



Crescent Steel and
Allied Products Limited

20
20 HALF YEARLY REPORT

BUILDING VALUES

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COMPANY PROFILE

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

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

The Company's Steel Division operates two Helical Seam Submerged Arc Welded Steel Pipe manufacturing lines and an external coating application line at Nooriabad and, a fabrication facility – Shakarganj Engineering – in Dalawal, Faisalabad. The Pipe Plant manufactures high quality steel pipes in the diameter range of 8" - 120" (219 mm – 3,048 mm) in wall thickness from 4 mm – 25 mm up to lengths of 44 feet per pipe and material grades up to API 5L X-100. The unit has authorization to use API monogram of the American Petroleum Institute (API) – the highest international standard accredited for quality of steel line pipe in the Oil and Gas Sector and also continues to retain the ISO 9001 certification.

The Coating Plant is capable of applying various flow efficient and corrosion protection coatings such as Multilayer Polyolefin and Polypropylene coatings, Single Layer Fusion Bonded Epoxy coatings, Liquid Epoxy coatings and High Temperature Heat Shrink Tape coatings on steel pipes ranging from 4" - 60" (114 mm - 1,524 mm), tape coatings on pipe diameter above 60" (1,524 mm) and internal epoxy coatings on diameters ranging from 8" - 60" (219 mm - 1,524 mm).

Crescent Steel is a serious and responsible local line pipe manufacturer that continues to serve as a partner in important national energy projects with demonstrated commitment in terms of quality, experience, financial strength and technical expertise.

The fabrication unit is engaged in fabrication and erection of machinery at par with international standards and designs, especially for sugar and cement industry. The unit has a wide product fabrication capability and specializes in the manufacture and supply of cane shredders, juice heaters, evaporators, batch and continuous vacuum pans, centrifugal machines, stainless steel spray clusters and multi-jet condensers, perforated plates and vibrio screens, and high voltage transformer tanks.

The unit also has the capability to fabricate and erect machinery used in the secondary steel sector and was leveraged for partial fabrication for a Continuous Caster Machine, girders for overhead cranes and a vibrio feeder to Crescent Hadeed Division – billet manufacturing unit.

COTTON DIVISION – COTTON YARN SPINNING UNIT

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

CCP is a division of the company but its operating results are shown separately, CCP as a division is registered with Ministry of Textile Industry Pakistan and All Pakistan Textile Mills Association (APTMA). CCP produces quality cotton / synthetic yarn with value addition of Slub, Siro and Compact Attachments. CCP is equipped with modern high-tech European and Japanese machinery ensuring a high-quality yarn making process, producing various counts from 10s to 31s and has a notional capacity (based on 20s) of 6.36 million Kgs per annum. The brand is known for high quality and demands a premium.

INVESTMENT AND INFRASTRUCTURE DEVELOPMENT DIVISION

The division manages a portfolio of equity investments and real estate. The portfolio is balanced in a way that spreads risk over a diversified spectrum and offers potential for growth as well as dividend yields, while real estate investments are held for rental as well as long term appreciation.

CRESCENT HADEED DIVISION BILLET MANUFACTURING UNIT

A billet manufacturing unit (Formerly operating as a wholly owned subsidiary of Crescent Steel and Allied Products Limited) has recently merged with and into CSAPL.

At present, the unit operates a melt shop (equipped with two induction melting furnaces and a continuous casting machine) with an annual production capacity of 85,000 MT of steel billets in various sizes and a standard length of 6 meters. Billets manufactured by the Company are used by re-rolling mills to manufacture bars and other steel long products for use in the construction and engineering sectors.

CS ENERGY DIVISION

A Power generation unit (Formerly operating as a fully owned subsidiary of Crescent Steel and Allied Products Limited) has recently merged with and into CSAPL.

The primary function of this unit is to provide electricity internally to Crescent Hadeed Division – Billet manufacturing unit and generate, accumulate, distribute, sell and supply electricity to Distribution companies, as permitted.

Initially equipped with a 15 MW co-generation, thermal generation power plant at Bhone, Punjab, and the Unit commenced commercial operations in December 2014. The Unit also employs a 16.5 MW condensing and extraction turbine to process steam during off-season periods to ensure uninterrupted supply to Crescent Hadeed Division throughout the year. The Generation Plants use bagasse in the combustion process to produce power and processed steam.

SUBSIDIARY COMPANIES

CS CAPITAL (PRIVATE) LIMITED

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

SOLUTION DE ENERGY (PRIVATE) LIMITED

Solution de Energy which was previously operating as fully owned subsidiary of CS Energy (Private) Limited, now operating as fully owned subsidiary of CSAPL, post amalgamation of CS Energy (Private) Limited and CSAPL.

The company was incorporated in October 2013, its principal activity being to build, own, operate and maintain a 100MW solar power project.

COMPANY INFORMATION

BOARD OF DIRECTORS

Ahmad Waqar
Chairman, Non-Executive Director (Independent)

Ahsan M. Saleem
Chief Executive Officer and Managing Director

Farah Ayub Tarin
Non-Executive Director (Independent)

Farrukh V. Junaidy
Non-Executive Director (Independent)

Nasir Shafi
Non-Executive Director

S.M. Ehtishamullah
Non-Executive Director

COMPANY SECRETARY

Iesha Fazal

AUDIT COMMITTEE

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

Nasir Shafi
Member, Non-Executive Director

S.M. Ehtishamullah
Member, Non-Executive Director

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Ahmad Waqar
Chairman, Non-Executive Director (Independent)

Ahsan M. Saleem
Member, Chief Executive Officer and Managing Director

Farah Ayub Tarin
Member, Non-Executive Director (Independent)

Nasir Shafi
Member, Non-Executive Director

GOVERNANCE AND NOMINATION COMMITTEE

Ahmad Waqar
Chairman, Non-Executive Director (Independent)

Ahsan M. Saleem
Member, Chief Executive Officer and Managing Director

Farah Ayub Tarin
Member, Non-Executive Director (Independent)

RISK MANAGEMENT COMMITTEE

S.M. Ehtishamullah
Chairman, Non-Executive Director

Ahsan M. Saleem
Member, Chief Executive Officer and Managing Director

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

MANAGEMENT TEAM

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

Muhammad Saad Thaniana - 2007*
Chief Financial Officer and CEO Solution
De Energy (Private) Limited

Abdul Rouf - 2000*
BU Head - Cotton Division

Arif Raza - 1985*
BU Head - Steel Division

Hajerah A. Saleem - 2012*
BU Head - Investments and Infrastructure
Development Division and Head of Corporate Affairs
and CEO CS Capital (Private) Limited

Hasan Altaf Saleem - 2010*
Resident Director and BU Head – Crescent Hadeed

Iqbal Abdulla - 2014*
IT Advisor

Mushtaque Ahmed - 1985*
Head of Manufacturing - Steel Division

HEAD OF INTERNAL AUDIT

Azeem Sarwar - 2018*

AUDITORS

External Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Internal Auditors

BDO Ebrahim & Co.
Chartered Accountants

LEGAL ADVISOR

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

BANKERS

Conventional

Allied Bank Limited

Habib Bank Limited

Industrial and Commercial Bank of
China

Habib Metropolitan Bank Limited

MCB Bank Limited

National Bank of Pakistan

Summit Bank Limited

JS Bank Limited

Shariah Compliant

Al-Baraka Bank Pakistan Limited

BankIslami Pakistan Limited

Dubai Islamic Bank Pakistan

* Year of Joining

Disclaimer: Other than the position of Chairman and CEO, listings are in alphabetical order.

SUBSIDIARIES*

CS Capital (Private) Limited
Solution de Energy (Private) Limited

REGISTERED OFFICE

E-FLOOR, IT TOWER, 73-E/1, HALI ROAD,
GULBERG-III, LAHORE.
TEL: +92 42 3578 3801-03
FAX: +92 42 3578 3811

LIAISON OFFICE LAHORE

E-Floor, IT Tower, 73-E/1, Hali Road,
Gulberg-III, Lahore.
Tel: +92 42 3578 3801-03
Fax: +92 42 3578 3811
Email: asif.randhawa@crecident.com.pk

PRINCIPAL OFFICE

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

PRODUCTION SITES

STEEL DIVISION PIPE AND COATING PLANTS

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

ENGINEERING UNIT

(Shakarganj Engineering)
17 Kilometer Summundri Road, Dalowal,
District Faisalabad, Punjab.
Tel: +92 41 2569 825-26
Fax: +92 41 2679 825

COTTON DIVISION CRESCENT COTTON PRODUCTS

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

CRESCENT HADEED DIVISION BILLET MANUFACTURING UNIT

59 Kilometer, Jhang, Sargodha Road,
Bhone, District Jhang
Tel: +92 48 6889 210 - 12
Email: hasan@crecident.com.pk

* Registered Office and Principal Office are same as holding company

CS ENERGY DIVISION POWER GENERATION UNIT

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

PUBLIC INFORMATION

Financial analysts, stock brokers, interested investors and financial media desiring information regarding the Company contact.

Ms. Iesha Fazal

Company Secretary

9th Floor, Sidco Avenue Centre, 264
R.A. Lines, Karachi-74200.
Tel: +92 21 3567 4881-85
Email: company.secretary@crescent.com.pk

SHARE REGISTRAR

Enquiries Concerning lost share certificates, dividend payments, change of address, verification of transfer deeds and share transfers should be directed to Company's Share Registrar.

M/s CorpTec Associates (Private) Limited,

503-E Johar Town, Lahore.
Tel: +92 42 3517 0336-37
Fax: +92 42 3517 0338
Email: info@corptec.com.pk

CORPORATE WEBSITE

To visit our website, go to www.crescent.com.pk

FINANCIAL STATEMENTS

For Half Yearly Report for the year ended go to
<http://crescent.com.pk/wp-content/uploads/2020/02/CSAPL-Dec-19.pdf>

DIRECTORS' REPORT

The directors' of your company are pleased to present the unconsolidated and consolidated condensed interim financial statements of the Company and the Group respectively for the half year ended 31 December 2019.

ECONOMIC OUTLOOK

Overall economic performance of the country has been influenced by the structural reforms and policies implemented by the current government, the macroeconomic variables showed mixed performance during first half of Fiscal year 2019-20. The Economic outlook remains hampered by a 2.1 percent GDP growth forecast mainly due to fiscal consolidation and monetary tightening steps taken by the Government. Inflation has reached 14.6 percent with the forecast of 13 percent for coming period mainly based on the expected increase in energy tariffs and cuts in development expenditures alongside a general increase in taxation. Export volumes increased while growth in term of dollar term could not be achieved due to falling product prices. Fiscal deficit increased from 7.2 to nearly 8.0 percent during the first half of FY20. Public sector debt increased to 78.6 percent of GDP. It is important, to note, that a fall in the trade deficit and the current account is largely attributable to a slowdown in growth. Though, on the other side certain measures shown positive signs as FDI grew by 68 percent amounting to \$1.34 billion in July-Dec FY20 vs. \$797 million last year. Pakistan's Current Account deficit has dropped by 80 percent on Year to year basis amounting to \$367 million in Dec 2019 vs. \$1.881 billion last year.

There are some visible signs of stabilization with significant improvement in Current account deficit and a small reversal in the fast depreciating PKR against USD and other hard currencies, the volatility in the rupees has subsided as the interbank market has adjusted to the introduction of the market-based exchange rate system and the lower current account deficit has provided external account stability.

The coming months are expected to be instrumental in defining the medium term prospects for country's economy. Results of some of the measures and adjustments are expected to start reflecting more meaningful macro-economic data in the coming few months.

FINANCIAL AND OPERATIONAL PERFORMANCE

Overall Financial Performance

During first quarter ended 30 September 2019 (Q1FY20) the Company suffered after tax loss of Rs. 146.9 million, however, in second quarter ended 31 December 2019 (Q2FY20) the Company's after tax profit stood at Rs. 120.9 million which resulted in cumulated after tax loss of Rs. 25.9 million for the half year ended 31 December 2019 (HYFY20) as compared to after tax loss of Rs. 115.7 million in HYFY19 last year.

Loss per share (LPS) for Q1FY20 stood at Rs. 1.89 whereas Earnings per share (EPS) for Q2FY20 was Rs. 1.56 which resulted in decrease of overall LPS for HYFY20 to Rs. 0.33 per share as compared to LPS of Rs. 1.49 in HYFY19 last year.

Company's sales revenue stood at Rs. 1,469.3 million (HYFY19: Rs. 2,863.3 million). Steel division generated 24.3 percent, Cotton division 54.6 percent, Hadeed (Billet) division 16.3 percent and CS Energy division generated 4.8 percent of total sales respectively.

Fixed costs were unabsorbed because of low sales volumes, and plant idling; Steel division posted a gross Loss (GL) of Rs. 75.4 million (HYFY19 - GP: Rs. 257.1 million) whereas Cotton Division reported a gross Profit of Rs. 24.7 million (HYFY19: Rs. 63.1 million). Gross margin for the HYFY20 reduced to negative 5.1 percent as compared to 8.7 percent in corresponding period last year.

The Steel division reported Loss before Tax (LBT) of Rs. 261.8 million (HYFY19 LBT: Rs. 84.5 million). Cotton division reported Profit before Tax (PBT) of Rs. 0.1 million (HYFY19 PBT: Rs. 43.2 million). IID division reported a PBT of Rs. 204.7 million (HYFY19 LBT: Rs. 80.3 million).

Overall, the Company's LBT for HYFY20 was Rs. 94.1 million as compared LBT of Rs. 121.6 million in corresponding period last year.

Summary of operating results as per unconsolidated condensed interim financial statements of the company

- Sales revenue decreased to Rs. 1,469.3 million as compared to Rs. 2,863.6 million in HYFY19.

Income from Investment amounted to Rs. 223.0 million as compared to loss of Rs. 62.0 million in HYFY19.
- Gross loss of Rs. 75.6 million as compared to a gross profit of Rs. 257.1 million in HYFY19.
- Earnings before interest and tax (EBIT) for HYFY20 was Rs. 47.4 million as compared to Loss before interest and tax (LBIT) Rs. 3.0 million in HYFY19.
- EBITDA was Rs. 161.2 million as compared to EBITDA of Rs. 54.4 million in HYFY19.
- LBT for Q1FY20 was recorded at Rs. 179.3 million whereas PBT for Q2FY20 was Rs. 85.2 million which reduces the overall LBT for HYFY20 to Rs. 94.1 million as compared to LBT of Rs. 121.7 million in HYFY19.
- LPS for HYFY20 was decreased to Rs. 0.33 as compared to LPS of Rs. 1.49 for HYFY19.
- Return on average capital employed (annualized) was 0.65 percent for HYFY20 as compared to 3.35 percent in the last year.
- Break-up value per share reduced to Rs. 69.16 from Rs. 69.48 as at 30 June 2019.

BUSINESS SEGMENTS

Steel Segment

Steel segment revenue for the first half ended 31 December 2019 was lower at Rs. 356.8 million as compare to Rs. 2,048.7 million in corresponding period last year. Gross loss for the HYFY20 stood at Rs 75.4 million i.e. 21.1 percent consequent to low orders intake, delay in execution of projects by the customer and unabsorbed / unavoidable Fixed production cost due to plant idling, while HYFY19 resulted Gross profit of Rs 193.9 million i.e. 9.4 percent. The bottom-line resulted in LBT of Rs. 261.8 million as compared to LBT of Rs. 84.5 million for the corresponding period last year.

Cotton Segment

Cotton Division recorded sales revenue of Rs. 801.6 million (HYFY19: Rs. 814.8 million). Timely measures were taken to ensure efficient utilization of assets, enhance yield and enable cost saving. Division posted a PBT of Rs. 0.1 million for HYFY20 as compared to PBT of Rs. 43.1 million for the corresponding period last year.

IID Segment

Market Review

During the first half of FY20 , KSE-100 gained 6,834 points (i.e. 20.15 percent) to close at 40,735 point on 31 December 2019 with increase in market capitalization to the extent of Rs 0.50 trillion to Rs 1.83 trillion.

Daily average traded volume stood at 185.45 million shares and average values traded stood at PKR 6,563.67 million. Improved activity on the bourse can be attributed primarily to a stable exchange rate and unchanged interest rate at 13.25 percent (since July), increased liquidity from local investors, specifically.

Local individual investors absorbed most of the selling at net buying of USD 91.04 million, followed by mutual funds and Companies who bought securities worth USD 29.60 million and USD 17.34 million, respectively. Banks remained net sellers at USD 104.91 million followed by Mutual Funds at USD 29.59 million.

As a result of the policy measures which included increasing energy tariffs (petroleum and electricity) and cuts in development expenditures alongside a general increase in taxation, growth and business is hurting and while foreign direct investment has increased sharply, it is primarily because local bonds offer an attractive return which effectively implies a higher average cost of private borrowing that will have to eventually be paid back in USD terms.

Segment Performance

During the HYFY20, the division's Fair Value Through Profit or Loss (FVTPL) segment recorded a positive ROI of 19.06 percent on weighted average investments of Rs. 141.25 million - during the same period, the benchmark KSE-100 index increased by 20.16 percent. On an overall basis, the portfolio ROI on marketable securities stood at negative 12.42 percent on weighted average cost of investments Rs. 3,453.74 million.

The portfolio's accumulated PBT for the half year ended 31 December 2019 stood at Rs. 204.75 million against 1HFY19 LBT of Rs. 80.03 million. Dividends received from Equity accounted associates in HFY20 was Rs. 182.26 million as against Rs. 4.40 million received in the corresponding period last year. The PBT includes realized losses and unrealized gains of Rs. 4.57 million and Rs. 34.63 million, respectively on FVTPL investments while finance costs and other operating expenses constitute 4.37 percent and 4.55 percent of PBT, respectively.

Unconsolidated Balance Sheet

Balance sheet footing stood at Rs. 8,452.7 million as of 31 December 2019, compared to Rs. 9,642.5 million as at 31 December 2018 and Rs 8,287.0 million on 30 June 2019. Book value per share was Rs. 69.16.

Current ratio was maintained at 1.1:1, as of 31 December 2019. Gearing ratio (including short term borrowings) is 24.4 percent compared to 27.0 percent on 30 June 2019.

Overall Consolidated Financial Performance

On a consolidated basis, operating loss before finance costs amounted to Rs. 105.2 million (HYFY19: Loss Rs. 217.2 million). Consolidated profit after tax for the Group for HYFY20 was Rs. 227.7 million as compared to loss after tax of Rs. 63.1 million in HYFY19. Net share of profit from equity-accounted associates amounted to Rs. 47.4 million (HYFY19: Rs. 319.8 million).

Consolidated EPS of the Group for HYFY20 was Rs. 2.93 per share as compared to LPS of Rs. 0.81 per share respectively in the corresponding period last year.

During HYFY20, profit after tax of CS Capital (Private) Limited – a wholly owned subsidiary amounted to Rs. 55.3 million (HYFY19: Loss after tax Rs. 72.2 million). This has resulted mainly due to dividend income of Rs. 21.2 million and unrealized gain of Rs. 37.2 million.

Consolidated Balance Sheet

On a Group basis, the consolidated balance sheet footing stood at Rs. 10,374.4 million, compared to Rs. 10,000.9 million as at 30 June 2019. Total shareholders' fund increased to Rs. 7,208.1 million from Rs. 6,956.1 million as at 30 June 2019. Book value per share was Rs. 92.8.

FUTURE OUTLOOK

Although our business faces numerous challenges in this high inflation and high interest setting, the management is trying to lower the costs and increase turnover to a better bottom line. Outlook on the Steel business has improved as we step into the second half of FY20. Sales during the first half of FY20 were low as most of the projects budgeted in oil and gas segment did not materialized which are expected to materialize in short – medium term.

Recently, we secured few orders of line pipes for which production and deliveries are expected in 2nd Half of the year. In addition, we have been declared lowest in Gas Companies tenders for which confirmed orders are awaited. Also, we have participated in several gas transmission tenders, outcomes are expected to be announced soon.

As pressure builds up at the LNG terminals at port, the need for transmission of LNG will be pronounced; therefore, outlook on future transmission projects is positive for the current FY. Further, expected resolution of dispute between Federal Government and Sindh Government may lead to Sindh University Pak land Project. Also K-4, water pipeline project and White oil Pipeline project is expected to be commenced in the near future.

An early milestone in 2020 will come in February when the Financial Action Task Force (FATF) decides on Pakistan's listing – if Pakistan does not successfully conclude the FATF review, an exit of foreign investment is imminent.

Corporate earnings and payouts are likely to remain contained for FY20 as local demand remains suppressed and the government's ability to ease them remains contained due to fiscal and monetary tightening. The bourse is however, likely to see increased liquidity from insurance companies and individuals as fixed income rates have started to fall and the market does offer an attractive upside.

I am pleased to record our appreciation to all the stakeholders and look forward towards their continued support.

For and behalf of Board of Directors.

Ahsan M. Saleem
Chief Executive Officer

Ahmad Waqar
Chairman

6 February 2020

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز انتہائی مسرت کے ساتھ بالترتیب کمپنی اور گروپ کی غیر مربوط اور مربوط مرکز عبوری مالیاتی دستاویزات بابت ششماہی اختتامیہ 31 دسمبر 2019 آپ کی خدمت میں پیش کر رہے ہیں۔

معاشی منظر نامہ

موجودہ حکومت کی جانب سے متعارف کروائی جانے والی بنیادی اصلاحات اور پالیسیوں کے اثرات مجموعی طور پر معیشت کو متاثر کر رہے ہیں۔ کئی معیشت کے اشاریے مالی سال 2019-20 کے وسط میں ملی جلی کارکردگی ظاہر کر رہے ہیں۔ جی ڈی پی کی شرح 2.1 فیصد تک رہنے کی وجہ سے معاشی ترقی سست روی کا شکار رہی ہے جس کی بنیادی وجوہات میں حکومت کی جانب سے مالیاتی اصلاحات اور سخت مالی پالیسیوں کا متعارف کروایا جانا تھا۔ افراط زر کی شرح 14.6 فیصد ریکارڈ کی گئی ہے اور آنے والے عرصے کے دوران 13 فیصد تک افراط زر شرح رہنے کا عندیہ دیا جا رہا ہے جس کی بنیادی وجوہات میں توانائی کی قیمت میں متوقع اضافہ، ترقیاتی بجٹ میں کمی اور اس کے ساتھ ساتھ ٹیکس کی شرح میں اضافہ شامل ہیں۔ برآمدات کے حجم میں اضافہ تو ہوا ہے لیکن بلحاظ ڈالر اہداف کا حصول ممکن نہ رہا جس کی وجہ ایشیاء کی قیمتوں میں کمی تھی۔ مالی سال 2020 کی ششماہی کے دوران مالیاتی خسارہ 7.2 سے بڑھ کر 8.0 فیصد ہو چکا ہے۔ پبلک سیکٹر کے قرضے کل جی ڈی پی کا 78.6 فیصد ہو چکے ہیں۔ یہ بات بھی یہاں قابل ذکر ہے کہ تجارتی اور کرنٹ اکاؤنٹ خسارے میں آنے والی کمی کا تعلق معیشت کی سست روی سے ہے۔ گوکہ دوسری جانب چند اقدامات کے مثبت اثرات بھی برآمد ہونا شروع ہوئے ہیں جیسا کہ براہ راست بیرونی سرمایہ کاری میں 68 فیصد کا اضافہ ہوا ہے اور مالی سال 2020 میں جولائی تا دسمبر اس اضافے کے ساتھ بیرونی براہ راست سرمایہ کاری کا حجم 1.34 بلین ڈالر تک پہنچ چکا ہے جو گزشتہ مالی سال کے اسی عرصے کے دوران 797 بلین ڈالر تھا۔ سال با سال کے لحاظ سے پاکستان کا کرنٹ اکاؤنٹ خسارہ 80 فیصد تک گر چکا ہے جو کہ دسمبر 2019 میں 367 بلین ڈالر ریکارڈ کیا گیا ہے جبکہ گزشتہ مالی سال یہ خسارہ 1.88 بلین ڈالر تھا۔

معیشت میں بحالی کے واضح اشارے بھی نظر آ رہے ہیں جیسا کہ کرنٹ اکاؤنٹ خسارہ کافی حد تک کم ہو چکا ہے اور ڈالر کے مقابلے میں تیزی سے اپنی قدر رکھنے کے بعد اب روپیہ اپنی قدر بحال کرنے کی جانب گامزن ہے۔ روپے کی قدر میں پائی جانے والی غیر یقینی صورتحال اب بہتری کی جانب گامزن ہے کیونکہ انٹرنیشنل مارکیٹ کی جانب سے مارکیٹ کی بنیاد پر شرح مبادلہ کا نظام متعارف کروایا جا چکا ہے اور کرنٹ اکاؤنٹ کے خسارے میں کمی آنے کی وجہ سے بیرونی طور پر بھی اکاؤنٹ میں توازن پیدا ہو چکا ہے۔

آنے والے چند ماہ اس لحاظ سے انتہائی اہم ہیں کہ اس دوران ملک کی معیشت میں متوسط دورانے کے ہدف کا تعین ہو سکے گا، اس کے علاوہ اگلے چند ماہ دوران کچھ اقدامات کے ٹھوس نتائج بھی ملک کی کئی معاشی صورتحال پر نمودار ہونا شروع ہو جائیں گے۔

مالیاتی و کاروباری کارکردگی

مجموعی معاشی کارکردگی

پہلی سہ ماہی اختتامیہ 30 ستمبر 2019 کے دوران کمپنی کو بعد از ٹیکس 146.9 بلین روپے کا نقصان ہوا۔ تاہم دوسری سہ ماہی اختتامیہ 31 دسمبر 2019 کے دوران کمپنی کا منافع بعد از ٹیکس 120.9 بلین روپے درج کیا گیا جس کے نتیجے میں رواں مالی سال کی ششماہی اختتامیہ 31 دسمبر 2019 تک کمپنی کا جمع شدہ بعد از ٹیکس نقصان کم ہو کر 25.9 بلین روپے تک آ گیا۔ جبکہ کمپنی کا بعد از ٹیکس نقصان گزشتہ مالی سال کی ششماہی کے اختتام پر 115.7 بلین روپے درج کیا گیا تھا۔

مالی سال 2020 کی پہلی سہ ماہی کے دوران نقصان فی حصص 1.89 روپے تھا جبکہ دوسری سہ ماہی کے دوران آمدن فی حصص 1.56 روپے درج کی گئی ہے، اس طرح مالی سال 2020 ششماہی کے اختتام پر نقصان فی حصص کم ہو کر 0.33 روپے ہو چکا ہے۔ جبکہ گزشتہ مالی سال کی ششماہی کے اختتام پر نقصان فی حصص 1.49 روپے درج کیا گیا تھا۔

زیر نظر ششماہی کے اختتام پر آمدن از فروخت 1,469.3 ملین روپے درج کی گئی ہے (2019 کی ششماہی میں یہ آمدن 2,863.3 ملین روپے تھی)۔ اس آمدن میں بالترتیب اسٹیل کے شعبے کا 24.3 فیصد، کائٹن کے شعبے کا 54.6 فیصد، حدید (بلٹ) کے شعبے کا 16.3 فیصد اور سی ایس ایز جی شعبے کا 4.8 فیصد حصہ شامل ہے۔

پلانٹ کی بندش اور فروخت میں کمی آنے کی وجہ سے مستقل نوعیت کے اخراجات کا مکمل طور پر پانچواں اب ممکن نہ ہو سکا؛ اسٹیل کے شعبے کا خام نقصان 75.4 روپے ملین رہا (بمطابق ششماہی 2019 خام منافع 257.1 ملین روپے تھا)۔ جبکہ کائٹن کے شعبے کا خام منافع 24.7 ملین روپے درج کیا گیا ہے (بمطابق ششماہی 2019 خام منافع 63.1 ملین روپے تھا)۔ گزشتہ مالی سال کے اسی عرصے کے دوران خام منافع کی شرح 8.7 فیصد تھی جو کہ اس کے مقابلے میں کم ہو کر 5.1 فیصد تک گر چکی ہے۔

اسٹیل کے شعبے کی جانب سے قبل از ٹیکس 261.8 ملین روپے کا نقصان درج کیا گیا ہے (بمطابق ششماہی 2019 نقصان قبل از ٹیکس 84.5 ملین روپے تھا)۔ کائٹن کے شعبے کی جانب سے قبل از ٹیکس منافع 0.1 ملین روپے درج کیا گیا ہے (بمطابق ششماہی 2019 قبل از ٹیکس منافع 43.2 ملین روپے تھا)۔ آئی آئی ڈی شعبے کی جانب سے قبل از ٹیکس منافع 204.7 ملین روپے درج کیا گیا ہے (بمطابق ششماہی 2019 قبل از ٹیکس نقصان 80.3 ملین روپے تھا)۔

ششماہی 2020 کے اختتام تک مجموعی طور پر کمپنی کا نقصان قبل از ٹیکس 94.1 ملین روپے درج کیا گیا ہے، جبکہ گزشتہ مالی سال کی ششماہی کے اختتام پر قبل از ٹیکس نقصان 121.6 ملین روپے تھا۔

کمپنی کی غیر مربوط مرکز عبوری مالیاتی دستاویزات کے مطابق کاروباری نتائج

☆ آمدن از فروخت گزشتہ مالی سال کی آمدن از فروخت 2,863.6 ملین روپے کے مقابلے میں کم ہو کر 1,469.3 ملین روپے ہو چکی ہے۔

☆ آمدن از سرمایہ کاری 223.0 ملین روپے درج کی گئی ہے جبکہ ششماہی 2019 کے اختتام پر 62.0 ملین روپے کا نقصان درج کیا گیا تھا۔

☆ خام نقصان 75.6 ملین روپے درج کیا گیا ہے جبکہ ششماہی 2019 کے اختتام پر 257.1 ملین روپے کا خام منافع درج کیا گیا تھا۔

☆ ششماہی 2020 کے اختتام پر آمدن قبل از سود ٹیکس 47.4 ملین روپے درج کی گئی ہے جبکہ گزشتہ مالی سال کے اسی عرصے کے دوران قبل از سود ٹیکس نقصان 3.0 ملین روپے درج کیا گیا تھا۔

☆ آمدن قبل از سود ٹیکس و فرسودگی 161.2 ملین روپے درج کی گئی ہے جبکہ ششماہی 2019 کے اختتام پر یہ آمدن 54.4 ملین روپے درج کی گئی تھی۔

☆ پہلی سہ ماہی 2020 کے اختتام پر نقصان قبل از ٹیکس 179.3 ملین روپے درج کیا گیا تھا جبکہ دوسری سہ ماہی 2020 کے اختتام پر قبل از ٹیکس منافع 85.2 ملین روپے درج کیا گیا ہے۔ جس کے باعث ششماہی 2020 کے اختتام پر مجموعی طور پر نقصان میں کمی واقع ہوئی ہے اور کمی کے بعد نقصان 94.1 ملین روپے رہ گیا ہے، جبکہ ششماہی 2019

کے اختتام پر نقصان قبل از ٹیکس نقصان قبل از ٹیکس 121.7 ملین روپے تھا۔

☆ ہر اے ششماہی 2020 نقصان فی حصص گزشتہ مالی سال کے مقابلے میں کم ہو کر 0.33 روپے ہو گیا ہے جبکہ ششماہی 2019 کے اختتام پر نقصان فی حصص 1.49 روپے تھا۔

☆ اوسطاً لگائے گئے سرمائے (سالانہ) پر ششماہی 2020 کے اختتام پر 0.65 فیصد منافع حاصل ہوا جبکہ گزشتہ مالی سال کے اسی عرصے کے دوران منافع 3.35 فیصد درج کیا گیا تھا۔

☆ حصص کی تحلیل شدہ قدر 69.16 روپے درج کی گئی ہے جبکہ 30 جون 2019 تک یہ قدر 69.48 روپے تھی۔

کاروباری شعبے

اسٹیل کا شعبہ

ششماہی 2020 کے اختتام پر اسٹیل کے شعبے کی آمدن گزشتہ مالی سال کے مقابلے میں کم ہو کر 356.8 ملین روپے ہو گئی ہے جبکہ گزشتہ مالی سال کے اسی عرصے کے دوران یہ آمدن 2,048.7 ملین روپے درج کی گئی تھی۔ ششماہی 2020 کے اختتام پر خام نقصان 75.4 (21.1 فیصد) ملین روپے درج کیا گیا ہے جس کی وجوہات میں آرڈرز میں کمی، خریداروں کی جانب سے پروڈیکٹس کی تحلیل میں تاخیر اور ایسے مستقل اخراجات شامل ہیں جن کا نچوڑا ب پلانٹ کی بندش کے باعث ممکن نہ ہو سکا۔ جبکہ ششماہی 2019 کے اختتام پر 193.9 ملین روپے کا منافع درج کیا گیا تھا جو کہ 9.4 فیصد تھا۔ حتمی طور پر 261.8 ملین روپے کا نقصان قبل از ٹیکس درج کیا گیا ہے جبکہ گزشتہ مالی سال کے اسی عرصے کے دوران نقصان قبل از ٹیکس 84.5 ملین روپے درج کیا گیا تھا۔

کاشن کا شعبہ

کاشن کے شعبے کی آمدن از فروخت 801.6 ملین روپے رہی (بمطابق ششماہی 2019 آمدن از فروخت 814.8 ملین روپے تھی)۔ تمام اثاثوں کے مؤثر ترین استعمال، زیادہ سے زیادہ پیداوار کو ممکن بنانے اور لاگت پیداوار میں کمی لانے کیلئے بروقت اٹھائے گئے۔ اس شعبے کی جانب سے ششماہی 2020 کے اختتام پر 0.1 ملین روپے کا منافع قبل از ٹیکس کمایا گیا ہے۔ جبکہ گزشتہ مالی سال کی ششماہی کے اختتام پر منافع قبل از ٹیکس 43.1 ملین روپے درج کیا گیا تھا۔

آئی آئی ڈی کا شعبہ

مارکیٹ کا جائزہ

ششماہی 2020 کے اختتام تک کراچی اسٹاک ایکسچینج KSE-100 نے 6,834 (20.15 فیصد) پوائنٹس کا اضافہ کیا اور 31 دسمبر 2019 کو مارکیٹ 40,735 پوائنٹس

پر بند ہوئی اور مارکیٹ کچھلا نزیشن میں 0.50 سے 1.83 ٹریلین روپے کا اضافہ درج کیا گیا ہے۔

یومیہ اوسطاً 185.45 ملین حصص کی تجارت کی گئی ہے اور روپوں میں تجارت کا حجم اوسطاً 6,563.67 ملین روپے درج کیا گیا ہے۔ مارکیٹ میں خرید و فروخت کی بہتر صورتحال کا سہرا بنیادی طور پر شرح مبادلہ میں استحکام اور شرح سود کے 13.25 (جولائی سے) فیصد کی سطح پر ٹھہرنے کو جاتا ہے۔ مقامی سرمایہ کاروں کی جانب سے نقد رقم کی ترسیل میں بالخصوص اضافہ ہوا ہے۔

کل تجارتی حجم 91.04 ملین ڈالر رہا، تجارت میں زیادہ تر حصہ مقامی انفرادی سرمایہ کاروں کا رہا اور اس کے بعد میوچل فنڈز اور کمپنیوں کا نمبر آتا ہے جن کی جانب سے بالترتیب 29.60 ملین ڈالر اور 17.34 ملین ڈالر کی سیکورٹیز کی خریداری کی گئی۔ بینکوں کی جانب سے محض فروخت کا رجحان دیکھنے میں آیا ہے، بینکوں کی جانب سے فروخت کا حجم 104.91 ملین ڈالر رہا جبکہ میوچل فنڈز کی جانب سے فروخت کا حجم 29.59 ملین ڈالر تھا۔

توانائی (پیٹرولیم اور بجلی) کے زخموں میں اضافے اور ٹیکس میں اضافے کے ساتھ ساتھ ترقیاتی فنڈز زمین کی وجہ سے کاروبار کی نشوونما میں رکاوٹیں حائل ہیں۔ جبکہ غیر ملکی سرمایہ کاروں میں خاطر خواہ اضافہ ہوا ہے۔ اس کی وجہ یہ ہے کہ مقامی بانڈ ذہبت اچھا منافع دے رہے ہیں جس کی وجہ سے نجی قرضوں کے حصول کے سلسلے میں اوسط لاگت میں اضافہ ہوا ہے جس کی ادائیگی بالآخر امریکی ڈالروں میں کرنا ہوگی۔

شعبے کی کارکردگی

ششماہی 2020 کے اختتام پر نفع و نقصان کے بعد شعبے کی اصل قدر (FVTPL) کی بنیاد پر سرمایہ کاری پر منافع (ROI) 19.06 فیصد درج کیا گیا ہے اور اس سلسلے میں بلحاظ تناسب اوسط سرمایہ کاری 141.25 ملین روپے تھی۔ اسی عرصے کے دوران KSE-100 انڈیکس شیئنگ مارک میں 20.16 فیصد کا اضافہ ہوا ہے۔ مجموعی طور پر مارکیٹ میں فوری کینے والی سیکورٹیز کے پورٹ فولیو پر منافع کی شرح منفی 12.42 فیصد رہی اور اس سلسلے میں بلحاظ تناسب اوسط سرمایہ کاری کا حجم 3,453.74 ملین روپے رہا۔

ششماہی 31 دسمبر 2019 کے اختتام پر پورٹ فولیو کا جمع شدہ منافع قبل از ٹیکس 204.75 ملین روپے رہا، جبکہ گزشتہ مالی سال کی ششماہی کے اختتام پر 80.03 ملین روپے کا قبل از ٹیکس نقصان درج کیا گیا تھا۔ اکیویٹی اکاؤنٹ ایسوسی ایشن کی جانب سے موصول شدہ ڈیویڈنڈ 182.26 ملین روپے تھا جبکہ گزشتہ مالی سال کے اسی عرصے کے دوران 4.40 ملین روپے کا ڈیویڈنڈ حاصل ہوا تھا۔ قبل از ٹیکس منافع میں اصل ہونے والا نقصان 4.57 اور تخمینہ شدہ منافع 34.63 ملین روپے بھی شامل ہیں جو کہ نفع و نقصان کے بعد سرمایہ کاری کی اصل قدری بنیاد پر ہیں۔ جبکہ حتمی لاگت اور دیگر کاروباری اخراجات کا قبل از ٹیکس منافع میں حصہ بالترتیب 4.37 فیصد اور 4.55 فیصد ہے۔

غیر مربوط بیننس شیٹ

تاریخ 31 دسمبر 2019 بیننس شیٹ کا میزانیہ 8,452.7 ملین روپے تھا جبکہ 31 دسمبر 2018 کو بیننس شیٹ کا میزانیہ 9,642.5 ملین روپے تھا اور یہ میزانیہ 30 جون 2019 کو 8,287.0 ملین روپے تھا۔ فی حصص کتابی قیمت 69.16 روپے تھی۔

تاریخ 31 دسمبر 2019 رواں تناسب (Current Ratio) 1.1:1 کی نسبت سے برقرار رہا، جبکہ قرضوں کا تناسب 24.4 فیصد رہا جو کہ 30 جون 2019 کو 27.0 فیصد تھا۔

مجموعی مربوط مالیاتی کارکردگی

مربوط بنیادوں پر تمویلی لاگت سے قبل کاروباری نقصان 105.2 ملین روپے درج کیا گیا ہے (برطانیق ششماہی 2019 یہ نقصان 217.2 ملین روپے تھا)۔ گروپ کا مربوط منافع بعد از ٹیکس ششماہی 2020 کے اختتام پر 227.7 ملین روپے درج کیا گیا تھا جبکہ ششماہی 2019 کے اختتام پر بعد از ٹیکس نقصان 63.1 ملین روپے درج کیا گیا تھا۔ اکیویٹی اکاؤنٹ ایبوسی ایٹس کی جانب سے ملنے والا ڈیویڈنڈ 47.4 ملین روپے درج کیا گیا ہے (برطانیق ششماہی 2019 یہ ڈیویڈنڈ 319.8 ملین روپے تھا)۔

مربوط آمدن فی حصص برائے گروپ ششماہی 2020 کے اختتام پر 2.93 روپے درج کی گئی ہے جبکہ گزشتہ مالی سال اسی عرصے کے دوران نقصان فی حصص 0.81 روپے درج کیا گیا تھا۔

ششماہی 2020 کے دوران سی ایس کیپٹل (پرائیویٹ) لمیٹڈ کا بعد از ٹیکس منافع 55.3 ملین روپے رہا جو کہ مکمل طور پر ایک ذیلی کمپنی ہے (برطانیق ششماہی 2019 یہ 72.2 ملین روپے کا بعد از ٹیکس نقصان تھا)۔ اس کی اصل وجہ ڈیویڈنڈ سے حاصل ہونے والی 21.2 ملین روپے کی آمدن تھی اور اس کے علاوہ غیر حاصل شدہ 37.2 ملین روپے کے منافع کا بھی اس میں کردار ہے۔

مربوط بیلنس شیٹ

گروپ کی بنیاد پر مربوط بیلنس شیٹ کا میزانیہ 10,374.4 ملین روپے رہا جبکہ 30 جون 2019 کو یہ میزانیہ 10,000.9 ملین روپے تھا۔ حصص داران کا کل فنڈ 30 جون 2019 کو 6,956.1 ملین روپے سے بڑھ کر 7,208.1 ملین روپے ہو چکا ہے۔ فی حصص کتابی قیمت 92.8 روپے تھی۔

مستقبل پر نظر

گوکہ بلند افراط زر اور شرح سود بچہ کی سے ہمارے کاروبار کو بہت سے مسائل کا سامنا ہے، تاہم انتظامیہ کی جانب سے کاروباری اخراجات میں کمی لانے اور پیداواری حجم کو بڑھانے کی ہر ممکن کوشش کی جارہی ہے تاکہ کمپنی کے منافع پر مثبت اثرات مرتب ہو سکیں۔ مالی سال 2020 کی دوسری ششماہی کے دوران اسٹیل کے کاروبار کے حالات بہتر نظر آرہے ہیں۔ ششماہی 2020 کے دوران فروخت کا حجم کم رہا کیونکہ زیادہ تر پروفیکٹس آئل اور گیس کے شعبوں میں تھے جن پر عمل درآمد نہ ہو سکا۔ امید ہے کہ جلد ہی قلیل یا درمیانی مدت میں ان پروفیکٹس پر عمل درآمد شروع ہو جائیگا۔

حال ہی میں ہمیں پانچ لائون کے آرڈر ملے ہیں جن کی پیداوار اور ترسیل رواں مالی سال کی دوسری ششماہی میں متوقع ہے۔ علاوہ ازیں گیس کمپنیوں کے ٹینڈر میں ہم سب سے نیچے ہیں اس لئے تو شیش شدہ آرڈرز کا انتظار ہے۔ ہم گیس فراہمی کے بہت سے ٹینڈروں میں حصہ لے چکے ہیں جن کے نتائج جلد متوقع ہیں۔

جیسے جیسے پورٹ پرائل این جی ٹریٹمنٹل میں دباؤ بڑھتا چلا جائے گا ایل این جی کی فراہمی کی ضرورت بھی پڑے گی۔ لہذا رواں سال کے دوران گیس کی فراہمی کے پروفیکٹس کے امکانات روشن ہیں۔ مزید برآں، وفاقی حکومت اور حکومت سندھ کے مابین تنازعہ کے حل کے پیش نظر سندھ یونیورسٹی پاک لینڈ پروجیکٹ پر بھی کا آغاز بھی ہو سکتا ہے۔ مستقبل قریب میں پانی منصوبے K-4 اور وائٹ آئل پائپ لائن پروجیکٹ پر بھی عمل درآمد ہو سکتا ہے۔ فروری 2020 میں فنانشل ناسک فورس کی جانب سے پاکستان کو فہرست میں

رکھے جانے سے متعلق اہم فیصلہ متوقع ہے۔ اگر فنانشل ایکشن ٹاسک فورس کے جائزے میں پاکستان شرائط پر پورا نہیں اترتا تو غیر ملکی سرمایہ کاری واپس لوٹنے کے قوی امکانات ہیں۔

مالی سال 2020 کے دوران کارپوریٹ ٹیکس کی جانب سے آمدن اور ادائیگیاں رکے رہنے کا امکان ہے، کیونکہ مقامی طلب دباؤ کا شکار ہے اپنی سخت مالیاتی اور مالی پالیسیوں کی وجہ سے حکومت اس سلسلے میں بے بس نظر آتی ہے۔ تاہم انشورنس کمپنیوں اور انفرادی سرمایہ کاروں کی جانب سے نقد رقم کی ترسیل اسٹاک مارکیٹ کا رخ کر سکتی ہے، کیونکہ مستقل آمدن کے حوالے سے شرح منافع میں کمی آرہی ہے اور اچھا منافع پیش کر رہی ہے۔

میں تمام شراکت داروں کا تہہ دل سے مشکور ہوں اور امید کرتا ہوں کہ آئندہ بھی ان حمایت ہمارے شامل حال رہے گی۔

برائے و منجانب بورڈ آف ڈائریکٹرز

احمد وقار
چیرمین

احسان ایم سلیم
چیف ایگزیکٹو آفیسر

تاریخ: 06 فروری 2020

Crescent Steel and Allied Products Limited

CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Crescent Steel and Allied Products Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of **Crescent Steel and Allied Products Limited** as at 31 December 2019 and the related condensed interim unconsolidated statement of profit or loss and other comprehensive income, condensed interim unconsolidated statement of changes in equity, and condensed interim unconsolidated statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.



KPMG Taseer Hadi & Co.

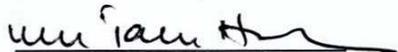
Other matter

The figures for the quarter ended 31 December 2019 and 31 December 2018 in the interim financial statements have not been reviewed and we do not express a conclusion on them.

The engagement partner on the audit resulting in this independent auditor's report is **Moneeza Usman Butt**.

Date: 06 February 2020

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants

Crescent Steel and Allied Products Limited
Condensed Interim Unconsolidated Statement of Financial Position (Unaudited)
As at 31 December 2019

	Note	Unaudited 31 December 2019	Audited 30 June 2019
(Rupees in '000)			
ASSETS			
Non-current assets			
Property, plant and equipment	5	2,381,510	2,493,745
Intangible assets		387	484
Investment properties		20,569	21,482
Long term investments	6	2,273,474	2,264,834
Long term deposits	7	241,782	233,267
Deferred taxation		397,922	292,131
		<u>5,315,644</u>	<u>5,305,943</u>
Current assets			
Stores, spares and loose tools		167,044	185,784
Stock-in-trade	8	1,018,825	821,369
Trade debts	9	98,011	96,432
Loans and advances	10	111,770	122,685
Trade deposits and short term prepayments		66,883	50,292
Investments	11	168,611	166,735
Mark-up accrued		29	29
Other receivables	12	214,435	249,427
Taxation - net		1,275,767	1,260,531
Cash and bank balances		15,729	27,805
		<u>3,137,104</u>	<u>2,981,089</u>
Total assets		<u><u>8,452,748</u></u>	<u><u>8,287,032</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
100,000,000 ordinary shares of Rs. 10 each		<u>1,000,000</u>	<u>1,000,000</u>
Issued, subscribed and paid-up capital		776,325	776,325
Capital reserves		1,020,908	1,020,908
Revenue reserves		<u>3,572,041</u>	<u>3,596,830</u>
		<u>5,369,274</u>	<u>5,394,063</u>
Non-current liabilities			
Long term loans	13	109,380	177,152
Liabilities against assets subject to finance lease		86,862	103,042
Deferred income		4,844	6,866
Deferred liability		<u>100,546</u>	<u>100,546</u>
		<u>301,632</u>	<u>387,606</u>
Current liabilities			
Trade and other payables	14	1,009,929	691,923
Unclaimed dividend		26,476	26,525
Mark-up accrued		52,089	41,617
Short term borrowings	15	1,529,918	1,577,196
Current portion of long term loans	13	113,219	110,394
Current portion of liabilities against assets subject to finance lease		45,364	51,254
Current portion of deferred income		4,847	6,454
		<u>2,781,842</u>	<u>2,505,363</u>
Contingencies and commitments	16		
Total equity and liabilities		<u><u>8,452,748</u></u>	<u><u>8,287,032</u></u>

The annexed notes from 1 to 27 form an integral part of this condensed interim unconsolidated financial statements.



Chief Executive



Chairman



Chief Financial Officer

Crescent Steel and Allied Products Limited
Condensed Interim Unconsolidated Statement of Profit or Loss and
Other Comprehensive Income (Unaudited)

For the quarter and six months ended 31 December 2019

	Note	Quarter ended		Six months ended	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
----- (Rupees in '000) -----					
Sales	17	941,639	1,343,507	1,719,874	3,194,818
Less: sales tax		136,917	125,133	250,590	331,206
Cost of sales		804,722	1,218,374	1,469,284	2,863,612
Gross (loss) / profit		836,562	1,078,609	1,544,916	2,606,508
		(31,840)	139,765	(75,632)	257,104
Income / (loss) from investments - net	18	238,504	(48,000)	223,005	(62,016)
Impairment loss on subsidiary company		-	(115,000)	-	(115,000)
		206,664	(23,235)	147,373	80,088
Distribution and selling expenses		4,805	3,418	7,490	6,678
Administrative expenses		60,439	57,063	116,946	112,314
Other operating expenses	19	13	10,327	13	14,770
		65,257	70,808	124,449	133,762
		141,407	(94,043)	22,924	(53,674)
Other income		15,211	24,797	24,447	50,715
Operating profit / (loss) before finance costs		156,618	(69,246)	47,371	(2,959)
Finance costs	20	71,390	56,267	141,491	118,694
Profit / (loss) before taxation		85,228	(125,513)	(94,120)	(121,653)
Taxation					
- current		29,061	5,149	37,617	25,681
- prior		-	2,050	-	2,050
- deferred		(64,776)	(12,819)	(105,790)	(33,711)
		(35,715)	(5,620)	(68,173)	(5,980)
Profit / (loss) for the period		120,943	(119,893)	(25,947)	(115,673)
Other Comprehensive Income					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Changes in the fair value of equity investments at fair value through other comprehensive income (FVOCI)		615	769	1,158	1,447
Total comprehensive income / (loss) for the period		121,558	(119,124)	(24,789)	(114,226)
----- (Rupees) -----					
Earnings / (loss) per share - Basic and diluted	21	1.56	(1.54)	(0.33)	(1.49)

The annexed notes from 1 to 27 form an integral part of this condensed interim unconsolidated financial statements.



Chief Executive



Chairman



Chief Financial Officer

Crescent Steel and Allied Products Limited
Condensed Interim Unconsolidated Statement of Cash Flows (Unaudited)

For the six months ended 31 December 2019

	Note	Six months ended	
		31 December 2019	31 December 2018
----- (Rupees in '000) -----			
Cash flows from operating activities			
Cash generated from / (used in) operations	22	105,691	(333,268)
Taxes paid		(52,854)	(15,025)
Finance costs paid		(122,134)	(90,424)
Contribution to gratuity and pension funds		(11,517)	(11,757)
Contribution to Workers' Profit Participation Fund		(3,824)	(27,190)
Long term deposits - net		2,485	-
Net cash used in operating activities		(82,153)	(477,664)
Cash flows from investing activities			
Capital expenditure		(1,602)	(16,864)
Acquisition of intangible assets		1	-
Proceeds from disposal of operating fixed assets		1,742	11,282
Investments - net		20,700	99,286
Dividend income received		191,665	15,448
Interest income received		676	351
Net cash generated from investing activities		213,182	109,503
Cash flows from financing activities			
(Repayments) / proceeds of long term loans - net		(64,947)	12,528
Payments against finance lease obligations		(30,831)	(30,420)
Proceeds of short term loans obtained - net		210,993	183,713
Dividends paid		(49)	(72,040)
Net cash generated from financing activities		115,166	93,781
Net increase / (decrease) in cash and cash equivalents		246,195	(274,380)
Cash and cash equivalents at beginning of the period		(818,640)	(172,096)
Cash and cash equivalents at end of the period	23	(572,445)	(446,476)

The annexed notes from 1 to 27 form an integral part of this condensed interim unconsolidated financial statements.



Chief Executive



Chairman



Chief Financial Officer

Crescent Steel and Allied Products Limited
Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited)

For the six months ended 31 December 2019

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves		Total	
		Share premium	Fair value reserve	General reserve		Unappropriated profit / (loss)
(Rupees in '000)						
Balance as at 30 June 2018	776,325	1,020,908	7,374	3,642,000	1,390,469	6,837,076
Total comprehensive loss for the period						
Loss after taxation for the period	-	-	-	-	(115,673)	(115,673)
Other comprehensive income for the period	-	-	1,447	-	-	1,447
Total comprehensive loss for the period	-	-	1,447	-	(115,673)	(114,226)
Transaction with owners of the Company - distributions						
Dividend:						
- Final @ 10% (i.e. Re. 1.00 per share) for the year for the year ended 30 June 2018	-	-	-	-	(77,632)	(77,632)
Balance as at 31 December 2018	<u>776,325</u>	<u>1,020,908</u>	<u>8,821</u>	<u>3,642,000</u>	<u>1,204,538</u>	<u>6,652,592</u>
Balance as at 30 June 2019	776,325	1,020,908	5,818	3,642,000	(50,988)	5,394,063
Total comprehensive loss for the period						
Loss after taxation for the period	-	-	-	-	(25,947)	(25,947)
Other comprehensive income for the period	-	-	1,158	-	-	1,158
Total comprehensive loss for the period	-	-	1,158	-	(25,947)	(24,789)
Balance as at 31 December 2019	<u>776,325</u>	<u>1,020,908</u>	<u>6,976</u>	<u>3,642,000</u>	<u>(76,935)</u>	<u>5,369,274</u>

The annexed notes from 1 to 27 form an integral part of this condensed interim unconsolidated financial statements.



Chief Executive



Chairman



Chief Financial Officer

Crescent Steel and Allied Products Limited

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months ended 31 December 2019

1. THE COMPANY AND ITS OPERATIONS

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.

The Company operates five segments namely Steel, Cotton, Investment and Infrastructure Development (IID), Energy and Hadeed (Billet) segment as disclosed in note 24 to these condensed interim unconsolidated financial statements.

2. BASIS OF PREPARATION

2.1 These condensed interim unconsolidated financial statements of the Company have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim unconsolidated financial statements of the Company do not include all of the information required for annual unconsolidated financial statements and should be read in conjunction with the audited annual unconsolidated financial statements of the Company as at and for the year ended 30 June 2019. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last audited annual unconsolidated financial statements.

2.3 These condensed interim unconsolidated financial statements are presented in Pakistan Rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest thousand, except otherwise stated.

3. ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim unconsolidated financial statements are the same as those applied in the preparation of the audited annual unconsolidated financial statements as at and for the year ended 30 June 2019.

3.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY

3.2.1 The Company has initially adopted IFRS 16 'Leases' from 1 July 2019. The impact of the adoption of this standard and the new accounting policy is disclosed in note 3.4 below.

3.2.2 A number of other pronouncements are effective from 1 July 2019 as detailed in Company's annual audited unconsolidated financial statements as at and for the year ended 30 June 2020, but they do not have a material effect on these condensed interim unconsolidated financial statements and therefore have not been detailed.

3.3 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

There are certain new standards, interpretations and amendments to the approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after 1 July 2020. However, currently management considers that these pronouncements will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim unconsolidated financial statements.

3.4 CHANGES IN ACCOUNTING POLICY

Explained below is the impact of the adoption of IFRS 16 "Leases" on the Company's condensed interim unconsolidated financial statements, and also discloses the new accounting policy that has been applied from 1 July 2019, where it is different to that applied in prior periods.

The Company has adopted IFRS 16 "Leases" from 1 July 2019 as notified by the Securities and Exchange Commission of Pakistan vide its SRO 434 (I)/2018 dated 09 April 2018. The standard replaces the existing guidance on leases, 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 in the Legal Form of a Lease".

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. It requires lessee to recognise right-of-use (RoU) assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

As per IFRS 16, the Company is required to recognise a RoU asset and a lease liability at the lease commencement date. The RoU asset has to be initially measured at cost, and subsequently at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company is required to apply judgments to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term which significantly affects the amount of lease liabilities and RoU assets recognised.

Generally, RoU asset would be equal to the lease liability. However, if there are additional costs such as site preparation, non-refundable deposits, application money, other expenses related to transaction etc. need to be added to the RoU asset value.

The Company is required to determine the lease term as the non-cancellable period of a lease, together with both:

- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Short term lease is a lease that, at the commencement date, has a lease term of twelve months or less. A lease that contains a purchase option is not a short-term lease.

In determining the lease term and assessing the length of the non-cancellable period of a lease, the Company applies the definition of a contract and determined the period for which the contract is enforceable. A lease is no longer enforceable when the lessee and the lessor each has the right to terminate the lease without permission from the other party with no more than an insignificant penalty.

The Company has adopted IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application has to be recognised in retained earnings as at 1 July 2019. The adoption of IFRS 16 did not have any impact on the retained earnings, the financial position and / or financial performance of the Company.

4. USE OF ESTIMATES AND JUDGEMENTS

- 4.1** The preparation of condensed interim unconsolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.
- 4.2** Estimates and judgements made by management in the preparation of these condensed interim unconsolidated financial statements are the same as those that were applied to the annual unconsolidated financial statements of the Company as at and for the year ended 30 June 2019.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	Unaudited 31 December 2019 ----- (Rupees in '000) -----	Audited 30 June 2019
Operating fixed assets	5.1	2,290,516	2,404,168
Capital work-in-progress	5.2	90,994	89,577
		<u>2,381,510</u>	<u>2,493,745</u>

5.1 Following are the cost of operating fixed assets added / transferred and disposed off during the six months period ended:

	Unaudited Six months ended 31 December 2019		Unaudited Six months ended 31 December 2018	
	Additions / Transfers	Disposals	Additions / Transfers	Disposals
	----- (Rupees in '000) -----			
Buildings on leasehold land	-	-	6,304	-
Plant and machinery - owned	-	-	6,140	-
Furniture and fittings	-	-	576	9
Electrical / office equipments and installation	-	-	1,537	667
Computers	187	1,800	144	749
Motor vehicles - owned	-	3,997	8,687	14,717
	<u>187</u>	<u>5,797</u>	<u>23,388</u>	<u>16,142</u>

5.2 Net additions to capital work-in-progress during the six months period amounted to Rs. 1.417 million (Net transfers in 2018: Rs. 6.838 million).

6. LONG TERM INVESTMENTS

	Note	Unaudited 31 December 2019 ----- (Rupees in '000) -----	Audited 30 June 2019
Subsidiary companies - at cost	6.1	525,001	525,001
Associated companies - at cost	6.2	1,286,401	1,286,401
Other long term investments	6.3	462,072	453,432
		<u>2,273,474</u>	<u>2,264,834</u>

6.1 Subsidiary companies - at cost

Unaudited 31 December 2019 (Number of shares)	Audited 30 June 2019	Unquoted	Note	Unaudited 31 December 2019 ----- (Rupees in '000) -----	Audited 30 June 2019
52,500,000	52,500,000	CS Capital (Private) Limited (Chief Executive Officer - Ms. Hajerah Ahsan Saleem)	6.1.1	525,000	525,000
2		2 Crescent Continental Gas Pipelines Limited (US \$ 1 each)	6.1.2	-	-
100	100	Solution de Energy (Private) Limited (Chief Executive Officer - Mr. Muhammad Saad Thaniana)	6.1.3	1	1
				<u>525,001</u>	<u>525,001</u>

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

- 6.1.2 This represents investment in subsidiary of Rs. 90 only. The subsidiary company has not commenced operation and accordingly no financial statements have been prepared.
- 6.1.3 This represents the Company's investment in 100% ordinary shares of Solution de Energy (Private) Limited that was acquired through amalgamation on 30 June 2019.

6.2 Associates - at cost

Unaudited 31 December 2019 (Number of shares)	Audited 30 June 2019	Note	Unaudited 31 December 2019 ----- (Rupees in '000) -----	Audited 30 June 2019
60,663,775	60,663,775	Quoted 6.2.1	595,293	595,293
		Altern Energy Limited (Chief Executive Officer - Mr. Umer Shehzad Sheikh)		
27,409,075	27,409,075	6.2.2	691,108	691,108
		Shakarganj Limited (Chief Executive Officer - Mr. Anjum M. Saleem)		
			1,286,401	1,286,401

- 6.2.1 The Company holds 16.69% 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.
- 6.2.2 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.
- 6.2.3 The fair value of investments in associates as at 31 December 2019 is Rs. 2,663.268 million (30 June 2019: Rs. 3,306.645 million).

6.3 Other long term investments

	Note	Unaudited 31 December 2019 ----- (Rupees in '000) -----	Audited 30 June 2019
Fair value through other comprehensive income (FVOCI)	6.3.1	11,002	9,844
Fair value through profit or loss (FVTPL)	6.3.2 & 6.3.3	451,070	443,588
		462,072	453,432

- 6.3.1 This represents investment in Crescent Textile Mills Limited which are not held for trading and the Company has irrevocably designated at initial application of IFRS 9 to recognise in this category. This is strategic investment and management considers this classification to be more relevant. Unlike IAS 39, the accumulated fair value reserve related to this investment will never be reclassified to profit or loss.
- 6.3.2 This includes investments in Crescent Industrial Chemicals Limited and Crescent Bahuman Limited amounting to Rs. 10.470 million and Rs. 24.037 million respectively, which had been fully charged to profit or loss in earlier periods.
- 6.3.3 This also includes investment in Shakarganj Food Products Limited and Central Depository Company of Pakistan Limited amounting to Rs. 319.187 million and Rs. 131.883 million respectively.

7. LONG TERM DEPOSITS

This includes security deposit amounting to Rs. 209.541 million (30 June 2019: Rs. 199.694 million) under Ijarah financing arrangement.

8. STOCK-IN-TRADE	Unaudited 31 December 2019	Audited 30 June 2019
	----- (Rupees in '000) -----	
Raw materials		
Hot rolled steel coils (HR Coils)	181,217	323,884
Coating materials	42,095	84,462
Steel scrap	108,180	4,320
Others	132,732	112,930
Raw cotton	27,607	130,230
Stock-in-transit	355,590	-
	<u>847,421</u>	<u>655,826</u>
Work-in-process	16,399	24,996
Finished goods	150,615	131,598
Scrap / cotton waste	4,390	8,949
	<u>171,404</u>	<u>165,543</u>
	<u>1,018,825</u>	<u>821,369</u>

8.1 Stock in trade as at 31 December 2019 includes items valued at net realisable value (NRV). Reversal in respect of stock written down to NRV was amounting to Rs. 9.995 million (30 June 2019: Reversal of Rs. 26.083 million) has been recognised in cost of goods sold.

9. TRADE DEBTS		Unaudited 31 December 2019	Audited 30 June 2019
	<i>Note</i>	----- (Rupees in '000) -----	
Secured			
Considered good		-	76,918
Unsecured			
Considered good	9.1	98,011	19,514
Considered doubtful		30,706	30,706
		<u>128,717</u>	<u>50,220</u>
Impairment loss on trade debts		(30,706)	(30,706)
		<u>98,011</u>	<u>96,432</u>
9.1 This includes amount due from related party:			
Shakarganj Limited		<u>11,467</u>	-

10. LOANS AND ADVANCES

10.1 This includes loan due from:

Wholly owned subsidiary	10.1.1	<u>91,208</u>	<u>88,208</u>
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10.1.1 The Company has provided short term interest free loan to the subsidiary company in order to meet its requirements for the purposes of feasibility, legal approvals and other related activities in respect of its project of 100 MW Solar Power Plant in Solar Power Park being established by the Government of Punjab in the Cholistan desert.

11. INVESTMENTS		Unaudited 31 December 2019	Audited 30 June 2019
	<i>Note</i>	----- (Rupees in '000) -----	
At amortised cost	<i>11.1</i>	14,510	-
At fair value through profit or loss (FVTPL)	<i>11.2</i>	154,101	166,735
		168,611	166,735
11.1	This represents investment in term deposit receipts having markup rate of 12.67% to 12.89% per annum and maturing on 06 January 2020.		
11.2	This represents investment in ordinary shares of listed companies and certificates of mutual funds. This also includes investment in Jubilee Spinning and Weaving Mills Limited and Innovative Investment Bank Limited, which had been fully provided for as the break-up value of their shares was Rs. Nil per share (30 June 2019: Rs. Nil).		
11.3	Investments having an aggregate market value of Rs. 1,822.520 million (30 June 2019: Rs. 1,987.247 million) have been pledged with financial institutions as security against financing facilities (refer note 15.4) out of which Rs. 1,732.281 million (30 June 2019: Rs. 1,828.532 million) relates to long term investments.		
12. OTHER RECEIVABLES		Unaudited 31 December 2019	Audited 30 June 2019
		----- (Rupees in '000) -----	
Dividend receivable		1	-
Receivable against rent from investment property		305	305
Due from related parties		13,323	19,559
Sales tax refundable		163,046	187,870
Margin on letter of guarantee		15,359	15,359
Receivable from staff retirement benefits funds		20,329	20,329
Others		2,072	6,005
		214,435	249,427
12.1 Due from related parties			
Shakarganj Limited		1,102	5,627
CS Capital (Private) Limited		457	2,216
Solution de Energy (Private) Limited		11,711	11,663
Crescent Steel and Allied Products Limited - Pension Fund		53	53
		13,323	19,559
13. LONG TERM LOANS		Unaudited 31 December 2019	Audited 30 June 2019
	<i>Note</i>	----- (Rupees in '000) -----	
Secured - Under non-shariah arrangement			
Allied Bank Limited	<i>13.1</i>	222,599	287,546
Less: Current portion shown under current liabilities		113,219	110,394
		109,380	177,152

- 13.1 The Company has a long term loan arrangement with Allied Bank Limited for an amount of Rs. 312 million. The term of the loan is 5 years from the date of disbursement with a grace period of one year, repayable in 16 equal quarterly installments started from December 2015. During the period, the Company has made repayment of Rs. 19.5 million (31 December 2018: Rs. 39 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 period, the Company has made repayment of Rs. 9.272 million (31 December 2018: Rs. 9.272 million). Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During the year ended 30 June 2018, the Company entered into new loan arrangement with Allied Bank Limited of an amount of Rs. 300 million, out of which Rs. 217.050 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. During the period, the Company has made repayment of Rs. 36.175 million. Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

The mark-up on such arrangements was 14.47% (31 December 2018: 8.37% to 12.5%) per annum. The facility is secured against first joint pari passu hypothecation / equitable mortgage on plant, machinery and property of the Company.

14. TRADE AND OTHER PAYABLES

	<i>Note</i>	Unaudited 31 December 2019	Audited 30 June 2019
----- (Rupees in '000) -----			
Trade creditors		150,299	104,155
Bills payable		124,123	-
Commission payable		2,029	1,466
Customer's security deposits		73	-
Accrued liabilities		316,672	275,722
Advances from customers	14.1	135,925	24,110
Provisions		221,091	220,317
Due to related parties	14.2	547	-
Payable to provident fund		1,945	2,134
Payable to staff retirement benefit funds		2,359	1,979
Retention money		11,886	10,764
Sales Tax payable		10,693	1,295
Withholding tax payable		5,859	2,959
Workers' Profit Participation Fund		2,074	5,885
Workers' Welfare Fund		4,114	4,114
Others		20,240	37,023
		<u>1,009,929</u>	<u>691,923</u>

- 14.1 This represents due to The Crescent Textile Mills Limited amounting to Rs. 1.990 million (30 June 2019: Rs. Nil).

- 14.2 This represents due to Premier Insurance Limited amounting to Rs. 0.518 million (30 June 2019: Rs. Nil) and The Citizens Foundation amounting to Rs. 0.029 million (30 June 2019: Rs. Nil).

15. SHORT TERM BORROWINGS

	<i>Note</i>	Unaudited 31 December 2019	Audited 30 June 2019
----- (Rupees in '000) -----			
Secured from banking companies			
Running finances under mark-up arrangements	15.1	588,174	846,445
Short term loans	15.2	941,744	730,751
		<u>1,529,918</u>	<u>1,577,196</u>

- 15.1 Short term running finance / money market available from conventional side of various commercial banks under mark-up arrangements amounted to Rs. 1,164 million (30 June 2019: Rs. 1,350 million) out of which Rs. 300 million (30 June 2019: Rs. 400 million), Rs. 150 million (30 June 2019: Rs. 150 million) and Rs. 450 million (30 June 2019: Rs. 450 million) are interchangeable with letter of credit, letter of guarantee facility and short term loan respectively. During the period, the mark-up on such arrangements ranged between 13.55% to 15.85% (30 June 2019: 7.68% to 14.81%) per annum.

- 15.2 This includes an amount of Rs. 279 million (30 June 2019: Rs. 617.059 million) outstanding against Islamic mode of financing. Short term loans available from various commercial banks under mark-up arrangements amounted to Rs. 4,000 million (30 June 2019: Rs. 4,800 million) out of which Rs. 2,800 million (30 June 2019: Rs. 3,800 million), Rs. 255 million (30 June 2019: Rs. 50 million) and Rs. 350 million (30 June 2019: Rs. 335 million) are interchangeable with letters of credit, letter of guarantee and short term running finance respectively. During the period, the mark-up on such arrangements ranged between 13.55% to 16.18% (30 June 2019: 8.78% to 14.86%) per annum.

15.3 The facilities for opening letter of credit amounted to Rs. 4,000 million (30 June 2019: Rs. 6,510 million) out of which Rs. 300 million (30 June 2019: Rs. 375 million), Rs. 3,050 million (30 June 2019: Rs. 5,450 million) and Rs. 255 million (30 June 2019: Rs. 260 million) are interchangeable with short term running finance, short term loans and letter of guarantee respectively as mentioned in notes 15.1 and 15.2 above. The facility for letters of guarantee as at 31 December 2019 amounted to Rs. 1,659.4 million (30 June 2019: Rs. 2,096 million). Amounts unutilized for letters of credit and guarantees as at 31 December 2019 were Rs. 3,406 million and Rs. 274 million (30 June 2019: Rs. 6,355 million and Rs. 846 million) respectively.

15.4 The above facilities are expiring on various dates and are secured by way of mortgage of land and building, hypothecation of plant and machinery, stock-in-trade, trade debts and other current assets, pledge of shares and cotton / cotton yarn; and lien over import / export document (refer note 11.3). Further, above facilities (refer note 15.1, 15.2 and 15.3) are also secured against mortgage of land and building, hypothecation of plant and machinery and pledge of shares owned by subsidiary companies.

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

There is no significant change in the status of contingencies as set out in note 15 to the Company's annual unconsolidated financial statements for the year ended 30 June 2019.

16.2 Commitments

16.2.1 As at 31 December 2019, amount of lease rentals outstanding under the Ijarah financing arrangement is Rs. 137.388 million (30 June 2019: Rs. 183.184 million), which is payable in quarterly installments of Rs. 22.898 million (30 June 2019: Rs. 22.898 million).

16.2.2 Aggregate amount of guarantees issued by banks on behalf of the Company against various contracts aggregated to Rs. 1,385.4 million (30 June 2019: Rs. 1,251 million). This includes guarantee issued by Islamic banks amounting to Rs. 259 million (30 June 2019: Rs. 153.591 million).

16.2.3 Commitments in respect of capital expenditure contracted for as at 31 December 2019 amounted to Rs. 8.455 million (30 June 2019: Rs. 42.038 million).

16.2.4 Commitments under letters of credit (L/C) as at 31 December 2019 amounted to Rs. 594 million (30 June 2019: Rs. Nil).

17. SALES - NET

	Unaudited Quarter ended		Unaudited Six months ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
----- (Rupees in '000) -----				
Local sales				
Bare pipes	25,334	198,827	247,012	290,481
Steel Billets	277,920	-	277,920	-
Pipe coating	1,244	-	84,374	-
Pre coated pipes	10,272	624,028	11,810	1,992,813
Cotton yarn / raw cotton	507,258	442,845	933,119	807,290
Electricity sales	47,051	-	47,051	-
Steam sales	37,055	-	37,055	-
Others	20,726	56,391	37,133	70,526
Scrap / waste	14,779	23,243	44,400	35,535
Sales returns	-	(1,827)	-	(1,827)
	941,639	1,343,507	1,719,874	3,194,818
Sales tax	(136,917)	(125,133)	(250,590)	(331,206)
	804,722	1,218,374	1,469,284	2,863,612

17.1 Revenue is disaggregated by major products and also by geographical market. Additionally, revenue by major customers is disclosed in note 24.4 to these condensed interim unconsolidated financial statements.

18. INCOME / (LOSS) FROM INVESTMENTS - NET

	Note	Unaudited Quarter ended		Unaudited Six months ended	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
----- (Rupees in '000) -----					
Dividend income	18.1	190,009	10,630	191,666	14,387
Gain / (loss) on sale of FVTPL investments - net	18.2	1,134	(4,538)	(4,573)	(8,002)
Unrealized gain / (loss) on FVTPL investments - net	18.3	46,721	(54,963)	34,631	(69,682)
Rent from investment properties	18.5	640	871	1,281	1,281
		238,504	(48,000)	223,005	(62,016)

- 18.1** This includes Rs. 3.652 million earned on investments in Shariah Compliant Investee Companies.
- 18.2** This includes loss of Rs. 4.133 million incurred on investments in Shariah Compliant Investee Companies.
- 18.3** This includes gain of Rs. 16.851 million on investments in Shariah Compliant Investee Companies.
- 18.4** 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.
- 18.5** Direct operating expenses incurred against rental income from investment property amounted to Rs. 0.277 million (31 December 2018: Rs. 1.352 million). Further, Rs. 1.29 million (31 December 2018: Rs. Nil) were incurred against non rented out area.

19. OTHER OPERATING EXPENSES

	Unaudited Quarter ended		Unaudited Six months ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	----- (Rupees in '000) -----			
Impairment loss on trade debts	-	-	-	956
Provision for:				
- Workers' Profit Participation Fund	13	562	13	2,365
- Workers' Welfare Fund	-	528	-	2,212
- Slow moving stores, spares and loose tools	-	9,237	-	9,237
	<u>13</u>	<u>10,327</u>	<u>13</u>	<u>14,770</u>

20. FINANCE COSTS

	Unaudited Quarter ended		Unaudited Six months ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	----- (Rupees in '000) -----			
Profit on short term loans - Shariah arrangement	29,985	27,837	29,985	27,837
Interest on - Non - Shariah arrangement				
- finance lease obligations	5,078	3,468	8,854	7,077
- long term loans	8,714	9,288	18,459	17,195
- running finances / short term loans	25,414	15,390	80,007	63,105
Bank charges	2,199	284	4,186	3,480
	<u>71,390</u>	<u>56,267</u>	<u>141,491</u>	<u>118,694</u>

21. BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE

	Unaudited Quarter ended		Unaudited Six months ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	----- (Rupees in '000) -----			
Profit / (loss) for the period	<u>120,943</u>	<u>(119,893)</u>	<u>(25,947)</u>	<u>(115,673)</u>
	----- (Number of shares) -----			
Weighted average number of ordinary shares in issue during the period	<u>77,632,491</u>	<u>77,632,491</u>	<u>77,632,491</u>	<u>77,632,491</u>
	----- (Rupees) -----			
Earnings / (loss) per share - Basic and diluted	<u>1.56</u>	<u>(1.54)</u>	<u>(0.33)</u>	<u>(1.49)</u>

22. CASH GENERATED FROM / (USED IN) OPERATIONS

	Note	Unaudited					
		Six months ended					
		31 December 2019	31 December 2018				
Loss before taxation		(94,120)	(121,653)				
Adjustments for non cash charges and other items							
Depreciation on operating fixed assets and investment properties		113,687	57,238				
Amortisation of intangible assets		96	124				
Charge for the period on staff retirement benefit funds		11,517	11,757				
Dividend income		(191,666)	(14,387)				
Unrealized (gain) / loss on FVTPL investments - net		(34,631)	69,682				
Loss on sale of FVTPL investments - net		4,573	8,002				
Provision for stores, spares and loose tools - net		-	9,237				
Impairment loss on trade debts - net		-	956				
Provision for Workers' Welfare Fund		-	1,130				
Provision for Workers' Profit Participation Fund		13	2,365				
Return on deposits and loan to wholly owned subsidiary companies		(676)	(19,109)				
Gain on disposal of operating fixed assets		(804)	(9,393)				
Deferred income		(3,628)	(2,669)				
Unwinding of discount on long term deposit		(11,000)	(9,877)				
Liabilities written back		(804)	(475)				
Finance costs		141,491	118,694				
Working capital changes	22.1	171,643	(434,890)				
		<u>105,691</u>	<u>(333,268)</u>				
22.1 Working capital changes							
<i>Decrease / (increase) in current assets</i>							
Stores, spares and loose tools		18,740	9,348				
Stock-in-trade		(197,456)	560,597				
Trade debts		(1,579)	(128,392)				
Advances		10,915	(263,876)				
Trade deposits and short term prepayments		(16,591)	8,979				
Other receivables		34,993	91,603				
		<u>(150,978)</u>	<u>278,259</u>				
<i>Increase / (decrease) in current liabilities</i>							
Trade and other payables		322,621	(713,149)				
		<u>171,643</u>	<u>(434,890)</u>				
23. CASH AND CASH EQUIVALENTS							
Running finances under mark-up arrangements		(588,174)	(458,486)				
Cash and bank balances		15,729	12,010				
		<u>(572,445)</u>	<u>(446,476)</u>				
24. SEGMENT REPORTING							
24.1 Reportable segments							
The Company's reportable segments are as follows:							
- Steel segment - It comprises of manufacturing and coating of steel pipes.							
- Cotton segment - It comprises of manufacturing of yarn.							
- 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).							
- Hadeed segment - It comprises of manufacturing billets.							
- Energy segment - It comprises of generating and supplying electricity / power.							
Information regarding the Company's reportable segments is presented below:							
24.2 Segment revenues and results							
Following is an analysis of the Company's revenue and results by reportable segment:							
For the six months ended	Unaudited						
31 December 2019	Steel segment	Cotton segment	IID segment	Energy segment	Hadeed (Billet) segment	Inter-segments elimination / adjustments	Total
	(Rupees in '000)						
Sales - net	356,859	801,606	-	93,125	238,933	(21,239)	1,469,284
Cost of sales	432,287	776,938	-	108,569	248,361	(21,239)	1,544,916
Gross (loss) / profit	(75,428)	24,668	-	(15,444)	(9,428)	-	(75,632)
Income from investments - net	-	-	223,005	-	-	-	223,005
	(75,428)	24,668	223,005	(15,444)	(9,428)	-	147,373
Distribution and selling expenses	5,646	1,518	-	-	326	-	7,490
Administrative expenses	86,274	17,479	8,943	1,799	2,451	-	116,946
Other expenses	-	13	-	-	-	-	13
	91,920	19,010	8,943	1,799	2,777	-	124,449
	(167,348)	5,658	214,062	(17,243)	(12,205)	-	22,924
Other income	17,533	5,868	-	-	1,046	-	24,447
Operating (loss) / profit before finance costs	(149,815)	11,526	214,062	(17,243)	(11,159)	-	47,371
Finance costs	111,977	11,445	9,310	-	8,759	-	141,491
(Loss) / profit before taxation	(261,792)	81	204,752	(17,243)	(19,918)	-	(94,120)
Taxation							(68,173)
Loss for the period							<u>(25,947)</u>

For the six months ended
31 December 2018

	Unaudited						Total
	Steel segment	Cotton segment	IID segment	Energy segment	Hadeed (Billet) segment	Inter-segments elimination / adjustments	
	(Rupees in '000)						
Sales - net	2,048,760	814,852	-	-	-	-	2,863,612
Cost of sales	1,854,805	751,703	-	-	-	-	2,606,508
Gross profit	193,955	63,149	-	-	-	-	257,104
Impairment loss on subsidiary company	(115,000)	-	-	-	-	-	(115,000)
Loss from investments - net	-	-	(62,016)	-	-	-	(62,016)
	78,955	63,149	(62,016)	-	-	-	80,088
Distribution and selling expenses	5,190	1,488	-	-	-	-	6,678
Administrative expenses	86,183	17,755	8,376	-	-	-	112,314
Other expenses	11,323	3,411	36	-	-	-	14,770
	102,696	22,654	8,412	-	-	-	133,762
	(23,741)	40,495	(70,428)	-	-	-	(53,674)
Other income	47,077	3,638	-	-	-	-	50,715
Operating profit / (loss) before finance costs	23,336	44,133	(70,428)	-	-	-	(2,959)
Finance costs	107,853	967	9,874	-	-	-	118,694
(Loss) / profit before taxation	(84,517)	43,166	(80,302)	-	-	-	(121,653)
Taxation							(5,980)
Loss for the period							(115,673)

24.2.1 Revenue reported above represents revenue generated from external customers and intersegment sales of electricity by Energy Segment to Hadeed (Billet) Segment of Rs. 21.239 million (31 December 2018: Rs. Nil).

24.2.2 The accounting policies of the reportable segments are the same as the Company's accounting policies as described in the annual unconsolidated financial statements of the Company for the preceding year ended 30 June 2019. The Steel segment allocates certain percentage of the common expenditure to other 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.

24.3 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 17 to these condensed interim unconsolidated financial statements.

24.4 Information about major customers

Revenue from major customers (Government related concern) of Steel segment represents an aggregate amount of Rs. 280.300 million (31 December 2018: Rs. 1,817.965 million) of total Steel segment revenue of Rs. 356.859 million (31 December 2018: Rs. 2,048.760 million). Revenue from major customers of Cotton segment represents an aggregate amount of Rs. 140.188 million (31 December 2018: Rs. 101.558 million) of total Cotton segment revenue of Rs. 801.606 million (31 December 2018: Rs. 814.852 million). Revenue from major customers of Energy segment represents an aggregate amount of Rs. 71.885 million (31 December 2018: Rs. Nil) of total Energy segment revenue of Rs. 93.125 million (31 December 2018: Rs. Nil). Revenue from major customers of Hadeed (Billet) segment represents an aggregate amount of Rs. 212.411 million (31 December 2018: Rs. Nil) of total Hadeed (Billet) segment revenue of Rs. 238.933 million (31 December 2018: Rs. Nil).

24.5 Geographical information

24.5.1 All revenues from external customers and inter-segment sales were generated in Pakistan.

24.5.2 All non-current assets of the Company as at 31 December 2019 and 30 June 2019 were located and operating in Pakistan.

24.6 Segment assets and liabilities

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

	Steel segment	Cotton segment	IID segment	Energy segment	Hadeed (Billet) segment	Total
	(Rupees in '000)					
As at 31 December 2019 - (Unaudited)						
Segment assets for reportable segments	1,384,601	390,081	2,469,751	699,133	1,342,078	6,285,644
Unallocated corporate assets						2,167,104
Total assets as per unconsolidated statement of financial position						8,452,748
Segment liabilities for reportable segments	635,437	215,630	481	71,443	164,348	1,087,339
Unallocated corporate liabilities and deferred income						1,996,135
Total liabilities as per unconsolidated statement of financial position						3,083,474
As at 30 June 2019 - (Audited)						
Segment assets for reportable segments	1,826,902	430,823	2,475,238	817,646	1,218,378	6,768,987
Unallocated corporate assets						1,518,045
Total assets as per unconsolidated statement of financial position						8,287,032
Segment liabilities for reportable segments	570,025	106,822	2,627	69,316	144,006	892,796
Unallocated corporate liabilities and deferred income						2,000,173
Total liabilities as per unconsolidated statement of financial position						2,892,969

24.6.1 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.

24.7 Other segment information

	Unaudited					Total
	Steel segment	Cotton segment	IID segment	Energy segment	Hadeed (Billet) segment	
	(Rupees in '000)					
For the six months ended 31 December 2019						
Capital expenditure	1,602	-	-	-	-	1,602
Depreciation and amortisation	39,724	15,638	1,392	30,271	26,758	113,783
Non-cash items other than depreciation and amortisation - net	105,401	12,006	(211,953)	72	8,859	(85,615)
For the six months ended 31 December 2018						
Capital expenditure	33,290	2,521	-	-	-	35,811
Depreciation and amortisation	39,567	16,634	1,161	-	-	57,362
Non-cash items other than depreciation and amortisation - net	88,431	3,917	73,565	-	-	165,913

25. 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:

Name of entity	Nature of relationship	Nature of transaction	Unaudited Six months ended	
			31 December 2019	31 December 2018
			(Rupees in '000)	
CS Capital (Private) Limited	Subsidiary company	Reimbursable expenses	666	687
Solution de Energy (Private) Limited	Subsidiary company	Reimbursable expenses Loan Given	48 3,000	53 -
Altern Energy Limited	Associated company	Dividend received Reimbursable expenses Expenses incurred on behalf of Company	181,991 - -	- 742 748
Shakarganj Limited	Associated company	Dividend Paid Sales of finished goods Services received Reimbursable expenses Purchase of Raw Material Expenses incurred on behalf of Company	- 72,994 884 739 71,885 -	180 1,537 - 742 - 748
The Crescent Textile Mills Limited	Associated company	Dividend received Payment received Sales return Sales of finished goods	271 36,385 301 34,696	- - - -
The Citizens' Foundation *	Related party	Donation given	133	1,039
Muhammad Amin Muhammad Bashir Limited *	Related party	Dividend paid	-	1
Premier Insurance Limited *	Related party	Insurance premium Dividend paid	4,428 -	7,635 142
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Contribution made Dividend paid	2,131 -	1,782 75
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Contribution made Dividend paid	3,199 -	3,327 68
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Contribution made Dividend paid	8,318 -	8,652 68
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Contribution made Dividend paid	8,641 -	9,008 124
CSAP - Staff Benevolent Fund	Staff Welfare Fund	Dividend paid	-	36
Key management personnel	Related parties	Remuneration and benefits Dividend paid	47,995 -	56,966 605
Directors and their spouse	Related parties	Dividend paid Meeting fee	- 1,445	127 1,165

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

- 25.1 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.
- 25.2 Contributions to the employee retirement benefit funds are made in accordance with the terms of employee retirement benefit schemes and actuarial advice.
- 25.3 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 period other than their terms of employment / entitlements.

26. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in annual unconsolidated financial statements of the Company as at and for the year ended 30 June 2019.

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. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

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

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

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

	31 December 2019 (Un-audited)				Fair value				
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	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	154,101	11,002	-	-	165,103	165,103	-	-	165,103
- unlisted equity securities	451,070	-	-	-	451,070	-	-	451,070	451,070
	605,171	11,002	-	-	616,173	165,103	-	451,070	616,173
Financial assets not measured at fair value									
Investment in debt security	-	-	14,510	-	14,510	-	-	-	-
Deposits	-	-	296,849	-	296,849	-	-	-	-
Trade debts	-	-	98,011	-	98,011	-	-	-	-
Loan to subsidiary	-	-	91,208	-	91,208	-	-	-	-
Mark-up accrued	-	-	29	-	29	-	-	-	-
Other receivables	-	-	31,060	-	31,060	-	-	-	-
Bank balances	-	-	14,686	-	14,686	-	-	-	-
	-	-	546,353	-	546,353	-	-	-	-
Financial liabilities not measured at fair value									
Long term loans	-	-	-	222,599	222,599	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	132,226	132,226	-	-	-	-
Trade and other payables	-	-	-	630,173	630,173	-	-	-	-
Mark-up accrued	-	-	-	52,089	52,089	-	-	-	-
Short term borrowings	-	-	-	1,529,918	1,529,918	-	-	-	-
Unclaimed dividend	-	-	-	26,476	26,476	-	-	-	-
	-	-	-	2,593,481	2,593,481	-	-	-	-
(Rupees in '000)									
30 June 2019 (Audited)									
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	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	166,735	9,844	-	-	176,579	176,579	-	-	176,579
- unlisted equity securities	443,588	-	-	-	443,588	-	-	443,588	443,588
	610,323	9,844	-	-	620,167	176,579	-	443,588	620,167
Financial assets not measured at fair value									
Deposits	-	-	272,841	-	272,841	-	-	-	-
Trade debts	-	-	96,432	-	96,432	-	-	-	-
Loan to subsidiary	-	-	88,208	-	88,208	-	-	-	-
Mark-up accrued	-	-	29	-	29	-	-	-	-
Other receivables	-	-	41,228	-	41,228	-	-	-	-
Bank balances	-	-	27,203	-	27,203	-	-	-	-
	-	-	525,941	-	525,941	-	-	-	-
Financial liabilities not measured at fair value									
Long term loans	-	-	-	287,546	287,546	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	154,296	154,296	-	-	-	-
Trade and other payables	-	-	-	433,243	433,243	-	-	-	-
Mark-up accrued	-	-	-	41,617	41,617	-	-	-	-
Short term borrowings	-	-	-	1,577,196	1,577,196	-	-	-	-
Unclaimed dividend	-	-	-	26,525	26,525	-	-	-	-
	-	-	-	2,520,423	2,520,423	-	-	-	-

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.

Investments in subsidiaries and associates are stated at cost. The fair value of listed securities were taken from rates quoted on Pakistan Stock Exchange and classified under level 1 in fair value hierarchy.

Investment property fair value have been determined by professional valuers (level 3 measurement) based on their assessment of the market values. 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 condensed interim unconsolidated financial statements.

26.1 Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair values at 31 December 2019 for unquoted equity investment measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

Name of investee company	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
- Central Depository Company of Pakistan Limited	- Net Asset Method: This valuation method considers net asset value divided by ordinary number of shares	- Net assets of the investee company	The estimated fair value would increase / (decrease) if: - The net assets of the investee company were higher / (lower).

26.2 Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

	(Rupees in '000)
Balance at 01 July 2019	
- Central Depository Company of Pakistan Limited	124,401
Fair value recognized during the year	
- Central Depository Company of Pakistan Limited	7,482
Balance at 31 December 2019	
- Central Depository Company of Pakistan Limited	<u>131,883</u>

Sensitivity Analysis

For the fair value of unquoted equity investment, reasonably possible changes at 31 December 2019 to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

	Profit or loss	
	Increase	Decrease
	(Rupees in '000)	
Central Depository Company of Pakistan Limited		
- Net assets (10% movement)	<u>13,188</u>	<u>(13,188)</u>

27. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim unconsolidated financial statements was authorized for issue in the Board of Directors meeting held on 06 February 2020.



Chief Executive



Chairman



Chief Financial Officer

Crescent Steel and Allied Products Limited

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Crescent Steel and Allied Products Limited
Condensed Interim Consolidated Statement of Financial Position (Unaudited)

As at 31 December 2019

	Note	Unaudited 31 December 2019	Audited 30 June 2019
----- (Rupees in '000) -----			
ASSETS			
Non-current assets			
Property, plant and equipment	5	2,382,667	2,495,044
Intangible assets		144,223	143,535
Investment properties		53,155	55,290
Investment in equity accounted investees	6	3,322,356	3,266,906
Other long term investments	7	712,670	688,851
Long term deposits	8	244,827	236,312
Deferred taxation		219,279	-
		<u>7,079,177</u>	<u>6,885,938</u>
Current assets			
Stores, spares and loose tools		167,044	185,784
Stock-in-trade	9	1,018,825	821,369
Trade debts	10	98,011	96,432
Advances	11	20,562	34,477
Trade deposits and short term prepayments		67,014	50,292
Investments	12	430,157	404,787
Mark-up accrued		29	29
Other receivables	13	202,282	232,644
Taxation - net		1,274,331	1,259,540
Cash and bank balances		16,946	29,620
		<u>3,295,201</u>	<u>3,114,974</u>
Total assets		<u><u>10,374,378</u></u>	<u><u>10,000,912</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
100,000,000 ordinary shares of Rs. 10 each		<u>1,000,000</u>	<u>1,000,000</u>
Issued, subscribed and paid-up capital		776,325	776,325
Capital reserves		1,091,452	1,083,450
Revenue reserves		<u>5,340,327</u>	<u>5,096,307</u>
		<u>7,208,104</u>	<u>6,956,082</u>
Non-current liabilities			
Long term loans	14	109,380	177,152
Liabilities against assets subject to finance lease		86,862	103,042
Deferred income		4,844	6,866
Deferred taxation		-	41,591
Deferred liability		<u>100,546</u>	<u>100,546</u>
		<u>301,632</u>	<u>429,197</u>
Current liabilities			
Trade and other payables	15	1,057,375	739,050
Unclaimed dividend		26,476	26,525
Mark-up accrued		53,750	43,864
Short term borrowings	16	1,563,611	1,638,092
Current portion of long term loans	14	113,219	110,394
Current portion of liabilities against assets subject to finance lease		45,364	51,254
Current portion of deferred income		4,847	6,454
		<u>2,864,642</u>	<u>2,615,633</u>
Contingencies and commitments	17		
Total equity and liabilities		<u><u>10,374,378</u></u>	<u><u>10,000,912</u></u>

The annexed notes from 1 to 28 form an integral part of this condensed interim consolidated financial statements.



Chief Executive



Chairman



Chief Financial Officer

Crescent Steel and Allied Products Limited
Condensed Interim Consolidated Statement of Profit or Loss and
Other Comprehensive Income (Unaudited)

For the quarter and six months ended 31 December 2019

	Note	Quarter ended		Six months ended	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
----- (Rupees in '000) -----					
Sales	18	941,639	1,998,057	1,719,874	5,032,570
Less: Sales tax		136,917	125,133	250,590	840,231
		804,722	1,872,924	1,469,284	4,192,339
Cost of sales		836,562	1,829,842	1,544,916	4,147,567
Gross (loss) / profit		(31,840)	43,082	(75,632)	44,772
Gain / (loss) from investments - net	19	312,856	(99,811)	283,368	(123,271)
		281,016	(56,729)	207,736	(78,499)
Distribution and selling expenses		4,805	3,097	7,490	7,582
Administrative expenses		61,593	63,032	119,439	125,042
Other operating expenses	20	13	17,001	13	31,966
		66,411	83,130	126,942	164,590
		214,605	(139,859)	80,794	(243,089)
Other income		15,211	11,009	24,447	25,911
Operating profit / (loss) before finance costs		229,816	(128,850)	105,241	(217,178)
Finance costs	21	73,053	74,026	145,403	152,855
Share of profit in equity accounted investees - net of taxation		7,832	208,975	47,448	319,812
Profit / (loss) before taxation		164,595	6,099	7,286	(50,221)
Taxation - current		31,208	6,498	40,472	27,693
- prior		-	1,916	-	2,050
- deferred		(224,012)	(3,796)	(260,869)	(16,824)
		(192,804)	4,618	(220,397)	12,919
Profit / (loss) for the period		357,399	1,481	227,683	(63,140)
Other comprehensive income for the period					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Changes in the fair value of equity investments at fair value through other comprehensive income (FVOCI)		8,679	10,849	16,337	20,421
<i>Items that will be reclassified subsequently to profit or loss</i>					
Proportionate share of other comprehensive income / (loss) of equity accounted investees		7,901	(14,485)	8,002	(16,285)
		16,580	(3,636)	24,339	4,136
Total comprehensive income / (loss) for the period		373,979	(2,155)	252,022	(59,004)
----- (Rupees) -----					
Earnings / (loss) per share - Basic and diluted	22	4.60	0.02	2.93	(0.81)

The annexed notes from 1 to 28 form an integral part of this condensed interim consolidated financial statements.



Chief Executive



Chairman



Chief Financial Officer

Crescent Steel and Allied Products Limited
 Condensed Interim Consolidated Statement of Cash Flows (Unaudited)
 For the six months ended 31 December 2019

	Note	Six months ended	
		31 December 2019	31 December 2018
----- (Rupees in '000) -----			
Cash flows from operating activities			
Cash generated from / (used in) operations	23	104,571	(830,805)
Taxes paid		(54,824)	(65,353)
Finance costs paid		(126,632)	(118,149)
Contribution to gratuity and pension funds		(11,517)	(11,757)
Contribution to Workers' Profit Participation Fund		(3,824)	(27,190)
Long term deposits - net		2,485	-
Net cash generated used in operating activities		(89,741)	(1,053,254)
Cash flows from investing activities			
Capital expenditure		(1,602)	(20,653)
Acquisition of intangible assets		(784)	-
Proceeds from disposal of operating fixed assets		1,742	11,282
Investments - net		34,163	54,251
Dividend income received		213,180	28,403
Interest income received		676	582
Net cash generated from investing activities		247,375	73,864
Cash flows from financing activities			
(Repayment) / proceeds of long term loan - net		(64,947)	12,528
Payments against finance lease obligations		(30,831)	(30,420)
Proceeds of short term loans obtained - net		210,993	652,345
Dividends paid		(49)	(72,040)
Net cash generated from financing activities		115,166	562,413
Net increase / (decrease) in cash and cash equivalents		272,800	(416,977)
Cash and cash equivalents at beginning of the period		(877,721)	(260,322)
Cash and cash equivalents at end of the period	24	(604,921)	(677,299)

The annexed notes from 1 to 28 form an integral part of this condensed interim consolidated financial statements.



Chief Executive



Chairman



Chief Financial Officer

Crescent Steel and Allied Products Limited
Condensed Interim Consolidated Statement of Changes in Equity (Unaudited)

For the six months ended 31 December 2019

	Issued, subscribed and paid-up capital	Capital reserves		Revenue reserves			Total
		Share premium	Others *	Fair value reserve	General reserve	Unappropriated profit / (loss)	
------(Rupees in '000)-----							
Balance as at 30 June 2018	776,325	1,020,908	79,132	58,623	3,642,000	2,172,907	7,749,895
Total comprehensive loss for the period							
Loss after taxation for the period	-	-	-	-	-	(63,140)	(63,140)
Other comprehensive income							
Other comprehensive (loss) / income for the period	-	-	(16,285)	20,421	-	-	4,136
Total comprehensive loss for the period	-	-	(16,285)	20,421	-	(63,140)	(59,004)
Transaction with owners of the Holding Company							
- distributions							
Dividend:							
- Final @ 10% (i.e. Rs 1 per share) for the year ended 30 June 2018	-	-	-	-	-	(77,632)	(77,632)
Balance as at 31 December 2018	776,325	1,020,908	62,847	79,044	3,642,000	2,032,135	7,613,259
Balance as at 30 June 2019	776,325	1,020,908	62,542	36,670	3,642,000	1,417,637	6,956,082
Total comprehensive income for the period							
Profit after taxation for the period	-	-	-	-	-	227,683	227,683
Other comprehensive income							
Other comprehensive income for the period	-	-	8,002	16,337	-	-	24,339
Total comprehensive income for the period	-	-	8,002	16,337	-	227,683	252,022
Balance as at 31 December 2019	776,325	1,020,908	70,544	53,007	3,642,000	1,645,320	7,208,104

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

The annexed notes from 1 to 28 form an integral part of this condensed interim consolidated financial statements.



Chief Executive



Chairman



Chief Financial Officer

Crescent Steel and Allied Products Limited

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended 31 December 2019

1. THE GROUP AND ITS OPERATIONS

- 1.1** The Group consists of Crescent Steel and Allied Products Limited ('the Holding Company') and its wholly owned subsidiary companies namely; CS Capital (Private) Limited, Solution de Energy (Private) Limited and Crescent Continental Gas Pipelines Limited.
- 1.2** The Holding Company was incorporated on 1 August 1983 as a public limited company in Pakistan under the repealed Companies Act, 1913 (now Companies Act, 2017) and is quoted on the Pakistan Stock Exchange. The registered office of the Holding Company and its subsidiaries companies are located at E- Floor, IT Tower, 73-E/1, Hali Road, Gulberg III, Lahore, where as its principal offices are situated at 9th floor, SIDCO Avenue Centre, 264 R.A. Lines, Karachi.
- 1.3** CS Capital (Private) Limited was incorporated on 5 November 2010 as a private limited company in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Holding Company acquired this subsidiary on 26 September 2011. The principal activity of the Subsidiary Company is to manage portfolio of shares, commodities and other securities (strategic as well as short term).
- 1.4** Solution de Energy (Private) Limited was incorporated as a private limited company in Pakistan under the provisions of the repealed Companies Ordinance, 1984 (now Companies Act, 2017) as result of a Joint Venture (JV) agreement between the Holding Company and a partnership concern. The principal activity of the Subsidiary Company is to build, own, operate and maintain 100MW solar power project (the Project) and to generate, accumulate, distribute, sell and supply electricity / power to PEPCO / DISCOS under the agreement with the Government of Pakistan or to any other consumer as permitted.
- 1.5** Crescent Continental Gas Pipelines Limited is not carrying on any business operations.
- 1.6** Details regarding the Group's associates are given in note 6 to this condensed interim consolidated financial statements.

2. BASIS OF PREPARATION

- 2.1** These condensed interim consolidated financial statements of the Group have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
 - Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2** These condensed interim consolidated financial statements of the Group do not include all of the information required for annual consolidated financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Group as at and for the year ended 30 June 2019. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements.
- 2.3** These condensed interim consolidated financial statements are presented in Pakistan Rupees which is also the Group's functional currency and all financial information presented has been rounded off to the nearest thousand, except otherwise stated.
- 2.4** These condensed interim consolidated financial statements are being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange vide section 237 of the Companies Act, 2017.

3. ACCOUNTING POLICIES

- 3.1** The accounting policies and the methods of computation adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of the audited annual consolidated financial statements as at and for the year ended 30 June 2019.

3.2 New standards, interpretations and amendments adopted by the Group

3.2.1 The Group has initially adopted IFRS 16 'Leases' from 1 July 2019. The impact of the adoption of this standard and the new accounting policy is disclosed in note 3.4 below.

3.2.2 A number of other pronouncements are effective from 1 July 2019 as detailed in Group's annual audited consolidated financial statements as at and for the year ended 30 June 2019, but they do not have a material effect on these condensed interim consolidated financial statements and therefore have not been detailed.

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

There are certain new standards, interpretations and amendments to the approved accounting standards that will be mandatory for the Group's annual accounting periods beginning on or after 1 July 2020. However, currently management considers that these pronouncements will not have any significant impact on the financial reporting of the Group and, therefore, have not been disclosed in these condensed interim consolidated financial statements.

3.4 Changes in accounting policy

Explained below is the impact of the adoption of IFRS 16 "Leases" on the Group's condensed interim consolidated financial statements, and also discloses the new accounting policy that has been applied from 1 July 2019, where it is different to that applied in prior periods.

The Group has adopted IFRS 16 "Leases" from 1 July 2019 as notified by the Securities and Exchange Commission of Pakistan vide its SRO 434 (I)/2018 dated 09 April 2018. The standard replaces the existing guidance on leases, 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 in the Legal Form of a Lease".

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. It requires lessee to recognise right-of-use (RoU) assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

As per IFRS 16, the Group is required to recognise a RoU asset and a lease liability at the lease commencement date. The RoU asset has to be initially measured at cost, and subsequently at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group is required to apply judgments to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term which significantly affects the amount of lease liabilities and RoU assets recognised.

Generally, RoU asset would be equal to the lease liability. However, if there are additional costs such as site preparation, non-refundable deposits, application money, other expenses related to transaction etc. need to be added to the RoU asset value.

The Group is required to determine the lease term as the non-cancellable period of a lease, together with both:

- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Short term lease is a lease that, at the commencement date, has a lease term of twelve months or less. A lease that contains a purchase option is not a short-term lease.

In determining the lease term and assessing the length of the non-cancellable period of a lease, the Group applies the definition of a contract and determined the period for which the contract is enforceable. A lease is no longer enforceable when the lessee and the lessor each has the right to terminate the lease without permission from the other party with no more than an insignificant penalty.

The Group has adopted IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application has to be recognised in retained earnings as at 1 July 2019. The adoption of IFRS 16 did not have any impact on the retained earnings, the financial position and / or financial performance of the Group.

4. USE OF ESTIMATES AND JUDGEMENTS

4.1 The preparation of condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

4.2 Estimates and judgements made by management in the preparation of these condensed interim consolidated financial statements are the same as those that were applied to the annual audited consolidated financial statements of the Group as at and for the year ended 30 June 2019.

5. PROPERTY, PLANT AND EQUIPMENT

Following is the cost of operating fixed assets added / transferred and disposed off during the period ended:

	Unaudited Six months ended 31 December 2019		Unaudited Six months ended 31 December 2018	
	Additions / Transfers	Disposals	Additions / Transfers	Disposals
	----- (Rupees in '000) -----			
Buildings on leasehold land	-	-	6,304	-
Plant and machinery - owned	-	-	6,594	-
Furniture and fittings	-	-	1,015	9
Electrical / office equipment and installation	-	-	1,545	667
Computers	187	1,800	194	749
Motor vehicles - owned	-	3,997	8,687	14,717
	<u>187</u>	<u>5,797</u>	<u>24,339</u>	<u>16,142</u>

6. INVESTMENT IN EQUITY ACCOUNTED INVESTEEES

The following associates, over which the Group has significant influence either due to representation on the investee company's board or percentage of holding of voting power or both, are accounted for under the equity method of accounting as defined in IAS 28, 'Investments in Associates'.

Unaudited 31 December 2019 (Number of shares)	Audited 30 June 2019		Note	Unaudited 31 December 2019 (Rupees in '000)	Audited 30 June 2019
63,967,500	63,967,500	Quoted			
		Altern Energy Limited (Chief Executive Officer - Mr. Umer Shehzad Sheikh)	6.1	3,049,554	2,865,712
35,011,347	35,011,347	Shakarganj Limited (Chief Executive Officer - Mr. Anjum M. Saleem)	6.1	272,802	401,194
3,430,000	3,430,000	Unquoted			
		Crescent Socks (Private) Limited (Chief Executive Officer - Mr. Shehryar Mazhar)	6.1	-	-
				<u>3,322,356</u>	<u>3,266,906</u>

6.1 Movement of investment in equity accounted investees is as follows:

Description	31 December 2019			
	Altern Energy Limited	Shakarganj Limited	Crescent Socks (Private) Limited	Total
	----- Rupees in '000 -----			
Opening balance as at 1 July 2019	2,865,712	401,194	-	3,266,906
Share of profit / (loss)	6.2 183,690	(136,242)	-	47,448
Share of equity	6.2 152	7,850	-	8,002
Closing balance as at 31 December 2019	3,049,554	272,802	-	3,322,356

Description	30 June 2019			
	Altern Energy Limited	Shakarganj Limited	Crescent Socks (Private) Limited	Total
	----- Rupees in '000 -----			
Opening balance as at 1 July 2018	2,777,125	311,108	-	3,088,233
Share of profit	290,096	106,665	-	396,761
Share of equity	(11)	(16,579)	-	(16,590)
Dividend received	(201,498)	-	-	(201,498)
Closing balance as at 30 June 2019	2,865,712	401,194	-	3,266,906

6.2 These figures are based on financial statements / information of these companies as at 30 September 2019.

6.3 Percentage of holding of equity in associates is as follows

	Note	Unaudited 31 December 2019	Audited 30 June 2019
Altern Energy Limited	6.3.1	17.60	17.60
Shakarganj Limited	6.3.2	28.01	28.01
Crescent Socks (Private) Limited		48.99	48.99

6.3.1 The Holding Company and the Subsidiary Companies hold 16.69% and 0.91% respectively i.e. aggregate holding of 17.60% in the investee company. There is no common directorship in the investee company. However, the Company directly and / or indirectly has significant influence as per IAS 28 'Investments in Associates', therefore only for the purpose of the equity accounting as required under IAS 28 it has been treated as an associate.

6.3.2 The Holding Company and the Subsidiary Company hold 21.93% and 6.08% respectively i.e. aggregate holding of 28.01% in the investee company. There is common directorship in the investee company. However, the Company directly and / or indirectly has significant influence as per IAS 28 'Investments in Associates', therefore only for the purpose of the equity accounting as required under IAS 28 it has been treated as an associate.

6.4 The fair value of investments in associates as at 31 December 2019 is Rs. 2,995.079 million (30 June 2019: Rs. 3,772.958 million).

7. OTHER LONG TERM INVESTMENTS

	Note	Unaudited 31 December 2019	Audited 30 June 2019
		----- (Rupees in '000) -----	
Fair value through other comprehensive income (FVOCI)	7.1	155,204	138,867
Fair value through profit or loss (FVTPL)	7.2 & 7.3	557,466	549,984
		<u>712,670</u>	<u>688,851</u>

- 7.1 This includes investment in Crescent Textile Mills Limited which are not held for trading and the Group has irrevocably designated at initial application of IFRS 9 to recognise in this category. This is strategic investment and management considers this classification to be more relevant. Unlike IAS 39, the accumulated fair value reserve related to this investment will never be reclassified to profit or loss.
- 7.2 This includes investments in Crescent Industrial Chemicals Limited and Crescent Bahuman Limited amounting to Rs. 10.470 million and Rs. 24.037 million respectively, which had been fully charged to profit or loss in earlier periods.
- 7.3 This also includes investment in Shakarganj Food Products Limited and Central Depository Company of Pakistan Limited amounting to Rs. 425.583 million and Rs. 131.883 million respectively.

8. LONG TERM DEPOSITS

This includes security deposit amounting to Rs. 209.541 million (30 June 2019: Rs. 199.694 million) under Ijarah financing arrangement.

9. STOCK-IN-TRADE

		Unaudited 31 December 2019	Audited 30 June 2019
	<i>Note</i>	----- (Rupees in '000) -----	
Raw materials			
Hot rolled steel coils (HR Coil)		181,217	323,884
Coating materials		42,095	84,462
Remelting scrap		108,180	4,320
Others		132,732	112,930
Raw cotton		27,607	130,230
Stock-in-transit		355,590	-
		<u>847,421</u>	<u>655,826</u>
Work-in-process		41,390	24,996
Finished goods	9.1	125,726	131,598
Scrap / cotton waste		4,288	8,949
		<u>171,404</u>	<u>165,543</u>
		<u><u>1,018,825</u></u>	<u><u>821,369</u></u>

- 9.1 Stock in trade as at 31 December 2019 includes item valued at net realisable value (NRV). Reversal in respect of stock written down to NRV amounting to Rs. 9.995 million (30 June 2019: Reversal of Rs. 26.083 million) has been recognised in cost of goods sold.

10. TRADE DEBTS

		Unaudited 31 December 2019	Audited 30 June 2019
		----- (Rupees in '000) -----	
Secured			
Considered good		-	76,918
Unsecured			
Considered good	10.1	98,011	19,514
Considered doubtful		30,706	30,706
		<u>128,717</u>	<u>50,220</u>
Impairment loss on trade debts		<u>(30,706)</u>	<u>(30,706)</u>
		<u><u>98,011</u></u>	<u><u>96,432</u></u>

- 10.1 This includes an amount of Rs. 11.467 million (30 June 2019: Rs. 11.855 million) due from Shakarganj Limited - a related party.

11. ADVANCES

This includes amounting to Rs. 19.325 million (30 June 2019: Rs. 33.504 million) advances given to suppliers for goods and services.

12. INVESTMENTS	Note	Unaudited 31 December 2019	Audited 30 June 2019
		----- (Rupees in '000) -----	
At amortised cost		14,510	-
At fair value through profit or loss (FVTPL)	12.2	415,647	404,787
		<u>430,157</u>	<u>404,787</u>

12.1 This represents investment in term deposit receipts having markup rate of 12.67% to 12.89% per annum and maturing on 06 January 2020.

12.2 This represents investment in ordinary shares of listed companies and certificates of mutual funds. This also includes investment in Jubilee Spinning and Weaving Mills Limited and Innovative Investment Bank Limited, which had been fully provided for as the break-up value of their shares was Rs. Nil per share (30 June 2019: Rs. Nil).

12.3 Investments having an aggregate market value of Rs. 2,238.215 million (30 June 2019: Rs. 909.398 million) have been pledged with financial institutions as security against financing facilities (see note 16.5) out of which Rs. 1,966.039 million (30 June 2019: Rs. 664.659 million) relates to long term investments.

13. OTHER RECEIVABLES	Note	Unaudited 31 December 2019	Audited 30 June 2019
		----- (Rupees in '000) -----	
Dividend receivable		1	89
Receivable against sale of investments		-	3
Receivable against rent from investment property		305	320
Due from related parties	13.1	1,155	2,669
Sales tax refundable		163,046	187,870
Margin on letter of credit and guarantee		15,359	15,359
Receivable from staff retirement benefits funds		20,329	20,329
Others		2,087	6,005
		<u>202,282</u>	<u>232,644</u>

13.1 This represents balances due from CSAP - Pension Fund and Shakarganj Limited - associate amounting to Rs. 0.053 million (30 June 2019: Rs. 0.053 million) and Rs. 1.102 million (30 June 2019: Rs. 2.616 million).

14. LONG TERM LOANS	Note	Unaudited 31 December 2019	Audited 30 June 2019
		----- (Rupees in '000) -----	
Secured - Under non-shariah arrangement			
Allied Bank Limited	14.1	222,599	287,546
Less: Current portion shown under current liabilities		113,219	110,394
		<u>109,380</u>	<u>177,152</u>

14.1 The Holding Company has a long term loan arrangement with Allied Bank Limited for an amount of Rs. 312 million. The term of the loan is 5 years from the date of disbursement with a grace period of one year, repayable in 16 equal quarterly installments started from December 2015. During the period, the Holding Company has made repayment of Rs. 19.5 million (31 December 2018: Rs. 39 million). Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During year ended 30 June 2017, Holding Company entered into new 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 period, the Holding Company has made repayment of Rs. 9.272 million (31 December 2018: Rs. 9.272 million). Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During year ended 30 June 2018, the Holding Company entered into new loan arrangement with Allied Bank Limited of an amount of Rs. 300 million, out of which Rs. 217.050 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. During the period, the Holding Company has made repayment of Rs. 36.175 million. Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During the period, mark-up on such arrangements was 14.47% (31 December 2018: 8.37% to 12.5%) per annum. The facility is secured against first joint pari passu hypothecation / equitable mortgage on plant, machinery and property of the Holding Company.

15. TRADE AND OTHER PAYABLES

	<i>Note</i>	Unaudited 31 December 2019	Audited 30 June 2019
----- (Rupees in '000) -----			
Trade creditors		176,906	108,569
Bills payable		124,123	-
Commission payable		2,029	1,466
Customer's security deposits		673	-
Accrued liabilities		333,757	292,721
Advances from customers	15.1	135,925	24,110
Provisions		221,091	220,317
Due to related parties	15.2	547	-
Payable to provident fund		1,945	2,134
Payable to staff retirement benefit funds		2,359	1,979
Retention money		11,886	10,764
Sales tax payable		10,693	1,295
Withholding tax payable		5,859	2,959
Advance income tax		-	38,166
Workers' Profit Participation Fund		2,074	5,885
Workers' Welfare Fund		4,114	4,114
Others		23,394	24,571
		1,057,375	739,050

15.1 This includes amount due to The Crescent Textile Mills Limited amounting to Rs. 1.990 million (30 June 2019: Rs. Nil).

15.2 This represents amount due to Premier Insurance Limited amounting to Rs. 0.518 million (30 June 2019: Rs. Nil) and The Citizens Foundation amounting to Rs. 0.029 million (30 June 2019: Rs. Nil).

16. SHORT TERM BORROWINGS

		Unaudited 31 December 2019	Audited 30 June 2019
----- (Rupees in '000) -----			
Secured from banking companies			
Running finances under mark-up arrangements	16.1	621,867	907,341
Short term loans	16.2	941,744	730,751
		1,563,611	1,638,092

16.1 Short term running finance available from conventional side of various commercial banks under mark-up arrangements amounted to Rs. 1,364 million (30 June 2019: Rs. 1,550 million) out of which Rs. 300 million (30 June 2019: Rs. 150 million) and Rs. 150 million (30 June 2019: Rs. 150 million) and Rs. 450 million (30 June 2019: Rs. 450 million) are interchangeable with letters of credit, letter of guarantee facility and short term loan respectively. During the period, the mark-up on such arrangements ranged between 13.55% to 15.85% (30 June 2019: 7.68% to 14.81%) per annum.

16.2 This includes an amount of Rs. 279 million (30 June 2019: Rs. 617.059 million) outstanding against Islamic mode of financing. Short term loan financing available from various commercial banks under mark-up arrangements amounted to Rs. 4,000 million (30 June 2019: Rs. 4,800 million) out of which Rs. 2,800 million (30 June 2019: Rs. 3,800 million), Rs. 255 million (30 June 2019: Rs. 50 million) and Rs. 350 million (30 June 2019: Rs. 335 million) are interchangeable with letters of credit, running finance and letter of guarantee facility respectively. During the period, the mark-up on such arrangements ranged between 13.55% to 16.18% (2018: 8.78% to 14.86%) per annum.

16.3 The facilities for opening letters of credit amounted to Rs. 4,000 million (30 June 2019: Rs. 6,510 million) out of which Rs. 300 million (30 June 2019: Rs. 375 million), Rs. 3,050 million (30 June 2019: Rs. 5,450 million) and Rs. 255 million (30 June 2019: Rs. 260 million) are interchangeable with short term running finance, short term loans and letter of guarantee facility respectively as mentioned in notes 16.1 and 16.2 above. The facility for letters of guarantee as at 31 December 2019 amounted to Rs. 1,691.4 million (30 June 2019: Rs. 2,096 million). Amounts unutilized for letters of credit and guarantees as at 31 December 2019 were Rs. 3,406 million and Rs. 275.6 million (30 June 2019: Rs. 6,355 million and Rs. 846 million) respectively.

16.4 The above facilities (refer note 16.1 to 16.3) 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 (refer note 12.3) and cotton / cotton yarn; and lien over import / export document.

17. CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

There is no significant change in the status of contingencies set out in note 16 to the Group's annual consolidated financial statements for the year ended 30 June 2019.

17.2 Commitments

17.2.1 As at 31 December 2019, amount of lease rentals outstanding under the Ijarah financing arrangement is Rs. 137.388 million (30 June 2019: Rs. 183.184 million), which is payable in quarterly installments of Rs. 22.898 million (30 June 2019: Rs. 22.898 million).

17.2.2 Aggregate amount of guarantees issued by conventional side of banks on behalf of the Group against various contracts aggregated to Rs. 1,415.8 million (30 June 2019: Rs. 1,251 million). This includes guarantee issued by Islamic banks amounting to Rs. 259 million (30 June 2019: Rs. 153.591 million).

17.2.3 Commitments in respect of capital expenditure contracted for by the Holding Company as at 31 December 2019 amounted to Rs. 8.455 million (30 June 2019: Rs. 25.492 million).

17.2.4 Commitments under letters of credit as at 31 December 2019 amounted to Rs. 594 million (30 June 2019: Rs. Nil).

18. SALES - net

	Unaudited		Unaudited	
	Quarter ended		Six months ended	
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
----- (Rupees in '000) -----				
Local sales				
Bare pipes	25,334	261,164	247,012	290,481
Steel billets	277,920	658,315	277,920	1,826,190
Pipe coating	1,244	-	84,374	-
Pre coated pipes	10,272	624,028	11,810	1,992,813
Cotton yarn / raw cotton	507,258	442,845	933,119	807,290
Electricity sales	47,051	1,774	47,051	3,921
Steam sales	37,055	-	37,055	18,278
Others	20,726	(11,485)	37,133	59,889
Scrap / waste	14,779	23,243	44,400	35,535
Sales returns	-	(1,827)	-	(1,827)
	941,639	1,998,057	1,719,874	5,032,570
Sales tax	(136,917)	(125,133)	(250,590)	(840,231)
	804,722	1,872,924	1,469,284	4,192,339

18.1 Revenue is disaggregated by major products and also by geographical market additionally revenue by measure customer is disclosed in note 25.4 to these condensed interim consolidated financial statements.

19. INCOME / (LOSS) FROM INVESTMENTS - NET

	Note	Unaudited Quarter ended		Unaudited Six months ended	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
		----- (Rupees in '000) -----			
Dividend income	19.1	208,248	18,397	213,092	26,026
Gain / (loss) on sale of FVTPL investments - net	19.2	2,782	(8,516)	(4,775)	(13,883)
Unrealized gain / (loss) on FVTPL investments - net	19.3	100,196	(106,499)	71,790	(138,645)
Gain on conversion of debt into equity instruments		-	(5,054)	-	-
Rent from investment property	19.5	1,630	1,861	3,261	3,231
		312,856	(99,811)	283,368	(123,271)

19.1 This includes Rs. 10.284 million earned on investments in Shariah Compliant Investee Companies.

19.2 This includes loss of Rs. 4.172 million incurred on investments in Shariah Compliant Investee Companies.

19.3 This includes loss of Rs. 42.664 million on investments in Shariah Compliant Investee Companies.

19.4 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.

19.5 Direct operating expenses incurred against rental income from investment property amounted to Rs. 0.280 million (31 December 2018: Rs. 1.352 million). Further, Rs. 1.293 million (31 December 2018: Rs. Nil) were incurred against non rented out area.

20. OTHER OPERATING EXPENSES

	Unaudited Quarter ended		Unaudited Six months ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	----- (Rupees in '000) -----			
Exchange loss	-	6,674	-	12,022
Impairment loss on trade debts	-	-	-	956
Provision for:	-	-	-	-
Workers' Profit Participation Fund	13	562	13	2,365
Workers' Welfare Fund	-	528	-	2,212
Slow moving stores, spares and loose tools	-	9,237	-	14,411
	13	17,001	13	31,966

21. FINANCE COSTS

	Unaudited Quarter ended		Unaudited Six months ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	----- (Rupees in '000) -----			
Mark-up on short term loans - Shariah arrangement	29,985	27,837	29,985	32,855
Interest on - Non - Shariah arrangement	-	-	-	-
- finance lease obligations	5,078	3,468	8,854	7,077
- long term loan	8,714	9,288	18,459	17,195
- running finances / short term loans	27,074	11,042	83,915	67,944
Bank charges	2,202	22,390	4,190	27,784
	73,053	74,025	145,403	152,855

22. BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE

	Unaudited Quarter ended		Unaudited Six months ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	----- (Rupees in '000) -----			
Profit / (loss) for the period	<u>357,399</u>	<u>1,481</u>	<u>227,683</u>	<u>(63,140)</u>
	----- (Number of shares) -----			
Weighted average number of ordinary shares in issue during the period	<u>77,632,491</u>	<u>77,632,491</u>	<u>77,632,491</u>	<u>77,632,491</u>
	----- (Rupees) -----			
Basic and diluted earnings / (loss) per share	<u>4.60</u>	<u>0.02</u>	<u>2.93</u>	<u>(0.81)</u>

23. CASH GENERATED FROM / (USED IN) OPERATIONS

		Unaudited Six months ended	
		31 December 2019	31 December 2018
		----- (Rupees in '000) -----	
Profit / (loss) before taxation		7,286	(50,221)
Adjustments for non cash charges and other items			
Depreciation on operating fixed assets and investment properties		114,908	116,032
Amortization of intangible assets		96	1,490
Charge for the period on staff retirement benefit funds		11,517	11,757
Dividend income		(213,092)	(26,026)
Unrealized (gain) / loss on FVTPL investments - net		(71,790)	115,748
Loss on sale of FVTPL investments - net		4,775	13,883
Provision for stores, spares and loose tools - net		-	9,237
Impairment loss on trade debts - net		-	956
Provision for Workers' Welfare Fund		-	1,130
Provision for Workers' Profit Participation Fund		13	2,365
Return on deposits		(676)	(483)
Gain on disposal of operating fixed assets		(804)	(9,393)
Deferred income		(3,628)	(2,669)
Unwinding of discount on long term deposit		(11,000)	(9,877)
Liabilities written back		(804)	(475)
Finance costs		145,403	152,851
Share of profit from equity accounted investees - net of taxation		(47,448)	(319,812)
Working capital changes	23.1	<u>169,815</u>	<u>(837,298)</u>
		<u>104,571</u>	<u>(830,805)</u>

23.1 Working capital changes

Decrease / (increase) in current assets

Stores, spares and loose tools	18,740	23,541
Stock-in-trade	(197,456)	661,502
Trade debts	(1,579)	(272,475)
Advances	13,915	(550,274)
Trade deposits and short term prepayments	(16,722)	11,877
Other receivables	<u>30,650</u>	<u>24,586</u>
	<u>(152,452)</u>	<u>(101,242)</u>

Increase / (decrease) in current liabilities

Trade and other payables	<u>322,267</u>	<u>(736,056)</u>
	<u>169,815</u>	<u>(837,298)</u>

Unaudited	
Six months ended	
31 December 2019	31 December 2018
----- (Rupees in '000) -----	

24. CASH AND CASH EQUIVALENTS

Running finances under mark-up arrangements	(621,867)	(692,605)
Cash and bank balances	<u>16,946</u>	<u>15,306</u>
	<u>(604,921)</u>	<u>(677,299)</u>

25. SEGMENT REPORTING

25.1 Reportable segments

The Group's reportable segments are as follows:

- Steel segment - It comprises of manufacturing and coating of steel pipes.
- Cotton segment - It comprises of manufacturing of yarn.
- 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).
- Energy segment - It comprises generation and supply of electricity.
- Hadeed (Billet) segment - It comprises of manufacturing billets.

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

25.2 Segment revenues and results

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

For the six months ended 31 December 2019	Steel segment	Cotton segment	IID segment	Unaudited Energy segment	Hadeed (Billet) segment	Inter-segments elimination / adjustments	Total
	----- (Rupees in '000) -----						
Sales - net	356,859	801,606	-	93,125	238,933	(21,239)	1,469,284
Cost of sales	432,287	776,938	-	108,569	248,361	(21,239)	1,544,916
Gross (loss) / profit	(75,428)	24,668	-	(15,444)	(9,428)	-	(75,632)
Income from investments	-	-	283,368	-	-	-	283,368
	(75,428)	24,668	283,368	(15,444)	(9,428)	-	207,736
Distribution and selling expenses	5,646	1,518	-	-	326	-	7,490
Administrative expenses	86,274	17,479	11,403	1,832	2,451	-	119,439
Other operating expenses	-	13	-	-	-	-	13
	91,920	19,010	11,403	1,832	2,777	-	126,942
	(167,348)	5,658	271,965	(17,276)	(12,205)	-	80,794
Other income	17,533	5,868	-	-	1,046	-	24,447
Operating (loss) / profit before finance costs	(149,815)	11,526	271,965	(17,276)	(11,159)	-	105,241
Finance costs	111,977	11,445	13,220	2	8,759	-	145,403
Share of profit in equity accounted investees - net of taxation	-	-	47,448	-	-	-	47,448
(Loss) / profit before taxation	(261,792)	81	306,193	(17,278)	(19,918)	-	7,286
Taxation							(220,397)
Profit for the period							<u>227,683</u>

For the six months ended 31 December 2018	Steel segment (Restated)	Cotton segment	IID segment	Unaudited Energy segment	Hadeed (Billet) segment (Restated)	Inter-segments Elimination / adjustments	Total
	----- (Rupees in '000) -----						
Sales - net	2,058,656	814,852	-	128,095	1,324,807	(134,069)	4,192,341
Cost of sales	1,989,021	751,703	-	217,182	1,327,414	(137,751)	4,147,569
Gross profit / (loss)	69,635	63,149	-	(89,087)	(2,607)	3,682	44,772
(Loss) / income from investments	-	-	(215,374)	-	-	92,103	(123,271)
	69,635	63,149	(215,374)	(89,087)	(2,607)	95,785	(78,499)
Distribution and selling expenses	5,190	1,488	-	-	904	-	7,582
Administrative expenses	86,183	17,755	11,104	1,234	8,766	-	125,042
Other operating expenses	11,323	3,411	36	-	17,196	-	31,966
	102,696	22,654	11,140	1,234	26,866	-	164,590
	(33,061)	40,495	(226,514)	(90,321)	(29,473)	95,785	(243,089)
Other income / (loss)	47,077	3,638	-	132	(6,178)	(18,758)	25,911
Operating profit / (loss) before finance costs	14,016	44,133	(226,514)	(90,189)	(35,651)	77,027	(217,178)
Finance costs	103,137	967	16,685	9,450	41,374	(18,758)	152,855
Share of profit in equity accounted investees - net of taxation	-	-	233,121	689	-	86,002	319,812
(Loss) / profit before taxation	(89,121)	43,166	(10,078)	(98,950)	(77,025)	181,787	(50,221)
Taxation							12,919
Loss for the period							<u>(63,140)</u>

25.2.1 Revenue reported above represents revenue generated from external customers and inter-segment sales of electricity by Energy Segment to Hadeed (Billet) Segment of Rs. 21.239 million (31 December 2018: Rs. Nil).

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

25.2.3 The accounting policies of the reportable segments are the same as the Group's accounting policies as described in the annual consolidated financial statements of the Group for the year ended 30 June 2019. 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.

25.3 Revenue from major products and services

The analysis of the Group's revenue from external customers for major products and services is given in note 18 to these condensed interim consolidated financial statements.

25.4 Information about major customers

Revenue from major customers (Government related concern) of Steel segment represents an aggregate amount of Rs. 280.300 million (31 December 2018: Rs. 1,817.965 million) of total Steel segment revenue of Rs. 356.859 million (31 December 2018: Rs. 2,058.656 million). Revenue from major customers of Cotton segment represents an aggregate amount of Rs. 140.188 million (31 December 2018: Rs. 101.558 million) of total Cotton segment revenue of Rs. 801.606 million (31 December 2018: Rs. 814.852 million). Revenue from major customers of Energy segment represents an aggregate amount of Rs. 71.885 million (31 December 2018: Rs. Nil) of total Energy segment revenue of Rs. 93.125 million (31 December 2018: Rs. 128.095 million). Revenue from major customers of Hadeed (Billet) segment represents an aggregate amount of Rs. 212.411 million (31 December 2018: Rs. Nil) of total Hadeed (Billet) segment revenue of Rs. 238.933 million (31 December 2018: Rs. 1,324.807 million).

25.5 Geographical information

25.5.1 All revenues from external customers and inter-segment sales were generated in Pakistan.

25.5.2 All non-current assets of the Group as at 31 December 2019 and 30 June 2019 were located and operating in Pakistan.

25.6 Segment assets and liabilities

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

	Steel segment	Cotton segment	IID segment	Energy segment	Hadeed (Billet) segment	Total
	(Rupees in '000)					
As at 31 December 2019 - Unaudited						
Segment assets for reportable segments	1,384,601	390,081	1,201,811	847,925	1,342,078	5,166,496
Investment in equity accounted investees	-	-	3,322,356	-	-	3,322,356
Unallocated corporate assets						1,885,526
Total assets as per consolidated statement of financial position						10,374,378
Segment liabilities for reportable segments	635,437	215,630	37,044	117,680	164,348	1,170,139
Unallocated corporate liabilities and deferred income						1,996,135
Total liabilities as per consolidated statement of financial position						3,166,274
As at 30 June 2019 - Audited						
Segment assets for reportable segments	1,826,902	430,823	1,169,324	878,184	1,218,378	5,523,611
Investment in equity accounted investees	-	-	2,988,879	278,027	-	3,266,906
Unallocated corporate assets						1,210,395
Total assets as per consolidated statement of financial position						10,000,912
Segment liabilities for reportable segments	570,025	106,822	66,702	118,522	140,995	1,003,066
Unallocated corporate liabilities and deferred income						2,041,764
Total liabilities as per consolidated statement of financial position						3,044,830

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

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

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

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

25.7 Other segment information

	Unaudited					
	Steel segment (Restated)	Cotton segment	IID segment	Energy segment	Hadeed (Billet) segment (Restated)	Total
	(Rupees in '000)					
For the six months ended 31 December 2019						
Capital expenditure	1,602	-	-	-	-	1,602
Depreciation and amortization	39,724	15,638	2,614	26,758	30,270	115,004
Non-cash items other than depreciation and amortization	105,592	16,603	(318,662)	74	8,859	(187,534)
For the six months ended 31 December 2018						
Capital expenditure	36,224	2,520	(3,198)	2,322	(1,467)	36,401
Depreciation and amortization	-	16,025	2,157	30,419	28,428	77,029
Non-cash items other than depreciation and amortization	93,144	3,917	(198,440)	(803)	41,374	(60,808)

26. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associates, directors, companies where directors also hold directorship, related group companies, key management personnel and staff retirement benefit funds. All transactions with parties are under agreed terms / contractual arrangements. Transactions between the Holding Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

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

Name of entity	Nature of relationship	Nature of transaction	Unaudited	
			Six months ended	
			31 December 2019	31 December 2018
			----- (Rupees in '000) -----	
Altern Energy Limited	Associated company	Dividend received	181,991	-
Shakarganj Limited	Associated company	Dividend paid	-	180
		Sale of finished goods	72,994	-
		Services received	884	-
		Reimbursable expenses	739	742
		Purchase of Raw Material	71,885	-
The Crescent Textile Mills Limited	Associated company	Dividend received	271	-
		Payment received	36,385	-
		Sales return	301	-
		Sales of finished goods	34,696	-
The Citizens' Foundation *	Related party	Donation given	133	-
Muhammad Amin Muhammad Bashir Limited *	Related party	Dividend paid	-	1
Premier Insurance Limited *	Related party	Insurance premium	4,428	7,635
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Contribution made	2,131	-
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Contribution made	3,199	-
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Contribution made	8,318	8,652
		Dividend paid	-	68
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Contribution made	8,641	10,790
		Dividend paid	-	199
CSAP- Staff Benevolent Fund	Staff Welfare Fund	Dividend paid	-	36
Key management personnel	Related parties	Remuneration and benefits	47,995	56,966
		Dividend paid	-	605
Directors and their spouse	Related parties	Dividend paid	-	127
		Meeting fee	1,445	1,165

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

- 26.1 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.
- 26.2 Contributions to the employee retirement benefit funds are made in accordance with the terms of employee retirement benefit schemes and actuarial advice.
- 26.3 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including directors of the Group. There were no transactions with the key management personnel during the period other than their terms of employment / entitlements.

27. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in annual consolidated financial statement of the Group as at and for the year ended 30 June 2019.

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. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

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

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

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

31 December 2019 (Unaudited)								
Carrying amount					Fair value			
Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	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								
Investment								
- Listed equity securities	430,157	155,204	-	585,361	585,361	-	-	585,361
- Unlisted equity securities	557,466	-	-	557,466	-	-	557,466	557,466
	987,623	155,204	-	1,142,827	585,361	-	557,466	1,142,827
Financial assets not measured at fair value								
Investments								
- equity	-	-	-	-	-	-	-	-
Investment in debt security	-	14,510	-	14,510	-	-	-	-
Deposits	-	299,894	-	299,894	-	-	-	-
Trade debts	-	98,011	-	98,011	-	-	-	-
Other receivables	-	18,907	-	18,907	-	-	-	-
Bank balances	-	15,903	-	15,903	-	-	-	-
	-	447,225	-	447,225	-	-	-	-
Financial liabilities not measured at fair value								
Long term loans								
	-	-	222,599	222,599	-	-	-	-
Liabilities against assets subject to finance lease								
	-	-	132,226	132,226	-	-	-	-
Trade and other payables								
	-	-	677,619	677,619	-	-	-	-
Mark-up accrued								
	-	-	53,750	53,750	-	-	-	-
Short term borrowings								
	-	-	1,563,611	1,563,611	-	-	-	-
	-	-	2,649,805	2,649,805	-	-	-	-
30 June 2019 (Audited)								
Carrying amount					Fair value			
Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	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								
Investment								
- Listed equity securities	404,787	138,867	-	543,654	543,654	-	-	543,654
- Unlisted equity securities	557,466	-	-	557,466	-	-	557,466	557,466
	962,253	138,867	-	1,101,120	543,654	-	557,466	1,101,120
Financial assets not measured at fair value								
Deposits								
	-	275,886	-	275,886	-	-	-	-
Trade debts								
	-	96,432	-	96,432	-	-	-	-
Other receivables								
	-	24,445	-	24,445	-	-	-	-
Bank balances								
	-	29,620	-	29,620	-	-	-	-
	-	426,383	-	426,383	-	-	-	-
Financial liabilities not measured at fair value								
Long term loan								
	-	-	287,546	287,546	-	-	-	-
Liabilities against assets subject to finance lease								
	-	-	154,296	154,296	-	-	-	-
Trade and other payable								
	-	-	442,204	442,204	-	-	-	-
Unclaimed dividend								
	-	-	26,525	26,525	-	-	-	-
Mark-up accrued								
	-	-	43,864	43,864	-	-	-	-
Short term borrowings								
	-	-	1,638,092	1,638,092	-	-	-	-
	-	-	2,592,527	2,592,527	-	-	-	-

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

The fair value of listed securities were taken from rates quoted on Pakistan Stock Exchange and classified under level 1 in fair value hierarchy.

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

27.1 Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair values at 31 December 2019 for unquoted equity investment measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

Name of investee company	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
- Central Depository Company of Pakistan Limited	- Net Asset Method: This valuation Method considers Net Asset value divided by ordinary number of shares	- Net assets of the investee company	The estimated fair value would increase / (decrease) if: - The net assets of the investee company were higher / (lower).

27.2 Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values

	(Rs. in '000)
Balance at 01 July 2019	
- Central Depository Company of Pakistan Limited	124,401
Fair value recognized during the year	
- Central Depository Company of Pakistan Limited	7,482
Balance at 31 December 2019	
- Central Depository Company of Pakistan Limited	<u>131,883</u>

Sensitivity Analysis

For the fair value of unquoted equity investment, reasonably possible changes at 31 December 2019 to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

	Profit or loss	
	Increase	Decrease
	---- Rs. in '000 ----	
Central Depository Company of Pakistan Limited		
- Net assets (10% movement)	<u>13,188</u>	<u>(13,188)</u>

28. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim consolidated financial statements was authorized for issue in the Board of Directors meeting held on 06 February 2020.



Chief Executive



Chairman



Chief Financial Officer