

CONSERVING FOR THE FUTURE

CONDENSED INTERIM REPORT FOR THE
SIX MONTHS PERIOD ENDED DECEMBER 2009



Crescent Steel &
Allied Products Ltd.





Crescent Steel &
Allied Products Ltd.

COMPANY INFORMATION

BOARD OF DIRECTORS

Mazhar Karim	<i>Chairman, Non-Executive Director</i>
Ahsan M. Saleem	<i>Chief Executive & Managing Director</i>
Javed Iqbal	<i>Non-Executive Director (Independent)</i>
Muhammad Abdul Aleem	<i>Non-Executive Director (Independent)</i>
Mohammad Anwar	<i>Non-Executive Director</i>
Nasir Shafi	<i>Non-Executive Director</i>
S.M. Ehtishamullah	<i>Non-Executive Director</i>
Zahid Bashir	<i>Non-Executive Director</i>

M. Saad Thaniana *Company Secretary*

AUDIT COMMITTEE

Muhammad Abdul Aleem	<i>Chairman</i>
Javed Iqbal	
Nasir Shafi	
Ernst & Young Ford Rhodes Sidat Hyder & Co. (Sharjeel Jamil Ahmed - Engagement Partner)	<i>Head of Internal Audit</i>

HUMAN RESOURCE COMMITTEE

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

EXECUTIVE COMMITTEE

Ahsan M. Saleem	<i>Chairman</i>
M. Saad Thaniana	
Iqbal Zafar Siddiqui	

BUSINESS STRATEGY COMMITTEE

Ahsan M. Saleem	<i>Chairman</i>
M. Saad Thaniana	
Abdul Rouf	
Iqbal Zafar Siddiqui	
Arif Raza	

SYSTEM AND TECHNOLOGY COMMITTEE

Ahsan M. Saleem	<i>Chairman</i>
M. Saad Thaniana	
Shahid H. Mir	

INVESTMENT COMMITTEE

Ahsan M. Saleem	<i>Chairman</i>
M. Saad Thaniana	
Mohammad Yamin	

THE MANAGEMENT

Chief Executive and Managing Director Ahsan M. Saleem, 56 1983*
Chief Financial Officer M. Saad Thaniana, 42 2007*
BU Head - Steel Division Iqbal Zafar Siddiqui, 59 2008*
BU Head - Cotton Division Abdul Rouf, 49 2000*
Chief Information Officer Shahid H. Mir, 55 2006*
Head of Risk & Compliance Shah Muhammad Chaudhry, 62 2008*
Human Resource Advisor Ehsan Durrani, 62 2008*
Head of Marketing Steel Division Arif Raza, 47 1985*

* Year joined Company



Crescent Steel &
Allied Products Ltd.

Dear Shareholders,

I take this opportunity to present the unaudited condensed interim financial statements of your Company for the six months period ended 31 December 2009.

The period under consideration proved to be a consolidating phase for the economy. After the financial turmoil last year, the country has undergone substantial structural adjustments mainly led by IMF's guidelines. Although the benefits of the structural reforms are apparent from the recent macro data flowing in and the 'Stable' outlook given by the sovereign rating agencies, the deteriorating law and order situation and the continuing global recessionary woes have hindered the prospects of recovery. The delays in the expected external liquidity stimulus affected domestic liquidity and kept short term rates at higher levels despite the SBP reducing the policy rates.

Pakistan's GDP growth course derailed from its trend average of 6.4 % during FY04-FY08 to arrive at 2.0% in the first half of the FY10. The GDP is expected to be around 3.0% - 3.5% by the end of FY10 led by agriculture growth. KSE-100 index has also performed well during the period under review and is in a consolidation phase.

During the six months period ended 31 December 2009 (H1FY10), the Company's after tax profit stood at Rs. 257.8 million as compared to loss of Rs. 587.3 million in the corresponding period last year and the earnings per share (EPS) of Rs. 4.6 as compared to loss per share of Rs. 10.4 in the corresponding period last year. All the divi-

CHIEF EXECUTIVE'S REVIEW

sions contributed positively towards the overall profitability of the Company.

Highlights of the half-yearly performance are set forth below:

- Revenues were of Rs. 1,578 million during H1FY10 showing an increase of 18.6 percent over the corresponding period last year.
- Income from investment stood at Rs. 187.8 million as compared to loss of Rs. 501.2 million in the corresponding period last year.
- Financial charges decreased by 58.6 percent over the corresponding period and stood at Rs. 51.3 million.
- EBIT stood at Rs. 369.1 million for H1FY10 as compared to negative Rs. 448.7 million in H1FY09.
- EPS stood at Rs. 4.6 as compared to negative Rs. 10.4 for H1FY09.
- Return on average capital employed (annualized) is 20 percent for the current period as compared to loss on average capital employed of 20.4 percent for H1FY09.
- Return on average equity (annualized) is 19 percent for the current period as compared to loss on average equity of 43.7 percent for H1FY09.

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

STEEL DIVISION

Sales revenue for H1FY10 was marginally higher than corresponding period last year. However, gross profit for the division during

H1FY10 decreased by Rs. 24.9 million (11.6 percent) i.e. from Rs. 214.4 million for H1FY09 to Rs. 189.4 million for H1FY10. Gross profit percentage to sales for the period was 33.1 percent as compared to 37.7 percent for the corresponding period last year mainly due to increase in cost of inputs as compared to last year. Profit from operations for H1FY10 stood at Rs. 132.1 million and profit before taxation was Rs. 128.1 million.

COTTON DIVISION

Cotton division has shown significant improvement in terms of revenue and profit before taxation as compared to the corresponding period last year. Sales revenue for the period amounted to Rs. 1,006.5 million as compared to Rs. 762.2 million in the corresponding period last year. Gross profit increased by 91.6 percent amounting to Rs. 92.6 million as compared to Rs. 48.3 million in the corresponding period last year. Despite the gas and power outages, profit before taxation for the period stood at Rs. 47.4 million as compared to loss before taxation of Rs. 73.9 million in the corresponding period last year.

INVESTMENT AND INFRASTRUCTURE DEVELOPMENT DIVISION

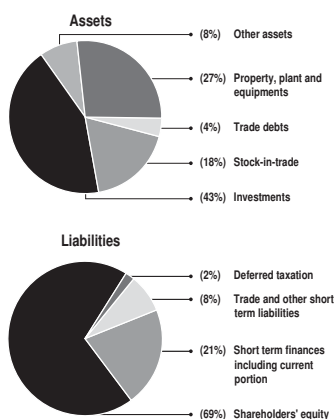
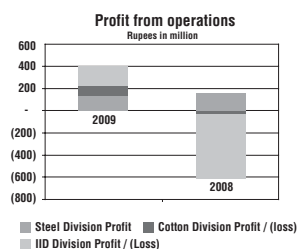
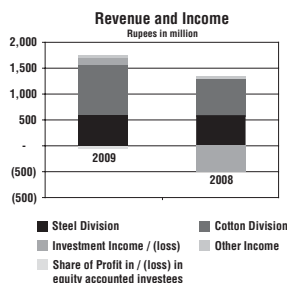
Profit before taxation from IID division during H1FY10 stood at Rs. 142.2 million as compared to loss of Rs. 632.9 million in the corresponding period last year as the income from investments amounted to Rs. 187.8 million as compared to loss of Rs. 501.2 million in the corresponding period last year. KSE market as at 1 July 2009 opened at 7,162 points and closed as at 31 December 2009 at 9,387 points. The market surged

CHIEF EXECUTIVE'S REVIEW

by 2,225 points or 31.1 percent with an average daily turnover of 122.4 million shares.

Profit from investments - held for trading on an average investment of Rs. 464.9 million stood at 38.6 percent.

The value of investments in marketable securities excluding equity accounted investments amounted to Rs. 629.2 million (FY09: Rs. 772.9 million). The closing value of the portfolio as at 31 December 2009 was Rs. 1,732 million (FY09: Rs. 1,804.4 million) while profit for the half year FY10 amounted to Rs. 155.7 million as compared to loss of Rs. 505.2 million in the corresponding period last year.



19 February 2010 has decided to pay an interim cash dividend of 10% i.e. Rupee one per share.

FUTURE OUTLOOK

The order book for the Steel division is healthy for the upcoming quarters. The Iran-Pakistan Gas Pipeline Project is close to its initiation. The required pipes for this project are well within our production range and we will be in absolute readiness to bid for supply to this project.

Cotton division has shown signs of improvement and the outlook is expected to remain positive. However, gas and power outage is a major threat.

Ahsan M. Saleem
Chief Executive
19 February 2010

BALANCE SHEET AND CASH FLOW

The Company's balance sheet continues to remain healthy. Cash flow from operating activities improved as compared to the corresponding period last year.

NEW INVESTMENT

Subsequent to the balance sheet date, in line with our strategy to expand in the energy sector, work has commenced on establishing a power generating unit of 14 MW through a wholly owned subsidiary and the project is expected to complete within a year. Based on the feasibility study, the project appears to be financially viable with the potential to provide above average returns to the Company from the first year of its operation.

DIVIDEND

In view of increased earnings and better operating performance, the board in their meeting held on



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Independent Auditors' Report to the Members on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Crescent Steel and Allied Products Limited** ("the Company") as at 31 December 2009 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity for the six-month period then ended (here-in-after referred as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information 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 information 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 condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other Matters

The figures for the quarters ended 31 December 2009 and 31 December 2008 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion thereon.

19 February 2010
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Moneeza Usman Butt

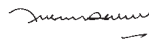
KPMG Taseer Hadi & Co., a partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative

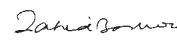
CONDENSED INTERIM BALANCE SHEET (UNAUDITED)
As at 31 December 2009

	Notes	31 December 2009 Unaudited (Rupees in '000)	30 June 2009 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,125,587	1,224,588
Intangible assets	4	27,490	811
Investment property		44,973	47,169
Investments in equity accounted investees	5	1,069,698	1,031,453
Other long term investments	6	85,662	85,662
Long term loans and deposits		3,643	3,801
		2,357,053	2,393,484
Current assets			
Stores, spares and loose tools		93,042	83,763
Stock-in-trade	7	738,301	616,433
Trade debts	8	174,030	83,927
Advances		50,973	39,894
Trade deposits and short term prepayments		6,857	6,304
Investments	9	541,713	655,397
Current portion of long term investments	10	1,939	36,493
Mark-up accrued		832	813
Other receivables		75,987	160,620
Taxation - net		7,963	28,421
Cash and bank balances		15,452	4,144
		1,707,089	1,716,209
Non-current asset classified as held for sale	11	33,083	-
Total assets		4,097,225	4,109,693
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
100,000,000 ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid-up capital		564,600	564,600
Capital reserves		174,123	162,640
Revenue reserves		2,076,340	1,818,575
		2,815,063	2,545,815
Amount recognized directly in equity relating to non-current asset classified as held for sale	11	13,129	-
		2,828,192	2,545,815
Non-current liabilities			
Long term loan		-	55,880
Deferred taxation		80,970	99,787
		80,970	155,667
Current liabilities			
Trade and other payables		317,088	373,887
Interest and mark-up accrued		19,303	19,009
Short term borrowings	12	739,411	902,815
Current portion of long term loan		112,261	112,500
		1,188,063	1,408,211
Total equity and liabilities		4,097,225	4,109,693
Contingencies and commitments	13		

During the current period the remaining amount of impairment loss, after taking adjustment / effect for price movements during the period, has been recognized in condensed interim profit and loss account as specified in SRO 150(I) / 2009 issued by the Securities and Exchange Commission of Pakistan (SECP) on 13 February 2009.

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


Chief Executive


Director



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
For the six months period and quarter ended 31 December 2009

Notes	Six months period ended		Quarter ended		
	31 December 2009	31 December 2008	31 December 2009	31 December 2008	
(Rupees in '000)					
Sales	14	1,577,993	1,330,871	766,862	542,937
Cost of sales		1,295,938	1,068,164	617,817	416,772
Gross profit		282,055	262,707	149,045	126,165
Income from / (loss on) investments	15	187,766	(501,218)	14,385	(253,136)
		469,821	(238,511)	163,430	(126,971)
Distribution and selling expenses		11,633	8,390	5,719	3,042
Administrative expenses		64,632	61,257	29,725	26,124
Other operating expenses	16	24,333	164,210	13,193	156,520
		100,598	233,857	48,637	185,686
		369,223	(472,368)	114,793	(312,657)
Other operating income		28,544	22,071	23,821	4,153
Operating profit / (loss) before finance costs		397,767	(450,297)	138,614	(308,504)
Finance costs	17	(51,252)	(123,839)	(26,940)	(73,224)
Share of (loss) / profit in equity accounted investees - net of taxation		(28,702)	1,622	(2,590)	(100,864)
Profit / (loss) before taxation		317,813	(572,514)	109,084	(482,592)
Taxation - current		77,609	54,215	32,067	15,714
- prior		1,256	(26,396)	1,256	(26,396)
- deferred		(18,817)	(13,051)	(7,488)	(4,971)
Profit / (loss) for the period		60,048	14,768	25,835	(15,653)
		257,765	(587,282)	83,249	(466,939)
(Rupees)					
Basic and diluted earnings / (loss) per share	18	4.57	(10.40)	1.47	(8.27)

During the current period the remaining amount of impairment loss, after taking adjustment / effect for price movements during the period, has been recognized in condensed interim profit and loss account as specified in SRO 150(I) / 2009 issued by the Securities and Exchange Commission of Pakistan (SECP) on 13 February 2009.

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


Chief Executive


Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the six months period and quarter ended 31 December 2009

	Six months period ended		Quarter ended	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
	(Rupees in '000)			
Profit / (loss) for the period	257,765	(587,282)	83,249	(466,939)
Other comprehensive income / (loss)				
Unrealized diminution during the period on remeasurement of investments classified as 'available for sale'	(29,794)	(41,345)	(40,404)	(18,622)
Reclassification adjustments relating to loss / (gain) realized on disposal of 'available for sale' investments securities	3,000	(11,702)	3,000	-
Proportionate share of other comprehensive income / (loss) of equity accounted investees	46,386	(9,452)	(5,100)	(60,688)
Proportionate share of other comprehensive income of equity accounted investee transferred to condensed interim profit and loss account	-	(916)	-	(916)
Impairment loss on 'available for sale' investments securities	5,020	-	3,308	-
Other comprehensive income / (loss) for the period	24,612	(63,415)	(39,196)	(80,226)
Total comprehensive income / (loss) for the period	282,377	(650,697)	44,053	(547,165)

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


Chief Executive


Director



CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
For the six months period ended 31 December 2009

	Notes	Six months period ended	
		31 December 2009	31 December 2008
Cash flows from operating activities			
Cash generated from / (used in) operations	19	145,696	(431,907)
Taxes paid		(69,491)	(73,312)
Financial charges paid		(50,958)	(81,979)
Contribution to pension and gratuity fund		(4,529)	(4,254)
Contribution to workers' profit participation fund		-	(2,492)
Payment for 10-C bonus		(716)	(652)
Decrease in long term loans and deposits		158	169
Net cash generated from / (used in) operating activities		20,160	(594,427)
Cash flows from investing activities			
Capital expenditure		(11,237)	(28,550)
Purchase of intangible assets		(5,527)	(125)
Proceeds from sale of property, plant and equipment		1,343	687
Investments - net		199,859	207,552
Dividends received		25,323	44,693
Interest received		1,062	1,277
Net cash generated from investing activities		210,823	225,534
Cash flows from financing activities			
(Repayment) / receipt of short term loans		(253,935)	424,422
Repayment of long term loan		(56,250)	(56,250)
Repayment of redeemable capital		-	(37,500)
Dividend paid		(21)	(6,374)
Net cash (used in) / generated from financing activities		(310,206)	324,298
Net decrease in cash and cash equivalents		(79,223)	(44,595)
Cash and cash equivalents at beginning of the period		(644,736)	(828,926)
Cash and cash equivalents at end of the period	20	(723,959)	(873,521)

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


Chief Executive


Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the six months period ended 31 December 2009

	Issued, subscribed and paid-up capital	Share Premium	Capital reserves		Revenue reserves		Total
			Unrealized gains on re- measurement of available for sale investment securities	Others*	General reserve	Unappropri- ated profit / (loss)	
(Rupees in '000)							
Balance as at 1 July 2008	513,273	349,959	85,279	(64,158)	1,842,000	267,651	2,994,004
Total comprehensive loss for the period							
Loss for the period	-	-	-	-	-	(587,282)	(587,282)
Other comprehensive loss							
Unrealized diminution during the period on re-measurement of investments classified as 'available for sale'	-	-	(41,345)	-	-	-	(41,345)
Reclassification adjustments relating to gain realized on disposal of 'available for sale' investments securities	-	-	(11,702)	-	-	-	(11,702)
Proportionate share of other comprehensive loss of equity accounted investees	-	-	-	(9,452)	-	-	(9,452)
Proportionate share of other comprehensive income of equity accounted investee transferred to condensed interim profit and loss account	-	-	(916)	-	-	-	(916)
Other comprehensive loss for the period	-	-	(53,963)	(9,452)	-	-	(63,415)
	-	-	(53,963)	(9,452)	-	(587,282)	(650,697)
Transactions with owners recorded directly in equity							
Bonus shares issued @ 10% for the year ended 30 June 2008	51,327	-	-	-	-	(51,327)	-
Balance as at 31 December 2008	564,600	349,959	31,316	(73,610)	1,842,000	(370,958)	2,343,307
Balance as at 1 July 2009	564,600	349,959	21,554	(208,873)	1,842,000	(23,425)	2,545,815
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	257,765	257,765
Other comprehensive income							
Unrealized diminution during the period on re-measurement of investments classified as 'available for sale'	-	-	(29,794)	-	-	-	(29,794)
Reclassification adjustments relating to loss realized on disposal of 'available for sale' investments securities	-	-	3,000	-	-	-	3,000
Proportionate share of other comprehensive income of equity accounted investees	-	-	-	46,386	-	-	46,386
Impairment loss on 'available for sale' investments securities	-	-	5,020	-	-	-	5,020
Other comprehensive (loss) / income for the period	-	-	(21,774)	46,386	-	-	24,612
	-	-	(21,774)	46,386	-	257,765	282,377
Reclassification of proportionate share of other comprehensive income relating to non-current asset classified as held for sale	-	-	-	(13,129)	-	-	(13,129)
Balance as at 31 December 2009	564,600	349,959	(220)	(175,616)	1,842,000	234,340	2,815,063

* This represents various reserves maintained by the associated undertakings

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


Chief Executive


Director



Crescent Steel &
Allied Products Ltd.

NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (UNAUDITED)
For the six months period ended 31 December 2009

1. Crescent Steel and Allied Products Limited ("the Company") was incorporated on 1 August 1983 as a public limited company in Pakistan under Companies Act, 1913 (now Companies Ordinance, 1984) and is quoted on all stock exchanges of Pakistan. The registered office of the Company is located at 6th floor, BOP Tower, 10-B, Block E-2, main Boulevard, Gulberg-III, Lahore.
 - 1.1 This interim financial information has been presented in condensed form in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting and is being submitted to shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984. This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended 30 June 2009. This condensed interim financial information is unaudited and has been reviewed by statutory auditors of the Company.
 - 1.2 This condensed interim financial information is presented in Pak Rupees which is the Company's functional and presentation currency and has been rounded off to the nearest thousand rupees.
 - 1.3 The comparative balance sheet presented in this condensed interim financial information has been extracted from the audited financial statements of the Company for the year ended 30 June 2009, whereas the comparative condensed interim profit and loss account, condensed interim statement of changes in equity and condensed interim cash flow statement are stated from the unaudited condensed interim financial statements for the six months period ended 31 December 2008.
2. The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the preceding year ended 30 June 2009, except for the following:
 - The Company has applied revised IAS 1 Presentation of Financial Statements (2007), which became effective as of 1 January 2009. The application of this standard has impacted the presentation aspect only (Condensed Interim Statement of Comprehensive Income). Comparative information has also been re-presented so that it conforms with the revised standard.
 - IFRS 8 - Operating segment also became effective from 1 January 2009. IFRS 8 replaces IAS 14-Segment Reporting. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. The management considers that operating segments are the same as the business segments previously identified under IAS 14.
 - IFRS 5 - Non-Current assets or disposal groups comprising assets or liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets or components of a disposal group, are remeasured in accordance with Company's accounting policies. Thereafter these are measured at lower of their carrying amount and fair value less cost to sell.

The above changes had no impact on the Company's profit / loss for the period or prior periods.

NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (UNAUDITED)
For the six months period ended 31 December 2009

3. PROPERTY, PLANT AND EQUIPMENT

Following is the cost of operating property, plant and equipment that have been added / disposed off during the six months period ended 31 December 2009.

	Six months period ended 31 December 2009		Six months period ended 31 December 2008	
	Additions	Disposals	Additions	Disposals
	(Rupees in '000)			
Plant and machinery	4,903	-	885	-
Building on freehold land	-	-	12,019	-
Furniture and fittings	92	-	157	-
Electrical / office equipment and installations	471	278	707	-
Computers	750	23	1,003	-
Motor vehicles - owned	-	3,809	1,759	1,386
	<u>6,216</u>	<u>4,110</u>	<u>16,530</u>	<u>1,386</u>

4. INTANGIBLE ASSETS

During the six months period ended 31 December 2009, the Company has capitalized Rs. 31.2 million (2008: Nil) relating to license fee and implementation cost of Oracle software.

5. INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES

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 International Accounting Standard (IAS) - 28 "Investments in Associates".

31 December 2009 (Number of shares)	30 June 2009	Name of investee company	31 December 2009 Unaudited (Rupees in '000)	30 June 2009 Audited
		Quoted		
60,475,416	60,475,416	Altern Energy Limited (Chief Executive Officer - Mr. Sabeeh U Faruqui)	995,783	842,461
15,244,665	15,244,665	Shakarganj Mills Limited (Chief Executive Officer - Mr. Ahsan M. Saleem)	-	96,291
			<u>995,783</u>	<u>938,752</u>
		Unquoted		
12,000,000	12,000,000	Shakarganj Food Products Limited (Chief Executive Officer - Mr. Anjum M. Saleem)	73,915	86,277
-	2,185,096	Safeway Fund Limited (Chief Executive Officer - Mr. Nihal Cassim) (Refer note 11)	-	77,739
			<u>73,915</u>	<u>164,016</u>
			<u>1,069,698</u>	<u>1,102,768</u>
		Less: Provision for impairment in equity accounted investees	-	71,315
			<u>1,069,698</u>	<u>1,031,453</u>



**NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (UNAUDITED)**
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- 5.1 The Company holds 17.65% shareholding in Altern Energy Limited and has no common directorship. However, only for the purpose of equity accounting as required under IAS - 28 "Investments in Associates" it has been treated as an associate.
- 5.2 The above figures are based on financial statements of these companies as at 30 September 2009. In case of Shakarganj Mills Limited the amounts are based on unconsolidated draft management accounts as at 30 September 2009 as the audited consolidated financial statements are not currently available.
- 5.3 The fair value / break-up value of the investments in associates as at 31 December 2009 is Rs. 907.3 million (30 June 2009: Rs. 626.3 million).

6. OTHER LONG TERM INVESTMENTS

	31 December 2009 Unaudited	30 June 2009 Audited
	(Rupees in '000)	
Related parties		
Available for sale	-	-
Held to maturity	29,994	29,994
Others		
Available for sale	60,717	60,717
Held to maturity	26,781	26,781
	117,492	117,492
Less: Current maturity of Maple Leaf Cement Factory Limited (Preference Shares) and Shakarganj Mills Limited (Preference Shares)	31,830	31,830
	85,662	85,662

- 6.1 This includes 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 2009.

7. STOCK-IN-TRADE

	31 December 2009 Unaudited	30 June 2009 Audited
	(Rupees in '000)	
Raw materials:		
Hot rolled steel coils (HR Coil)	26,441	34,122
Coating materials	43,331	54,694
Others - pipe plant	24,239	25,021
Raw cotton	510,960	172,608
Stock-in-transit	41,656	199,699
	646,627	486,144
Provision for slow-moving and obsolescence:		
Hot rolled steel coils (HR Coil)	(9,169)	(10,310)
Coating materials	(84)	(84)
Others	(187)	(187)
	(9,440)	(10,581)
	637,187	475,563
Work-in-process	16,569	15,401
Finished goods	90,482	129,620
Scrap / cotton waste	5,303	10,702
Provision for slow-moving and obsolescence finished goods	(11,240)	(14,853)
	101,114	140,870
	738,301	616,433

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8. TRADE DEBTS		31 December 2009 Unaudited	30 June 2009 Audited
		(Rupees in '000)	
Secured			
Considered good		72,074	52,849
Unsecured			
Considered good		101,956	31,078
Considered doubtful		1,225	1,547
Provision for doubtful trade debts		(1,225)	(1,547)
		101,956	31,078
		174,030	83,927
9. INVESTMENTS			
Related parties			
Available for sale		15,349	11,060
Others			
Available for sale	9.1	98,918	141,965
Fair value through profit and loss - held for trading		427,446	502,372
		526,364	644,337
		541,713	655,397
9.1	During the current period an amount of Rs. 5.02 million has been recognized as impairment loss, after taking adjustment / effect for price movements during the period, in condensed interim profit and loss account as specified in SRO 150(I) / 2009 issued by the Securities and Exchange Commission of Pakistan (SECP) on 13 February 2009.		
9.2	The investments having an aggregate market value of Rs. 254.2 million (30 June 2009: Rs. 952.0 million) have been pledged with financial institutions as security against financing facilities (see note 12.3) out of which Rs. 126.1 million (30 June 2009: Rs. 561.6 million) relates to long term investments.		
10. CURRENT PORTION OF LONG TERM INVESTMENTS		31 December 2009 Unaudited	30 June 2009 Audited
		(Rupees in '000)	
Preference shares of Shakarganj Mills Limited		29,994	29,994
Preference shares of Maple Leaf Cement Factory Limited		1,836	1,836
Term finance certificates of United Bank Limited		10	10
Dividend receivable on preference shares of Shakarganj Mills Limited and Maple Leaf Cement Factory Limited		5,198	4,653
		37,038	36,493
Less: Share of loss on Shakarganj Mills Limited attributed to preference shares	10.1	35,099	-
		1,939	36,493



Crescent Steel &
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- 10.1 The Company's share of unadjusted loss on equity accounted investment in Shakarganj Mills Limited has been allocated to the preference shares held by the Company in the associate in accordance with the requirements of IAS 28 - "Investments in Associates".

11. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

During the period management reassessed their non-core investment in associated undertaking namely, Safeway Fund Limited (an Asset Management Company) and concluded that due to current economic recession and downturn in the business activity in the country, growth potential in this sector is low as compared to other opportunities. Therefore management decided to divest its investment in Safeway Fund Limited and has obtained approval from Board of Directors of the Company. Efforts to sell the investment have commenced and the sale is expected during next twelve months. The investment has been carried at fair value which equals to the carrying value of the investment. The said investment is part of Investment and Infrastructure Development segment of the Company.

12. SHORT TERM BORROWINGS

	31 December 2009	30 June 2009
	Unaudited	Audited
	(Rupees in '000)	
Secured from banking companies		
Running finances under mark-up arrangements	739,411	648,880
Short term loans / Murabaha	-	253,935
	739,411	902,815

- 12.1 Short term running finance available from various commercial banks under mark-up arrangements amounted to Rs. 1,450 million (30 June 2009: Rs. 1,450 million) which is interchangeable with Term Finance/Demand Finance. The rate of mark-up ranges from 13.75% to 15.79% (30 June 2009: 12.52% to 18.50%) per annum.

- 12.2 Short term loan / murabaha financing available from various commercial banks under mark-up arrangements amount to Rs. 1,400 million (30 June 2009: Rs. 1,400 million). Mark-up rates are normally negotiated at the time of the transaction. During the period, mark-up on such arrangements range between 12.74% to 14.45% (30 June 2009: 13.22% to 18.09%) per annum.

- 12.3 The facilities for opening letters of credit and guarantees as at 31 December 2009 aggregate Rs. 2,525 million and Rs. 900 million respectively (30 June 2009: Rs. 2,600 million and Rs. 800 million respectively) of which the amounts unutilized as at 31 December 2009 were Rs. 2,273 million and Rs. 573 million (30 June 2009: Rs. 2,443 million and Rs. 546 million).

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

13. CONTINGENCIES AND COMMITMENTS

- 13.1 Aggregate amount of guarantees issued by the banks on behalf of the Company against various contracts aggregated Rs. 326.9 million (30 June 2009: Rs. 253.79 million).

- 13.2 Commitments in respect of capital expenditure amounted to Rs. 16.23 million (30 June 2009: Rs. 24.56 million).

- 13.3 Commitments under letters of credit as at 31 December 2009 amounted to Rs. 210.64 million (30 June 2009: Rs. Nil).

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14. SALES

	Six months period ended	
	31 December 2009	31 December 2008
	Unaudited (Rupees in '000)	
Bare pipes (own product excluding coating revenue)	377,265	312,339
Revenue from conversion	63,198	32,638
Coating of pipes	206,718	306,546
Cotton yarn	971,401	728,996
Others	10,537	12,596
Scrap / waste	55,362	45,665
Sales returns	(10,922)	(12,430)
	1,673,559	1,426,350
Sales tax and special excise duty	(95,566)	(95,479)
	1,577,993	1,330,871

15. INCOME FROM / (LOSS ON) INVESTMENTS

Return on term finance certificates		1,074	1,080
Dividend income		24,093	33,947
Gain / (loss) on sale of investments		88,826	(82,978)
Rent from investment property	15.1	3,327	5,585
Unrealized gain / (loss) on held for trading investments		70,446	(458,852)
		187,766	(501,218)

15.1 Direct operating expenses incurred against rent income from investment property amounted to Rs. 1.4 million (31 December 2008: Rs. 1.6 million). Further Rs. 1.2 million (31 December 2008: Rs. 0.5 million) were incurred against the non rented out area.

16. OTHER OPERATING EXPENSES

	Six months period ended	
	31 December 2009	31 December 2008
	Unaudited (Rupees in '000)	
Provision for workers welfare fund	8,626	2,924
Provision for workers' profit participation fund	9,500	7,101
Provision for impairment in the value of investments	5,020	90,000
Provision for stock-in-trade	-	51,353
Provision for infrastructure fee	-	5,826
Exchange loss	1,187	7,006
	24,333	164,210

17. FINANCE COSTS

Mark-up on:		
Running finances / short term loans	41,917	101,328
Long term loans	8,218	19,629
Redeemable capital	-	1,771
Workers' Profit Participation Fund	-	89
Bank charges	1,117	1,022
	51,252	123,839



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18. BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE	<u>Six months period ended</u>	
	<u>31 December</u>	<u>31 December</u>
	<u>2009</u>	<u>2008</u>
	Unaudited (Rupees in '000)	
Profit / (loss) for the six months period ended	<u>257,765</u>	<u>(587,282)</u>
	(Number of shares)	
Weighted average number of ordinary shares in issue	<u>56,459,993</u>	<u>56,459,993</u>
	(Rupees)	
Basic and diluted earnings / (loss) per share	<u>4.57</u>	<u>(10.40)</u>
19. CASH GENERATED FROM / (USED IN) OPERATIONS		
Profit / (loss) before taxation	317,813	(572,514)
Adjustments for non cash charges and other items:		
Depreciation	86,578	89,375
Amortization of intangible assets	4,504	219
Pension and gratuity expense	4,529	4,254
(Gain) / loss on sale of investments	(88,826)	82,978
Unrealized (gain) / loss on held-for-trading investments	(70,446)	458,852
Dividend income	(24,093)	(33,947)
Return on deposits, advances and investments	(1,081)	(1,302)
Share of (loss) / profit in equity accounted investees	28,702	(1,622)
Financial charges	51,252	123,839
Liabilities written back	-	(1,153)
Provision for workers welfare fund written back	-	(19,613)
Provision for doubtful debts written back	(325)	-
Gain on disposal of fixed assets	(1,302)	(297)
Provision against stock-in-trade	-	51,353
Reversal of provision against stock-in-trade	(4,754)	-
Provision for workers' profit participation fund	9,337	7,107
Provision for workers welfare fund	8,675	2,924
(Reversal of) / provision for infrastructure fee	(3,127)	5,826
Provision for 10-C bonus	389	302
Provision for impairment in the value of investments	5,020	90,000
Reversal of impairment in the value of equity accounted investee	(18,545)	-
Amortization of initial transaction cost	131	579
Working capital changes	19.1 (158,735)	(719,067)
	<u>145,696</u>	<u>(431,907)</u>
19.1 Working capital changes		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(9,279)	(3,046)
Stock-in-trade	(117,114)	(506,242)
Trade debts	(89,779)	(107,411)
Advances	(11,079)	(17,547)
Trade deposits and short term prepayments	(553)	(5,149)
Other receivables - net	<u>130,473</u>	<u>(63,019)</u>
	<u>(97,331)</u>	<u>(702,414)</u>
Decrease in current liabilities		
Trade and other payables	<u>(61,404)</u>	<u>(16,653)</u>
	<u>(158,735)</u>	<u>(719,067)</u>
20. CASH AND CASH EQUIVALENTS		
Running finance under mark-up arrangements	(739,411)	(948,329)
Cash and bank balances	<u>15,452</u>	<u>74,808</u>
	<u>(723,959)</u>	<u>(873,521)</u>

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21. SEGMENT REPORTING

	Steel Segment	Cotton Segment	IID Segment	Total
	(Rupees in '000)			
Segment results for the six months period ended 31 December 2009				
Sales	571,522	1,006,471	-	1,577,993
Cost of sales	382,064	913,874	-	1,295,938
Gross profit	189,458	92,597	-	282,055
Income from investments	-	-	187,766	187,766
	189,458	92,597	187,766	469,821
Distribution and selling expenses	4,835	6,798	-	11,633
Administrative expenses	47,511	6,025	11,096	64,632
Other operating expenses	11,243	4,365	8,725	24,333
	63,589	17,188	19,821	100,598
	125,869	75,409	167,945	369,223
Other operating income	6,275	3,724	18,545	28,544
Operating profit before finance costs	132,144	79,133	186,490	397,767
Finance costs	(3,989)	(31,712)	(15,551)	(51,252)
Share of loss in equity accounted investees - net of taxation	-	-	(28,702)	(28,702)
Profit before taxation	128,155	47,421	142,237	317,813
Taxation				60,048
Profit after taxation				257,765
Segment results for the six months period ended 31 December 2008				
Sales	568,639	762,232	-	1,330,871
Cost of sales	354,262	713,902	-	1,068,164
Gross profit	214,377	48,330	-	262,707
Loss on investments	-	-	(501,218)	(501,218)
	214,377	48,330	(501,218)	(238,511)
Distribution and selling expenses	4,003	4,387	-	8,390
Administrative expenses	47,750	8,201	5,306	61,257
Other operating expenses	21,469	52,741	90,000	164,210
	73,222	65,329	95,306	233,857
	141,155	(16,999)	(596,524)	(472,368)
Other operating income	21,951	120	-	22,071
Operating profit / (loss) before finance costs	163,106	(16,879)	(596,524)	(450,297)
Finance costs	(28,804)	(57,068)	(37,967)	(123,839)
Share of profit in equity accounted investees - net of taxation	-	-	1,622	1,622
Profit / (loss) before taxation	134,302	(73,947)	(632,869)	(572,514)
Taxation				14,768
Loss after taxation				(587,282)

22. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, directors of the Company, companies where directors also hold directorship, related group companies, key management personnel and staff retirement funds.



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The transactions and outstanding balances with related parties other than disclosed elsewhere are as follows:

		<u>Six months period ended</u>	
		<u>31 December</u>	<u>31 December</u>
		<u>2009</u>	<u>2008</u>
		Unaudited	
		(Rupees in '000)	
Associated companies			
Sale of finished goods including waste	22.1	7,647	13,986
Rendering of services		2,512	647
Receiving of services		3,187	3,004
Rental Income		2,085	2,793
Advance against sale of steel pipe		-	2,358
Purchase of shares		-	1,867
Other related parties			
Donations		2,950	60
Contribution to provident fund	22.2	2,528	2,626
Contribution to pension fund	22.2	3,177	3,203
Contribution to gratuity fund	22.2	1,243	1,050
Remuneration to key management personnel	22.3	18,541	21,419

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

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

22.3 There are no transactions with the key management personnel other than under their terms of employment / entitlements.

23. ESTIMATES AND JUDGEMENTS

Estimates and judgements made by the management in the preparation of condensed interim financial information were the same as those that were applied to the financial statements as at and for the year ended 30 June 2009.

24. FINANCIAL RISK MANAGEMENT

The company's financial risk managements objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2009.

25. NON ADJUSTING EVENTS AFTER BALANCE SHEET DATE

25.1 Subsequent to period end, the Company has acquired 100% of the share capital in Shakarganj Energy (Private) Limited. The wholly owned subsidiary will establish a power generating unit of 14 MW.

25.2 The Board of Directors in their meeting held on 19 February 2010 has declared first interim cash dividend of Re. 1 per share (i.e. 10%) amounting to Rs. 56.46 million. This condensed interim financial information does not reflect this proposed issue.

26. CORRESPONDING FIGURES

Previous year's figures of dividend accrued classified in other receivables amounting to Rs. 4.653 million has been reclassified to current portion of long term investments for the purpose of better presentation.

27. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on 19 February 2010 by the Board of Directors of the Company.


Chief Executive


Director

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 both at Jaranwala, Faisalabad.

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

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

STEEL DIVISION

The Spiral Pipe Plant has a capability of manufacturing high quality steel pipes in the diameter range of 8" – 90" (219 mm – 2,286 mm) in wall thickness from 4 mm – 20 mm and material grades up to API 5L X-80. The Company has been gradually enhancing and upgrading the pipe production

capacity which has increased from 80,000 tons initially to the present notional capacity of 90,000 tons extendable upto maximum 200,000 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/TS 29001, 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 / Poly-propylene and Polyethylene Tape Coating on steel pipes ranging from 4" – 56" (114 mm – 1,422 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 kgs per annum in CCP-I and CCP-II respectively and its products are consistently in demand and generally sold at a premium.

INVESTMENT AND INFRASTRUCTURE DEVELOPMENT DIVISION

The division manages an investment portfolio in shares and other securities, across diversified sectors and real estate. Our strategy has been to focus on those sectors and projects which have potential for growth and where real investments are being made.



Crescent Steel &
Allied Products Ltd.

SHAREHOLDERS' 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: 021-35674881-5
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 M/s CorpTec Associates (Private) Limited, 7/3-G, Mushtaq Ahmed Gurmani Road, Gulberg-II, Lahore.
Telephone: 042-35788097-98
Fax: 042-35755215

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
HSBC Bank Middle East Limited
Arif Habib Bank Limited

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