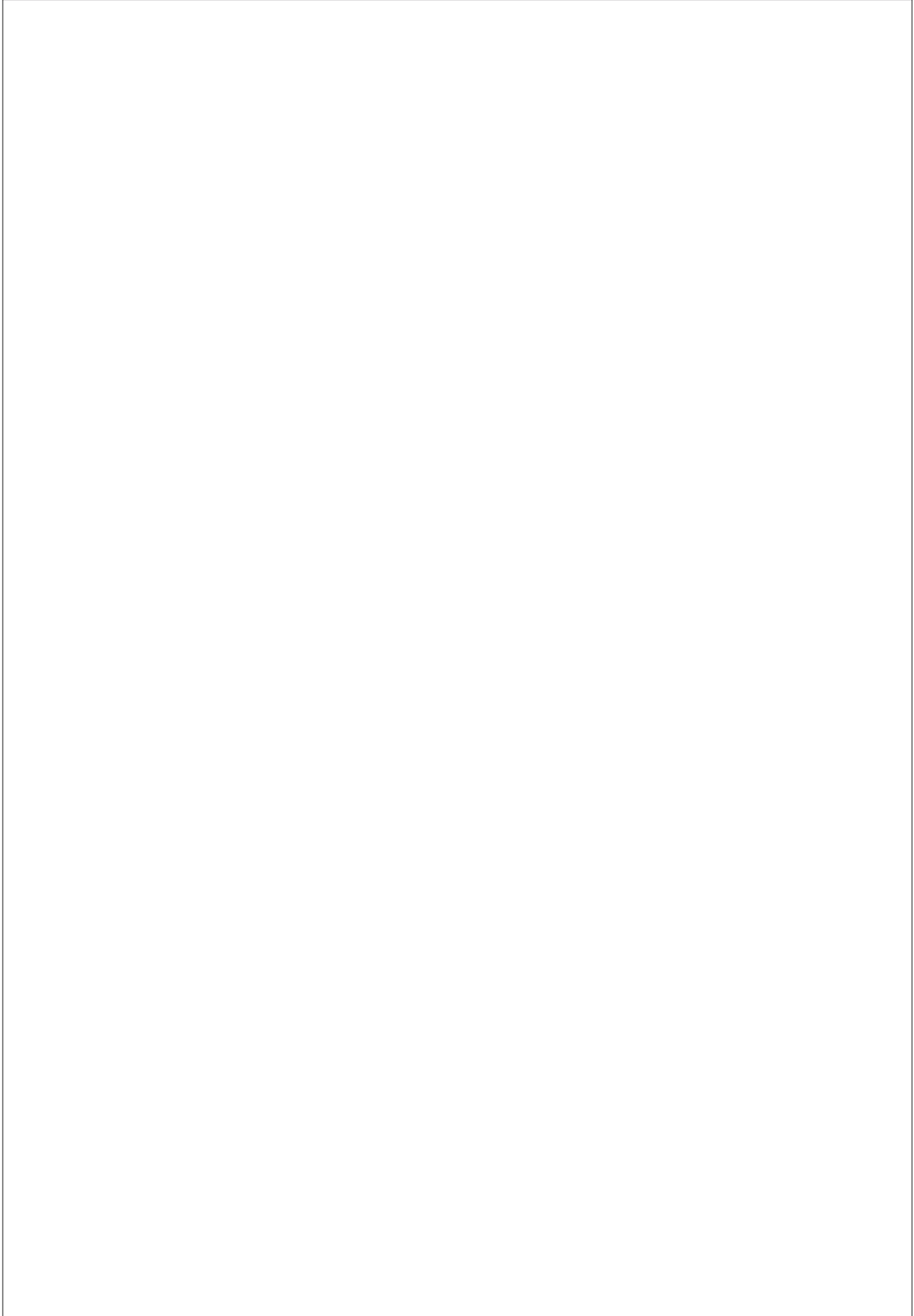


CONSERVING FOR THE FUTURE

CONDENSED INTERIM REPORT FOR THE
QUARTER ENDED SEPTEMBER 2009



Crescent Steel &
Allied Products Ltd.





Crescent Steel &
Allied Products Ltd.

COMPANY INFORMATION

BOARD OF DIRECTORS

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

M. Saad Thaniana *Company Secretary*

AUDIT COMMITTEE

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

HUMAN RESOURCE COMMITTEE

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

EXECUTIVE COMMITTEE

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

BUSINESS STRATEGY COMMITTEE

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

SYSTEM AND TECHNOLOGY COMMITTEE

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

INVESTMENT COMMITTEE

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

THE MANAGEMENT

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

* Year joined Company



CHIEF EXECUTIVE'S REVIEW

Dear Shareholders,

I take this opportunity to present the unaudited financial statement of your company for quarter ended 30 September 2009.

After a tough last year, your company's performance during the period under review was satisfactory. The country continued to face economic and security challenges though the first quarter of the current fiscal year has shown slight improvement in a few key macroeconomic indicators. The GDP growth rate remained slow during the quarter mainly due to weaker domestic and external demand, power and gas shortages and increasing risk averseness of banks as well as inflationary pressures. However, recent tapering off in inflation is indeed encouraging. Recent economic improvements also had a positive impact on the Karachi Stock Exchange where by KSE-100 index gained 2,187 points over the quarter rising by 30.5%.

During the quarter ended 30 September 2009, Company earned profit before tax of Rs. 208.7 million and after tax profit of Rs. 174.5 million as compared to a loss before tax of Rs. 89.9 million and loss after tax of Rs. 120.3 million in the same quarter last year. The EPS of the company stood at Rs. 3.1 while there was a loss per share of Rs. 2.1 in the corresponding period last year. During this quarter, all divisions contributed to overall profitability of the company.

Highlights of Quarterly

Performance are given below:

- Sales revenue increased by 2.9 percent amounting to Rs. 811.1 million during the quarter September 30, 2009 as compared to Q1FY09.
- IID division posted a significant profit of Rs. 131 million.
- EBIT increased by 7 times as compared to same period last year and stood at Rs. 233.4 million for Q1FY10.
- Financial charges decrease by 51.4% amounting to Rs. 26.3 million for Q1FY10 due to decrease in borrowing attributable to prudent working capital management.
- Return on average capital employed stood at 26.5 percent for the current quarter as compared to loss on average capital employed of 4.2 percent for Q1FY09.

STEEL DIVISION

Sales revenue for the period amounted to Rs. 306.9 million as compared to Rs. 274.1 million in the corresponding period last year, i.e. higher by 12 %.

Cost of sales and gross profit for the steel division stood at Rs. 206.3 million and Rs. 100.6 million as compared to Rs. 190.2 million and Rs. 83.9 million in the corresponding period last year. Gross profit for the quarter rose by Rs. 16.7 million showing a percentage increase of 19.9 % comparatively to the same quarter last year. Profit before tax stood at Rs. 61.5 million as compared to Rs. 64.2 million in the first quarter for FY09.

COTTON DIVISION

Cotton division has also signs of slight improvement as compared to last 3 quarters. Sales revenue for the quarter amounted to Rs. 504.2 million as compared to Rs. 513.8 million in the same quarter last year. Gross profit for the cotton division stood at Rs. 32.4 million as compared to Rs. 52.6 million in the first quarter of FY09. Despite rising cotton prices, regular gas and power outages and decrease in the sales volumes, profit before tax stood at Rs. 16.1 million as compared to Rs. 17.4 million in the corresponding period last year.

INVESTMENT AND INFRASTRUCTURE DIVISION

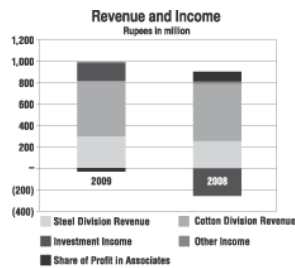
During the current quarter, IID division benefited from the bullish trend in the stock market resulting in pre-tax profit of Rs. 131 million as compared to loss of Rs. 171.5 million in the corresponding period last year. The KSE-100 index during this quarter performed considerably well with the market rising by 2,187 points or 30.5% during the quarter. A bullish trend was seen in the market almost throughout the quarter as the market soared to 9,713 points in September and closed at 9,349 points as at 30 September 2009.

Total investments appearing in long term and short term classification aggregated to Rs. 1,142.5 million and Rs. 699.6 million on 30 September 2009 compared to Rs. 1,117.1 million and Rs. 687.2 million respectively on 30 June 2009.

CHIEF EXECUTIVE'S REVIEW

BALANCE SHEET AND CASH FLOW

The Company's balance sheet continues to remain healthy with the liquidity ratio of 1.6: 1 and gearing ratio was 1 : 99 as compared to 1.2 : 1 and 2 : 98 respectively as at June 30, 2009.

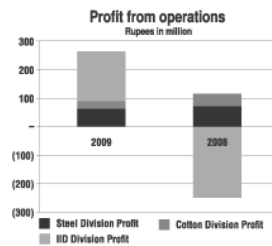


During the current period cash generated from operating activities amounting to Rs. 375.2 million was substantially higher as compared to Rs. 16.9 million in corresponding period last year. This was mainly contributed by inflow from working capital.

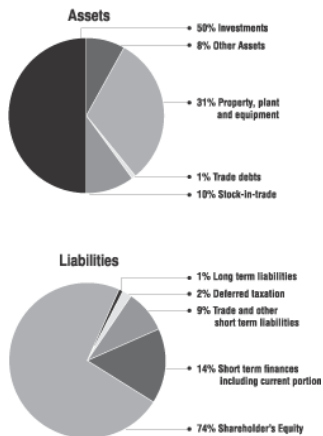
FUTURE OUTLOOK

The order intake for pipes and coating is healthy. However, the delay in supplies of raw material from Pakistan Steel is major hindrance in the execution of the orders. The steel prices in the international market have shown some downward trend and if the same continues, it will support in our expected orders from Gas Sector. However, the present security and overall situation in the country may slow down the new upcoming projects and may adversely affect the achievement of profit targets.

The depletion of the Pak rupee's value against major currencies has given an edge to exporters over their competitors from regional countries and presently cheaper raw cotton prices have also given space to textiles and clothing exports. Local prices of yarn are also very healthy and gross margins have improved. However the frequent news of lower crop due to virus attack might raise the price of cotton to international levels eventually Pakistani yarn will lose their competitive edge. Gas and power outage is a major threat in achieving the desired profitability targets.



In the last quarter of the calendar year, the macroeconomic scenario may take center stage and have a significant impact on the operation of the capital market. The market is expected to be volatile in the short term.



The implementation of Iran-Pakistan Gas Pipeline Project is becoming more and more important due to current energy crises. The required pipes for this project are well within our production range and we will be in absolute readiness to bid for supplier to this project.

Ahsan M. Saleem
Chief Executive
23 October 2009



Crescent Steel &
Allied Products Ltd.

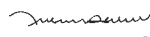
CONDENSED INTERIM BALANCE SHEET (UNAUDITED)

As at 30 September 2009

	Notes	Unaudited 30 September 2009	Audited 30 June 2009
(Rupees in '000)			
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,156,011	1,224,588
Investment property	4	48,177	47,169
Intangible assets	5	30,176	811
Investment in equity accounted investees	6	1,056,828	1,031,453
Other long term investments	7	85,662	85,662
Long term loan and deposits		3,728	3,801
		<u>2,380,582</u>	<u>2,393,484</u>
Current assets			
Stores, spares and loose tools		80,368	83,763
Stock-in-trade	8	379,947	616,433
Trade debts		56,528	83,927
Advances		89,062	39,894
Trade deposits and short term prepayments		6,030	6,304
Current portion of long term investments		31,840	31,840
Investments	9	667,710	655,397
Mark-up accrued		290	813
Other receivables		57,198	165,273
Taxation - net		11,713	28,421
Cash and bank balances		18,640	4,144
		<u>1,399,326</u>	<u>1,716,209</u>
Total assets		<u>3,779,908</u>	<u>4,109,693</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
100,000,000 ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid-up capital		564,600	564,600
Capital reserves		226,448	162,640
Revenue reserves		1,993,093	1,818,575
		<u>2,784,141</u>	<u>2,545,815</u>
Non-current liabilities			
Long term loan		27,820	55,880
Deferred taxation		88,459	99,787
		<u>116,279</u>	<u>155,667</u>
Current liabilities			
Trade and other payables		326,045	373,887
Interest and mark-up accrued		13,788	19,009
Short term borrowings	10	427,155	902,815
Current portion of long term loan		112,500	112,500
		<u>879,488</u>	<u>1,408,211</u>
Total equity and liabilities		<u>3,779,908</u>	<u>4,109,693</u>
Contingencies and commitments	11		

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 seventy five percent of the impairment as at 31 December 2008 including any adjustment / effect for price movements arising during the nine months ended 30 September 2009 in the profit and loss account. Had the impairment loss been transferred to profit and loss account, the unrealized gain on remeasurement of available for sale securities would have been higher by Rs. 1.71 million with consequential effect on 'revenue reserve'. For the purpose of dividend distribution, such impairment loss is to be treated as a charge to the profit and loss account as referred to in Note 9.1.

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.


Chief Executive


Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)

For the first quarter ended 30 September 2009

	Notes	First quarter ended 30 September 2009	First quarter ended 30 September 2008
		(Rupees in '000)	
Sales	12	811,131	787,934
Cost of sales		<u>678,121</u>	<u>651,392</u>
Gross profit		133,010	136,542
Income from / (loss) on investments	13	<u>173,381</u>	(248,082)
		306,391	(111,540)
Distribution and selling expenses		5,914	5,348
Administrative expenses		34,907	35,133
Other operating expenses	14	<u>11,140</u>	<u>7,690</u>
		51,961	48,171
		<u>254,430</u>	(159,711)
Other operating income		4,723	17,918
Operating profit / (loss) before finance costs		<u>259,153</u>	(141,793)
Finance costs	15	24,312	50,615
Share of (loss) / profit in equity accounted investees		(26,112)	102,486
Profit / (loss) before taxation		<u>208,729</u>	(89,922)
Taxation - current		45,542	38,501
- deferred		<u>(11,329)</u>	<u>(8,080)</u>
		34,213	30,421
Profit / (loss) for the period		<u>174,516</u>	(120,343)
		(Rupees)	
Basic and diluted earnings / (loss) per share	16	<u>3.09</u>	(2.13)

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 seventy five percent of the impairment as at 31 December 2008 including any adjustment / effect for price movements arising during the nine months ended 30 September 2009 in the profit and loss account. Had the impairment loss been transferred to profit and loss account, the unrealized gain on remeasurement of available for sale securities would have been higher by Rs. 1.71 million with consequential effect on 'revenue reserve'. Consequently profit for the year would have been lower by Rs. 1.71 million and earning per share would have been lower by Re. 0.03. For the purpose of dividend distribution, such impairment loss is to be treated as a charge to the profit and loss account as referred to in Note 9.1.

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.


Chief Executive

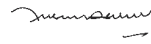

Director



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the first quarter ended 30 September 2009

	First quarter ended 30 September 2009	First quarter ended 30 September 2008 (Rupees in '000)
Profit / (loss) for the period	174,516	(120,343)
Other comprehensive income for the period		
Unrealized gain / (loss) on available for sale investment	10,610	(22,723)
Realized gain on available for sale of investment	—	(11,702)
Proportionate share of various reserves of equity accounted investees	51,486	51,236
Impairment value of available for sale investment	1,712	—
	63,808	16,811
Total comprehensive income for the period	238,324	(103,532)

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.


Chief Executive


Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

For the first quarter ended 30 September 2009

	Notes	First quarter ended 30 September 2009	First quarter ended 30 September 2008 (Rupees in '000)
Cash flows from operating activities			
Cash generated from operations	17	436,538	105,793
Taxes paid		(28,834)	(41,266)
Financial charges paid		(29,534)	(46,363)
Contribution to pension and gratuity fund		(2,236)	(1,390)
Payment for 10-C bonus		(716)	-
Decrease in long term loan and deposits		87	92
Net cash from operating activities		<u>375,305</u>	<u>16,866</u>
Cash flows from investing activities			
Capital expenditure		(3,764)	(19,014)
Purchase of intangible assets		(4,730)	(114)
Proceeds from sale of property, plant and equipment		1,349	67
Investments - net		145,297	210,339
Dividends received		3,783	21,543
Interest received		1,061	1,072
Net cash from investing activities		<u>142,996</u>	<u>213,893</u>
Cash flows from financing activities			
Short term loans (paid) / received		(78,016)	585,968
Repayments against long term loan		(28,125)	(28,125)
Repayment of redeemable capital		-	(37,500)
Dividend paid		(19)	(6,215)
Net cash (used in) / from financing activities		<u>(106,160)</u>	<u>514,128</u>
Net increase in cash and cash equivalents		<u>412,141</u>	<u>744,887</u>
Cash and cash equivalents at beginning of the period		<u>(644,736)</u>	<u>(828,926)</u>
Cash and cash equivalents at end of the period	18	<u>(232,595)</u>	<u>(84,039)</u>

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.


Chief Executive


Director



Crescent Steel &
Allied Products Ltd.

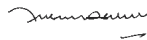
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the first quarter ended 30 September 2009

	Issued, subscribed and paid-up capital	Share Premium	Capital reserves		Revenue reserves General reserve	Unappropri- ated profit / (loss)	Total
			Unrealized gain on remeasurement of available for sale investment securities	Others*			
(Rupees in '000)							
Balance as at 1 July 2008	513,273	349,959	85,279	(64,158)	1,842,000	267,651	2,994,004
Total comprehensive income for the period							
Loss for the period	-	-	-	-	-	(120,343)	(120,343)
Other comprehensive income							
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 equity accounted investee*	-	-	-	51,236	-	-	51,236
Total other comprehensive income	-	-	(34,425)	51,236	-	-	16,811
Total comprehensive income for the period	-	-	(34,425)	51,236	-	(120,343)	(103,532)
Transactions with owner, recorded directly in equity							
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
Balance as at 1 July 2009	564,600	349,959	21,554	(208,873)	1,842,000	(23,425)	2,545,815
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	174,516	174,516
Other comprehensive income							
Unrealized gain on available for sale investment securities	-	-	10,610	-	-	-	10,610
Proportionate share of various reserves of equity accounted investees *	-	-	-	51,486	-	-	51,486
Impairment value of available for sale investment (Refer note 9.1)	-	-	1,712	-	-	-	1,712
Total other comprehensive income	-	-	12,322	51,486	-	-	63,808
Total comprehensive income for the period	-	-	12,322	51,486	-	174,516	238,324
Balance as at 30 September 2009	564,600	349,959	33,876	(157,387)	1,842,000	151,091	2,784,139

*This represents various reserves maintained by the associated undertakings

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.


Chief Executive


Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2009

1. Crescent Steel and Allied Products Limited ("the Company") was incorporated on 1 August 1983 as a public limited company in Pakistan under Companies Act 1913 (now Companies Ordinance, 1984) and is quoted on all stock exchanges of Pakistan. The registered office of the Company is located at 6th floor, BOP Tower, 10-B, Block E-2, main Boulevard, Gulberg-III, Lahore.
 - 1.1 This interim financial information has been presented in condensed form in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting and is being submitted to shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984. This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended 30 June 2009. This condensed interim financial information is unaudited.
 - 1.2 This condensed interim financial information is presented in Pak Rupees which is the Company's functional and presentation currency and has been rounded off to the nearest thousand rupees.
 - 1.3 The comparative balance sheet presented in this condensed interim financial information has been extracted from the audited financial statements of the Company for the year ended 30 June 2009, whereas the comparative 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.
2. The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the preceding year ended 30 June 2009. The impairment in available for sale equity securities is detailed in note 9.1.

3. PROPERTY, PLANT AND EQUIPMENT

Following is the cost of operating property, plant and equipment that have been added / disposed off during the first quarter ended 30 September 2009.

	First quarter ended 30 September 2009		First quarter ended 30 September 2008	
	Additions	Disposals	Additions	Disposals
	(Rupees in '000)			
Plant and machinery	881	7,720	-	-
Furniture and fittings	92	-	157	-
Electrical / office equipment and installations	332	278	301	-
Computers	74	23	1,004	-
Motor vehicles - owned	-	4,109	1,758	113
	<u>1,379</u>	<u>12,130</u>	<u>3,220</u>	<u>113</u>

4. INVESTMENT PROPERTY

Following is the cost of investment property, that have been added during the first quarter ended 30 September 2009.

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

5. INTANGIBLE ASSETS

Addition during the first quarter ended 30 September 2009 amounting to Rs. 31.2 million relates to capitalization of Licence fee and Oracle implementation cost on E-Business Suite.



Crescent Steel &
Allied Products Ltd.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2009

6. INVESTMENT IN EQUITY ACCOUNTED INVESTEEES

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

30 September 2009 (Number of shares)	30 June 2009	Name of investee company	30 September 2009 (Rupees in '000)	30 June 2009
		Quoted		
60,475,416	60,475,416	Altern Energy Limited (Chief Executive Officer - Mr. Sheikh Muhammad Iqbal)	934,308	842,461
15,244,665	15,244,665	Shakarganj Mills Limited (Chief Executive Officer - Mr. Ahsan M. Saleem)	25,949	96,291
			<u>960,257</u>	<u>938,752</u>
		Unquoted		
12,000,000	12,000,000	Shakarganj Food Products Limited (Chief Executive Officer - Mr. Anjum M. Saleem)	81,956	86,277
2,185,096	2,185,096	Safeway Fund Limited (Chief Executive Officer - Mr. Nihal Cassim)	85,930	77,739
			<u>167,886</u>	<u>164,016</u>
			<u>1,128,143</u>	<u>1,102,768</u>
		Less: Provision for impairment in equity accounted investees	<u>71,315</u>	<u>71,315</u>
			<u>1,056,828</u>	<u>1,031,453</u>

6.1 The Company holds 17.65% shareholding in Altern Energy Limited and has no common directorship. However, only for the purpose of equity accounting as required under IAS - 28 "Investment in Associates" it has been treated as an associate.

6.2 The above figures are based on financial statements of these companies as at 30 June 2009.

6.3 The fair value of the investments in associates as at 30 September 2009 is Rs. 859.8 million (30 June 2009: Rs. 626.3 million).

7. LONG TERM INVESTMENTS

		Unaudited 30 September 2009 (Rupees in '000)	Audited 30 June 2009
Related Party			
Held to maturity		29,994	29,994
Available for sale	7.1	-	-
Others			
Available for sale		60,717	60,717
Held to maturity		26,781	26,781
		<u>117,492</u>	<u>117,492</u>
Less: Current maturity of Maple Leaf Cement Limited (Preference Shares) and Shakarganj Mills Limited (Preference Shares)		<u>31,830</u>	<u>31,830</u>
		<u>85,662</u>	<u>85,662</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2009

- 7.1 This includes investments in Crescent Bahuman Limited, Crescent Industrial Chemicals Limited and Crescent Continental Gas Pipelines Limited which have been carried at carrying values of Rs. nil for reasons specified in financial statements for the year ended 30 June 2009.

8. STOCK-IN-TRADE

	Unaudited 30 September 2009	Audited 30 June 2009
	(Rupees in '000)	
Raw materials:		
Hot rolled steel coils (HR Coil)	32,304	34,122
Coating materials	66,663	54,694
Others - pipe plant	18,644	25,021
Raw cotton	119,197	172,608
Stock-in-transit	1,219	199,699
	<u>238,027</u>	<u>486,144</u>
Provision for slow-moving and obsolescence		
Hot rolled steel coils	(10,310)	(10,310)
Coating materials	(84)	(84)
Others	(187)	(187)
	<u>(10,581)</u>	<u>(10,581)</u>
	<u>227,446</u>	<u>475,563</u>
Work-in-process	5,542	15,401
Finished goods	151,224	129,620
Scrap / cotton waste	7,259	10,702
Provision for slow-moving and obsolescence finished goods	(11,524)	(14,853)
	<u>152,501</u>	<u>140,870</u>
	<u>379,947</u>	<u>616,433</u>

9. INVESTMENTS

	Unaudited 30 September 2009	Audited 30 June 2009
	(Rupees in '000)	
Related parties		
Available for sale	13,300	11,060
Others		
Available for sale	144,980	141,965
Held for trading	509,430	502,372
	<u>654,410</u>	<u>644,337</u>
	<u>667,710</u>	<u>655,397</u>

- 9.1 International Accounting Standard (IAS) 39-Financial Instruments: Recognition and Measurement requires that available for sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. Such impairment loss should be transferred from equity to profit and loss account. The SECP vide its S.R.O.150(I)/2009 dated 13 February 2009 has allowed all the Companies and Mutual Funds to show the impairment loss as at 31 December 2008 on their "available for sale investment" under "equity" in statement of changes 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.



Crescent Steel &
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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 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. 33.308 million was shown in equity under the head "unrealized gain on remeasurement of available for sale investment securities". At 30 September 2009 the above impairment loss after adjustment of subsequent price movements amount to Rs. 34.95 million out of which Rs. 33.20 million has been taken to profit and loss account and the balance subject to price movements will be recognized in the remainder of the calendar year.

Had the impairment loss been transferred to profit and loss account, the unrealized gain on remeasurement of available for sale securities would have been higher by Rs. 1.71 million with consequential effect on profit and loss account.

- 9.2 The investments having an aggregate market value of Rs. 1,126.3 million (30 June 2009: Rs. 952.0 million) have been pledged with financial institutions as security against financing facilities (see note 10.3) out of which Rs. 653.1 million (30 June 2009: Rs. 561.6 million) relates to long term investments.

10. SHORT TERM BORROWINGS

	Unaudited 30 September 2009	Audited 30 June 2009
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(Rupees in '000)

Secured from banking companies

Running finances under mark-up arrangements	251,235	648,880
Short term loans / Murabaha	175,920	253,935
	<u>427,155</u>	<u>902,815</u>

- 10.1 Short term running finance available from various commercial banks under mark-up arrangements amount to Rs. 1,450 million (30 June 2009: Rs. 1,450 million) out of which Rs. 1,150 million (30 June 2009: Rs. 1,450 million) is interchangeable with Term Finance/Demand Finance as given note 10.2 below. The rate of mark-up ranges from 13.92% to 15.67% (30 June 2009: 12.52% to 18.50%) per annum.
- 10.2 The Company has also borrowed short term loan / murabaha financing from various commercial banks under mark-up arrangements amount to Rs. 1,400 million (30 June 2009: Rs. 1,400 million). Mark-up rates are normally negotiated at the time of the transaction. Mark-up on such arrangements range between 12.74% to 14.45% (30 June 2009: 13.22% to 18.09%) per annum.
- 10.3 The facilities for opening letters of credit and guarantees as at 30 September 2009 aggregate Rs. 2,600 million and Rs. 750 million respectively (30 June 2009: Rs. 2,600 million and Rs. 800 million respectively) of which the amounts unutilized as at 30 September 2009 were Rs. 2,540 million and Rs. 450 million (30 June 2009: Rs. 2,443 million and Rs. 546 million).

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

11. CONTINGENCIES AND COMMITMENTS

- 11.1 Aggregate amount of guarantees issued by the banks on behalf of the Company against various contracts aggregated Rs. 299.84 million (30 June 2009: Rs. 253.79 million).
- 11.2 Commitments in respect of capital expenditure contracted for as at 30 September 2009 amounted to Rs. 17.53 million (30 June 2009: Rs. 18.83 million) payable in 15 quarterly installments representing office premises in Islamabad.
- 11.3 Commitments under letters of credit as at 30 September 2009 amounted to Rs. 9.73 million (30 June 2009: Rs. Nil).

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2009

12. SALES

	First quarter ended 30 September 2009	First quarter ended 30 September 2008
	(Rupees in '000)	
Bare pipes (own product excluding coating revenue)	226,339	203,869
Revenue from conversion	35,453	159
Coating of pipes	82,536	105,711
Cotton yarn	489,567	495,064
Others	5,160	10,931
Scrap / waste	25,083	18,793
Sales returns	(2,227)	-
	<u>861,911</u>	<u>834,527</u>
Sales tax and special excise duty	<u>(50,780)</u>	<u>(46,593)</u>
	<u><u>811,131</u></u>	<u><u>787,934</u></u>

13. INCOME FROM / (LOSS) ON INVESTMENTS

Return on Term Finance Certificates	531	541
Dividend income	8,380	7,921
Gain / (loss) on sale of investments	62,734	(68,454)
Rent from investment property	13.1 2,284	4,005
Unrealized gain / (loss) on held for trading investments	99,452	(192,095)
	<u>173,381</u>	<u>(248,082)</u>

13.1 Direct operating expenses incurred against rent income from investment property amounted to Rs. 0.9 million (30 September 2008: Rs. 0.8 million). Further Rs. 0.4 million (30 September 2008: Rs. 0.3 million) were incurred against the non rented out area.

14. OTHER OPERATING EXPENSES

	First quarter ended 30 September 2009	First quarter ended 30 September 2008
	(Rupees in '000)	
Provision for workers welfare fund	4,378	1,738
Provision for workers' profit participation fund	3,923	4,309
Provision for impairment in the value of investments	1,712	-
Exchange loss	1,127	1,619
Others	-	24
	<u>11,140</u>	<u>7,690</u>

15. FINANCE COST

Mark-up on:		
Running Finances / Short term loans	20,536	38,841
Long term loans	3,121	10,504
Redeemable capital	-	923
Bank Charges	655	347
	<u>24,312</u>	<u>50,615</u>



Crescent Steel &
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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2009

16. BASIC AND DILUTED EARNINGS PER SHARE

	First quarter ended 30 September 2009	First quarter ended 30 September 2008
	(Rupees in '000)	
Profit / (loss) for the first quarter	<u>174,516</u>	<u>(120,343)</u>
	(Number of shares)	
Weighted average number of ordinary shares in issue	<u>56,459,993</u>	<u>56,459,993</u>
	(Rupees)	
Basic and diluted earnings / (loss) per share	<u>3.09</u>	<u>(2.13)</u>

17. CASH GENERATED FROM OPERATIONS

	First quarter ended 30 September 2009	First quarter ended 30 September 2008
	(Rupees in '000)	
Profit / (loss) before taxation	208,729	(89,922)
Adjustments for non cash charges and other items:		
Depreciation	44,675	44,685
Amortization of intangible assets	1,819	114
Pension and gratuity expense	2,236	2,041
(Gain) / loss on sale of investments	(62,734)	68,454
Unrealized (gain) / loss on held-for-trading investments	(99,452)	192,095
Dividend income	(8,380)	(7,921)
Return on deposits, advances and investments	(538)	(1,227)
Share of loss / (profit) in equity accounted investees	26,112	(102,486)
Financial charges	24,313	50,615
Exchange loss	-	(782)
Provision for workers' welfare fund written back	-	(14,849)
Gain on disposal of fixed assets	(1,146)	(1)
Impairment in the value of investment	1,712	-
Reversal of provision for impairment of stock-in-trade	(3,329)	-
Provision for workers' welfare fund	4,378	1,738
Provision for workers' profit participation fund	3,923	4,309
Return on term finance certificates	-	(541)
Amortization of initial transaction cost on TFCs	-	224
Amortization of initial transaction cost on long term loan	65	65
Working capital changes	17.1 <u>294,155</u>	<u>(40,818)</u>
	<u>436,538</u>	<u>105,793</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2009

17.1 Working capital changes

	First quarter ended 30 September 2009	First quarter ended 30 September 2008
	(Rupees in '000)	
Decrease / (increase) in current assets		
Stores, spares and loose tools	3,376	4,836
Stock-in-trade	85,818	(4,688)
Trade debts	27,398	(7,664)
Short term advances	112,679	(18,643)
Short term deposits and prepayments	274	(4,613)
Other receivables (net)	108,754	4,573
	<u>338,299</u>	<u>(26,199)</u>
Decrease in current liabilities		
Trade and other payables	(44,144)	(14,619)
	<u>294,155</u>	<u>(40,818)</u>

18. CASH AND CASH EQUIVALENTS

Running finances under mark-up arrangements	(251,235)	(94,288)
Cash and bank balances	18,640	10,249
	<u>(232,595)</u>	<u>(84,039)</u>



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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2009

19. SEGMENT REPORTING

	Steel Segment	Cotton Segment	IID Segment	Total
	(Rupees in '000)			
Segment results for the quarter ended 30 September 2009				
Sales	306,932	504,199	-	811,131
Cost of sales	206,328	471,793	-	678,121
Gross Profit	100,604	32,406	-	133,010
Investment income	-	-	173,381	173,381
	100,604	32,406	173,381	306,391
Distribution and selling expenses	2,739	3,175	-	5,914
Administrative expenses	26,221	2,797	5,889	34,907
Other operating expenses	8,568	860	1,712	11,140
	37,528	6,832	7,601	51,961
	63,076	25,574	165,780	254,430
Other operating income	1,334	3,389	-	4,723
Operating profit before finance costs	64,410	28,963	165,780	259,153
Finance costs	2,884	12,767	8,661	24,312
Share of loss in equity accounted investees	-	-	(26,112)	(26,112)
Profit before taxation	61,526	16,196	131,007	208,729
Taxation				34,213
Profit after taxation				174,516
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
Loss on investment	-	-	(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 equity accounted investees	-	-	102,486	102,486
Profit / (loss) before taxation	64,215	17,398	(171,535)	(89,922)
Taxation				30,421
Loss after taxation				(120,343)

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2009

20. 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:

	First quarter ended 30 September 2009	First quarter ended 30 September 2008
	(Rupees in '000)	
Associated companies		
Sale of finished goods	3,373	3,049
Rendering of services	393	409
Receiving of services	1,604	1,952
Rental Income	1,043	1,605
Purchase of shares	–	1,867
Other related parties		
Donations	2,850	60
Contribution to pension fund	1,581	1,594
Contribution to gratuity fund	618	524
Contribution to provident fund	2,539	2,943
Remuneration to:		
– Chief Executive Officer	3,789	3,681
– Director	295	1,563
– Executives	8,682	7,315

21. 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 2009.

22. FINANCIAL RISK MANAGEMENT

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

23. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on 23 October 2009 by the Board of Directors of the Company.


Chief Executive


Director



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.

SHAREHOLDERS' INFORMATION

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

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

PUBLIC INFORMATION
Financial analysts, stock brokers, interested investors and financial media desiring information about 'Crescent Steel' should contact Mohammad Yamin at the Company's Principal Office, Karachi.
Telephone: 021-35674881-5
E.mail: mohammad.yamin@ crescent.com.pk

SHAREHOLDERS' INFORMATION
Enquiries concerning lost share certificates, dividend payments, change of address, verification of transfer deeds and share transfers should be directed to the M/s CorpTec Associates (Private) Limited, 6th Floor, BOP Tower, 10-B, Block E-2, Gulberg-III, Lahore.
Telephone: 042-35783827-29
Fax: 042-35875916

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
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Allied Bank Limited
Meezan Bank Limited
HSBC Bank Middle East Limited

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