

Condensed Interim Report for the
Quarter ended September 2008



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 & 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>Finance Director & CFO</i>	S.M. Ehtishamullah
<i>Non-Executive Director</i>	Zahid Bashir

COMPANY SECRETARY	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*

Finance Director & CFO
S.M. Ehtishamullah, 69
1996*

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*

Senior Vice President
(Finance & Control)
M. Saad Thaniana, 41
2007*

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 results of your company for quarter ended 30 September 2008. The company's performance was challenged by the reduced order intake and terrible local as well as international economic conditions. Steel division's order intake was affected by non-materialization of several key projects which were put on hold due to high steel prices and the global financial crisis.

The KSE-100 Index has lost 40% from its April 2008 peak and has been at a standstill with a price deck since 28 August 2008. This has provided temporary refuge from negative developments (surging terrorism, ratings downgrade, capital flight, liquidity mismanagement, etc) over the past seven weeks.

Due to tightening of the monetary policy and reduction in the foreign currency reserves the exchange rates increased from Rs. 68.2/\$ at 30 June 2008 to Rs. 78.2/\$ at 30 September 2008, this has significantly added to the cost of doing business for industry.

The company suffered a loss of Rs. 120.3 million as compared to profit of Rs. 328.2 million in the same period last year. Owing to the overall economic situation the activity of the company remained low this has resulted in the loss per share (LPS) for the first quarter of 2009 of Rs. 2.13 per share, as against an EPS of Rs. 5.81 in the corresponding period last year.

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

STEEL DIVISION

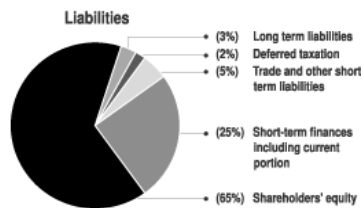
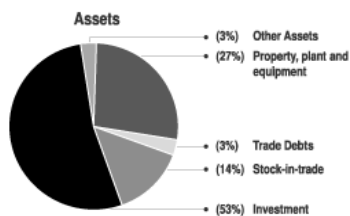
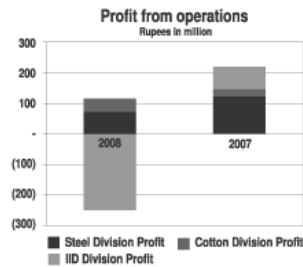
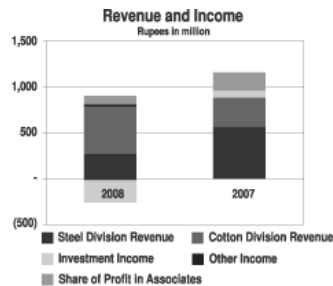
Order intake in quarter was much less than the corresponding period last year mainly due to economic condition and high steel prices resulting in deferring of projects by the customers. Sales revenue of the steel division stood at Rs. 274.1 million was 50 percent less than the Rs. 550.4 million of the corresponding period of last year.

Cost of sales and gross profit for the steel division stood at Rs. 190.2 million and Rs. 83.9 million as against Rs. 394.9 million and Rs. 155.5 million in last year respectively. The gross profit margins improved during the quarter from 28.3% to 30.6% during the current period.

COTTON DIVISION

Cotton division's performance both in terms of revenue and profits for the quarter improved as compared to corresponding period - sales increased by 50 percent amounted to Rs. 513.8 million and the gross profit margin also increased to 10.2 percent as against 7 percent in corresponding quarter. Division's overall gross profit of Rs. 52.6 million was more than double of the corresponding period.

In line with the increase in sales and gross profit, the business achieved profit before tax of Rs. 17.4 million as compared to Rs. 1.7 million in the corresponding quarter last year.





Crescent Steel &
Allied Products Ltd.

INVESTMENT AND INFRASTRUCTURE DIVISION

Due to political and economic condition the KSE-100 index fell by 3,110 points or 25.3 percent to 9,179. Delayed response by the government to economic issues and security concerns caused by political uncertainty, the management of the Stock Exchange decided to impose a floor on 27 August 2008 on the KSE-100 index at 9,144 points. Before imposing the floor, efforts to inject liquidity in the market through government sponsored funds were made but the liquidity made available was insufficient. With rescue measures failing due to lack of liquidity, selling quantities piled up in shares at their floored rates. After imposition of the floor market volumes fell to an average of 15.4 million shares per day as against 95 million shares per day for the eight weeks preceding the imposition of the floor.

Total investments appearing in long term and short term classification aggregated to Rs. 1,435.1 million and Rs. 898.6 million on 30 September 2008 compared to Rs. 1,279.5 million and Rs. 1,407.6 million respectively, as at 30 June 2008.

The capital loss on investments (excluding equity accounted undertakings) on an average investment of Rs. 1,209.9 million (Rs. 1,464.4 million - Rs. 955.3 million) stood at 20.8% (KSE-100 index fall by 25.3%) for the quarter ended 30 September 2008. The division made a loss of Rs. 171.5 million as compare to profit of Rs. 239.7 million in the corresponding quarter last year mainly due to mark to market loss of

CHIEF EXECUTIVE'S REVIEW

Rs. 192.1 million and realized capital loss of Rs. 68.5 million during the quarter under review.

BALANCE SHEET AND CASH FLOW

The Company's balance sheet continues to remain healthy with the liquidity ratio of 1.3 : 1 and gearing remained at 6 : 94. Shareholders' funds as at quarter ended 30 September 2008 amounted to Rs. 2,891.5 million whereas balance sheet footing is Rs. 4,482.2 million as compared to Rs. 2,994 million and Rs. 4,846.7 million respectively as at 30 June 2008.

Cash generated from operations was healthy at Rs. 105.8 million as compared to negative Rs. 480.3 million in the corresponding quarter. In addition net cash inflow from investing activities was Rs. 213.9 million mainly on account of disposal of shares.

Due to liquidity problem the borrowing rates which were 10-11% in the corresponding quarter last year increased to 18 - 20% in the current quarter. However, the company's effective rate of borrowing was only 14.37 percent (11.2 percent in the corresponding quarter last year).

FUTURE OUTLOOK

In Steel Division, the order position in the last quarter was not very encouraging due to adverse affect on infrastructure as political situation is yet to stabilize. In the current quarter the order position is relatively better and efforts are being made for further improvement in the next quarters.

There was a rising trend in steel prices, but now these are coming down. We are however, facing an

overall crisis of liquidity and devaluation of our currency. We therefore, may not get the advantage of decrease in steel prices.

Cotton division situation is not looking good in the next quarter. Due to recession in the world market textile demand and orders for fabric are low for exports, resulted in yarn prices are under pressure in the local market. In addition due to financial crisis the spinning mills have change from credit to advance payment, as a result yarn purchases are restricted to ready requirement and no bulk orders are in the market.

On the other hand due to bank liquidity problem the mills are unable to procure the best quality cotton even at the current low prices. Further due to increase in electricity and gas prices, the cost of production has already increased.

Immediate downside seems imminent once the floor is removed from KSE-100 index. The market is expected to trade at lower levels, till new liquidity is attracted due to the fiscal and monetary measures taken by the Government and State Bank of Pakistan to absorb the supply of shares.

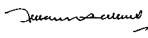
We are hopeful that Pakistan will be able to successfully deal with the law and order fears and effectively manage the challenges faced due to global and local economic downturn.

Ahsan M. Saleem
Chief Executive
29 October 2008

CONDENSED INTERIM BALANCE SHEET (UNAUDITED)
As at 30 September 2008

	Notes	30 September 2008 (Rupees in '000)	30 June 2008
ASSETS			
Non-current assets			
Property, plant and equipment	6	1,205,559	1,233,231
Intangible assets		630	620
Investment property	7	51,297	50,003
Long term investments	8	1,435,064	1,279,480
Long term loans and deposits		4,149	4,241
		2,696,699	2,567,575
Current assets			
Stores, spares and loose tools		72,548	77,385
Stock-in-trade	9	610,748	606,059
Trade debts		126,359	118,696
Advances	10	43,485	24,599
Trade deposits and short term prepayments		7,026	2,413
Current portion of long term investments		10	10
Investments	11	898,566	1,407,638
Mark-up accrued		3,083	2,387
Other receivables	12	13,430	31,729
Cash and bank balances		10,249	8,199
		1,785,504	2,279,115
Total assets		4,482,203	4,846,690
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
100,000,000 ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid-up capital	13	564,600	513,273
Capital reserves		387,891	371,080
Revenue reserves		1,937,981	2,109,651
		2,890,472	2,994,004
Non-current liabilities			
Long term loan		140,080	168,117
Deferred taxation		103,425	111,505
		243,505	279,622
Current liabilities			
Trade and other payables		208,791	240,819
Interest and mark-up accrued		24,016	19,765
Short term borrowings	15	962,462	1,119,331
Current portion of long term loan		112,500	112,500
Current portion of redeemable capital	14	37,125	74,551
Taxation - net		3,332	6,098
		1,348,226	1,573,064
Total equity and liabilities		4,482,203	4,846,690
Contingencies and commitments	16		

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.


Chief Executive


Director

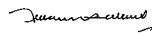


Crescent Steel &
Allied Products Ltd.

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
For the first quarter ended 30 September 2008

	Notes	First quarter ended 30 September 2008	First quarter ended 30 September 2007
(Rupees in '000)			
Sales	17	787,934	892,128
Cost of sales		<u>651,392</u>	<u>712,592</u>
Gross profit		136,542	179,536
Investment (loss) / income	18	(248,082)	77,393
		<u>(111,540)</u>	<u>256,929</u>
Distribution and selling expenses		5,348	3,310
Administrative expenses		35,133	26,348
Other operating expenses	19	7,690	14,057
		48,171	43,715
		<u>(159,711)</u>	<u>213,214</u>
Other operating income		17,918	2,654
Operating (loss) / profit before finance costs		(141,793)	215,868
Finance costs	20	50,615	29,252
Share of profit in associated undertakings		102,486	176,011
(Loss) / Profit before taxation		<u>(89,922)</u>	<u>362,627</u>
Taxation - current		38,501	4,461
- deferred		(8,080)	30,000
		30,421	34,461
(Loss) / Profit for the quarter		<u>(120,343)</u>	<u>328,166</u>
(Rupees)			
Basic and diluted (loss) / earnings per share	21	<u>(2.13)</u>	<u>5.81</u>

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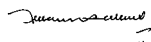

Chief Executive


Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
For the first quarter ended 30 September 2008

	Notes	First quarter ended 30 September 2008	First quarter ended 30 September 2007
(Rupees in '000)			
Cash flows from operating activities			
Cash generated from / (used in) operations	22	105,793	(480,289)
Taxes paid		(41,266)	(18,892)
Financial charges paid		(46,363)	(28,301)
Contribution to pension and gratuity fund		(1,390)	(1,777)
Decrease long term deposits and prepayments		92	139
Net cash from / (used in) operating activities		<u>16,866</u>	<u>(529,120)</u>
Cash flows from investing activities			
Capital expenditure		(19,014)	(30,336)
Purchase of intangible assets		(114)	(41)
Proceeds from sale of property, plant and equipment		67	229
Investments - net		210,339	(128,672)
Dividends received		21,543	35,347
Interest received		1,072	520
Net cash from / (used in) investing activities		<u>213,893</u>	<u>(122,953)</u>
Cash flows from financing activities			
Receipts of short term loans		585,968	630,313
Repayment of long term loan		(28,125)	(28,125)
Repayment of redeemable capital		(37,500)	(37,500)
Repayment of liabilities against assets subject to finance leases		-	(1,232)
Dividend paid		(6,215)	(1,115)
Net cash from financing activities		<u>514,128</u>	<u>562,341</u>
Net increase / (decrease) in cash and cash equivalents		<u>744,887</u>	<u>(89,732)</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	23	<u>(84,039)</u>	<u>(63,457)</u>

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.


Chief Executive

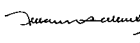

Director



**CONDENSED INTERIM STATEMENT OF
CHANGES IN EQUITY (UNAUDITED)**
For the first quarter ended 30 September 2008

	Issued, subscribed and paid-up capital	Share Premium	Capital reserves		Revenue reserves General reserve	Unappropri- ated profit	Total
			Unrealized gain on remeasurement of available for sale investment securities	Others*			
(Rupees in '000)							
Balance as at 1 July 2007	466,612	349,959	294,218	148,341	1,342,000	599,273	3,200,403
Changes in equity for the first quarter ended 30 September 2007							
Unrealized loss on available for sale investment securities	-	-	(43,832)	-	-	-	(43,832)
Realized gain on sale of investments securities	-	-	(29,876)	-	-	-	(29,876)
Proportionate share of various reserves of associated undertakings	-	-	-	(110,152)	-	-	(110,152)
Profit for the period	-	-	-	-	-	328,166	328,166
Total recognized income and expense for the period	-	-	(73,708)	(110,152)	-	328,166	144,306
Transfer to general reserve	-	-	-	-	500,000	(500,000)	-
Dividend final 2007 (10%)	-	-	-	-	-	(46,661)	(46,661)
Issuance of bonus shares final 2007 (10%)	46,661	-	-	-	-	(46,661)	-
Balance as at 30 September 2007	513,273	349,959	220,510	38,189	1,842,000	334,117	3,298,048
Balance as at 1 July 2008	513,273	349,959	85,279	(64,158)	1,842,000	267,651	2,994,004
Changes in equity for the first quarter ended 30 September 2008							
Unrealized loss on available for sale investment securities	-	-	(22,723)	-	-	-	(22,723)
Realized gain on sale of investments securities	-	-	(11,702)	-	-	-	(11,702)
Proportionate share of various reserves of associated undertakings	-	-	-	51,236	-	-	51,236
Reversal of proportionate share of reserve on disposal of shares	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	(120,343)	(120,343)
Total recognized income and expense for the period	-	-	(34,425)	51,236	-	(120,343)	(103,532)
Issuance of bonus shares final 2008 (10%)	51,327	-	-	-	-	(51,327)	-
Balance as at 30 September 2008	564,600	349,959	50,854	(12,922)	1,842,000	95,981	2,890,472

*This represents various reserves maintained by the associated undertakings
The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.


Chief Executive


Director

**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**
For the first quarter ended 30 September 2008

1. THE COMPANY AND ITS OPERATIONS

- 1.1 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, Crescent Standard Tower, 10-B, Block E-2, main Boulevard, Gulberg-III, Lahore.
- 1.2 The Company's steel segment is one of the down stream industries of Pakistan Steel Mills, manufacturing large diameter spiral arc welded steel line pipes at Nooriabad (District Jamshoro). The 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.
- 1.3 The Company acquired a running spinning unit of 14,400 spindles (now 19,680 spindles) at Jaranwala (District Faisalabad) on 30 June 2000 from Crescent Jute Products Limited. Another spinning unit CCP-II was added with 25,344 spindles in 2006. The cotton spinning activity is carried out by the Company under the name and title of "Crescent Cotton Products a division of Crescent Steel and Allied Products Limited".

2. BASIS OF PREPARATION

These condensed interim financial statements are un-audited and have been prepared in accordance with the requirements of the International Financial Reporting Standard (IFRS) IAS - 34 "Interim Financial Reporting" as applicable in Pakistan. These condensed interim financial statements do not include all of the information required for full financial statements and should be read in conjunction with the financial statements of the Company for the year ended 30 June 2008.

The comparative balance sheet presented in these financial statements 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 first quarter ended 30 September 2008.

These condensed interim financial statements have been presented in Pakistan Rupees, which is the functional currency of the Company and the figures are rounded off to the nearest thousand of rupees.

These condensed interim financial statements are being submitted to the shareholders as required by listing regulations of Karachi, Lahore and Islamabad Stock Exchange and section 245 of the Companies Ordinance, 1984.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied for the preparation of these condensed interim financial statements are the same as those applied in preparation of the annual audited financial statements of the Company for the year ended 30 June 2008.

4. ESTIMATES

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the financial statements for the year ended 30 June 2008.



Crescent Steel &
Allied Products Ltd.

NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)
For the first quarter ended 30 September 2008

5. RISK MANAGEMENT POLICIES

Risk management policies are consistent with those disclosed in the financial statements for the year ended 30 June 2008.

6. PROPERTY, PLANT AND EQUIPMENT

	First quarter ended 30 September 2008		First quarter ended 30 September 2007	
	Additions	Disposals	Additions	Disposals
	(Rupees in '000)			
Plant and machinery	-	-	2,663	-
Building on freehold land	-	-	1,794	-
Furniture and fittings	157	-	1,133	-
Electrical / Office equipment and installations	301	-	393	-
Computers	1,004	-	271	-
Motor Vehicles - owned	1,758	113	808	678
	<u>3,220</u>	<u>113</u>	<u>7,062</u>	<u>678</u>

7. INVESTMENT PROPERTY

Furniture and fittings	255	-	-	-
Electrical / Office equipment and installations	337	-	-	-
	<u>592</u>	<u>-</u>	<u>-</u>	<u>-</u>

8. LONG TERM INVESTMENTS

		30 September 2008	30 June 2008
		(Rupees in '000)	
Related Parties			
Investment in equity accounted undertakings	8.1	1,378,282	1,222,695
Held to maturity		29,994	29,994
Available for sale	8.2	-	-
Others			
Held to maturity		26,788	26,791
		<u>1,435,064</u>	<u>1,279,480</u>

**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**
For the first quarter ended 30 September 2008

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

30 September 2008 (Number of shares)	30 June 2008	Name of investee company	30 September 2008 (Rupees in '000)	30 June 2008
		Quoted		
60,475,416	60,475,416	Altern Energy Limited (Chief Executive Officer - Mr. Sabih Farooqi)	822,743	647,239
15,244,665	15,089,665	Shakarganj Mills Limited (Chief Executive Officer - Mr. Ahsan M. Saleem)	392,379	405,448
			<u>1,215,122</u>	<u>1,052,687</u>
		Unquoted		
874,999	528,937	Central Depository Company of Pakistan Limited (Chief Executive Officer - Mr. Mohammad Hanif Jakhura)	38,705	38,075
6,000,000	6,000,000	Shakarganj Food Products Limited (Chief Executive Officer - Mr. Anjum M. Saleem)	41,130	50,168
1,031,250	1,031,250	Safeway Fund Limited (Chief Executive Officer - Mr. Nihal Cassim)	42,870	42,117
2,250,000	2,250,000	Asian Capital Management Limited (Chief Executive Officer - Ms. Tehmeena Khan)	40,455	39,648
			<u>1,378,282</u>	<u>1,222,695</u>

- 8.1.1 The above figures are based on financial statements of these companies as at 30 June 2008.
- 8.1.2 The fair value of the investments in associates as at 30 September 2008 is Rs. 1,185.8 million (30 June 2008 : Rs. 1,578.9 million).
- 8.2 This represents investments in Crescent Bahuman Limited, Crescent Industrial Chemicals Limited and Crescent Continental Gas Pipelines Limited which have been carried at carrying values of Rs. nil for reasons specified in financial statements for the year ended 30 June 2008.



Crescent Steel &
Allied Products Ltd.

NOTES TO THE CONDENSED INTERIM
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9. STOCK-IN-TRADE

	30 September 2008	30 June 2008
	(Rupees in '000)	
Raw materials:		
Hot rolled steel coils (HR Coil)	16,857	16,928
Coating materials	34,039	49,208
Others - pipe plant	26,410	27,544
Raw material outside servicing	106	-
Raw cotton	342,925	358,731
Stock-in-transit	53,718	421
	<u>474,055</u>	<u>452,832</u>
Provision for slow-moving and obsolescence		
Hot rolled steel coils	(8,813)	(8,813)
Coating materials	(84)	(84)
Others	(187)	(187)
	<u>(9,084)</u>	<u>(9,084)</u>
	<u>464,971</u>	<u>443,748</u>
Work-in-process	14,259	15,074
Finished goods	131,401	159,064
Scrap / cotton waste	16,465	4,521
Provision for slow-moving and obsolescence finished goods	(16,348)	(16,348)
	<u>145,777</u>	<u>162,311</u>
	<u>610,748</u>	<u>606,059</u>

10. ADVANCES

This includes an advance amounting to Rs. 15 million (30 June 2008: Rs. 15 million) given to Safeway Fund Limited, now an associated company against which shares will be issued, subject to regulatory approvals.

11. INVESTMENTS

	30 September 2008	30 June 2008
	(Rupees in '000)	
Related parties		
Available for sale	23,298	26,475
Others		
Available for sale	196,941	231,048
Held for trading	678,327	1,150,115
	<u>875,268</u>	<u>1,381,163</u>
	<u>898,566</u>	<u>1,407,638</u>

11.1

**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**
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- 11.1 The investments having an aggregate market value of Rs. 1,404.5 million (30 June 2008: Rs. 2,135.6 million) have been pledged with financial institutions as security against financing facilities (Note 15) out of which Rs. 919.2 million (30 June 2008: Rs. 1,203.5 million) relates to long term investments.

12. OTHER RECEIVABLES

	30 September 2008	30 June 2008
	(Rupees in '000)	
Dividend receivable	1,958	15,580
Receivable on account of sale of shares	38	-
Claim receivable	2,584	2,226
Due from associated undertakings	4,251	593
Sales tax refundable	4,793	14,729
Provision thereagainst	(4,346)	(4,346)
	447	10,383
Margin on Letter of credit	1,253	-
Receivable from staff retirement funds	2,602	2,602
Others	297	345
	13,430	31,729

13. ISSUED, SUBSCRIBED AND PAID-UPCAPITAL

	30 September 2008	30 June 2008		30 September 2008	30 June 2008
	(Number of shares)			(Rupees in '000)	
22,230,188	22,230,188	22,230,188	Ordinary shares of Rs. 10 each fully paid in cash	222,302	222,302
34,229,807	29,097,079	29,097,079	Ordinary shares of Rs. 10 each fully issued as bonus shares	342,298	290,971
56,459,995	51,327,267	51,327,267		564,600	513,273

- 13.1 During the current period, 5,132,728 (2008: 4,666,115 shares) of Rs. 10 each were issued as 10% bonus shares.

14. REDEEMABLE CAPITAL - secured (non-participatory)

Term Finance Certificates		
Balance at beginning of period / year	74,551	148,652
Transaction cost amortised	224	899
Redemption	(37,650)	(75,000)
	37,125	74,551
Current portion	(37,125)	(74,551)
Balance at the end of period / year	-	-



NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)
For the first quarter ended 30 September 2008

15 SHORT TERM BORROWINGS

30 September **30 June**
2008 **2008**
(Rupees in '000)

Secured From Banking Companies

Running finances under mark-up arrangements	94,288	837,125
Short-term loans / Murabaha	868,174	282,206
	<u>962,462</u>	<u>1,119,331</u>

- 15.1 Short term running finance available from various commercial banks under mark-up arrangement amount to Rs. 2,350 million (30 June 2008: Rs. 2,350 million). This facility is interchangeable with Term Finance/Demand Finance as given Note No.15.2 below. The rate of mark-up range between 13.78% to 15.38% (30 June 2008: 10.30% to 14.38%) per annum.
- 15.2 The Company has also borrowed short term loan / murabaha financing from various commercial banks under mark-up arrangement amount to Rs. 1,425 million (30 June 2008: Rs. 625 million). Mark-up rates is normally negotiated at the time of the transaction. During the year the mark-up on such arrangement range between 13.31% to 15.11% (30 June 2008: 10.22% to 13.31%) per annum.
- 15.3 The facilities for opening letters of credit and guarantees as at 30 June 2008 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 30 September 2008 were Rs. 2,460 million and Rs. 886 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.

16. CONTINGENCIES AND COMMITMENTS

- 16.1 The Company has filed a suit in the Sindh High Court against Federation of Pakistan and others, for levy of import licence fee at 6% against import of coating plant in 1992. The Company contested that as per SRO 1317 (1)/94 dated 22 December 1990, being located in rural area, is only liable to pay 2 % of import licence fee. The company has provided bank guarantee of Rs. 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 appeal with Honourable Supreme Court, which has been admitted for hearing. No provision has been made in the financial statements as management considers that the case would be decided in Company's favour.
- 16.2 Sindh Industrial Trade Estate (SITE) has cancelled allotment of plot A-26 and A-27 and charged non-utilization 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 the case would be decided in Company's favour and no provision is required.

**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)
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- 16.3 Aggregate amount of guarantees issued by the banks on behalf of the Company against various contracts aggregated Rs. 413.97 million (30 June 2008: Rs. 488.56 million).
- 16.4 The Company filed a suit in the High Court of Sindh for recovery of retention money amounting to Rs. 3.27 million (30 June 2008: 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, the Company has not filed any execution petition for the recovery of said amount.
- 16.5 Commitments in respect of capital expenditure contracted for as at 30 September 2008 amounted to Rs. 42 million (30 June 2008: Rs. 58.60 million). This include commitment in respect of capital expenditure to be incurred on leasehold land, which has been provisionally allotted to the Company in the Downstream Industrial Estate of Pakistan Steel, Bin Qasim amounting to Rs. 6.05 million (30 June 2008 : Rs. 12.1 million). It also includes an amount of Rs.24.36 million (30 June 2008: Rs. 25.66 million) payable in 19 quarterly installments representing office premises in Islamabad.
- 16.6 Commitments under letters of credit as at 30 September 2008 amounted to Rs. 390 million (30 June 2008: Rs. 263.07 million).

17. SALES

	First quarter ended 30 September 2008	First quarter ended 30 September 2007
	(Rupees in '000)	
Bare Pipes (own product excluding coating revenue)	203,869	488,343
Sales - Pipes Laboratory Testing	10,931	-
Revenue from conversion	159	35,966
Coating of pipes	105,711	103,790
Cotton yarn	495,064	323,459
Scrap / waste	18,793	26,053
Sales returns	-	(1,644)
	834,527	975,967
Sales tax and special excise duty	(46,593)	(83,839)
	787,934	892,128

18. INVESTMENT (LOSS) / INCOME

Return on Term Finance Certificates	541	539
Dividend income	7,921	39,441
Gain / (Loss) on sale of investments	(68,454)	29,771
Rent from investment property	4,005	-
Unrealized (loss) / gain on held for trading investments	(192,095)	7,642
	(248,082)	77,393

- 18.1 Direct operating expenses incurred against rent income from investment property amounted to Rs. 0.8 million. Further Rs. 0.3 million were incurred against the non rented out area.



NOTES TO THE CONDENSED INTERIM
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19. OTHER OPERATING EXPENSES

	First quarter ended 30 September 2008	First quarter ended 30 September 2007
	(Rupees in '000)	
Provision for workers welfare fund	1,738	7,400
Provision for workers profit participation fund	4,309	6,603
Exchange loss	1,619	54
Others	24	-
	<u>7,690</u>	<u>14,057</u>

20. FINANCE COSTS

Mark-up on:		
Running finances / Short term loans	38,841	13,846
Long-term loans	10,504	11,673
Redeemable capital	923	2,617
Assets subject to finance leases	-	143
Bank charges	347	973
	<u>50,615</u>	<u>29,252</u>

21. BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE

(Loss) / Profit for the first quarter ended	<u>(120,343)</u>	<u>328,166</u>
	(Number of shares)	
Weighted average number of ordinary shares in issue	<u>56,459,995</u>	<u>56,459,995</u>
	(Rupees)	
Basic and diluted (loss) / earnings per share	<u>(2.13)</u>	<u>5.81</u>

21.1 Weighted average number of shares for the quarter ended September 30, 2007 have been adjusted for the effect of bonus shares issued in the current quarter.

NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)
For the first quarter ended 30 September 2008

22 CASH GENERATED FROM / (USED IN) OPERATIONS

	First quarter ended 30 September 2008	First quarter ended 30 September 2007
	(Rupees in '000)	
(Loss) / Profit before taxation	(89,922)	362,627
Adjustments for non cash charges and other items:		
Depreciation	44,685	41,964
Amortization of intangible assets	114	79
Share of profit in associated undertakings	(102,486)	(176,011)
Unrealised loss on held-for-trading investment	192,095	(7,642)
Loss / (Gain) on sale of investments	68,454	(29,771)
Dividend income	(7,921)	(39,441)
Pension and gratuity expense	2,041	1,777
Financial charges	50,615	29,252
Exchange (gain) / loss	(782)	54
Gain on disposal of fixed assets	(1)	(194)
Return on deposits, advances and investments	(1,227)	(156)
Return on term finance certificates	(541)	(539)
Amortization of initial transaction cost on TFCs	224	224
Provision for workers welfare fund	1,738	-
Provision for workers profit participation fund	4,309	-
Provision for workers welfare fund written back	(14,849)	-
Amortization of initial transaction cost on Long Term Loan	65	65
Working capital changes	22.1 (40,818)	(662,577)
	<u>105,793</u>	<u>(480,289)</u>

22.1 WORKING CAPITAL CHANGES

(Increase) / decrease in current assets		
Stores, spares and loose tools	4,836	(7,944)
Stock-in-trade	(4,688)	(249,678)
Trade debts	(7,664)	(116,658)
Short term advances	(18,643)	(17,526)
Short term deposits and prepayments	(4,613)	(774)
Other receivables (net)	4,573	(65,560)
	<u>(26,199)</u>	<u>(458,140)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	(14,619)	(204,437)
	<u>(40,818)</u>	<u>(662,577)</u>

23. CASH AND CASH EQUIVALENTS

Running finances under markup arrangements	(94,288)	(72,600)
Cash and bank balances	10,249	9,143
	<u>(84,039)</u>	<u>(63,457)</u>



**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**
For the first quarter ended 30 September 2008

24. SEGMENT REPORTING

	Steel Segment	Cotton Segment	IID Segment	Total
	(Rupees in '000)			
Segment results for the quarter ended 30 September 2008				
Sales	274,077	513,857	-	787,934
Cost of sales	190,154	461,238	-	651,392
Gross Profit	83,923	52,619	-	136,542
Investment Loss	-	-	(248,082)	(248,082)
	83,923	52,619	(248,082)	(111,540)
Distribution and selling expenses	2,701	2,647	-	5,348
Administrative expenses	28,315	3,672	3,146	35,133
Other operating expenses	4,789	2,901	-	7,690
	35,805	9,220	3,146	48,171
	48,118	43,399	(251,228)	(159,711)
Other operating income	17,845	73	-	17,918
Operating profit / (loss) before finance costs	65,963	43,472	(251,228)	(141,793)
Finance costs	1,748	26,074	22,793	50,615
Share of profit in associates	-	-	102,486	102,486
Profit / (loss) before taxation	64,215	17,398	(171,535)	(89,922)
Taxation				30,421
Loss for the quarter				(120,343)
Segment results for the quarter ended 30 September 2007				
Sales	550,443	341,685	-	892,128
Cost of sales	394,963	317,629	-	712,592
Gross Profit	155,480	24,056	-	179,536
Investment Income	-	-	77,393	77,393
	155,480	24,056	77,393	256,929
Distribution and selling expenses	1,777	1,533	-	3,310
Administrative expenses	22,071	1,825	2,452	26,348
Other operating expenses	9,011	155	4,891	14,057
	32,859	3,513	7,343	43,715
	122,621	20,543	70,050	213,214
Other operating income	829	1,825	-	2,654
Operating profit before finance costs	123,450	22,368	70,050	215,868
Finance costs	2,232	20,637	6,383	29,252
Share of profit in associates	-	-	176,011	176,011
Profit before taxation	121,218	1,731	239,678	362,627
Taxation				34,461
Profit for the quarter				328,166

**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**
For the first quarter ended 30 September 2008

25. 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 prices agreed based on inter company prices using admissible valuation modes, i.e. comparable uncontrolled price method except service charges received / paid on cost plus method. The related parties and associated undertakings comprise local associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings are as follows:

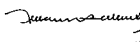
	First quarter ended 30 September 2008	First quarter ended 30 September 2007
	(Rupees in '000)	
Associated companies		
Sale of finished goods including waste	3,049	13,284
Rendering of services	409	327
Receiving of services	1,952	2,653
Dividend Income	-	3,752
Rental Income	1,605	-
Return on deposits	-	643
Advance against sale of steel pipe	2,156	-
Purchase of shares - Shakarganj Mills Limited	1,867	-
Other related parties		
Donations	60	188
Contribution to pension fund	1,594	1,289
Contribution to gratuity fund	524	488
Contribution to provident fund	2,943	2,002
Principal repayment of term finance certificates	-	625
Remuneration to		
Chief Executive Officer	9,273	7,053
Director	4,486	3,654
Executives	15,842	9,656
Financial charges on term finance certificates	-	167

26. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 29 October 2008 by the Board of Directors of the Company.

27. CORRESPONDING FIGURES

Corresponding period figures have been rearranged and reclassified where necessary for the purpose of comparison.


Chief Executive


Director



Crescent Steel &
Allied Products Ltd.

SHAREHOLDERS' INFORMATION

STOCK EXCHANGE LISTING

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

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

PUBLIC INFORMATION

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

SHAREHOLDERS' INFORMATION

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

PRODUCTS

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

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

AUDITORS
KPMG Taseer Hadi & Co.

LEGAL ADVISOR
Hassan & Hassan, Advocates,
Lahore

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

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