

**Condensed Interim Report  
for the Nine Months Period ended  
March 2009**



**Crescent Steel &  
Allied Products Ltd.**



Crescent Steel &  
Allied Products Ltd.

## COMPANY INFORMATION

### BOARD OF DIRECTORS

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

<b>COMPANY SECRETARY</b>	M. Saad Thaniana
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### AUDIT COMMITTEE

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

### HUMAN RESOURCE COMMITTEE

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

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

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

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

<i>Chairman</i>	Ahsan M. Saleem S.M. Ehtishamullah M. Saad Thaniana
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### THE MANAGEMENT

Chief Executive and  
Managing Director  
Ahsan M. Saleem, 55  
1983\*

Advisor to CEO (Technical)  
Mohammad Sharif, 76  
1984\*

Executive Director  
S.M. Ehtishamullah, 69  
1996\*

Chief Financial Officer  
M. Saad Thaniana, 41  
2007\*

Commercial Director /  
Head of Buying  
S.A.N. Kazmi, 66  
1986\*

BU Head - Steel Division  
Iqbal Zafar Siddiqui, 58  
2008\*

BU Head - Cotton Division  
Abdul Rouf, 48  
2000\*

Chief Information Officer  
Shahid H. Mir, 54  
2006\*

Head of Risk & Compliance  
Shah Muhammad Chaudhry  
2008\*

Human Resource Advisor  
Ehsan Durrani  
2008\*

Head of Marketing  
Steel Division  
Arif Raza, 46  
1985\*

\* Year joined Company



Crescent Steel &  
Allied Products Ltd.

## COMPANY PROFILE

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

## CHIEF EXECUTIVE'S REVIEW

Dear Shareholders,

I am pleased to present the unaudited financial statement of your company for nine months and quarter ended 31 March 2009.

The period under review (July 2008 – March 2009) has witnessed a global economic meltdown and a very difficult economic situation in Pakistan resulting in acute liquidity crunch, depreciation of Pak rupee, high inflation and increase in discount and KIBOR rates. KSE market as at 01 July 2008 opened at 12,289 and closed as at 31 March 2009 at 6,845 points, showing a decrease of 5,444 points i.e. fall of 44.3%. The index fell further in January to its lowest point of 4,845 before rebounding. During this quarter, KSE index gained 1,092 points and also breached 7,000 points psychological barrier on 31 March, 2009.

As expected, since January many of the country's macroeconomic indicators have shown signs of improvement. However, still the imbalances are quite large and will take a little longer to stabilize.

The Company's overall loss during the nine months ended 31 March 2009 was reduced to Rs. 404.4 million as compared to the loss after tax of Rs.587.2

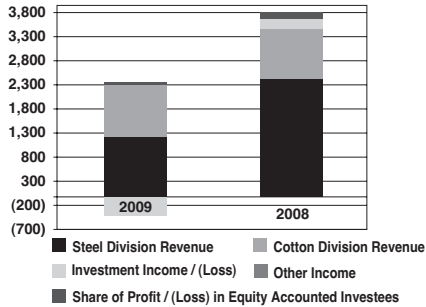
million posted in the half year ended December 2008 (Negative EPS of Rs. 7.2 for the current period as against an EPS of Rs. 9.75 in the corresponding period last year). This was mainly due to loss amounting to Rs. 532.1 million incurred by IID Division. Loss after taxation for nine months includes marked to market loss and realized loss of Rs. 272.4 million and Rs. 137.4 million respectively and impairment in value of equity accounted investees, available for sales investment and stock-in-trade by Rs. 90 million, Rs. 13.8 million and Rs. 29.4 million respectively.

### HIGHLIGHTS OF QUARTERLY PERFORMANCE

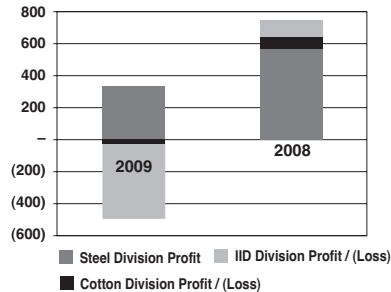
During the current quarter the Company earned Operating profit and profit after tax of Rs. 273.2 million and Rs. 182.9 million respectively. This has partially offset after tax loss of Rs. 587.3 million for first six months mainly due to:

- Income from investment for the quarter amounted to Rs. 140 million mainly due to marked to market gain amounting to Rs. 186.4 million.
- Profit before tax of steel division amounted to Rs. 154.3 million.
- EPS for the quarter was Rs. 3.2 as against Rs. 2.4 in the corresponding period last year.

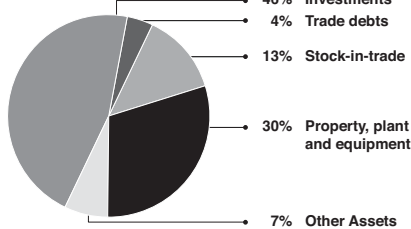
### REVENUE AND INCOME



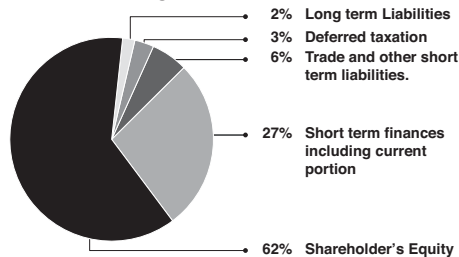
### PROFIT FORM OPERATIONS



### ASSETS



### LIABILITIES





Crescent Steel &  
Allied Products Ltd.

## CHIEF EXECUTIVE'S REVIEW

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

### STEEL DIVISION

As a consequence of very high steel prices which touched their peak around Sept/Oct 2008, fresh order intake was somewhat low resulting in lower sales revenue which stood at Rs. 1,212.8 million compared to Rs. 2,426.4 million in the corresponding period of last year.

Cost of sales and gross profit for the steel division stood at Rs. 798.8 million and Rs. 414.1 million as against Rs. 1,713.8 million and Rs. 712.6 million in last year. However, gross profit margin improved from 29.4% to 34.1% during the period as compared to corresponding period last year. Profit before tax for the steel division amounted to Rs. 288.6 million as compared to Rs. 579.5 million in the corresponding period last year (mainly due to conversion contracts where raw material was supplied by the clients).

### COTTON DIVISION

Textile industry has been in the grip of a severe crisis, which has been further aggravated by the prolonged power and gas outages. Sales revenue for the period amounted to Rs. 1,091.8 million as compared to Rs. 1,065.9 million in the corresponding period last year. Gross profit also decreased by Rs. 31.4 million due

to the 12.4% decrease in volume, plant shut down due to load shedding of power & gas and higher price of cotton (average cost of cotton consumed increased by 18.4%) without corresponding increase in yarn prices. Consequently, division's overall loss before tax for the nine months ended 31 March 2009 amounted to Rs. 114.7 million.

Other than the economic situation a major contributor has been a shutdown of 39 days due to gas outages resulting in high unabsorbed costs.

### INVESTMENT AND INFRASTRUCTURE DIVISION

Total investments appearing in long term and short term classification amounted to Rs. 1,069.3 million and Rs. 628.4 million on 31 March 2009 compared to Rs. 1,279.5 million and Rs. 1,407.6 million respectively, as at 30 June 2008.

In addition to the impairment of Rs. 90 million against Investment in Associates undertakings - equity accounted investment booked in the first six months, provision of Rs. 13.8 million (i.e. 25% of fair value loss) against available for sale investment has been transferred from equity to profit and loss account during the current quarter. The treatment adopted is in accordance with IAS-39 and relaxation given in SRO No. 150 (1)/2009 dated 13 February 2009.

Loss on investments (excluding equity accounted undertakings) on an average investment of Rs. 1,094.7 million (Rs. 1,464.4 million - Rs. 725 million) stood at 33.6% (KSE 100 index negative 44.3%) for the period ended 31 March 2009. After taking into account impairment against value of investment amounting to Rs. 90 million and Rs. 13.8 million as mention above, marked to market loss of Rs. 272.4 million and realized loss of Rs. 137.4 million cumulative loss upto March amounted to Rs. 532.1 million as compared to profit of Rs. 208.5 million in the corresponding period last year. However, division made a profit of Rs. 101 million in the current quarter as compared to loss of Rs. 23.5 million in the corresponding period last year.

### BALANCE SHEET AND CASH FLOW

The Company's balance sheet continues to remain healthy with the liquidity ratio of 1.2 : 1 and gearing remained at 3 : 97. Shareholders' funds as at 31 March 2009 amounted to Rs. 2,365.5 million whereas balance sheet footing was Rs. 3,784 million.

During the current period cash generated from operation amounted to Rs. 433.5 million which is substantially higher than Rs. 281.7 million in corresponding

## CHIEF EXECUTIVE'S REVIEW

period last year. Net increase in cash and cash equivalents amounted to Rs. 193.5 million as against decrease of Rs. 74.7 million during the corresponding period.

Borrowing rates which were 10 – 11% in the corresponding period last year increased to 18 – 20% in the current period, resultantly financing cost was increased by 49 percent i.e. Rs. 56.4 million.

### FUTURE OUTLOOK

Order intake for the next quarter for the Steel Division is healthy and likely to contribute positively to the bottom line. The new petroleum policy provided substantial incentives to the Oil & Gas exploration companies, which will accelerate oil and gas exploration and production activities. This will help in extension of existing projects and development of new projects, followed by the expansion in gas transmission sector, creating demand for steel line pipe and its anticorrosion coating.

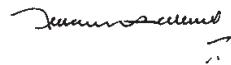
Further we are expecting other infrastructure development projects especially in the water sector which will raise demand for steel line pipes. Finally the Iran Pakistan Gas Pipeline project has been approved by the cabinet. Keeping in view the current energy shortage the project is likely to be completed on fast track. Resultantly order position is expected to improve thus ensuring

profitability for steel division.

As regards cotton division the international market is volatile and has moved up because of this prices of cotton locally and internationally has gone up.

Yarn prices have also improved accordingly. However there is still a lot of uncertainty in the international market due to the global economic crisis.

The economy is showing signs of bouncing back, a lot is dependent on performance and ability of the government to keep fiscal deficit under control. We are hopeful that core inflation will move downward and the economy will moves from a stability program toward one which focuses on growth.



Ahsan M. Saleem  
Chief Executive  
25 April 2009



Crescent Steel &  
Allied Products Ltd.

## CONDENSED INTERIM BALANCE SHEET

As at 31 March 2009

	Notes	Unaudited 31 March 2009 (Rupees in '000)	Audited 30 June 2008
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	1,140,957	1,233,231
Investment property	4	49,181	50,003
Intangible assets		519	620
Long term investments	5	1,069,287	1,279,480
Long term loan and deposits		3,879	4,241
		<u>2,263,823</u>	<u>2,567,575</u>
<b>Current assets</b>			
Stores, spares and loose tools		74,073	77,385
Stock-in-trade	6	490,101	606,059
Trade debts		157,554	118,696
Advances		82,952	24,599
Trade deposits and short term prepayments		6,128	2,413
Current portion of long term investments		10	10
Investments	7	628,437	1,407,638
Mark-up accrued		306	813
Other receivables		52,026	33,303
Taxation – net		16,740	–
Cash and bank balances		11,874	8,199
		<u>1,520,201</u>	<u>2,279,115</u>
<b>Total assets</b>		<u><b>3,784,024</b></u>	<u><b>4,846,690</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized capital			
100,000,000 ordinary shares of Rs. 10 each		<u>1,000,000</u>	<u>1,000,000</u>
Issued, subscribed and paid-up capital		564,600	513,273
Capital reserves		146,977	371,080
Revenue reserves		1,653,950	2,109,651
		<u>2,365,527</u>	<u>2,994,004</u>
<b>Non-current liabilities</b>			
Long term loan		83,939	168,117
Deferred taxation		96,641	111,505
		<u>180,580</u>	<u>279,622</u>
<b>Current liabilities</b>			
Trade and other payables		167,534	240,819
Interest and mark-up accrued		45,927	19,765
Short term borrowings	9	911,956	1,119,331
Current portion of long term loan		112,500	112,500
Current portion of redeemable capital	8	–	74,551
Taxation – net		–	6,098
		<u>1,237,917</u>	<u>1,573,064</u>
<b>Total equity and liabilities</b>		<u><b>3,784,024</b></u>	<u><b>4,846,690</b></u>
Contingencies and commitments	10		

The Company has opted for the accounting treatment of the impairment loss in respect of its available for sale investments in accordance with SRO 150(I) / 2009 issued by the Securities and Exchange Commission of Pakistan (SECP) on 13 February 2009, and recognized 25% of the unrealized loss arising on its available for sale investments as at 31 March 2009 in the profit and loss account for the period. For the purpose of dividend distribution, such impairment loss is to be treated as a charge to the income statement as referred to in Note 7.1.

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

  
Chairman

  
Chief Executive

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**

For the nine months and quarter ended 31 March 2009

	Notes	Nine months period ended		Quarter ended	
		31 March 2009	31 March 2008	31 March 2009	31 March 2008
(Rupees in '000)					
Sales	11	<b>2,304,586</b>	3,492,302	<b>973,715</b>	1,319,727
Cost of sales		<b>1,875,773</b>	2,733,540	<b>807,609</b>	984,943
Gross profit		<b>428,813</b>	758,762	<b>166,106</b>	334,784
(Loss) on / income from investments	12	<b>(361,177)</b>	178,289	<b>140,041</b>	75,151
		<b>67,636</b>	937,051	<b>306,147</b>	409,935
Distribution and selling expenses		<b>11,978</b>	10,853	<b>3,588</b>	3,400
Administrative expenses		<b>92,035</b>	89,536	<b>30,778</b>	34,113
Other operating expenses	13	<b>164,541</b>	96,484	<b>331</b>	68,490
		<b>268,554</b>	196,873	<b>34,697</b>	106,003
		<b>(200,918)</b>	740,178	<b>271,450</b>	303,932
Other operating income		<b>23,806</b>	8,440	<b>1,735</b>	1,137
Operating (loss) / profit before finance costs		<b>(177,112)</b>	748,618	<b>273,185</b>	305,069
Finance costs		<b>(171,571)</b>	(115,189)	<b>(47,732)</b>	(52,352)
Share of (loss) / profit in equity accounted investees		<b>(9,604)</b>	112,399	<b>(11,226)</b>	(41,756)
(Loss) / profit before taxation		<b>(358,287)</b>	745,828	<b>214,227</b>	210,961
Taxation - current		<b>87,346</b>	139,745	<b>33,131</b>	78,098
- prior		<b>(26,396)</b>	-	-	-
- deferred		<b>(14,863)</b>	55,845	<b>(1,812)</b>	(3,948)
		<b>46,087</b>	195,590	<b>31,319</b>	74,150
(Loss) / profit for the period		<b>(404,374)</b>	550,238	<b>182,908</b>	136,811
				<b>(Rupees)</b>	
Basic and diluted (loss) / earnings per share	14	<b>(7.16)</b>	9.75	<b>3.24</b>	2.42

The Company has opted for the accounting treatment of the impairment loss in respect of its available for sale investments in accordance with SRO 150(I) / 2009 issued by the Securities and Exchange Commission of Pakistan (SECP) on 13 February 2009, and recognized 25% of the unrealized loss arising on its available for sale investments as at 31 March 2009 in the profit and loss account for the period. For the purpose of dividend distribution, such impairment loss is to be treated as a charge to the income statement as referred to in Note 7.1.

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

  
**Chairman**

  
**Chief Executive**



Crescent Steel &  
Allied Products Ltd.

## CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

For the nine months period ended 31 March 2009

	Notes	2009	2008
		(Rupees in '000)	
<b>Cash flows from operating activities</b>			
Cash generated from operations	15	433,530	281,730
Taxes paid		(92,139)	(46,574)
Financial charges paid		(145,409)	(101,974)
Contribution to workers' profit participation fund		(2,492)	(12,067)
Contribution to pension and gratuity fund		(6,460)	(5,597)
Payment for 10-C bonus		(667)	(587)
Decrease in long term loan and deposits		362	383
Net cash from operating activities		<u>186,725</u>	<u>115,314</u>
<b>Cash flows from investing activities</b>			
Capital expenditure		(42,109)	(95,904)
Purchase of intangible assets		(201)	(76)
Proceeds from sale of property, plant and equipment		1,196	1,747
Investments - net		178,011	(413,333)
Dividends received		49,914	69,030
Interest received		3,273	366
Net cash from / (used in) investing activities		<u>190,084</u>	<u>(438,170)</u>
<b>Cash flows from financing activities</b>			
Short term loans received		(17,551)	509,836
Repayments against long term loan		(84,375)	(84,375)
Repayment of redeemable capital		(75,000)	(75,000)
Repayment of liabilities against assets subject to finance leases		-	(3,698)
Dividend paid		(6,384)	(98,611)
Net cash (used in) / from financing activities		<u>(183,310)</u>	<u>248,152</u>
Net increase / (decrease) in cash and cash equivalents		<u>193,499</u>	<u>(74,704)</u>
Cash and cash equivalents at beginning of the period		<u>(828,926)</u>	<u>26,275</u>
Cash and cash equivalents at end of the period	16	<u><u>(635,427)</u></u>	<u><u>(48,429)</u></u>

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

  
Chairman

  
Chief Executive

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

For the nine months period ended 31 March 2009

	Issued, subscribed and paid-up capital	Capital reserves			Revenue reserves		Total
		Share Premium	Unrealized gain on remeasurement of available for sale investment securities	Others*	General reserve	Unappropri- ated profit / (loss)	
(Rupees in '000)							
<b>Balance as at 1 July 2007</b>	<b>466,612</b>	<b>349,959</b>	<b>294,218</b>	<b>148,341</b>	<b>1,342,000</b>	<b>599,273</b>	<b>3,200,403</b>
<b>Changes in equity for the nine months period ended 31 March 2008</b>							
Unrealized loss on available for sale investment securities	-	-	(22,971)	-	-	-	(22,971)
Realized gain on sale of investment securities	-	-	(61,687)	-	-	-	(61,687)
Proportionate share of various reserves of equity accounted investees*	-	-	-	(172,236)	-	-	(172,236)
Reversal of proportionate share of reserve on disposal of shares	-	-	-	6,317	-	-	6,317
Profit for the period	-	-	-	-	-	550,238	550,238
Total recognized income and expense for the period	-	-	(84,658)	(165,919)	-	550,238	299,661
Transfer to general reserve	-	-	-	-	500,000	(500,000)	-
Final dividend @10% (i.e. Re. 1 per share) for the year ended 30 June 2007	-	-	-	-	-	(46,661)	(46,661)
First interim dividend @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2008	-	-	-	-	-	(51,327)	(51,327)
Second interim dividend @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2008	-	-	-	-	-	(51,327)	(51,327)
Issuance of bonus shares @ 10% (i.e. 1 share for every 10 shares held) for the year ended 30 June 2007	46,661	-	-	-	-	(46,661)	-
<b>Balance as at 31 March 2008</b>	<b>513,273</b>	<b>349,959</b>	<b>209,560</b>	<b>(17,578)</b>	<b>1,842,000</b>	<b>453,535</b>	<b>3,350,749</b>
<b>Balance as at 1 July 2008</b>	<b>513,273</b>	<b>349,959</b>	<b>85,279</b>	<b>(64,158)</b>	<b>1,842,000</b>	<b>267,651</b>	<b>2,994,004</b>
<b>Changes in equity for the nine months period ended 31 March 2009</b>							
Unrealized loss on available for sale investment securities	-	-	(108,947)	-	-	-	(108,947)
Realized gain on sale of investments securities	-	-	(16,511)	-	-	-	(16,511)
Proportionate share of various reserves of equity accounted investees *	-	-	-	(111,535)	-	-	(111,535)
Proportionate share of associate transferred to available for sale investment securities	-	-	(916)	-	-	-	(916)
Impairment value of available for sale investment (Refer note 7.1)	-	-	13,806	-	-	-	13,806
Loss for the period	-	-	-	-	-	(404,374)	(404,374)
Total recognized income and expense for the period	-	-	(112,568)	(111,535)	-	(404,374)	(628,477)
Issuance of bonus shares @ 10% (i.e. 1 share for every 10 shares held) for the year ended 30 June 2008	51,327	-	-	-	-	(51,327)	-
<b>Balance as at 31 March 2009</b>	<b>564,600</b>	<b>349,959</b>	<b>(27,289)</b>	<b>(175,693)</b>	<b>1,842,000</b>	<b>(188,050)</b>	<b>2,365,527</b>

\*This represents various reserves maintained by the associated undertakings

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

  
**Chairman**

  
**Chief Executive**

NOTES TO THE CONDENSED INTERIM  
FINANCIAL STATEMENTS (UNAUDITED)  
For the nine months period ended 31 March 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 2008. This condensed interim financial information is unaudited.
- 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 2008, whereas the comparative profit and loss account, statement of changes in equity and cash flow statement are stated from the unaudited condensed interim financial statements for the six months period ended 31 March 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 2008. The impairment in available for sale equity securities is detailed in note 7.1.

### 3. PROPERTY, PLANT AND EQUIPMENT

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

	Nine months period ended 31 March 2009		Nine months period ended 31 March 2008	
	Additions	Disposals	Additions	Disposals
	(Rupees in '000)			
Plant and machinery	2,323	—	11,827	—
Building on freehold land	12,019	—	24,778	—
Furniture and fittings	157	—	1,567	—
Electrical / office equipment and installations	721	—	623	—
Computers	1,581	—	2,391	—
Motor vehicles - owned	1,759	2,056	15,833	3,501
	<u>18,560</u>	<u>2,056</u>	<u>57,019</u>	<u>3,501</u>

### 4. INVESTMENT PROPERTY

Following is the cost of investment property, that have been added during the nine months period ended 31 March 2009.

Building and office premises	—	—	46,465	—
Furniture and fittings	255	—	858	—
Electrical / office equipment and installations	337	—	1,786	—
	<u>592</u>	<u>—</u>	<u>49,109</u>	<u>—</u>

NOTES TO THE CONDENSED INTERIM  
FINANCIAL STATEMENTS (UNAUDITED)  
For the nine months period ended 31 March 2009

**5. LONG TERM INVESTMENTS**

		<b>Unaudited</b>	<b>Audited</b>
		<b>31 March 2009</b>	<b>30 June 2008</b>
		<b>(Rupees in '000)</b>	
<b>Related Parties</b>			
Investment in equity accounted investees	5.1	972,660	1,222,695
Held to maturity		29,994	29,994
Available for sale	5.2	-	-
<b>Others</b>			
Available for sale	5.1.2	39,845	-
Held to maturity		26,788	26,791
		<b>1,069,287</b>	<b>1,279,480</b>

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

<b>31 March 2009</b>	<b>30 June 2008</b>			<b>Unaudited</b>	<b>Audited</b>
<b>(Number of shares)</b>				<b>31 March 2009</b>	<b>30 June 2008</b>
				<b>(Rupees in '000)</b>	
<b>Quoted</b>					
<b>60,475,416</b>	60,475,416	Altern Energy Limited (Chief Executive Officer - Mr. Sheikh Muhammad Iqbal)		<b>774,414</b>	647,239
<b>15,244,665</b>	15,089,665	Shakarganj Mills Limited (Chief Executive Officer Mr. Ahsan M. Saleem)		<b>178,733</b>	405,448
				<b>953,147</b>	1,052,687
<b>Unquoted</b>					
-	528,937	Central Depository Company of Pakistan Limited (Chief Executive Officer - Mr. Mohammad Hanif Jakhura) (Refer note 5.1.2)		-	38,075
<b>6,000,000</b>	6,000,000	Shakarganj Food Products Limited (Chief Executive Officer - Mr. Anjum M. Saleem)		<b>26,903</b>	50,168
<b>2,185,096</b>	1,031,250	Safeway Fund Limited (Chief Executive Officer - Mr. Nihal Cassim) (Refer note 5.1.3)		<b>82,610</b>	42,117
-	2,250,000	Asian Capital Management Limited (Chief Executive Officer - Ms. Tehmeena Khan) (Refer note 5.1.3)		-	39,648
				<b>109,513</b>	170,008
				<b>1,062,660</b>	1,222,695
		Less: Provision for impairment in equity accounted investees		<b>90,000</b>	-
				<b>972,660</b>	<b>1,222,695</b>



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For the nine months period ended 31 March 2009

- 5.1.1** The above figures are based on financial statements of these companies as at 31 December 2008.
- 5.1.2** The investment in Central Depository Company of Pakistan Limited has been transferred to investment in available for sale securities as the Company considers that it no longer has significant influence over the investee company.
- 5.1.3** Due to amalgamation of Asian Capital Management Limited (ACMC) with and into Safeway Fund Limited (SFL), effective 1 January 2009, shareholding in ACML has been transferred to investment in the merged entity SFL, at the swap ratio of 1:1.95.
- 5.1.4** The fair value of the investments in associates as at 31 March 2009 is Rs. 813.9 million (30 June 2008: Rs. 1,578.9 million).
- 5.2** 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 2008.

**6. STOCK-IN-TRADE**

	<b>Unaudited 31 March 2009</b>	<b>Audited 30 June 2008</b>
	<b>(Rupees in '000)</b>	
Raw materials:		
Hot rolled steel coils (HR Coil)	31,106	16,928
Coating materials	39,332	49,208
Others - pipe plant	18,846	27,544
Raw cotton	290,675	358,731
Stock-in-transit	12,420	421
	392,379	452,832
Provision for slow-moving and obsolescence		
Hot rolled steel coils	(8,813)	(8,813)
Coating materials	(84)	(84)
Raw cotton	(26,855)	-
Others	(187)	(187)
	(35,939)	(9,084)
	356,440	443,748
Work-in-process	27,585	15,074
Finished goods	122,181	159,064
Scrap / cotton waste	2,821	4,521
Provision for slow-moving and obsolescence finished goods	(18,926)	(16,348)
	133,661	162,311
	490,101	606,059

**7. INVESTMENTS**

**Related parties**

Available for sale 14,928 26,475

**Others**

Available for sale	7.1	112,216	231,048
Held for trading		501,293	1,150,115
		613,509	1,381,163
		628,437	1,407,638

**NOTES TO THE CONDENSED INTERIM  
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- 7.1** The International Accounting Standard "Financial Instrument: Recognition and Measurement" (IAS 39) requires that an impairment loss on "available for sale investment" shall be charged to income statement of the period. The SECP vide its S.R.O.150(I)/2009 dated 13 February 2009 has allowed all the Companies and Mutual Funds to account for the impairment loss as at 31 December 2008 on their "available for sale investment" under the "equity" in statement of change in equity instead of charging it to the profit and loss account. The SRO further states that such impairment loss, however, shall be treated as a charge to the profit and loss account for the purposes of dividend distribution. Moreover, the amount of impairment loss taken to equity in the half yearly accounts shall be recorded, after adjustment of price movement if any, in the profit and loss account on a quarterly basis during the calendar year ending on 31 December 2009.

The Company opted for the accounting treatment allowed by SECP vide above referred SRO in respect of its available for sale investments and an impairment loss as at 31 December 2008 amounting to Rs. 33.31 million was accounted for in equity under the head "unrealized gain on remeasurement of available for sale investment securities" in statements of changes in equity. As per the above SRO, the impairment loss at 31 December 2008, after adjustment of price movements is Rs. 55.23 at 31 March 2009, 25% of this amount, Rs. 13.81 million has been recognized in these quarterly accounts, and the balance, subject to price movement adjustment, will be recognized during the remainder of the calendar year.

- 7.2** The investments having an aggregate market value of Rs. 1,227.8 million (30 June 2008: Rs. 2,135.6 million) have been pledged with financial institutions as security against financing facilities (see note 9.3) out of which Rs. 745.5 million (30 June 2008: Rs. 1,203.5 million) relates to long term investments.

**8. REDEEMABLE CAPITAL - secured (non-participatory)**

	<b>Unaudited</b>	<b>Audited</b>
	<b>31 March 2009</b>	<b>30 June 2008</b>
	<b>(Rupees in '000)</b>	
Term Finance Certificates		
Balance at beginning of period / year	<b>74,551</b>	148,652
Transaction cost amortized	<b>449</b>	899
Redemption	<b>(75,000)</b>	(75,000)
	<u>          -</u>	<u>74,551</u>
Current portion	<u>          -</u>	<u>(74,551)</u>
Balance at the end of period / year	<u>          -</u>	<u>          -</u>

**9. SHORT TERM BORROWINGS**

Secured from banking companies		
Running finances under mark-up-arrangements	<b>647,301</b>	837,125
Short term loans / Murabaha	<b>264,655</b>	282,206
	<u><b>911,956</b></u>	<u>1,119,331</u>

- 9.1** Short term running finance available from various commercial banks under mark-up arrangements amount to Rs. 1,450 million (30 June 2008: Rs. 2,350 million). This facility is interchangeable with Term Finance/Demand Finance as given note no.9.2 below. The rate of mark-up ranges from 12.52% to 18.50% (30 June 2008: 10.30% to 14.38%) per annum.
- 9.2** The Company has also borrowed short term loan / murabaha financing from various commercial banks under mark-up arrangements amount to Rs. 1,425 million (30 June 2008: Rs. 625 million). Mark-up rates are normally negotiated at the time of the transaction. Mark-up on such arrangements range between 13.47% to 18.09% (30 June 2008: 10.22% to 13.31%) per annum.



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- 9.3** The facilities for opening letters of credit and guarantees as at 31 March 2009 aggregate Rs. 2,850 million and Rs. 1,300 million respectively (30 June 2008: Rs. 2,850 million and Rs. 1,300 million respectively) of which the amounts unutilized as at 31 March 2009 were Rs. 2,539 million and Rs. 983 million (30 June 2008: Rs. 2,587 million and Rs. 811 million).

These 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.

**10. CONTINGENCIES AND COMMITMENTS**

- 10.1** Aggregate amount of guarantees issued by the banks on behalf of the Company against various contracts aggregated Rs. 317.89 million (30 June 2008: Rs. 488.56 million).
- 10.2** Commitments in respect of capital expenditure contracted for as at 31 March 2009 amounted to Rs. 29.38 million (30 June 2008: Rs. 58.60 million). It includes an amount of Rs. 21.76 million (30 June 2008: Rs. 25.66 million) payable in 17 quarterly installments representing office premises in Islamabad.
- 10.3** Commitments under letters of credit as at 31 March 2009 amounted to Rs. 171.28 (30 June 2008: Rs. 263.07 million).

**11. SALES**

	<b>Unaudited</b>	
	<b>Nine months period ended</b>	
	<b>31 March 2009</b>	<b>31 Marh 2008</b>
	<b>(Rupees in '000)</b>	
Bare pipes (own product excluding coating revenue)	731,158	2,346,259
Sales - pipes laboratory testing	18,654	-
Revenue from conversion	68,281	141,330
Coating of pipes	587,737	267,625
Cotton yarn	1,049,125	1,024,123
Scrap / waste	67,609	88,596
Sales returns	<u>(14,744)</u>	<u>(16,255)</u>
	<u>2,507,820</u>	<u>3,851,678</u>
Sales tax and special excise duty	<u>(203,234)</u>	<u>(359,376)</u>
	<u><b>2,304,586</b></u>	<u><b>3,492,302</b></u>

**12. (LOSS) ON / INCOME FROM INVESTMENTS**

Return on Term Finance Certificates		1,607	134
Dividend income		40,526	72,526
(Loss) / gain on sale of investments		(137,443)	113,374
Rent from investment property	12.1	6,565	710
Unrealized loss on held for trading investments		<u>(272,432)</u>	<u>(8,455)</u>
		<u><b>(361,177)</b></u>	<u><b>178,289</b></u>

- 12.1** Direct operating expenses incurred against rent income from investment property amounted to Rs. 2.41 million (31 March 2008: Rs. 0.8 million). Further Rs. 1.3 million (31 March 2008: Rs. 0.46 million) were incurred against the non rented out area.

NOTES TO THE CONDENSED INTERIM  
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**13. OTHER OPERATING EXPENSES**

	<b>Unaudited</b>	
	<b>Nine months period ended</b>	
	<b>31 March 2009</b>	<b>31 March 2008</b>
	<b>(Rupees in '000)</b>	
Provision for workers' welfare fund	5,435	16,531
Provision for workers' profit participation fund	13,628	31,129
Impairment in the value of equity accounted investees	90,000	-
Impairment in the value of available for sale investment	13,806	-
Provision for infrastructure fee	5,826	-
Provision for impairment of stock-in-trade	29,432	-
Provision for impairment of investment	-	42,000
Exchange loss	6,414	6,824
	<u>164,541</u>	<u>96,484</u>

**14. BASIC AND DILUTED EARNINGS PER SHARE**

(Loss) / profit for the nine months period ended	<u>(404,374)</u>	<u>550,238</u>
	<b>(Number of shares)</b>	
Weighted average number of ordinary shares in issue	<u>56,459,995</u>	<u>56,459,995</u>
	<b>(Rupees)</b>	
Basic and diluted (loss) / earnings per share	<u>(7.16)</u>	<u>9.75</u>

**14.1** Weighted average number of shares for the nine months period ended 31 March 2008 have been adjusted for the effect of bonus shares issued in the current period.



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**15. CASH (USED IN) / GENERATED FROM OPERATIONS**

**Nine months period ended**  
**31 March 2009 31 March 2008**  
**(Rupees in '000)**

(Loss) / profit before taxation	(358,287)	745,828
<b>Adjustments for non cash charges and other items:</b>		
Depreciation	134,239	129,643
Amortization of intangible assets	299	234
Pension and gratuity expense	6,460	5,597
Loss / (gain) on sale of investments	137,443	(113,374)
Unrealized loss on held-for-trading investments	272,432	8,455
Dividend income	(40,526)	(72,526)
Return on deposits, advances and investments	(2,766)	(366)
Share of loss / (profit) in equity accounted investees	9,604	(112,399)
Financial charges	171,571	115,189
Exchange loss	-	6,824
Provision for impairment against Musharika arrangement	-	42,000
Provision written back on stock-in-trade	-	(2,850)
Liabilities written back others	(1,153)	-
Provision for workers' welfare fund written back	(19,613)	-
Gain on disposal of fixed assets	(268)	(788)
Provision for impairment of stock-in-trade	29,432	-
Impairment in the value of equity accounted investees	90,000	-
Impairment in the value available for sale investment	13,806	-
Provision for workers' welfare fund	5,435	16,531
Provision for workers' profit participation fund	13,628	31,129
Provision for infrastructure fee	5,826	-
Provision for 10-C bonus	302	283
Amortization of initial transaction cost on TFCs	449	869
Amortization of initial transaction cost on long term loan	197	-
Working capital changes	15.1 (34,980)	(518,549)
	<u>433,530</u>	<u>281,730</u>

**15.1 Working capital changes**

(Increase) / decrease in current assets		
Stores, spares and loose tools	3,312	(40,709)
Stock-in-trade	86,525	(269,293)
Trade debts	(38,858)	(41,021)
Short term advances	1,647	(4,240)
Short term deposits and prepayments	(3,715)	(110)
Other receivables (net)	(23,638)	46,184
	<u>25,273</u>	<u>(309,189)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	(60,253)	(209,360)
	<u>(34,980)</u>	<u>(518,549)</u>

**16. CASH AND CASH EQUIVALENTS**

Running finance under markup arrangements	(647,301)	(111,612)
Cash and bank balances	11,874	63,183
	<u>(635,427)</u>	<u>(48,429)</u>

NOTES TO THE CONDENSED INTERIM  
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17. SEGMENT REPORTING

	Steel Segment	Cotton Segment	IID Segment	Total
	(Rupees in '000)			
<b>Segment results for the nine months period ended 31 March 2009</b>				
Sales	1,212,820	1,091,766	–	2,304,586
Cost of sales	798,754	1,077,019	–	1,875,773
<b>Gross profit</b>	<b>414,066</b>	<b>14,747</b>	<b>–</b>	<b>428,813</b>
Loss on investments	–	–	(361,177)	(361,177)
	414,066	14,747	(361,177)	67,636
Distribution and selling expenses	5,426	6,552	–	11,978
Administrative expenses	72,334	11,664	8,037	92,035
Other operating expenses	30,253	30,482	103,806	164,541
	108,013	48,698	111,843	268,554
	306,053	(33,951)	(473,020)	(200,918)
Other operating income	23,194	612	–	23,806
<b>Operating profit / (loss) before finance costs</b>	<b>329,247</b>	<b>(33,339)</b>	<b>(473,020)</b>	<b>(177,112)</b>
Finance costs	(40,683)	(81,382)	(49,506)	(171,571)
Share of loss in equity accounted investees	–	–	(9,604)	(9,604)
<b>Profit / (loss) before taxation</b>	<b>288,564</b>	<b>(114,721)</b>	<b>(532,130)</b>	<b>(358,287)</b>
Taxation				46,087
<b>Loss after taxation</b>				<b>(404,374)</b>
<b>Segment results for the nine months period ended 31 March 2008</b>				
Sales	2,426,429	1,065,873	–	3,492,302
Cost of sales	1,713,839	1,019,701	–	2,733,540
<b>Gross profit</b>	<b>712,590</b>	<b>46,172</b>	<b>–</b>	<b>758,762</b>
Income from investments	–	–	178,289	178,289
	712,590	46,172	178,289	937,051
Distribution and selling expenses	5,971	4,882	–	10,853
Administrative expenses	75,014	6,187	8,335	89,536
Other operating expenses	48,655	1,527	46,302	96,484
	129,640	12,596	54,637	196,873
	582,950	33,576	123,652	740,178
Other operating income	5,245	3,195	–	8,440
<b>Operating Profit before finance costs</b>	<b>588,195</b>	<b>36,771</b>	<b>123,652</b>	<b>748,618</b>
Finance costs	(8,745)	(78,940)	(27,504)	(115,189)
Share of profit in equity accounted investees	–	–	112,399	112,399
<b>Profit / (loss) before taxation</b>	<b>579,450</b>	<b>(42,169)</b>	<b>208,547</b>	<b>745,828</b>
Taxation				195,590
<b>Profit after taxation</b>				<b>550,238</b>



**NOTES TO THE CONDENSED INTERIM  
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**18. TRANSACTIONS WITH RELATED PARTIES**

All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions, and at contracted rates and terms determined in accordance with market rates. The related parties and associated undertakings comprise local associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and equity accounted investees:

	<b>Unaudited</b>	
	<b>Nine months period ended</b>	
	<b>31 March 2009</b>	<b>31 March 2008</b>
	<b>(Rupees in '000)</b>	
<b>Associated companies</b>		
Sale of finished goods including waste	13,986	23,252
Rendering of services	1,871	11,983
Receiving of services	2,764	4,616
Rental Income	2,940	-
Dividend Income	-	9,296
Purchase of shares	1,867	33,957
<b>Other related parties</b>		
Donations	2,020	6,784
Contribution to pension fund	4,797	4,158
Contribution to gratuity fund	1,663	1,438
Contribution to provident fund	7,798	7,443
Remuneration to:		
- Chief Executive Officer	9,703	9,273
- Director	4,986	4,486
- Executives	23,732	15,842

**19. ESTIMATES**

Judgement and estimates made by the management in the preparation of the 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 2008.

**20. 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 2008.

**21. DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was authorized for issue on 25 April 2009 by the Board of Directors of the Company.

**Chairman**

**Chief Executive**

## 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: 021-5674881-5  
E.mail: mohammad.yamin@  
crescent.com.pk

**SHAREHOLDERS' INFORMATION**  
Enquiries concerning lost share certificates, dividend payments, change of address, verification of transfer deeds and share transfers should be directed to the M/s CorpTec Associates (Private) Limited, 6th Floor, BOP Tower, 10-B, Block E-2, Gulberg-III, Lahore.  
Telephone: 042-5783827-29  
Fax: 042-5875916

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

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

**AUDITORS**  
KPMG Taseer Hadi & Co.

**LEGAL ADVISOR**  
Hassan & Hassan, Advocates,  
Lahore

**BANKERS**  
Standard Chartered Bank  
(Pakistan) Limited  
MCB Bank Limited  
Allied Bank Limited  
Meezan Bank Limited  
HSBC Bank Middle East Limited

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