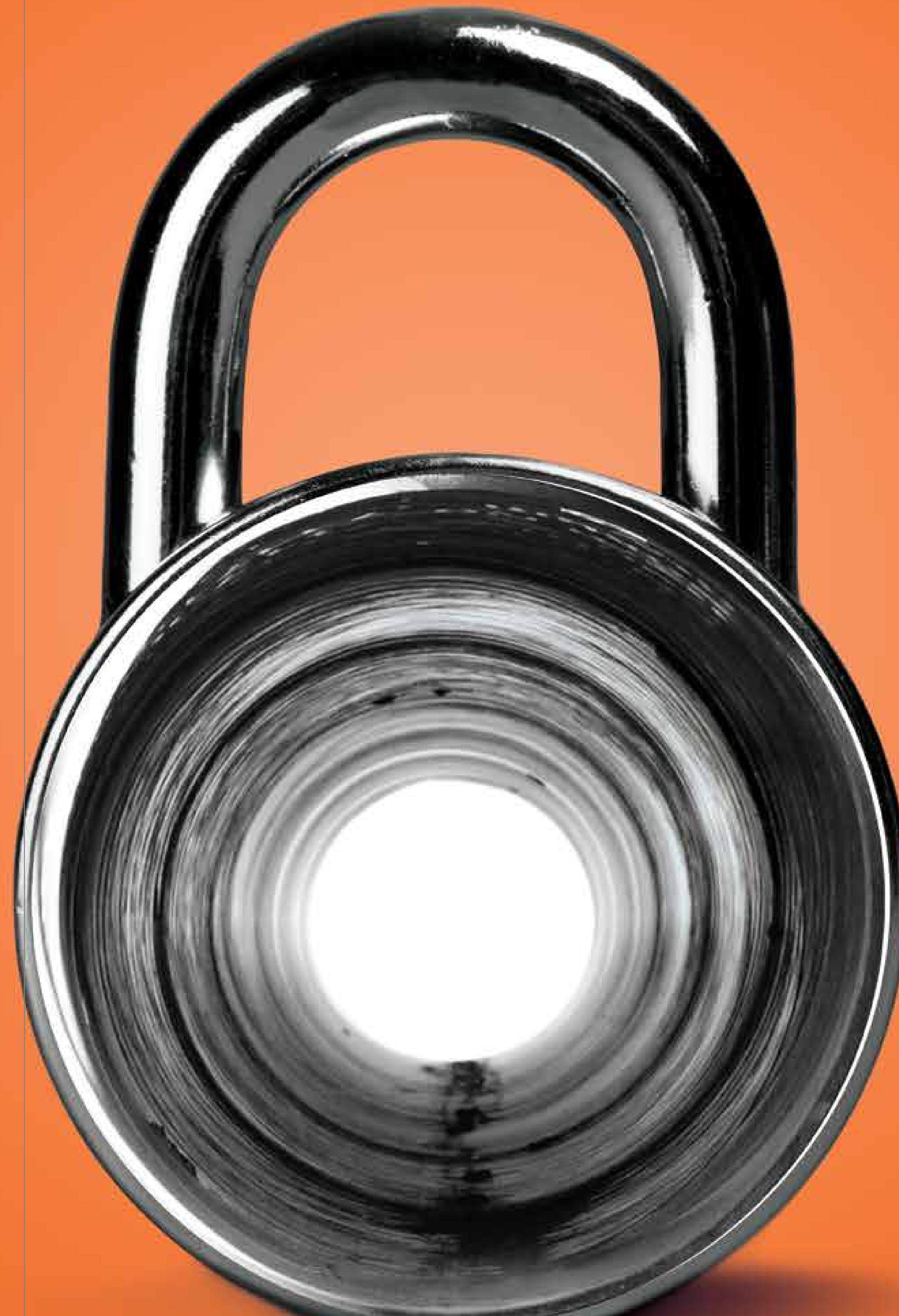
SECURING THE FUTURE

UNCONSOLIDATED FINANCIAL STATEMENTS



INDEPENDENT AUDITORS' REVIEW REPORT

KPMG

To the members of Crescent Steel and Allied Products Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Crescent Steel and Allied Products Limited (the Company) for the year ended 30 June 2018 in accordance with the requirements of regulation 40 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken 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 requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2018.

Date: 31 July 2018
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

INDEPENDENT AUDITORS' REPORT

KPMG

To the members of Crescent Steel and Allied Products Limited

Report on the Audit of Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Crescent Steel and Allied Products Limited (the Company), which comprise the unconsolidated statement of financial position as at 30 June 2018, and the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, 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 purpose of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of unconsolidated financial position, unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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 2018 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the unconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S.No.	Key audit matters	How the matter was addressed in our audit
1.	**Revenue Recognition**	
	Refer to note 6.16 and 32 to the unconsolidated financial statements. The Company's revenue is principally generated from sale of large diameter spiral arc welded steel line bare pipe, coated pipes, pre coated pipes and cotton yarn. Revenue from sale of	Our audit procedures in respect of the timing of revenue recognition , amongst others, included the following: • obtaining an understanding of and testing the design and operating effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period;

S. No.	Key audit matters	How the matter was addressed in our audit
	products is recognized when the Company delivers the products to customers in accordance with the terms of the relevant contracts which includes liquidated damages in case of delay in supply. We identified revenue recognition as key audit matter because recognition of sales in the appropriate period is subject to acceptance of the products by customers based on agreed terms and condition. Therefore, there could be potential risk that the revenue transactions are not recognized in the appropriate periods.	• inspecting significant contracts to obtain an understanding of contracts terms particularly relating to timing and the customer's acceptance of the products including charge of liquidated damages and assessing the Company's accounting policies for the recognition of revenue with reference to the requirements of the prevailing accounting standards; and • comparing, on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation, including the relevant sales contracts, the customer's acknowledgement of acceptance, to assess whether revenue and charge for liquidated damages had been recognized in the appropriate accounting period.
2 .	**Valuation of Stock-in-Trade**	
	Refer to note 6.7 and 23 to the unconsolidated financial statements. As at 30 June 2018, the Company's stock-in-trade amounted to Rs. 1,542.65 million. This significantly comprised of bare pipes, pre coated pipes, pipe coating, hot rolled steel coils and raw cotton. We identified the valuation of stock-in-trade as a key audit matter because determining an appropriate write-down as a result of net realizable value (NRV) being lower than their costs involved significant management judgment and estimation.	Our audit procedures in respect of the valuation of stock-in-trade, amongst others, included the following: • obtaining an understanding of management's determination of NRV and the key estimates adopted, including future selling prices, future costs to complete work-in-progress and costs necessary to make the sales, the basis of calculation and justification for the amount of the write-downs and provisions and future purchase commitments; • assessing the NRV of stock-in-trade by comparing, on a sample basis, management's estimation of future selling prices for the products with committed sales contracts and selling prices achieved subsequent to the end of the reporting period; • assessing management's estimation of the costs of converting raw materials and work-in-progress into finished goods and the related selling expenses, on a sample basis, by comparing them with actual costs incurred in the current year; and • testing the calculations made by management in arriving at their year-end assessment of NRV and write-downs of and provisions for stock-in-trade.

3 .	Classification and valuation of Investments	How the matter was addressed in our audit
	Refer to note 6.4, 19 and 27 to the unconsolidated financial statements. The Company's investments as at 30 June 2018 amounted to Rs. 4,986.717 million. These comprised of investments in listed and unlisted equity securities and investments in subsidiaries and associates. The investments in subsidiaries amounted to Rs. 3,043.142 million, associated companies amounted to Rs. 1,284.596 million, financial assets classified as investments at fair value through profit or loss amounted to Rs. 436.971 million and available for sale investments amounted to Rs. 222.01 million. The management's judgment is involved in classification of investments between investments at fair value through profit or loss and available for sale investments, valuation of investments where quoted prices are not available and the impairment allowance against investments classified as available for sale. In assessing whether there was any impairment of the carrying value of the investments in subsidiaries and associates management determines the recoverable amounts based on higher of its value in use and its fair value less costs to sell. We identified the classification, valuation of investments and impairment as a key audit matters because of its significance and the management's judgment involved.	Our audit procedures in respect of the classification and valuation of investments and determination of allowance for impairment, amongst others, included the following: • Obtaining an understanding of and testing the design and operating effectiveness of controls designed to ensure for the classification, valuation of investments and determination of provision for impairment against investment classified as available for sale; • Comparing, on a sample basis, specific investment buying and selling transactions recorded during the year with underlying documentation; • assessing, on a sample basis, whether investments were recorded within the appropriate classification at the time of purchase by comparing individual items in the portfolio with underlying documentation; • assessing, on a sample basis, whether investments were valued at fair value based on the last quoted market price and method used by the management for unquoted investments; • assessing the basis and estimates used by the management to determine impairment against investment classified as available for sale; • involving our internal valuation specialists to assist us in assessing the appropriateness of calculations to determine recoverable amounts based on value in use; and • comparing the higher of value in use and fair values of the investments in subsidiaries and associates as assessed by management.

Information Other than the Unconsolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Company's Annual Report for 2018 but does not include the unconsolidated financial statements and our auditors' report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

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

Other Matters

The engagement partner on the audit resulting in this independent auditors' report is Muhammad Nadeem.

Date: 31 July 2018
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Note	2018	2017
		(Rupees in '000)	
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	7	776,325	776,325
Capital reserves	8	1,028,282	1,033,823
Revenue reserves		4,919,160	5,009,569
		6,723,767	6,819,717
Non-current liabilities			
Long term loans	9	226,746	322,481
Liabilities against assets subject to finance lease	10	127,419	63,606
Deferred income	11	8,107	7,471
Deferred taxation	21	-	232,847
		362,272	626,405
Current liabilities			
Trade and other payables	12	1,349,139	1,863,813
Unpaid dividend		-	116,449
Unclaimed dividend		21,520	21,628
Mark-up accrued	13	16,144	27,892
Short term borrowings	14	1,458,195	2,517,336
Current portion of long term loans	9	96,544	140,500
Current portion of liabilities against assets subject to finance lease	10	46,010	41,700
Current portion of deferred income	11	5,424	4,148
		2,992,976	4,733,466
Contingencies and commitments	15		
Total equity and liabilities		10,079,015	12,179,588

	Note	2018	2017
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	16	1,039,047	940,606
Intangible assets	17	151	977
Investment properties	18	13,076	15,314
Long term investments	19	4,538,346	4,204,446
Long term deposits	20	217,233	188,650
Deferred taxation	21	30,081	-
		5,837,934	5,349,993
Current assets			
Stores, spares and loose tools	22	168,973	163,185
Stock-in-trade	23	1,542,650	2,686,682
Trade debts	24	106,886	663,671
Loans and advances	25	274,713	378,023
Trade deposits and short term prepayments	26	25,579	14,675
Investments	27	448,371	514,984
Mark-up accrued	28	26,506	1,480
Other receivables	29	553,446	1,745,625
Taxation - net	30	960,505	632,799
Cash and bank balances	31	133,452	28,471
		4,241,081	6,829,595
Total assets		10,079,015	12,179,588

The annexed notes from 1 to 54 form an integral part of these unconsolidated financial statements.

Chief Executive

Director

Chief Financial Officer

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		(Rupees in '000)	
Sales	32	8,086,346	11,715,194
Less: Sales tax		1,042,559	1,506,550
		7,043,787	10,208,644
Cost of sales	33	6,232,466	8,349,794
Gross profit		811,321	1,858,850
Income from investments	34	495,508	246,889
		1,306,829	2,105,739
Distribution and selling expenses	35	17,852	31,024
Administrative expenses	36	173,036	286,750
Other operating expenses	37	84,890	410,821
		275,778	728,595
		1,031,051	1,377,144
Other income	38	171,671	201,832
Operating profit before finance costs		1,202,722	1,578,976
Finance costs	39	231,319	187,273
Profit before taxation		971,403	1,391,703
Taxation	40	219,653	379,268
Profit for the year		751,750	1,012,435
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Unrealized (loss) / gain on remeasurement of investments classified as 'available for sale'		(5,541)	8,129
Items that will not be reclassified subsequently to profit or loss			
(Loss) / gain on remeasurement of staff retirement benefit plans - net of tax		(589,853)	379,591
Other comprehensive income for the year		(595,394)	387,720
Total comprehensive income for the year		156,356	1,400,155
		(Rupees)	
Basic and diluted earnings per share	41	9.68	13.04

The annexed notes from 1 to 54 form an integral part of these unconsolidated financial statements.

Chief Executive **Director** **Chief Financial Officer**

UNCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		(Rupees in '000)	
Cash flows from operating activities			
Cash generated from operations	42	2,388,838	914,867
Taxes paid		(576,328)	(503,994)
Finance costs paid		(181,359)	(168,632)
Contribution to gratuity and pension funds		(11,552)	(12,081)
Contribution to Workers' Profit Participation Fund		(111)	(60,000)
Long term deposits - net		(20,003)	1,881
Net cash generated from operating activities		1,599,485	172,041
Cash flows from investing activities			
Capital expenditure		(204,216)	(215,198)
Proceeds from disposal of operating fixed assets		59,332	80,578
Proceeds from disposal of operating fixed assets under sale and leaseback arrangement		89,839	30,889
Investments - net		(328,270)	(205,218)
Dividend income received		549,528	163,595
Interest income received		2,026	765
Net cash generated from / (used in) investing activities		168,239	(144,589)
Cash flows from financing activities			
Repayment of long term loans		(139,691)	(40,519)
Payments against finance lease obligations		(51,660)	(65,553)
(Repayment of) / proceeds from short term loans obtained - net		(1,160,295)	365,416
Dividends paid		(368,863)	(389,172)
Net cash used in financing activities	42.1	(1,720,509)	(129,828)
Net increase / (decrease) in cash and cash equivalents		47,215	(102,376)
Cash and cash equivalents at beginning of the year		(219,311)	(116,935)
Cash and cash equivalents at end of the year	43	(172,096)	(219,311)

The annexed notes from 1 to 54 form an integral part of these unconsolidated financial statements.

Chief Executive **Director** **Chief Financial Officer**

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

	Issued, subscribed and paid-up capital	Capital reserves: Share premium	Capital reserves: Unrealized gain / (loss) on remeasurement of investments classified as 'available for sale'	Revenue reserves: General reserve	Revenue reserves: Unappropriated profit	Total
	-----	-----	-----(Rupees in '000)-----	-----	-----	-----
Balance as at 30 June 2016	776,325	1,020,908	4,786	2,642,000	1,363,706	5,807,725
Transfer to general reserve	-	-	-	1,000,000	(1,000,000)	-
Total comprehensive income for the year ended 30 June 2017						
Profit for the year	-	-	-	-	1,012,435	1,012,435
Other comprehensive income						
Total Other comprehensive income for the year	-	-	8,129	-	379,591	387,720
Total comprehensive income for the year	-	-	8,129	-	1,392,026	1,400,155
Transactions with owners						
Dividend:						
- Final @ 20% (i.e. Rs. 2 per share) for the year ended 30 June 2016	-	-	-	-	(155,265)	(155,265)
- First interim @ 15% (i.e. Rs. 1.5 per share) for the year ended 30 June 2017	-	-	-	-	(116,449)	(116,449)
-Second interim @ 15% (i.e. Rs. 1.5 per share) for the year ended 30 June 2017	-	-	-	-	(116,449)	(116,449)
Balance as at 30 June 2017	776,325	1,020,908	12,915	3,642,000	1,367,569	6,819,717
Total comprehensive income for the year ended 30 June 2017						
Profit for the year	-	-	-	-	751,750	751,750
Other comprehensive income						
Total Other comprehensive income for the year	-	-	(5,541)	-	(589,853)	(595,394)
Total comprehensive income for the year	-	-	(5,541)	-	161,897	156,356
Dividend:						
- Final @ 22.5% (i.e. Rs. 2.25 per share) for the year ended 30 June 2017	-	-	-	-	(174,673)	(174,673)
- First interim @ 10% (i.e. Rs. 1 per share) for the year ended 30 June 2018	-	-	-	-	(77,633)	(77,633)
Balance as at 30 June 2018	776,325	1,020,908	7,374	3,642,000	1,277,160	6,723,767

The annexed notes from 1 to 54 form an integral part of these unconsolidated financial statements.

Chief Executive **Director** **Chief Financial Officer**

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

1. THE COMPANY AND ITS OPERATIONS

1.1 Crescent Steel and Allied Products Limited ("the Company") was incorporated on 1 August 1983 as a public limited company in Pakistan under the Companies Act, 1913 (now Companies Act, 2017) and is quoted on the Pakistan Stock Exchange. The registered office of the Company is located at E-floor, IT Tower, 73-E/1, Hali Road, Gulberg-III, Lahore. Whereas its principal office is situated at 9th floor Sidco Avenue Centre 264 R.A. Lines, Karachi. The Company is Shariah Compliant Company and listed on Islamic Index.

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 Jamshoro, Sindh. The Company has a coating facility capable of applying three layers high density polyethylene coating on steel line pipes. The coating plant commenced commercial production from 16 November 1992. The Company's fabrication unit is engaged in fabrication and erection of machinery located at Bhone, District Jhang.

1.3 The Company is running cotton spinning unit at Jaranwala, District Faisalabad. This activity is carried out by the Company under the name and title of "Crescent Cotton Products" a division of Crescent Steel and Allied Products Limited.

1.4 The Company is also managing a portfolio of equity investments and real estate through its Investment and Infrastructure Division from the principal office of the Company.

1.5 The Company also has investment in subsidiaries and associates, the details of which are stated in notes 19.1 and 19.2.

2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE YEAR

2.1 The Company's net sales stood at Rs. 7.044 billion (2017: Rs. 10.209 billion), 87.12 percent of which was generated from Steel division. For the second half of the year, the Steel division recorded revenue of Rs. 201.8 million only, owing to lower sales order booked by Steel division due to delay in infrastructure projects. During the month of April 2018, the Company secured a contract of Rs. 1.7 billion from SNGPL for the supply of 24" coated pipe. Production and delivery of coated pipe is expected to commence from first quarter of next fiscal year.

Income from investments in equity shares of Rs. 488.328 million generated during the year. However, due to decline in KSE-100 Index in second half of the year, the bench mark shed by 13.1 percent and posted a low of 37,919 points and closed at 40,471. Consequently, the Company suffered unrealized loss of Rs. 54.383 million on its investments.

Director's report contain details about the Company's performance.

3. BASIS OF PREPARATION

3.1 Unconsolidated financial statements

These are the unconsolidated financial statements (therein after referred as the financial statements) of the Company in which investments in subsidiaries and associates are stated at cost rather than on the basis of reported results and net assets of the investees. The consolidated financial statements of the Company are prepared and presented separately.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

3.2 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS or IFASs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.3 Basis of measurement

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

3.4 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.

4. USE OF ESTIMATES AND JUDGEMENTS

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

- Property, plant and equipment (refer note 6.1)
- Intangible assets (refer note 6.2)
- Investment property (refer note 6.3)
- Investments (refer note 6.4)
- Stores, spares and loose tools and stock-in-trade (refer note 6.6 and 6.7)
- Employee benefits (refer note 6.10)
- Leases (refer note 6.12)
- Taxation (refer note 6.15)
- Impairment (refer note 6.1, 6.2, 6.3, 6.4 and 6.19)
- Provision (refer note 6.18)

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

5.1 There are new and amended standards and interpretations as notified under the Companies Act, 2017 that are mandatory for accounting periods beginning 1 July 2017 but are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statements.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

5.2 Standards, interpretations and amendments to published approved accounting standards that arenot yet effective

The following International Financial Reporting Standards (IFRS) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2018:

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

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

- Annual Improvements to IFRS 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit and loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Company's financial statements.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on the Company's financial statements.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Company's financial statements.

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- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The management has completed an initial assessment of the potential impact on revenue and considered that the impact would not be significant.

- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The management has completed an initial assessment of changes required in classification and measurement of financial instruments on adoption of the standard and has also carried out an initial exercise to calculate impairment required under expected credit loss model. Based on initial assessment the management considered that there is no significant change in the recognition criteria or carrying value of the financial assets or liabilities and no additional significant impairment is expected.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The management has completed an initial assessment of the potential impact on the Company's lease arrangements and considered that the impact would not be significant.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Company's financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Company's financial statements

- Annual Improvements to IFRS 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on the Company's financial statements.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below, which have been consistently applied to all the periods presented except for the following:

- the first time application of financial reporting requirements, including disclosure and presentation requirements of the Companies Act, 2017 effective from 30 June 2018, some of the amounts reported for the previous period have been reclassified (refer note 52). However, there was no change in the reported amounts of statement of profit or loss and other comprehensive income or the amounts presented in the statement of financial position except for presentation.

- new or amendments / interpretations to existing standards and interpretation as stated in note no. 5.1.

6.1 Property, plant and equipment

Owned assets

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

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

Subsequent cost

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

Depreciation

Depreciation is charged to income on a straight line basis at the rates specified in note 16.1 to these financial statements. Depreciation on additions to property, plant and equipment is charged from the month in which an item is acquired or capitalized while no depreciation is charged for the month in which the item is disposed off or retained.

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

Disposal

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

Leased assets

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

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

Capital work in progress

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

Impairment

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

6.2 Intangible assets

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

Subsequent expenditure

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

Amortization

Amortization is charged to profit or loss 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.

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Impairment

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

6.3 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

Depreciation is charged to the profit or loss on straight line method at the rates specified in the note 18 so as to allocate the depreciable amount over its estimated useful life. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalized while no depreciation is charged for the month in which the property is disposed off.

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

Impairment

The Company assesses at each reporting date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit or loss. 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.

Disposal

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

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6.4 Financial assets

Investments in subsidiaries

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

Investments in associates

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

Financial assets at fair value through profit or loss

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

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, and contains impacts of Group taxation as explained above.

Available for sale investments

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

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

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.

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Impairment

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

An impairment loss in respect of financial assets measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the assets original effective interest rate. Losses are recognized in profit or loss. 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 or loss.

Impairment losses on available for sale financial assets are recognized by reclassifying the losses accumulated in reserves in equity to profit or loss. The cumulative loss that is reclassified from equity to the profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any cumulative impairment loss recognized previously in profit or loss.

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

Derivative financial instruments

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

6.5 Non-current assets held for sale

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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6.6 Stores, spares and loose tools

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

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

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

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

6.7 Stock-in-trade

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

6.8 Trade debts and other receivables

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

6.9 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 statement of cash flows.

6.10 Employee benefits

6.10.1 Compensated absences

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

6.10.2 Post retirement benefits

6.10.2.1 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 or loss when they are due.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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Cotton segment

Provision and collection from employees are made at the rate of 6.25% of basic pay of Cotton segment employees. A trust has been established and its approval has been obtained from the Commissioner of Income Tax.

All employees except Cotton segment

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

6.10.2.2 Defined benefit plans

Pension and gratuity fund schemes

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

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

6.11 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 or loss over the period of the borrowings on an effective interest basis.

6.12 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 profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized as more fully explained in note 6.17 below.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss 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 profit or loss over the lease term. Any loss representing the excess of the carrying values over the sale proceeds is recognized immediately in profit or loss.

6.13 Asset held under Ijarah financing

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

6.14 Trade and other payables

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

6.15 Taxation

Group taxation

The Parent company has opted for Group taxation under section 59AA of the Income Tax Ordinance, 2001 along with two of its subsidiaries CS Capital (Private) Limited and CS Energy (Private) Limited. Thesecompanies are taxed as one fiscal unit under this scheme. The current and deferred income taxes have been estimated on income of each of the companies according to the applicable law and are recognised by each company separately within the Group, regardless of who has the legal liability for settlement or the legal right for recovery of the tax. Any adjustments arising solely due to Group taxation in respect of result of subsidiaries are recognised in the Parent Company and the amounts paid to or receivable from the Parent company are adjusted accordingly.

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, and contains impacts of Group taxation as explained above.

Deferred

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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6.16 Revenue recognition

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

Interest income is recognized using the effective interest method.

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

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

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

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

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

6.17 Borrowing costs

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

6.18 Provisions

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

6.19 Impairment

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

6.20 Foreign currency translation

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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6.21 Offsetting of financial assets and financial liabilities

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

6.22 Segment reporting

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

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

6.23 Proposed dividend and transfer between reserves

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

6.24 Earnings per share

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

7. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2018	2017		2018	2017
------- (Number of Shares) -------			-------- (Rupees in '000) -------	
37,756,686	37,756,686	Ordinary shares of Rs. 10 each fully paid in cash	377,567	377,567
39,875,805	39,875,805	Ordinary shares of Rs. 10 each issued as bonus shares	398,758	398,758
77,632,491	77,632,491		776,325	776,325

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

	2018		2017	
	(Percentage of holding)	(Number of shares)	(Percentage of holding)	(Number of shares)
Crescent Steel and Allied Products Limited - Gratuity Fund	2.26%	1,752,333	1.90%	1,471,233
Crescent Steel and Allied Products Limited - Pension Fund	4.97%	3,856,980	4.16%	3,230,181
Crescent Steel and Allied Products Limited - Staff Provident Fund	0.16%	124,200	1.07%	833,700
Crescent Cotton Products - Staff Provident Fund	0.10%	74,800	0.10%	74,800
CSAPL - Staff Benevolent Fund	0.05%	36,178	0.05%	36,178
Muhammad Amin Muhammad Bashir Limited	0.00%	848	0.00%	848
Premier Insurance Limited	0.18%	141,500	0.19%	146,500
Shakarganj Limited	0.23%	180,000	0.23%	180,000
Crescent Cotton Mills Limited	0.00%	76	0.00%	76

7.2 There is no shareholder agreement for voting rights, board selection, rights of first refusal, and block voting.

8. CAPITAL RESERVES

This includes share premium reserve amounting to Rs. 1,020.9 million and as per section 81 of the Companies Act, 2017 this can be used for following purpose:

- to write off preliminary expenses of the Company;
- to write off expenses of, or the commission paid or discount allowed on, any issue of shares of the Company; and
- in providing for the premium payable on the redemption of any redeemable preference shares of the Company.

The Company may also use the share premium account to issue bonus shares to its members.

9. LONG TERM LOANS

	Note	2018	2017
		----------- (Rupees in '000) -------------	
Secured - Under non-shariah arrangement			
Allied Bank Limited	9.1	323,290	244,231
Saudi Pak Industrial and Agriculture Investment Company Limited	9.2	-	218,750
		323,290	462,981
Less: Current portion shown under current liabilities		96,544	140,500
		226,746	322,481

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9.1 The Company has a long term loan arrangement with Allied Bank Limited for an amount of Rs. 312 million (2017: Rs. 312 million) . The term of the loan is 5 years from the date of disbursement with a grace period of one year, repayable in 16 equal quarterly installments started from December 2015. During the year, the Company has made repayment of Rs. 78 million (2017: Rs. 78 million) . Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During the year ended 30 June 2017, Company entered into a loan arrangement with Allied Bank Limited of an amount of Rs. 100 million, out of which Rs. 74.176 million have been disbursed till date. The term of the loan is 5 years from the date of disbursement with a grace period of one year, repayable in 16 equal quarterly installments starting after fifteen months from date of disbursement. During the year, the Company has made repayment of Rs. 4.636 million. Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During year ended 30 June 2018, Company entered into new loan arrangement with Allied Bank Limited of an amount of Rs. 300 million, out of which Rs. 156.25 million have been disbursed till date. The term of the loan is 4 years from the date of disbursement with a grace period of one year, repayable in 12 equal quarterly installments starting after twelve months from date of disbursement. Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During the year, mark-up on such arrangements was ranged between 7.64% to 8.35% (2017: 7.59% to 7.64%). The facility is secured against first joint pari passu hypothecation / equitable mortgage on plant, machinery and property of the Company.

9.2 The Company had a long term loan arrangement with Saudi Pak Industrial and Agricultural Investment Company Limited for an amount of Rs. 250 million. The term of the loan was 5 years from the date of disbursement including a grace period of one year, repayable in 8 equal semi annual installments starting from eighteen months from date of disbursement. During the year, the Company has made repayment of Rs. 218.75 million (2017: Rs. 31.25 million) including early repayment of Rs. 156.25 million. During the year, mark-up on such arrangement is 8.61% to 8.92% (2017: 8.48% to 8.85%) per annum. The facility was secured against first exclusive mortgage charge on land and building and property of the Company.

10. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Minimum lease payments		Future finance costs		Present value of minimum lease payments	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
	(Rupees in '000)					
Not later than one year	58,647	49,414	12,637	7,714	46,010	41,700
Later than one year and not later than five years	143,293	69,552	15,874	5,946	127,419	63,606
	201,940	118,966	28,511	13,660	173,429	105,306
Less: Current portion shown under current liabilities					46,010	41,700
					127,419	63,606

10.1 The Company has entered into finance lease arrangements with leasing companies for lease of plant and machinery and motor vehicles. The lease term of these arrangments is from three to five years (2017: three to five years) and the liability is payable by the month ranging from one to sixty months (2017: three to sixty months). The periodic lease payments include built-in rates of mark-up ranging between 10.47% to 12.06% (2017: 10.61% to 15.41%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 150.175 million (2017: Rs. 117.245 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.

11. DEFERRED INCOME

The Company entered into sale and lease back arrangements resulting in deferred income (representing excess of sales proceeds over the carrying amount of respective assets) out of which Rs. 5.424 million (2017: Rs. 4.148 million) is classified in current liabilities; being current portion of deferred income of Rs. 13.531 million (2017: Rs. 11.619 million). The deferred income will be amortized to the profit or loss over the lease term. During the year, Rs. 4.677 million (2017: Rs. 4.968 million) is amortized in profit or loss.

12. TRADE AND OTHER PAYABLES

	Note	**2018**	**2017**
		(Rupees in '000)	
Trade creditors		42,426	36,328
Bills payable		767,979	1,287,514
Commission payable		1,253	802
Accrued liabilities	12.1	259,375	282,489
Advances from customers - unsecured		24,632	46,280
Provisions	12.2	184,858	165,162
Due to related parties	12.3	41	-
Payable to provident fund		2,017	369
Payable to staff retirement benefit funds		1,899	-
Retention money		2,949	4,699
Sales Tax payable		207	300
Withholding tax payable		2,272	2,689
Derivative financial liability		306	-
Workers' Profit Participation Fund	12.4	29,443	2,772
Workers' Welfare Fund		12,215	20,849
Others		17,267	13,560
		1,349,139	1,863,813

12.1 Accrued liabilities

	Note	2018	2017
Salaries, wages and other benefits		34,239	41,849
Accrual for 10-C bonus		2,609	2,481
Compensated absences		12,928	13,820
Liquidated damages		153,695	153,695
Others	12.1.1	55,904	70,644
		259,375	282,489

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12.1.1 This includes liability against Gas Infrastructure Development Cess of Rs. 17.004 million (2017: 17.004 million).

12.2 Movement in provisions

	Infrastructure fee	Sales Tax	Liquidated damages	Total
	---------------------	(Rupees in '000)	---------------------	
	(Note 12.2.1)	(Note 12.2.2)	(Note 12.2.3)	
Opening balance as at 1 July 2017	116,499	3,242	45,421	165,162
Provision for the year	39,610	-	-	39,610
Payments during the year	(19,914)	-	-	(19,914)
Closing balance as at 30 June 2018	136,195	3,242	45,421	184,858

12.2.1 This provision has been recognized against infrastructure fee levied by the Government of Sindh through Sindh Finance (Amendment) Ordinance, 2001 (the Ordinance) and through Sindh Development and Maintenance of Infrastructure Cess Act, 2017 (the Act). The Act validates fees leviede through the Ordinance and continues the levy.

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

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

After promulgation of new law, the Company has instituted legal proceedings against the levy in the Sindh High Court, where interim stay has been granted on similar terms of payment of 50% of the amount of cess to the Government and furnishing of bank guarantees for remaining 50%.

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. 101.539 million (2017: Rs. 91.539 million) in favour of Excise and Taxation Department. Based on the legal advice, the management believes that the chance of success in the petition is in the Company's favour. Current year charge has been estimated on the value of imports during the year and forms a component of cost of such imported raw materials. Any subsequent adjustment with respect to increase or decrease in the estimate has been recognized in the profit or loss. However, on a prudent basis full provision has been recognized.

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

12.2.3 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.

12.3 This represents balances due to Premier Insurance Limited - a related party, amounting to Rs. 0.041 million (2017: Rs. Nil).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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	Note	2018	2017
		----------- (Rupees in '000)	-------------
12.4 Workers' Profit Participation Fund			
Opening balance as at 1 July		2,772	2,661
Allocation for the year	37	26,782	60,111
		29,554	62,772
Amount paid to the trustees of the fund		(111)	(60,000)
Closing balance as at 30 June		29,443	2,772

13. MARK-UP ACCRUED

	Note	2018	2017
Mark-up accrued on :			
- Finance lease obligations		425	148
- Long term loans		3,732	4,765
- Running finance and short term loans	13.1	11,987	22,979
		16,144	27,892

13.1 This includes mark-up accrued amounting to Rs. 0.03 million (2017: Rs. 8.52 million) on shariah arrangement.

14. SHORT TERM BORROWINGS

	Note	2018	2017
Secured from banking companies			
Running finances under mark-up arrangements	14.1	305,548	247,782
Short term loans	14.2	439,339	2,269,554
Unsecured from non-banking companies			
Short term finance under mark-up arrangement	14.6	713,308	-
		1,458,195	2,517,336

14.1 Short term running finance / money market available from conventional side of various commercial banks under mark-up arrangements amounted to Rs. 1,200 million (2017: Rs. 850 million) out of which Rs. 250 million (2017: Rs. 250 million), Rs.Nil (2017: Rs. 50 million) and Rs.100 million (2017: Rs. 100 million) is interchangeable with letters of credit facility, Finance against Import Material (FIM) and letter of guarantee facility respectively. During the year, mark-up on such arrangements ranged between 7.64% to 8.84% (2017: 6.96% to 8.62%) per annum.

14.2 This includes an amount of Rs. 46.8 million (2017: Rs. 402.5 million) outstanding against islamic mode of financing. Short term loans available from various commercial banks under mark-up arrangements amounted to Rs. 4,707 million (2017: Rs. 4,380 million) out of which Rs. 3,925 million (2017: Rs. 3,500 million), Rs. Nil (2017: Rs. 50 million) and Rs. 210 million (2017: Rs. 310 million) is interchangeable with letters of credit, running finance facility and letter of guarantee facility respectively. During the year, mark-up on such arrangements ranged between 7.83% to 8.67% (2017: 7.71% to 8.51%) per annum.

14.3 The facilities for opening letters of credit amounted to Rs. 5,525 million (2017: Rs. 4,800 million) out of which Rs. 250 million (2017: Rs. 250 million), Rs. 2,925 million (2017: Rs. 3,500 million) and Rs. 210 million (2017: Rs. 410 million) are interchangeable with short term running finance, short term loans and letter of guarantee respectively as mentioned in notes 14.1 and 14.2 above. The facility for letters of guarantee as at 30 June 2018 amounted to Rs. 1,922 million (2017: Rs. 2,857 million). Amounts unutilized for letters of credit and guarantees as at 30 June 2018 were Rs. 4,249 milllion and Rs. 106 million (2017: Rs. 761 million and Rs. 650 million) respectively.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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14.4 The Company is currently availing Islamic mode of financing from the Al Baraka Bank, Dubai Islamic Bank, and Bank Islami Pakistan Limited. Facilities availed during the year includes letter of credit, bank guarantee, Wakala, Morhaba, Istisna and Ijarah financing.

14.5 The above facilities are expiring on various dates and are secured by way of mortgage of land and building, hypothecation of plant and machinery, stock-in-trade, trade debts and other current assets, pledge of shares and cotton / cotton yarn; and lien over import / export document (refer note 27.3). Further, above facilities (refer note 14.1 to 14.3) are also secured against mortgage of land and building, hypothecation of plant and machinery and pledge of shares owned by Subsidiary Companies.

14.6 During the year, the Company has issued commercial papers at discounted value of Rs. 669.9 million to non-banking finance companies for working capital requirement. The term of the loan is one year from the date of issuance and redeemable on 15 August 2018 at face value of Rs. 719.5 million. Mark-up is payable at the rate of six months KIBOR plus 1.35% per annum. During the year, mark-up on such arrangement was 7.50% per annum.

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 During 2014-2015, a show cause notice was issued by the Deputy Director, Directorate of Post Clearance Audit (Customs) Karachi for payment of duties and taxes on import of certain raw materials. In response the Company had contested that the said imports were exempt under bilateral agreement between Government of Pakistan and Government of Japan for projects under grant and accordingly these were cleared by the customs. However, the collector customs has issued an order dated 22 May 2015 for recovery of the said duty and taxes and penalty thereon amounting to Rs. 44.773 million. The Company has filed an appeal with Appellate Tribunal (Customs) against the order. No provision has been recognized in these financial statements as the case is under appeal and management considers that the same would be decided in the Company's favour.

15.1.2 During 2015-2016, show cause notice from Sindh Revenue Board has been received in respect of registration as a service provider and a demand aggregating to Rs. 60 million in respect of sales tax on services has been raised. The Company has filed a constitutional writ in the Sindh High Court against the Sindh Revenue Board and Government of Sindh in respect of the notice, in which Honorable Sindh High Court has granted interim relief to the Company. No provision has been recognized in the financial statements in this respect, since based on the opinions of tax consultant and the Company's legal counsel, the management is confident of favorable outcome of litigation in relation to the said matter.

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

15.2 Commitments

15.2.1 During 2015-2016, the Company entered into Ijarah financing arrangement amounting to Rs. 600 million with Bank Islami Pakistan Limited for acquisition of Spiral Pipe (SP) machine. As per requirement of IFAS-2 Ijarah financing has been treated as an operating lease. As at 30 June 2018, amount of lease rental outstanding under the agreement are Rs. 274.776 million (2017: Rs. 366.503 million), which is payable in quarterly instalments of Rs. 22.898 million (2017: Rs. 22.906 million) each.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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

	2018	2017
	(Rupees in '000)	
Not later than one year	91,592	91,626
Later than one year and not later than five years	423,184	514,877
	514,776	606,503
Security deposit under arrangement	(240,000)	(240,000)
	274,776	366,503

15.2.2 Aggregate amount of guarantees issued on behalf of the Company against various contracts aggregated Rs. 1,834 million (2017: Rs. 1,934 million). This includes guarantee issued by islamic banks amounting to Rs. 166.8 million (2017: Rs. 209 million).

15.2.3 Commitments in respect of capital expenditure contracted for as at 30 June 2018 amounted to Rs. 25.492 million (2017: Rs. 78.707 million) including Rs. 7.462 million (2017: Rs. 7.462 million) representing office premises located in Islamabad payable on completion of project.

15.2.4 Commitments under letters of credit (L/C) as at 30 June 2018 amounted to Rs. 508.333 million (2017: Rs. 700.54 million).

16. PROPERTY, PLANT AND EQUIPMENT

	Note	2018	2017
		(Rupees in '000)	
Operating fixed assets	16.1	927,045	830,910
Capital work-in-progress	16.5	112,002	109,696
		1,039,047	940,606

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16.1 Operating fixed assets

	Note	Land: Freehold	Land: Leasehold including improvements	Buildings: On freehold land	Buildings: On leasehold land	Office premises	Plant and machinery: Owned *	Plant and machinery: Leased	Electrical / office equipment and installation	Furniture and fittings	Computers	Motor vehicles: Owned	Motor vehicles: Leased	Total
		(Rupees in '000)												
Net carrying value as at 1 July 2017														
Opening Net Book Value (NBV)		265,900	10,167	130,796	956	8,030	215,276	125,456	18,091	8,325	6,062	17,591	24,260	830,910
Additions / transfers		-	-	19,655	-	-	121,245	114,775	7,521	1,178	2,578	49,614	-	316,566
Disposals (at NBV)	16.6	-	-	-	-	-	(83,250)	(31,078)	-	-	-	(3,453)	-	(117,781)
Depreciation charge	16.1.2	-	(118)	(9,987)	(107)	(905)	(46,059)	(17,955)	(5,791)	(1,120)	(3,632)	(9,930)	(7,046)	(102,650)
Balance as at 30 June 2018 (NBV)		265,900	10,049	140,464	849	7,125	207,212	191,198	19,821	8,383	5,008	53,822	17,214	927,045
Gross carrying value as at 30 June 2018														
Cost	16.2	265,900	11,714	308,086	70,027	27,481	1,344,811	218,546	62,784	26,014	59,804	94,578	34,538	2,524,283
Accumulated depreciation		-	(1,665)	(167,622)	(69,178)	(20,356)	(1,137,599)	(27,348)	(42,963)	(17,631)	(54,796)	(40,756)	(17,324)	(1,597,238)
Net Book Value		265,900	10,049	140,464	849	7,125	207,212	191,198	19,821	8,383	5,008	53,822	17,214	927,045
Net carrying value as at 1 July 2016														
Opening Net Book Value (NBV)		209,143	3,810	77,788	1,399	8,936	169,445	160,642	13,961	2,339	4,006	24,255	35,064	710,788
Additions / transfers		56,757	6,415	66,642	-	-	108,433	30,889	8,780	6,926	5,893	5,808	1,024	297,567
Disposals (at NBV)		-	-	-	-	-	(28,874)	(44,931)	-	(54)	(23)	(3,675)	(3,374)	(80,931)
Depreciation charge		-	(58)	(13,634)	(443)	(906)	(33,728)	(21,144)	(4,650)	(886)	(3,814)	(8,797)	(8,454)	(96,514)
Balance as at 30 June 2017 (NBV)		265,900	10,167	130,796	956	8,030	215,276	125,456	18,091	8,325	6,062	17,591	24,260	830,910
Gross carrying value as at 30 June 2017														
Cost		265,900	11,714	288,431	70,027	27,481	1,321,583	148,365	68,854	24,836	57,226	61,982	34,538	2,380,937
Accumulated depreciation		-	(1,547)	(157,635)	(69,071)	(19,451)	(1,106,307)	(22,909)	(50,763)	(16,511)	(51,164)	(44,391)	(10,278)	(1,550,027)
Net Book Value		265,900	10,167	130,796	956	8,030	215,276	125,456	18,091	8,325	6,062	17,591	24,260	830,910
Depreciation rate (% per annum)		-	1	5 & 10	5 & 10	10	5 - 20	10	5 - 20	10	33.33	20	20	

* Net book value of plant and machinery (owned) includes an aggregate amount of Rs. 1.049 million (2017: Rs. 0.251 million) representing net book value of capitalized spares.

16.1.1 During the year asset having net book value Rs. 31.078 million (2017: RS. 48.305 million) transferred from lease assets to own assets due to maturity of lease term.

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16.1.2 The depreciation charge for the year has been allocated as follows :

	Note	2018	2017
		(Rupees in '000)	
Cost of sales	33.1	83,095	75,270
Distribution and selling expenses	35	976	1,189
Administrative expenses	36	18,580	18,146
Allocated against rental income		-	1,909
		102,651	96,514

16.2 Property, plant and equipment as at 30 June 2018 include items having an aggregate cost of Rs. 1,257.172 million (2017: Rs. 1,252.551 million) that have been fully depreciated and are still in use by the Company.

16.3 Particulars of Company's immovable operating fixed assets are as follows:

Particulars	Location	Area	
Building			
Office premises	Saddar, Karachi	14,504	Sq feet
Building	Nooriabad, District Jamshoro	261,257	Sq feet
Building	Jaranwala, District Faisalabad	340,455	Sq feet
Building	Dalowal, District Faisalabad	30,484	Sq feet
Land			
Lease hold	Nooriabad, District Jamshoro	30.0	Acre
Freehold land	Ferozpur, Lahore	5.1	Acre
Freehold land	Dalowal, District Faisalabad	13.9	Acre
Freehold land	Jaranwala, District Faisalabad	35.5	Acre

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

16.5 Capital work-in-progress

	Note	2018	2017
		(Rupees in '000)	
Advance to supplier		56,806	61,116
Civil work	16.5.1 & 16.5.2	54,470	48,580
Plant and machinery		726	-
		112,002	109,696

16.5.1 This includes an amount of Rs. 26.4 million (2017: Rs. 26.4 million) paid by the Company to Pakistan Steel Mills Limited (PSML) against allotment of plot measuring 24,200 square yards. However third party has filed a case in Honourable High Court of Sindh for declaration and injunction against said property. The Company has filed a suit in Honourable High Court of Sindh for specific performance and declaration against PSML with respect to the said property and also filed an application for vacation of the injunction operating against the property. The Honourable High Court of Sindh vide its interim order has restrained PSML from creating any third party interest till the disposition of the case. The applications are pending for hearing. Based on consultation with its legal advisor, management believes that it has a reasonable grounds in the case and expects a favorable outcome.

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16.5.2 The Company has recognized a provision in previous year for an amount of Rs. 20.619 million (2017: Rs. 20.619 million) against construction work at a site which has been halted.

16.6 The following assets were disposed off during the year:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/(loss)	Mode of disposal	Particular of buyers
	(Rupees in '000)						
Plant and machinery	33,422	696	32,726	34,893	2,167	Sale and lease back	Sindh Leasing Company Limited
	12,043	201	11,842	14,995	3,153	Sale and lease back	Sindh Leasing Company Limited
	20,039	-	20,039	20,751	712	Sale and lease back	Sindh Leasing Company Limited
	18,643	-	18,643	19,200	557	Sale and lease back	Pak-Gulf Leasing Company Limited
Motor Vehicle	753	66	687	732	45	Company Policy	Mr. Mumtaz Malik (Employee)
Others	57,246	54,480	2,766	27,407	24,641	Various	Various
2018	142,146	55,443	86,703	117,978	31,275		
2017	108,479	75,853	32,626	111,467	78,841		

17. INTANGIBLE ASSETS

	Note	2018	2017
		(Rupees in '000)	
Net book value as at 1 July		977	3,507
Amortization	17.1	(826)	(2,530)
Net book value as at 30 June	17.2	151	977
Gross carrying value as at 30 June			
Cost		69,222	69,222
Accumulated amortization		(66,431)	(65,605)
Accumulated impairment		(2,640)	(2,640)
Net book value		151	977
Amortization rate (% per annum)		33.33	33.33

17.1 The amortization charge for the year has been allocated to administrative expenses (Note 36).

17.2 Intangible assets as at 30 June 2018 include items having an aggregate cost of Rs. 65.751 million (2017: Rs. 63.269 million) that have been fully amortized and are still in use of the Company.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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18. INVESTMENT PROPERTIES

	Note	Leasehold land and improvements	Buildings on leasehold land	Office premises	Total
		(Rupees in '000)			
Net carrying value as at 1 July 2017					
Opening Net Book Value (NBV)		2,821	11,532	961	15,314
Depreciation charge	18.1	(238)	(1,080)	(920)	(2,238)
Balance as at 30 June 2018 (NBV)		2,583	10,452	41	13,076
Gross carrying value as at 30 June 2018					
Cost	18.2	4,609	21,608	29,830	56,047
Accumulated depreciation		(2,026)	(11,156)	(29,789)	(42,971)
Net Book Value		2,583	10,452	41	13,076
Net carrying value as at 1 July 2016					
Opening Net Book Value (NBV)		3,059	12,613	3,644	19,316
Depreciation charge		(238)	(1,081)	(2,683)	(4,002)
Balance as at 30 June 2017 (NBV)		2,821	11,532	961	15,314
Gross carrying value as at 30 June 2017					
Cost		4,609	21,608	29,830	56,047
Accumulated depreciation		(1,788)	(10,076)	(28,869)	(40,733)
Net Book Value		2,821	11,532	961	15,314
Depreciation rate (% per annum)		1 & 10	5	10 - 20	

18.1 Depreciation charged for the year has been allocated to administrative expenses (Note 36).

18.2 Fair value of the investment properties based on recent valuation as at 30 June 2018 is Rs. 138 million (2017: Rs. 133 million), which is determined by independent valuer on the basis of market value.

18.3 Particulars of Company's investment properties are as follows:

Particulars	Location	Area	
Building			
Ware house	Port Qasim, Karachi	40,000	Sq feet
Office premises	Saddar, Karachi	4,854	Sq feet
Land			
Lease hold	Port Qasim, Karachi	2	Acre
Freehold land	Gawadar	3	Acre

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19. LONG TERM INVESTMENTS

	Note	2018	2017
		---------- (Rupees in '000) ------------	
Subsidiary companies			
- at cost	19.1	2,882,000	2,882,000
- share deposit money			
Crescent Hadeed (Private) Limited		108,142	72,697
CS Capital (Private) Limited		53,000	-
Associated companies - at cost	19.2	1,284,596	1,070,803
Other long term investments	19.3	210,608	178,946
		4,538,346	4,204,446

19.1 Subsidiary companies - at cost

2018	2017		Note	2018	2017
------- (Number of Shares) -------				-------- (Rupees in '000) --------	
		Unquoted			
126,000,000	126,000,000	CS Energy (Private) Limited (Formerly Shakarganj Energy (Private) Limited) (Chief Executive Officer - Mr. Muhammad Saad Thaniana)	19.1.1	1,260,000	1,260,000
47,200,000	47,200,000	CS Capital (Private) Limited (Chief Executive Officer - Ms. Hajerah Ahsan Saleem)	19.1.2	472,000	472,000
115,000,000	115,000,000	Crescent Hadeed (Private) Limited (Chief Executive Officer - Mr. Iqbal Zafar Siddiqui)	19.1.3	1,150,000	1,150,000
2	2	Crescent Continental Gas Pipelines Limited (US $ 1 each)	19.1.4	-	-
				2,882,000	2,882,000

19.1.1 This represents the Company's investment in 100% ordinary shares of CS Energy (Private) Limited . The Company has acquired CS Energy (Private) Limited on 4 January 2010. The Company has assessed the recoverable amount of investment in CS Energy (Private) Limited based on value in use calculation. This calculation has been made on discounted cash flow of next 3 year which assumes gross profit margin of 6% - 13%, EBITDA of 12% - 18%, terminal growth rate 4% and discount rate of approximately 11.53%. Based on valuation the recoverable amount exceeds the carrying amount and accordingly, no impairment is required.

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

19.1.3 This represents the Company's investment in 100% ordinary shares of Crescent Hadeed (Private) Limited which was incorporated on 15 May 2013. The Company has assessed the recoverable amount of investment in discounted cash flow methodology which assumes gross profit margin of 4%, EBITDA of 4%, terminal growth rate 7% and discount rate of approximately 14.83%. Based on valuation the recoverable amount exceeds the carrying amount and accordingly, no impairment is required.

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

19.2 Associated companies - at cost

2018	2017		Note	2018	2017
------- (Number of Shares) -------				-------- (Rupees in '000) --------	
		Quoted			
60,475,416	60,475,416	Altern Energy Limited (Chief Executive Officer - Mr. Taimur Dawood)	19.2.1	593,488	593,488
27,409,075	24,119,987	Shakarganj Limited (Chief Executive Officer - Mr. Anjum M. Saleem)	19.2.2	691,108	477,315
				1,284,596	1,070,803

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

19.2.2 The Company holds 21.93% shareholding in Shakarganj Limited and there is no common directorship in the investee company. However, the Company directly and / or indirectly has significant influence as per requirement of IAS 28' Investments in Associates', therefore it has been treated as an associate as per IAS 28. During the year, the Company has further subscribed right shares issues made by the investee Company aggregating to 3.289 million ordinary shares for Rs. 213.793 million.

19.2.3 Investment in associated companies or undertakings have been made in accordance with the requirements under the Companies Act, 2017.

19.2.4 Market value of investments in associates is as follows :

	2018	2017
	-------- (Rupees in '000) --------	
Altern Energy Limited	2,295,042	3,008,047
Shakarganj Limited	1,932,340	2,386,914
	4,227,382	5,394,961

19.2.5 Percentage of holding of equity in associates is as follows :

	2018	2017
	-----(Percentage of holding)----	
Altern Energy Limited	16.64	16.64
Shakarganj Limited	21.93	21.93

19.2.6 The latest financial statements / condensed interim financial information of associated companies as at 30 June 2018 are not presently available. The following is summarized financial information of associated companies as at 31 March 2018 and for the twelve months period ended 31 March 2018 based on their respective unaudited condensed interim financial information prepared in accordance with the accounting and reporting standards as applicable in Pakistan:

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	Note	Non current assets	Current assets	Non Current Liabilities	Current Liabilities	Revenues	Profit / (loss) after tax	Other comprehensive income / (loss)	Total comprehensive income / (loss)
		(As at 31 March)				(For the twelve months period ended 31 March)			
		(Rupees in '000)							
2018									
Altern Energy Limited	19.2.6.1	19,414,491	17,068,451	2,732,866	7,637,322	29,231,699	3,012,659	(2,453)	3,010,206
Shakarganj Limited		9,605,917	2,163,289	1,094,046	4,673,841	7,268,191	(822,881)	(36,604)	(859,485)
2017									
Altern Energy Limited		20,632,067	16,103,421	3,506,735	5,149,159	27,246,068	3,298,861	215	3,299,076
Shakarganj Mills Limited		9,882,579	2,758,038	1,226,976	5,364,955	9,648,086	830,093	(39,595)	790,498

19.2.6.1 These figures are based on the latest available unaudited condensed interim consolidated financial information as at 31 March 2018 including its subsidiary company Rousch (Pakistan) Power Limited being managed by Power Management Company holding 59.98% shares.

19.3 Other long term investments - Available for sale

	Note	2018	2017
		(Rupees in '000)	
Investments in related parties	19.3.1	-	58,946
Other investment	19.3.2	210,608	120,000
		210,608	178,946

19.3.1 Investments in related parties

2018	2017		Note	2018	2017
(Number of Shares)				(Rupees in '000)	
		Unquoted			
2,403,725	2,403,725	Crescent Bahuman Limited	19.3.1.1	24,037	24,037
-	2,814,999	Central Depository Company of Pakistan Limited (CDC)		-	58,946
				24,037	82,983
		Less: Provision for impairment		24,037	24,037
				-	58,946

19.3.1.1 The chief executive of Crescent Bahuman Limited is Mr. Nasir Shafi. The break-up value of shares of the investee company is Rs. 15.50 per share (2017: Rs. 15.43 per share), calculated on the basis of audited annual financial statements for the year ended 30 June 2017.

19.3.2 Other investment

2018	2017		Note	2018	2017
(Number of Shares)				(Rupees in '000)	
		Unquoted			
2,982,474	-	Central Depository Company of Pakistan Limited (CDC)		58,946	-
1,047,000	1,047,000	Crescent Industrial Chemicals Limited		10,470	10,470
12,000,000	12,000,000	Shakarganj Food Products Limited		120,000	120,000
		Right shares subscription money	19.3.2.1	31,662	-
				151,662	120,000
				221,078	130,470
		Provision for impairment		(10,470)	(10,470)
				210,608	120,000

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19.3.2.1 During the year, the Company has further subscribed right shares issued by the investee company aggregating to 2.111 million ordinary shares of Rs. 15 each.

20. LONG TERM DEPOSITS

	Note	2018	2017
		(Rupees in '000)	
Security deposits			
- Leasing companies		24,670	11,930
- Ijarah financing arrangement		181,788	166,034
- Others		10,775	10,686
		217,233	188,650

21. DEFERRED TAXATION - NET

Deferred tax credits / (debits) arising in respect of :

	2018	2017
Taxable temporary differences		
Accelerated tax depreciation / amortization	35,926	33,144
Finance lease obligations	10,145	13,322
Employee benefits - Defined benefit plan	37,895	292,556
Unrealized gain on held for trading investments	1,447	6,364
	85,413	345,386
Deductible temporary differences		
Provision for slow moving stores, spares and loose tools	(17,538)	(13,777)
Provisions for doubtful trade debts, doubtful advances and others	(57,667)	(55,082)
Discounting on long term deposit	(19,404)	(22,647)
Deferred income	(3,923)	(3,486)
Provisions for impairment of fixed assets	(5,980)	(6,186)
Provision of Gas Infrastructure Development Cess	(3,477)	(3,597)
Provision for diminution in the value of investments	(7,505)	(7,764)
	(115,494)	(112,539)
	(30,081)	232,847

21.1 Break up of deferred tax (reversal) / charge is as following:

	2018	2017
Profit or loss	(8,268)	1,906
Other comprehensive income	(254,660)	162,682
	(262,928)	164,588

22. STORES, SPARES AND LOOSE TOOLS

	Note	2018	2017
Stores - steel segment		16,029	17,036
Spare parts - steel segment		181,797	154,136
Loose tools - steel segment		3,053	2,365
Stores and spares - cotton segment		28,571	35,572
		229,450	209,109
Less: Provision for slow moving items	22.1	60,477	45,924
		168,973	163,185

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	Note	2018	2017
		(Rupees in '000)	
22.1 Movement in provision for slow moving items			
Opening balance		45,924	42,159
Provision made during the year		14,553	6,047
Reversal of provision made during the year		-	(2,282)
Closing balance		60,477	45,924

23. STOCK-IN-TRADE

	Note	2018	2017
Raw materials			
Hot rolled steel coils (HR Coil)		190,673	468,650
Coating materials		74,068	71,783
Others		90,527	69,347
Raw cotton		205,217	66
Stock-in-transit		776,402	1,587,601
	23.1	1,336,887	2,197,447
Work-in-process	23.1 & 33.1	19,713	85,524
Finished goods	23.1 & 33.1	180,239	394,107
Scrap / cotton waste		5,811	9,604
		205,763	489,235
		1,542,650	2,686,682

23.1 Stock-in-trade as at 30 June 2018 includes items valued at net realisable value (NRV). Charge in respect of stock written down to NRV was amounting to Rs. 27.052 million (2017: Rs. 119.930 million) has been recognized in cost of goods sold.

	Cost	NRV
	(Rupees in '000)	
Raw material	1,338,220	1,336,887
Work-in-process	19,713	19,713
Finished goods	205,958	180,239
	1,563,891	1,536,839

24. TRADE DEBTS

	Note	2018	2017
		(Rupees in '000)	
Secured			
Considered good		-	611,744
Unsecured			
Considered good	24.1	106,886	51,927
Considered doubtful		16,626	21,640
Provision for doubtful trade debts	24.2	(16,626)	(21,640)
		106,886	51,927
		106,886	663,671

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24.1 This includes following amount due from related parties, Crescent Hadeed (Private) Limited and CS Energy (Private) Limited amounting to Rs. 63.595 million (2017: Rs. Nil) and Rs. 0.026 million (2017: Rs. 12.526 million) respectively. Maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balances are Rs. 203.665 million (2017: Rs. Nil) and Rs. 12.526 million (2017: Rs. 12.526 million) respectively.

	Note	2018	2017
		(Rupees in '000)	
24.1.1 The aging of amount due from related parties:			
Not past due		-	-
Past due 1 - 30 days		3,061	-
Past due 30 - 180 days		60,560	-
Past due 180 days		-	12,526
		63,621	12,526
24.2 Movement in provision for doubtful trade debts			
Opening balance		21,640	14,271
Provision made during the year		-	7,447
Reversal of provision made during the year		(5,014)	(78)
Closing balance		16,626	21,640

25. LOANS AND ADVANCES

	Note	2018	2017
Unsecured			
Loan to related parties - considered good			
Loan to subsidiaries	25.1	249,900	365,000
Advances - considered good			
Staff		1,095	3,242
Suppliers for goods and services		23,718	9,746
Advances to others		-	35
Advances - considered doubtful			
Suppliers for goods and services		47	47
Provision for doubtful advances		(47)	(47)
		-	-
		274,713	378,023
25.1 Loan to subsidiaries			
Crescent Hadeed (Private) Limited	25.1.1	247,900	250,000
CS Energy (Private) Limited	25.1.2	2,000	115,000
		249,900	365,000
The aging of amount due from related parties:			
Past due 1 - 30 days		4,700	365,000
Past due 30 - 180 days		245,200	-
		249,900	365,000

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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25.1.1 During year 2016-2017, the Company entered into a short term loan agreement with its wholly owned subsidiary company Crescent Hadeed (Private) Limited for an amount of Rs. 250 million. The mark-up is receivable at the rate of three months KIBOR plus 2% per annum. During the year, mark-up on such arrangement ranged between 8.13% to 8.82% per annum (2017: 8.13%). Maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balance is Rs. 250 million (2017: Rs. 250 million)

25.1.2 During year 2016-2017, the Company entered into a short term loan agreement with its wholly owned subsidiary company CS Energy (Private) Limited for an amount of Rs. 125 million. The mark-up is receivable at the rate of three months KIBOR plus 2% per annum. During the year, mark-up on such arrangement was 8.12% to 8.85% (2017: 8.12% to 8.15%). Maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balance is Rs. 115 million (2017: Rs. 115 million).

	Note	2018	2017
		---------- (Rupees in '000)	----------
26. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits - leasing companies		2,891	4,969
Security deposits - others		13,899	171
Prepayments		8,789	9,535
		25,579	14,675
27. INVESTMENTS			
Available for sale	27.1	11,400	16,941
Held for trading	27.2	436,971	498,043
		448,371	514,984

27.1 Available for sale

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

2018	2017	Name of investee company	Note	2018	2017
------- (Number of Shares)	-------			-------- (Rupees in '000)	--------
		Quoted			
452,379	452,379	The Crescent Textile Mills Limited	27.1.1	11,400	16,941
26,490	26,490	Jubilee Spinning and Weaving Mills Limited	27.1.2	-	-
		Unquoted			
1,996	1,996	Innovative Investment Bank Limited	27.1.2	-	-
				11,400	16,941

27.1.1 The Company has recognized impairment loss in previous years amounting to Rs. 4.537 million (2017: Rs. 4.537 million) against the investment.

27.1.2 These investments are fully impaired as their break-up value of share is Rs. Nil per share (2017: Rs. Nil)

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27.2 Held for trading

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

2018	2017	Name of investee company	2018	2017
(Number of shares / certificates)			-------- (Rupees in '000)	-------
6,300	6,300	Attock Cement Pakistan Limited	847	1,907
100,000	100,000	Cherat Cement Company Limited	9,723	17,878
315,000	315,000	D.G. Khan Cement Company Limited	36,064	67,145
200,000	200,000	Engro Fertilizer Limited	14,982	11,048
15,000	15,000	Fatima Fertilizer Company Limited	486	505
182,500	182,500	Fauji Fertilizer Bin Qasim Limited	7,045	7,818
55,000	55,000	Fauji Fertilizer Company Limited	5,439	4,545
68,500	15,000	Hi-Tech Lubricants Limited	6,940	1,635
1,350	1,350	Innovative Investment Bank Limited	-	-
117,000	105,000	International Industries Limited	27,178	38,700
63,000	63,000	International Steel Limited	6,407	8,057
1,500,000	1,500,000	K-Electric Limited *	8,520	10,350
31,600	31,600	Kohat Cement Limited	3,889	7,245
100,000	100,000	Kohinoor Energy Limited	4,000	4,307
140,000	140,000	Kot Addu Power Company Limited	7,547	10,083
20,000	-	Loads Limited	624	-
65,400	50,000	Nishat Mills Limited	9,216	7,934
186,000	186,000	Nishat Power Limited	5,513	8,787
72,700	70,000	Oil and Gas Development Company Limited	11,314	9,848
100,000	100,000	Pakgen Power Limited	1,928	2,022
-	300,000	Pakistan International Bulk Terminals Limited	-	6,948
50,000	50,000	Pakistan Oilfields Limited	33,590	22,908
393,800	390,000	Pakistan Petroleum Limited	84,628	57,775
84,000	70,000	Pakistan State Oil Company Limited	26,738	27,114
1,486,749	1,486,749	Pakistan Stock Exchange Limited	29,363	38,180
125,000	350,000	Pakistan Telecommunication Company Limited	1,430	5,464
1,705,000	1,705,000	PICIC Growth Fund	52,020	52,855
500,673	500,673	PICIC Investment Fund	6,744	7,510
37,400	34,000	Roshan Packages Limited	1,054	1,910
140,000	240,000	Sui Northern Gas Pipelines Limited	14,031	35,741
35,000	35,000	Sui Southern Gas Company Limited	1,149	1,274
5,100	-	Thal Limited	2,435	-
175,000	175,000	The Hub Power Company Limited	16,127	20,550
			436,971	498,043

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

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27.3 The market value of investments which have been pledged with financial institutions as security against financing facilities (refer note 14.5) are as follows:

	2018	2017
	----------- (Rupees in '000) ------------	
Name of investee company		
Altern Energy Limited (Long term investment)	2,034,120	2,908,547
Attock Cement Pakistan Limited	847	1,907
Cherat Cement Company Limited	9,723	17,878
D.G. Khan Cement Company Limited	36,064	67,145
Engro Fertilizer Limited	14,982	11,048
Fatima Fertilizer Company Limited	486	505
Fauji Fertilizer Bin Qasim Limited	7,045	7,819
Fauji Fertilizer Company Limited	5,439	4,546
Hi-Tech Lubricants Limited	6,940	1,635
International Industries Limited	24,390	38,700
International Steel Limited	6,407	8,057
K-Electric Limited	8,520	10,350
Kohat Cement Limited	-	7,245
Kohinoor Energy Limited	4,000	4,307
Kot Addu Power Company Limited	7,547	10,083
Nishat Mills Limited	7,046	2,380
Nishat Power Limited	5,513	8,787
Oil and Gas Development Company Limited	10,893	9,848
Pakgen Power Limited	1,928	2,022
Pakistan International Bulk Terminals Limited	-	6,947
Pakistan Oilfields Limited	33,590	22,907
Pakistan Petroleum Limited	83,811	57,774
Pakistan State Oil Company Limited	22,282	27,115
Pakistan Stock Exchange Limited	29,363	-
Pakistan Telecommunication Company Limited	-	5,464
PICIC Growth Fund	-	52,854
PICIC Investment Fund	6,735	7,500
Roshan Packages Limited	958	1,910
Sui Northern Gas Pipelines Limited	14,031	35,741
Sui Southern Gas Company Limited	1,149	1,274
The Crescent Textile Mills Limited	11,400	7,490
The Hub Power Company Limited	16,128	20,550
	2,411,337	3,370,335

28. MARK-UP ACCRUED

28.1 This represents amount due from related parties:

	2018	2017
Crescent Hadeed (Private) Limited	18,132	278
CS Energy (Private) Limited	8,374	1,202
	26,506	1,480

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28.2 The aging of amount due from related parties:

	2018	2017
	----------- (Rupees in '000)-------------	
Past due 1 - 30 days	2,514	1,480
Past due 30 - 180 days	10,499	-
Past due 180 days	13,493	-
	26,506	1,480

28.3 Maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balances is Rs. 18.132 million (2017: Rs. 0.278 million) and Rs. 8.374 million (2017: Rs. 1.202 million) from Crescent Hadeed (Private) Limited and CS Energy (Private) Limited respectively.

29. OTHER RECEIVABLES

	Note	2018	2017
		----------- (Rupees in '000) -------------	
Dividend receivable		1,946	2,163
Provision there against		(885)	(885)
		1,061	1,278
Receivable against rent from investment property		442	442
Claim receivable		-	1,863
Due from related parties	29.1	60,506	75,739
Retention money receivable		113,162	380,691
Sales tax refundable	29.2	106,100	248,573
Margin on letter of guarantee		15,359	18,219
Receivable from staff retirement benefits funds	45	254,774	1,014,310
Others		2,042	4,510
		553,446	1,745,625

29.1 Due from related parties

	2018	2017
Shakarganj Limited	1,645	1,562
CS Capital (Private) Limited	998	211
CS Energy (Private) Limited	28,451	22,431
Crescent Hadeed (Private) Limited	17,855	39,993
Solution de Energy (Private) Limited	11,504	11,502
Crescent Steel and Allied Products Limited - Pension Fund	53	40
	60,506	75,739

29.1.1 Maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balance is as follows:

	2018	2017
Shakarganj Limited	1,648	1,563
CS Capital (Private) Limited	1,376	211
CS Energy (Private) Limited	28,451	22,431
Crescent Hadeed (Private) Limited	34,145	39,994
Solution de Energy (Private) Limited	11,504	11,502
Crescent Steel and Allied Products Limited - Pension Fund	53	40

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	2018	2017
	(Rupees in '000)	
29.1.2 The aging of amount due from related parties:		
Not yet due	5,326	6,019
Past due 1 - 30 days	4,535	3,594
Past due 30 - 180 days	18,452	16,281
Past due 180 days	32,193	49,845
	60,506	75,739

29.2 During the year, order original no. 10/2016-17 dated 18 August 2017 was issued whereby demand aggregating to Rs. 41.6 million was raised against the company under sections 33 and 34 of the Sales Tax Act, 1990. The case was contested at Commissioner Inland Revenue (Appeals), where the case has been decided mostly in favour of company thereby reducing demand to Rs. 8.759 million via order dated 8 January 2018, issued under section 45B of the Sales Tax Act, 1990. Currently the case is pending in Appellate Tribunal Inland Revenue. No provision has been made in these financial statements in respect of this case, since based on the tax consultant's opinion the management is confident of favourable outcome of this appeal.

30. TAXATION - NET

	2018	2017
	(Rupees in '000)	
Advance taxation	3,347,778	2,792,149
Provision for taxation	(2,387,273)	(2,159,350)
	960,505	632,799

30.1 The Income Tax assessments of the Company have been finalized up to and including tax year 2017, except for pending appeal effect orders in respect of tax years 2002 and 2003. Deemed assessments for certain tax years have been amended by the department on account of various issues as explained below:

The Additional Commissioner Inland Revenue amended the deemed assessment of the Company for Tax Year 2009 and Tax Year 2011 thereby raising demands of Rs. 4.937 million and Rs. 22.218 million respectively. The Company has filed appeals with the Commissioner Inland Revenue (appeals) which are yet to be fixed for hearing.

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

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

30.2 The Board of Directors of the Company in their meeting held on 31 July 2018 has announced sufficient cash dividend for the year ended 30 June 2018 to comply with the requirements of section 5A of the Income Tax Ordinance, 2001. Accordingly, no provision for tax on undistributed reserves has been recognized in these financial statements.

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31. CASH AND BANK BALANCES

	Note	2018	2017
		(Rupees in '000)	
With banks			
- in saving account	31.1	3,097	17,088
- in current accounts		130,270	11,069
	31.2	133,367	28,157
Cash in hand		85	314
		133,452	28,471

31.1 Mark-up rate on saving account is 3.75% (2017: 4.25%).

31.2 This includes balances amounting to Rs. 1.811 million (2017: Rs. 1.037 million) with Shariah compliance banks.

32. SALES - NET

	Note	2018	2017
		(Rupees in '000)	
Local sales			
Bare pipes		5,533,373	8,426,029
Pipe coating		742,977	341,833
Pre coated pipes		475,612	1,339,963
Cotton yarn / raw cotton		884,203	1,216,867
Others		173,011	83,203
Scrap / waste		264,050	251,326
Sales returns		-	(1,196)
		8,073,226	11,658,025
Export sales			
Fabric	32.1	13,120	57,169
		8,086,346	11,715,194
Sales tax		(1,042,559)	(1,506,550)
		7,043,787	10,208,644

32.1 Summary of export sales during the year:

Country	Geographical location	Credit terms	2018	2017
Ecuador	South America	Unsecured	13,120	33,552
Dominican republic	North America	Unsecured	-	10,441
Paraguay	South America	Unsecured	-	10,876
Peru	South America	Unsecured	-	2,300
			13,120	57,169

33. COST OF SALES

	Note	2018	2017
Steel segment	33.1	5,344,171	7,054,680
Cotton segment	33.1	888,295	1,295,114
		6,232,466	8,349,794

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

33.1 Cost of sales

	Note	Steel segment 2018	Steel segment 2017	Cotton segment 2018	Cotton segment 2017	Total 2018	Total 2017
		--------(Rupees in '000)--------					
Raw materials consumed		4,125,720	6,332,309	611,491	853,563	4,737,211	7,185,872
Cost of raw cotton sold		-	-	27,736	-	27,736	-
Packing materials consumed		-	-	9,613	19,559	9,613	19,559
Store and spares consumed		115,322	194,541	13,671	25,866	128,993	220,407
Fuel, power and electricity		55,616	74,581	111,143	169,478	166,759	244,059
Salaries, wages and other benefits	33.2	171,121	215,603	82,221	118,955	253,342	334,558
Insurance		4,687	4,022	2,394	2,657	7,081	6,679
Repairs and maintenance		17,835	19,328	1,834	2,227	19,669	21,555
Depreciation	16.1.2	53,894	40,042	29,201	35,228	83,095	75,270
Rental under Ijarah financing		91,599	91,349	-	-	91,599	91,349
Stock-in-trade written down to NRV		27,052	119,930	-	-	27,052	119,930
Other expenses		397,031	237,748	3,606	39,756	400,637	277,504
		5,059,877	7,329,453	892,910	1,267,289	5,952,787	8,596,742
Opening stock of work-in-process		85,524	76,672	-	10,250	85,524	86,922
Closing stock of work-in-process	23	(10,288)	(85,524)	(9,425)	-	(19,713)	(85,524)
		75,236	(8,852)	(9,425)	10,250	65,811	1,398
Cost of goods manufactured		5,135,113	7,320,601	883,485	1,277,539	6,018,598	8,598,140
Opening stock of finished goods		383,803	117,882	10,304	27,879	394,107	145,761
Closing stock of finished goods	23	(174,745)	(383,803)	(5,494)	(10,304)	(180,239)	(394,107)
		209,058	(265,921)	4,810	17,575	213,868	(248,346)
		5,344,171	7,054,680	888,295	1,295,114	6,232,466	8,349,794

33.2 Detail of salaries, wages and other benefits

	Note	Steel segment 2018	Steel segment 2017	Cotton segment 2018	Cotton segment 2017	Total 2018	Total 2017
Salaries, wages and other benefits	33.2.1	162,171	214,116	80,865	117,362	243,036	331,478
Pension fund	33.2.2	3,358	1,019	363	121	3,721	1,140
Gratuity fund	33.2.2	1,329	(3,499)	34	(192)	1,363	(3,691)
Provident fund contributions		4,263	3,967	959	1,664	5,222	5,631
		171,121	215,603	82,221	118,955	253,342	334,558

33.2.1 This includes contribution amounting to Rs. 10 million (2017: Rs. 20 million) to Staff Benevolent Fund ("the Fund"). The Fund has been established as separate legal entity under the Trust Act, 1882 and registered under Income Tax Ordinance, 2001. The objective of the Fund is to provide at the discretion of the trustees, post retirement medical cover / facilities for retired employees and other hardship cases of extraordinary nature of existing employees of the Company. The Company does not have any right in the residual interest of the Fund.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

33.2.2 Staff retirement benefits

	2018 Pension	2018 Gratuity	2017 Pension	2017 Gratuity
	-----(Rupees in '000)-----			
Current service costs	(1,261)	(255)	9,675	3,116
Interest costs	(3,040)	(454)	22,104	4,049
Return on plan assets, excluding interest income	8,022	2,072	(41,716)	(11,774)
Past service cost recognized	-	-	11,077	918
	3,721	1,363	1,140	(3,691)

34. INCOME FROM INVESTMENTS

	Note	2018	2017
		----- (Rupees in '000) -----	
Dividend income	34.1	549,311	164,233
(Loss) / gain on sale of investments - net	34.1	(6,600)	10,299
Unrealized (loss) / gain on held for trading investments - net	34.1	(48,842)	68,349
Rent from investment properties	34.2	1,639	4,008
		495,508	246,889

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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

Name of investee company	Dividend income	Realised gain / (loss)	Unrealised (loss) / gain
	---------------	(Rupees in '000)	---------------
Shariah compliant investee companies			
Altern Energy Limited	483,803	-	-
Attock Cement Pakistan Limited	85	-	(1,060)
Cherat Cement Company Limited	450	-	(8,155)
D.G. Khan Cement Company Limited	2,363	-	(31,081)
Engro Fertilizer Limited	1,700	-	3,934
Fatima Fertilizer Company Limited	34	-	(19)
Hi-Tech Lubricants Limited	53	-	1
International Industries Limited	423	(88)	(13,583)
International Steel Limited	158	571	(1,519)
K-Electric Limited	-	-	(1,830)
Kohat Cement Limited	63	-	(3,356)
Kohinoor Energy Limited	450	-	(307)
Loads Limited	-	-	(180)
Nishat Mills Limited	250	-	(1,040)
Oil and Gas Development Company Limited	681	-	1,048
Kot Addu Power Company Limited	1,274	-	(2,535)
Pakistan Oilfields Limited	2,125	-	10,682
Pakistan Petroleum Limited	3,915	-	26,095
Pakistan Telecommunication Company Limited	350	(633)	(521)
Roshan Packages Limited	34	-	(856)
Sui Northern Gas Pipelines Limited	1,800	(4,909)	(6,065)
Sui Southern Gas Company Limited	-	267	(233)
Shakarganj Limited	34,260	-	-
The Hub Power Company Limited	1,243	101	(4,371)
	535,514	(4,691)	(34,951)
Non- Shariah compliant investee companies			
Fauji Fertilizer Bin Qasim Limited	155	-	(774)
Fauji Fertilizer Company Limited	399	-	894
Pakgen Power Limited	200	-	(94)
Nishat Power Limited	371	-	(3,275)
Pakistan State Oil Company Limited	1,890	662	(203)
Pakistan Stock Exchange Limited	371	-	(8,816)
PICIC Growth Fund	4,689	-	(835)
Pakistan International Bulk Terminals Limited	-	(2,571)	-
PICIC Investment Fund	676	-	(766)
Thal Limited	8	-	(22)
First Equity Modaraba	1	-	-
First UDL Modaraba	5	-	-
	8,765	(1,909)	(13,891)
Others			
Central Depository Company of Pakistan Limited	5,032	-	-
	549,311	(6,600)	(48,842)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

34.1.1 Unrealized gain amounting to Rs. 5.541 million on this investment was recognized in the other comprehensive income during the year.

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

34.2 Direct operating expenses incurred against rental income from investment properties amounted to Rs. 2.749 million (2017: Rs. 4.875 million). Further Rs. 0.391 million (2017: Rs. 1.313 million) were incurred against the non rented out area.

35. DISTRIBUTION AND SELLING EXPENSES

	Note	Steel segment 2018	Steel segment 2017	Cotton segment 2018	Cotton segment 2017	Total 2018	Total 2017
		------------	------------	------------	(Rupees in '000)	------------	------------
Salaries, wages and other benefits	35.1	3,860	6,003	1,526	5,917	5,386	11,920
Commission		-	-	2,855	5,577	2,855	5,577
Travelling, conveyance and entertainment		489	536	92	832	581	1,368
Depreciation	16.1.2	976	1,189	-	-	976	1,189
Insurance		104	160	-	7	104	167
Postage, telephone and telegram		64	81	162	701	226	782
Advertisement		728	98	-	-	728	98
Bid bond expenses		2,499	1,213	-	-	2,499	1,213
Legal and professional charges		1,054	3,475	-	-	1,054	3,475
Others		882	955	2,561	4,280	3,443	5,235
		10,656	13,710	7,196	17,314	17,852	31,024

35.1 Detail of salaries, wages and other benefits

	Note	Steel segment 2018	Steel segment 2017	Cotton segment 2018	Cotton segment 2017	Total 2018	Total 2017
Salaries, wages and other benefits		3,458	5,852	1,526	5,921	4,984	11,773
Pension fund	35.1.1	176	28	-	6	176	34
Gratuity fund	35.1.1	73	(96)	-	(10)	73	(106)
Provident fund contributions		153	219	-	-	153	219
		3,860	6,003	1,526	5,917	5,386	11,920

35.1.1 Staff retirement benefits

	2018 Pension	2018 Gratuity	2017 Pension	2017 Gratuity
	----------	(Rupees in '000)	----------	----------
Current service costs	(60)	(14)	289	89
Interest costs	(144)	(23)	659	117
Return on plan assets, excluding interest income	380	110	(1,244)	(338)
Past service cost recognized	-	-	330	26
	176	73	34	(106)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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36. ADMINISTRATIVE EXPENSE

	Note	Steel segment 2018	Steel segment 2017	Cotton segment 2018	Cotton segment 2017	IID segment 2018	IID segment 2017	Total 2018	Total 2017
		(Rupees in '000)							
Salaries, wages and other benefits	36.1	27,245	89,670	7,824	17,327	5,736	6,446	40,805	113,443
Rents, rates and taxes		2,543	1,119	439	330	628	510	3,610	1,959
Travelling, conveyance and entertainment		8,809	7,986	1,228	1,582	508	464	10,545	10,032
Fuel and power		7,904	7,265	761	836	421	888	9,086	8,989
Postage, telephone and telegram		1,973	2,115	356	494	109	115	2,438	2,724
Insurance		1,412	1,049	161	124	117	96	1,690	1,269
Repairs and maintenance		10,181	10,872	298	557	780	1,261	11,259	12,690
Auditors' remuneration	36.2	1,947	1,446	342	351	199	142	2,488	1,939
Legal, professional and corporate service charges		14,527	7,223	1,826	1,563	2,539	1,342	18,892	10,128
Advertisement		1,854	2,893	12	20	96	151	1,962	3,064
Donations	36.3	33,333	76,702	-	70	1,754	4,041	35,087	80,813
Depreciation	16.1.2 & 18.1	15,411	14,300	2,390	3,067	3,017	4,781	20,818	22,148
Amortization of intangible assets	17.1	705	2,024	88	405	33	101	826	2,530
Printing, stationery and office supplies		4,812	4,995	242	1,134	352	408	5,406	6,537
Newspapers, subscriptions and periodicals		277	1,328	455	657	19	72	751	2,057
Others		5,884	4,792	873	941	616	695	7,373	6,428
		138,817	235,779	17,295	29,458	16,924	21,513	173,036	286,750

36.1 Detail of salaries, wages and other benefits

	Note	Steel segment 2018	Steel segment 2017	Cotton segment 2018	Cotton segment 2017	IID segment 2018	IID segment 2017	Total 2018	Total 2017
Salaries, wages and other benefits		95,619	87,509	13,309	16,686	6,233	6,211	115,161	110,406
Pension fund	36.1.1	(45,975)	414	(4,851)	18	(532)	18	(51,358)	450
Gratuity fund	36.1.1	(25,986)	(1,430)	(1,161)	(27)	(254)	(51)	(27,401)	(1,508)
Provident fund contributions		3,587	3,177	527	650	289	268	4,403	4,095
		27,245	89,670	7,824	17,327	5,736	6,446	40,805	113,443

36.1.1 Staff retirement benefits

	2018 Pension	2018 Gratuity	2017 Pension	2017 Gratuity
	(Rupees in '000)			
Current service costs	17,405	5,132	3,819	1,273
Interest costs	41,961	9,121	8,725	1,655
Return on plan assets, excluding interest income	(110,724)	(41,654)	(16,467)	(4,811)
Past service cost recognized	-	-	4,373	375
	(51,358)	(27,401)	450	(1,508)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

36.2 Auditors' remuneration

	Note	2018	2017
		(Rupees in '000)	
Audit fee	36.2.1	1,817	1,675
Fee for audit of funds' financial statements and other reports		360	47
Out of pocket expenses		183	89
Sales tax		128	128
		2,488	1,939

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

36.3 Donations

36.3.1 Donations include the following in which a director is interested :

Name of director	Interest in donee	Name and address of the donee	Amount donated 2018	Amount donated 2017
			(Rupees in '000)	
Mr. Ahsan M. Saleem	Director	The Citizens Foundation Plot No. 20, Sector - 14, New Brookes Chowrangi, Korangi Industrial Area, Karachi	23,688	58,351
	Chairman	CSAP Foundation E-Floor, IT Tower, 73-E/1, Hali Road, Gulberg-111, Lahore	1,000	7,760
	Director	Pakistan Centre for Philanthropy 1-A St.14 F-8/3 Islamabad.	1,000	-
			25,688	66,111

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.

36.3.2 Donations include the following in which directors are not interested:

Name of donee	Amount donated 2018	Amount donated 2017
	(Rupees in '000)	
Crescent Educational Trust	3,000	3,500
Citizens Police Liaison Committee	2,500	-
Rashid Memorial Welfare Organization	1,000	-
National University of Sciences and Technology	1,000	1,000
Business Hospital Trust	-	1,000
Hunar Foundation	-	1,000
Imkaan Welfare Organization	-	1,200
Shakarganj Foundation	-	1,500
The Cardiovascular Foundation	-	1,500
The Health Foundation	-	1,500
The Citizens Archive of Pakistan	-	1,500
Others	1,899	1,002
	9,399	14,702

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		---------- (Rupees in '000) -------------	

37. OTHER OPERATING EXPENSES

	Note	2018	2017
Exchange loss		6,041	8,074
Claim receivable written off		561	-
Provision for :			
- Workers' Profit Participation Fund		26,782	60,111
- Workers' Welfare Fund		11,071	21,022
- doubtful trade debts		-	7,369
- other receivables		-	885
- liquidated damages		-	19,141
- slow moving stores, spares and loose tools - net		14,553	3,765
Liquidated damages		25,882	290,454
		84,890	410,821

38. OTHER INCOME

	Note	2018	2017
Income from financial assets			
Mark-up on short term loan to subsidiary companies		26,228	1,480
Return on deposits - from conventional banking		824	765
Exchange gain on derivative financial lability - net	12.4	1,504	-
Unwinding of discount on long term deposit		16,920	14,880
Reversal of provision for diminution in the value of investments		-	100,561
		45,476	117,686
Income from non-financial assets			
Gain on disposal of operating fixed assets		24,686	75,982
Deferred income amortized		4,677	4,968
Insurance commission		1,566	1,400
Liabilities written-back		768	-
Recovery of liquidated damages		85,185	-
Reversal of provision for :			
- stock-in-trade		715	-
- doubtful trade debts		5,014	-
Rent income		2,959	1,630
Others		625	166
		126,195	84,146
		171,671	201,832

39. FINANCE COSTS

	Note	2018	2017
Mark-up on short term loans - Shariah arrangement		21,643	13,999
Interest on - Non - Shariah arrangement			
- finance lease obligations		10,257	11,616
- long term loans		31,793	38,251
- running finances		50,180	9,069
- short term loans		103,151	101,022
Discounting of long term deposit		8,340	1,017
Bank charges		5,955	12,299
		231,319	187,273

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

40. TAXATION

	2018	2017
	----------- (Rupees in '000) -------------	
Current		
- for the year	186,820	318,704
- Super tax	33,995	36,637
- for prior years	7,106	22,021
	227,921	377,362
Deferred	(8,268)	1,906
	219,653	379,268

40.1 Relationship between taxation expense and accounting profit

	2018	2017
	---------- (Rupees in '000) ------------	
Profit before taxation	971,403	1,391,703
Tax at the applicable rate of 30% (2017: 31%)	291,421	431,428
Tax effect of inadmissible expenses / losses	(12,055)	(17,851)
Tax effect of income taxed at a lower rate	(99,800)	(91,349)
Prior year tax effect	7,106	22,021
Super tax	33,995	36,637
Tax effect of change in effective tax rate	(1,014)	(1,618)
	219,653	379,268

40.2 Sufficient provision for tax has been made in these financial statements taking into account the profit or loss for the year and various admissible and inadmissible allowances and deduction under the Income Tax Ordinance, 2001. Position of provision and assessment including returns filed and demeed assessed for last three years are as follows:

	2017	2016	2015
	-------------(Rupees in '000)-------------		
Tax provision including effects of prior years	362,447	343,233	18,288
Tax assessed / return filed	327,909	322,899	18,288

41. BASIC AND DILUTED EARNINGS PER SHARE

	2018	2017
	------------(Rupees in '000)--------------	
Profit for the year	751,750	1,012,435
	(Number of shares)	
Weighted average number of ordinary shares in issue during the year	77,632,491	77,632,491
	(Rupees)	
Basic and diluted earnings per share	9.68	13.04

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

42. CASH GENERATED FROM OPERATION

	2018	2017
	(Rupees in '000)	
Profit before taxation	971,403	1,391,703
Adjustments for non cash charges and other items :		
Depreciation on operating fixed assets and investment properties	104,889	100,516
Amortization of intangible assets	826	2,530
Reversal for the year on staff retirement benefit funds	(73,425)	(3,681)
Dividend income	(549,311)	(164,233)
Unrealized loss / (gain) on held for trading investments - net	48,842	(68,349)
Loss / (gain) on sale of investments	6,600	(10,299)
Provision for slow moving stores, spares and loose tools	14,553	3,765
(Reversal of provision) for stock-in-trade - Raw materials	(715)	-
(Reversal) / provision of doubtful trade debts - net	(5,014)	7,369
Provision of doubtful other receivables	-	885
Provision for Workers' Welfare Fund	11,071	21,022
Provision for Workers' Profit Participation Fund	26,782	60,111
Provision for liquidated damages - net	-	19,141
Reversal of provision for diminution the value of investments - net	-	(100,561)
Return on loan to subsidiary company	(26,228)	(1,480)
Return on deposits	(824)	(765)
Gain on disposal of operating fixed assets	(24,686)	(75,982)
Deferred income amortized	(4,677)	(4,968)
Discounting of long term deposit	8,340	1,017
Unwinding of discount on long term deposit	(16,920)	(14,880)
Liabilities written back	(768)	-
Finance costs	222,979	187,273
	713,717	1,350,134
Changes in:		
- Stores, spares and loose tools	(20,341)	(55,367)
- Stock-in-trade	1,144,747	(396,060)
- Trade debts	561,799	(348,189)
- Advances	103,310	(338,193)
- Trade deposits and short term prepayments	(15,873)	(6,809)
- Other receivables	433,423	(402,434)
- Trade and other payables	(531,943)	1,111,785
	2,388,839	914,867

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

42.1 Reconciliation of movements of liabilities to cash flows arising from financing activities

	Long term loans	Finance lease liabilities (Including mark-up accrued)	Short term borrowings	Dividend Payable	Total
	9	10 & 13	14		
Opening balance as at 1 July 2017	462,981	105,454	2,269,554	138,077	2,976,066
Dividend declared	-	-	-	252,306	252,306
Lease obligation entered during the year	-	114,772	-	-	114,772
Interest accrued on lease obligation	-	10,257	-	-	10,257
Lease deposit matured	-	(4,969)	-	-	(4,969)
Mark-up on commercial papers	-	-	43,388	-	43,388
	-	120,060	43,388	252,306	415,754
Proceeds from long term loans	161,695	-	-	-	161,695
Repayment of long term loans	(301,386)	-	-	-	(301,386)
Proceeds from short term borrowings	-	-	8,479,025	-	8,479,025
Repayment of short term borrowings	-	-	(9,639,320)	-	(9,639,320)
Dividend paid	-	-	-	(368,863)	(368,863)
Lease payments	-	(51,660)	-	-	(51,660)
	(139,691)	(51,660)	(1,160,295)	(368,863)	(1,720,509)
Closing balance as at 30 June 2018	323,290	173,854	1,152,647	21,520	1,671,311

43. CASH AND CASH EQUIVALENTS

	Note	2018	2017
		(Rupees in '000)	
Running finances under mark-up arrangements	14.1	(305,548)	(247,782)
Cash and bank balances	31	133,452	28,471
		(172,096)	(219,311)

44. SEGMENT REPORTING

44.1 Reportable segments

The Company's reportable segments are as follows :

- Steel segment - It comprises of manufacturing and coating of steel pipes (note 1.2).
- Cotton segment - It comprises of manufacturing of yarn (note 1.3).
- Investment and Infrastructure Development (IID) segment - To effectively manage the investment portfolio in shares and other securities (strategic as well as short term) and investment properties (held for rentals as well as long term appreciation) (Note 1.4).

The Company's all segments are engaged in shariah compliant businesses except mentioned in note 34.
Information regarding the Company's reportable segments is presented below:

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

44.2 Segment revenues and results

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

For the year ended 30 June 2018	Steel segment	Cotton segment	IID segment	Total
	-----------------------	(Rupees in '000)	-----------------------	
Sales	6,136,191	907,596	-	7,043,787
Cost of sales	5,344,171	888,295	-	6,232,466
Gross profit	792,020	19,301	-	811,321
Income from investments	-	-	495,508	495,508
	792,020	19,301	495,508	1,306,829
Distribution and selling expenses	10,656	7,196	-	17,852
Administrative expenses	138,817	17,295	16,924	173,036
Other operating expenses	83,559	1,304	27	84,890
	233,032	25,795	16,951	275,778
	558,988	(6,494)	478,557	1,031,051
Other income	151,418	20,253	-	171,671
Operating profit before finance costs	710,406	13,759	478,557	1,202,722
Finance costs	212,079	5,609	13,631	231,319
Profit before taxation	498,327	8,150	464,926	971,403
Taxation				219,653
Profit for the year				751,750

For the year ended 30 June 2017	Steel segment	Cotton segment	IID segment	Total
Sales	8,920,116	1,288,528	-	10,208,644
Cost of sales	7,054,680	1,295,114	-	8,349,794
Gross profit / (loss)	1,865,436	(6,586)	-	1,858,850
Income from investments	-	-	246,889	246,889
	1,865,436	(6,586)	246,889	2,105,739
Distribution and selling expenses	13,710	17,314	-	31,024
Administrative expenses	235,779	29,458	21,513	286,750
Other operating expenses	412,237	(2,301)	885	410,821
	661,726	44,471	22,398	728,595
	1,203,710	(51,057)	224,491	1,377,144
Other income	89,047	12,224	100,561	201,832
Operating profit before finance costs	1,292,757	(38,833)	325,052	1,578,976
Finance costs	171,176	6,624	9,473	187,273
Profit / (loss) before taxation	1,121,581	(45,457)	315,579	1,391,703
Taxation				379,268
Profit for the year				1,012,435

44.2.1 Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year (2017: Nil).

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44.2.2 The accounting policies of the reportable segments are the same as the Company's accounting policies described in note 6 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.

44.3 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 32 to these unconsolidated financial statements.

44.4 Information about major customers

Revenue from major customers of Steel segment represents an aggregate amount of Rs. 5,693.456 million (2017: Rs. 8,482.683 million) of total Steel segment revenue of Rs. 6,136.191 million (2017: Rs. 8,920.116 million). Revenue from major customers of Cotton segment represents an aggregate amount of Rs. 84.508 million (2017: Rs. 533.351 million) of total Cotton segment revenue of Rs. 907.596 million (2017: Rs. 1,288.528 million).

44.5 Geographical information

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

	2018	2017
	----------- (Rupees in '000)	-------------
South and North America	13,120	57,169
Pakistan	7,030,667	10,151,475
	7,043,787	10,208,644

44.5.2 All non-current assets of the Company as at 30 June 2018 and 2017 were located and operating in Pakistan.

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44.6 Segment assets and liabilities

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

	Steel segment	Cotton segment	IID segment	Total
	-----------------------(Rupees in '000)-----------------------			
As at 30 June 2018				
Segment assets for reportable segments	4,103,680	531,879	3,778,357	8,413,916
Unallocated corporate assets				1,665,099
Total assets as per unconsolidated balance sheet				10,079,015
Segment liabilities for reportable segments	1,345,671	99,215	2,262	1,447,148
Unallocated corporate liabilities and deferred income				1,908,100
Total liabilities as per unconsolidated balance sheet				3,355,248
As at 30 June 2017				
Segment assets for reportable segments	6,894,855	402,775	3,545,012	10,842,642
Unallocated corporate assets				1,336,946
Total assets as per unconsolidated balance sheet				12,179,588
Segment liabilities for reportable segments	1,781,677	79,067	2,206	1,862,950
Unallocated corporate liabilities and deferred income				3,496,921
Total liabilities as per unconsolidated balance sheet				5,359,871

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 receivable therefrom and payable thereon, respectively are not allocated to reporting segments as these are managed by the Company's central treasury function.

44.7 Other segment information

	Steel segment	Cotton segment	IID segment	Total
	-----------------------(Rupees in '000)-----------------------			
For the year ended 30 June 2018				
Capital expenditure	107,613	54,961	-	162,574
Depreciation and amortization	70,986	31,679	3,050	105,715
Non-cash items other than depreciation and amortization - net	134,895	(17,300)	(480,997)	(363,402)
For the year ended 30 June 2017				
Capital expenditure	136,144	4,442	-	140,586
Depreciation and amortization	57,555	40,609	4,882	103,046
Non-cash items other than depreciation and amortization - net	199,183	(5,663)	(333,967)	(140,447)

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FOR THE YEAR ENDED 30 JUNE 2018

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 2018. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation:

	2018		2017	
	Pension	Gratuity	Pension	Gratuity
Financial assumptions				
- Discount rate used for Interest Cost in profit or loss charge	9.25%	9.25%	9.00%	7.25%
- Discount rate used for year end obligation	10%	10%	9.25%	9.25%
- Expected rate of increase in salaries	10%	10%	9.25%	9.25%
Demographic assumptions				
- Retirement Assumption	Age 58		Age 58	
- Expected mortality for active members	"SLIC (2001-05)"		"SLIC (2001-05)"	

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

	Note	2018 Pension	2018 Gratuity	2018 Total	2017 Pension	2017 Gratuity	2017 Total
Present value of defined benefit obligations	45.1.4	457,906	101,625	559,531	423,509	94,572	518,081
Fair value of plan assets	45.1.5	(608,912)	(205,706)	(814,618)	(1,106,188)	(426,203)	(1,532,391)
Asset recognized in unconsolidated balance sheet		(151,006)	(104,081)	(255,087)	(682,679)	(331,631)	(1,014,310)

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

	Note	2018 Pension	2018 Gratuity	2018 Total	2017 Pension	2017 Gratuity	2017 Total
Opening balance		(682,679)	(331,631)	(1,014,310)	(306,233)	(150,043)	(456,276)
"Net benefit (income) / cost charged to profit or loss"	45.1.7	(47,460)	(25,965)	(73,425)	1,625	(5,305)	(3,680)
Remeasurements recognized in other comprehensive income		587,706	256,807	844,513	(369,286)	(172,986)	(542,272)
Contributions by the Company	45.1.5	(8,573)	(3,292)	(11,865)	(8,785)	(3,297)	(12,082)
Closing balance		(151,006)	(104,081)	(255,087)	(682,679)	(331,631)	(1,014,310)

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45.1.4 Movement in the present value of defined benefit obligations

	2018			2017		
	Pension	Gratuity	Total	Pension	Gratuity	Total
	(Rupees in '000)					
Present value of defined benefit obligations - 1 July	423,509	94,572	518,081	354,115	82,485	436,600
Current service cost	16,084	4,863	20,947	13,791	4,479	18,270
Past service cost	-	-	-	15,790	1,319	17,109
Interest cost	38,776	8,642	47,418	31,508	5,820	37,328
Benefits paid during the year	(8,626)	(2,292)	(10,918)	(8,050)	(1,519)	(9,569)
Benefit due but not paid	-	-	-	-	(2,891)	(2,891)
Remeasurement:						
Actuarial (gains) / losses from change in financial assumption	2,381	13	2,394	724	33	757
Experience adjustments	(14,218)	(4,173)	(18,391)	15,631	4,846	20,477
Present value of defined benefit obligations - 30 June	457,906	101,625	559,531	423,509	94,572	518,081

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

	2018 Pension	2018 Gratuity	2018 Total	2017 Pension	2017 Gratuity	2017 Total
Fair value of plan assets - 1 July	1,106,188	426,203	1,532,391	660,348	232,528	892,876
Contributions by the Company	8,573	3,292	11,865	8,785	3,297	12,082
Interest income on plan assets	102,320	39,470	141,790	59,464	16,923	76,387
Benefits paid during the year	(8,626)	(2,292)	(10,918)	(8,050)	(1,519)	(9,569)
Benefit due but not paid	-	-	-	-	(2,891)	(2,891)
Return on plan assets, excluding interest income	(599,543)	(260,967)	(860,510)	385,641	177,865	563,506
Fair value of plan assets - 30 June	608,912	205,706	814,618	1,106,188	426,203	1,532,391

	2018 Pension	2018 Gratuity	2018 Total	2017 Pension	2017 Gratuity	2017 Total
45.1.6 Actual return on plan assets	(497,223)	(221,497)	(718,720)	445,105	194,788	639,893

45.1.7 Following amounts have been charged in the profit or loss account in respect of these benefits

	2018 Pension	2018 Gratuity	2018 Total	2017 Pension	2017 Gratuity	2017 Total
Current service cost	16,084	4,863	20,947	13,791	4,479	18,270
Past service cost	-	-	-	15,790	1,319	17,109
Interest cost	38,776	8,642	47,418	31,508	5,820	37,328
Interest income on plan assets	(102,320)	(39,470)	(141,790)	(59,464)	(16,923)	(76,387)
(Income) / charge recognized in profit or loss	(47,460)	(25,965)	(73,425)	1,625	(5,305)	(3,680)

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

	2018 Pension	2018 Gratuity	2018 Total	2017 Pension	2017 Gratuity	2017 Total
Remeasurement:						
Actuarial losses from change in financial assumption	2,381	13	2,394	724	33	757
Experience adjustments	(14,218)	(4,173)	(18,391)	15,631	4,846	20,477
Return on plan assets, excluding interest income	599,543	260,967	860,510	(385,641)	(177,865)	(563,506)
Remeasurement loss / (gain) recognised in the other comprehensive income	587,706	256,807	844,513	(369,286)	(172,986)	(542,272)

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	2018			2017		
	Pension	Gratuity	Total	Pension	Gratuity	Total
	(Rupees in '000)					
45.1.9 Total defined benefit cost recognized in profit or loss and other comprehensive income	540,246	230,842	771,088	(367,661)	(178,291)	(545,952)
Expected contributions to funds in the following year	-	-	-	-	-	-
Weighted average duration of the defined benefit obligation (years)	11	3		11	3	
Analysis of present value of defined benefit obligation						
Type of Members:						
Pensioners	29	-		26	-	
Beneficiaries	98	98		92	91	
Vested / Non-Vested						
Vested benefits	422,010	81,066	503,076	388,077	77,228	465,305
Non - vested benefits	41,673	20,559	62,232	35,432	17,344	52,776
	463,683	101,625	565,308	423,509	94,572	518,081
Disaggregation of fair value of plan assets						
The fair value of the plan assets at reporting date for each category are as follows:						
Cash and cash equivalents (comprising bank balances and adjusted for current liabilities) - quoted	4,841	2,567	7,408	82,099	980	83,079
Debt instruments						
AA+	95,707	19,629	115,336	116,124	44,336	160,460
AA/AA-	61,791	-	61,791	237	-	237
	157,498	19,629	177,127	116,361	44,336	160,697
Equity instruments						
Automobile Assembling	115	-	115	809	-	809
Automobile Parts and Accessories	179	-	179	-	-	-
Cables and Electrical Goods	-	-	-	251	-	251
Cement	8,605	-	8,605	16,345	-	16,345
Chemicals	530	-	530	435	-	435
Commercial Banks	137	-	137	337	-	337
Engineering	352,135	159,760	511,895	771,003	350,992	1,121,995
Fertilizer	9,842	292	10,134	10,443	244	10,687
Insurance	97	-	97	166	-	166
Jute	-	-	-	148	-	148
Oil and Gas Exploration Companies	11,754	4,263	16,017	8,185	2,913	11,098
Oil and Gas Marketing Companies	1,042	-	1,042	860	-	860
Power Generation and Distribution	27,992	13,052	41,044	55,205	16,647	71,852
Sugar and Allied Industries	8,176	2,408	10,584	10,099	2,975	13,074
Textile Composite	3,959	-	3,959	4,529	-	4,529
	424,563	179,775	604,338	878,815	373,771	1,252,586
Mutual funds						
Income Fund	22,010	3,733	25,743	7,772	2,883	10,655
Equity Fund	-	-	-	21,141	4,233	25,374
	22,010	3,733	25,743	28,913	7,116	36,029
	608,912	205,704	814,616	1,106,188	426,203	1,532,391

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Sensitivity analysis

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

Discount rate +1%	411,403	98,920
Discount rate -1%	514,493	104,731
Long term pension / salary increase +1%	468,268	104,720
Long term pension / salary decrease -1%	448,756	98,881
Long term pension increase +1%	507,855	-
Long term pension decrease -1%	415,136	-

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

45.2 Defined contribution plan

The Company has set up provident fund for its permanent employees . The total charge against provident fund for the year ended 30 June 2018 was Rs. 11.163 million (2017: Rs. 9.344 million). Reporting year end of Provident Fund Financial Statements is 31 December and 30 June for Steel & IID Division and Cotton Division respectively.

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

	31 December 2017 (Unaudited)	31 December 2016 (Unaudited)	30 June 2018 (Unaudited)	30 June 2017 (Audited)
	Steel and IID Division		Cotton Division	
	(Rupees in '000)			
Cost of investments made	155,216	196,959	27,776	25,451
Size of the Fund	300,244	306,677	32,094	40,941
Fair value of investments	298,274	303,140	32,094	40,941
Percentage of investments made	99%	99%	100%	100%
Amount wise breakup of Fair value of investments is as follows:				
Equity Securities	133,476	155,868	7,119	18,291
Government Securities	84,701	65,883	-	-
Mutual Funds	44,248	14,370	-	-
Others	35,849	67,019	24,975	22,650
	298,274	303,140	32,094	40,941
Percentage wise breakup of Fair value of investments out of Size of Fund is as follows:				
Equity Securities	44%	51%	22%	45%
Government Securities	28%	21%	-	-
Mutual Funds	15%	5%	-	-
Others	12%	22%	78%	55%

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Investments out of the provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

46. FINANCIAL RISK MANAGEMENT

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

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

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

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

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

	30 June 2018							
	Carrying amount				Fair value			
	Investments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)							
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Listed equity securities	448,371	-	-	448,371	448,371	-	-	448,371
Financial assets not measured at fair value								
Investments								
- unlisted equity securities	210,608	-	-	210,608	-	-	-	-
- associates	1,284,596	-	-	1,284,596	-	-	-	-
Deposits	-	234,023	-	234,023	-	-	-	-
Loan to subsidiaries	-	249,900	-	249,900	-	-	-	-
Markup accrued	-	26,506	-	26,506	-	-	-	-
Trade debts	-	106,886	-	106,886	-	-	-	-
Other receivables	-	192,572	-	192,572	-	-	-	-
Bank balances	-	133,367	-	133,367	-	-	-	-
	1,495,204	943,254	-	2,438,458	-	-	-	-

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30 June 2018

	Carrying amount				Fair value			
	Investments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)							
Financial liabilities not measured at fair value								
Long term loans	-	-	323,290	323,290	-	-	-	-
Liabilities against assets subject to finance lease	-	-	173,429	173,429	-	-	-	-
Trade and other payables	-	-	1,095,512	1,095,512	-	-	-	-
Mark-up accrued	-	-	16,144	16,144	-	-	-	-
Short term borrowings	-	-	1,458,195	1,458,195	-	-	-	-
Unpaid dividend	-	-	-	-	-	-	-	-
Unclaimed dividend	-	-	21,520	21,520	-	-	-	
	-	-	3,088,090	3,088,090	-	-	-	-

30 June 2017

	Carrying amount				Fair value			
	Investments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)							
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Listed equity securities	514,984	-	-	514,984	514,984	-	-	514,984
Financial assets not measured at fair value								
Investments								
- unlisted equity securities	178,946	-	-	178,946	-	-	-	-
- associates	1,070,803	-	-	1,070,803	-	-	-	-
Deposits	-	193,790	-	193,790	-	-	-	-
Trade debts	-	663,671	-	663,671	-	-	-	-
Loan to subsidiaries	-	365,000	-	365,000	-	-	-	-
Markup accrued	-	1,480	-	1,480	-	-	-	-
Other receivables	-	482,742	-	482,742	-	-	-	-
Bank balances	-	28,157	-	28,157	-	-	-	-
	1,249,749	1,734,840	-	2,984,589	-	-	-	-

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30 June 2017

	Carrying amount				Fair value			
	Investments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)							
Financial liabilities not measured at fair value								
Long term loan	-	-	462,981	462,981	-	-	-	-
Liabilities against assets subject to finance lease	-	-	105,306	105,306	-	-	-	-
Trade and other payables	-	-	1,625,761	1,625,761	-	-	-	-
Mark-up accrued	-	-	27,892	27,892	-	-	-	-
Short term borrowings	-	-	2,517,336	2,517,336	-	-	-	-
Unpaid dividend	-	-	116,449	116,449	-	-	-	-
Unclaimed dividend	-	-	21,628	21,628	-	-	-	-
	-	-	4,877,353	4,877,353	-	-	-	-

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

The unquoted investments and investments in subsidiaries and associates are stated at cost.

Investment property fair value have been determined by professional valuers (level 3 measurement) based on their assessment of the market values as disclosed in note 18.2. The valuations are conducted by the valuation experts appointed by the Company. The valuation experts used a market based approach to arrive at the fair value of the Company's investment properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

47. 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.

47.1 Credit risk

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

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

	2018	2017
	---------- (Rupees in '000) -------------	
Deposits	234,023	193,790
Trade debts	106,886	663,671
Loan to subsidiaries	249,900	365,000
Mark-up accrued	26,506	1,480
Other receivables	192,572	482,742
Bank balances	133,367	28,157
	943,254	1,734,840

Trade and receivables

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

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

	2018	2017
	---------- (Rupees in '000) -------------	
Steel segment	104,875	643,909
Cotton segment	2,011	19,762
	106,886	663,671

The aging of trade debts at the balance sheet date is

	2018	2017
Not past due	-	312,854
Past due 1 - 30 days	5,054	322,380
Past due 30 - 180 days	89,297	7,936
Past due 180 days	29,161	42,141
	123,512	685,311
Less: Impaired	16,626	21,640
	106,886	663,671

The movement in the allowance for impairment in respect of trade debts and advances is given in note 24.2 and note 25 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.

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Settlement risk

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

Bank balances

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

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

	Rating Short term	Rating Long term	Agency	2018	2017
				-------(Rupees in '000)-------	
Mutual Funds					
PICIC Investment Fund	MFR 3 star	MFR 3 star	JCR - VIS	6,744	7,510
PICIC Growth Fund	MFR 1 star	MFR 1 star	JCR - VIS	52,020	52,855
				58,764	60,365

Deposits

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

Investment in debt securities

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

Concentration of credit risk

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

47.2 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.

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

	2018						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
	---------------	---------------	---------------	(Rupees in '000)	---------------	---------------	---------------
Financial liabilities							
Long term loans	323,290	-	323,290	48,272	48,272	38,044	188,702
Liabilities against assets subject to finance lease	173,429	-	201,940	29,681	28,916	54,472	88,871
Trade and other payables	1,095,512	-	1,095,512	1,095,512	-	-	-
Mark-up accrued	16,144	-	16,144	16,144	-	-	-
Unpaid dividend	-	-	-	-	-	-	-
Unclaimed dividend	21,520	21,520	-	-	-	-	-
Short term borrowings	1,458,195	744,887	713,308	713,308	` -	-	-
	3,088,090	766,407	2,350,194	1,902,917	77,188	92,516	277,573

	2017						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
	---------------	---------------	---------------	(Rupees in '000)	---------------	---------------	---------------
Financial liabilities							
Long term loan	462,981	-	462,981	70,250	74,546	157,684	160,501
Liabilities against assets subject to finance lease	105,306	-	118,966	24,602	24,813	33,074	36,477
Trade and other payables	1,625,761	-	1,625,761	1,625,761	-	-	-
Mark-up accrued	27,892	-	27,892	27,892	-	-	-
Unpaid dividend	116,449	116,449	-	-	-	-	-
Unclaimed dividend	21,628	21,628	-	-	-	-	-
Short term borrowings	2,517,336	2,517,336	-	-	-	-	-
	4,877,353	2,655,413	2,235,600	1,748,505	99,359	190,758	196,978

47.3 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.

47.3.1 Currency risk

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

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	2018			
	USD	Euro	JPY	CNY
Foreign creditors	(3,783,071)	-	-	(16,415,649)
Outstanding letters of credit	(1,223,167)	(210,804)	-	(17,577,402)
Net exposure	(5,006,238)	(210,804)	-	(33,993,051)

	2017			
	USD	Euro	JPY	CNY
Foreign creditors	(12,223,879)	(33,350)	-	-
Outstanding letters of credit	(5,938,793)	(469,266)	(12,200,000)	-
Net exposure	(18,162,672)	(502,616)	(12,200,000)	-

The following significant exchange rate has been applied :

	Average rate		Reporting date rate	
	2018	2017	**2018**	2017
USD to PKR	110.63	104.76	121.60	105.00
Euro to PKR	132.04	114.43	141.57	120.10
CNY to PKR	17.43	-	18.76	-
JPY to PKR	-	0.96	-	0.94

Sensitivity analysis

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

Effect on profit or loss

	2018	2017
	----------- (Rupees in '000)	------------
USD	(433,428)	(1,816,267)
Euro	(21,080)	(50,262)
CNY	(3,399,305)	-
JPY	-	(1,220,000)
	(3,853,813)	(3,086,529)

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

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

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47.3.2 Interest rate risk

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

	2018	2017	2018	2017
	Effective interest rate		Carrying amount	
	-------(Percentage)--------		-----(Rupees in '000)-----	
Financial liabilities				
Variable rate instruments:				
Long term loans	7.64-8.92	7.53-8.85	323,290	462,981
Liabilities against assets subject to finance lease	10.47-12.06	10.61-15.41	173,429	105,306
Short term borrowings	7.64-8.84	6.96-8.62	1,458,195	2,517,336

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 or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2017.

	Profit and loss 100 bp	
	Increase	Decrease
	----------- (Rupees in '000) -------------	
As at 30 June 2018		
Cash flow sensitivity - Variable rate financial liabilities	(19,549)	19,549
As at 30 June 2017		
Cash flow sensitivity - Variable rate financial liabilities	(30,856)	30,856

47.3.3 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 :

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	2018	2017
Effect on profit	43,697	49,804
Effect on equity	1,140	1,694
Effect on investments	44,837	51,498

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

48. REMUNERATION TO THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Chief Executive		Director		Executives		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	-----------------------------(Rupees in '000)---------------------------							
Managerial remuneration	21,884	21,060	-	-	51,748	73,896	73,632	94,956
House rent	7,452	6,966	-	-	17,297	25,433	24,749	32,399
Utilities	1,656	1,548	-	-	3,470	5,302	5,126	6,850
Travelling expenses	5,803	68	-	-	-	-	5,803	68
Others	-	-	-	-	-	-	-	-
Medical	185	292	-	-	1,931	2,723	2,116	3,015
Contributions to								
- Gratuity fund	537	600	-	-	1,100	1,591	1,637	2,191
- Pension fund	1,290	1,440	-	-	2,855	4,447	4,145	5,887
- Provident fund	1,290	1,548	-	-	2,837	8,099	4,127	9,647
Club subscription and expenses	713	1,082	-	-	179	178	892	1,260
Entertainment	321	233	-	-	84	69	405	302
Conveyance	-	-	-	-	870	2,540	870	2,540
Telephone	-	-	-	-	6	6	6	6
	41,131	34,837	-	-	82,377	124,284	123,508	159,121
Number of persons	1	1	-	-	15	43	16	44

48.1 The aggregate amount charged in respect of directors' fees paid to six (2017: six) directors is Rs. 2.960 million (2017: Rs. 2.8 million). Also, during the year remuneration paid to the non-executive Chairman of the Board of Directors amounted to Rs. 1.275 million (2017: Rs. 1.2 million).

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

48.3 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.

49. TRANSACTIONS WITH RELATED PARTIES

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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Name	Nature of Relationship	Basis of Relationship	Nature of Transaction	2018	2017
				------------ (Rupees in '000)	--------------
Crescent Hadeed (Private) Limited	Subsidiary company	100% Holding	Right shares subscribed	-	300,000
			Reimbursable expenses	42,390	34,439
			Sale of finished goods	238,532	204,159
			Share deposit money	35,446	72,697
			Short term loan provided	807,400	250,000
			Short term loan repayment	809,500	-
			Mark-up income	17,853	279
CS Capital (Private) Limited	Subsidiary company	100% Holding	Reimbursable expenses	1,282	1,199
CS Energy (Private) Limited	Subsidiary company	100% Holding	Reimbursable expenses	7,044	1,112
			Right shares subscribed	-	80,000
			Mark-up income	8,374	1,202
			Sale of finished goods	22	-
			Short term loan provided	124,600	115,000
			Short term loan repayment	237,600	-
			Transfer of Pressure reducing desuper heating system	3,249	-
Solution de Energy (Private) Limited	Subsidiary company	100% Holding	Reimbursable expenses	94	-
Altern Energy Limited	Associated company	16.64% Holding	Dividend received	483,803	140,908
Shakarganj Limited	Associated company	21.93% Holding	Dividend paid	855	5,118
			Dividend received	34,260	-
			Sales of finished goods	618	70
			Services received	1,402	1,149
			Reimbursable expenses	1,723	1,442
			Right shares subscribed	213,793	-
Central Depository Company of Pakistan Limited	Related party	Common directorship	Services received	1,378	521
			Dividend Received	5,032	550

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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Name	Nature of Relationship	Basis of Relationship	Nature of Transaction	2018	2017
				------------ (Rupees in '000)	--------------
Muhammad Amin Muhammad Bashir Limited	Related party	Common directorship	Dividend paid	4	4
Pakistan Centre for Philanthropy	Related party	Common directorship	Services received	250	-
			Donation given	1,000	-
Premier Insurance Limited	Related party	Common directorship	Insurance premium	9,610	16,449
			Dividend paid	691	720
Crescent Cotton Mills Limited	Related party	Common directorship	Dividend paid	-	63
The Citizens' Foundation	Related party	Common directorship	Donation given	23,688	58,351
CSAP Foundation	Related party	Common directorship	Donation given	1,000	7,760
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	2,513	1,820
			Dividend paid	355	374
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Employees benefit fund	Contribution made	3,292	2,851
			Dividend paid	7,123	7,356
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Employees benefit fund	Contribution made	8,573	7,545
			Dividend paid	15,525	16,151
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	8,822	8,251
			Dividend paid	3,785	4,166
CSAP - Staff Benevolent Fund	Staff welfare fund	Employees Welfare fund	Contribution made	10,000	20,000
			Dividend paid	172	77
Key management personnel	Related parties	Executives	Remuneration and benefits	104,433	93,133
			Dividend paid	2,856	3,166
Directors and their spouse	Related parties	Directors	Dividend paid	3,694	693

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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

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

49.3 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.

49.4 Outstanding balances and other information with respect to related parties as at 30 June 2018 and 2017 are included in issued, subscribed and paid-up capital (note 7.1), trade and other payables (note 12), long term investments (notes 19.1, 19.2 and 19.3.1), trade debts (note 24.1), other receivables (note 29), administrative expenses (note 36) and staff retirement benefits (note 45).

50. 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 2017.

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.

50.1 Gearing ratio

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

	Note	2018	2017
		---------- (Rupees in '000)	-------------
Total debt	50.1.1	1,954,914	3,085,623
Less: Cash and bank balances		133,452	28,471
Net debt		1,821,462	3,057,152
Total equity	50.1.2	6,723,767	6,819,717
Total capital		8,545,229	9,876,869
Gearing ratio		21.3%	31.0%

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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50.1.1 Total debt is defined as long term and short term borrowings (excluding derivatives), as described in notes 9, 10 and 14 to these financial statements.

50.1.2 Total equity includes issued, subscribed and paid-up capital and reserves.

51. PLANT CAPACITY AND PRODUCTION

51.1 Steel segment

Pipe plant

The plant's installed / rated capacity for production based on single shift is 66,667 tons (2017: 66,667 tons) annually on the basis of notional pipe size (Where as the notional pipe size is taken as 30" dia x ½" thickness for SP1600 and 40"dia x 5/8" thickness for SP 2003). The actual production achieved during the year was 50,215 tons (2017: 88,110 tons) line pipes of varied sizes and thickness. Actual production is equivalent to 56,145 tons (2017: 107,699 tons) when translated to the notional pipe size of 30" diameter. Reason for underutilization was delay in materialization of orders for different projects.

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 206,389 meters (2017: 272,587 meters) of different dia pipes (407,598 square meters surface area) was achieved during the year (2017: 397,103 square meters surface area). Reason for underutilization was Lack of coating work orders in hand.

51.2 Cotton segment

Spinning unit 1

The plant capacity converted to 20s count polyester cotton yarn based on three shifts per day for 1,080 shifts is 9,197,007 kilogram (2017: 8,298,913 kilograms). Actual production converted into 20s count was 4,897,430 kilograms for 705 shifts (2017: 7,949,096 kilograms for 1,080 shifts). Reason for under utilization of production capacity is shutdown of plant for four months.

52. COMPARATIVE INFORMATION

The fourth schedule to the Companies Act, 2017 has introduced certain presentation and classification requirements for the elements of financial statements. The preparation and presentation of these financial statements for the year ended 30 June 2018 is in accordance with requirements in Companies Act 2017. Accordingly, the corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of Companies Act, 2017. Major reclassifications include unpaid dividend and unclaimed dividend of Rs. 116.449 million and Rs. 21.628 million respectively which have been reclassified from trade and other payables to face of statement of financial position separately.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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53. GENERAL

53.1 Number of employees

The total number of employees including contractual employees of the Company as at 30 June 2018 were 789 (2017: 481) and weighted average number of employees were 737 (2017: 939).

The number of factory employees including contractual employees of the company as at 30 June 2018 were 702 (2017: 399) and weighted average number of employees were 651 (2017: 855).

53.2 Subsequent events

The Board of Directors of the Company in their meeting held on 31 July 2018 have proposed final cash dividend for the year ended 30 June 2018 of Re. 1 per share (i.e. 10%) (2017: Rs. 2.25 per share) amounting to Rs. 77.632 million (2017: Rs. 174.673 million). This is in addition to the first interim cash dividends of Re. 1 per share each (i.e. 10% each), this makes a total distribution of Rs. 2 per share (i.e. 20%) for the year ended 30 June 2018. The above proposed final cash dividend is subject to the approval of the members at the Annual General Meeting to be held on 29 October 2018. These unconsolidated financial statements do not include the effect of above proposed final cash dividend, which will be accounted for in the period in which it is approved by the members.

54. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue in the Board of Directors meeting held on 31 July 2018.

Chief Executive	Director	Chief Financial Officer