

Condensed Interim Report for the six months period ended December 2006



Crescent Steel &  
Allied Products Ltd.



Crescent Steel &  
Allied Products Ltd.

## COMPANY INFORMATION

### BOARD OF DIRECTORS

<i>Chairman</i>	Mazhar Karim
<i>Chief Executive</i>	Ahsan M. Saleem
<i>Non-Executive Director</i>	Javed A. Callea
<i>Non-Executive Director</i>	Javed Iqbal
<i>Non-Executive Director</i>	Mohammad Anwar
<i>Non-Executive Director</i>	Nasir Shafi
<i>Finance Director &amp; CFO</i>	S.M. Ehtishamullah
<i>Non-Executive Director</i>	Zahid Bashir

<u>COMPANY SECRETARY</u>	Mohammad Amin
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### AUDIT COMMITTEE

<i>Chairman</i>	Javed A. Callea Javed Iqbal Nasir Shafi
<i>Head of Internal Audit</i>	Ford, Rhodes, Sidat Hyder & Co. (Sharjeel Jamil Ahmed-Engagement Partner)

### HUMAN RESOURCE COMMITTEE

<i>Chairman</i>	Ahsan M. Saleem Javed Iqbal Nasir Shafi
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### EXECUTIVE COMMITTEE

<i>Chairman</i>	Ahsan M. Saleem S.M. Ehtishamullah S.A.N. Kazmi
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### BUSINESS STRATEGY COMMITTEE

<i>Chairman</i>	Ahsan M. Saleem S.M. Ehtishamullah S.A.N. Kazmi Abdul Rouf
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### SYSTEM AND TECHNOLOGY COMMITTEE

<i>Chairman</i>	Ahsan M. Saleem Shahid H. Mir Shakeel Akhtar
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### INVESTMENT COMMITTEE

<i>Chairman</i>	Ahsan M. Saleem S.M. Ehtishamullah Mohammad Yamin
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### THE MANAGEMENT

Chief Executive and  
Managing Director  
Ahsan M. Saleem, 53  
1983\*

Advisor to CEO (Technical)  
Mohammad Sharif, 74  
1984\*

Advisor (Corporate)  
Dr. Wasim Azhar, 53  
2001\*

Finance Director & CFO  
S.M. Ehtishamullah, 67  
1996\*

Commercial Director /  
Head of Buying  
S.A.N. Kazmi, 64  
1986\*

Sr. General Manager  
Cotton Division  
Abdul Rouf, 47  
2000\*

Chief Information Officer  
Shakeel Akhtar, 42  
2006\*

Head of Marketing  
Arif Raza, 45  
1985\*

Head of Manufacturing  
Mushtaque Ahmed, 45  
1985\*

\* Year joined Company



## CHIEF EXECUTIVE'S REVIEW

Dear Shareholders,

I am pleased to present the results of your company for the six months ended 31 December 2006. These results were subject to a limited scope review by the auditors KPMG Taseer Hadi & Co. and their review report is attached to the financial statements.

In the ensuing paragraphs operating performance of divisions is set out separately.

### STEEL DIVISION

Revenue of the steel division stood at Rs. 694.7 million compared to Rs. 199.9 million in HY06 with the gross profit margin increasing from 13.7% to 22.1%. This increase was due to a healthier order book with reasonable margins in these six months as against corresponding period last year. It may be mentioned that if some of the projected jobs of gas companies which were deferred, had materialized, the results would have been better.

Pipe production at straight tonnage for HY07 was 10,574 tons as compared to 6,540 tons during the same period last year. Coating volume of 196,131 square metres during HY07 as compared to 60,082 square metres during HY06, was mainly due to extending the range of coating to smaller diameters through plant improvements opening new avenue of business. During the period under review the capacity utilization increased to 86.4% and 65% of pipe and coating plant respectively as compared to 48.5% and 20% in HY06.

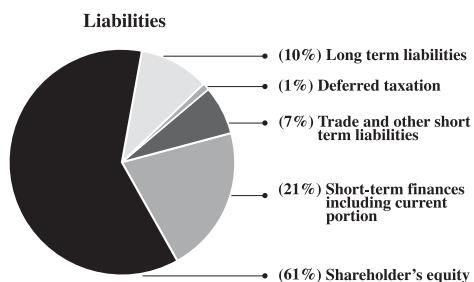
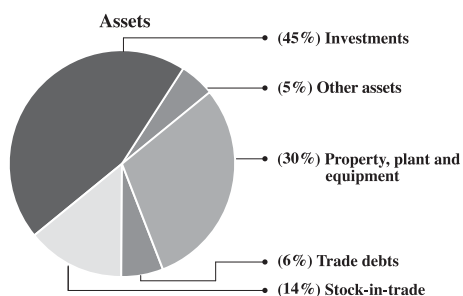
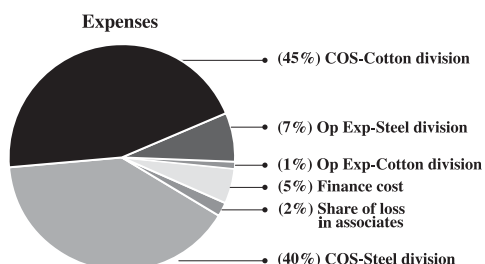
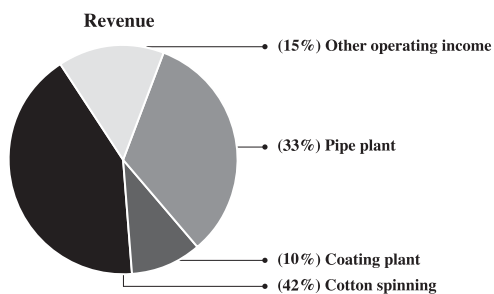
Operating expenses stood at Rs. 95.4 million for the current six months as compared to Rs. 44.9 million in the corresponding period mainly due to increased operational activities, donation of Rs. 6.7 million, placement expenses for the right issue of Rs. 13.4 million, unrealised loss on held for trading investment of Rs.10.2 million, and provision for impairment of investment Rs. 10.0 million.

Operating profit increased by 34.2% from Rs. 222.4 million to Rs. 298.4 million in current six months, mainly due to increase in sales volume and gross margin.

### INVESTMENTS

During these six months the market witnessed some volatility. However KSE-100 index remained more or less flat starting the period at 9,989 points and closing at 10,041 points, a gain of just 0.5% on an average basis. Other operating income of Rs.241.5 million including realized capital gain of Rs.105 million was maintained at the same level as in the last period.

Total investments appearing in long term and short term classification aggregated to Rs.1,011.4 million and Rs.974.4 million on 31 December 2006 as compared to Rs. 485.2 million and Rs.827.3 million respectively, as at 30 June 2006. The increase was mainly due to additional investment in Altern Energy Limited (AEL). It is pertinent to mention that AEL is no longer an "associated company" due to restructuring in the corporate holding of that company.



## CHIEF EXECUTIVE'S REVIEW

During the period under review the company has entered into an investment advisory agreement (the agreement) with BMA Capital Management Limited (Investment Advisor-IA) with an initial investment amounting to Rs. 60 million. The agreement sets out the framework for investment decisions taken by IA in prescribed securities in consultation and periodic discussions with company's investment committee.

It may also be mentioned that subsequent to 31 December 2006, due to restructuring of Crescent Group's holding in Crescent Commercial Bank Limited and Crescent Leasing Corporation Limited, these two companies will cease to be associated companies of Crescent Steel and Allied Products Limited.

### COTTON DIVISION

Sales revenue in the cotton division increased substantially from Rs. 311.6 million in HY06 to Rs. 673.4 million in current six months mainly due to full production of the second spinning mill (Unit-II). Despite increase in cotton prices, the gross profit margin improved from 4.5% to 8.2% in current six months mainly due to better yarn prices particularly in higher counts.

Financial charges in the cotton division increased from Rs. 10.6 million to Rs. 47.1 million in current six months due to a long term loan used for financing Unit II and utilization of short term finance to support increased operational activity. In addition a regular upward trend in interest rates further aggravated the situation.

However the cotton division reported a net profit of Rs. 1.4 million as compared to the loss of Rs. 15.1 million in corresponding period of last year.

### TOTAL PROFIT

The above mentioned factors resulted in a net profit before tax of Rs. 255.6 million in current six months as compared to Rs.199.3 million in HY06, an increase of Rs. 56.3 million. After provision for tax of Rs. 43.2 million (HY06: reversal of provision for tax Rs. 5.6 million) the net profit after tax amounted to Rs.212.4 million as against Rs. 204.9 million in corresponding period of last year. Basic earning per share decreased from Rs. 5.81 in HY06 to Rs. 4.81 in HY07 as the average number of shares was higher due to right issue during the current period.

### BALANCE SHEET

The Company completed the right issue of Rs. 466.6 million in September 2006 which would strengthen its balance sheet and reduce the gearing. Balance sheet footing has increased to Rs.4,397.9 million as at 31 December 2006 with a debt equity ratio of 15:85 and current ratio of 1.7: 1. Return on capital employed and return on equity is 5.3% and 7.9% respectively. Break up value of shares has marginally decreased to Rs. 57.3 from Rs. 58.2 at 30 June 2006 due to issue of 11.7 million right shares in the current six months.

### DIVIDEND

The Board in their meeting on 12 February 2007 has decided to pay an interim dividend of 10%

i.e. Rupee one per share.

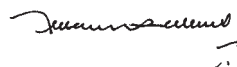
### CORPORATE REPORTING

Shareholders would be happy to learn that the Company has also achieved multiple credentials for high corporate reporting standards. Our Annual Report 2005 received 1<sup>st</sup> position in engineering sector of ICAP Best Corporate Report Award-2005 and was among five companies who received SAFA Best Presented Report Award-2005 in manufacturing sector. In addition we were among 25 companies who were given Top 25 Companies Award 2005 by Karachi Stock Exchange.

### FUTURE OUTLOOK

The business volumes in steel division are expected to improve in the remaining six months compared to the current six months as some large orders are in the pipe line.

In the cotton division it is expected that some what lower cotton cost will have beneficial effect, however, the overall yarn prices are under pressure, more so, for the lower counts. Therefore the operations of both units will require closer monitoring and achieving the desired result in the coming quarters, may be difficult.



Ahsan M. Saleem  
Chief Executive Officer  
12 February 2007



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

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## Review Report to the Members

We have reviewed the annexed condensed interim balance sheet of **Crescent Steel and Allied Products Limited** as at 31 December 2006 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the “condensed interim financial statements”) for the six months period then ended. These condensed interim financial statements are the responsibility of the Company’s management. Our responsibility is to issue a report on these condensed interim financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the condensed interim financial statements are free of material misstatement. A review is limited primarily to inquiries of Company’s personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

The figures of condensed interim profit and loss account for the quarters ended 31 December 2005 and 2006 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 31 December 2006.

**12 February 2007**  
**Karachi**

**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**

# CONDENSED INTERIM BALANCE SHEET (UNAUDITED)

As at 31 December 2006

	Note	31 December 2006	30 June 2006 (Audited)
		(Rupees in '000)	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	1,326,265	1,339,589
Intangible assets		892	1,106
Long-term investments	7	1,011,361	485,191
Long-term deposits and prepayments		4,800	5,748
<b>Current assets</b>			
Stores, spares and loose tools		41,989	36,342
Stock-in-trade	8	621,695	468,519
Trade debts		247,831	75,147
Advances		52,773	221,325
Trade deposits and short-term prepayments		4,981	2,804
Current portion of long-term investments		10	10
Investments	9	974,412	827,350
Mark-up accrued		3,662	8,780
Other receivables	10	72,841	210,342
Taxation - net		18,929	16,738
Cash and bank balances	11	15,499	15,758
		2,054,622	1,883,115
		4,397,940	3,714,749
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised capital			
100,000,000 ordinary shares of Rs 10 each		1,000,000	1,000,000
Issued, subscribed and paid-up capital	12	466,612	349,959
Share premium		349,959	
Reserves		1,615,550	1,237,322
Unappropriated profit		241,854	450,417
		2,673,975	2,037,698
<b>Non-current liabilities</b>			
Long-term loan	13	336,472	392,591
Redeemable capital	14	110,702	147,753
Liabilities against assets subject to finance leases		3,346	7,970
Deferred taxation		44,077	1,635
<b>Current liabilities</b>			
Trade and other payables		303,625	229,887
Interest and mark-up accrued		20,266	20,272
Short-term borrowings	15	713,722	739,374
Current portion of long-term loan		112,500	56,250
Current portion of redeemable capital		75,000	75,000
Current portion of liabilities against assets subject to finance leases		4,255	6,319
		1,229,368	1,127,102
Contingencies and commitments	16		
		4,397,940	3,714,749

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

  
Chairman

  
Chief Executive



Crescent Steel &  
Allied Products Ltd.

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)

	Note	Six months period ended 31 December 2006			Six months period ended 31 December 2005		
		Steel division	Cotton division	Total	Steel division	Cotton division	Total
(Rupees in '000)							
Sales	17	694,740	673,421	1,368,161	199,949	311,588	511,537
Cost of sales		541,513	618,128	1,159,641	172,663	297,499	470,162
Gross profit		153,227	55,293	208,520	27,286	14,089	41,375
Distribution and selling expenses		3,410	2,734	6,144	3,920	2,447	6,367
Administrative expenses	18	61,085	4,837	65,922	30,842	7,584	38,426
Other operating expenses		30,948	129	31,077	10,094	9,655	19,749
		95,443	7,700	103,143	44,856	19,686	64,542
Other operating income	19	240,566	911	241,477	239,982	1,112	241,094
Operating profit / (loss)		298,350	48,504	346,854	222,412	(4,485)	217,927
Finance cost	20	17,998	47,076	65,074	7,683	10,625	18,308
Share of loss in associates		26,187	-	26,187	362	-	362
Profit / (loss) before taxation		254,165	1,428	255,593	214,367	(15,110)	199,257
Taxation - current				(1,277)			(3,165)
- prior				563			(2,843)
- deferred				(42,442)			11,626
Profit for the period				(43,156)			5,618
				212,437			204,875
Basic and diluted earnings per share	21			Rs. 4.81			Rs. 5.81

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

**Chairman**

**Chief Executive**

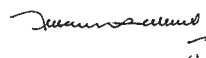
## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)

	Quarter ended 31 December 2006			Quarter ended 31 December 2005		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
(Rupees in '000)						
Sales	372,519	312,111	684,630	99,305	174,216	273,521
Cost of sales	297,580	297,709	595,289	88,657	169,492	258,149
Gross profit	74,939	14,402	89,341	10,648	4,724	15,372
Distribution and selling expenses	2,594	1,273	3,867	2,400	1,851	4,251
Administrative expenses	28,080	655	28,735	16,287	4,414	20,701
Other operating expenses	30,521	67	30,588	10,094	7,175	17,269
	61,195	1,995	63,190	28,781	13,440	42,221
Other operating income	126,911	425	127,336	117,421	1,058	118,479
Operating profit / (loss)	140,655	12,832	153,487	99,288	(7,658)	91,630
Finance cost	7,722	26,228	33,950	1,339	7,770	9,109
Share of loss in associates	33,015	-	33,015	362	-	362
Profit / (loss) before taxation	99,918	(13,396)	86,522	97,587	(15,428)	82,159
Taxation - current			(401)			1,182
- prior			563			(2,843)
- deferred			(42,442)			12,026
Profit for the period			44,242			10,365
						92,524
Basic and diluted earnings per share			<b>Rs. 0.95</b>			<b>Rs.2.62</b>

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.



**Chairman**



**Chief Executive**



Crescent Steel &  
Allied Products Ltd.

## CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

	Note	2006 (Rupees in '000)	2005
<b>Cash flows from operating activities</b>			
Cash generated from operations	22	42,907	72,737
Taxes paid		(2,905)	(1,748)
Financial charges paid		(65,080)	(21,681)
Contributions to pension and gratuity fund		(2,929)	(2,204)
Decrease in long-term deposits and prepayments		948	369
Net cash (used in) / generated from operating activities		(27,059)	47,473
<b>Cash flow from investing activities</b>			
Capital expenditure		(52,302)	(677,103)
Purchase of intangible assets		(184)	(609)
Investments – net		(473,723)	(237,926)
Proceeds from sale of property, plant and equipment		117,838	1,412
Dividends received		33,997	44,505
Interest received		5,027	2,461
Net cash (used in) investing activities		(369,347)	(867,260)
<b>Cash flows from financing activities</b>			
(Payment) / receipts against short-term loans		(70,000)	380,000
Receipt against right shares issues		466,612	-
Repayment of redeemable capital		(37,500)	(37,500)
Receipt of long-term loan		-	450,000
Repayment of liabilities against assets subject to finance leases		(6,688)	(9,062)
Dividends paid		(625)	(33,196)
Net cash from financing activities		351,799	750,242
Net decrease in cash and cash equivalents		(44,607)	(69,545)
Cash and cash equivalents at beginning of the period		(153,616)	30,878
Cash and cash equivalents at end of the period	23	(198,223)	(38,667)

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

  
Chairman

  
Chief Executive

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Issued, subscribed and paid-up capital	Share Premium	Reserves			Unappro- priated profit	Total
			General reserve	Unrealized gains on remeasurement of available-for- sale investment securities (Rupees in '000)	Others*		
<b>Balance as at 1 July 2005 as reported in the financial statements of 30 June 2006</b>	243,027	-	921,000	173,748	200,724	322,033	1,860,532
<b>Changes in equity for the six months period ended 31 December 2005</b>							
Unrealized gain on remeasurement of available-for-sale investment securities	-	-	-	51,859	-	-	51,859
Realized gain on disposal of available-for-sale investment securities	-	-	-	(37,856)	-	-	(37,856)
Profit for the period	-	-	-	-	-	204,875	204,875
Total recognised income and expense for the period	-	-	-	14,003	-	204,875	218,878
Issuance of bonus shares 2005 (20%)	48,605	-	-	-	-	(48,605)	-
Dividend final 2005 (10%)	-	-	-	-	-	(24,303)	(24,303)
<b>Balance as at 31 December 2005</b>	<b>291,632</b>	<b>-</b>	<b>921,000</b>	<b>187,751</b>	<b>200,724</b>	<b>454,000</b>	<b>2,055,107</b>
<b>Balance as at 1 July 2006</b>	<b>349,959</b>	<b>-</b>	<b>921,000</b>	<b>105,980</b>	<b>210,342</b>	<b>450,417</b>	<b>2,037,698</b>
<b>Changes in equity for the six months period ended 31 December 2006</b>							
Unrealized gain on remeasurement of available-for-sale investment securities	-	-	-	(26,863)	-	-	(26,863)
Realized gain on disposal of available- for-sale investment securities	-	-	-	(24,592)	-	-	(24,592)
Unrealized gain on remeasurement of available-for-sale investment securities held by associates	-	-	-	-	8,683	-	8,683
Profit for the period	-	-	-	-	-	212,437	212,437
Total recognised income and expense for the period	-	-	-	(51,455)	8,683	212,437	169,665
Issuance of right shares	116,653	349,959	-	-	-	-	466,612
Transfer to general reserve	-	-	421,000	-	-	(421,000)	-
<b>Balance as at 31 December 2006</b>	<b>466,612</b>	<b>349,959</b>	<b>1,342,000</b>	<b>54,525</b>	<b>219,025</b>	<b>241,854</b>	<b>2,673,975</b>

\* This represents Company's share in various reserves maintained by the associates.  
The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

  
Chairman

  
Chief Executive



# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31 December 2006

## 1. LEGAL STATUS AND OPERATIONS

- 1.1 Crescent Steel and Allied Products Limited (the Company) was incorporated on 1 August 1983 as a public limited company under the provisions of Companies Ordinance, 1984 and is quoted on all stock exchanges of Pakistan. It is one of the down stream industries of Pakistan Steel Mills, manufacturing large diameter spiral arc welded steel line pipes at Nooriabad (District Jamshoro) (the steel division). The Company has a coating facility capable of applying three layer high density polyethylene coating on steel line pipes. The coating plant commenced commercial production from 16 November 1992.
- 1.2 The Company acquired a running spinning unit of 14,400 spindles (now 19,680 spindles) at Jaranwala (District Faisalabad) on 30 June 2000 from Crescent Jute Products Limited. Another spinning unit CCP-II has been added with 25,344 spindles in June 2006. The cotton spinning activity is carried out by the Company under the name and title of "Crescent Cotton Products - a division of Crescent Steel and Allied Products Limited" (the cotton division).
- 1.3 The activities of the Company have been grouped into two segments of related products. The steel division comprises manufacturing and coating of steel pipes whereas the cotton division is involved in yarn manufacturing activity. The steel division charges certain percentage of the common administrative expenditure to the cotton division. In addition, the funds utilized by inter division are charged at mark-up rate of 1 months KIBOR + 2 percent per annum (30 June 2006: 9 percent per annum) subject to financial charges incurred by the steel division.

## 2. BASIS OF PREPARATION

These condensed interim financial statements are un-audited but subject to limited scope review by the auditors and have been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting" as applicable in Pakistan. These condensed interim financial statements do not include all of the information required for full financial statements and should be read in conjunction with the financial statements of the Company for the year ended 30 June 2006.

The comparative balance sheet presented in these financial statements as at 30 June 2006 has been extracted from the audited financial statements of the Company for the year ended 30 June 2006, whereas the comparative profit and loss account, statement of changes in equity and cash flow statement are stated from the unaudited condensed interim financial statements for the six months period ended 31 December 2005.

These condensed interim financial statements have been presented in Pakistan Rupees, which is the functional currency of the Company.

These condensed interim financial statements are being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied for the preparation of these condensed interim financial statements are the same as those applied in preparation of the annual audited financial statements of the Company for the year ended 30 June 2006.

## 4. ESTIMATES

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation of uncertainty were the same as those that were applied to the financial statements for the year ended 30 June 2006.

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31 December 2006

## 5. RISK MANAGEMENT POLICIES

Risk management policies are consistent with those disclosed in the financial statements for the year ended 30 June 2006.

## 6. PROPERTY, PLANT AND EQUIPMENT

		Six months period ended 31 December 2006		Six months period ended 31 December 2005	
		Additions	Disposals	Additions	Disposals
(Rupees in '000)					
Plant and machinery	6.1	29,068	-	7,648	-
Land	6.2	8,336	-	3,789	-
Building	6.3	148,584	-	386	-
Furniture and fixtures		280	-	301	-
Office and other equipment		655	-	573	-
Electrical installation		1,762	-	400	-
Computers		51	-	389	845
Vehicles	6.4	16,990	1,334	3,657	2,323
		<u>205,726</u>	<u>1,334</u>	<u>17,143</u>	<u>3,168</u>

6.1 This includes items of plant and machinery amounting to Rs. 17.12 million transferred from capital work-in-progress.

6.2 This represents land amounting to Rs.8.3 million of 1.976 acres (71,150 square feet) provisionally allotted to the Company in Woven Garment Zone Value Addition City by Faisalabad Industrial Estate Development Management Company (FIEDMC), which is owned by the Government of Punjab. Final sale deed execution in Company's name is subject to certain conditions which include installation of industrial unit and obtaining completion certificate from FIEDMC.

6.3 This represents building on leasehold land in cotton division transferred from capital work-in-progress.

6.4 Motor vehicles amounting to Rs. 11.94 million (2005: nil) have been transferred from assets subject to finance lease to own assets.

6.5 The Company had acquired freehold land from Crescent Jute Products Limited, an associated undertaking amounting to Rs. 45.05 million. Transfer of legal title of the freehold land in the name of the Company is in process.

6.6 Capital work-in-progress includes cost of an apartment in Creek Marina Project which is in process of construction. The allotment documents of apartment in Company's name are also in process.

## 7. LONG TERM INVESTMENTS

		31 December 2006			30 June 2006		
		Steel division	Cotton division	Total	Steel division	Cotton division	Total
(Rupees in '000)							
<b>Related parties</b>							
Associated companies	7.1 & 7.2	954,560	-	954,560	428,386	-	428,386
Held-to-maturity		29,994	-	29,994	29,994	-	29,994
Available-for-sale	7.4	-	-	-	-	-	-
<b>Others</b>							
Held-to-maturity		26,807	-	26,807	26,811	-	26,811
		<u>1,011,361</u>	<u>-</u>	<u>1,011,361</u>	<u>485,191</u>	<u>-</u>	<u>485,191</u>

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31 December 2006

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

31 December 2006 (Number of shares)	30 June 2006	Name of investee company	31 December 2006 (Rupees in '000)	30 June 2006
<b>Quoted</b>				
60,475,416	10,423,875	Altern Energy Limited (Chief Executive Officer – Shiekh Muhammad Iqbal)	601,016	96,603
9,003,956	9,003,956	Crescent Commercial Bank Limited (Chief Executive Officer – Mr. Shehzad Naqvi)	28,543	28,073
983,487	983,487	Crescent Leasing Corporation Limited (Chief Executive Officer – Mr. Javed Aslam Callea)	11,599	13,837
4,676,082	3,881,081	Shakarganj Mills Limited (Chief Executive Officer – Mr. Ahsan M. Saleem)	283,517	259,169
			<u>924,675</u>	<u>397,682</u>
<b>Unquoted</b>				
352,625	227,500	Central Depository Company of Pakistan Limited (Chief Executive Officer – Mr. Mohammad Hanif Jakhura)	29,885	30,704
			<u>954,560</u>	<u>428,386</u>

7.1.1 The above figures are based on financial statements of these companies upto the period ended 30 September 2006.

7.2 The fair value of the investments in associates as at 31 December 2006 is Rs. 814.12 million (June 2006: Rs. 289.69 million).

7.3 During the period the Company sold 9,070,258 shares of Altern Energy Limited (AEL) to Descon Engineering Limited through an agreement dated 28 August 2006. This resulted in change in Company's shareholding in AEL from 47.17% to 6.12%. Subsequently, the Company acquired 23,158,312 shares through part subscription to the right issue offered by AEL, 20,681,269 shares from other shareholders of AEL and 15,282,218 shares through underwriting arrangement. As a result of these transactions the shareholding of the Company increased from 6.12% to 17.65%. However, for the purposes of equity accounting as required under IAS – 28 "Investment in Associates" it has been treated as associate.

7.4 This represents investments in Crescent Bahuman Limited, Crescent Industrial Chemicals Limited and Crescent Continental Gas Pipelines Limited which have been carried at carrying values of Rs. nil for reasons specified in financial statements for the year ended 30 June 2006.

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31 December 2006

## 8. STOCK-IN-TRADE

		31 December 2006			30 June 2006		
		Steel division	Cotton division	Total	Steel division	Cotton division	Total
		(Rupees in '000)					
Raw material	8.1	88,381	396,158	484,539	212,308	178,665	390,973
Work-in-process		121	8,833	8,954	3,545	6,745	10,290
Finished goods		94,496	31,613	126,109	39,639	26,686	66,325
Scrap / cotton waste		1,323	1,303	2,626	280	1,184	1,464
		<b>184,321</b>	<b>437,907</b>	<b>622,228</b>	<b>255,772</b>	<b>213,280</b>	<b>469,052</b>
Provisions		(476)	(57)	(533)	(476)	(57)	(533)
		<b>183,845</b>	<b>437,850</b>	<b>621,695</b>	<b>255,296</b>	<b>213,223</b>	<b>468,519</b>

- 8.1 The Company's cotton division is subject to seasonal fluctuations as a result of harvesting season of cotton crops during December quarter. The Company attempts to minimize the seasonal impact through the management of inventories to meet production requirement till the next season.

## 9. INVESTMENTS

		31 December 2006			30 June 2006		
		Steel division	Cotton division	Total	Steel division	Cotton division	Total
		(Rupees in '000)					
<b>Related parties</b>							
Held-to-maturity	9.1	75,313	-	75,313	85,313	-	85,313
Available-for-sale		38,116	-	38,116	23,562	-	23,562
Held-for-trading		10,372	-	10,372	7,769	-	7,769
<b>Others</b>							
Available-for-sale		196,462	-	196,462	287,447	-	287,447
Held-for-trading	9.2	654,149	-	654,149	423,259	-	423,259
		<b>974,412</b>	<b>-</b>	<b>974,412</b>	<b>827,350</b>	<b>-</b>	<b>827,350</b>

- 9.1 This represents investment under Musharika arrangement with Crescent Standard Modaraba on profit and loss sharing basis. During the period, the Company made a provision for impairment amounting to Rs.10 million against this investment.

- 9.2 These include securities held with the Investment Advisor of the Company. During the period the Company entered into an investment advisory agreement (the agreement) with BMA Capital Management Limited (Investment Advisor - IA) with an initial investment amounting to Rs. 60 million. The agreement sets out the framework for investment decisions taken by IA in prescribed securities in consultation with the Company's investment committee. Carrying amount of such investments aggregate to Rs. 51.45 million as on 31 December 2006 (30 June 2006: Rs. Nil).

- 9.3 The investments having an aggregate market value of Rs. 500.86 million (30 June 2006: Rs. 69.19 million) have been pledged with financial institutions as security against financial facilities (note-15).

## 10. OTHER RECEIVABLE

- 10.1 This includes dividend receivable amounting to Rs. 0.21 million on investments made by the investment advisor (note-9.2).

## 11. CASH AND BANK BALANCES

- 11.1 This includes an amount of Rs. 4.15 million which is held by the investment advisor of the Company (note-9.2).

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31 December 2006

### 12. ISSUED, SUBSCRIBED AND PAID-UP-CAPITAL

31 December 2006	30 June 2006		31 December 2006	30 June 2006
(Number of shares)			(Rupees in '000)	
22,230,188	10,564,900	Ordinary shares of Rs. 10 each fully paid in cash	12.1 222,302	105,649
24,430,964	24,430,964	Ordinary shares of Rs.10 each fully issued as bonus shares	<u>244,310</u>	<u>244,310</u>
<u>46,661,152</u>	<u>34,995,864</u>		<u>466,612</u>	<u>349,959</u>

12.1 During the period, the Company issued 11,665,288 ordinary shares of Rs. 10 each (one new share for three outstanding shares) at a premium of Rs. 30 per share.

### 13. LONG-TERM LOAN

	31 December 2006			30 June 2006		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
	(Rupees in '000)					
Allied Bank Limited						
Opening balance	-	448,841	448,841	-	450,000	450,000
Initial transaction cost	-	-	-	-	(1,313)	(1,313)
Amortization of initial transaction cost	-	131	131	-	154	154
	-	448,972	448,972	-	448,841	448,841
Less: Current portion	-	112,500	112,500	-	56,250	56,250
	-	336,472	336,472	-	392,591	392,591

### 14. REDEEMABLE CAPITAL - secured (non-participatory)

	31 December 2006	30 June 2006
	(Rupees in '000)	
Term Finance Certificates (TFCs):		
Balance at beginning of period / year	222,753	221,854
Transaction cost amortised	449	899
Redemption	(37,500)	-
	<u>185,702</u>	<u>222,753</u>
Less: Current portion	75,000	75,000
Balance at the end of period / year	<u>110,702</u>	<u>147,753</u>

**NOTES TO THE CONDENSED INTERIM  
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For the six months period ended 31 December 2006

**15. SHORT-TERM BORROWINGS**

		<u>31 December 2006</u>			<u>30 June 2006</u>		
		<u>Steel</u>	<u>Cotton</u>	<u>Total</u>	<u>Steel</u>	<u>Cotton</u>	<u>Total</u>
		<u>division</u>	<u>division</u>				<u>division</u>
		<u>(Rupees in '000)</u>					
<b>Secured From Banking Companies</b>							
Running finance under mark-up arrangement							
Union Bank Limited	15.1	<b>64,020</b>	<b>5,278</b>	<b>69,298</b>	80,331	9,589	89,920
MCB Bank Limited	15.2	<b>144,424</b>	-	<b>144,424</b>	49,642	-	49,642
Allied Bank Limited	15.3	-	-	-	29,812	-	29,812
Short term loans							
MCB Bank Limited	15.2	-	-	-	250,000	-	250,000
Allied Bank Limited	15.3	<b>350,000</b>	-	<b>350,000</b>	320,000	-	320,000
Meezan Bank Limited - Murabaha	15.4	<b>150,000</b>	-	<b>150,000</b>	-	-	-
		<b>708,444</b>	<b>5,278</b>	<b>713,722</b>	<b>729,785</b>	<b>9,589</b>	<b>739,374</b>

**15.1 Union Bank Limited (now Standard Chartered Bank Pakistan Limited)**

The facilities for running finance available amount to Rs. 325 million (30 June 2006: Rs. 325 million). The rate of mark-up is 3 months KIBOR (Ask) plus 1.75 percent (30 June 2006: 3 months KIBOR (Ask) plus 1.75 percent) with a floor of 9.0 percent per annum (30 June 2006: 9.0 percent per annum). The mark-up is payable quarterly.

The facility for opening letters of credit and guarantees as at 31 December 2006 amounts to Rs. 600 million (30 June 2006: Rs. 600 million).

The facility for purchase or discounting of clean or discrepant export bills as at 31 December 2006 amounts to Rs. 25 million (30 June 2006: Rs. 25 million).

The above facilities are secured against pledge on stocks of raw cotton with 25% margin to the extent of Rs. 400 million (30 June 2006: Rs. 400 million), pledge on shares of public limited companies acceptable to the bank with a 40% margin and first pari passu charge on the stocks and book debts of the Company for Rs. 600 million (30 June 2006: Rs. 600 million), lien over import documents and lien over export letter of credit.

**15.2 MCB Bank Limited**

The Company has obtained short-term running finance facility, interchangeable with cash finance, amounting to Rs. 300 million (30 June 2006: Rs. 300 million). The mark-up rate is 1 month KIBOR plus 2 percent (30 June 2006: 1 month KIBOR plus 1.5 percent) for running finance facility and 1 month KIBOR plus 1.5 percent (30 June 2006: 1 month KIBOR plus 0.75 percent) for cash finance facility.

The facility for opening letters of credit and guarantees as at 31 December 2006 amounted to Rs. 400 million (30 June 2006: Rs. 400 million).

The above facilities are secured against first pari passu hypothecation charge for Rs. 316.67 million (30 June 2006: Rs. 316.67 million) over present and future stock in trade, book debts and plant and machinery, pledge of shares of first class companies, pledge of stocks of local cotton / cotton bales imported, man-made fibre and yarn with 15% margin and lien over import documents.



Crescent Steel &  
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## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) For the six months period ended 31 December 2006

### 15.3 Allied Bank Limited

The Company has obtained short-term running finance facility, interchangeable with demand finance, amounting to Rs. 350 million (30 June 2006: Rs. 350 million). The mark-up rate for running finance facility is 1 month KIBOR plus 1.5% (30 June 2006: 3 months KIBOR on the last working day of the previous quarter plus 1.5 percent per annum). Mark-up on demand finance - money market transaction is one month KIBOR (Ask) plus 1.5 percent (30 June 2006: one month KIBOR (Ask) plus one percent). Mark-up is payable on quarterly basis.

The Company has obtained facility for opening letter of credit and guarantees as at 31 December 2006 amounting to Rs. 400 million (30 June 2006 : Rs. 400 million).

The running finance facility has been secured against first pari passu charge on the current assets with existing charge holders with 25% margin on the facility amount.

The facility for letter of credit is secured against lien over import documents and accepted bills of exchange / trust receipt.

### 15.4 Meezan Bank Limited - Murabaha

The facility for Istijrar (Master Murabaha Facility) amounted to Rs.320 million (30 June 2006: Rs 325 million). The rate of mark-up is to be agreed for each sub- murabaha (KIBOR based).

The facility for opening letter of credit and guarantees as at 31 December 2006 amounted to Rs. 500 million (30 June 2006: Rs.500 million).

These facilities are secured against first pari passu charge over stocks and book debts of the Company for Rs 600 million.

## 16. CONTINGENCIES AND COMMITMENTS

- 16.1 The Ministry of Labour, Manpower and Overseas Pakistani's Division (the Ministry) in response to an application for establishment of separate fund for cotton division under Clause 15 of the Scheme to the Companies Profit (Workers' Participation) Act, 1968 has granted the permission for the same. The Ministry has, however, asked the Company to deposit an amount of Rs. 47.85 million on account of Workers Profits Participation Fund for the period between 1990 to 1997. This demand is being contested by the Company as there were no eligible workers. The management, based on the advice of its legal consultants, is considering to file a constitutional petition in the High Court and based on legal opinion is confident of a favourable outcome. Thus, no provision has been made for the aforementioned amount in these financial statements.
- 16.2 The Company has filed a suit in the Sindh High Court against Federation of Pakistan and others, for levy of import licence fee at 6% against import of coating plant in 1992. The Company contested that as per SRO 1317 (1)/94 dated 22 December 1990, being located in rural area, is only liable to pay 2 % of import licence fee. The Company has provided bank guarantee of Rs. 9.60 million as directed by the Honourable Court. The petition was dismissed by High Court on a technical ground. The Company has filed the application with Honourable Supreme Court to obtain leave for appeal. No provision has been made in the financial statements as management considers that the Company would be able to file appeal before Honourable Supreme Court and expects a favourable outcome.
- 16.3 Sindh Industrial Trade Estate (SITE) has cancelled allotment of plot A-26 and A-27 and charged non-utilisation fees of Rs. 285,184 and Rs. 620,573 respectively. The Company has challenged the cancellation and filed a suit in Sindh High Court. The High Court has restrained the SITE from taking any adverse action against the Company. Therefore, management considers that no provision is required.
- 16.4 The Company filed a suit in the High Court of Sindh for recovery of retention money amounting to Rs. 3.27 million from Indus Steel Pipes Limited against supply of pipes. The High Court has decided the case in the Company's favour and the Company is considering filing an execution petition for the recovery of said amount.
- 16.5 During the period taxation officer (TO) passed an order dated 30 November 2006 disallowing credit of taxes paid for the tax year 2003 amounting to Rs. 49 million on the basis of unavailability of challans thereagainst. The Company has filed appeal before Commissioner Income Tax Appeals (CIT - A) in which it has contested that TO has erred in disallowing credit of such taxes paid. The Company is confident that the appeal will be decided in its favour and thus no provision has been made in the financial statements.

**NOTES TO THE CONDENSED INTERIM  
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- 16.6 Aggregate amount of guarantees given by the banks on behalf of the Company in respect of the performance of various contracts as at 31 December 2006 aggregated Rs. 421.99 million (30 June 2006: Rs. 341.30 million).
- 16.7 Commitments under letters of credits as at 31 December 2006 amounted to Rs.90.45 million (30 June 2006: Rs.106.33 million).
- 16.8 Commitments in respect of capital expenditure contracted for as on 31 December 2006 is Rs. 11.39 million (30 June 2006: Rs.39.60 million).
- 16.9 Commitments in respect of future purchase of shares amounts to Rs. 35.36 million (30 June 2006: Rs. 15.29 million).
- 16.10 Commitment in respect of capital expenditure to be incurred on leasehold land, which has been provisionally allotted to the Company in the Downstream Industrial Estate of Pakistan Steel, Bin Qasim amounting to Rs. 24.2 million ( 30 June 2006: Rs. nil)

**17. SALES**

	Six months period ended 31 December 2006			Six months period ended 31 December 2005		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
	(Rupees in '000)					
Bare pipes (own product excluding coating revenue)	621,035	-	621,035	144,333	-	144,333
Revenue from conversion	1,282	-	1,282	20,904	-	20,904
Coating of pipes	186,682	-	186,682	63,626	-	63,626
Cotton yarn	-	650,049	650,049	-	305,873	305,873
Scrap / waste	8,342	33,011	41,353	6,371	7,608	13,979
Sales return	-	(9,639)	(9,639)	-	(1,893)	(1,893)
	817,341	673,421	1,490,762	235,234	311,588	546,822
Sales tax	(122,601)	-	(122,601)	(35,285)	-	(35,285)
	694,740	673,421	1,368,161	199,949	311,588	511,537

**18. ADMINISTRATIVE EXPENSES**

Administrative expenses include private placement fee paid to various brokers against issue of right shares of the Company amounting to Rs. 13.41 million.

**19. OTHER OPERATING INCOME**

	Six months period ended 31 December 2006			Six months period ended 31 December 2005		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
	(Rupees in '000)					
<b>Income from Financial Assets</b>						
Return on deposits, advances and investments	2,642	19	2,661	2,037	25	2,062
Dividend income	32,362	-	32,362	45,093	-	45,093
Gain on sale of investments and rights	105,043	-	105,043	50,834	-	50,834
Unrealised gain on held- for-trading investments	-	-	-	134,293	-	134,293
<b>Income from Related Parties</b>						
Return on deposits, advances and investments	2,204	-	2,204	3,913	-	3,913
<b>Other income</b>	98,315	892	99,207	3,812	1,087	4,899
	240,566	911	241,477	239,982	1,112	241,094

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31 December 2006

- 19.1 This includes income of Rs. 95.08 million for selling Company's right to sub-lease office premises in Dolmen City Executive Tower, KDA Scheme-5, Clifton, Karachi.

### 20. FINANCE COSTS

	Six months period ended 31 December 2006			Six months period ended 31 December 2005		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
	(Rupees in '000)					
Mark-up on:						
Short term loans	27,946	383	28,329	13,677	443	14,120
Long term loans	-	26,269	26,269	-	2,164	2,164
Redeemable capital	-	8,572	8,572	6,714	5,134	11,848
Assets subject to finance leases	773	-	773	793	379	1,172
Bank charges	598	533	1,131	176	319	495
	<u>29,317</u>	<u>35,757</u>	<u>65,074</u>	<u>21,360</u>	<u>8,439</u>	<u>29,799</u>
Financial charges allocated to the cotton division	<u>(11,319)</u>	<u>11,319</u>	<u>-</u>	<u>(13,677)</u>	<u>13,677</u>	<u>-</u>
	<u>17,998</u>	<u>47,076</u>	<u>65,074</u>	<u>7,683</u>	<u>22,116</u>	<u>29,799</u>
Financial charges capitalized	-	-	-	-	(11,491)	(11,491)
	<u>17,998</u>	<u>47,076</u>	<u>65,074</u>	<u>7,683</u>	<u>10,625</u>	<u>18,308</u>

### 21. BASIC AND DILUTED EARNINGS PER SHARE

	31 December 2006	31 December 2005
	(Rupees in '000)	
Profit for the six months period	<u>212,437</u>	<u>204,875</u>
	(Number of shares)	
Weighted average number of ordinary shares in issue	21.1 <u>44,183,295</u>	<u>35,263,008</u>
	(Rupees)	
Basic and diluted earning per share	<u>Rs. 4.81</u>	<u>Rs. 5.81</u>

- 21.1 Weighted average number of shares for the six months period ended 31 December 2005 have been restated for the effect of right shares issued in the current period.

**NOTES TO THE CONDENSED INTERIM  
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**22. CASH GENERATED FROM / (USED IN) OPERATIONS**

	<u>Six months period ended</u>	
	<u>31 December</u>	<u>31 December</u>
	<u>2006</u>	<u>2005</u>
	<u>(Rupees in '000)</u>	
Profit before taxation	255,593	199,257
<b>Adjustments for non cash charges and other items:</b>		
Depreciation	85,027	44,656
Amortization of intangible assets	399	1,067
Share of loss / (profit) from associate	26,187	-
Fair value adjustments	10,180	(134,293)
Provision for slow moving spare parts	-	5,272
Reversal against stock-in-trade	-	(919)
Provision for impairment against Musharika arrangement	10,000	-
Provision for infrastructure fee	-	7,200
Liabilities written back	-	(4,241)
Gain on sale of investments	(56,934)	(50,854)
Gain on sale of right's shares letter	(48,109)	-
Dividend income	(32,362)	(45,093)
Pension and gratuity expense	5,378	2,814
Financial charges	65,074	29,779
Exchange loss / (gain)	84	(6)
Gain on disposal of property, plant and equipment	(95,966)	(638)
Deferred income	-	(152)
Return on deposits, advances and investments	(4,846)	(5,975)
Amortization of initial transaction cost on TFCs	449	449
Amortization of discount on IROP	-	(459)
Provision for impairment against other receivables	4,937	-
Provision for workers welfare fund	5,405	-
Amortization of initial transaction cost on long term loan	131	-
Working capital changes	22.1 (187,720)	24,873
	<u>42,907</u>	<u>72,737</u>
<b>22.1 Working capital changes</b>		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(5,647)	8,968
Stock-in-trade	(153,176)	(242,284)
Trade debts	(172,684)	73,118
Short term advances	(36,601)	(15,575)
Short term deposits and prepayments	(2,177)	(3,018)
Other receivables (net)	11,048	144,106
	<u>(359,237)</u>	<u>(34,685)</u>
Increase / (decrease) in current liabilities		
Trade and other payables (net)	171,517	59,558
	<u>(187,720)</u>	<u>24,873</u>
<b>23. CASH AND CASH EQUIVALENTS</b>		
Running finance under markup arrangements	(213,722)	(60,825)
Cash and bank balances	15,499	22,158
	<u>(198,223)</u>	<u>(38,667)</u>

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31 December 2006

### 24. SUMMARY OF TRANSACTIONS WITH RELATED PARTIES

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using admissible valuation modes, i.e. comparable uncontrolled price method except service charges received / paid on cost plus method. The related parties and associated undertakings comprise local associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings are as follows:

#### Due from associated undertakings

	31 December 2006			30 June 2006		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
	(Rupees in '000)					
Opening balance	-	1,589	1,589	1,049	378	1,427
Sale of pipe / yarn for the period / year	291	43,981	44,272	5,742	78,490	84,232
Received during the period / year	(291)	(45,120)	(45,411)	(6,791)	(77,279)	(84,070)
Closing balance	-	450	450	-	1,589	1,589

#### Due to associated undertakings

Opening balance	2,573	10,237	12,810	1,122	1,629	2,751
Services received	1,623	1,406	3,029	22,141	4,612	26,753
Purchase of fixed assets	-	-	-	-	44,057	44,057
Purchase of yarn	-	-	-	-	3,596	3,596
Service rendered	(196)	(374)	(570)	(269)	(803)	(1,072)
Settlement of liability	-	826	826	-	(1,267)	(1,267)
Paid during the period / year	(1,712)	-	(1,712)	(20,421)	(41,587)	(62,008)
Closing balance	2,288	12,095	14,383	2,573	10,237	12,810

#### Other transactions

Insurance premium paid	-	-	-	540	-	540
Sale of waste	-	878	878	-	-	-
Return on deposits	2,204	-	2,204	3,913	-	3,913
Dividend income	1,637	-	1,637	1,314	-	1,314
Donation	6,063	800	6,863	418	800	1,218
Contribution to provident fund	2,765	1,469	4,234	2,582	322	2,904
Contribution to pension fund	2,019	162	2,181	1,887	162	2,049
Contribution to gratuity fund	748	-	748	765	-	765
Principal repayment of term finance certificate	-	625	625	355	271	626
Remuneration to						
- Chief Executive Officer	3,955	-	3,955	4,308	-	4,308
- Director	2,395	-	2,395	2,175	-	2,175
- Executives	3,840	1,653	5,493	3,598	1,609	5,207
Advance for purchase of land	-	-	-	-	35,000	35,000
Investment in shares of Creek Marina Pakistan	-	-	-	150,000	-	150,000
Right shares subscribed	438,396	-	438,396	-	-	-
Rights shares acquired under underwriting arrangement	152,822	-	152,822	-	-	-
Financial charges on term finance certificate	-	167	167	-	-	-

**NOTES TO THE CONDENSED INTERIM  
FINANCIAL STATEMENTS (UNAUDITED)**  
For the six months period ended 31 December 2006

**25. NON-ADJUSTING EVENTS AFTER BALANCE SHEET DATE**

The Board of Directors of the Company has declared 10% (i.e. Re. 1 per share) interim cash dividend for the year ending 30 June 2007, at their meeting held on 12 February 2007. The dividend shall be recognised as liability in the period in which it is declared, as required by International Accounting Standard 10 "Events After Balance Sheet Date" as applicable in Pakistan

**26. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on 12 February 2007 by the Board of Directors of the Company.

  
**Chairman**

  
**Chief Executive**



Crescent Steel &  
Allied Products Ltd.

## COMPANY PROFILE

Crescent Steel and Allied Products Limited is a Public Limited Company listed on all the Stock Exchanges of Pakistan. It started commercial production in March 1987. The manufacturing facilities consist of a Spiral Pipe Production line and a multi-layer Polyolefin and stand-alone Epoxy Coating line, both located side by side at the Sindh Industrial Trading Estate, Nooriabad in Jamshoro district of Sindh and a Cotton Spinning Unit of 19,680 spindles CCP-I and 25,344 spindles CCP-II at Jaranwala, Faisalabad.

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

### STEEL DIVISION

The Spiral Pipe Plant has a capability of manufacturing high quality steel pipes in the diameter range of 8-5/8"–90" (219 mm – 2286 mm) in wall thickness from 4 mm – 18 mm and material grades up to API 5L X-80. The company has been gradually enhancing and upgrading the pipe production capacity which has increased from 80,000 tons initially to the present notional capacity of 90,000 tons per annum. The company has authorization to use API monogram of the American

Petroleum Institute – the highest international standard accredited for quality of steel line pipe. It also has the ISO 9001 : 2000 certification. In addition, we have become the first Pakistani company to have acquired oil and gas industry specifics ISO 9000-2000 Quality Management System Certification from API. The Polyolefin Coating Plant was added adjacent to the pipe mills which is capable of applying single and multi-layer Coatings comprising of Fusion Bonded Epoxy, Co-Polymer Adhesive and High Density Polyethylene / Polypropylene and Polyethylene Tape Coating on steel pipes ranging from 4" – 56" (114 mm – 1422 mm). Crescent Steel maintains high quality norms in all its products and has consistently exceeded the requirements of international standards both in steel line pipe and multi-layer coatings and will continue to remain at the cutting edge in terms of technology, quality control and quality assurance.

### COTTON DIVISION

In the year 2000, the Company acquired a running cotton spinning mill located at Jaranwala near Faisalabad, which is the hub of textile industry and carries out this activity under the name and title of "Crescent Cotton Products" (CCP) a division of Crescent Steel and

Allied Products Limited. CCP is a division of the Company but its operating results are shown separately. CCP as a division holds ISO 9001 : 2000 Quality Management Credential. CCP produces good quality cotton yarn of various counts from 10s to 80s having a notional capacity based on 20s of 6.5 and 9.3 million kg per annum in CCP-I and CCP-II respectively and its products are consistently in demand and generally sold at a premium.

## SHAREHOLDER'S INFORMATION

### STOCK EXCHANGE LISTING

Crescent Steel and Allied Products Limited is a listed Company and its shares are traded on all the three stock exchanges of Pakistan.

The Company's share is quoted in leading dailies under the Engineering Sector.

### PUBLIC INFORMATION

Financial analysts, stock brokers, interested investors and financial media desiring information about 'Crescent Steel' should contact Mohammad Yamin at the Company's Principal Office, Karachi.  
Telephone: 021-5674881-5  
E.mail: mohammad.yamin@  
crescent.com.pk

### SHAREHOLDERS INFORMATION

Enquiries concerning lost share certificates, dividend payments, change of address, verification of transfer deeds and share transfers should be directed to the Shareholder Services Department at the Registered Office at Lahore.  
Telephone: 042-5783828-32  
Fax: 042-5875916

### PRODUCTS

Steel Division  
Manufacturer of DSAW steel line pipes in diameters ranging from 8" to 90" and applicator of multi-layer polyolefin coating conforming to international standards.

Cotton Division  
Manufacturer of quality cotton yarn of various counts of 10s to 80s.

AUDITORS  
KPMG Taseer Hadi & Co.

LEGAL ADVISOR  
Hassan & Hassan, Advocates,  
Lahore

BANKERS  
Standard Chartered Bank  
(Pakistan) Limited  
MCB Bank Limited  
Allied Bank Limited  
Meezan Bank Limited

REGISTERED OFFICE  
Crescent Standard Tower,  
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Telephone: 042-5783828-32  
Fax: 042-5875916

### LIAISON OFFICE LAHORE

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### FACTORY – STEEL DIVISION

A/25, S.I.T.E., Nooriabad,  
District Jamshoro, Sindh.  
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crescent.com.pk

### MILLS – COTTON DIVISION

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