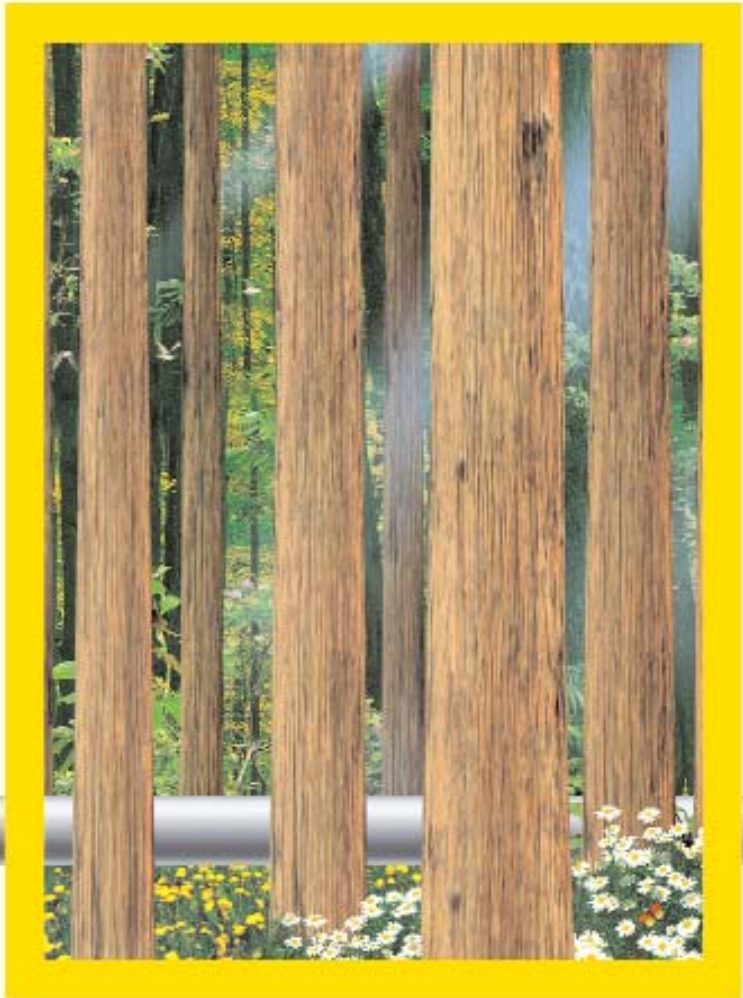


INTERIM REPORT FOR THE QUARTER ENDED SEPTEMBER 2005



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

<u>COMPANY SECRETARY</u>	Mohammad Amin
--------------------------	---------------

AUDIT COMMITTEE

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

HUMAN RESOURCE COMMITTEE

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

EXECUTIVE COMMITTEE

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

BUSINESS STRATEGY COMMITTEE

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

SYSTEM AND TECHNOLOGY COMMITTEE

<i>Chairman</i>	Ahsan M. Saleem Shahid H. Mir Zeeshan Ghulam Muhammad
-----------------	--

INVESTMENT COMMITTEE

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

THE MANAGEMENT

Chief Executive and
Managing Director
Ahsan M. Saleem, 52
1983*

Advisor to CEO (Technical)
Mohammad Sharif, 73
1984*

Advisor (Corporate)
Dr. Wasim Azhar, 52
2001*

Finance Director & CFO
S.M. Ehtishamullah, 66
1996*

Commercial Director /
Head of Buying
S.A.N. Kazmi, 63
1986*

General Manager
Cotton Division
Abdul Rouf, 46
2000*

Chief Information Officer
(Outsourced)
Shahid H. Mir, 51
2004*

Head of Marketing
Arif Raza, 44
1985*

Head of Manufacturing
Mushtaque Ahmed, 44
1985*

Controller Finance
Zeeshan Ghulam Muhammad, 32
2001*

* Year joined Company



CHIEF EXECUTIVE'S REVIEW

Dear Shareholders,

I am pleased to present the results of your company for the first quarter ended 30 September 2005. This quarter was marked by the GoP and the SBP's efforts to maintain a stable rupee, bring inflationary expectations down, temper consumer exuberance through high interest rates and encourage investment oriented imports.

However despite these measures the operational activities of your company were a little subdued with income from other sources largely helping to boost profits leading to a healthy after tax profit of Rs. 112.4 million, an increase of 195% over the same quarter last year.

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

STEEL DIVISION

Revenue of the steel division in the quarter under review stood at Rs. 100.6 million compared to Rs. 183.6 million in the 1QFY05 with the gross profit margin declining from 51.0% to 16.5% this quarter. This decline was mostly due to non-execution and

delay in expected orders by our customers.

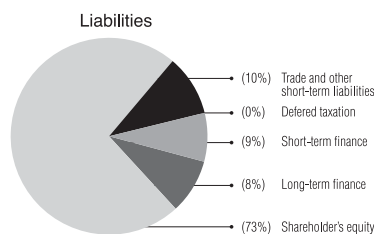
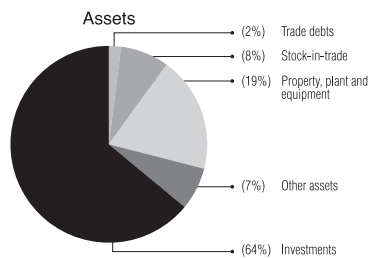
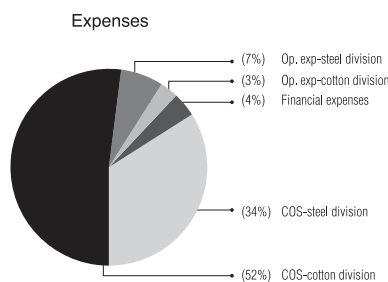
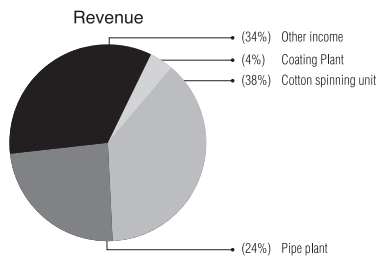
Pipe production at straight tonnage for 1QFY06 was 3,449 tons as compared to 10,323 tons during the same period last year. Coating activity measured 3,650 square metres during 1QFY06 as compared to 2,219 square metres of pipe coated during 1QFY05.

The capacity utilisation was 24% as against 15% in the previous period principally due to more coating orders this quarter.

Steel prices have somewhat stabilized and show further signs of weakening. This has improved conditions of availability of steel which is our basic raw material.

Operating expenses stood at Rs. 16.0 million this quarter (1QFY05: Rs.42.3 million) a decrease was due to fair value adjustment of Rs. 24.3 million made in first quarter last year. Decreased activity led to a subdued operating profit of Rs. 123.1 million in 1QFY06 as against the Rs. 75.9 million of 1QFY05.

The quarter under review witnessed an increase of 10.6% at the local bourse where introduction of continuous funding system,



CHIEF EXECUTIVE'S REVIEW

good corporate results and rising oil prices resulted in frequent upsurges in the index. Due to careful switching, capital gains of Rs. 27.8 million were realized this quarter as against Rs. 9.9 million in 1QFY05. Active portfolio trading and strong fundamentals helped to post other income of Rs. 122.6 million as compared to Rs. 24.4 million in first quarter last year.

COTTON DIVISION

Sales revenue in the cotton division decreased slightly from Rs. 174.5 million in 1QFY05 to Rs. 137.4 million this quarter due to lower yarn demand. The gross profit margin however improved considerably from a negative 6.9% in 1QFY05 to 6.8% this quarter. This was mainly due to proactive cotton procurement and subdued cotton costs.

TOTAL PROFIT

The above mentioned factors resulted in a net profit before tax of Rs. 117.1 million this quarter as compared to Rs.55.0 million in 1QFY05, an increase of Rs. 62.1 million. After provision for tax of Rs. 4.7 million (1QFY05: Rs. 16.9 million) the total net profit after

tax amounted to Rs.112.4 million as against Rs. 38.1 million in the first quarter of last year. Basic earning per share increased from Rs. 1.57 in 1QFY05 to Rs. 4.62 in 1QFY06.

BALANCE SHEET

The company's balance sheet continues to remain robust reflecting good fundamentals supported by strong capital reserves. Debt to equity ratio stands at 10: 90 while the current ratio is 3.5:1 Break up value of shares has gone up from Rs. 75.2 at 30 June 2005 to Rs.77.9 in the current quarter ended 30 September 2005.

FUTURE OUTLOOK

The business expected during the second quarter will be at the same levels as this quarter however we expect a healthy order book in the last two quarters.

A number of measures are being taken to improve the efficiency and reduce operating expenses of the cotton division. Progress on the new cotton spinning unit is satisfactory and we expect the unit to be operational by the last quarter of the current fiscal. Looking ahead at the cotton

scenario, we foresee a bumper cotton crop and expect some improvement in the next quarter.



Ahsan M. Saleem
Chief Executive Officer
27 October 2005



Crescent Steel &
Allied Products Ltd.

BALANCE SHEET (UNAUDITED)

As at 30 September, 2005

	Note	30 September 2005	30 June 2005
Rupees in thousand			
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital 30,000,000 ordinary shares of Rs 10 each		<u>300,000</u>	<u>300,000</u>
Issued, subscribed and paid-up capital		243,027	243,027
Reserves		1,292,588	1,267,608
Unappropriated profit		<u>356,917</u>	<u>317,474</u>
		1,892,532	1,828,109
Deferred income		228	304
Non-current liabilities			
Redeemable capital		184,578	221,854
Liabilities against assets subject to finance leases		12,581	14,289
Deferred tax		4,024	3,624
Current liabilities			
Trade and other payables		169,289	221,942
Interest and mark-up accrued		6,955	13,454
Short term borrowings	3	221,116	142,204
Current portion of redeemable capital		75,000	75,000
Current portion of liabilities against assets subject to finance leases		<u>14,436</u>	<u>16,292</u>
		486,796	468,892
Contingencies and commitments	4	<u>2,580,739</u>	<u>2,537,072</u>
ASSETS			
Non-current assets			
Property, plant and equipment	5	502,618	441,836
Intangible assets		4,641	4,989
Long-term investments	6	367,238	258,917
Long-term advances		565	-
Long-term deposits		4,413	4,313
Current assets			
Stores, spares and loose tools		39,129	34,937
Stock-in-trade	7	199,301	194,329
Trade debts		61,858	132,037
Advances		16,426	15,663
Trade deposits and short-term prepayments		8,767	3,583
Current portion of long-term investments		10	10
Investments	8	1,257,784	1,210,887
Mark-up accrued		5,930	4,730
Other receivables		83,602	164,571
Taxation – net		10,897	13,188
Cash and bank balances		<u>17,560</u>	<u>53,082</u>
		1,701,264	1,827,017
		<u>2,580,739</u>	<u>2,537,072</u>

The annexed notes from 1 to 15 form an integral part of these financial statements.


Chairman


Chief Executive

PROFIT AND LOSS ACCOUNT (UNAUDITED)

For the first quarter ended 30 September, 2005

	Note	First quarter ended 30 September 2005			First quarter ended 30 September 2004		
		Steel division	Cotton division	Total	Steel division	Cotton division	Total
Rupees in thousand							
Sales		100,644	137,372	238,016	183,621	174,477	358,098
Cost of sales		84,006	128,007	212,013	89,956	186,588	276,544
Gross profit / (loss)		16,638	9,365	26,003	93,665	(12,111)	81,554
Selling and distribution cost		1,520	596	2,116	1,260	955	2,215
Administration expenses		14,555	3,170	17,725	12,622	2,506	15,128
Other operating expenses		–	2,480	2,480	28,343	–	28,343
		16,075	6,246	22,321	42,225	3,461	45,686
Other operating income	9	122,561	54	122,615	24,427	229	24,656
Operating profit / (loss)		123,124	3,173	126,297	75,867	(15,343)	60,524
Finance costs	10	6,344	2,855	9,199	3,534	1,961	5,495
Profit / (loss) before taxation		116,780	318	117,098	72,333	(17,304)	55,029
Taxation - current				4,347			19,260
Taxation - deferred				400			(2,373)
				4,747			16,887
Profit for the quarter				112,351			38,142
Basic and diluted earnings per share				Rs. 4.62			Rs. 1.57

The annexed notes from 1 to 15 form an integral part of these financial statements.



Chairman



Chief Executive



Crescent Steel &
Allied Products Ltd.

CASH FLOW STATEMENT (UNAUDITED)

For the first quarter ended 30 September, 2005

	Note	First quarter ended	
		30 September 2005	30 September 2004
		Rupees in thousand	
Cash flows from operating activities			
Cash generated from / (used in) operations	11	108,621	(275,619)
Taxes paid		(2,056)	(11,124)
Financial charges paid		(15,698)	(9,773)
Contributions to pension and gratuity fund		(838)	(1,636)
Long-term deposits and prepayments		(100)	(55)
Net cash from / (used in) operating activities		<u>89,929</u>	<u>(298,207)</u>
Cash flow from investing activities			
Capital expenditure		(80,093)	(1,933)
Purchase of intangible assets		(142)	(53)
Investments – net		(82,164)	(5,390)
Proceeds from sale of fixed assets		949	903
Dividends received		6,157	4,245
Interest received		1,573	1,163
Net cash used in investing activities		<u>(153,720)</u>	<u>(1,065)</u>
Cash flow from financing activities			
Receipts against short term loans		70,000	276,099
Payment of liabilities against assets subject to finance leases		(3,563)	(3,261)
Repayment of redeemable capital		(37,500)	–
Dividends paid		(9,580)	(4,814)
Net cash from financing activities		<u>19,357</u>	<u>268,024</u>
Net decrease in cash and cash equivalents		<u>(44,434)</u>	<u>(31,248)</u>
Cash and cash equivalents at beginning of the period		<u>30,878</u>	<u>181</u>
Cash and cash equivalents at end of the period	12	<u><u>(13,556)</u></u>	<u><u>(31,067)</u></u>

The annexed notes from 1 to 15 form an integral part of these financial statements.

Chairman

Chief Executive

STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the first quarter ended 30 September, 2005

	Issued, subscribed and paid-up capital	General reserve	Reserve for issue of bonus shares	Unrealized gains / (loss) on remeasure- ment of avail- able for sale investment securities	Unappropri- ated profit	Total
Rupees in thousand						
Balance as at 1 July 2004	220,934	921,000	22,093	327,371	28,016	1,519,414
Profit for the first quarter ended 30 September 2004	-	-	-	-	38,142	38,142
Unrealised loss on available for sale investment securities	-	-	-	(28,587)	-	(28,587)
Balance as at 30 September 2004	220,934	921,000	22,093	298,784	66,158	1,528,969
Balance as at 1 July 2005	243,027	921,000	-	346,608	317,474	1,828,109
Transfer to reserve for issue of bonus shares	-	-	48,605	-	(48,605)	-
Dividend final @ 10%	-	-	-	-	(24,303)	(24,303)
Profit for the first quarter ended 30 September 2005	-	-	-	-	112,351	112,351
Unrealised gain on available for sale investment securities	-	-	-	12,142	-	12,142
Realized gain on sale of investment	-	-	-	(35,767)	-	(35,767)
Balance as at 30 September 2005	243,027	921,000	48,605	322,983	356,917	1,892,532

The annexed notes from 1 to 15 form an integral part of these financial statements.



Chairman



Chief Executive



Crescent Steel &
Allied Products Ltd.

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 was entered into at the time of purchase, and the transfer of legal title of land has been completed in October 2005 subsequent to the quarter end.

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 30 September 2005 and the profit and loss account, statements of changes in equity and the cash flow statement for the first quarter ended 30 September 2005.

The comparative balance sheet presented in these financial statements as at 30 June 2005 has been extracted from the audited financial statements of the company for the year ended 30 June 2005, 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 first quarter ended 30 September 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 2005.

3. SHORT-TERM BORROWINGS

	30 September 2005			30 June 2005			
	Steel division	Cotton division	Total	Steel division	Cotton division	Total	
Rupees in thousand							
Secured From Banking Companies							
Running finances under mark-up arrangements							
Union Bank Limited	3.1	11,034	15,072	26,106	22,204	–	22,204
MCB Bank Limited	3.2	5,010	–	5,010	–	–	–
Short term loans							
MCB Bank Limited	3.2	190,000	–	190,000	120,000	–	120,000
		206,044	15,072	221,116	142,204	–	142,204

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

For the first quarter ended 30 September, 2005

3.1 Union Bank Limited

The facilities for running finance available amounts to Rs. 325 million (30 June 2005: Rs. 425 million). The rate of mark-up is 6 months KIBOR (Ask) plus 1.75 % with a floor of 7 % per annum (30 June 2005: 7 % per annum). The purchase prices are repayable within 120 to 180 days depending upon nature of financing. The mark-up is payable quarterly. The facilities will expire on 31 March 2006.

The facility for opening letter of credit and guarantees as at 30 September 2005 amounted to Rs. 600 million (30 June 2005: Rs. 467)

The above facilities are secured against pledge on stocks of raw cotton with 25% margin to the extent of Rs. 400 million, pledge of shares of public limited companies acceptable to the bank with a 40% margin and first pari passu charge on the stocks and book debts of the company for Rs. 600 million.

3.2 MCB Bank Limited

The facility for running finance amounted to Rs. 200 million (30 June 2005: 200 million). The mark-up rate is 1 month KIBOR plus 2.5% with a floor of 5%. The facility will remain valid till 30 August 2006. The facility for running finance is secured against first pari passu hypothecation charge for Rs. 316.67 million over stocks and book debts of the company, lien over import documents and duly accepted bills of exchange.

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. 47.85 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 considering to file a constitutional petition in the High Court and is confident of a favourable outcome. Thus, no provision has been made 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 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 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. Hence, no provision has been made in these financial statements.

4.4 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% against import of coating plant in 1992. The company contested that as per SRO 1317 (1)/94 dated 22 December 1990, being located in rural area, is only liable to pay 2% of import license fee. The company has provided bank guarantee of Rs. 3.42 million as directed by the Honourable Court. The petition was dismissed by High Court as having been incompetently filed. The company has filed the application with Honourable Supreme Court to obtain leave for appeal. No provision has been made in the financial statements, as management considers that the company would be able to file appeal before Honourable Supreme Court and case would be decided in company's favour.



NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

- 4.5 Sindh Industrial Trade Estate (SITE) cancelled allotment of plots A-26 and A-27 and charged non-utilisation fees of Rs. 285,184 and Rs. 620,573 respectively. The company has challenged the cancellation and filed a suit in Sindh High Court. The High Court has restrained the SITE from taking any adverse action against the company. Therefore, management considers that no provision is required.
- 4.6 The company has filed a suit in the High Court of Sindh for recovery of retention money amounting to Rs. 3.27 million from Indus Steel Pipes Limited against supply of pipes. The High Court has decided the case in the company's favour, however, pending a formal judgement the gain has not been recognised in these financial statements.
- 4.7 Aggregate amount of guarantees given by the banks on behalf of the company in respect of performance of various contracts as at 30 September 2005 aggregated to Rs. 305.92 million (30 June 2005: Rs. 264.36 million).
- 4.8 Commitments under letters of credit as at 30 September 2005 is Rs 674.14 million (30 June 2005: Rs.445.15 million).
- 4.9 Commitments in respect of capital expenditure contracted for as on 30 September 2005 is Rs. 64.5 million (30 June 2005: Rs. 51.71 million).

5. PROPERTY PLANT AND EQUIPMENT

	First quarter ended 30 September 2005		First quarter ended 30 September 2004	
	Additions	Disposals	Additions	Disposals
	Rupees in thousand			
Plant and machinery	992	–	–	–
Furniture and fixtures	301	–	109	–
Office and other equipment	430	–	286	105
Computers	276	845	309	–
Vehicles	1,733	1,855	–	2,820
Electric installation	–	–	367	–
	3,732	2,700	1,071	2,925

The company had acquired the cotton division effective 30 June 2000. The legal title of assets in the name of the company is transferred in October 2005.

- 5.1 Effective July 1, 2005, the company has revised its accounting estimates in respect of depreciation on fixed assets. Depreciation on addition is charged from the month in which the assets is put to use and on disposals, upto the month the assets has been in use, in line with the recommendations of the Institute of Chartered Accountants of Pakistan. Had the company not changed estimates the profit before tax for the quarter ended would have been decreased by Rs. 0.07 million.

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

For the first quarter ended 30 September, 2005

6. LONG TERM INVESTMENTS

	30 September 2005			30 June 2005		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
	Rupees in thousand					
Related parties						
Available for sale	285,928	–	285,928	177,602	–	177,602
Held to maturity	29,994	–	29,994	29,994	–	29,994
	315,922	–	315,922	207,596	–	207,596
Others						
Available for sale	24,500	–	24,500	24,500	–	24,500
Held to maturity	26,816	–	26,816	26,821	–	26,821
	367,238	–	367,238	258,917	–	258,917

7. STOCK-IN-TRADE

	30 September 2005			30 June 2005		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
	Rupees in thousand					
Raw material	74,798	32,112	106,910	80,599	62,607	143,206
Work-in-process	11,373	2,729	14,102	4,021	2,979	7,000
Finished goods	53,587	27,657	81,244	30,302	18,417	48,719
Scrap / cotton waste	2,377	442	2,819	169	1,009	1,178
	142,135	62,940	205,075	115,091	85,012	200,103
Provisions	(5,068)	(706)	(5,774)	(5,068)	(706)	(5,774)
	137,067	62,234	199,301	110,023	84,306	194,329

8. INVESTMENTS

	30 September 2005			30 June 2005		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
	Rupees in thousand					
Related parties						
Available for sale	88,320	–	88,320	85,881	–	85,881
Held for trading	4,768	–	4,768	4,200	–	4,200
Held to maturity	212,000	–	212,000	212,000	–	212,000
	305,088	–	305,088	302,081	–	302,081
Others						
Available for sale	323,459	–	323,459	370,860	–	370,860
Held for trading	622,191	–	622,191	530,915	–	530,915
Loans and advances originated by the enterprise – Islamic Republic of Pakistan Bonds10%	7,046	–	7,046	7,031	–	7,031
	1,257,784	–	1,257,784	1,210,887	–	1,210,887



Crescent Steel &
Allied Products Ltd.

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

9. OTHER OPERATING INCOME

	First quarter ended 30 September 2005			First quarter ended 30 September 2004		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
Rupees in thousand						
Income From Financial Assets						
Return on deposits, advances and investments	813	7	820	1,157	10	1,167
Dividend income	20,380	-	20,380	11,100	-	11,100
Gain on sale of investments	27,844	-	27,844	9,933	-	9,933
Unrealised gain on held for trading investments	70,802	-	70,802	-	-	-
Income From Related Parties						
Return on deposits, advances and investments	1,953	-	1,953	241	-	241
Dividend income	-	-	-	802	-	802
Other Income						
Gain on sale of fixed assets	588	-	588	903	-	903
Others	181	47	228	291	219	510
	<u>122,561</u>	<u>54</u>	<u>122,615</u>	<u>24,427</u>	<u>229</u>	<u>24,656</u>

10. FINANCE COSTS

	First quarter ended 30 September 2005			First quarter ended 30 September 2004		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
Rupees in thousand						
Mark-up on:						
Short-term loans	2,467	-	2,467	1,110	124	1,234
Redeemable capital	3,340	2,554	5,894	1,840	1,408	3,248
Assets subject to finance leases	413	216	629	491	413	904
Bank charges	124	85	209	93	16	109
	<u>6,344</u>	<u>2,855</u>	<u>9,199</u>	<u>3,534</u>	<u>1,961</u>	<u>5,495</u>

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

For the first quarter ended 30 September, 2005

11. CASH GENERATED FROM / (USED IN) OPERATIONS

	Note	First quarter ended	
		30 September 2005	30 September 2004
		Rupees in thousand	
Profit before taxation		117,098	55,029
Adjustments for non cash charges and other items:			
Depreciation		20,912	20,140
Amortization of intangible assets		490	377
Fair value adjustments		(70,802)	(20,000)
Gain on sale of investments		(27,844)	(9,933)
Provision for pension and gratuity		1,264	1,631
Financial charges		9,199	5,495
Gain on disposal of fixed assets		(588)	(903)
Dividend income		(20,380)	(11,902)
Deferred Income		(76)	-
Return on deposits, advances and investments		(2,773)	(1,408)
Amortization of initial transaction cost on TFCs		(224)	-
Working capital changes	11.1	82,345	(314,145)
		<u>108,621</u>	<u>(275,619)</u>
11.1 Working capital changes			
(Increase) / decrease in current assets			
Stores, spares and loose tools		(4,192)	(523)
Stock-in-trade		(4,972)	(212,549)
Trade debts		70,179	(32,481)
Short-term advances		(2,383)	(19,675)
Short-term deposits and prepayments		(5,184)	(2,741)
Other receivables (net)		95,410	24,014
		<u>148,858</u>	<u>(243,955)</u>
Increase / (decrease) in current liabilities			
Trade and other payables		(66,513)	(70,190)
Working capital changes		<u>82,345</u>	<u>(314,145)</u>
12. CASH AND CASH EQUIVALENTS			
Short-term running finance under markup arrangements		(31,116)	(59,464)
Cash and bank balances		17,560	28,397
		<u>(13,556)</u>	<u>(31,067)</u>



Crescent Steel &
Allied Products Ltd.

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

13. TRANSACTIONS WITH RELATED PARTIES

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

	30 September 2005			30 September 2004		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
	Rupees in thousand					
Insurance premium paid	540	–	540	117	195	312
Sale of pipes / yarn	4,798	15,122	19,920	7,452	27,774	35,226
Return on deposits	643	–	643	241	–	241
Dividends income	–	–	–	882	–	882
Service charges received	88	–	88	79	–	79
Service charges paid	869	380	1,249	358	717	1,075
Donation	198	–	198	241	473	714
Financial Charges on						
Term Finance Certificate	33	26	59	–	–	–
Contribution to						
Provident Fund	1,116	157	1,273	1,196	–	1,196
Contribution to						
Pension Fund	841	81	922	814	62	876
Contribution to						
Gratuity Fund	341	–	341	331	–	331

14. COMPARATIVES

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

15. GENERAL

15.1 These financial statements were authorized for issue on 27 October 2005 by the board of directors of the company.

15.2 Figures have been rounded off to the nearest thousand rupees.

Chairman

Chief Executive

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 application 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
MCB 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 E.mail: ejazahmed@csibl.com

PRINCIPAL OFFICE

9th Floor, Sidco Avenue Centre, 264 R.A. Lines, Karachi-74200. Telephone: 021-5674881-5 Fax: 021-5680476 E.mail: mail@crescent.com.pk URL: www.crescent.com.pk

FACTORY – STEEL DIVISION

A/25, S.I.T.E., Nooriabad, District Dadu, Sindh. Telephone: 025-4670020-2, E.mail: mushtaq.ahmed@nra.crescent.com.pk

MILLS – COTTON DIVISION

Crescent Cotton Products (Spinning Unit)
1st Mile, Lahore Road, Jaranwala. Telephone: 041-4313799, 4312899, 4311741 Fax: 041-4315475 E.mail: abdul.rouf@jrn.crescent.com.pk



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 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.

