

# INTERIM REPORT FOR THE NINE MONTHS ENDED MARCH 2005



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</i>    | Javed A. Callea    |
| <i>Non-Executive</i>    | Javed Iqbal        |
| <i>Non-Executive</i>    | Mohammad Anwar     |
| <i>Non-Executive</i>    | Nasir Shafi        |
| <i>Finance Director</i> | S.M. Ehtishamullah |
| <i>Non-Executive</i>    | Zahid Bashir       |

COMPANY SECRETARY Mohammad Amin

### AUDIT COMMITTEE

|                               |   |
|-------------------------------|---|
| <i>Chairman</i>               | Javed A. Callea<br>Javed Iqbal<br>Nasir Shafi     |
| <i>Head of Internal Audit</i> | FRSH & Co. (Asim Siddiqui-<br>Engagement Partner) |

### HUMAN RESOURCE COMMITTEE

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

### EXECUTIVE COMMITTEE

|                 |   |
|-----------------|---|
| <i>Chairman</i> | Ahsan M. Saleem<br>S.M. Ehtishamullah<br>S.A.N. Kazmi |
|-----------------|---|

### BUSINESS STRATEGY COMMITTEE

|                 |   |
|-----------------|---|
| <i>Chairman</i> | Ahsan M. Saleem<br>S.M. Ehtishamullah<br>S.A.N. Kazmi<br>Abdul Rouf |
|-----------------|---|

### SYSTEM AND TECHNOLOGY COMMITTEE

|                 |  |
|-----------------|--|
| <i>Chairman</i> | Ahsan M. Saleem<br>Shahid Mir<br>Tahir Khan<br>Zeeshan Ghulam Muhammad |
|-----------------|--|

### INVESTMENT COMMITTEE

|                 |  |
|-----------------|--|
| <i>Chairman</i> | Ahsan M. Saleem<br>S.M. Ehtishamullah<br>Farrukh Hussain |
|-----------------|--|

### MANAGEMENT

Chief Executive and  
Managing Director  
Ahsan M. Saleem, 51  
1983\*

Advisor to CEO (Technical)  
Mohammad Sharif, 72  
1984\*

Advisor (Corporate)  
Dr. Wasim Azhar, 51  
2001\*

Finance Director & CFO  
S.M. Ehtishamullah, 65  
1996\*

Commercial Director  
S.A.N. Kazmi, 62  
1986\*

General Manager  
Cotton Division  
Abdul Rouf, 45  
2000\*

Head of Marketing  
Arif Raza, 43  
1985\*

Head of Manufacturing  
Mushtaque Ahmed, 43  
1985\*

Controller Finance  
Zeeshan Ghulam Muhammad, 31  
2001\*

\* Year joined Company



# CHIEF EXECUTIVE'S REVIEW

Dear Shareholders,

It gives me great pleasure to present to you the results for the nine months ended March 31, 2005.

This quarter the economy continued its momentum towards the growth target of 7%. The stock market surged to its highest level of 10303 points only to spiral downwards in the later half of March while the State Bank of Pakistan raised its discount rate by 1.5% in an effort to calm down a fuelled up economy.

The ensuing paragraphs contain brief comments separately on the performance of the steel division including investment income and the cotton division results.

## STEEL DIVISION

Revenue of the steel division stood at Rs. 1,584.3 million for the nine months ended March 31, 2005 as compared to Rs. 189.0 million in the same period last year. This increase in revenue was mainly due to execution of own product sales to gas transmission companies in the current nine months as compared to client supplied material for the WOPP project last year. Steel prices remained high during the period under review and showed no signs of abating at the end of the third quarter. This, coupled with active competition reduced gross profit margin from 24.3% of

the nine months of FY04 to 19.1% for the three quarters ended March 31, 2005.

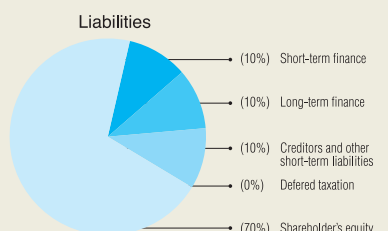
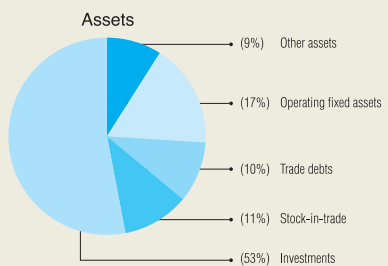
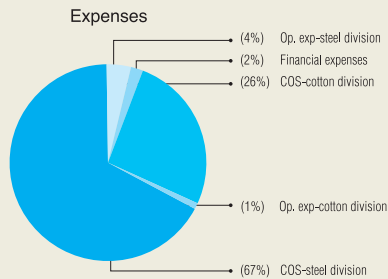
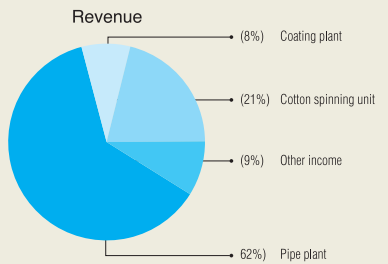
Pipe production on straight tonnage was 33,608 tons in the nine months of the FY05 as compared to 13,715 tons in the same period last year. Coating activity carried out in this period measured 184,907 sqm (3QFY04: 248,728 sqm)

Operating expenses stood at Rs. 76.9 million for nine months of FY05 as compared to Rs. 52.1 million for the corresponding period last year, mainly due to increased activity with in your company. Increased activity and a higher revenue base resulted in an operating profit of Rs. 416.8 million in the current nine months as compared to Rs. 237.6 million in the nine months of FY04.

The nine months period of this current fiscal witnessed sharp movements in the stock market with the index spiraling down from a high of 10303 points. Due to sharp fluctuations, capital gains of Rs 111.6 million were realized in the current nine months as against Rs. 164.8 million in the nine months of FY04. Further unrealized gain on held-for-trading investments for the period under review was Rs.13.8 million (3QFY04: Rs. 13.6 million)

## COTTON DIVISION

Some modifications were



# CHIEF EXECUTIVE'S REVIEW

initiated in the cotton division this fiscal to improve productivity and efficiency. The recently installed gas generators helped to reduce fuel and power cost by Rs. 10.1 million. The cotton division posted total revenue of Rs. 488.4 million in the nine months under review as compared to Rs. 538.1 million in the same period last year mainly due to lower yarn prices this year.

Despite increase in production, gross margin which was 5.0% during the nine months of FY04 dropped to negative 0.7% in the period under review. This was mainly due to higher cost of imported raw cotton carried over from the last fiscal and subdued yarn prices in the first two quarters of the current fiscal. The gross loss at the end of the current quarter stood at Rs. 3.6 million as compared to a gross profit of Rs. 26.7 million in the same period last year.

## TOTAL PROFIT

Profit before tax stood at Rs. 377.6 million as against Rs. 233.6 million for the same period last year. The total profit after tax stood at Rs. 297.1 million as against Rs. 222.0 million in the nine months of the last fiscal. Earnings per share improved from Rs. 9.14 in the nine months of FY04 to Rs. 12.23 in the period under review.

## BALANCE SHEET

The company's balance sheet continues to remain robust reflecting good fundamentals supported by strong capital reserves. The balance sheet footing has increased from Rs. 2,228 million as at June 30, 2004 to Rs. 2,738 million at the end of the nine months of FY05, with debt equity ratio of 12:88 and current ration of 1:3. Breakup value of shares has gone up from Rs. 68.8 as at June 30, 2004 to Rs. 77.8 as on March 31, 2005.

## DIVIDEND

The Board of Directors have approved payment of a second interim dividend at the rate of 10 % i.e. Re.1 per share.

## FUTURE OUTLOOK

The order book for the fourth quarter in the steel division is fairly healthy. There has also been some progress on the TAP (Turkmenistan – Afghanistan – Pakistan) pipeline, which bodes well for your company.

A soaring inflation rate and concomitantly an increasing yield curve pose significant challenge in the coming years. However your management is keeping a vigilant eye on the interest rate scenario and will take appropriate steps to minimize costs. Steel prices also continue to remain high with longer than normal delivery

schedules. Efforts are being made to effectively monitor international steel prices and procure on time and at the best rates.

The performance of the cotton unit is expected to improve on the back of lower cotton costs. In keeping with its strategy of diversification, expansion and better utilization of resources your company is in the process of setting up a spinning unit of 25,344 spindles for production of 30s to 80s count, adjacent to its unit in Jaranwala. With this unit we hope to tap a new target market and also achieve operational efficiency.

Our second batch of employees successfully completed their 21 month long Diploma in Business Administration from Lahore University of Management Sciences (LUMS) this March. In addition, need based courses were also arranged, from time to time, to increase the skill sets of our employees and to gear up our employees for the many challenges being faced in today's fast paced environment.



Ahsan M. Saleem  
Chief Executive Officer  
April 25, 2005



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 Dadu district of Sindh and a Cotton Spinning Unit of 19,680 spindles 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.

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 6-5/8" – 48" (168 mm – 1219 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 30s having a notional capacity based on 20s of 6.2 million kg per annum and its products are consistently in demand and generally sold at a premium.


# BALANCE SHEET (UNAUDITED)

As at March 31, 2005

|  | Note | 31 March<br>2005 | 30 June<br>2004  |
|--|------|------------------|------------------|
| Rupees in thousand   |      |                  |                  |
| <b>EQUITY AND LIABILITIES</b>  |      |                  |                  |
| <b>Share capital and reserves</b>  |      |                  |                  |
| Authorised capital   |      |                  |                  |
| 30,000,000 ordinary shares of Rs 10 each                                 |      | 300,000          | 300,000          |
| Issued, subscribed and paid-up capital                                   |      | 243,027          | 220,934          |
| Reserves   |      | 1,347,485        | 1,270,464        |
| Unappropriated profit  |      | 300,822          | 28,016           |
|  |      | <u>1,891,334</u> | <u>1,519,414</u> |
| Deferred income  |      | 425              | 792              |
| <b>Non-current liabilities</b>   |      |                  |                  |
| Redeemable capital   |      | 258,904          | 295,955          |
| Liabilities against assets subject to finance leases                     |      | 19,560           | 30,561           |
| Deferred tax   |      | 12,221           | 10,582           |
| <b>Current liabilities</b>   |      |                  |                  |
| Current maturity of liabilities of redeemable capital                    |      | 37,500           | -                |
| Current maturity of liabilities against assets subject to finance leases |      | 14,499           | 13,514           |
| Short-term finances  | 3    | 269,346          | 142,734          |
| Creditors, accrued expenses and other liabilities                        |      | 234,485          | 181,514          |
| Proposed dividend  |      | -                | 33,140           |
|  |      | <u>555,830</u>   | <u>370,902</u>   |
| Contingencies and commitments  | 4    | <u>2,738,274</u> | <u>2,228,206</u> |
| <b>ASSETS</b>  |      |                  |                  |
| <b>Non-current assets</b>  |      |                  |                  |
| <b>Tangible fixed assets</b>   |      |                  |                  |
| Operating fixed assets   | 5    | 404,969          | 420,185          |
| Assets subject to finance leases   |      | 39,914           | 45,925           |
| Capital work-in-progress   |      | 12,681           | 1,695            |
|  |      | <u>457,564</u>   | <u>467,805</u>   |
| Intangible assets  |      | 4,206            | 2,875            |
| Long-term investments  | 6    | 353,288          | 210,651          |
| Long-term deposits   |      | 5,798            | 5,737            |
| <b>Current assets</b>  |      |                  |                  |
| Stores, spares and loose tools   |      | 35,699           | 39,256           |
| Stock-in-trade   | 7    | 300,275          | 240,451          |
| Trade debts  |      | 274,278          | 36,024           |
| Advances   |      | 12,931           | 6,756            |
| Deposits and prepayments   |      | 3,221            | 3,422            |
| Other receivables  |      | 124,557          | 112,654          |
| Current maturity of long-term investments                                |      | 1,676            | 12,061           |
| Investments  | 8    | 1,117,157        | 1,012,511        |
| Taxation – net   |      | 13,547           | 59,989           |
| Cash and bank balances   |      | 34,077           | 18,014           |
|  |      | <u>1,917,418</u> | <u>1,541,138</u> |
|  |      | <u>2,738,274</u> | <u>2,228,206</u> |

The annexed notes from 1 to 17 form an integral part of these financial statements.

  
Chief Executive

  
Director



Crescent Steel &  
Allied Products Ltd.

# PROFIT AND LOSS ACCOUNT (UNAUDITED)

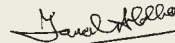
For the nine months ended March 31, 2005

|                                      | Note | Nine months ended<br>31 March 2005 |                    |           | Nine months ended<br>31 March 2004 |                    | Total    |
|--------------------------------------|------|------------------------------------|--------------------|-----------|------------------------------------|--------------------|----------|
|                                      |      | Steel<br>division                  | Cotton<br>division | Total     | Steel<br>division                  | Cotton<br>division |          |
| Rupees in thousand                   |      |                                    |                    |           |                                    |                    |          |
| Sales                                |      | 1,584,280                          | 488,380            | 2,072,660 | 189,045                            | 538,097            | 727,142  |
| Cost of sales                        |      | 1,281,548                          | 491,952            | 1,773,500 | 143,102                            | 511,393            | 654,495  |
| Gross profit / (loss)                |      | 302,732                            | (3,572)            | 299,160   | 45,943                             | 26,704             | 72,647   |
| Selling and distribution cost        |      | 5,138                              | 950                | 6,088     | 4,299                              | 2,531              | 6,830    |
| Administration expenses              |      | 65,644                             | 11,766             | 77,410    | 38,969                             | 14,135             | 53,104   |
| Other operating expenses             |      | 6,077                              | —                  | 6,077     | 8,880                              | 1,240              | 10,120   |
|                                      |      | 76,859                             | 12,716             | 89,575    | 52,148                             | 17,906             | 70,054   |
| Other operating income               | 10   | 190,950                            | 8,319              | 199,269   | 243,797                            | 1,125              | 244,922  |
| Operating profit / (loss)            |      | 416,823                            | (7,969)            | 408,854   | 237,592                            | 9,923              | 247,515  |
| Finance cost                         | 11   | 16,379                             | 14,866             | 31,245    | 6,394                              | 7,523              | 13,917   |
| Profit / (loss) before taxation      |      | 400,444                            | (22,835)           | 377,609   | 231,198                            | 2,400              | 233,598  |
| Taxation - current                   |      |                                    |                    | 78,669    |                                    |                    | 8,700    |
| Taxation - prior                     |      |                                    |                    | —         |                                    |                    | 658      |
| Taxation - deferred                  |      |                                    |                    | 1,831     |                                    |                    | 2,179    |
|                                      |      |                                    |                    | 80,500    |                                    |                    | 11,537   |
| Profit for the period                |      |                                    |                    | 297,109   |                                    |                    | 222,061  |
| Basic and diluted earnings per share |      |                                    |                    | Rs. 12.23 |                                    |                    | Rs. 9.14 |

The annexed notes from 1 to 17 form an integral part of these financial statements.



Chief Executive



Director

# PROFIT AND LOSS ACCOUNT (UNAUDITED)

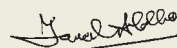
For the quarter ended March 31, 2005

|                                      | Note Quarter ended<br>31 March 2005 |                    |           | Quarter ended<br>31 March 2004 |                    |          |
|--------------------------------------|-------------------------------------|--------------------|-----------|--------------------------------|--------------------|----------|
|                                      | Steel<br>division                   | Cotton<br>division | Total     | Steel<br>division              | Cotton<br>division | Total    |
| Rupees in thousand                   |                                     |                    |           |                                |                    |          |
| Sales                                | 916,427                             | 154,493            | 1,070,920 | 55,256                         | 182,491            | 237,747  |
| Cost of sales                        | 778,125                             | 145,389            | 923,514   | 46,338                         | 183,165            | 229,503  |
| Gross profit / (loss)                | 138,302                             | 9,104              | 147,406   | 8,918                          | (674)              | 8,244    |
| Selling and distribution cost        | 1,856                               | 186                | 2,042     | 1,560                          | 1,046              | 2,606    |
| Administration expenses              | 35,963                              | 5,310              | 41,273    | 10,920                         | 4,986              | 15,906   |
| Other operating expenses             | 1,470                               | —                  | 1,470     | 28                             | 162                | 190      |
|                                      | 39,289                              | 5,496              | 44,785    | 12,508                         | 6,194              | 18,702   |
| Other operating income               | 99,556                              | 589                | 100,145   | 93,133                         | 127                | 93,260   |
| Operating profit / (loss)            | 198,569                             | 4,197              | 202,766   | 89,543                         | (6,741)            | 82,802   |
| Finance cost                         | 10,952                              | 3,651              | 14,603    | 2,890                          | 3,861              | 6,751    |
| Profit / (loss) before taxation      | 187,617                             | 546                | 188,163   | 86,653                         | (10,602)           | 76,051   |
| Taxation - current                   |                                     |                    | 36,441    |                                |                    | 700      |
| Taxation - deferred                  |                                     |                    | 2,023     |                                |                    | —        |
|                                      |                                     |                    | 38,464    |                                |                    | 700      |
| Profit for the period                |                                     |                    | 149,699   |                                |                    | 75,351   |
| Basic and diluted earnings per share |                                     |                    | Rs. 6.16  |                                |                    | Rs. 3.10 |

The annexed notes from 1 to 17 form an integral part of these financial statements.



Chief Executive



Director



Crescent Steel &  
Allied Products Ltd.

## STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

|  | Issued,<br>subscribed<br>and paid-up<br>capital | General<br>reserve | Reserve<br>for issue<br>of bonus<br>shares | Unrealized<br>gains on<br>remeasure-<br>ment of avail-<br>able for sale<br>investment<br>securities | Unappropri-<br>ated profit | Total                |
|--|---|--------------------|--|---|----------------------------|----------------------|
|  | Rupees in thousand                              |                    |  |   |                            |                      |
| Balance as at 1 July 2003  | 200,849   | 746,000            | 22,363                                     | 188,610   | 4,257                      | 1,162,079            |
| Profit for the nine months<br>ended 31 March 2004                  | –   | –                  | –  | –   | 222,061                    | 222,061              |
| Unrealised gains on<br>available for sale<br>investment securities | –   | –                  | –  | 108,757   | –                          | 108,757              |
| Bonus shares issued  | 20,085  | –                  | (20,085)                                   | –   | –                          | –                    |
| First interim dividend (10%)<br>Second interim dividend (10%)      | –   | –                  | –  | –   | (22,093)<br>(22,093)       | (22,093)<br>(22,093) |
| Balance as at 31 March 2004  | 220,934   | 746,000            | 2,278                                      | 297,367   | 182,132                    | 1,448,711            |
| Balance as at 1 July 2004  | 220,934   | 921,000            | 22,093                                     | 327,371   | 28,016                     | 1,519,414            |
| Bonus shares issued  | 22,093  | –                  | (22,093)                                   | –   | –                          | –                    |
| Profit for the nine months<br>ended 31 March 2005                  | –   | –                  | –  | –   | 297,109                    | 297,109              |
| Unrealised gain on available<br>for sale investment securities     | –   | –                  | –  | 122,323   | –                          | 122,323              |
| Realized gains on sale of<br>investment                            | –   | –                  | –  | (23,209)  | –                          | (23,209)             |
| First interim dividend (10%)                                       | –   | –                  | –  | –   | (24,303)                   | (24,303)             |
| Balance as at 31 March 2005  | 243,027   | 921,000            | –  | 426,485   | 300,822                    | 1,891,334            |

The annexed notes from 1 to 17 form an integral part of these financial statements.

  
Chief Executive

  
Director

# CASH FLOW STATEMENT (UNAUDITED)

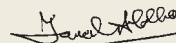
For the nine months ended March 31, 2005

|  |      | Nine months ended  |               |
|--|------|--------------------|---------------|
|  | Note | 31 March 2005      | 31 March 2004 |
|  |      | Rupees in thousand |               |
| <b>Cash flows from operating activities</b>          |      |                    |               |
| Cash generated from operations                       | 12   | 101,346            | (41,418)      |
| Taxes paid   |      | (32,416)           | (58,196)      |
| Financial charges paid                               |      | (28,378)           | (10,380)      |
| Payment to pension and gratuity fund                 |      | (4,181)            | (3,240)       |
| Payment for the workers' welfare fund                |      | -                  | (5,393)       |
| Long-term deposits and prepayments                   |      | (61)               | (443)         |
| Net cash from/(used in) operating activities         |      | 36,310             | (119,070)     |
| <b>Cash flow from investing activities</b>           |      |                    |               |
| Fixed capital expenditure                            |      | (51,117)           | (126,070)     |
| Purchase of intangible assets                        |      | (2,932)            | (2,772)       |
| Investments disposed off/ (made) – net               |      | (100,138)          | (76,338)      |
| Proceeds from sale of fixed assets                   |      | 1,618              | 5,448         |
| Dividends received                                   |      | 48,661             | 37,826        |
| Return on deposits received                          |      | 4,377              | 3,614         |
| Net cash used in investing activities                |      | (99,531)           | (158,292)     |
| <b>Cash flow from financing activities</b>           |      |                    |               |
| Proceeds from short-term borrowings                  |      | 50,099             | 196,607       |
| Proceeds from redeemable capital                     |      | -                  | 300,000       |
| Payment of lease rentals                             |      | (10,016)           | (22,774)      |
| Dividends paid                                       |      | (37,312)           | (47,917)      |
| Net cash from/(used in) financing activities         |      | 2,771              | (425,916)     |
| Net (decrease)/increase in cash and cash equivalents |      | (60,450)           | 148,554       |
| Cash and cash equivalents at beginning of the period |      | 181                | (19,971)      |
| Cash and cash equivalents at end of the period       | 13   | (60,269)           | 128,583       |

The annexed notes from 1 to 17 form an integral part of these financial statements.



**Chief Executive**



**Director**



# NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

## 1. INTRODUCTION

- 1.1 The company was incorporated on 1 August 1983 as a public limited company and is quoted on the stock exchanges in Karachi, Lahore and Islamabad. It is one of the downstream industries of Pakistan Steel Mills, manufacturing large diameter spiral arc welded steel line pipes at Nooriabad (District Dadu). The company has a coating facility capable of applying three layer high density polyethylene coating on steel line pipes. The coating plant commenced commercial production from 16 November 1992.
- 1.2 The company acquired a running spinning unit of 14,400 spindles (now 19,680 spindles) at Jaranwala (District Faisalabad) on June 30, 2000 from Crescent Jute Products Limited. 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". A basic sale and purchase agreement has been entered into, however, the transfer of legal title of land is in the process of being completed.

## 2. BASIS OF PRESENTATION

- 2.1 These financial statements have been prepared in accordance with the requirements of the International Accounting Standard No. 34 'Interim Financial Reporting' and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and the listing regulations of the Stock Exchanges of Pakistan.

The financial statements comprise of the balance sheet as at 31 March 2005 and the profit and loss account, statements of changes in equity and the cash flow statement for the nine months ended 31 March 2005.

The comparative balance sheet presented in these financial statements as at 30 June 2004 has been extracted from the audited financial statements of the company for the year ended 30 June 2004, whereas the comparative profit and loss account, statement of changes in equity and cash flow statement are stated from the unaudited financial statements for the nine months ended 31 March 2004.

- 2.2 The accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the company for the year ended 30 June 2004, except the following:
- Dividend is recognized as a liability in the period in which it is declared. Up to previous year, dividends that were proposed after the balance sheet date but before the financial statements were authorized for issue were recorded as a liability. The change was considered necessary due to the revision of Fourth Schedule to the Companies Ordinance, 1984 effective 5 July 2004. The pro-forma information as required under the standard is presented in note 9.

# NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended March 31, 2005

## 3. SHORT-TERM FINANCES

|   | 31 March 2005  |                 |         | 30 June 2004   |                 |         |
|---|----------------|-----------------|---------|----------------|-----------------|---------|
|   | Steel division | Cotton division | Total   | Steel division | Cotton division | Total   |
| Rupees in thousand                        |                |                 |         |                |                 |         |
| <b>Secured</b>                            |                |                 |         |                |                 |         |
| Running Finance under markup arrangements |                |                 |         |                |                 |         |
| Union Bank Limited 3.1                    | 55,049         | 39,297          | 94,346  | 17,581         | –               | 17,581  |
| PICIC Commercial Bank Limited             | –              | –               | –       | –              | 252             | 252     |
| <b>Short term loans</b>                   |                |                 |         |                |                 |         |
| Muslim Commercial Bank Limited 3.2        |                |                 |         |                |                 |         |
|   | 70,000         | –               | 70,000  | –              | –               | –       |
| Meezan Bank Limited 3.3                   |                |                 |         |                |                 |         |
|   | 105,000        | –               | 105,000 | –              | –               | –       |
| Union Bank Limited                        | –              | –               | –       | 50,000         | –               | 50,000  |
| <b>Unsecured</b>                          |                |                 |         |                |                 |         |
| Pak Oman Investment Company Limited       |                |                 |         |                |                 |         |
|   | –              | –               | –       | –              | 74,901          | 74,901  |
|   | 230,049        | 39,297          | 269,346 | 67,581         | 75,153          | 142,734 |

### 3.1 Union Bank Limited

The facilities for running finance available amounts to Rs. 400 million (30 June 2004: Rs. 125 million). The rate of mark-up is 6 months KIBOR (Ask) plus 1.75% with a floor of 5.5 percent per annum (30 June 2004: 7.25 percent per annum). The purchase prices are repayable on 31 March 2006. The above facilities are secured against pledge of shares of public limited companies to the extent of Rs. 208.33 million with 40 percent margin for Rs.125 million facility, pledge on stocks of raw cotton with 25 percent margin to the extent of Rs.366.67 million for Rs.275 million facility and first pari passu charge on the stocks and book debts of the company to the extent of Rs.600 million.

The facility for opening letters of credit and guarantees as at 31 March 2005 amounted to Rs.710 million (30 June 2004: 672.72 million). The above facilities are secured against first pari passu charge on the stocks and debts of the company to the extent of Rs.710 million.

### 3.2 Muslim Commercial Bank Limited

#### 3.2.1 The facility for running finance amounted to Rs.200 million. The mark-up rate is 1 month KIBOR plus 1.5% with a floor of 5.0 %. The facility will remain valid till 31 August 2005.

The above facility is secured against the following:

- 1st registered pari passu hypothecation charge for Rs.316.670 million over stocks and book debts of the company.
- Lien over import documents
- Duly accepted bills of exchange
- Pledge of stocks of raw cotton and share of public limited companies.



## NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

### 3.3 Meezan Bank Limited

During the period Istijrar Facilities (Master Murabaha Facility) amounting to Rs. 325 million (June 2004: Rs. 325 million) has been renewed and availed. The rate of mark-up is to be agreed for each sub-murabaha. The above facilities are secured against first pari passu charge over stocks and book debts. These facilities will expire on 30 June 2005.

The facility for opening letters of credit and guarantees as at 31 March 2005 amounted to Rs.500 million (2003: Rs 500 million). The above facilities are secured against first pari passu charge on the stocks and debts of the company to the extent of Rs.600 million.

## 4. CONTINGENCIES AND COMMITMENTS

- 4.1 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. 47.850 million on account of Workers' Profit 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 filing a constitutional petition in the High Court and is confident of a favourable outcome. Thus, no provision has been made in these financial statements for the aforementioned amount in these financial statements.
- 4.2 The sales tax authorities had issued a show cause notice relating to sales tax of Rs. 2.48 million by disallowing input tax claimed on certain items and spare parts imported during the period from August 1997 to June 1998. The company has filed an appeal with the Customs, Excise and Sales Tax Appellate Tribunal who has referred the case to a Collector Sales Tax (Appeals) for fresh assessment. Based on the advice of legal advisor the management is confident that the matter will be decided in favour of the Company. Accordingly, no provision has been made in these financial statements for the aforementioned amount.
- 4.3 The company has filed a suit in the High Court of Sindh for restraining the customs authorities from encashing a bank guarantee of Rs. 0.89 million issued while availing concessionary benefits of SRO 671 (1)/94 dated 3 July 1994. The liability of the company will eventually depend upon whether or not the goods were consumed in terms of the concession. This case is pending with the High Court and a sum of Rs. 0.89 million is contingently payable by the Company in case the High Court decides the case against the Company.
- 4.4 The company filed a suit in the High Court of Sindh for recovery of retention money amounting to Rs. 3.265 million from Indus Steel Pipes Limited against supply of pipes. The High Court has decided the case in the company's favour, however, pending a formal judgment the gain has not been recognised in these financial statements.
- 4.5 The company had filed a claim against SNGPL for return of its performance bond relating to a contract that was completed in the past. By way of a counter claim, SNGPL is claiming liquidated damages amounting to US dollar 904,447 and mark-up. The matter is currently pending before the Arbitrators. Management of the company, based on legal advice, is confident that there is no significant chance of the counter claim of SNGPL being allowed as the relevant guarantees have long since expired.
- 4.6 The company has filed a suit in the Sindh High Court against Federation of Pakistan and others, for levy of import license fee at 6 percent against import of coating plant in 1992. The company contested that as per SRO 1317/(1)/94 dated December 22, 1990, being located in rural area, is only liable to pay 2 percent of import license fee. The case is pending with the Sindh High Court. The company provided a bank guarantee of Rs.3.42 million as directed by the Honorable Court. However, no provision has been made in these financial statements, as management is confident that the case would be decided in the company's favour.

# NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended March 31, 2005

- 4.7 Aggregate amount of guarantees given by the banks on behalf of the company in respect of performance of various contracts as at 31 March 2005 aggregated to Rs. 307.61 million (30 June 2004: Rs. 195.49 million).
- 4.8 Commitments under letters of credit as at 31 March 2005 is Rs. 919.82 million (30 June 2004: Rs.282.42 million).
- 4.9 Commitments in respect of capital expenditure contracted for as on 31 March 2005 is Rs.3.38 million (30 June 2004: Rs. 1.09 million).

## 5. OPERATING FIXED ASSETS

|                            | Nine months ended<br>31 March 2005 |              | Nine months ended<br>31 March 2004 |              |
|----------------------------|------------------------------------|--------------|------------------------------------|--------------|
|                            | Additions                          | Disposals    | Additions                          | Disposals    |
|                            | Rupees in thousand                 |              |                                    |              |
| Freehold land              | 4,172                              | —            | —                                  | —            |
| Building on freehold land  | 14,678                             | —            | —                                  | —            |
| Plant and machinery        | 8,209                              | 100          | 22,019                             | 4,723        |
| Office premises            | 367                                | —            | —                                  | —            |
| Furniture and fixtures     | 140                                | —            | —                                  | —            |
| Office and other equipment | 582                                | 27           | 128                                | —            |
| Computers                  | 542                                | 78           | 476                                | —            |
| Vehicles                   | 10,806                             | 4,787        | 3,867                              | 2,378        |
| Workshop equipment         | 635                                | —            | —                                  | —            |
|                            | <u>40,131</u>                      | <u>4,992</u> | <u>26,490</u>                      | <u>7,101</u> |

The company had acquired the cotton division effective 30 June 2000. The transfer of legal title of assets in the name of the company is in process.

## 6. LONG TERM INVESTMENTS

|                                   | Note | 31 March 2005      |                    |                | 30 June 2004      |                    |                |
|-----------------------------------|------|--------------------|--------------------|----------------|-------------------|--------------------|----------------|
|                                   |      | Steel<br>division  | Cotton<br>division | Total          | Steel<br>division | Cotton<br>division | Total          |
|                                   |      | Rupees in thousand |                    |                |                   |                    |                |
| Available-for-sale<br>investments |      | 294,797            | —                  | 294,797        | 185,656           | —                  | 185,656        |
| Held to maturity                  | 6.1  | 58,491             | —                  | 58,491         | 24,995            | —                  | 24,995         |
|                                   |      | <u>353,288</u>     | <u>—</u>           | <u>353,288</u> | <u>210,651</u>    | <u>—</u>           | <u>210,651</u> |

- 6.1 During the period, the company subscribed right cumulative preference shares ("shares") of Shakarganj Mills Limited amounting to Rs. 29.99 million. These shares have a face value of Rs. 10 each. These shares carry dividend rate of 8.5% per annum payable annually. The tenor of these shares is five years and face value of investments will be received at maturity.

During the period, the company subscribed right cumulative preference shares ("shares") of Maple Leaf Cement Factory Limited amounting to Rs. 1.84 million. These shares have a face value of Rs. 10 each. These shares carry dividend rate of 9.75% per annum payable annually. The tenor of these shares is six years and face value of investments will be received at maturity.



## NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

### 7. STOCK-IN-TRADE

|                      | 31 March 2005      |                 |                | 30 June 2004   |                 |                |
|----------------------|--------------------|-----------------|----------------|----------------|-----------------|----------------|
|                      | Steel division     | Cotton division | Total          | Steel division | Cotton division | Total          |
|                      | Rupees in thousand |                 |                |                |                 |                |
| Raw material         | 102,971            | 157,712         | 260,683        | 50,670         | 158,546         | 209,216        |
| Work-in-process      | 303                | 2,887           | 3,190          | 1,379          | 4,433           | 5,812          |
| Finished goods       | 29,686             | 7,646           | 37,332         | 19,245         | 13,395          | 32,640         |
| Scrap / cotton waste | 2,054              | 1,113           | 3,167          | 441            | 837             | 1,278          |
|                      | <u>135,014</u>     | <u>169,358</u>  | <u>304,372</u> | <u>71,735</u>  | <u>177,211</u>  | <u>248,946</u> |
| Provisions           | (3,442)            | (655)           | (4,097)        | (7,840)        | (655)           | (8,495)        |
|                      | <u>131,572</u>     | <u>168,703</u>  | <u>300,275</u> | <u>63,895</u>  | <u>176,556</u>  | <u>240,451</u> |

### 8. INVESTMENTS

|  | Note | 31 March 2005      |                 |                  | 30 June 2004     |                 |                  |
|--|------|--------------------|-----------------|------------------|------------------|-----------------|------------------|
|  |      | Steel division     | Cotton division | Total            | Steel division   | Cotton division | Total            |
|  |      | Rupees in thousand |                 |                  |                  |                 |                  |
| Available-for  |      |                    |                 |                  |                  |                 |                  |
| -sale investments  |      | 443,995            | –               | 443,995          | 415,294          | –               | 415,294          |
| Held for trading   |      | 523,199            | –               | 523,199          | 546,908          | –               | 546,908          |
| Loans and advances originated by the enterprise – Islamic Republic of Pakistan |      |                    |                 |                  |                  |                 |                  |
| Bonds 10%  |      | 6,593              | –               | 6,593            | 12,939           | –               | 12,939           |
| Held to maturity   | 8.1  | 143,370            | –               | 143,370          | 37,370           | –               | 37,370           |
|  |      | <u>1,117,157</u>   | <u>–</u>        | <u>1,117,157</u> | <u>1,012,511</u> | <u>–</u>        | <u>1,012,511</u> |

8.1 This includes musharika arrangement with Financial Link Modaraba amounting to Rs. 67.4 million on profit and loss sharing basis obtained during the period.

### 9. RESTATED PRO-FORMA INFORMATION

Statement of retained earnings

|  | 31 March 2005      | 30 June 2004  | 31 March 2004  | Pro forma                |                         |                          |
|--|--------------------|---------------|----------------|--------------------------|-------------------------|--------------------------|
|  |                    |               |                | (Restated) 31 March 2005 | (Restated) 30 June 2004 | (Restated) 31 March 2003 |
|  | Rupees in thousand |               |                |                          |                         |                          |
| Opening retained earnings as previously reported | 28,016             | 4,257         | 5,611          | 28,016                   | 4,257                   | 5,611                    |
| Change in accounting policy for dividends        | –                  | –             | –              | 33,140                   | 40,170                  | 60,255                   |
| Opening retained earnings as restated            | 28,016             | 4,257         | 5,611          | 61,156                   | 44,427                  | 65,866                   |
| Profit for the period / year                     | 297,109            | 295,900       | 222,061        | 297,109                  | 295,900                 | 222,061                  |
| Transfer to general reserves                     | –                  | (175,000)     | –              | –                        | (175,000)               | –                        |
| Reserve for bonus shares                         | –                  | (19,815)      | –              | –                        | (19,815)                | –                        |
| Interim dividends                                | (24,303)           | (44,186)      | –              | (24,303)                 | (44,186)                | (40,170)                 |
| Proposed dividend                                | –                  | (33,140)      | (40,170)       | (33,140)                 | (40,170)                | (60,255)                 |
| Closing retained earnings                        | <u>300,822</u>     | <u>28,016</u> | <u>187,502</u> | <u>300,822</u>           | <u>61,156</u>           | <u>187,502</u>           |

# NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended March 31, 2005

## 10. OTHER OPERATING INCOME

|  | Nine months ended<br>31 March 2005 |                    |         | Nine months ended<br>31 March 2004 |                    |         |
|--|------------------------------------|--------------------|---------|------------------------------------|--------------------|---------|
|  | Steel<br>division                  | Cotton<br>division | Total   | Steel<br>division                  | Cotton<br>division | Total   |
|  | Rupees in thousand                 |                    |         |                                    |                    |         |
| Income from Investments                            |                                    |                    |         |                                    |                    |         |
| Gain on sale of investments                        | 106,238                            | –                  | 106,238 | 164,849                            | –                  | 164,849 |
| Dividend income                                    | 55,956                             | –                  | 55,956  | 44,385                             | –                  | 44,385  |
| Unrealised gain on held<br>for trading investments | 14,490                             | –                  | 14,490  | 26,190                             | –                  | 26,190  |
| Return on deposits,<br>advances and investments    | 4,815                              | 90                 | 4,905   | 4,262                              | 110                | 4,372   |
|  | 181,499                            | 90                 | 181,499 | 239,686                            | 110                | 239,796 |
| Income from Non-<br>Financial Assets               |                                    |                    |         |                                    |                    |         |
| Gain on sale of fixed assets                       | 1,785                              | 40                 | 1,825   | 1,213                              | 745                | 1,958   |
| Others   | 7,666                              | 8,189              | 15,855  | 2,898                              | 270                | 3,168   |
|  | 9,451                              | 8,229              | 17,680  | 4,111                              | 1,015              | 5,126   |
|  | 190,950                            | 8,319              | 199,269 | 243,797                            | 1,125              | 244,922 |

## 11. FINANCE COST

|  | Nine months ended<br>31 March 2005 |                    |        | Nine months ended<br>31 March 2004 |                    |        |
|--|------------------------------------|--------------------|--------|------------------------------------|--------------------|--------|
|  | Steel<br>division                  | Cotton<br>division | Total  | Steel<br>division                  | Cotton<br>division | Total  |
|  | Rupees in thousand                 |                    |        |                                    |                    |        |
| Interest on provident fund                               | –                                  | 148                | 148    | –                                  | 104                | 104    |
| Short term finance                                       | 14,034                             | 1,526              | 15,560 | 2,640                              | 3,056              | 5,696  |
| Redeemable capital                                       | 6,840                              | 5,231              | 12,071 | 1,645                              | 1,258              | 2,903  |
| Assets subject to<br>finance leases                      | 1,384                              | 1,094              | 2,478  | 1,776                              | 2,388              | 4,164  |
| Bank charges   | 600                                | 388                | 988    | 333                                | 717                | 1,050  |
|  | 22,858                             | 8,387              | 31,245 | 6,394                              | 7,523              | 13,917 |
| Financial charges<br>allocated to the cotton<br>division | (6,479)                            | 6,479              | –      | –                                  | –                  | –      |
|  | 16,379                             | 14,866             | 31,245 | 6,394                              | 7,523              | 13,917 |



Crescent Steel &  
Allied Products Ltd.

## NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

### 12. CASH GENERATED FROM OPERATIONS

|  | Note | Nine months ended<br>31 March 2005 | 31 March 2004<br>Rupees in thousand |
|--|------|------------------------------------|-------------------------------------|
| Profit before taxation                                   |      | 377,609                            | 233,598                             |
| <b>Adjustments for non cash charges and other items:</b> |      |                                    |                                     |
| Depreciation   |      | 61,296                             | 55,120                              |
| Amortization of intangible assets                        |      | 1,603                              | 991                                 |
| Fair value adjustments                                   |      | (14,490)                           | (26,190)                            |
| Amortization of discount on IROP Bond                    |      | (822)                              | -                                   |
| Reversal against stock-in-trade                          |      | (11,795)                           | (2,618)                             |
| Provision for workers welfare fund                       |      | 2,593                              | 383                                 |
| Provision for infrastructure fee                         |      | 2,500                              | 7,320                               |
| Exchange (loss) / gain                                   |      | (123)                              | 505                                 |
| Gain on sale of investments                              |      | (106,238)                          | (164,850)                           |
| Provision for pension and gratuity                       |      | 3,645                              | 3,513                               |
| Financial charges  |      | 31,245                             | 13,917                              |
| Gain on disposal of fixed assets                         |      | (1,825)                            | (1,958)                             |
| Dividend income  |      | (55,956)                           | (44,385)                            |
| Deferred Income  |      | (366)                              | (275)                               |
| Return on deposits, advances and investments             |      | (4,905)                            | (4,372)                             |
| Amortization of initial transaction cost on TFCs         |      | 449                                | -                                   |
| Provision against spare parts                            |      | -                                  | 1,912                               |
| Working capital changes                                  | 12.1 | (183,074)                          | (114,029)                           |
|  |      | 101,346                            | (41,418)                            |
| <br>   |      |                                    |                                     |
| 12.1 Working capital changes                             |      |                                    |                                     |
| <br>   |      |                                    |                                     |
| <b>(Increase) / decrease in current assets</b>           |      |                                    |                                     |
| Stores, spares and loose tools                           |      | 3,555                              | (3,291)                             |
| Stock-in-trade   |      | (28,155)                           | (366,749)                           |
| Trade debts  |      | (238,254)                          | (4,171)                             |
| Short-term advances                                      |      | (6,175)                            | (1,023)                             |
| Short-term deposits and prepayments                      |      | 201                                | (5,469)                             |
| Other receivables (net)                                  |      | 59,331                             | (18,506)                            |
|  |      | (209,497)                          | (399,209)                           |
| <br>   |      |                                    |                                     |
| <b>Increase / (decrease) in current liabilities</b>      |      |                                    |                                     |
| Creditors, accrued and other liabilities (net)           |      | 26,423                             | 285,180                             |
| Working capital changes                                  |      | (183,074)                          | (114,029)                           |

### 13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following items as included in the balance sheet:

|   |          |          |
|---|----------|----------|
| Short-term running finance under markup arrangements        | (94,346) | (10,020) |
| Short-term deposit with a non banking financial institution | -        | 43,385   |
| Cash and bank balances                                      | 34,077   | 95,218   |
|   | (60,269) | 128,583  |

# NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended March 31, 2005

## 14. 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 valuation modules, as admissible, except in extremely rare circumstances where, subject to the approval of Board of Directors, it is in the interest of the Company to do so. The related parties and associated undertakings comprise local associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties during the period are as follows:

|  | Nine months ended<br>31 March 2005 |                    |        | Nine months ended<br>31 March 2004 |                    |        |
|--|------------------------------------|--------------------|--------|------------------------------------|--------------------|--------|
|  | Steel<br>division                  | Cotton<br>division | Total  | Steel<br>division                  | Cotton<br>division | Total  |
|  | Rupees in thousand                 |                    |        |                                    |                    |        |
| Insurance premium paid                             | 124                                | 568                | 692    | 5,988                              | 2,061              | 8,049  |
| Sale of pipes / yarn                               | 8,843                              | 67,573             | 76,056 | 697                                | 29,107             | 29,803 |
| Return on deposits                                 | 1,123                              | –                  | 1,123  | 644                                | –                  | 644    |
| Dividends income                                   | 7,431                              | –                  | 7,431  | 6,171                              | –                  | 6,171  |
| Service charges (net)                              | 1,458                              | 2,109              | 3,567  | 3,588                              | 2,023              | 5,611  |
| Donation   | 2,305                              | 3,950              | 6,255  | 2,434                              | 3,333              | 5,767  |
| Short-term placement                               | 50,000                             | –                  | 50,000 | –                                  | –                  | –      |
| Sale of fixed assets                               | –                                  | –                  | –      | –                                  | 600                | 600    |
| Purchase of fixed assets                           | –                                  | 18,850             | 18,850 | –                                  | –                  | –      |
| Markup on running finance                          | –                                  | –                  | –      | –                                  | 2                  | 2      |
| Subscription in right shares                       | 10,822                             | –                  | 10,822 | –                                  | –                  | –      |
| Subscription in preference shares                  | 29,994                             | –                  | 29,994 | –                                  | –                  | –      |
| Redemption of term finance certificate             | 1,666                              | –                  | 1,666  | 1,666                              | –                  | 1,666  |
| Contribution to Provident Fund                     | 3,583                              | 496                | 4,079  | 3,474                              | 412                | 2,562  |
| Contribution to Pension Fund                       | 2,436                              | 217                | 2,653  | 2,288                              | 185                | 2,473  |
| Contribution to Gratuity Fund                      | 989                                | –                  | 989    | 1,040                              | –                  | 1,040  |
| Interest to Provident Fund on accumulated balances | –                                  | 148                | 148    | –                                  | 104                | 104    |

## 15. DIVIDEND

The board of directors in their meeting held on 25 April 2005 have approved 10 percent second interim dividend.

## 16. COMPARATIVES

The comparatives have been rearranged where necessary due to revisions in Fourth Schedule to the Companies Ordinance, 1984.



Crescent Steel &  
Allied Products Ltd.

# NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

## 17. GENERAL

- 17.1 These financial statements were authorized for issue on 25 April, 2005 by the board of directors of the company.
- 17.2 Figures have been rounded off to the nearest thousand rupees.

**Chief Executive**

**Director**

# 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 Farrukh Hussain at the Company's Principal Office, Karachi.  
Telephone: 021-5674881-5  
E.mail: farrukh.hussain@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: 042-111-912-912  
Fax: 042-5875915-16  
E.mail: csbm@csibl.com

## 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 30s.

## AUDITORS

KPMG Taseer Hadi Khalid & Co.

## LEGAL ADVISOR

Hassan & Hassan, Advocates,  
Lahore

## BANKERS

Union Bank Limited  
Meezan Bank Limited  
PICIC Commercial Bank Limited

## REGISTERED OFFICE

4th Floor, Crescent Standard Tower, 10-B, Block E-2, Main Boulevard, Gulberg-III, Lahore.  
Telephone: 042-111-912-912  
Fax: 042-5875915-16  
E.mail: csbm@csibl.com

## LIAISON OFFICE LAHORE

9th Floor, Crescent Standard Tower, 10-A, Block E-2, Main Boulevard, Gulberg-III, Lahore.  
Telephone: 042-5879701-2  
Fax: 042-5870357  
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## PRINCIPAL OFFICE

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