,689	40,440
1,285,719	885,719	PICIC Growth Fund	31,050	10,850
501,173	501,173	PICIC Investment Fund	5,743	2,761
8,329,764	8,429,764	Samba Bank Limited	21,407	19,388
-	32,924	Security Papers Limited	-	1,449
3,125	3,125	Shell Pakistan Limited	447	399
-	155,340	Thal Limited *	-	14,447
622,376	473,776	The Hub Power Company Limited	38,369	19,846
-	13,315	TRG Pakistan Limited	-	1,197
			502,083	383,114

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

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

Rupees in '000	Note	2013	2012
Name of investee company			
Altern Energy Limited		664,659	515,165
Agriauto Industries Limited		-	15,390
Attock Petroleum Limited		-	4,744
Engro Corporation Limited		1,219	1,018
Fauji Fertilizer Bin Qasim Limited		5,631	7,041
Fauji Fertilizer Company Limited		4,834	-
International Industries Limited		4,060	1,836
Kohinoor Energy Limited		3,750	2,150
National Refinery Limited		-	6,248
Oil and Gas Development Company Limited		4,575	3,209
Pakistan Oilfields Limited		24,869	85,497
Pakistan Petroleum Limited		82,846	59,982
Pak Suzuki Motor Company Limited		7,436	-
Pakistan State Oil Company Limited		63,907	40,440
Pakistan Telecommunication Company Limited		2,885	2,464
Shell Pakistan Limited		358	319
Thal Limited		-	14,447
The Hub Power Company Limited		38,369	16,646
		909,398	776,596

25. CURRENT PORTION OF LONG TERM INVESTMENTS

	Note	2013	2012
Preference shares of Shakarganj Mills Limited	25.1	29,994	29,994
Term Finance Certificates of United Bank Limited		-	8,313
Dividend receivable on preference shares of Shakarganj Mills Limited		5,106	5,106
		35,100	43,413
Less: Provision for impairment	25.1	5,106	18,093
		29,994	25,320

25.1 This represents 2,999,396 (2012: 2,999,396) preference shares of Rs. 10 each of Shakarganj Mills Limited, a related party, issued in October 2004. These shares carry dividend rate of 8.5% per annum payable annually and were due for redemption in October 2009. The preference shares are convertible into ordinary shares of Rs. 10 each. The conversion option is exercisable at the end of every financial year of the investee company.

The Company does not intend to exercise the option to convert the preference shares into ordinary shares as mentioned above. A provision of Rs. 5.106 million (2012: Rs. 18.093 million) has been recognized against the exposure as the balance amount is considered to be recovered in due course of time.

The fair value of preference shares as at 30 June 2013 amounts to Rs. 29.994 million (2012: Rs. 17.007 million).

Rupees in '000	Note	2013	2012
26. MARK-UP ACCRUED			
Considered good			
Mark-up accrued on :			
- Long term loan to subsidiary company	17.1	54,337	16,714
- Term Finance Certificates		-	275
		54,337	16,989
27. OTHER RECEIVABLES			
Dividend receivable		6,370	844
Receivable against rent from investment property		1,051	4,403
Claim receivable		3,786	1,682
Due from related parties	27.1	2,061	13,667
Sales tax refundable		17,164	12,459
Provision there against		(4,346)	(4,346)
Reversal of provision during the year		4,346	-
Written off during the year		(11,376)	-
		(11,376)	(4,346)
		5,788	8,113
Others		1,838	609
		20,894	29,318
27.1 Due from related parties			
Shakarganj Mills Limited		226	1,003
Crescent Hadeed (Private) Limited		1,835	-
The Crescent Textile Mills Limited		-	12,664
		2,061	13,667
28. TAXATION - NET			
Advance taxation		1,451,387	1,202,360
Provision for taxation		(1,375,957)	(1,109,270)
		75,430	93,090

28.1 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 the tax years mentioned below, 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 tax years 2004, 2006 and 2007 were amended by the department and currently appeals in respect of these tax years are pending before the Appellate Tribunal Inland Revenue. Additional tax liability of Rs. 109.277 million may arise against the above mentioned assessments in case decisions are made against the Company.

Full provision has been made in these financial statements up to tax year 2013 except for short credit of taxes paid and deducted at source, and adjustments of refunds in respect of the said Assessment / Tax years. However, additional provision has not been made in these financial statements in respect of Tax Years 2004, 2006 and 2007 as mentioned above, since based on the tax consultant's opinion the management is confident of favourable outcome of these appeals.

Rupees in '000		Note	2013	2012
29. CASH AND BANK BALANCES				
With banks	in deposit accounts			
	- local currency		9,894	9,502
	- foreign currency		2	2
			9,896	9,504
	in current accounts		50,506	49,450
Cash in hand			4,818	4,380
			65,220	63,334
30. SALES - NET				
Local sales				
Bare pipes (own product excluding coating revenue)			1,522,072	745,976
Revenue from conversion			9,839	17,093
Coating of pipes			644,859	568,016
Cotton yarn / raw cotton			2,537,542	2,369,845
Others (including pipes laboratory testing)			60,983	138,607
Scrap / waste			83,709	101,703
Sales returns			(28,607)	(18,907)
			4,830,397	3,922,333
Export sales				
Raw Cotton / Cotton yarn			498,698	220,369
			5,329,095	4,142,702
Sales tax			(327,428)	(199,833)
			5,001,667	3,942,869
31. COST OF SALES				
Steel segment		31.1	1,500,375	842,145
Cotton segment		31.1	2,850,502	2,591,941
			4,350,877	3,434,086

31.1 Cost of sales

Rupees in '000		Steel segment 2013	Steel segment 2012	Cotton Segment 2013	Cotton Segment 2012	Total 2013	Total 2012
Raw materials consumed		1,158,021	638,293	2,007,209	1,835,264	3,165,230	2,473,557
Cost of raw cotton sold		-	-	321,549	144,204	321,549	144,204
Packing materials consumed		-	-	25,137	33,751	25,137	33,751
Outside Conversion charges		-	-	241,067	-	241,067	-
Store and spares consumed		35,466	23,536	49,095	44,589	84,561	68,125
Fuel, power and electricity		43,507	33,196	153,839	201,022	197,346	234,218
Salaries, wages and other benefits	31.2	81,051	72,086	93,000	90,162	174,051	162,248
Insurance		1,552	1,435	3,770	4,080	5,322	5,515
Repairs and maintenance		3,884	3,908	19,428	4,811	23,312	8,719
Depreciation	13.2	18,821	21,610	60,433	95,829	79,254	117,439
Amortization of intangible assets	14.1	-	-	-	4	-	4
Stock-in-trade written down to NRV		45,645	1,852	5,981	28,396	51,626	30,248
Other expenses		57,142	40,601	15,753	12,594	72,895	53,195
		1,445,089	836,517	2,996,261	2,494,706	4,441,350	3,331,223
Opening stock of work-in-process	20	13,089	24,715	9,179	26,766	22,268	51,481
Closing stock of work-in-process		(3,661)	(13,089)	(13,913)	(9,179)	(17,574)	(22,268)
		9,428	11,626	(4,734)	17,587	4,694	29,213
Cost of goods manufactured		1,454,517	848,143	2,991,527	2,512,293	4,446,044	3,360,436
Opening stock of finished goods	20	68,438	62,440	32,678	112,326	101,116	174,766
Closing stock of finished goods		(22,580)	(68,438)	(173,703)	(32,678)	(196,283)	(101,116)
		45,858	(5,998)	(141,025)	79,648	(95,167)	73,650
		1,500,375	842,145	2,850,502	2,591,941	4,350,877	3,434,086

31.2 Detail of salaries, wages and other benefits

		Steel segment 2013	Steel segment 2012	Cotton Segment 2013	Cotton Segment 2012	Total 2013	Total 2012
Salaries, wages and other benefits		74,994	63,961	90,569	87,677	165,563	151,638
Gratuity fund	31.3	862	681	34	33	896	714
Pension fund	31.3	3,013	5,443	753	713	3,766	6,156
Provident fund contributions		2,182	2,001	1,644	1,739	3,826	3,740
		81,051	72,086	93,000	90,162	174,051	162,248

31.3 Staff retirement benefits

Rupees in '000	2013 Pension	2013 Gratuity	2012 Pension	2012 Gratuity
Current service cost	4,158	1,014	6,249	756
Interest cost	9,285	2,118	12,268	1,362
Expected return on plan assets	(9,677)	(2,305)	(12,768)	(1,454)
Past service cost recognized	-	69	407	50
	3,766	896	6,156	714

Rupees in '000	Note	2013	2012
32. INCOME FROM INVESTMENTS			
Return on UBL's Term Finance Certificates		76	1,211
Dividend income		60,335	57,527
Gain / (loss) on sale of investments - net			
- Available for sale		1,291	-
- Held for trading		88,894	(4,214)
Unrealized gains on held for trading investments		137,023	2,484
Rent from investment property	32.1	10,780	10,227
		298,399	67,235

32.1 Direct operating expenses incurred against rental income from investment property amounted to Rs. 3.657 million (2012: Rs. 3.594 million). Further Rs. 1.209 million (2012: Rs. 1.232 million) were incurred against the non rented out area.

33. DISTRIBUTION AND SELLING EXPENSES

		Steel segment		Cotton Segment		Total	
Rupees in '000		2013	2012	2013	2012	2013	2012
Salaries, wages and other benefits	33.1	6,797	7,357	3,934	3,648	10,731	11,005
Commission		-	-	27,675	19,932	27,675	19,932
Travelling, conveyance and entertainment		450	1,073	1,244	211	1,694	1,284
Depreciation	13.2	622	139	1	7	623	146
Insurance		181	102	18	12	199	114
Postage, telephone and telegram		105	139	231	98	336	237
Advertisement		1,242	905	135	-	1,377	905
Bid bond expenses		644	1,249	-	-	644	1,249
Legal and professional charges		2,154	1,147	126	71	2,280	1,218
Others		947	689	21,571	9,319	22,518	10,008
		13,142	12,800	54,935	33,298	68,077	46,098
33.1 Detail of salaries, wages and other benefits							
Salaries, wages and other benefits		5,841	6,530	3,929	3,648	9,770	10,178
Gratuity fund	33.2	148	180	-	-	148	180
Pension fund	33.2	559	432	-	-	559	432
Provident fund contributions		249	215	5	-	254	215
		6,797	7,357	3,934	3,648	10,731	11,005

Rupees in '000	2013		2012	
	Pension	Gratuity	Pension	Gratuity
33.2 Staff retirement benefits				
Current service cost	617	167	437	191
Interest cost	1,378	350	861	343
Expected return on plan assets	(1,436)	(381)	(896)	(367)
Past service cost recognized	-	12	30	13
	559	148	432	180

34. ADMINISTRATIVE EXPENSES

Rupees in '000		Steel segment 2013	Steel segment 2012	Cotton segment 2013	Cotton segment 2012	IID segment 2013	IID segment 2012	Total 2013	Total 2012
Salaries, wages and other benefits	34.1	51,738	44,460	12,177	17,088	3,921	3,532	67,836	65,080
Rents, rates and taxes		2,643	2,340	624	557	376	513	3,643	3,410
Travelling, conveyance and entertainment		5,885	6,174	1,421	1,736	345	371	7,651	8,281
Fuel and power		7,831	6,202	1,148	800	421	332	9,400	7,334
Postage, telephone and telegram		1,786	1,554	511	554	91	87	2,388	2,195
Insurance		835	699	227	191	112	115	1,174	1,005
Repairs and maintenance		4,305	4,942	634	483	365	534	5,304	5,959
Auditors' remuneration	34.3	1,069	895	439	281	120	104	1,628	1,280
Legal, professional and corporate service charges		8,410	8,111	1,804	2,264	1,811	2,499	12,025	12,874
Advertisement		90	123	9	37	3	6	102	166
Donations	34.4	26,772	11,955	7,232	10,037	1,146	629	35,150	22,621
Depreciation	13.2 and 15.1	7,129	6,974	1,066	1,082	4,645	4,875	12,840	12,931
Amortization of intangible assets	14.1	1,943	8,790	389	2,099	97	454	2,429	11,343
Printing, stationery and office supplies		3,597	2,565	774	849	328	277	4,699	3,691
Newspapers, subscriptions and periodicals		530	561	431	605	39	45	1,000	1,211
Others		4,308	3,375	1,096	780	495	406	5,899	4,561
		128,871	109,720	29,982	39,443	14,315	14,779	173,168	163,942

34.1 Detail of salaries, wages and other benefits

		Steel segment 2013	Steel segment 2012	Cotton segment 2013	Cotton segment 2012	IID segment 2013	IID segment 2012	Total 2013	Total 2012
Salaries, wages and other benefits		44,517	38,007	10,764	15,215	3,358	3,007	58,639	56,229
Gratuity fund	34.2	1,110	1,402	215	329	87	110	1,412	1,841
Pension fund	34.2	4,181	3,365	808	790	327	286	5,316	4,441
Provident fund contributions		1,930	1,686	390	754	149	129	2,469	2,569
		51,738	44,460	12,177	17,088	3,921	3,532	67,836	65,080

34.2 Staff retirement benefits

Rupees in '000	2013 Pension	2013 Gratuity	2012 Pension	2012 Gratuity
Current service cost	5,870	1,598	4,508	1,952
Interest cost	13,106	3,338	8,850	3,509
Expected return on plan assets	(13,660)	(3,633)	(9,211)	(3,750)
Past service cost recognized	-	109	294	130
	5,316	1,412	4,441	1,841

Rupees in '000	Note	2013	2012
34.3 Auditors' remuneration			
Audit fee	34.3.1	1,200	1,100
Fee for audit of funds' financial statements and other reports		220	87
Out of pocket expenses		208	93
		1,628	1,280

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

34.4 Donations

Donations include the following in which a director is interested :

Name of director	Interest in donee	Name and address of the donee	Amount donated 2013	2012
			(Rupees in '000)	
Mr. Ahsan M. Saleem	Director	The Citizens Foundation 9th Floor, NIC Building, Karachi.	26,580	21,686
	Director	Pakistan Centre for Philanthropy 1-A, Street 14, F-8/3, Islamabad.	2,500	-
	Managing Trustee	Commecs Educational Trust Gulistan-e-Johar Block-13, Karachi.	2,000	-
	Chairman	CSAP Foundation 10th Floor, BOP Tower, 10-B, Block E-2, Main Boulevard, Gulberg-III, Lahore.	1,945	-
			33,025	21,686

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

Rupees in '000	Note	2013	2012
35. OTHER OPERATING EXPENSES			
Exchange loss		19,781	14,087
Sales tax refundable written off		11,376	-
Impairment of capital work in progress	35.1	22,406	-
Provision for :			
Workers' Profit Participation Fund		34,797	14,813
Workers' Welfare Fund		18,791	3,641
Doubtful trade debts		12,662	202
Liquidated damages		12,794	8,934
Slow moving stores, spares and loose tools - net		1,278	5,055
Diminution in the value of investments - net		-	19,034
Bad debts written off directly against trade debts		-	40
Others - loss on sale of stores and spares		138	-
		134,023	65,806

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

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

Rupees in '000	Note	2013	2012
36. OTHER INCOME			
Income from financial assets			
Mark-up on loan to subsidiary company		37,623	20,233
Return on deposits		398	1,755
		38,021	21,988
Income from non-financial assets			
Gain on disposal of operating fixed assets	36.1	306,633	808
Gain on settlement of non-executed contracts		-	213
Insurance commission		1,105	833
Liabilities written-back		-	943
Reversal of provision for :			
- stock-in-trade		565	-
- doubtful trade debts		100	4,624
- sales tax refundable		4,346	-
- advances to Suppliers		-	38
Reversal of provision for :			
- diminution in value of investment	36.2	167,355	100,577
- liquidated damages		8,934	-
Others	36.1	48,641	2,186
		537,679	110,222
		575,700	132,210

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

36.2 As fully explained in note 16.2.2 and 25.1 of the financial statements, the Company has recognized reversal in respect of provision for diminution in value of investment in ordinary and preference shares of Shakarganj Mills Limited.

	Rupees in '000	2013	2012
37.	**FINANCE COSTS**		
	Incurred on :		
	- finance lease obligations	5,208	4,007
	- running finances	36,433	88,183
	- short term loans	15,126	12,212
	- Workers' Profit Participation Fund	2,222	563
	Bank charges	3,914	4,549
		62,903	109,514
38.	**TAXATION**		
	Current		
	- for the year	299,572	47,630
	- for prior years	(7,607)	(3,572)
		291,965	44,058
	Deferred	(20,987)	(62,964)
		270,978	(18,906)
38.1	**Relationship between taxation expense and accounting profit**		
	Profit before taxation	1,086,718	322,868
	Tax at the applicable rate of 35%	380,351	113,004
	Tax effect of inadmissible expenses / losses	(160,768)	(28,387)
	Tax effect of income taxed at a lower rate	(37,101)	(7,585)
	Reduction in tax rate	988	-
	Tax effect of operating fixed assets subject to insurance claim	106,736	(106,735)
	Prior year tax effect	(19,228)	3,364
	Excess of minimum tax over normal tax	-	7,433
		270,978	(18,906)
39.	**BASIC AND DILUTED EARNINGS PER SHARE**		
	Profit after taxation	815,740	341,774
		(Number of shares)	
	Average number of ordinary shares in issue during the year	56,459,993	56,459,993
		(Rupees)	
	Basic and diluted earnings per share	14.45	6.05

Rupees in '000	Note	2013	2012
40. CASH GENERATED FROM OPERATIONS			
Profit before taxation		1,086,718	322,868
Adjustments for non cash charges and other items :			
Depreciation on operating fixed assets and investment property		92,717	130,516
Amortization of intangible assets		2,429	11,347
Charge for the year on staff retirement benefit funds		12,097	13,762
Charge for compensated absences		2,072	1,968
Provision for 10-C bonus		2,331	898
Amortization of advances to staff		5	75
Dividend income		(60,335)	(57,527)
Unrealized gain on held for trading investments - net		(137,023)	(2,484)
(Gain) / loss on sale of investments		(90,185)	4,214
Provision for stock-in-trade and stores, spares and loose tools - net		713	5,055
Provision / (reversal of provision) for doubtful trade debts - net		12,562	(4,422)
Bad debts written off directly against trade debts		-	40
Reversal for doubtful advances		-	(38)
Provision for Workers' Welfare Fund		18,791	3,641
Provision for Workers' Profit Participation Fund		34,797	14,813
Reversal of provision against sales tax refundable		(4,346)	-
Provision for liquidated damages - net		3,860	8,934
Provision for diminution in the value of investments		-	19,034
Reversal of provision for diminution in the value of investments		(167,355)	(100,577)
Return on deposits, loan and investments		(38,097)	(23,199)
Gain on disposal of operating fixed assets		(24,818)	(808)
Gain on disposal of assets subject to insurance claim		(281,531)	-
Deferred income		(284)	-
Liabilities written back		-	(943)
Impairment charge relating to capital work in progress		22,406	-
Finance costs		62,903	109,514
Working capital changes	40.1	(138,987)	348,733
		411,440	805,414
40.1 Working capital changes			
(Increase) / decrease in current assets			
Stores, spares and loose tools		(13,491)	(4,698)
Stock-in-trade		(62,684)	259,270
Trade debts		159,511	(219,476)
Loan and advances		106,241	(34,092)
Trade deposits and short term prepayments		(3,676)	332
Other receivables		18,662	(4,186)
		204,563	(2,850)
(Decrease) / increase in current liabilities			
Trade and other payables		(343,550)	351,583
		(138,987)	348,733

Rupees in '000	Note	2013	2012
41. CASH AND CASH EQUIVALENTS			
Running finances under mark-up arrangements	11.1	(285,890)	(316,410)
Cash and bank balances	29	65,220	63,334
		(220,670)	(253,076)

42. SEGMENT REPORTING

42.1 Reportable segments

The Company's reportable segments under IFRS 8 are as follows :

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

Information regarding the Company's reportable segments is presented below:

42.2 Segment revenues and results

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

Rupees in '000	Steel segment	Cotton segment	IID segment	Total
For the year ended 30 June 2013				
Sales - net	1,964,574	3,037,093	-	5,001,667
Cost of sales	1,500,375	2,850,502	-	4,350,877
Gross profit	464,199	186,591	-	650,790
Income from investments	-	-	298,399	298,399
	464,199	186,591	298,399	949,189
Distribution and selling expenses	13,142	54,935	-	68,077
Administrative expenses	128,871	29,982	14,315	173,168
Other operating expenses	62,705	48,987	22,331	134,023
	204,718	133,904	36,646	375,268
	259,481	52,687	261,753	573,921
Other income excluding reversal of provision for diminution in value of investment	30,149	349,716	28,480	408,345
Reversal of provision for diminution in ordinary shares	-	-	154,367	154,367
Reversal of provision for diminution in preference shares	-	-	12,988	12,988
Other income	30,149	349,716	195,835	575,700
Operating profit before finance costs	289,630	402,403	457,588	1,149,621
Finance costs	19,870	28,116	14,917	62,903
Profit before taxation	269,760	374,287	442,671	1,086,718
Taxation				270,978
Profit after taxation				815,740

Rupees in '000	Steel segment	Cotton segment	IID segment	Total
For the year ended 30 June 2012				
Sales - net	1,279,837	2,663,032	-	3,942,869
Cost of sales	842,145	2,591,941	-	3,434,086
Gross profit	437,692	71,091	-	508,783
Income from investments	-	-	67,235	67,235
	437,692	71,091	67,235	576,018
Distribution and selling expenses	12,800	33,298	-	46,098
Administrative expenses	109,720	39,443	14,779	163,942
Other operating expenses	41,195	4,890	19,721	65,806
	163,715	77,631	34,500	275,846
	273,977	(6,540)	32,735	300,172
Other income excluding reversal of provision for diminution in value of investment	11,269	5,847	14,517	31,633
Reversal of provision for diminution in ordinary shares	-	-	90,919	90,919
Reversal of provision for diminution in preference shares	-	-	9,658	9,658
Other income	11,269	5,847	115,094	132,210
Operating profit / (loss) before finance costs	285,246	(693)	147,829	432,382
Finance costs	6,811	86,884	15,819	109,514
Profit / (loss) before taxation	278,435	(87,577)	132,010	322,868
Taxation				(18,906)
Profit after taxation				341,774

42.2.1 Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year (2012: Nil).

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

42.3 Revenue from major products and services

The analysis of the Company's revenue from external customers for major products and services is given in note 30 to these financial statements.

42.4 Information about major customers

Revenue from major customers of Steel segment represents an aggregate amount of Rs. 1,516.231 million (2012: Rs. 931.932 million) of total Steel segment revenue of Rs. 1,964.574 million (2012: Rs. 1,279.837 million). Further, revenue from major customers of Cotton segment represents an aggregate amount of Rs. 873.076 million (2012: Rs. 550.394 million) of total Cotton segment revenue of Rs. 3,037.093 million (2012: Rs. 2,663.032 million).

42.5 Geographical information

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

Rupees in '000	2013	2012
Far East	498,697	220,369
Pakistan	4,502,970	3,722,500
	5,001,667	3,942,869

42.5.2 All non-current assets of the Company as at 30 June 2013 and 2012 were located and operating in Pakistan.

42.6 Segment assets and liabilities

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

Rupees in '000	Steel segment	Cotton segment	IID segment	Total
As at 30 June 2013				
Segment assets for reportable segments	783,025	1,250,852	2,517,474	4,551,351
Unallocated corporate assets				257,590
Total assets as per balance sheet				4,808,941
Segment liabilities for reportable segments	148,375	210,486	2,806	361,667
Unallocated corporate liabilities				547,045
Total liabilities as per balance sheet				908,712
As at 30 June 2012				
Segment assets for reportable segments	858,360	1,147,382	1,995,770	4,001,512
Unallocated corporate assets				170,741
Total assets as per balance sheet				4,172,253
Segment liabilities for reportable segments	154,224	475,746	2,695	632,665
Unallocated corporate liabilities				438,343
Total liabilities as per balance sheet				1,071,008

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

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

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

42.7 Other segment information

Rupees in '000	Steel segment	Cotton segment	IID segment	Total
For the year ended 30 June 2013				
Capital expenditure	50,472	82,195	3,734	136,401
Depreciation and amortization	28,515	61,889	4,742	95,146
Non-cash items other than depreciation and amortization - net	58,082	(245,633)	(443,886)	(631,437)
For the year ended 30 June 2012				
Capital expenditure	5,360	59,127	35	64,522
Depreciation and amortization	37,513	99,021	5,329	141,863
Non-cash items other than depreciation and amortization	40,385	87,642	(136,077)	(8,050)

43. STAFF RETIREMENT BENEFITS

43.1 Defined benefit plans

43.1.1 The actuarial valuation of both pension and gratuity schemes has been conducted in accordance with IAS 19, 'Employee benefits' as at 30 June 2013. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation

	2013	2012
- Discount rate	10.5%	13%
- Expected rate of increase in salaries	10.5%	13%
- Expected rate of return on plan assets	10.5%	13%
- Average expected remaining working life of employees	09 years	09 years
- Expected mortality for active members	As per EFU (61-66) mortality table	

43.1.2 Reconciliation of payable to / (receivable from) defined benefit plans

Rupees in '000		2013 Pension	2013 Gratuity	2013 Total	2012 Pension	2012 Gratuity	2012 Total
Present value of defined benefit obligations	43.1.4	208,373	52,639	261,012	182,831	44,661	227,492
Fair value of plan assets	43.1.5	(291,929)	(82,463)	(374,392)	(190,554)	(48,604)	(239,158)
Unrecognized net actuarial gains	43.1.8	87,433	26,751	114,184	10,699	2,097	12,796
Unrecognized past service cost		-	(573)	(573)	-	(763)	(763)
(Asset) / liability recognized in balance sheet		3,877	(3,646)	231	2,976	(2,609)	367

43.1.3 Movement in payable to / (receivable from) / defined benefit plans

Rupees in '000		2013 Pension	2013 Gratuity	2013 Total	2012 Pension	2012 Gratuity	2012 Total
Opening balance		2,976	(2,609)	367	-	(2,144)	(2,144)
Charge for the year	43.1.10	9,641	2,456	12,097	11,028	2,734	13,762
Contributions by the Company	43.1.5	(8,740)	(3,493)	(12,233)	(8,052)	(3,199)	(11,251)
Closing balance		3,877	(3,646)	231	2,976	(2,609)	367

43.1.4 Reconciliation of present value of defined benefit obligations

Rupees in '000	2013 Pension	2013 Gratuity	2013 Total	2012 Pension	2012 Gratuity	2012 Total
Present value of defined benefit obligations - 1 July	182,831	44,661	227,492	156,971	37,243	194,214
Current service cost	10,645	2,779	13,424	11,195	2,899	14,094
Interest cost	23,768	5,806	29,574	21,976	5,214	27,190
Benefits paid during the year	(6,338)	(939)	(7,277)	(5,782)	(885)	(6,667)
Actuarial (gain) / loss on obligations	(2,533)	332	(2,201)	(1,529)	190	(1,339)
Present value of defined benefit obligations - 30 June	208,373	52,639	261,012	182,831	44,661	227,492

43.1.5 Changes in the fair value of plan assets are as follows

Rupees in '000	2013 Pension	2013 Gratuity	2013 Total	2012 Pension	2012 Gratuity	2012 Total
Fair value of plan assets - 1 July	190,554	48,604	239,158	163,371	39,778	203,149
Expected return on plan assets	24,772	6,319	31,091	22,872	5,569	28,441
Contributions by the Company	8,740	3,493	12,233	8,052	3,199	11,251
Benefits paid during the year	(6,338)	(939)	(7,277)	(5,782)	(885)	(6,667)
Actuarial gain on plan assets	74,201	24,986	99,187	2,041	943	2,984
Fair value of plan assets - 30 June	291,929	82,463	374,392	190,554	48,604	239,158
43.1.6 Actual return on plan assets	98,973	31,305	130,278	24,913	6,512	31,425

43.1.7 Actuarial gains to be recognized

Rupees in '000		2013 Pension	2013 Gratuity	2012 Pension	2012 Gratuity
Corridor limit					
The limits of corridor as at 1 July					
- 10% of present value of obligations		18,283	4,466	15,697	3,724
- 10% of fair value of plan assets		19,055	4,860	16,337	3,978
Which works out to		19,055	4,860	16,337	3,978
Unrecognized net actuarial gains as at 1 July	43.1.9	10,699	2,097	7,129	1,344
Excess		-	-	-	-
Average expected remaining working lives in years		9	9	9	9
Acturial gain / (loss) recongnised		-	-	-	-

43.1.8 The plan assets of defined benefit schemes contain mix of investment in equity, debt and other assets.

43.1.9 Unrecognized net actuarial gains / (losses)

		2013			2012		
Rupees in '000		Pension	Gratuity	Total	Pension	Gratuity	Total
Unrecognized net actuarial gains as at 1 July		10,699	2,097	12,796	7,129	1,344	8,473
Actuarial gain / (loss) on obligations	43.1.4	2,533	(332)	2,201	1,529	(190)	1,339
Actuarial gain on plan assets	43.1.5	74,201	24,986	99,187	2,041	943	2,984
		87,433	26,751	114,184	10,699	2,097	12,796
Less: Actuarial gain / (loss) recognized	43.1.7	-	-	-	-	-	-
Unrecognized net actuarial gains as at 30 June		87,433	26,751	114,184	10,699	2,097	12,796

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

	2013			2012		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity	Total
Current service cost	10,645	2,779	13,424	11,195	2,899	14,094
Interest cost	23,768	5,806	29,574	21,976	5,214	27,190
Expected return on plan assets	(24,772)	(6,319)	(31,091)	(22,872)	(5,569)	(28,441)
Actuarial losses recognized	-	-	-	-	-	-
Past service cost recognized	-	190	190	729	190	919
Charge recognized in profit and loss account	9,641	2,456	12,097	11,028	2,734	13,762

43.1.11 Amounts for the current year and previous four years of the present value of defined benefit obligations, fair value of plan assets, surplus / (deficit) and experience adjustments arising thereon are as follows :

Rupees in '000	2013	2012	2011	2010	2009
Pension					
As at 30 June					
Present value of defined benefit obligation	208,373	182,831	156,971	141,712	126,611
Fair value of plan assets	291,929	190,554	163,371	128,646	91,742
Surplus / (deficit)	83,556	7,723	6,400	(13,066)	(34,869)
Experience adjustments					
Actuarial gain on obligation	(2,533)	(1,529)	(8,470)	(6,268)	(5,853)
Actuarial gain / (loss) on plan assets	74,201	2,041	10,157	13,499	(32,216)
Gratuity					
As at 30 June					
Present value of defined benefit obligation	52,639	44,661	37,243	34,115	28,177
Fair value of plan assets	82,463	48,604	39,778	29,906	23,254
Surplus / (deficit)	29,824	3,943	2,535	(4,209)	(4,923)
Experience adjustments					
Actuarial gain / (loss) on obligation	332	190	(3,182)	1,001	(3,256)
Actuarial gain / (loss) on plan assets	24,986	943	4,039	2,374	(11,348)

43.1.12 Expected contribution for the next year

The expected contribution to the pension and gratuity schemes for the year ending 30 June 2014 works out to Rs. 9.993 million (2013: Rs. 8.786 million) and Rs. 3.902 million (2013: Rs. 3.485 million) respectively.

43.2 Defined contribution plan

The Company has set up provident fund for its permanent employees and the contributions were made by the Company to the Trust in accordance with the requirement of Section 227 of the Companies Ordinance, 1984. The total charge against provident fund for the year ended 30 June 2013 was Rs. 6.549 million (2012: Rs. 6.524 million). The audit of the provident fund for the years ended 31 December 2010, 2011 and 2012 is in progress. The net assets based on audited financial statements of Provident Fund as at 31 December 2009 was Rs. 91.725 million out of which 95% was invested in different financial instruments categories as provided in Section 227 of the Companies Ordinance, 1984 and rules formulated for the purpose. The fair value of investments of provident fund as at 31 December 2009 was Rs. 87.608 million and the cost of investment was Rs. 75.141 million. The above investments out of provident fund have been made in accordance with the requirement of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

44. FINANCIAL INSTRUMENTS

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

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

44.1 Credit risk

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

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

Rupees in '000	2013	2012
Investments	29,994	25,320
Loans and deposits	371,123	247,140
Trade debts	196,857	368,930
Mark-up accrued	54,337	16,989
Other receivables	8,736	20,361
Bank balances	60,402	58,954
	721,449	737,694

Trade receivables

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. Sales tenders and credit terms are approved by the tender approval committee. Where considered necessary, advance payments are obtained from certain parties. Sales made to major customers are secured through letters of credit. The management has set a maximum credit period of 15 days in respect of Cotton segment's sales to reduce the credit risk.

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

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

Rupees in '000	2013	2012
Steel segment	99,438	324,873
Cotton segment	97,419	44,057
	196,857	368,930

The aging of trade debts at the balance sheet date is		
Not past due	68,146	165,520
Past due 1 - 30 days	55,627	187,823
Past due 30 - 180 days	63,941	11,169
Past due 180 days	22,844	5,557
	210,558	370,069
Less: Impaired	13,701	1,139
	196,857	368,930

One of the major customer accounts for Rs. 44.352 million of the trade debts carrying amount as at 30 June 2013 (2012: Rs. 218.6 million) that has a good track record with the Company.

The movement in the allowance for impairment in respect of trade debts and loan 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 short course of time. Non past due amounts of Rs. 36.605 million (2012: Rs. 108.506 million) are secured through letters of credit.

Settlement risk

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

Bank balances

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

Loans and deposits

The Company has provided loan to its wholly owned subsidiary and does not expect to incur material loss. The Company has provided security deposits as per the contractual terms with counter parties as security and does not expect material loss against those deposits.

Investment in debt securities

Credit risk arising on debt securities is mitigated by investing principally in investment grade rated instruments. Where the investment is considered doubtful a provision is created there against. As at 30 June 2013, the Company has recognized a provision of Rs. 5.106 million (2012: Rs. 18.093 million) against its exposure to preference shares of investee companies.

The analysis below summarizes the credit quality of the Company's investments in debt securities of investee companies

Rupees in '000	Note	2013	2012
UBL's Term Finance Certificates		-	AA
Preference shares of Shakarganj Mills Limited	25.1	D	D

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	2013						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
Financial liabilities							
Liabilities against assets							
subject to finance lease	66,566	-	76,082	16,602	21,975	23,918	13,587
Trade and other payables	82,817	-	82,817	82,817	-	-	-
Mark-up accrued	9,002	-	9,002	9,002	-	-	-
Short term borrowings	418,365	418,365	-	-	-	-	-
	576,750	418,365	167,901	108,421	21,975	23,918	13,587

Rupees in '000	2012						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
Financial liabilities							
Liabilities against assets							
subject to finance lease	27,884	-	32,562	5,586	5,585	16,571	4,820
Trade and other payables	96,802	-	96,802	96,802	-	-	-
Mark-up accrued	16,262	-	16,262	16,262	-	-	-
Short term borrowings	334,958	334,958	-	-	-	-	-
	475,906	334,958	145,626	118,650	5,585	16,571	4,820

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

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

Rupees in '000	2012			
	USD	GBP	Euro	Total
Foreign creditors	(35,584)	-	-	(35,584)
Foreign currency bank account	2	-	-	2
Gross balance sheet exposure	(35,582)	-	-	(35,582)
Outstanding letters of credit	(281,662)	-	(17,127)	(298,789)
Net exposure	(317,244)	-	(17,127)	(334,371)

The following significant exchange rate has been applied :

	Average rate		Reporting date rate	
	2013	2012	2013	2012
USD to PKR	97.57	89.36	98.80	94.20
GBP to PKR	153.06	141.11	150.87	147.07
Euro to PKR	126.30	119.18	129.11	118.50

Sensitivity analysis

At the balance sheet date, if the PKR had strengthened by 10% against the USD, GBP 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.

Rupees in '000	2013	2012
Effect on profit or loss		
USD	(780)	3,172
Euro	(2,790)	(171)
	(3,570)	3,001

The weakening of the PKR against USD, GBP 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 balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows :

	2013	2012	2013	2012
	Effective interest rate		Carrying amount	
	Percentage		Rupees in '000	
Financial assets				
Fixed rate instruments				
Preference shares	8.5	8.5	29,994	17,007
UBL's Term Finance Certificates	-	8.45	-	8,313
Variable rate instruments Long term loan	11.58-14.49	15.27	349,444	223,000
Financial liabilities				
Fixed rate instruments				
Liabilities against assets subject to finance lease	14.59-20.25	18.50-20.25	66,566	27,884
Variable rate instruments Short term borrowings	10.81-15.1	13.13-16.56	418,365	334,958

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the balance sheet date would have decreased / (increased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2012.

	Profit and loss 100 bp	
Rupees in '000	Increase	Decrease
As at 30 June 2013		
Cash flow sensitivity - Variable rate financial liabilities	(2,092)	2,092
As at 30 June 2012		
Cash flow sensitivity - Variable rate financial liabilities	(1,675)	1,675

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	2013	2012
Effect on profit	50,208	38,311
Effect on equity	17,134	11,430
Effect on investments	67,342	49,741

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

44.4 Fair value of financial instruments

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

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices)."
- Level 3: Valuation techniques using significant unobservable inputs.

Investment in ordinary 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.

45. REMUNERATION TO THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Chief Executive		Director		Executives		Total	
Rupees in '000	2013	2012	2013	2012	2013	2012	2013	2012
Managerial remuneration	9,854	9,630	-	848	32,970	29,901	42,824	40,379
House rent	4,435	4,334	-	382	11,628	10,107	16,063	14,823
Utilities	985	963	-	85	2,686	2,352	3,671	3,400
Travelling expenses	863	425	-	-	-	-	863	425
Others	1,225	869	-	664	-	-	1,225	1,533
Medical	669	141	-	36	1,246	1,113	1,915	1,290
Contributions to								
- Gratuity fund	821	802	-	70	1,502	1,161	2,323	2,033
- Pension fund	1,971	1,926	-	170	3,961	3,350	5,932	5,446
- Provident fund	985	963	-	70	2,009	1,576	2,994	2,609
Club subscription and expenses	768	720	-	9	99	74	867	803
Entertainment	-	-	-	6	24	36	24	42
Conveyance	-	-	-	-	1,513	1,337	1,513	1,337
Telephone	-	-	-	2	6	4	6	6
	22,576	20,773	-	2,342	57,644	51,011	80,220	74,126
Number of persons	1	1	-	2	22	22	23	25

45.1 The aggregate amount charged in respect of directors' fees paid to six (2012: six) directors is Rs. 0.920 million (2012: Rs. 0.680 million).

45.2 The chief executive and eight 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 subsidiary and associated companies, directors of the Company, companies in which directors also hold directorship, related group companies, key management personnel and staff retirement benefit funds.

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

Rupees in '000				
Name	Nature of relationship	Nature of transaction	2013	2012
Crescent Hadeed (Private) Limited	Subsidiary company	Shares subscribed	1	-
		Right shares subscribed	10,000	-
		Services rendered	1,835	-
Shakarganj Energy (Private) Limited	Subsidiary company	Short term loan provided	-	149,000
		Long term loan provided	126,444	-
		Mark-up on short term loan provided	-	20,232
		Mark-up on long term loan provided	37,623	-

Rupees in '000 Name	Nature of relationship	Nature of transaction	2013	2012
CS Capital (Private) Limited	Subsidiary company	Right shares subscribed	104,756	70,004
		Services rendered	-	50
Shakarganj Food Products Limited **	Associated company	Rental income	-	832
Shakarganj Mills Limited	Associated company	Dividend paid	4,896	8,568
		Sales of finished goods	170,343	109,395
		Services received	1,169	1,664
		Services rendered	2,625	1,364
		Purchase of land	70,000	-
Muhammad Amin Muhammad Bashir Limited *	Related party	Dividend paid	1	2
Commecs Educational Trust *	Related party	Donation given	2,000	-
CSAP Foundation*	Related party	Donation given	1,945	-
Pakistan Centre for Philanthropy *	Related party	Donation given	2,500	-
		Annual subscription charges	180	-
Pakistan Institute of Corporate Governance *	Related party	Annual subscription charges	-	100
Premier Insurance Company *	Related party	Dividend paid	11	122
		Insurance premium	1,643	1,397
The Crescent Textile Mills Limited *	Related party	Dividend paid	11,177	19,560
		Sale of raw cotton	-	22,718
The Citizens' Foundation *	Related party	Donation given	26,580	21,686
Crescent Cotton Products - Staff	Retirement benefit fund	Contribution made	1,650	3,913
Provident Fund		Dividend paid	9	2,180
Crescent Steel and Allied Products	Retirement benefit fund	Contribution made	3,492	3,199
Limited - Gratuity Fund		Dividend paid	1,676	1,669
Crescent Steel and Allied Products	Retirement benefit fund	Contribution made	8,740	8,052
Limited - Pension Fund		Dividend paid	3,003	3,413
Crescent Steel and Allied Products	Retirement benefit fund	Contribution made	4,901	4,461
Limited - Staff Provident Fund		Dividend paid	850	1,401
CSAP - Staff Benevolent Fund	Staff welfare fund	Contribution made	10,000	-
Key management personnel	Related parties	Remuneration and benefits	57,364	53,189

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

** The Company no longer has / held significant influence over the entity as at 30 June 2013 and 2012.

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 2013 and 2012 are included in issued, subscribed and paid-up capital (note 6.1), trade and other payables (note 9.3), long term investments (notes 16.1, 16.2 and 16.3.1), long term loan (notes 17.1), trade debts (note 21.1), investments (note 24.1), current portion of long term investments (note 25.1), other receivables (note 27.1), administrative expenses (note 34.4) and staff retirement benefits (note 43).

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 2012.

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

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

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

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

47.1 Gearing ratio

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

Rupees in '000	Note	2013	2012
Total debt	47.1.1	484,931	362,842
Less: Cash and bank balances		65,220	63,334
Net debt		419,711	299,508
Total equity	47.1.2	3,900,229	3,101,245
Total capital		4,319,940	3,400,753
Gearing ratio		10%	9%

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

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 (2012: 30,000 tons) annually on the basis of notional pipe size of 30" dia x ½" thickness. The actual production achieved during the year was 12,266 tons (2012: 5,236 tons) line pipes of varied sizes and thickness, which is equivalent to 26,790 tons (2012: 12,396 tons) if actual production is translated to the notional pipe size of 30" diameter.

Coating plant

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

The annual capacity of the plant works out to 600,000 square meters outside surface area of line pipes based on notional size of 14" dia on single shift working. Coating of 340,472 meters (2012: 380,488 meters) of different dia pipes (245,505 square meters surface area) was achieved during the year (2012: 275,331 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 (2012: 6,452,874 kilograms). Actual production converted into 20s count was 4,953,253 kilograms (2012: 5,421,156 kilograms).

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

49. GENERAL

49.1 Number of employees

The number of employees including contractual employees of the Company as at 30 June 2013 were 852 and weighted average number of employees were 874.

50. NON ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company in their meeting held on 30 July 2013 have proposed final cash dividend for the year ended 30 June 2013 of Rs. 1.5 per share (i.e. 15%) (2012: Re. 1 per share) amounting to Rs. 84.690 million (2012: Rs. 56.460 million) and 10% bonus shares (5,645,999 shares) i.e. one share for every ten ordinary shares held (2012: Nil) out of capital reserves. This is in addition to the first and second interim cash dividends of Re. 1 per share each (i.e. 10% each) already distributed and recorded in these financial statements; this make a total distribution of Rs. 3.5 per share (i.e. 35%) for the year ended 30 June 2013. The Board has also proposed an appropriation of Rs. 800 million (2012: Nil) from unappropriated profit to the general reserve. The above proposed final cash dividend, bonus issue and transfer to general reserves are subject to the approval of the members at the Annual General Meeting to be held on 30 September 2013. 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.

51. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue in the Board of Directors meeting held on 30 July 2013.

Chief Executive | Director | Chief Financial Officer

Crescent Steel and Allied Products Limited

Consolidated Financial Statements

For the year ended 30 June 2013

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

Key Figures

(based on results of the Group as presented in the consolidated financial statements)

		2013	2012	
Sales revenue	(Rs. in million)	5,002	3,943	▲
EBITDA	(Rs. in million)	1,316	704	▲
Profit before taxation and depreciation	(Rs. in million)	1,251	583	▲
Profit after taxation	(Rs. in million)	890	471	▲
Earnings per share (basic and diluted)	(Rupees)	15.77	8.34	▲
Price earning ratio	(Times)	2.9	2.8	▲
Cash dividend (including final proposed)	(Rupees per share)	3.50	2.0	▲
Bonus shares (proposed)	(%)	10.0	-	▲
Capital expenditure	(Rs. in million)	349	97	▲
Return on average capital employed	(%)	25.2	12.7	▲
Total assets	(Rs. in million)	5,793	5,080	▲
Current ratio	(Ratio)	2.4:1	1.8:1	▲
Shareholders' equity	(Rs. in million)	4,882	4,008	▲
Break-up value per share	(Rupees)	86.4	70.9	▲

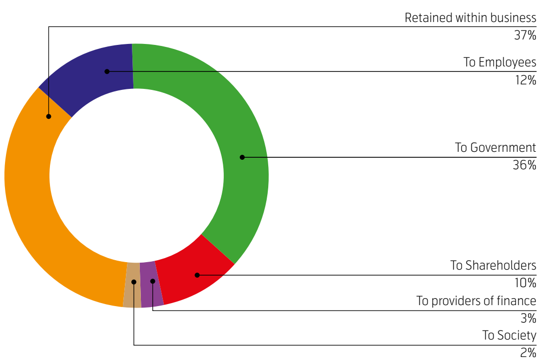
Statement of Value Addition

Based on Consolidated Financial Statements for the year ended 30 June 2013

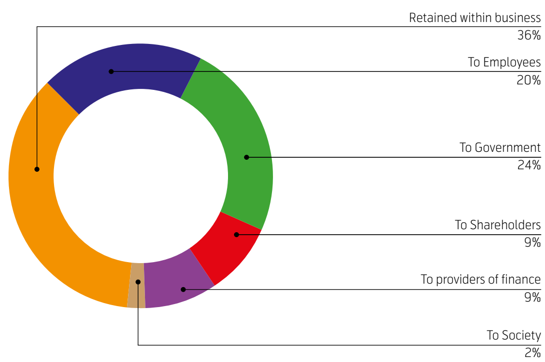
	2013		2012	
	Rs. ('000)	%	Rs. ('000)	%
WEALTH GENERATED				
Total revenue	6,317,755	100%	4,477,442	100%
Total revenue Bought-in-material and services	(4,271,065)	68%	(3,266,749)	73%
	2,046,690	32%	1,210,693	27%
WEALTH DISTRIBUTED				
To Employees				
Salaries, wages and other benefits	252,584	12%	238,300	20%
To Government				
Income tax, sales tax, custom duties, WWF and WPPF	731,391	36%	290,360	24%
To Shareholders				
Dividend *	197,610	10%	112,920	9%
To providers of finance				
Finance costs	62,907	3%	109,527	9%
To Society				
Donation towards education, health and environment	35,150	2%	22,621	2%
Retained within the business for future growth				
Depreciation, amortization and retained earnings	767,048	37%	436,965	36%
	2,046,690	100%	1,210,693	100%

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

Distribution of Wealth - 2013



Distribution of Wealth - 2012

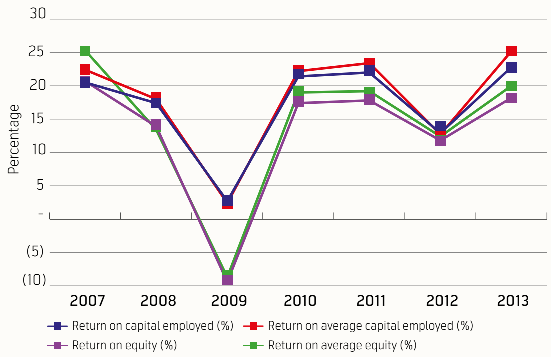


Performance Indicators - Consolidated

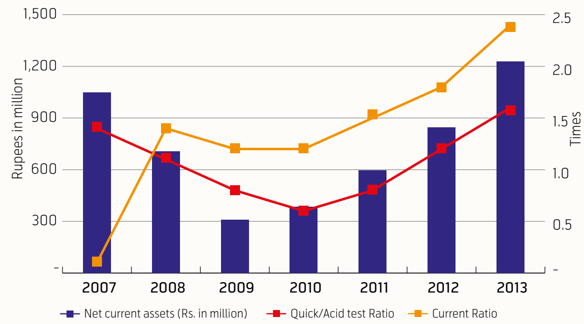
For the current and past six financial years

			2013*	2012*	2011*	2010*	2009*	2008	2007
A	Profitability Ratios								
	Earnings before interest, taxation, depreciation and amortization (EBITDA)	(Rs. in million)	1,316.2	703.6	1,151.0	1,022.2	279.2	954.7	1,029.2
	Profit before taxation and deprecation	(Rs. in million)	1,250.9	582.7	995.2	889.8	74.1	801.4	899.9
	Gross profit ratio	(%)	13.0	12.9	18.4	22.1	21.6	21.3	17.3
	Operating profit margin to sales (net)	(%)	19.1	7.8	17.5	22.3	2.9	17.4	25.6
	Net profit / (loss) margin to sales (net)	(%)	17.8	11.9	14.5	14.4	(7.2)	9.9	22.5
	EBITDA margin to sales (net)	(%)	26.3	17.8	26.2	27.6	8.4	22.7	34.9
	Operating leverage ratio		4.4	4.1	0.9	63.1	4.1	(0.2)	2.0
	Return on equity	(%)	18.2	11.8	17.8	17.4	(9.4)	13.9	20.7
	Return on average equity	(%)	20.0	12.4	19.2	19.0	(8.7)	13.4	25.3
	Return on capital employed (RoCE)	(%)	22.8	12.9	22.0	21.4	2.7	17.4	20.5
	Return on average capital employed	(%)	25.2	12.7	23.4	22.2	2.4	18.0	22.4
	Return on average assets	(%)	16.4	9.4	13.1	11.9	(5.4)	8.7	15.8
B	Liquidity Ratios								
	Current ratio		2.4 : 1	1.8 : 1	1.5 : 1	1.2 : 1	1.2 : 1	1.4 : 1	2 : 1
	Quick / Acid-test ratio		1.6 : 1	1.2 : 1	0.8 : 1	0.6 : 1	0.8 : 1	1.1 : 1	1.4 : 1
	Cash to current liabilities	(%)	(23.6)	(23.5)	(49.1)	(27.0)	(45.8)	(52.7)	2.4
	Cash flows from operations to sales	(%)	(1.7)	11.1	4.1	12.3	10.1	13.5	16.5
	Working capital (Net current assets)	(Rs. in million)	1,227.3	844.3	595.2	384.7	308.0	706.0	1,047.7
	Working capital turnover	(times)	4.8	5.5	9.0	10.7	6.5	4.8	3.3
C	Activity / Turnover Ratios								
	Debtors turnover ratio	(times)	17.7	15.3	20.9	20.5	32.7	28.0	23.0
	No. of days in receivables / Average collection period	(days)	21	24	18	18	11	13	16
	Inventory turnover ratio	(times)	7.0	4.8	3.8	3.5	4.2	5.3	4.4
	No. of days in inventory	(days)	52	76	95	104	86	68	82
	Creditors turnover ratio	(times)	19.8	15.9	22.3	14.0	24.6	19.7	11.5
	No. of days in creditors / Average payment period	(days)	18	23	16	26	15	19	32
	Property, plant and equipment turnover	(times)	3.9	3.6	3.1	2.9	2.7	3.4	2.3
	Total assets turnover	(times)	0.9	0.8	0.9	0.8	0.8	0.9	0.6
	Operating cycle	(days)	55	77	96	96	82	63	66
D	Investment / Market Ratios								
	Basic and diluted earnings / (loss) per share **	(Rs.)	15.77	8.34	11.32	9.48	(4.24)	7.36	12.10
	Price earnings ratio	(times)	2.9	2.8	2.3	2.6	-	8.4	5.9
	Dividend yield ***	(%)	7.8	8.6	13.4	12.0	-	4.9	4.2
	Dividend payout ratio ***	(%)	28.5	24.0	30.9	31.7	-	49.4	28.2
	Dividend cover ratio ***	(times)	4.5	4.2	3.2	3.2	-	2.5	4.0
	Cash dividend ***	(Rs. in million)	197.6	112.9	197.6	169.4	-	154.0	140.0
	Cash dividend per share ***	(Rs.)	3.5	2.0	3.5	3.0	-	3.0	3.0
	Stock dividend / Bonus shares ***	(Rs. in million)	56.4	-	-	-	-	51.3	46.7
	Stock dividend / Bonus shares ***	(%)	10.0	-	-	-	-	10	10
	Market value per share (at the end of the year)	(Rs.)	45.0	23.2	26.1	25.1	18.0	61.7	71.0
	- Lowest during the year	(Rs.)	21.6	18.0	23.8	18.0	13.0	58.0	32.0
	- Highest during the year	(Rs.)	54.5	28.5	31.7	34.0	61.0	108.0	72.0
	Break-up value per share	(Rs.)	86.4	70.9	63.7	54.5	45.1	58.4	68.5
E	Capital Structure Ratios								
	Financial leverage ratio	(%)	9.9	9.1	23.6	27.2	42.1	49.2	30.6
	Long term debt to equity ratio	(%)	0.7	0.5	3.6	-	2.2	5.6	11.1
	Long term debt : Equity ratio		1 : 99	0 : 100	3 : 97	0 : 100	2 : 98	5 : 95	10 : 90
	Total liabilities to total assets	(%)	15.7	21.1	26.6	37.1	38.1	38.2	31.8
	Gearing ratio	(%)	7.7	6.8	18.7	17.5	29.5	32.9	22.8
	Interest coverage	(times)	19.5	5.1	6.8	6.9	0.5	5.1	6.7

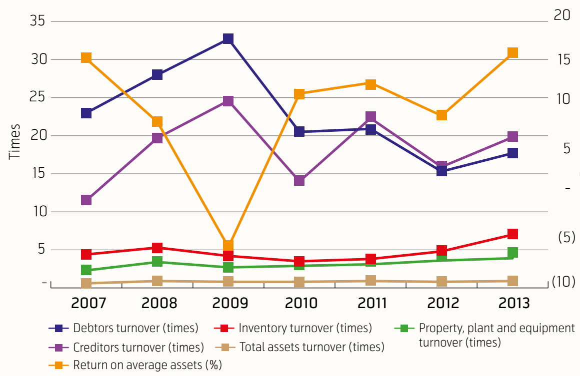
Return on capital and equity



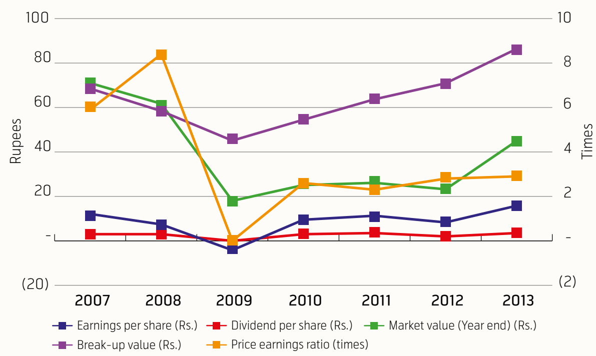
Liquidity



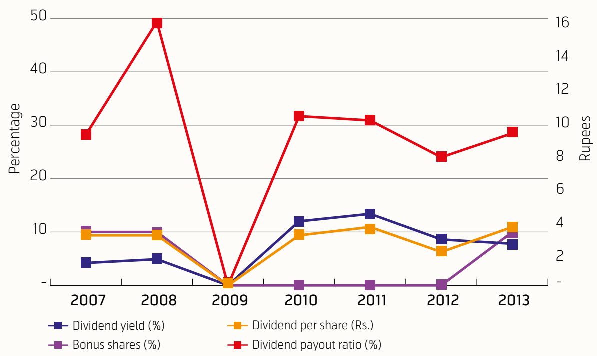
Asset Management



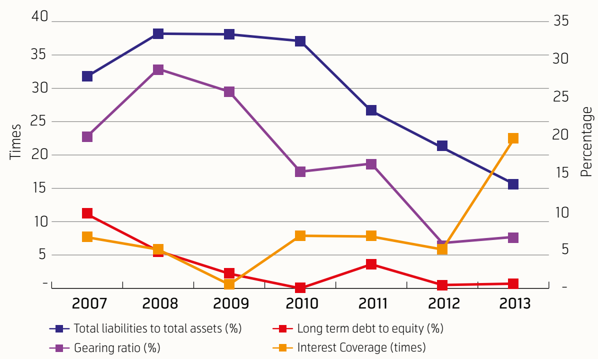
Per Share Results



Dividend and Returns



Debt Management



Note:

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

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

** The basic and diluted earnings / (loss) per share for prior years have been restated to take into account the issue of bonus shares in the financial years ended 2008 and 2007.

Vertical Analysis - Consolidated

For the last six financial years

Rupees in million	2013*	%	2012*	%	2011*	%	2010*	%	2009*	%	2008	%
Consolidated Balance Sheet												
Property, plant and equipment	1,281	22.1	1,086	21.4	1,431	29.2	1,257	25.7	1,225	29.8	1,233	25.4
Intangible assets	14	0.2	2	-	13	0.3	24	0.5	1	-	1	-
Investment property	62	1.1	36	0.7	40	0.8	45	0.9	47	1.1	50	1.0
Investment in equity accounted investees	2,040	35.2	1,806	35.5	1,498	30.6	1,231	25.1	1,031	25.2	1,280	26.4
Other long term investments	221	3.8	221	4.3	189	3.9	206	4.2	86	2.1	-	-
Long term loans and deposits	20	0.3	21	0.4	15	0.3	3	0.1	4	0.1	4	0.1
Deferred taxation	34	0.6	13	0.3	-	-	-	-	-	-	-	-
Stores, spares and loose tools	79	1.4	66	1.3	66	1.3	73	1.5	84	2.0	77	1.6
Stock-in-trade	662	11.4	587	11.6	841	17.1	1,027	21.0	617	15.0	606	12.5
Trade debts	197	3.4	369	7.3	145	3.0	277	5.7	84	2.0	119	2.5
Advances	32	0.6	138	2.7	30	0.6	55	1.1	40	1.0	25	0.5
Trade deposits and short term prepayments	9	0.2	6	0.1	6	0.1	6	0.1	6	0.1	2	-
Investments	916	15.8	523	10.3	491	10.0	463	9.5	655	16.0	1,408	29.1
Current portion of long term investments	30	0.5	8	0.2	17	0.3	-	-	36	0.9	-	-
Mark-up accrued on term finance certificates	-	-	-	-	1	-	1	-	1	-	2	-
Other receivables	22	0.4	36	0.7	62	1.3	25	0.5	161	3.9	32	0.7
Taxation - net	76	1.3	93	1.8	41	0.8	19	0.4	28	0.7	-	-
Cash and bank balances	79	1.4	69	1.4	19	0.4	183	3.7	4	0.1	8	0.2
Non-current asset held for sale	19	0.3	-	-	-	-	-	-	-	-	-	-
Total assets	**5,793**	**100.0**	**5,080**	**100.0**	**4,905**	**100.0**	**4,895**	**100.0**	**4,110**	**100.0**	**4,847**	**100.0**
Issued, subscribed and paid-up capital	565	9.8	565	11.1	565	11.5	565	11.5	565	13.7	513	10.6
Capital reserves	555	9.6	402	7.9	326	6.6	274	5.6	163	4.0	371	7.7
Revenue reserves	3,762	64.9	3,041	59.9	2,711	55.3	2,241	45.8	1,818	44.2	2,110	43.5
Shareholders' equity	**4,882**	**84.3**	**4,008**	**78.9**	**3,602**	**73.4**	**3,080**	**62.9**	**2,546**	**61.9**	**2,994**	**61.8**
Long term loans	-	-	-	-	115	2.3	-	-	56	1.4	168	3.5
Liabilities against assets subject to finance lease	34	0.6	20	0.4	15	0.3	-	-	-	-	-	-
Deferred income	1	-	-	-	-	-	-	-	-	-	-	-
Deferred taxation	-	-	-	-	50	1.0	72	1.5	100	2.4	112	2.3
Trade and other payables	416	7.2	693	13.6	378	7.8	873	17.9	374	9.1	241	5.0
Mark-up accrued	9	0.2	16	0.3	26	0.5	34	0.7	19	0.5	20	0.4
Short term borrowings	418	7.1	335	6.6	707	14.5	780	15.9	903	22.0	1,119	23.1
Current portion of deferred income	1	-	-	-	-	-	-	-	-	-	-	-
Current portion of long term loan	-	-	-	-	-	-	56	1.1	112	2.7	112	2.3
Current portion of redeemable capital	-	-	-	-	-	-	-	-	-	-	75	1.5
Current portion of liabilities against assets subject to finance lease	32	0.6	8	0.2	12	0.2	-	-	-	-	-	-
Taxation - net	-	-	-	-	-	-	-	-	-	-	6	0.1
Total equity and liabilities	**5,793**	**100.0**	**5,080**	**100.0**	**4,905**	**100.0**	**4,895**	**100.0**	**4,110**	**100.0**	**4,847**	**100.0**
Consolidated Profit and Loss Account												
Sales - net	5,002	100.0	3,943	100.0	4,400	100.0	3,704	100.0	3,311	100.0	4,200	100.0
Cost of sales	4,351	87.0	3,434	87.1	3,590	81.6	2,887	77.9	2,597	78.4	3,304	78.7
Gross profit	**651**	**13.0**	**509**	**12.9**	**810**	**18.4**	**817**	**22.1**	**714**	**21.6**	**896**	**21.3**
Income from / (loss on) investments - net	348	7.0	68	1.7	189	4.3	223	6.0	(339)	(10.2)	74	1.8
Distribution and selling expenses	68	1.4	46	1.2	39	0.9	27	0.7	17	0.5	15	0.4
Administrative expenses	177	3.5	170	4.3	160	3.6	160	4.3	127	3.8	136	3.2
Other operating expenses	169	3.4	66	1.7	60	1.4	64	1.7	175	5.3	110	2.6
Other income	371	7.4	12	0.3	31	0.7	38	1.0	39	1.2	20	0.5
Operating profit before finance costs	**956**	**19.1**	**307**	**7.7**	**771**	**17.5**	**827**	**22.4**	**95**	**3.0**	**729**	**17.4**
Finance costs	63	1.3	110	2.8	144	3.3	122	3.3	204	6.2	153	3.6
Share of profit in equity accounted investees - net of taxation	269	5.4	255	6.5	207	4.7	11	0.3	4	0.1	51	1.2
Profit / (loss) before taxation	**1,162**	**23.2**	**452**	**11.4**	**834**	**18.9**	**716**	**19.4**	**(105)**	**(3.1)**	**627**	**15.0**
Taxation	272	5.4	(19)	(0.5)	194	4.4	181	4.9	135	4.1	211	5.0
Profit / (loss) after taxation	**890**	**17.8**	**471**	**11.9**	**640**	**14.5**	**535**	**14.5**	**(240)**	**(7.2)**	**416**	**10.0**

* Note:

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

Horizontal Analysis - Consolidated

For the last six financial years

Rupees in million	2013*	%	2012*	%	2011*	%	2010*	%	2009*	%	2008	%
Consolidated Balance Sheet												
Property, plant and equipment	1,281	18.0	1,086	(24.1)	1,431	13.8	1,257	2.6	1,225	(0.6)	1,233	(5.7)
Intangible assets	14	600.0	2	(84.6)	13	(45.8)	24	2,300.0	1	-	1	-
Investment property	62	72.2	36	(10.0)	40	(11.1)	45	(4.3)	47	(6.0)	50	100.0
Investment in equity accounted investees	2,040	13.0	1,806	20.6	1,498	21.7	1,231	19.4	1,031	(19.5)	1,280	1.7
Other long term investments	221	-	221	16.9	189	(8.3)	206	139.5	86	100.0	-	-
Long term loans and deposits	20	(4.8)	21	40.0	15	400.0	3	(25.0)	4	-	4	(20.0)
Deferred taxation	34	161.5	13	100.0	-	-	-	-	-	-	-	-
Stores, spares and loose tools	79	19.7	66	-	66	(9.6)	73	(13.1)	84	9.1	77	57.1
Stock-in-trade	662	12.8	587	(30.2)	841	(18.1)	1,027	66.5	617	1.8	606	(4.3)
Trade debts	197	(46.6)	369	154.5	145	(47.7)	277	229.8	84	(29.4)	119	(34.3)
Advances	32	(76.8)	138	360.0	30	(45.5)	55	37.5	40	60.0	25	(69.9)
Trade deposits and short term prepayments	9	50.0	6	-	6	-	6	-	6	200.0	2	(60.0)
Investments	916	75.1	523	6.5	491	6.0	463	(29.3)	655	(53.5)	1,408	35.3
Current portion of long term investments	30	275.0	8	(52.9)	17	100.0	-	(100.0)	36	100.0	-	-
Mark-up accrued on term finance certificates	-	-	-	(100.0)	1	-	1	-	1	(50.0)	2	-
Other receivables	22	(38.9)	36	(41.9)	62	148.0	25	(84.5)	161	403.1	32	(56.2)
Taxation - net	76	(18.3)	93	126.8	41	115.8	19	(32.1)	28	100.0	-	(100.0)
Cash and bank balances	79	14.5	69	263.2	19	(89.6)	183	4,475.0	4	(50.0)	8	(78.4)
Non-current asset held for sale	19	100.0	-	-	-	-	-	-	-	-	-	-
Total assets	**5,793**	**14.0**	**5,080**	**3.6**	**4,905**	**0.2**	**4,895**	**19.1**	**4,110**	**(15.2)**	**4,847**	**3.2**
Issued, subscribed and paid-up capital	565	-	565	-	565	-	565	-	565	10.1	513	9.9
Capital reserves	555	38.1	402	23.3	326	19.0	274	68.1	163	(56.1)	371	(53.2)
Revenue reserves	3,762	23.7	3,041	12.2	2,711	21.0	2,241	23.3	1,818	(13.8)	2,110	8.7
Shareholders' equity	**4,882**	**21.8**	**4,008**	**11.3**	**3,602**	**16.9**	**3,080**	**21.0**	**2,546**	**(15.0)**	**2,994**	**(6.4)**
Long term loans	-	-	-	(100.0)	115	100.0	-	(100.0)	56	(66.7)	168	(40.0)
Redeemable capital	-	-	-	-	-	-	-	-	-	-	-	(100.0)
Liabilities against assets subject to finance lease	34	70.0	20	33.3	15	100.0	-	-	-	-	-	-
Deferred income	1	100.0	-	-	-	-	-	-	-	-	-	-
Deferred taxation	-	-	-	(100.0)	50	(30.6)	72	(28.0)	100	(10.7)	112	72.3
Trade and other payables	416	(40.0)	693	83.3	378	(56.7)	873	133.4	374	55.2	241	(44.6)
Mark-up accrued	9	(43.8)	16	(38.5)	26	(23.5)	34	78.9	19	(5.0)	20	25.0
Short term borrowings	418	24.8	335	(52.6)	707	(9.4)	780	(13.6)	903	(19.3)	1,119	158.4
Current portion of deferred income	1	100.0	-	-	-	-	-	-	-	-	-	-
Current portion of long term loan	-	-	-	-	-	(100.0)	56	(50.0)	112	-	112	-
Current portion of redeemable capital	-	-	-	-	-	-	-	-	-	(100.0)	75	-
Current portion of liabilities against assets subject to finance lease	32	300.0	8	(33.3)	12	100.0	-	-	-	-	-	(100.0)
Taxation - net	-	-	-	-	-	-	-	-	-	(100.0)	6	100.0
Total equity and liabilities	**5,793**	**14.0**	**5,080**	**3.6**	**4,905**	**0.2**	**4,895**	**19.1**	**4,110**	**(15.2)**	**4,847**	**3.2**
Consolidated Profit and Loss Account												
Sales - net	5,002	26.9	3,943	(10.4)	4,400	18.8	3,704	11.9	3,311	(21.2)	4,200	42.4
Cost of sales	4,351	26.7	3,434	(4.3)	3,590	24.4	2,887	11.2	2,597	(21.4)	3,304	35.4
Gross profit	**651**	**27.9**	**509**	**(37.2)**	**810**	**(0.9)**	**817**	**14.4**	**714**	**(20.3)**	**896**	**75.7**
Income from / (loss on) investments - net	348	411.8	68	(64.0)	189	(15.2)	223	165.8	(339)	(558.1)	74	(82.0)
Distribution and selling expenses	68	47.8	46	17.9	39	44.4	27	58.8	17	13.3	15	15.4
Administrative expenses	177	4.1	170	6.3	160	-	160	26.0	127	(6.6)	136	2.3
Other operating expenses	169	156.1	66	10.0	60	(6.3)	64	(63.4)	175	59.1	110	(12.7)
Other income	371	3,272.7	12	(61.3)	31	(18.4)	38	(2.6)	39	95.0	20	(81.3)
Operating profit before finance costs	**956**	**212.4**	**307**	**(60.2)**	**771**	**(6.8)**	**827**	**770.5**	**95**	**(87.0)**	**729**	**(3.6)**
Finance costs	63	(42.7)	110	(23.6)	144	18.0	122	(40.2)	204	33.3	153	19.5
Share of profit in equity accounted investees - net of taxation	269	5.5	255	(23.2)	207	1,781.8	11	175.0	4	(92.2)	51	(48.5)
Profit / (loss) before taxation	**1,162**	**157.6**	**452**	**(45.8)**	**834**	**16.5**	**716**	**781.9**	**(105)**	**(116.7)**	**627**	**(13.8)**
Taxation	272	1,531.6	(19)	(109.8)	194	7.2	181	34.1	135	(36.0)	211	229.7
Profit / (loss) after taxation	**890**	**89.4**	**471**	**(26.4)**	**640**	**19.6**	**535**	**322.9**	**(240)**	**(157.7)**	**416**	**(37.3)**

* Note:

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

Key Operating and Financial Data

Based on Consolidated Financial Statements for the current and past six financial years

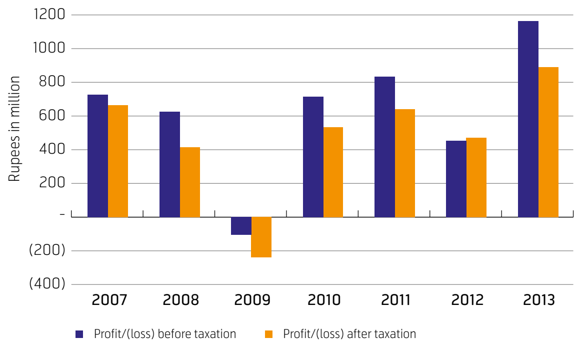
SUMMARIZED FINANCIAL DATA

	Rupees in million	2013*	2012*	2011*	2010*	2009*	2008	2007
A	Summary of Profit and Loss Account							
	Sales - net	5,001.7	3,942.9	4,400.0	3,704.4	3,310.9	4,200.2	2,950.1
	Cost of sales	4,350.9	3,434.1	3,590.1	2,887.3	2,597.2	3,303.8	2,439.7
	Gross profit	650.8	508.8	809.9	817.1	713.7	896.4	510.4
	Income from / (loss on) investments - net	348.1	67.8	188.6	222.7	(338.8)	73.6	411.4
	Distribution, selling and administrative expenses	245.0	216.0	198.8	187.5	143.8	151.0	146.6
	Other operating expenses	169.1	65.8	60.3	63.5	175.2	109.7	125.5
	Other income	371.2	11.6	31.6	37.7	39.0	19.6	107.0
	Operating profit before finance costs	956.0	306.4	771.0	826.5	94.9	728.9	756.7
	Finance costs	62.9	109.5	144.0	121.9	203.6	153.0	128.5
	Share of profit in equity accounted investees - net of taxation	269.4	255.3	206.9	11.2	3.7	50.8	99.1
	Profit / (loss) before taxation	1,162.5	452.2	833.9	715.8	(105.0)	626.7	727.3
	Taxation	272.0	(18.9)	194.1	181.0	134.7	210.9	64.1
	Net income / (loss)	890.5	471.1	639.8	534.8	(239.7)	415.8	663.2
B	Summary of Balance Sheet							
	Current assets	2,102.7	1,896.3	1,718.4	2,128.8	1,716.2	2,279.1	2,124.8
	Stock-in-trade	662.4	586.7	840.6	1,026.6	616.4	606.1	633.5
	Trade debts	196.9	368.9	145.1	276.9	83.9	118.7	181.4
	Current liabilities	875.4	1,052.0	1,123.2	1,744.1	1,408.2	1,573.1	1,077.1
	Trade and other payables	415.1	692.7	378.0	873.4	373.9	240.8	435.1
	Property, plant and equipment	1,280.7	1,086.2	1,431.2	1,256.9	1,224.6	1,233.2	1,306.6
	Total assets	5,793.0	5,079.8	4,905.2	4,894.8	4,109.7	4,846.7	4,696.1
	Long term financing (excluding current maturity)	34.5	19.8	130.4	-	55.9	168.1	354.0
	Deferred income (including current maturity)	2.2	-	-	-	-	-	-
	Deferred liabilities	-	-	50.4	71.6	99.8	111.5	64.6
	Short term financing (including current maturity of long-term financing)	450.5	343.0	719.0	836.4	1,015.3	1,306.4	625.8
	Reserves	4,317.1	3,443.4	3,036.7	2,514.6	1,981.2	2,480.7	2,733.8
	Shareholders' equity	4,881.7	4,008.0	3,601.3	3,079.2	2,545.8	2,994.0	3,200.4
C	Summary of Cash Flow Statement							
	Cash and cash equivalents at the beginning of the year	(247.0)	(551.1)	(470.1)	(644.7)	(828.9)	26.3	(153.6)
	Net cash (used in) / generated from operating activities	(85.1)	437.0	180.6	455.8	335.9	565.9	486.0
	Net cash inflows / (outflows) from investing activities	77.9	254.8	(195.0)	27.9	70.4	(893.3)	(391.7)
	Net cash inflows / (outflows) from financing activities	47.9	(387.7)	(66.6)	(309.1)	(222.1)	(527.8)	85.6
	Net increase / (decrease) in cash and cash equivalents	40.7	304.1	(81.0)	174.6	184.2	(855.2)	179.9
	Cash and cash equivalents at the end of the year	(206.3)	(247.0)	(551.1)	(470.1)	(644.7)	(828.9)	26.3
D	Other Data							
	Depreciation and amortization	90.8	141.9	173.1	184.5	180.6	175.0	173.4
	Capital expenditure	348.5	97.4	326.3	228.9	169.1	153.5	126.9
	No. of ordinary shares (no. of shares in million)	56.5	56.5	56.5	56.5	56.5	51.3	46.7
	Payments to National Exchequer	731.4	290.4	360.3	499.2	520.4	712.3	303.6

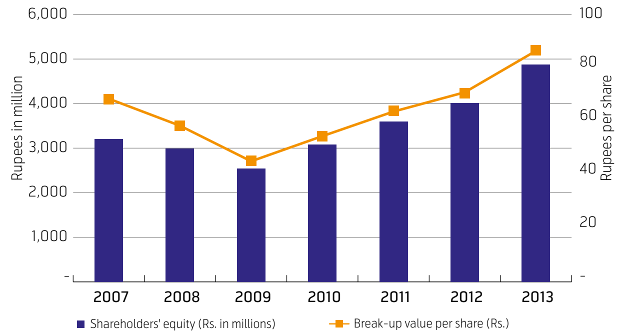
* Note:

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

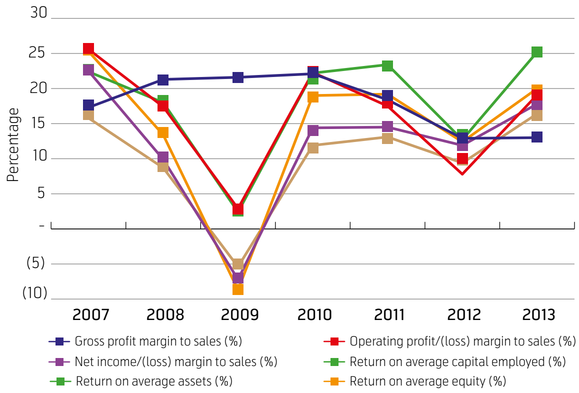
Profit/(loss) before and after taxation



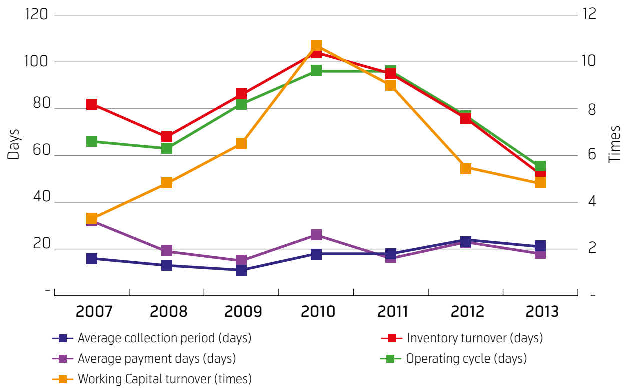
Shareholders' equity and Break-up value per share



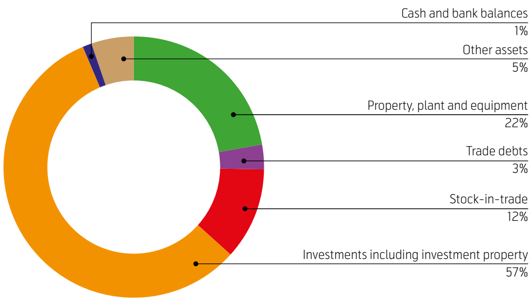
Profitability and Return



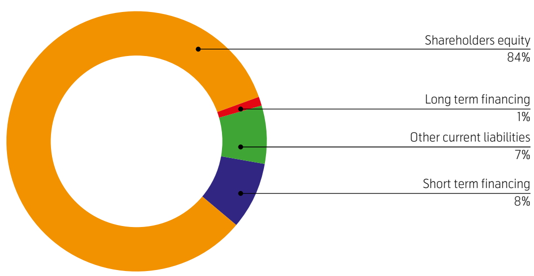
Management of working capital



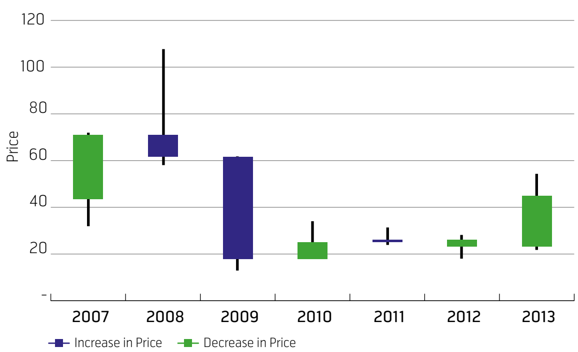
Total Assets as of 30 June 2013



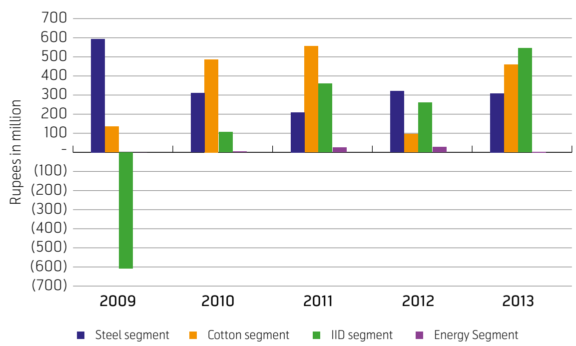
Total Liabilities as of 30 June 2013



Movement in Stock Prices



Earnings before interest, taxation, depreciation and amortization (EBITDA)



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 2013. The Group comprises of CSAPL and its wholly owned subsidiary companies, 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.

Group results

The consolidated financial results of the Group are summarized below:

Rupees in '000		2013	2012
Profit for the year		1,162,538	452,130
Taxation		272,039	18,856
Profit after taxation		890,499	470,986
Unappropriated profit brought forward		1,198,788	868,952
Profit available for appropriation		2,089,287	1,339,938
Appropriations:			
- Final dividend	2011 - @15%	-	(84,690)
- First interim dividend	2012 - @10%	-	(56,460)
- Final dividend	2012 - @10%	(56,460)	-
- First interim dividend	2013 - @10%	(56,460)	-
- Second interim dividend	2013 - @10%	(56,460)	-
		(169,380)	(141,150)
Unappropriated profit carried forward		1,919,907	1,198,788
Basic and diluted earning per share		Rs.15.77	Rs.8.34

Pattern of shareholding

The pattern of shareholding and additional information relating thereto is attached separately.

Material changes and commitments

No material changes and commitments affecting the financial position of your Company 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 2013 which contains the state of the Group's affairs, operational performance of the holding company 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 (5) of the Companies Ordinance, 1984 and the requirements of the Code of Corporate Governance under the Listing Regulations of the Stock Exchanges.

By order of the Board

Ahsan M. Saleem
Chief Executive Officer

30 July 2013

Auditors' Report to the Members

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Chartered Accountants
Sheikh Sultan Trust Building No. 2
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We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of **Crescent Steel and Allied Products Limited** ("the Holding Company") and its subsidiary companies as at 30 June 2013 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 company except for Shakarganj Energy (Private) Limited which 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 financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of **Crescent Steel and Allied Products Limited** and its subsidiary companies as at 30 June 2013 and the results of their operations for the year then ended.

30 July 2013
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Moneeza Usman Butt

Consolidated Balance Sheet

As at 30 June 2013

Rupees in '000	Note	2013	2012
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	564,600	564,600
Capital reserves		555,198	402,574
Revenue reserves		3,761,907	3,040,788
		4,881,705	4,007,962
Non-current liabilities			
Liabilities against assets subject to finance lease	7	34,450	19,811
Deferred income	8	1,413	-
		35,863	19,811
Current liabilities			
Trade and other payables	9	415,057	692,709
Mark-up accrued	10	9,002	16,262
Short term borrowings	11	418,365	334,958
Current portion of deferred income	8	847	-
Current portion of liabilities against assets subject to finance lease	7	32,116	8,073
		875,387	1,052,002
Contingencies and commitments	12		
Total equity and liabilities		5,792,955	5,079,775

Rupees in '000	Note	2013	2012
ASSETS			
Non-current assets			
Property, plant and equipment	13	1,280,704	1,086,169
Intangible assets	14	13,645	1,617
Investment property	15	62,408	35,632
Investment in equity accounted investees	16	2,040,213	1,805,860
Other long term investments	17	220,717	220,717
Long term loans and deposits	18	19,944	20,867
Deferred taxation	19	33,593	12,606
		3,671,224	3,183,468
Current assets			
Stores, spares and loose tools	20	78,639	65,860
Stock-in-trade	21	662,419	586,720
Trade debts	22	196,857	368,930
Advances	23	31,654	137,896
Trade deposits and short term prepayments	24	9,503	5,753
Investments	25	916,003	523,077
Current portion of long term investments	26	29,994	8,313
Mark-up accrued on term finance certificates		-	275
Other receivables	27	22,461	36,760
Taxation - net	28	75,649	93,357
Cash and bank balances	29	79,552	69,366
		2,102,731	1,896,307
Non-current asset held for sale	30	19,000	-
Total assets		5,792,955	5,079,775

The annexed notes from 1 to 53 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 2013

Rupees in '000	Note	2013	2012
Sales - net	31	5,001,667	3,942,869
Cost of sales	32	4,350,877	3,434,086
Gross profit		650,790	508,783
Income from investments	33	348,051	67,771
		998,841	576,554
Distribution and selling expenses	34	68,077	46,098
Administrative expenses	35	176,895	169,945
Other operating expenses	36	169,034	65,823
		414,006	281,866
		584,835	294,688
Other income	37	371,158	11,647
Operating profit before finance costs		955,993	306,335
Finance costs	38	62,907	109,527
Share of profit in equity accounted investees - net of taxation (including gain on dilution of investment)	39	269,452	255,322
Profit before taxation		1,162,538	452,130
Taxation	40	272,039	(18,856)
Profit after taxation		890,499	470,986
		(Rupees)	
Basic and diluted earnings per share	41	15.77	8.34

The annexed notes from 1 to 53 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 2013

Rupees in '000	Note	2013	2012
Profit after taxation for the year		890,499	470,986
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Unrealized appreciation during the year on remeasurement of investments classified as 'available for sale'		153,595	5,261
Reclassification adjustments relating to gain realized on disposal of investments classified as 'available for sale'		(971)	-
Proportionate share of other comprehensive income of equity accounted investees		-	52,515
Impairment loss on investments classified as 'available for sale'	25.1.1 and 25.2.1	-	19,034
Other comprehensive income for the year		152,624	76,810
Total comprehensive income for the year		1,043,123	547,796

The annexed notes from 1 to 53 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 2013

Rupees in '000	Note	2013	2012
Cash flows from operating activities			
Cash generated from operations	42	408,726	935,981
Taxes paid		(279,071)	(109,458)
Finance costs paid		(67,945)	(98,712)
Contribution to gratuity and pension funds		(12,232)	(11,253)
Contribution to Workers' Profit Participation Fund		-	(25,862)
Payment of infrastructure fee		(5,890)	(23,188)
Compensated absences paid		(547)	(1,071)
Deferred income on sale and lease back		2,260	-
10-C bonus paid		(4,909)	(874)
Long term loans and deposits - net		(125,526)	(228,594)
Net cash (used in) / generated from operating activities		(85,134)	436,969
Cash flows from investing activities			
Capital expenditure		(348,469)	(97,441)
Acquisition of intangible assets		(14,457)	-
Proceeds from disposal of operating fixed assets		25,368	1,435
Proceeds from disposal of operating fixed assets under sale and leaseback arrangement		62,150	4,980
Proceeds from assets subject to insurance claim		281,531	304,961
Investments - net		11,108	(19,955)
Dividend income received		59,495	57,106
Interest income received		1,185	3,759
Net cash inflows from investing activities		77,911	254,845
Cash flows from financing activities			
Proceeds from long term loan / (repayments against long term loan) - net		126,444	(115,000)
Payments against finance lease obligations		(25,005)	(13,728)
Proceeds from short term loans / (repayments against short term loans) - net		113,927	(118,239)
Dividends paid		(167,437)	(140,712)
Net cash inflows / (outflows) from financing activities		47,929	(387,679)
Net increase in cash and cash equivalents		40,706	304,135
Cash and cash equivalents at beginning of the year		(247,044)	(551,179)
Cash and cash equivalents at end of the year	43	(206,338)	(247,044)

The annexed notes from 1 to 53 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 2013

Rupees in '000	Issued, subscribed and paid-up capital	Capital reserves: Share premium	Capital reserves: Unrealized appreciation / (diminution) on remeasurement of investments classified as 'available for sale'	Capital reserves: Others*	Revenue reserves: General reserve	Revenue reserves: Unappropriated profit	Total
Balance as at 1 July 2011	564,600	349,959	3,048	(27,243)	1,842,000	868,952	3,601,316
Total comprehensive income for the year ended 30 June 2012							
Profit after taxation	-	-	-	-	-	470,986	470,986
Other comprehensive income							
Unrealized appreciation during the year on remeasurement of investments classified as 'available for sale'	-	-	5,261	-	-	-	5,261
Proportionate share of other comprehensive income of equity accounted investees	-	-	-	52,515	-	-	52,515
Impairment loss on investments classified as 'available for sale'	-	-	19,034	-	-	-	19,034
	-	-	24,295	52,515	-	-	76,810
	-	-	24,295	52,515	-	470,986	547,796
Transactions with owners							
Dividend:							
- Final @ 15% (i.e. Rs. 1.5 per share) for the year ended 30 June 2011	-	-	-	-	-	(84,690)	(84,690)
- First interim @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2012	- -	-	-	-	-	(56,460)	(56,460)
	-	-	-	-	-	(141,150)	(141,150)
Balance as at 30 June 2012	564,600	349,959	27,343	25,272	1,842,000	1,198,788	4,007,962
Total comprehensive income for the year ended 30 June 2013							
Profit after taxation	-	-	-	-	-	890,499	890,499
Other comprehensive income							
Unrealized appreciation during the year on remeasurement of investments classified as 'available for sale'	-	-	153,595	-	-	-	153,595
Reclassification adjustments relating to gain realized on disposal of investments classified as 'available for sale'	-	-	(971)	-	-	-	(971)
	-	-	152,624	-	-	-	152,624
	-	-	152,624	-	-	890,499	1,043,123
Transactions with owners							
Dividend:							
- Final @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2012	-	-	-	-	-	(56,460)	(56,460)
- First interim @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2013	-	-	-	-	-	(56,460)	(56,460)
- Second interim @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2013	-	-	-	-	-	(56,460)	(56,460)
	-	-	-	-	-	(169,380)	(169,380)
Balance as at 30 June 2013	564,600	349,959	179,967	25,272	1,842,000	1,919,907	4,881,705

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

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

Chief Executive | Director | Chief Financial Officer

Notes to the Consolidated Financial Statement

For the year ended 30 June 2013

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; Shakarganj Energy (Private) Limited, CS Capital (Private) Limited, Crescent Hadeed (Private) Limited and Crescent Continental Gas Pipelines Limited.

1.2 The Holding Company was incorporated on 1 August 1983 as a public limited company in Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984) and is quoted on all stock exchanges of Pakistan. The registered office of the Holding Company is located at 10th floor, BOP Tower, 10-B, Block E-2, Main Boulevard, Gulberg-III, Lahore.

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

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

1.3 Shakarganj Energy (Private) Limited was incorporated on 2 April 2008 as a private limited company in Pakistan under the Companies Ordinance, 1984. The Holding Company acquired this subsidiary on 4 January 2010. The principal activity of the Subsidiary Company will be to build, own, operate and maintain a power plant and to generate, accumulate, distribute, sell and supply electricity / power to the Pakistan Electric Power Company (Private) Limited (PEPCO) / power distribution companies under agreement(s) with the Government of Pakistan or to any other consumer as permitted.

1.4 CS Capital (Private) Limited was incorporated on 5 November 2010 as a private limited company in Pakistan under the Companies Ordinance, 1984. The Holding Company acquired this subsidiary on 26 September 2011. The principal activity of the Subsidiary Company is to manage porfolio of shares, commodities and other securities (strategic as well as short term).

1.5 Crescent Hadeed (Private) Limited was incorporated on 15 May 2013 as a private limited company in Pakistan under the Companies Ordinance, 1984. The principal activity of the Subsidiary Company will be to manufacture steel billets.

1.6 Crescent Continental Gas Pipelines Limited is not carrying on any business operations.

1.7 Details regarding the Group's investment in associates are given in note 16 to these consolidated financial statements.

2. BASIS OF PREPARATION

2.1 Consolidated financial statements

These consolidated financial statements have been prepared from the information available in the audited separate financial statements of the Holding Company for the year ended 30 June 2013 and the audited financial statements of Shakarganj Energy (Private) Limited and CS Capital (Private) Limited and unaudited financial statements of Crescent Hadeed (Private) Limited for the year ended 30 June 2013. Crescent Continental Gas Pipelines Limited is not carrying on any business operations and accordingly no financial statements are being prepared. Details regarding the financial information of associates used in the preparation of these consolidated financial statements are given in note 16 to these consolidated financial statements.

The accounting policies used by the Subsidiary Companies in preparation of its 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 except for a certain policy for which necessary adjustments are made to the financial statements of that associate to bring its accounting policies in line with those used by the Group.

2.2 Statement of compliance

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

2.3 Basis of measurement

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

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 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

The Group reviews the rates of depreciation, useful lives, residual values and values of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

Intangible assets

The Group reviews the rate of amortization and value of intangible assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of intangible assets with a corresponding effect on the amortization charge and impairment.

Investment stated at fair value

Management has determined fair value of certain investments by using quotations from active market conditions and information about the financial instruments. These estimates are subjective in nature and involve some uncertainties and matters of judgment (e.g. valuation, interest rate, etc.) and therefore, cannot be determined with precision.

Held to maturity investments

The Group has classified certain investments as held to maturity. In this regard, judgement is involved in evaluating the intention and ability to hold these investments till their respective maturities.

Stock-in-trade and stores, spares and loose tools

The Group reviews the net realizable value of stock-in-trade and stores, spares and loose tools to assess any diminution in their respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade and stores, spares and loose tools with a corresponding effect on the amortization charge and impairment. Net realizable value is determined with respect to estimated selling price less estimated expenditure to make the sale.

Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 45 to these consolidated financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Changes in these assumptions in future years may affect the liability under these schemes in those years.

Income taxes

In making the estimates for income taxes currently payable by the Group, the management looks at the current income tax laws and the decisions of appellate authorities on certain issues in the past.

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

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

During the year certain amendments to Standards or new interpretations became effective, however, the amendments or interpretation did not have any material effect on the consolidated financial statements of the Group.

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

The following new standards, amendments to existing standards and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2013:

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 requires actuarial gains and losses to be recognised immediately in other comprehensive income. This change will remove the corridor method and eliminate the ability of entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19, and expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The Holding Company's policy is to account for actuarial gains and losses using the corridor method. The amendment will have an effect on unrecognized actuarial gains / losses at 30 June 2013 which will need to be recognized in other comprehensive income.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). The amendment has no impact on the consolidated financial statements of the Group.

- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). The amendment has no impact on consolidated financial statements of the Group.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

- Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following three standards, with consequential amendments to other standards and interpretations:

- IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements.

- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.

- IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The amendment has no impact on consolidated financial statements of the Group.

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). The amendment has no impact on consoldiated financial statements of the Group.

- IAS 39 Financial Instruments: Recognition and Measurement- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective for annual periods beginning on or after 1 January 2014). The amendment has no impact on consoldiated financial statements of the Group.

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). The amendment has no impact on consolidated financial statements of the Group.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 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.

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 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 to align the accounting policies with those of the Group, from the date that significant influence commences until the date it ceases. Share of post acquisition profit and loss of associates is recognized in the profit and loss account. 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 balance sheet 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 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 initial cost of the investments. A reversal of impairment loss is recognized in the 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 and capital work-in-progress are stated at cost.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other cost directly attributable to bringing 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 profit and loss account as incurred.

Depreciation

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

The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Disposal

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

Leased assets

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

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

Impairment

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

5.3 Intangible assets

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

Subsequent expenditure

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

Amortization

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

Impairment

All intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Where the carrying amount of asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount. The carrying amount of other intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exist than the assets recoverable amount is estimated. The recoverable amount is the greater of its value 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 balance sheet date and adjusted if impact on depreciation is significant.

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

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

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 profit and loss account when incurred. Investments at fair value through profit or loss are measured at fair value and changes therein are recognized in the profit and loss account.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Holding 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 are stated at amortized cost with any difference between cost and redemption value being recognized in the profit and loss account over the period of the investments on an effective yield method.

Available for sale investments

Other investments not covered in any of the above categories including investments in associates in which the Holding Company has no significant influence are classified 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 period's profit and loss account.

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

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

An impairment loss in respect of financial assets measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cashflows discounted at the assets original effective interest rate. Losses are recognized in profit and loss account. When an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit and loss account. Impairment losses on available for sale financial assets are recognized by reclassifying the losses accumulated in reserves in equity to profit and loss account. The cumulative loss that is reclassified from equity to profit and loss account is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss recognized previously in profit and loss account. If in subsequent period, the fair value of an impaired available for sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed with the amount of reversal recognized in profit and loss account. However, any subsequent recovery in the fair value of an impaired available for sale equity security is recognized in other comprehensive income.

Derivative financial instruments

The Group enters into derivative financial instruments, which include future contracts in stock market. Derivatives are initially recorded at fair value and are remeasured to fair value on subsequent balance sheet dates. The fair value of a derivative is equivalent to the unrealized gain or loss from marking to market the derivative using prevailing market rates. Derivatives with positive market values (unrealized gains) are included in other receivables and derivatives with negative market values (unrealized losses) are included in other liabilities in the balance sheet.

5.6 Investment in commodities

Investment in commodities comprise of Silver and is stated at fair value less cost to sell. Such commodities are principally acquired with the purpose of selling in near future and generating a profit from fluctuations in price.

5.7 Non-current assets held for sale

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

5.8 Stores, spares and loose tools

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

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

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

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

5.9 Stock-in-trade

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

5.10 Trade debts and other receivables

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

5.11 Cash and cash equivalents

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

5.12 Employee benefits

5.12.1 Compensated absences

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

5.12.2 Post retirement benefits

5.12.2.1 Defined contribution plan - Provident fund

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

Cotton segment

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

All employees except Cotton segment

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

5.12.2.2 Defined benefit plans

Pension and gratuity fund schemes

The Holding Company operates pension and gratuity fund schemes for its permanent management employees as per the terms of employment. The pension scheme provides life time pension to retired employees or to their spouses.

Contributions are paid to the pension and gratuity funds on the basis of actuarial recommendations. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses which exceed 10% of the greater of the present value of the Holding Company's obligations and the fair value of plan assets are amortized over the expected average remaining working lives of the eligible employees. Past service cost is recognized immediately to the extent that the benefits are already vested. For non-vested benefits past service cost is amortized on a straight line basis over the average period until the amended benefits become vested.

Amounts recognized in the balance sheet represent the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost and as reduced by the fair value of plan assets. Any assets resulting from this calculation is limited to the unrecognized actuarial losses and unrecognized past service cost plus the present value of available refunds and reductions in future contributions to the plan.

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 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 profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalized as more fully explained in note 5.18 below.

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

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

5.15 Trade and other payables

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

5.16 Taxation

Current

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

Deferred

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

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

5.17 Revenue recognition

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

Interest income is recognized on an accrual basis using the effective interest method.

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

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

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

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

Miscellaneous income is recognized on receipt basis.

5.18 Borrowing costs

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

5.19 Provisions

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

5.20 Impairment

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

5.21 Foreign currency translation

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

5.22 Offsetting of financial assets and financial liabilities

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

5.23 Segment reporting

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

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

5.24 Proposed dividend and transfer between reserves

Dividend distributions 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 balance sheet date is considered as a non-adjusting event and is recognized in the financial statements in the period in which such transfers are made.

6. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2013	2012		2013	2012
Number of shares			Rupees in '000	
22,230,188	22,230,188	Ordinary shares of Rs. 10 each fully paid in cash	222,302	222,302
34,229,805	34,229,805	Ordinary shares of Rs. 10 each issued as bonus shares	342,298	342,298
56,459,993	56,459,993		564,600	564,600

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

	2013		2012	
	Percentage of holding	Number of shares	Percentage of holding	Number of shares
Crescent Cotton Mills Limited	0.02%	13,147	0.02%	13,147
Crescent Steel and Allied Products Limited - Gratuity Fund	1.90%	1,069,989	0.99%	557,989
Crescent Steel and Allied Products Limited - Pension Fund	4.16%	2,349,223	1.95%	1,102,245
Crescent Steel and Allied Products Limited - Staff Provident Fund	0.80%	450,200	0.71%	400,200
Crescent Cotton Products - Staff Provident Fund	0.10%	54,400	0.57%	323,418
Muhammad Amin Muhammad Bashir Limited	0.00%	618	0.00%	618
Premier Insurance Limited	0.00%	-	0.04%	24,500
Shakarganj Mills Limited	4.82%	2,720,062	4.82%	2,720,062
The Crescent Textile Mills Limited	11.00%	6,209,676	11.00%	6,209,676

7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Minimum lease payments		Future finance costs		Present value of minimum lease payments	
Rupees in '000	2013	2012	2013	2012	2013	2012
Not later than one year	38,577	11,171	6,461	3,098	32,116	8,073
Later than one year and not later than five years	37,505	21,391	3,055	1,580	34,450	19,811
	76,082	32,562	9,516	4,678	66,566	27,884
Less: Current portion shown under current liabilities					32,116	8,073
					34,450	19,811

7.1 The Holding Company has entered into finance lease arrangements with leasing companies for lease of plant and machinery and motor vehicles. The lease term of these arrangments is three years (2012: three years) and the liability is payable by months ranging from ten months to thirty-two months (2012: twenty-two months to thirty-four months). The periodic lease payments include built-in rates of mark-up ranging between 14.59% to 20.25% (2012: 18.50% to 20.25%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 68.766 million (2012: Rs. 14.128 million) which pertains to obligations arising from sale and leaseback of assets.

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

8. DEFERRED INCOME

The Holding Company entered into sale and lease back arrangements resulting in deferred income (representing excess of sales proceed over the carrying amount of respective assets) out of which Rs. 0.847 million is classified in current liabilities; being current portion of deferred income of Rs. 2.544 million. The deferred income will be amortized to profit and loss account over the lease term. During the year Rs. 0.284 million is amortized in profit and loss account.

Rupees in '000	Note	2013	2012
9. TRADE AND OTHER PAYABLES			
Trade creditors		57,642	46,212
Bills payable		-	35,584
Commission payable		12,601	6,133
Customer's security deposits		200	200
Accrued liabilities	9.1	81,610	64,479
Advances from customers		15,123	106,282
Provisions	9.2	93,849	82,864
Due to related parties	9.3	198	35
Payable to provident fund		87	183
Payable to staff retirement benefit funds	45	231	367
Retention money		486	140
Sales Tax payable		-	19,881
Withholding tax payable		50	238
Workers' Profit Participation Fund	9.4	52,395	15,376
Workers' Welfare Fund		18,794	3,755
Unclaimed dividend		67,873	65,930
Advance against insurance claim		-	235,952
Others		13,918	9,098
		415,057	692,709
9.1 Accrued liabilities			
Salaries, wages and other benefits		17,807	14,979
Accrual for 10-C bonus		2,405	4,982
Compensated absences		11,544	10,019
Others		49,854	34,499
		81,610	64,479

9.2 Movement in provisions

Rupees in '000	Infrastructure fee Note 9.2.1	Sales Tax Note 9.2.2	Liquidated damages Note 9.2.3	Total
Opening balance as at 1 July 2012	49,531	3,242	30,091	82,864
Reversal of provision for the year	-	-	(8,934)	(8,934)
Provision for the year	13,015	-	12,794	25,809
Payments during the year	(5,890)	-	-	(5,890)
Closing balance as at 30 June 2013	56,656	3,242	33,951	93,849

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

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

Under the arrangement if the Holding Company succeed in the petition, Government of Sindh will refund the amount subject to their right to appeal before honourable Supreme Court. To date the Holding Company has provided bank guarantees amounting to Rs. 31.618 million (2012: Rs. 23.188 million) in favour of Excise and Taxation Department. Based on the legal advice, the management believes that the chance of success in the petition is in the Holding Company's favor. Current year charge has been estimated on the value of imports during the year and forms a component of cost of such imported raw materials. Any subsequent adjustment with respect to increase or decrease in the estimate has been recognized in profit and loss account.

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

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

9.3 This represents expenses incurred by related parties on behalf of the Holding Company.

	Rupees in '000	Note	2013	2012
9.4	**Workers' Profit Participation Fund**			
	Opening balance as at 1 July		15,376	25,862
	Allocation for the year	36	34,797	14,813
	Mark-up on funds utilized in the Holding Company's business	38	2,222	563
			52,395	41,238
	Amount paid to the trustees of the fund		-	(25,862)
	Closing balance as at 30 June		52,395	15,376
10.	**MARK-UP ACCRUED**			
	Mark-up accrued on :			
	- Finance lease obligations		207	102
	- Running finance and short term loans		8,795	16,160
			9,002	16,262
11.	**SHORT TERM BORROWINGS**			
	Secured from banking companies			
	Running finances under mark-up arrangements	11.1	285,890	316,410
	Short term loans	11.2	132,475	18,548
			418,365	334,958

11.1 Short term running finance available from various commercial banks under mark-up arrangements amounted to Rs. 500 million (2012: Rs. 500 million) out of which Rs. 250 million (2012: Rs. Nil) is interchangeable with letters of credit. During the year, mark-up on such arrangements ranged between 10.81% to 15.10% (2012: 13.92% to 16.56%) per annum.

11.2 Short term loan financing available from various commercial banks under mark-up arrangements amounted to Rs. 1,100 million (2012: Rs. 1,100 million) out of which Rs. 300 million (2012: Rs. 300 million) is interchangeable with letters of credit. During the year, mark-up on such arrangements ranged between 11.27% to 14.35% (2012: 14.17% to 16.56%) per annum.

11.3 The facilities for opening letters of credit amounted to Rs. 1,400 million (2012: Rs. 1,150 million) out of which Rs. 250 million (2012: Rs. Nil) and Rs. 300 million (2012: Rs. 300 million) are interchangeable with short term running finance and short term loans respectively as mentioned in notes 11.1 and 11.2 above. The facility for letters of guarantee as at 30 June 2013 amounted to Rs. 500 million (2012: Rs. 500 million). Amounts unutilized for letters of credit and guarantees as at 30 June 2013 were Rs. 1,356.764 million and Rs. 191.017 million (2012: Rs. 815.627 million and Rs. 123.035 million) respectively.

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

12. CONTINGENCIES AND COMMITMENTS

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

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

12.3 Aggregate amount of guarantees issued by banks on behalf of the Holding Company against various contracts aggregated Rs. 308.983 million (2012: Rs. 376.965 million).

12.4 Commitments in respect of capital expenditure contracted for by the Group as at 30 June 2013 amounted to Rs. 17.592 million (2012: Rs. 139.937 million) payable by June 2013 representing office premises located in Islamabad. This also includes commitments contracted by the Subsidiary Company aggregating Rs. 10.130 million (2012: Rs. 123.707 millon) in respect of capital expenditure to acquire plant and machinery.

12.5 Commitments under letters of credit as at 30 June 2013 amounted to Rs. 43.236 million (2012: Rs. 298.789 million).

12.6 The Group's share of associates' contingent liabilities incurred jointly by investors is Rs. 133.520 million (2012: Rs. 109.206 million).

Rupees in '000	Note	2013	2012
13. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	13.1	682,345	548,604
Capital work-in-progress	13.5	598,359	537,565
		1,280,704	1,086,169

13.1 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 2012														
Opening net book value (NBV)	13.1.1	147,479	4,023	86,877	5,470	2,641	229,668	23,906	15,568	2,896	960	13,224	15,892	548,604
Additions / transfers	13.1.2	70,000	-	25,152	-	-	93,204	50,376	1,939	205	2,801	26,820	14,290	284,787
Disposals (at NBV)	13.6	-	-	-	-	-	(47,914)	-	-	-	-	(14,779)	-	(62,693)
Depreciation charge	13.2	-	(53)	(13,752)	(1,278)	(2,612)	(52,439)	(3,511)	(3,939)	(496)	(784)	(5,344)	(4,145)	(88,353)
Balance as at 30 June 2013 (NBV)		217,479	3,970	98,277	4,192	29	222,519	70,771	13,568	2,605	2,977	19,921	26,037	682,345
Gross carrying value as at 30 June 2013														
Cost	13.3	217,479	5,646	202,157	70,027	40,493	1,221,336	77,093	47,622	17,974	50,997	59,938	31,783	2,042,545
Accumulated depreciation		-	(1,676)	(103,880)	(65,835)	(40,464)	(998,817)	(6,322)	(34,054)	(15,369)	(48,020)	(40,017)	(5,746)	(1,360,200)
Net book value		217,479	3,970	98,277	4,192	29	222,519	70,771	13,568	2,605	2,977	19,921	26,037	682,345
Net carrying value as at 1 July 2011														
Opening net book value (NBV)		147,479	4,076	170,055	6,998	5,253	504,596	21,481	18,522	3,278	1,252	18,130	5,693	906,813
Additions / transfers		-	-	1,081	-	-	56,224	5,055	1,103	186	654	2,292	11,679	78,274
Disposals (at NBV)		-	-	-	-	-	(4,880)	-	-	-	(57)	(671)	-	(5,608)
Assets subject to insurance claim (at NBV)		-	-	(63,622)	-	-	(241,102)	-	(237)	-	-	-	-	(304,961)
Depreciation charge		-	(53)	(20,637)	(1,528)	(2,612)	(85,170)	(2,630)	(3,820)	(568)	(889)	(6,527)	(1,480)	(125,914)
Balance as at 30 June 2012 (NBV)		147,479	4,023	86,877	5,470	2,641	229,668	23,906	15,568	2,896	960	13,224	15,892	548,604
Gross carrying value as at 30 June 2012														
Cost		147,479	5,646	177,005	70,027	40,493	1,215,884	26,717	45,683	17,769	48,196	54,912	17,493	1,867,304
Accumulated depreciation		-	(1,623)	(90,128)	(64,557)	(37,852)	(986,216)	(2,811)	(30,115)	(14,873)	(47,236)	(41,688)	(1,601)	(1,318,700)
Net book value		147,479	4,023	86,877	5,470	2,641	229,668	23,906	15,568	2,896	960	13,224	15,892	548,604
Depreciation rate (% per annum)		-	1	5 and 10	5 and 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. 1.174 million (2012: Rs. 1.174 million) representing net book value of capitalized spares.

13.1.1 This includes freehold land measuring 1.976 acres (71,150 square feet) provisionally allotted to the Holding Company in Woven Garment Zone Value Addition City by Faisalabad Industrial Estate Development Management Company (FIEDMC), which is owned by the Government of Punjab. Final sale deed execution in the Holding Company's name is subject to certain conditions which include installation of industrial unit and obtaining completion certificate from FIEDMC.

13.1.2 This includes freehold land measuring 6.7598 acres (294,546 square feet) acquired by the Holding Company during the year. The final sale deed has been executed along with all formalities relating to completion of the sale. The Holding Company has applied for transfer of title in its name which is in process as at 30 June 2013.

	Rupees in '000	Note	2013	2012
13.2	The depreciation charge for the year has been allocated as follows :			
	Cost of sales	32.1	79,254	117,439
	Distribution and selling expenses	34	623	146
	Administrative expenses	35	8,476	8,329
			88,353	125,914

13.3 Property, plant and equipment as at 30 June 2013 include items having an aggregate cost of Rs. 969.540 million (2012: Rs. 855.535 million) that have been fully depreciated and are still in use by the Holding Company.

13.4 The fair value of property, plant and equipment of the Group as at 30 June 2013 approximated to Rs. 2,402.438 million.

	Rupees in '000	Note	2013	2012
13.5	**Capital work-in-progress**			
	Advances to suppliers		14,931	14,255
	Civil work	13.5.1 and 13.5.2	105,419	124,578
	Plant and machinery		475,344	395,069
	Others		2,665	3,663
			598,359	537,565

13.5.1 This includes advance against purchase of land and building aggregating Rs. 63.385 million (2012: Rs. 85.515 million) out of which an amount of Rs.50 million (2012: 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 (2012: 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.

13.5.2 As more fully explained in note 36.1 the Holding Company has recognized a provision for an amount of Rs. 20.619 million (2012: Rs. Nil).

13.5.3 Capital work-in-progress includes expenditure aggregating Rs. 539.379 million (2012: Rs. 419.376 million) incurred by the Subsidiary Company in respect of Bagasse Fired Thermal Generation power plant at Bhone. The plant is expected to commence operations during the next year.

13.6 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	47,457	-	47,457	50,000	Sales and Lease back	Pak Gulf Leasing Company Limited
	2,702	2,319	383	1,300	Negotiation	Waqas Rafiq International
	2,012	1,961	51	1,300	Negotiation	Mr.H.A. Haq
Motor vehicles	398	231	167	137	Company Scheme	Mr.Azhar Mehmood
	631	410	221	221	Company Scheme	Mr.Mohammad Yamin
	1,765	1,765	-	1,054	Company Auction	Various
	13,990	-	13,990	12,150	Sale and Lease back	ORIX leasing
	67	11	56	60	Insurance Claim	EFU General Insurance
	63	21	42	41	Insurance Claim	EFU General Insurance
Others	36,130	35,804	326	23,522	Various	Various
2013	105,215	42,522	62,693	89,785		
2012	6,956	1,348	5,608	6,416		

Rupees in '000	Note	2013	2012
14. INTANGIBLE ASSETS			
Net carrying value as at 1 July			
Net book value as at 1 July		1,617	12,964
Additions / transfers		14,457	-
Amortization	14.1	(2,429)	(11,347)
Net book value as at 30 June	14.2	13,645	1,617
Gross carrying value as at 30 June			
Cost		60,232	45,775
Accumulated amortization		(43,947)	(41,518)
Accumulated impairment		(2,640)	(2,640)
Net book value		13,645	1,617
Amortization rate (% per annum)		33.33	33.33

14.1 The amortization charge for the year has been allocated as follows :

	Note	2013	2012
Cost of sales	32.1	-	4
Administrative expenses	35	2,429	11,343
		2,429	11,347

14.2 Intangible assets as at 30 June 2013 include items having an aggregate cost of Rs. 43.099 million (2012: Rs. 9.504 million) that have been fully amortized and are still in use of the Holding Company.

15. INVESTMENT PROPERTY

Rupees in '000	Note	2013	2012
Investment property			
- Under use	15.1	31,268	35,632
- Under construction	15.2	31,140	-
		62,408	35,632

15.1 Investment property under use

Description Rupees in '000	Note	Leasehold land and improvements	Buildings on leasehold land	Office premises	Total
Net carrying value as at 1 July 2012					
Opening net book value (NBV)		4,011	16,936	14,685	35,632
Depreciation charge	15.1.1	(238)	(1,082)	(3,044)	(4,364)
Balance as at 30 June 2013 (NBV)	15.1.2	3,773	15,854	11,641	31,268
Gross carrying value as at 30 June 2013					
Cost		4,609	21,608	29,655	55,872
Accumulated depreciation		(836)	(5,754)	(18,014)	(24,604)
Net book value		3,773	15,854	11,641	31,268
Net carrying value as at 1 July 2011					
Opening net book value (NBV)		4,249	18,016	17,969	40,234
Depreciation charge		(238)	(1,080)	(3,284)	(4,602)
Balance as at 30 June 2012 (NBV)		4,011	16,936	14,685	35,632
Gross carrying value as at 30 June 2012					
Cost		4,609	21,608	29,655	55,872
Accumulated depreciation		(598)	(4,672)	(14,970)	(20,240)
Net book value		4,011	16,936	14,685	35,632
Depreciation rate (% per annum)		1 and 10	5	10 - 20	

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

15.1.2 Fair value of the investment property based on recent valuation is Rs. 146.125 million (2012: Rs. 118.885 million).

15.2 This includes leasehold land located at Port Qasim for which the Subsidiary Company intends to commence civil work during the next year.

16 INVESTMENT IN EQUITY ACCOUNTED INVESTEES

The following associates, over which the Group has significant influence either due to representation on the investee company's board or percentage of holding of voting power or both, are accounted for under the equity method of accounting as defined in IAS 28, 'Investments in Associates'.

2013	2012		Note	2013	2012
Number of shares				Rupees in '000	
		Quoted			
69,175,416	69,175,416	Altern Energy Limited	16.1	2,040,213	1,805,860
		(Chief Executive Officer -			
		Mr. Syed Zamanat Abbas)			
15,244,665	15,244,665	Shakarganj Mills Limited	16.2	-	-
		(Chief Executive Officer -			
		Mr. Ahsan M. Saleem)			
				2,040,213	1,805,860

16.1 During the year Altern Energy Limited has issued further share capital which was not subscribed by the Group and was offered to another investor, as a result the Holding Company and the Subsidiary Company now hold 16.64% and 2.39% respectively i.e. aggregrate holding of 19.04% in the investee compnay. There is no common directorship in the investee company. However, only for the purpose of equity acounting as required under IAS 28 'Investments in Associates' it has been treated as an associate.

16.2 As at 30 June 2013 and 2012, the carrying amount of equity accounted investment in Shakarganj Mills Limited has been reduced to Nil due to recognition of the Group's share of losses incurred by the investee company.

The share of net profit and reserves for the year amounted to Rs. 125.092 million (2012: Rs. 19.123 million) out of which Rs. 35.1 million have been recognized against preference shares (note 39.2) and the remaining balance has been adjusted against unrecognized shares of losses resulting in the cumulative share of unrecognized net losses as at 30 June 2013 of Rs. 1.471 million (2012: Rs. 91.463 million).

16.3 The above figures are based on unaudited condensed interim financial information of these companies as at 31 March 2013. The latest financial statements of these companies as at 30 June 2013 are not presently available.

Rupees in '000	2013	2012
16.4 Market value of investments in associates is as follows :		
Quoted		
Altern Energy Limited	855,008	662,700
Shakarganj Mills Limited	333,248	196,351
	1,188,256	859,051

Percentage of holding	2013	2012
16.5 Percentage of holding of equity in associates is as follows :		
Quoted		
Altern Energy Limited	19.04	20.19
Shakarganj Mills Limited	21.93	21.93

16.6 Summarized financial information of associated companies as at 31 March 2013 is as follows

Rupees in '000		Total assets	Total liabilities	Revenues	Profit / (loss)
2013					
Altern Energy Limited	16.6.1	39,799,918	21,856,204	15,234,247	2,078,811
Shakarganj Mills Limited	16.6.2	13,416,336	11,251,061	6,559,851	432,627
2012					
Altern Energy Limited		39,896,717	24,093,631	14,662,681	2,008,778
Shakarganj Mills Limited		12,522,908	11,786,995	7,313,707	470,917

16.6.1 These figures are based on the latest available condensed interim consolidated financial information as at 31 March 2013 including its subsidiary company Rousch (Pakistan) Power Limited.

16.6.2 These figures are based on the latest available condensed interim financial information of the investee company as at 31 March 2013.

Rupees in '000		2013	2012
17. OTHER LONG TERM INVESTMENTS			
Investments in related parties			
Available for sale	17.1	-	-
Other investments			
Available for sale	17.4	220,717	220,717
		220,717	220,717

17.1 Available for sale

2013	2012			2013	2012
Number of shares				Rupees in '000	
		Unquoted			
2,403,725	2,403,725	Crescent Bahuman Limited	17.2	24,037	24,037
1,047,000	1,047,000	Crescent Industrial Chemicals Limited	17.3	10,470	10,470
				34,507	34,507
		Less: Provision for impairment		34,507	34,507
				-	-

17.2 The chief executive of Crescent Bahuman Limited is Mr. Nasir Shafi. The break-up value of shares of the investee company is Rs. Nil per share (2012 : Rs. Nil per share), calculated on the basis of audited annual financial statements for the year ended 30 June 2012.

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

17.4 Available for sale

2013	2012		2013	2012
Number of shares			Rupees in '000	
		Unquoted		
1,852,500	1,425,000	Central Depository Company of Pakistan Limited (CDC)	60,717	60,717
16,000,000	16,000,000	Shakarganj Food Products Limited	160,000	160,000
			220,717	220,717

Rupees in '000		2013	2012
18. LONG TERM LOANS AND DEPOSITS			
Long term loan - Considered good (Unsecured)	18.1	-	6
Security deposits - leasing companies		7,327	8,256
Security deposits - others	18.2	12,617	12,605
		19,944	20,867

18.1 This represents interest free house loans provided to employees for a period of 5 years.

18.2 This includes demand drafts of Rs. 3.420 million provided to the Secretary Ministry of Commerce as explained in note no. 12.1.

Rupees in '000		2013	2012
19. DEFERRED TAXATION			
Deferred tax credits / (debits) arising in respect of :			
Taxable temporary differences			
Accelerated tax depreciation / amortization		28,951	44,007
Finance lease obligations		10,284	4,171
		39,235	48,178
Deductible temporary differences			
Provision for slow moving stores, spares and loose tools		(21,539)	(21,922)
Provisions for doubtful trade debts, doubtful advances and others		(35,481)	(29,804)
Provision for impairment of fixed assets		(7,010)	-
Provision for diminution in the value of investments		(8,798)	(9,058)
		(72,828)	(60,784)
		(33,593)	(12,606)
20. STORES, SPARES AND LOOSE TOOLS			
Stores - steel segment		9,870	9,502
Spare parts - steel segment	20.1	50,185	45,603
Loose tools - steel segment		1,193	999
Stores and spares - cotton segment		56,657	48,310
		117,905	104,414
Less: Provision for slow moving items	20.2	39,266	38,554
		78,639	65,860

20.1 This includes items in-transit as at 30 June 2013 aggregating Rs. Nil (2012: Rs. 0.701 million).

Rupees in '000		2013	2012
20.2 Movement in provision for slow moving items			
Opening balance		38,554	33,499
Provision made during the year		712	5,055
Closing balance		39,266	38,554
21. STOCK-IN-TRADE			
Raw materials			
Hot rolled steel coils (HR Coil)		11,142	11,237
Coating materials	21.1	103,232	64,683
Others		16,762	19,489
Raw cotton	21.1, 21.3 and 21.4	313,503	323,887
Stock-in-transit	21.2	-	35,649
		444,639	454,945
Work-in-process	32.1	17,574	22,268
Finished goods	21.3, 21.4 and 32.1	196,283	101,116
Scrap / cotton waste		3,923	8,391
		217,780	131,775
		662,419	586,720

21.1 This includes coating materials amounting to Rs. Nil (2012: Rs. 18.548 million) and raw cotton amounting to Rs. 132.475 million (2012: Rs. 174.604 million) pledged as security with financial institutions.

21.2 This includes raw cotton amounting to Rs. Nil (2012: Rs. 35.547 million).

21.3 Stock-in-trade as at 30 June 2013 includes items valued at net realisable value (NRV) as follows. The write down to NRV amounting to Rs. 51.626 million (2012: Rs. 30.248 million) has been recognized in cost of goods sold.

Rupees in '000	Cost	NRV
Finished goods	237,107	196,283
Raw material	455,441	444,639
	692,548	640,922

21.4 Raw materials and finished goods include raw cotton amounting to Rs. 44.510 million and cotton yarn amounting to Rs.135.842 million which are held with third parties for the purpose of conversion of raw cotton into yarn.

Rupees in '000	Note	2013	2012
22. TRADE DEBTS			
Secured			
Considered good		36,605	230,537
Unsecured			
Considered good	22.1	160,252	138,393
Considered doubtful		13,701	1,139
Provision for doubtful trade debts	22.2	(13,701)	(1,139)
		160,252	138,393
		196,857	368,930

22.1 This includes an amount of Rs. 0.220 million (2012: Rs. 78.072 million) due from Shakarganj Mills Limited, a related party.

Rupees in '000	Note	2013	2012
22.2 Movement in provision for doubtful trade debts			
Opening balance		1,139	5,561
Provision made during the year		12,662	202
Reversal of provision made during the year		(100)	(4,624)
Closing balance		13,701	1,139
23. ADVANCES			
Unsecured			
Advances - considered good			
Executives		2,645	3,333
Suppliers for goods and services		29,009	134,563
Advances - considered doubtful			
Suppliers for goods and services		47	47
Provision for doubtful advances	23.1	(47)	(47)
		-	-
		31,654	137,896
23.1 Movement in provision for doubtful advances			
Opening balance		47	157
Reversal made during the year		-	(38)
Written off during the year against provision		-	(72)
Closing balance		47	47
24. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Deposits to leasing companies		6,082	-
Security deposits		1,735	3,279
Prepayments		1,686	2,474
		9,503	5,753

Rupees in '000	Note	2013	2012
25. INVESTMENTS			
Investments in related parties			
Available for sale	25.1	8,007	4,026
Other investments			
Available for sale	25.2	258,011	110,274
Held for trading	25.3	647,899	408,777
Investment in commodity	25.4	2,086	-
		907,996	519,051
		916,003	523,077

25.1 Available for sale

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

2013	2012	Name of investee company	Note	2013	2012
Number of shares				Rupees in '000	
		Quoted			
452,379	452,379	The Crescent Textile Mills Limited	25.1.1	8,007	4,026

25.1.1 The Group has recognized impairment loss amounting to Rs. 4.537 million (2012: Rs. 4.537 million) against that investment.

25.2 Available for sale

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

2013	2012	Name of investee company	Note	2013	2012
Number of shares				Rupees in '000	
		Quoted			
9,060,000	9,060,000	Asian Stocks Fund Limited	25.2.1	94,677	46,750
91,300	91,300	Crescent Jute Products Limited	25.2.2	-	-
1,996	1,996	Innovative Investment Bank Limited		-	-
26,490	26,490	Jubilee Spinning and Weaving Mills Limited	25.2.3	-	-
-	175,000	PICIC Investment Fund		-	965
7,944,263	7,944,263	Safeway Mutual Fund Limited		163,334	61,647
-	1,221	Siemens (Pakistan) Engineering Company Limited		-	912
				258,011	110,274

25.2.1 The Group has recognized impairment loss amounting to Rs. 14.497 million (2012: 14.497 million) against that investment.

25.2.2 The investment in Crescent Jute Products Limited is carried at break-up value, which is Rs. Nil per share (2012: Rs. Nil) [break-up value including surplus on revaluation of property, plant and equipment is Rs. Nil (2012: Rs. 9.93 per share based on audited financial statements for the year ended 30 June 2012)],calculated on the basis of the unaudited condensed interim financial information for the nine months period ended 31 March 2013.

25.2.3 Investment in Jubilee Spinning and Weaving Mills Limited is carried at Rs. Nil per share (2012: Rs. Nil). The break-up value of shares of the investee company is Rs. Nil per share (2012: Rs. Nil) [break-up value including surplus on revaluation of property, plant and equipment and investment property is Rs. 16.49 per share (2012: Rs. 16.03 per share)], calculated on the basis of the unaudited condensed interim financial information for the nine months period ended 31 March 2013.

25.2.4 Investments having an aggregate market value of Rs. 909.398 million (2012: Rs. 776.595 million) have been pledged with financial institutions as security against financing facilities (see note 11.4) out of which Rs. 664.659 million (2012: Rs. 515.164 million) relates to long term investments.

25.3 Held for trading

The Group holds investments in ordinary shares of listed companies and certificates of close end mutual funds. Details are as follows:

2013	2012	Name of investee company	2013	2012
Number of shares/certificates			Rupees in '000	
77,707	79,707	Al Ghazi Tractors Limited *	15,891	16,367
201,859	190,859	Agriauto Industries Limited *	15,166	15,460
5,000	5,010	Atlas Fund of Funds Limited	58	44
10,000	10,000	Attock Petroleum Limited	5,611	4,744
-	400,000	Colony Mills Limited	-	688
16,000	-	Cherat Cement Limited	931	-
1,807,500	425,000	D.G. Khan Cement Company Limited	151,270	16,736
10,000	-	Dawood Hercules Corporation Limited	461	-
60,000	10,000	Engro Corporation Limited	7,312	1,018
15,000	-	Engro Polymer Limited	182	-
-	25,000	Fatima Fertilizer Company Limited	-	615
150,000	172,480	Fauji Fertilizer Bin Qasim Limited	5,631	7,041
85,000	-	Fauji Fertilizer Company Limited	9,132	-
10,000	-	Fauji Cement Company Limited	133	-
20,000	20,000	First Habib Bank Modaraba	200	163
172,500	172,500	Golden Arrow Selected Stocks Fund Limited *	1,423	828
1,350	1,350	Innovative Investment Bank Limited	-	-
90,000	90,000	International Industries Limited	4,060	2,543
68,801	69,801	International Steel Limited	1,217	835
100,000	100,000	Kohinoor Energy Limited	3,750	2,150
60,000	-	Kot Addu Power Company Limited	3,713	-
-	90,000	Lotte Pakistan PTA Limited	-	633
-	32,762	National Refinery Limited	-	7,581
350,000	88,625	Nishat Mills Limited	32,974	4,217
43,000	20,000	Oil and Gas Development Company Limited	9,836	3,209
63,500	357,640	Pakistan Oilfields Limited	31,583	131,232
230,000	350,000	Pakistan Telecommunication Company Limited	5,104	4,791
100,000	-	Pakgen Power Limited	2,453	-
141,252	141,252	Pakistan National Shipping Corporation	6,498	2,177
10,000	-	Pak Elektron Limited	161	-
514,560	358,560	Pakistan Petroleum Limited	108,871	67,514
301,368	171,474	Pakistan State Oil Company Limited	96,552	40,440
100,000	50,000	Pakistan Suzuki Motor Co. Limited	14,872	4,787
		Balance carried forward	535,045	335,813

2013	2012	Name of investee company	2013	2012
Number of shares/certificates			Rupees in '000	
		Balance brought forward	535,045	335,813
240,109	205,000	PICIC Energy Fund	3,366	1,598
1,391,399	936,399	PICIC Growth Fund	33,602	11,532
765,173	564,173	PICIC Investment Fund	8,769	3,108
8,329,764	8,429,764	Samba Bank Limited	21,407	19,388
50,924	32,924	Security Papers Limited	3,411	1,449
3,125	3,125	Shell Pakistan Limited	447	399
1,221	-	Siemens Engineering Limited	795	-
38,500	-	Sui Northern Gas Pipelines Limited	772	-
35,000	-	Sui Southern Gas Company Limited	683	-
-	155,340	Thal Limited *	-	14,447
642,376	473,776	The Hub Power Company Limited	39,602	19,846
-	350,000	TRG Pakistan Limited-Class 'A'	-	1,197
			647,899	408,777

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

25.4 This represents 2,857 tolas of Silver held by the Subsidiary Company and valued at Rs. 2.086 million being its fair value. The management considers cost to sell of underlying as insignificant, hence not considered while ascertaining fair value.

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

Rupees in '000	2013	2012
Name of investee company		
Altern Energy Limited	664,659	515,165
Agriauto Industries Limited	-	15,390
Attock Petroleum Limited	-	4,744
Engro Corporation Limited	1,219	1,018
Fauji Fertilizer Bin Qasim Limited	5,631	7,041
Fauji Fertilizer Company Limited	4,834	-
International Industries Limited	4,060	1,836
Kohinoor Energy Limited	3,750	2,150
National Refinery Limited	-	6,248
Oil and Gas Development Company Limited	4,575	3,209
Pakistan Oilfields Limited	24,869	85,497
Pakistan Petroleum Limited	82,846	59,982
Pak Suzuki Motor Company Limited	7,436	-
Pakistan State Oil Company Limited	63,907	40,440
Pakistan Telecommunication Company Limited	2,885	2,464
Shell Pakistan Limited	358	319
Thal Limited	-	14,447
The Hub Power Company Limited	38,369	16,646
	909,398	776,596

Rupees in '000	Note	2013	2012
26. CURRENT PORTION OF LONG TERM INVESTMENTS			
Preference shares of Shakarganj Mills Limited	26.1	29,994	29,994
Term Finance Certificates of United Bank Limited		-	8,313
Dividend receivable on preference shares of Shakarganj Mills Limited		5,106	5,106
		35,100	43,413
Less: Provision against dividend receivable on preference share of Shakarganj Mills Limited		5,106	35,100
		29,994	8,313

26.1 This represents 2,999,396 (2012: 2,999,396) preference shares of Rs. 10 each of Shakarganj Mills Limited, a related party, issued in October 2004. These shares carry dividend rate of 8.5% per annum payable annually and were due for redemption in October 2009. The preference shares are convertible into ordinary shares of Rs. 10 each. The conversion option is exercisable at the end of every financial year of the investee company.

The Group does not intend to exercise the option to convert the preference shares into ordinary shares as mentioned above.

The fair value of preference shares as at 30 June 2013 amounts to Rs. 29.994 million (2012: Rs. 17.007 million).

Rupees in '000	Note	2013	2012
27. OTHER RECEIVABLES			
Dividend receivable		6,393	844
Receivable against rent from investment property		1,051	4,401
Claim receivable		3,786	1,682
Due from related parties	27.1	1,200	18,706
Sales tax refundable		19,570	14,864
Provision there against		(4,346)	(4,346)
Reversal of provision during the year		4,346	-
Written off during the year		(11,376)	-
		(11,376)	(4,346)
		8,194	10,518
Others		1,837	609
		22,461	36,760
27.1 Due from related parties			
Shakarganj Mills Limited		1,200	6,042
The Crescent Textile Mills Limited		-	12,664
		1,200	18,706
28. TAXATION - NET			
Advance taxation		1,451,606	1,202,627
Provision for taxation		(1,375,957)	(1,109,270)
		75,649	93,357

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 the tax years mentioned below, 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 tax years 2004, 2006 and 2007 were amended by the department and currently appeals in respect of these tax years are pending before the Appellate Tribunal Inland Revenue. Additional tax liability of Rs. 109.277 million may arise against the above mentioned assessments in case decisions are made against the Holding Company.

The Income Tax assessments of the Subsidiary Companies, based on tax returns, are deemded to be finalized under section 120 of the Income Tax Ordinance, 2001 unless selected for an amendment / audit by the taxation authorities.

Full provision has been made in these financial statements up to Tax year 2013, including for Subsidiary Companies, except for short credit of taxes paid and deducted at source, and adjustments of refunds in respect of the said Assessment / Tax years. However, additional provision has not been made in these financial statements in respect of Tax Years 2004, 2006 and 2007 as mentioned above, since based on the tax consultant's opinion the management is confident of favourable outcome of these appeals.

Rupees in '000		2013	2012
29. CASH AND BANK BALANCES			
With banks	in deposit accounts		
	- local currency	9,894	9,502
	- foreign currency	2	2
		9,896	9,504
	in current accounts	61,293	51,461
Cash in hand		8,363	8,401
		79,552	69,366

30. NON-CURRENT ASSET HELD FOR SALE

During the year, the Subsidiary Company de-commissioned "High Pressure Turbo Alternator 20 MW" due to technical faults identified during testing phase and classified as "non-current asset held-for-sale" in accordance with International Financial Reporting Standard (IFRS) 5 'Non-current Assets Held For Sale and Discontinued Operations'. The fair value less cost to sell of this asset classified as "non-current asset held-for-sale" has been determined at Rs. 19 million based upon open market arm's length price offers received from active interested buyers. Accordingly, the Subsidiary Company has stated it at fair value of Rs. 19 million in these financial statements being lower than the book value of Rs. 48.810 million. The difference of Rs. 29.810 million has been recorded as impairment in these financial statements.

Rupees in '000	Note	2013	2012
31. SALES - NET			
Local sales			
Bare pipes (own product excluding coating revenue)		1,522,072	745,976
Revenue from conversion		9,840	17,093
Coating of pipes		644,859	568,016
Cotton yarn / raw cotton		2,537,542	2,369,845
Others (including pipes laboratory testing)		60,982	138,607
Scrap / waste		83,709	101,703
Sales returns		(28,607)	(18,907)
		4,830,397	3,922,333
Export sales			
Raw Cotton / Cotton yarn		498,697	220,369
		5,329,094	4,142,702
Sales tax		(327,427)	(199,833)
		5,001,667	3,942,869
32. COST OF SALES			
Steel segment	32.1	1,500,375	842,145
Cotton segment	32.1	2,850,502	2,591,941
		4,350,877	3,434,086

32.1 Cost of sales

		Steel segment		Cotton Segment		Total	
Rupees in '000		2013	2012	2013	2012	2013	2012
Raw materials consumed		1,158,021	638,293	2,007,209	1,835,264	3,165,230	2,473,557
Cost of raw cotton sold		-	-	321,549	144,204	321,549	144,204
Packing materials consumed		-	-	25,137	33,751	25,137	33,751
Outside Conversion charges		-	-	241,067	-	241,067	-
Store and spares consumed		35,466	23,536	49,095	44,589	84,561	68,125
Fuel, power and electricity		43,507	33,196	153,839	201,022	197,346	234,218
Salaries, wages and other benefits	32.2	81,051	72,086	93,000	90,162	174,051	162,248
Insurance		1,552	1,435	3,770	4,080	5,322	5,515
Repairs and maintenance		3,884	3,908	19,428	4,811	23,312	8,719
Depreciation	13.2	18,821	21,610	60,433	95,829	79,254	117,439
Amortization of intangible assets	14.1	-	-	-	4	-	4
Stock-in-trade written down to NRV		45,645	1,852	5,981	28,396	51,626	30,248
Other expenses		57,142	40,601	15,753	12,594	72,895	53,195
		1,445,089	836,517	2,996,261	2,494,706	4,441,350	3,331,223
Opening stock of work-in-process	21	13,089	24,715	9,179	26,766	22,268	51,481
Closing stock of work-in-process		(3,661)	(13,089)	(13,913)	(9,179)	(17,574)	(22,268)
		9,428	11,626	(4,734)	17,587	4,694	29,213
Cost of goods manufactured		1,454,517	848,143	2,991,527	2,512,293	4,446,044	3,360,436
Opening stock of finished goods	21	68,438	62,440	32,678	112,326	101,116	174,766
Closing stock of finished goods		(22,580)	(68,438)	(173,703)	(32,678)	(196,283)	(101,116)
		45,858	(5,998)	(141,025)	79,648	(95,167)	73,650
		1,500,375	842,145	2,850,502	2,591,941	4,350,877	3,434,086

Rupees in '000		Steel segment 2013	Steel segment 2012	Cotton Segment 2013	Cotton Segment 2012	Total 2013	Total 2012
32.2 Detail of salaries, wages and other benefits							
Salaries, wages and other benefits		74,994	63,961	90,569	87,677	165,563	151,638
Gratuity fund	32.3	862	681	34	33	896	714
Pension fund	32.3	3,013	5,443	753	713	3,766	6,156
Provident fund contributions		2,182	2,001	1,644	1,739	3,826	3,740
		81,051	72,086	93,000	90,162	174,051	162,248

Rupees in '000	2013 Pension	2013 Gratuity	2012 Pension	2012 Gratuity
32.3 Staff retirement benefits				
Current service cost	4,158	1,014	6,249	756
Interest cost	9,285	2,118	12,268	1,362
Expected return on plan assets	(9,677)	(2,305)	(12,768)	(1,454)
Past service cost recognized	-	69	407	50
	3,766	896	6,156	714

Rupees in '000	Note	2013	2012
33. INCOME FROM INVESTMENTS			
Return on UBL's Term Finance Certificates		76	1,211
Dividend income		65,044	57,694
Loss on commodity		(692)	-
Gain / (loss) on sale of investments - net			
- Available for sale		1,291	-
- Held for trading		95,743	(4,109)
Unrealized gains on held for trading investments		175,809	2,748
Rent from investment property	33.1	10,780	10,227
		348,051	67,771

33.1 Direct operating expenses incurred against rental income from investment property amounted to Rs. 3.657 million (2012: Rs. 3.594 million). Further, Rs. 1.209 million (2012: Rs. 1.232 million) were incurred against the non rented out area.

34. DISTRIBUTION AND SELLING EXPENSES

Rupees in '000		Steel segment 2013	Steel segment 2012	Cotton Segment 2013	Cotton Segment 2012	Total 2013	Total 2012
Salaries, wages and other benefits	34.1	6,797	7,357	3,934	3,648	10,731	11,005
Commission		-	-	27,675	19,932	27,675	19,932
Travelling, conveyance and entertainment		450	1,073	1,244	211	1,694	1,284
Depreciation	13.2	622	139	1	7	623	146
Insurance		181	102	18	12	199	114
Postage, telephone and telegram		105	139	231	98	336	237
Advertisement		1,242	905	135	-	1,377	905
Bid bond expenses		644	1,249	-	-	644	1,249
Legal and professional charges		2,154	1,147	126	71	2,280	1,218
Others		947	689	21,571	9,319	22,518	10,008
		13,142	12,800	54,935	33,298	68,077	46,098

34.1 Detail of salaries, wages and other benefits

Rupees in '000		Steel segment 2013	Steel segment 2012	Cotton Segment 2013	Cotton Segment 2012	Total 2013	Total 2012
Salaries, wages and other benefits		5,841	6,530	3,929	3,648	9,770	10,178
Gratuity fund	34.2	148	180	-	-	148	180
Pension fund	34.2	559	432	-	-	559	432
Provident fund contributions		249	215	5	-	254	215
		6,797	7,357	3,934	3,648	10,731	11,005

34.2 Staff retirement benefits

Rupees in '000	2013		2012	
	Pension	Gratuity	Pension	Gratuity
Current service cost	617	167	437	191
Interest cost	1,378	350	861	343
Expected return on plan assets	(1,436)	(381)	(896)	(367)
Past service cost recognized	-	12	30	13
	559	148	432	180

35. ADMINISTRATIVE EXPENSES

Rupees in '000		Steel segment 2013	Steel segment 2012	Cotton segment 2013	Cotton segment 2012	IID segment 2013	IID segment 2012	Energy segment 2013	Energy segment 2012	Total 2013	Total 2012
Salaries, wages and other benefits	35.1	51,738	44,460	12,177	17,088	3,921	3,532	-	-	67,836	65,080
Rents, rates and taxes		2,643	2,340	624	557	458	523	305	547	4,030	3,967
Travelling, conveyance and entertainment		5,885	6,174	1,421	1,736	345	371	-	24	7,651	8,305
Fuel and power		7,831	6,202	1,148	800	421	332	-	-	9,400	7,334
Postage, telephone and telegram		1,786	1,554	511	554	91	87	-	-	2,388	2,195
Insurance		835	699	227	191	112	115	545	472	1,719	1,477
Repairs and maintenance		4,305	4,942	634	483	365	534	-	-	5,304	5,959
Auditors' remuneration	35.3	1,069	895	439	281	175	154	90	80	1,773	1,410
Legal, professional and corporate service charges		10,245	8,111	1,804	2,264	2,222	3,466	80	3,780	14,351	17,621
Advertisement		90	123	9	37	3	6	-	-	102	166
Donations	35.4	26,772	11,955	7,232	10,037	1,146	629	-	-	35,150	22,621
Depreciation	13.2 and 15.1.1	7,129	6,974	1,066	1,082	4,645	4,875	-	-	12,840	12,931
Amortization of intangible assets	14.1	1,943	8,790	389	2,099	97	454	-	-	2,429	11,343
Printing, stationery and office supplies		3,597	2,565	774	849	328	277	5	-	4,704	3,691
Newspapers, subscriptions and periodicals		530	561	431	605	39	45	-	-	1,000	1,211
Others		4,308	3,375	1,096	780	796	479	18	-	6,218	4,634
		130,706	109,720	29,982	39,443	15,164	15,879	1,043	4,903	176,895	169,945
35.1 Detail of salaries, wages and other benefits											
Salaries, wages and other benefits		44,517	38,007	10,764	15,215	3,358	3,007	-	-	58,639	56,229
Gratuity fund	35.2	1,110	1,402	215	329	87	110	-	-	1,412	1,841
Pension fund	35.2	4,181	3,365	808	790	327	286	-	-	5,316	4,441
Provident fund contributions		1,930	1,686	390	754	149	129	-	-	2,469	2,569
		51,738	44,460	12,177	17,088	3,921	3,532	-	-	67,836	65,080

35.2 Staff retirement benefits

Rupees in '000	2013 Pension	2013 Gratuity	2012 Pension	2012 Gratuity
Current service cost	5,870	1,598	4,508	1,952
Interest cost	13,106	3,338	8,850	3,509
Expected return on plan assets	(13,660)	(3,633)	(9,211)	(3,750)
Past service cost recognized	-	109	294	130
	5,316	1,412	4,441	1,841

	Rupees in '000	Note	2013	2012
35.3	**Auditors' remuneration**			
	Audit fee	35.3.1	1,345	1,225
	Fee for audit of funds' financial statements and other reports		220	87
	Out of pocket expenses		208	98
			1,773	1,410

35.3.1 Audit fee includes services for audit of annual separate and consolidated financial statements of the Holding Company and the individual financial statements of the Subsidiary Comapies, limited review of unconsolidated condensed interim financial information for the six months period, review report on statement of compliance with best practices of the Code of Corporate Governance and audit of reconciliation statement of nominee shareholding of CDC.

35.4 Donations

Donations include the following in which a director is interested :

Name of director	Interest in donee	Name and address of the donee	Amount donated 2013	Amount donated 2012
			(Rupees in '000)	
Mr. Ahsan M. Saleem	Director	The Citizens Foundation 9th Floor, NIC Building, Karachi.	26,580	21,686
	Director	Pakistan Centre for Philanthropy 1-A, Street 14, F-8/3, Islamabad.	2,500	-
	Managing Trustee	Commecs Educational Trust Gulistan-e-Johar Block-13, Karachi.	2,000	-
	Chairman	CSAP Foundation 10th Floor, BOP Tower, 10-B, Block E-2, Main Boulevard, Gulberg-III, Lahore.	1,945	-
			33,025	21,686

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

Rupees in '000	Note	2013	2012
36. OTHER OPERATING EXPENSES			
Exchange loss		19,781	14,104
Sales tax refundabale written off		11,376	-
Impairment on non-current asset held-for-sale	30	29,810	-
Impairment of capital work in progress	36.1	22,406	-
Provision for :			
Workers' Welfare Fund		18,886	3,641
Workers' Profit Participation Fund		34,797	14,813
Doubtful trade debts		12,662	202
Liquidated damages		12,794	8,934
Slow moving stores, spares and loose tools - net		1,278	5,055
Diminution in the value of investments		-	19,034
Dividend receivable on preference shares	26.1	5,106	-
Bad debts written off directly against trade debts		-	40
Others		138	-
		169,034	65,823

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

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

Rupees in '000	Note	2013	2012
37. OTHER INCOME			
Income from financial assets			
Return on deposits		834	2,002
Income from non-financial assets			
Gain on disposal of operating fixed assets	37.1	306,633	808
Gain on settlement of non-executed contracts		-	213
Insurance commission		1,105	833
Liabilities written-back		-	943
Reversal of provision for :			
- stock-in-trade		565	-
- doubtful trade debts		100	4,624
- sales tax refundable		4,346	-
- advances to Suppliers		-	38
- liquidated damages		8,934	-
Others	37.1	48,641	2,186
		370,324	9,645
		371,158	11,647

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

Rupees in '000	Note	2013	2012
38. FINANCE COSTS			
Incurred on :			
- finance lease obligations		5,208	4,007
- running finances		36,433	88,183
- short term loans		15,126	12,212
- Workers' Profit Participation Fund		2,222	563
Bank charges		3,918	4,562
		62,907	109,527
39. SHARE OF PROFIT IN EQUITY ACCOUNTED INVESTEES - NET OF TAXATION (GAIN ON DILUTION OF INVESTMENT)			
Altern Energy Limited			
Share of profit after taxation		216,067	255,322
Gain on dilution of investment	39.1	18,285	-
		234,352	255,322
Shakarganj Mills Limited	39.2	35,100	-
		269,452	255,322

39.1 During the year Altern Energy Limited has issued further share capital which was not subscribed by the Group and was offered to another investor. Accordingly, the Group's holding in the investee company is diluted from 17.65% to 16.64% and resulted dilution gain has been recognized in these consolidated financial statements. There is no common directorship in the investee company. However, only for the purpose of equity accounting as required under IAS 28 'Investments in Associates" it has been treated as an associate.

39.2 In prior years the Group had allocated unadjusted share of losses on equity accounted investment in Shakarganj Mills Limited to the preference shares and dividend receivable thereon. During the year, the above share of losses have been reversed due to recognition of Group's share of profits in the investee company. Please refer note 16.2 for cumulative unrecognized share of losses.

Rupees in '000	2013	2012
40. TAXATION		
Current		
- for the year	300,631	47,680
- for prior years	(7,605)	(3,572)
	293,026	44,108
Deferred	(20,987)	(62,964)
	272,039	(18,856)
40.1 Relationship between taxation expense and accounting profit		
Profit before taxation	1,162,538	452,130
Tax at the applicable rate of 35%	406,888	158,246
Tax effect of inadmissible expenses / losses	(88,890)	15,854
Tax effect of income taxed at a lower rate	(134,456)	(97,018)
Tax effect of operating fixed assets subject to insurance claim	106,735	(106,735)
Reduction in tax rate	988	-
Prior year tax effect	(19,226)	3,364
Excess of minimum tax over normal tax	-	7,433
	272,039	(18,856)

	Rupees in '000	Note	2013	2012
41.	**BASIC AND DILUTED EARNINGS PER SHARE**			
	Profit after taxation		890,499	470,986
			(Number of shares)	
	Average number of ordinary shares in issue during the year		56,459,993	56,459,993
			(Rupees)	
	Basic and diluted earnings per share		15.77	8.34
42.	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		1,162,538	452,130
	Adjustments for non cash charges and other items			
	Depreciation on operating fixed assets and investment property		88,353	130,516
	Amortization of intangible assets		2,429	11,347
	Charge for the year on staff retirement benefit funds		12,097	13,764
	Charge for compensated absences		2,072	1,968
	Provision for 10-C bonus		2,331	896
	Amortization of advances to staff		5	75
	Dividend income		(65,044)	(57,694)
	Unrealised gain on held for trading investments - net		(175,809)	(2,748)
	(Gain) / loss on sale of investments		(97,034)	4,109
	Unrealized loss on commodity - Silver		692	-
	Provision for stock-in-trade and stores, spares and loose tools - net		713	5,055
	Provision for doubtful trade debts		12,562	(4,422)
	Bad debts written off directly against trade debts		-	40
	Provision for doubtful advances		-	(38)
	Provision for Workers' Welfare Fund		18,791	3,641
	Provision for Workers' Profit Participation Fund		34,797	14,813
	Reversal of provision against sales tax refundable		(4,346)	-
	Provision / (reversal of provision) for liquidated damages		3,860	8,934
	Provision for diminution in the value of investments - net		-	19,034
	Return on deposits and investments		(910)	(3,213)
	Gain on disposal of operating fixed assets		(25,031)	(808)
	Gain on disposal of assets subject to insurance claim		(281,531)	-
	Deferred income		(71)	-
	Liabilities written back		-	(943)
	Impairment on non-current asset held for sale		29,810	-
	Impairment charge relating to capital work in process		22,406	-
	Provision against dividend receivable on preference shares		5,106	-
	Finance costs		62,907	109,527
	Share of profit from equity acounted investees - net of taxation		(269,452)	(255,322)
	Working capital changes	42.1	(133,515)	485,320
			408,726	935,981

Rupees in '000	Note	2013	2012
42.1 Working capital changes			
(Increase) / decrease in current assets			
Stores, spares and loose tools		(13,491)	(4,698)
Stock-in-trade		(62,684)	259,270
Trade debts		159,511	(219,476)
Advances		106,241	114,908
Trade deposits and short term prepayments		(3,750)	321
Other receivables		22,476	(9,545)
		208,303	140,780
(Decrease) / increase in current liabilities			
Trade and other payables		(341,818)	344,540
		(133,515)	485,320
43. CASH AND CASH EQUIVALENTS			
Running finances under mark-up arrangements	11	(285,890)	(316,410)
Cash and bank balances	29	79,552	69,366
		(206,338)	(247,044)

44. SEGMENT REPORTING

44.1 Reportable segments

The Group's reportable segments under IFRS 8 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 1.3).

Information regarding the Group's reportable segments is presented below:

44.2 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 2013					
Sales - net	1,964,574	3,037,093	-	-	5,001,667
Cost of sales	1,500,375	2,850,502	-	-	4,350,877
Gross profit	464,199	186,591	-	-	650,790
Income from investments	-	-	348,051	-	348,051
	464,199	186,591	348,051	-	998,841
Distribution and selling expenses	13,142	54,935	-	-	68,077
Administrative expenses	130,706	29,982	15,164	1,043	176,895
Other operating expenses	62,705	48,987	27,532	29,810	169,034
	206,553	133,904	42,696	30,853	414,006
	257,646	52,687	305,355	(30,853)	584,835
Other income	23,494	345,389	2,113	162	371,158
Operating profit / (loss) before finance costs	281,140	398,076	307,468	(30,691)	955,993
Finance costs	19,870	28,116	14,917	4	62,907
Share of profit in equity accounted investees - net of taxation	-	-	239,978	29,474	269,452
Profit / (loss) before taxation	261,270	369,960	532,529	(1,221)	1,162,538
Taxation					272,039
Profit after taxation					890,499

Rupees in '000	Steel segment	Cotton segment	IID segment	Energy segment	Total
For the year ended 30 June 2012					
Sales - net	1,279,837	2,663,032	-	-	3,942,869
Cost of sales	842,145	2,591,941	-	-	3,434,086
Gross profit	437,692	71,091	-	-	508,783
Income from investments	-	-	67,771	-	67,771
	437,692	71,091	67,771	-	576,554
Distribution and selling expenses	12,800	33,298	-	-	46,098
Administrative expenses	109,720	39,443	15,879	4,903	169,945
Other operating expenses	41,195	4,890	19,721	17	65,823
	163,715	77,631	35,600	4,920	281,866
	273,977	(6,540)	32,171	(4,920)	294,688
Other income	8,473	2,927	74	173	11,647
Operating profit / (loss) before finance costs	282,450	(3,613)	32,245	(4,747)	306,335
Finance costs	6,811	86,884	15,819	13	109,527
Share of profit in equity accounted investees - net of taxation	-	-	223,211	32,111	255,322
Profit / (loss) before taxation	275,639	(90,497)	239,637	27,351	452,130
Taxation					(18,856)
Profit after taxation					470,986

44.2.1 Revenue reported above represents revenue generated from external customers. There were no inter-segment sale during the year (2012: Rs. Nil).

44.2.2 Transfer prices between reportable segments are on an arm's length basis in a manner similar to transactions between third parties.

44.2.3 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.

44.3 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 31 to these consolidated financial statements.

44.4 Information about major customers

Revenue from major customers of Steel segment represents an aggregate amount of Rs. 1,516.231 million (2012: Rs. 931.932 million) of total Steel segment revenue of Rs. 1,964.574 million (2012: Rs. 1,279.837 million). Further, revenue from major customers of Cotton segment represents an aggregate amount of Rs. 873.076 million (2012: Rs. 550.394 million) of total Cotton segment revenue of Rs. 3,037.093 million (2012: Rs. 2,663.032 million).

44.5 Geographical information

44.5.1 The Group's revenue from external customers by geographical location is detailed below

Rupees in '000	2013	2012
Far East	498,697	220,369
Pakistan	4,502,970	3,722,500
	5,001,667	3,942,869

44.5.2 All non-current assets of the Group as at 30 June 2013 and 2012 were located and operating in Pakistan.

44.6 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 2013					
Segment assets for reportable segments	781,190	1,250,852	1,340,044	526,847	3,898,933
Investment in equity accounted investees	-	-	1,840,398	199,815	2,040,213
Unallocated corporate assets					(146,191)
Total assets as per balance sheet					5,792,955
Segment liabilities for reportable segments	148,375	210,486	3,031	2,313	364,205
Unallocated corporate liabilities					547,045
Total liabilities as per balance sheet					911,250
As at 30 June 2012					
Segment assets for reportable segments	858,360	1,147,383	907,685	429,460	3,342,888
Investment in equity accounted investees	-	-	1,635,519	170,341	1,805,860
Unallocated corporate assets					(68,973)
Total assets as per balance sheet					5,079,775
Segment liabilities for reportable segments	154,224	475,746	2,825	675	633,470
Unallocated corporate liabilities					438,343
Total liabilities as per balance sheet					1,071,813

44.6.1 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 payable thereon and receivable therefrom are not allocated to reporting segments as these are managed by the Group's central treasury function.

44.7 Other segment information

Rupees in '000	Steel segment	Cotton segment	IID segment	Energy segment	Total
For the year ended 30 June 2013					
Capital expenditure	50,472	82,195	(630)	132,304	264,341
Depreciation and amortization	28,515	61,889	378	-	90,782
Non-cash items other than depreciation and amortization - net	64,737	(241,306)	(534,688)	178	(711,079)
For the year ended 30 June 2012					
Capital expenditure	5,360	59,127	35	29,241	93,763
Depreciation and amortization	37,513	99,021	5,329	-	141,863
Non-cash items other than depreciation and amortization	43,181	90,562	(244,804)	(32,271)	(143,332)

45. STAFF RETIREMENT BENEFITS

45.1 Defined benefit plans

45.1.1 The actuarial valuation of both pension and gratuity schemes has been conducted in accordance with IAS 19, 'Employee benefits' as at 30 June 2013. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation

	2013	2012
- Discount rate	10.5%	13%
- Expected rate of increase in salaries	10.5%	13%
- Expected rate of return on plan assets	10.5%	13%
- Average expected remaining working life of employees	09 years	09 years
- Expected mortality for active members	As per EFU (61-66) mortality table	

45.1.2 Reconciliation of payable to / (receivable from) defined benefit plans

Rupees in '000		2013 Pension	2013 Gratuity	2013 Total	2012 Pension	2012 Gratuity	2012 Total
Present value of defined benefit obligations	45.1.4	208,373	52,639	261,012	182,831	44,661	227,492
Fair value of plan assets	45.1.5	(291,929)	(82,463)	(374,392)	(190,554)	(48,604)	(239,158)
Unrecognized net actuarial gains	45.1.9	87,433	26,751	114,184	10,699	2,097	12,796
Unrecognized past service cost		-	(573)	(573)	-	(763)	(763)
(Asset) / liability recognized in balance sheet		3,877	(3,646)	231	2,976	(2,609)	367

45.1.3 Movement in payable to / (receivable from) defined benefit plans

Rupees in '000		2013 Pension	2013 Gratuity	2013 Total	2012 Pension	2012 Gratuity	2012 Total
Opening balance		2,976	(2,609)	367	-	(2,144)	(2,144)
Charge for the year	45.1.10	9,641	2,456	12,097	11,028	2,734	13,762
Contributions by the Holding Company	45.1.5	(8,740)	(3,493)	(12,233)	(8,052)	(3,199)	(11,251)
Closing balance		3,877	(3,646)	231	2,976	(2,609)	367

45.1.4 Reconciliation of present value of defined benefit obligations

Rupees in '000	2013 Pension	2013 Gratuity	2013 Total	2012 Pension	2012 Gratuity	2012 Total
Present value of defined benefit obligations - 1 July	182,831	44,661	227,492	156,971	37,243	194,214
Current service cost	10,645	2,779	13,424	11,195	2,899	14,094
Interest cost	23,768	5,806	29,574	21,976	5,214	27,190
Benefits paid during the year	(6,338)	(939)	(7,277)	(5,782)	(885)	(6,667)
Actuarial (gain) / loss on obligations	(2,533)	332	(2,201)	(1,529)	190	(1,339)
Present value of defined benefit obligations - 30 June	208,373	52,639	261,012	182,831	44,661	227,492

45.1.5 Changes in the fair value of plan assets are as follows

Rupees in '000	2013 Pension	2013 Gratuity	2013 Total	2012 Pension	2012 Gratuity	2012 Total
Fair value of plan assets - 1 July	190,554	48,604	239,158	163,371	39,778	203,149
Expected return on plan assets	24,772	6,319	31,091	22,872	5,569	28,441
Contributions by the Holding Company	8,740	3,493	12,233	8,052	3,199	11,251
Benefits paid during the year	(6,338)	(939)	(7,277)	(5,782)	(885)	(6,667)
Actuarial gain on plan assets	74,201	24,986	99,187	2,041	943	2,984
Fair value of plan assets - 30 June	291,929	82,463	374,392	190,554	48,604	239,158
45.1.6 Actual return on plan assets	98,973	31,305	130,278	24,913	6,512	31,425

45.1.7 Actuarial gains to be recognized

Rupees in '000		2013 Pension	2013 Gratuity	2012 Pension	2012 Gratuity
Corridor limit					
The limits of corridor as at 1 July					
- 10% of present value of obligations		18,283	4,466	15,697	3,724
- 10% of fair value of plan assets		19,055	4,860	16,337	3,978
Which works out to		19,055	4,860	16,337	3,978
Unrecognized net actuarial gains as at 1 July	45.1.9	10,699	2,097	7,129	1,344
Excess		-	-	-	-
Average expected remaining working lives in years		9	9	9	9
Acturial gain / (loss) recongnised		-	-	-	-

45.1.8 The plan assets of defined benefit schemes contain mix of investment in equity, debt and other assets.

45.1.9 Unrecognized net actuarial gains / (losses)

		2013			2012		
Rupees in '000		Pension	Gratuity	Total	Pension	Gratuity	Total
Unrecognized net actuarial gains as at 1 July		10,699	2,097	12,796	7,129	1,344	8,473
Actuarial gain / (loss) on obligations	45.1.4	2,533	(332)	2,201	1,529	(190)	1,339
Actuarial gain on plan assets	45.1.5	74,201	24,986	99,187	2,041	943	2,984
		87,433	26,751	114,184	10,699	2,097	12,796
Less: Actuarial gain / (loss) recognized	45.1.7	-	-	-	-	-	-
Unrecognized net actuarial gains as at 30 June		87,433	26,751	114,184	10,699	2,097	12,796

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

	2013			2012		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity	Total
Current service cost	10,645	2,779	13,424	11,195	2,899	14,094
Interest cost	23,768	5,806	29,574	21,976	5,214	27,190
Expected return on plan assets	(24,772)	(6,319)	(31,091)	(22,872)	(5,569)	(28,441)
Past service cost recognized	-	190	190	729	190	919
Charge recognized in profit and loss account	9,641	2,456	12,097	11,028	2,734	13,762

45.1.11 Amounts for the current year and previous four years of the present value of defined benefit obligations, fair value of plan assets, surplus / (deficit) and experience adjustments arising thereon are as follows :

Rupees in '000	2013	2012	2011	2010	2009
Pension					
As at 30 June					
Present value of defined benefit obligation	208,373	182,831	156,971	141,712	126,611
Fair value of plan assets	291,929	190,554	163,371	128,646	91,742
Surplus / (deficit)	83,556	7,723	6,400	(13,066)	(34,869)
Experience adjustments					
Actuarial gain on obligation	(2,533)	(1,529)	(8,470)	(6,268)	(5,853)
Actuarial gain / (loss) on plan assets	74,201	2,041	10,157	13,499	(32,216)
Gratuity					
As at 30 June					
Present value of defined benefit obligation	52,639	44,661	37,243	34,115	28,177
Fair value of plan assets	82,463	48,604	39,778	29,906	23,254
Surplus / (deficit)	29,824	3,943	2,535	(4,209)	(4,923)
Experience adjustments					
Actuarial gain / (loss) on obligation	332	190	(3,182)	1,001	(3,256)
Actuarial gain / (loss) on plan assets	24,986	943	4,039	2,374	(11,348)

45.1.12 Expected contribution for the next year

The expected contribution to the pension and gratuity schemes for the year ending 30 June 2014 works out to Rs. 9.993 million (2013: Rs. 8.786 million) and Rs. 3.902 million (2013: Rs. 3.485 million) respectively.

45.2 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 2013 was Rs. 6.549 million (2012: Rs. 6.524 million). The audit of the provident fund for the years ended 31 December 2010, 2011 and 2012 is in progress. The net assets based on audited financial statements of Provident Fund as at 31 December 2009 was Rs. 91.725 million out of which 95% was invested in different financial instruments categories as provided in Section 227 of the Companies Ordinance, 1984 and rules formulated for the purpose. The fair value of investments of provident fund as at 31 December 2009 was Rs. 87.608 million and the cost of investment was Rs. 75.141 million. The above investments out of provident fund have been made in accordance with the requirement of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

46. FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

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

46.1 Credit risk

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

Rupees in '000	2013	2012
Investments	-	8,313
Loans and deposits	21,679	24,140
Trade debts	196,857	368,930
Mark-up accrued on TFCs	-	275
Other receivables	7,874	25,398
Bank balances	71,189	60,965
	297,599	488,021

Trade receivables

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. Sales tenders and credit terms are approved by the tender approval committee. Where considered necessary, advance payments are obtained from certain parties. Sales made to major customers are secured through letters of credit. The management has set a maximum credit period of 15 days in respect of Cotton segment's sales to reduce the credit risk.

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

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

Rupees in '000	2013	2012
Steel segment	99,438	324,873
Cotton segment	97,419	44,057
	196,857	368,930
The aging of trade debts at the balance sheet date is		
Not past due	68,146	165,520
Past due 1 - 30 days	55,627	187,823
Past due 30 - 150 days	63,941	11,169
Past due 180 days	22,844	5,557
	210,558	370,069
Less: Impaired	13,701	1,139
	196,857	368,930

One of the major customer accounts for Rs. 44.352 million of the trade debts carrying amount as at 30 June 2013 (2012: Rs. 218.6 million) that has a good track record with the Group.

The movement in the allowance for impairment in respect of trade debts and advances is given in note 22.2 and note 23.1 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 short course of time. Non past due amounts of Rs. 36.605 million (2012: Rs. 108.506 million) are secured through letters of credit.

Settlement risk

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

Bank balances

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

Investment in debt securities

Credit risk arising on debt securities is mitigated by investing principally in investment grade rated instruments. Where the investment is considered doubtful a provision is created there against. As at 30 June 2013, the Holding Company has recognized a provision of Rs. 5.106 million (2012: Rs. 18.093 million) against its exposure to preference shares of investee companies.

The analysis below summarizes the credit quality of the Group's investments in debt securities of investee companies

Rupees in '000	Note	2013	2012
UBL's Term Finance Certificates		-	AA
Preference shares of Shakarganj Mills Limited	26.1	D	D

Concentration of credit risk

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

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	2013						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
Financial liabilities							
Liabilities against assets							
subject to finance lease	66,566	-	76,082	16,602	21,975	23,918	13,587
Trade and other payables	85,045	-	85,045	85,045	-	-	-
Mark-up accrued	9,002	-	9,002	9,002	-	-	-
Short term borrowings	418,365	418,365	-	-	-	-	-
	578,978	418,365	170,129	110,649	21,975	23,918	13,587

Rupees in '000	2012						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
Financial liabilities							
Liabilities against assets							
subject to finance lease	27,884	-	32,562	5,586	5,585	16,571	4,820
Trade and other payables	97,402	-	97,402	97,402	-	-	-
Mark-up accrued	16,262	-	16,262	16,262	-	-	-
Short term borrowings	334,958	334,958	-	-	-	-	-
	476,506	334,958	146,226	119,250	5,585	16,571	4,820

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, export of goods and foreign currency bank accounts denominated in US Dollars (USD), Great Britain Pounds (GBP) and Euros. The Group's exposure to foreign currency risk for these currencies is as follows

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

Rupees in '000	2012			
	USD	GBP	Euro	Total
Foreign creditors	(35,584)	-	-	(35,584)
Foreign currency bank account	2	-	-	2
Gross balance sheet exposure	(35,582)	-	-	(35,582)
Outstanding letters of credit	(281,662)	-	(17,127)	(298,789)
Net exposure	(317,244)	-	(17,127)	(334,371)

The following significant exchange rate has been applied

	Average rate		Reporting date rate	
	2013	2012	2013	2012
USD to PKR	97.57	89.36	98.80	94.20
GBP to PKR	153.06	141.11	150.87	147.07
Euro to PKR	126.30	119.18	129.11	118.50

Sensitivity analysis

At the balance sheet date, if the PKR had strengthened by 10% against the USD, GBP 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.

Rupees in '000	2013	2012
Effect on profit or loss		
USD	780	3,172
Euro	(2,790)	(171)
	(2,010)	3,001

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

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

46.3.2 Interest rate risk

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

	2013	2012	2013	2012
	Effective interest rate		Carrying amount	
	Percentage		Rupees in '000	
Financial assets				
Fixed rate instruments				
Preference shares	8.5	8.5	29,994	17,007
Term Finance Certificates	-	8.45	-	8,313
Financial liabilities				
Fixed rate instruments				
Liabilities against assets subject to finance lease	14.59-20.25	18.50-20.25	66,566	27,884
Variable rate instruments				
Short term borrowings	10.81-15.1	13.13-16.56	418,365	334,958

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the balance sheet date would have decreased / (increased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2012.

	Profit and loss 100 bp	
Rupees in '000	Increase	Decrease
As at 30 June 2013		
Cash flow sensitivity - Variable rate financial liabilities	(2,092)	2,092
As at 30 June 2012		
Cash flow sensitivity - Variable rate financial liabilities	(1,675)	1,675

The sensitivity analysis prepared is not necessarily indicative of the effects on 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	2013	2012
Effect on profit	50,208	38,311
Effect on equity	26,602	11,430
Effect on investments	76,810	49,741

The sensitivity analysis prepared is not necessarily indicative of the effects on 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 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 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. Further investments in units of open end mutual fund is valued using redemption prices notified by respective assets management companies hence fall within level 1 in the fair value hierarchy.

47. REMUNERATION TO THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Chief Executive		Director		Executives		Total	
Rupees in '000	2013	2012	2013	2012	2013	2012	2013	2012
Managerial remuneration	9,854	9,630	-	848	32,970	29,901	42,824	40,379
House rent	4,435	4,334	-	382	11,628	10,107	16,063	14,823
Utilities	985	963	-	85	2,686	2,352	3,671	3,400
Travelling expenses	863	425	-	-	-	-	863	425
Others	1,225	869	-	664	-	-	1,225	1,533
Medical	669	141	-	36	1,246	1,113	1,915	1,290
Contributions to								
- Gratuity fund	821	802	-	70	1,502	1,161	2,323	2,033
- Pension fund	1,971	1,926	-	170	3,961	3,350	5,932	5,446
- Provident fund	985	963	-	70	2,009	1,576	2,994	2,609
Club subscription and expenses	768	720	-	9	99	74	867	803
Entertainment	-	-	-	6	24	36	24	42
Conveyance	-	-	-	-	1,513	1,337	1,513	1,337
Telephone	-	-	-	2	6	4	6	6
	22,576	20,773	-	2,342	57,644	51,011	80,220	74,126
Number of persons	1	1	-	2	22	22	23	25

47.1 The aggregate amount charged in respect of directors' fees paid to six (2012: six) directors is Rs. 0.920 million (2012: Rs. 0.680 million).

47.2 The chief executive and eight 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. Balances and transactions between the Holding Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

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

Rupees in '000 Name	Nature of relationship	Nature of transaction	2013	2012
Shakarganj Food Products Limited **	Associated company	Rental income	-	832
Shakarganj Mills Limited	Associated company	Dividend paid	4,896	8,568
		Purchase of raw materials	-	891
		Sales of finished goods	170,343	109,395
		Services received	1,169	1,664
		Services rendered	2,625	1,364
Muhammad Amin Muhammad Bashir Limited *	Related party	Dividend paid	1	2
Commecs Educational Trust *	Related party	Donation given	2,000	-
Pakistan Centre for Philanthropy *	Related party	Donation given	2,500	-
Pakistan Institute of Corporate Governance *	Related party	Annual subscription charges	-	100
Premier Insurance Company *	Related party	Dividend paid	11	122
		Insurance premium	1,643	1,397
The Crescent Textile Mills Limited *	Related party	Dividend paid	11,177	19,560
		Sale of raw cotton	-	22,718
The Citizens' Foundation *	Related party	Donation given	26,580	21,686
Crescent Cotton Products - Staff	Retirement benefit fund	Contribution made	1,650	3,913
Provident Fund		Dividend paid	9	2,180
Crescent Steel and Allied Products	Retirement benefit fund	Contribution made	3,492	3,199
Limited - Gratuity Fund		Dividend paid	1,676	1,669
Crescent Steel and Allied Products	Retirement benefit fund	Contribution made	8,740	8,052
Limited - Pension Fund		Dividend paid	3,003	3,413
Crescent Steel and Allied Products	Retirement benefit fund	Contribution made	4,901	4,461
Limited - Staff Provident Fund		Dividend paid	850	1,401
CSAP - Staff Benevolent Fund	Staff welfare fund	Contribution made	10,000	-
Key management personnel	Related parties	Remuneraion and benefits	57,364	53,189

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

** The Group no longer has / held significant influence over the entity as at 30 June 2013 and 2012.

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 2013 and 2012 are included in issued, subscribed and paid-up capital (note 6.1), trade and other payables (note 9.3), investment in equity accounted investees (note 16), other long term investments (note 17.1), trade debts (note 22.1), investments (note 25.1), current portion of long term investments (note 26.1), other receivables (note 27.1), administrative expenses (note 35.4) and staff retirement benefits (note 45).

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 2012.

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

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

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

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

49.1 Gearing ratio

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

Rupees in '000	Note	2013	2012
Total debt	49.1.1	485,778	362,842
Less: Cash and bank balances		79,552	69,366
Net debt		406,226	293,476
Total equity	49.1.2	4,881,705	4,007,962
Total capital		5,287,931	4,301,438
Gearing ratio		8%	7%

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

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 (2012: 30,000 tons) annually on the basis of notional pipe size of 30" dia x ½" thickness. The actual production achieved during the year was 12,266 tons (2012: 5,236 tons) line pipes of varied sizes and thickness, which is equivalent to 26,790 tons (2012: 12,396 tons) if actual production is translated to the notional pipe size of 30" diameter.

Coating plant

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

The annual capacity of the plant works out to 600,000 square meters outside surface area of line pipes based on notional size of 14" dia on single shift working. Coating of 340,472 meters (2012: 380,488 meters) of different dia pipes (245,505 square meters surface area) was achieved during the year (2012: 275,331 square meters surface area).

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 (2012: 6,452,874 kilograms). Actual production converted into 20s count was 4,953,253 kilograms (2012: 5,421,156 kilograms).

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

50.3 Energy segment

Power plant

The power plant is under installation phase with a maximum output capacity of 14 MWh (2012: 18 MWh).

51. GENERAL

51.1 Number of employees

The number of employees including contractual employees of the Group as at 30 June 2013 were 859 and weighted average number of employees were 878.

52. NON ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Holding Company in their meeting held on 30 July 2013 have proposed final cash dividend for the year ended 30 June 2013 of Rs. 1.5 per share (i.e. 15%) (2012: Re. 1 per share) amounting to Rs. 84.690 million (2012: Rs. 56.460 million) and 10% bonus shares (5,645,999 shares) i.e. one share for every ten ordinary shares held (2012: Nil) out of capital reserves. This is in addition to the first and second interim cash dividends of Re. 1 per share each (i.e. 10% each) already distributed and recorded in these consolidated financial statements; this make a total distribution of Rs. 3.5 per share (i.e. 35%) for the year ended 30 June 2013. The Board has also proposed an appropriation of Rs. 800 million (2012: Nil) from unappropriated profit to the general reserve. The above proposed final cash dividend, bonus issue and transfer to general reserves are subject to the approval of the members at the Annual General Meeting to be held on 30 September 2013. 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.

53. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue in the Board of Directors meeting held on 30 July 2013.

Chief Executive	Director	Chief Financial Officer

Pattern of Shareholding

As at 30 June 2013

No. of Shareholders	Shareholding From	To	Total Shares held
417	1	100	14,566
582	101	500	184,468
412	501	1,000	316,748
620	1,001	5,000	1,628,917
187	5,001	10,000	1,459,561
69	10,001	15,000	863,232
68	15,001	20,000	1,224,126
26	20,001	25,000	590,539
23	25,001	30,000	654,032
16	30,001	35,000	531,536
8	35,001	40,000	310,206
7	40,001	45,000	300,205
14	45,001	50,000	682,071
7	50,001	55,000	368,989
3	55,001	60,000	176,738
4	60,001	65,000	252,533
7	65,001	70,000	479,650
5	70,001	75,000	365,706
3	75,001	80,000	231,553
2	80,001	85,000	164,836
2	85,001	90,000	175,217
4	95,001	100,000	393,039
3	120,001	125,000	370,112
2	125,001	130,000	254,097
3	130,001	135,000	401,774
1	135,001	140,000	135,249
4	145,001	150,000	591,691
4	160,001	165,000	656,900
1	180,001	185,000	180,005
1	185,001	190,000	186,000
1	195,001	200,000	195,066
1	200,001	205,000	203,000
1	205,001	210,000	207,966
2	220,001	225,000	446,238
1	225,001	230,000	229,500
1	230,001	235,000	234,200
1	240,001	245,000	243,975
2	255,001	260,000	518,490
1	265,001	270,000	269,000
1	270,001	275,000	272,420
1	300,001	305,000	302,153
1	305,001	310,000	310,000
1	315,001	320,000	317,000
1	320,001	325,000	323,418
1	325,001	330,000	326,365
2	355,001	360,000	713,133
1	360,001	365,000	364,561
1	380,001	385,000	385,000
1	385,001	390,000	387,698

Pattern of Shareholding

As at 30 June 2013

No. of Shareholders	Shareholding From	Shareholding To	Total Shares held
1	395,001	400,000	400,000
1	410,001	415,000	412,000
2	420,001	425,000	844,949
1	450,001	455,000	450,200
1	455,001	460,000	455,500
2	495,001	500,000	1,000,000
1	535,001	540,000	538,371
1	550,001	555,000	555,000
1	655,001	660,000	655,500
1	765,001	770,000	767,683
1	905,001	910,000	906,500
2	995,001	1,000,000	2,000,000
1	1,050,001	1,055,000	1,050,035
1	1,065,001	1,070,000	1,069,989
1	1,085,001	1,090,000	1,090,000
1	1,230,001	1,235,000	1,233,739
1	1,910,001	1,915,000	1,913,233
1	2,345,001	2,350,000	2,349,223
1	2,410,001	2,415,000	2,410,062
1	2,570,001	2,575,000	2,571,714
1	3,450,001	3,455,000	3,450,150
1	3,730,001	3,735,000	3,732,990
1	6,205,001	6,210,000	6,209,676
2,553			56,459,993

Categories of Shareholding

As at 30 June 2013

Categories of Shareholder	Physical	CDC	Total	% age
Directors, Chief Executive Officer, Their Spouses and Minor Childern				
Chief Executive				
Mr. Ahsan M. Saleem	-	387,698	387,698	0.69
Directors				
Mr. Ahmad Waqar	25	-	25	0.00
Mr. Mazhar Karim	-	13,737	13,737	0.02
Mr. Nasir Shafi	-	34,433	34,433	0.06
Mr. Zahid Bashir	-	78,262	78,262	0.14
Syed Mahmood Ehtishamullah	-	11,997	11,997	0.02
Director's Spouses and Their Minor Childern				
Mrs. Abida Mazhar	19,961	-	19,961	0.04
Mrs. Shahnaz A. Saleem	-	473,156	473,156	0.84
	19,986	999,283	1,019,269	1.81
Executives	11,181	7,500	18,681	0.03
Associated Companies, Undertakings and Related Parties				
Muhammad Amin Muhammad Bashir Limited	618	-	618	0.00
Shakarganj Mills Limited	-	2,720,062	2,720,062	4.82
The Crescent Textile Mills Limited	-	6,209,676	6,209,676	11.00
Trustees - CSAPL Employees Gratuity Fund	-	1,069,989	1,069,989	1.90
Trustees - CSAPL Employees Pension Fund	-	2,349,223	2,349,223	4.16
Trustees - CSAPL Employees Staff Provident Fund	-	450,200	450,200	0.80
Trustees - Crescent Cotton Staff Provident Fund	-	54,400	54,400	0.10
	618	12,853,550	12,854,168	22.77
NIT and ICP				
National Invetment Trust Limited	-	50,000	50,000	0.09
NBP - Trustee Department NI(U)T Fund	-	3,732,990	3,732,990	6.61
	-	3,782,990	3,782,990	6.70
Mutual Funds				
CDC - Trustee AKD Opportunity Fund	-	358,000	358,000	0.63
CDC - Trustee NIT- Equity Market Opportunity Fund	-	207,966	207,966	0.37
M/s. Acadian Frontier Markets Equity Fund	-	269,000	269,000	0.48
M/s. Asian Stock Fund Limited	-	1,090,000	1,090,000	1.93
M/s. Golden Arrow Selected Stocks Fund Limited.	-	1,050,035	1,050,035	1.86
M/s. Safeway Mutual Fund Limited	-	1,233,739	1,233,739	2.19
	-	4,208,740	4,208,740	7.45
Banks, NBFCs, DFIs, Takaful, Pension Funds	3,454,596	4,058,666	7,513,262	13.31
Modarabas	173	2,750	2,923	0.01
Insurance Companies	-	1,968,233	1,968,233	3.49
Other Companies,Corporate Bodies, Trust etc.	34,735	2,627,661	2,662,396	4.72
General Public				
A. Local	692,099	21,608,232	22,300,331	39.50
B. Foreign	-	129,000	129,000	0.23
	692,099	21,737,232	22,429,331	39.73
	4,213,388	52,246,605	56,459,993	100.00
Shareholders More Than 5.00%				
The Crescent Textile Mills Limited			6,209,676	11.00
NBP - Trustee Department NI(U)T Fund			3,732,990	6.61
Islamic Development Bank (Non-Resident)			3,450,150	6.11

Notice of Annual General Meeting

Notice is hereby given that the 29th Annual General Meeting of shareholders of Crescent Steel and Allied Products Limited (the "Company") will be held on Monday, 30 September 2013 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 2013.

2. To approve the payment of final cash dividend @ Rs.1.50 per share (15%) and also the two interim cash dividends @ Re.1.00 per share each (total: 20%) already paid, making a total cash dividend of Rs.3.50 per share (35%) for the year ended 30 June 2013.

3. To appoint Company's auditors for the financial year ending 30 June 2014 and to fix their remuneration.

Special Business

4. To approve, as recommended by the Directors, issue of bonus shares in proportion of one (1) Ordinary share for every ten (10) Ordinary shares held by the Members (i.e.10%) by capitalization of a sum of Rs. 56,460,000 out of the share premium account.

   A statement under Section 160 (1) (b) of the Companies Ordinance 1984 pertaining to the Special Business is being sent to the shareholders along with this Notice.

Lahore: 30 July 2013

BY ORDER OF THE BOARD
Muhammad Saad Thaniana
Company Secretary

Notes

1. The Share Transfer Books of the Company will remain closed from 24 September 2013 to 30 September 2013 (both days inclusive). Transfers received in order at Share Registrar Office of the Company, CorpTec Associates (Pvt) Limited, 503-E, Johar Town, Lahore by the close of business on 23 September 2013, will be treated in time for the entitlement of dividend and bonus 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 CNICs. The directive of the Securities and Exchange Commission of Pakistan contained in S.R.O. 831 (I) / 2012 dated 05 July 2012 requires that the dividend warrants should bear the Computerized National Identity Card Numbers (CNIC) of the registered shareholders or the authorized person except in the case of minor(s) and corporate shareholders.

CNIC number of the shareholders is, therefore, mandatory for the issuance of future dividend warrants and in the absence of such information, payment of dividend may be withheld in term of SECP's above mentioned directive. Therefore, the shareholders who have not yet provided their CNICs are once again advised to provide the attested copies of their CNICs (if not already provided) directly to our Independent Share Registrar at the following address 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 when shareholders can get amount of the 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 April 05, 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.

Statement under Section 160 (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 2013.

Issue of Bonus Shares to Members

The Board of Directors in their meeting held on 30 July, 2013 have recommended issue of bonus shares in proportion of one (1) Ordinary share for every ten (10) Ordinary shares held by the Members (i.e. 10%). The Directors are of the opinion that the reserves of the Company are adequate for capitalization of a sum of Rs. 56,460,000 out of share premium account for issue of 10% bonus shares.

The Directors are not directly or indirectly interested in this special business except to the extent of entitlements of bonus shares to be allotted to them and their spouses as shareholders of the Company.
The following Resolution is proposed to be passed as Ordinary Resolution:

RESOLVED THAT:

(i) A sum of Rs. 56,460,000 be capitalized out of the share premium account of the Company and applied towards issue of 5,646,000 ordinary shares of Rs. 10 each to be allotted as fully paid bonus shares in the proportion of one (1) ordinary shares for every ten (10) held by the Members of the Company whose names appear on the Members' Register at the close of the business on 23 September, 2013.

(ii) The bonus shares shall rank pari passu in all respects with the existing shares but shall not be eligible for the final dividend declared for the year ended 30 June 2013.

(iii) Members' entitlement to fractional shares as a result of their holding either being less than ten ordinary shares or in excess of an exact multiple of ten ordinary shares shall be consolidated into whole shares and sold on the Karachi Stock Exchange and the proceeds so realized shall be paid to any recognized charitable institution.

(iv) The Chief Executive Officer and Company Secretary be and are hereby jointly and/or severally authorized to give effect to this resolution and to do and cause to be done all acts, deeds and things that may be necessary or required for issue, allotment and distribution of the said bonus shares and payment of the sale proceeds of the fractional shares.

Glossary / List of Abbreviations

AFS	Available For Sale
API	American Petroleum Institute
APTMA	All Pakistan Textile Mills Association
Board	Board of Directors
BSC	Balanced Scorecard
BU	Business Unit
CCP	Crescent Cotton Products
CDC	Central Depository Company of Pakistan
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COLA	Cost of Living Allowance
CSAPL	Crescent Steel and Allied Products Limited
CSR	Corporate Social Responsibility
Dia	Diameter
EBIT	Earnings before Interest and Taxation
EBITDA	Earnings before Interest, Taxation Depreciation and Amortization
EDB	Engineering Development Board of Pakistan
EOBI	Employees' Old Age Benefit Institute
EPS	Earning Per Share
ERP	Enterprise Resource Planning
FBR	Federal Board of Revenue
GoP	Government of Pakistan
HFT	Held for Trading
HMI	Human Machine Interface
HR & R	Human Resource and Remuneration
HR Coil	Hot Roll Coil
HR	Human Resource
HSE	Health, Safety and Environment
HTM	Held to Maturity
IAS	International Accounting Standards
ICAP	Institute of Chartered Accountants of Pakistan
ICMAP	Institute of Cost and Management Accountants of Pakistan
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
IID	Investment and Infrastructure Development
IP Pipeline Project	Iran Pakistan Pipeline Project
ISO	International Organization for Standards
IT	Information Technology
KG	Kilo Gram
KIBOR	Karachi Interbank Offer Rate
KSE	Karachi Stock Exchange
Lbs	Pounds
LNG	Liquefied Natural Gas
NBV	Net Book Value
NRV	Net Realisable Value
OHSAS	Occupational Health and Safety Advisory Services
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 Program
SECP	Securities and Exchange Commission of Pakistan
SEL	Shakarganj Energy (Private) Limited
SMEDA	Small and Medium Enterprise Development Authority
SML	Shakarganj Mills Limited
TCF	The Citizens Foundation
TFC	Term Finance Certificate
THF	The Health Foundation
USDA	United States Department of Agriculture
WPPF	Workers' Profit Participation Fund
WWF	Workers' Welfare Fund

Form of Proxy

29th 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 # _________ do hereby appoint _________________________ of _____________________________ or failing him/her _____________________ of ________________________ 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 Monday, 30 September 2013 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 ______________ 2013.

1. Name ____________________________________

   N.I.C ____________________________________

   Address __________________________________

Please affix here Revenue Stamp 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 our Share Registrar Office of the Company, CorpTec Associates (Pvt) Limited, 503-E, Johar Town, Lahore, not less than 48 hours before the time of holding the Meeting.
3. CDC account holders will further have to follow the under mentioned guidelines as laid down in circular # 1 dated January 26, 2000 of the Securities and 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.

crescent.com.pk

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