

Annual Report 1996



Crescent Steel and Allied Products Ltd.



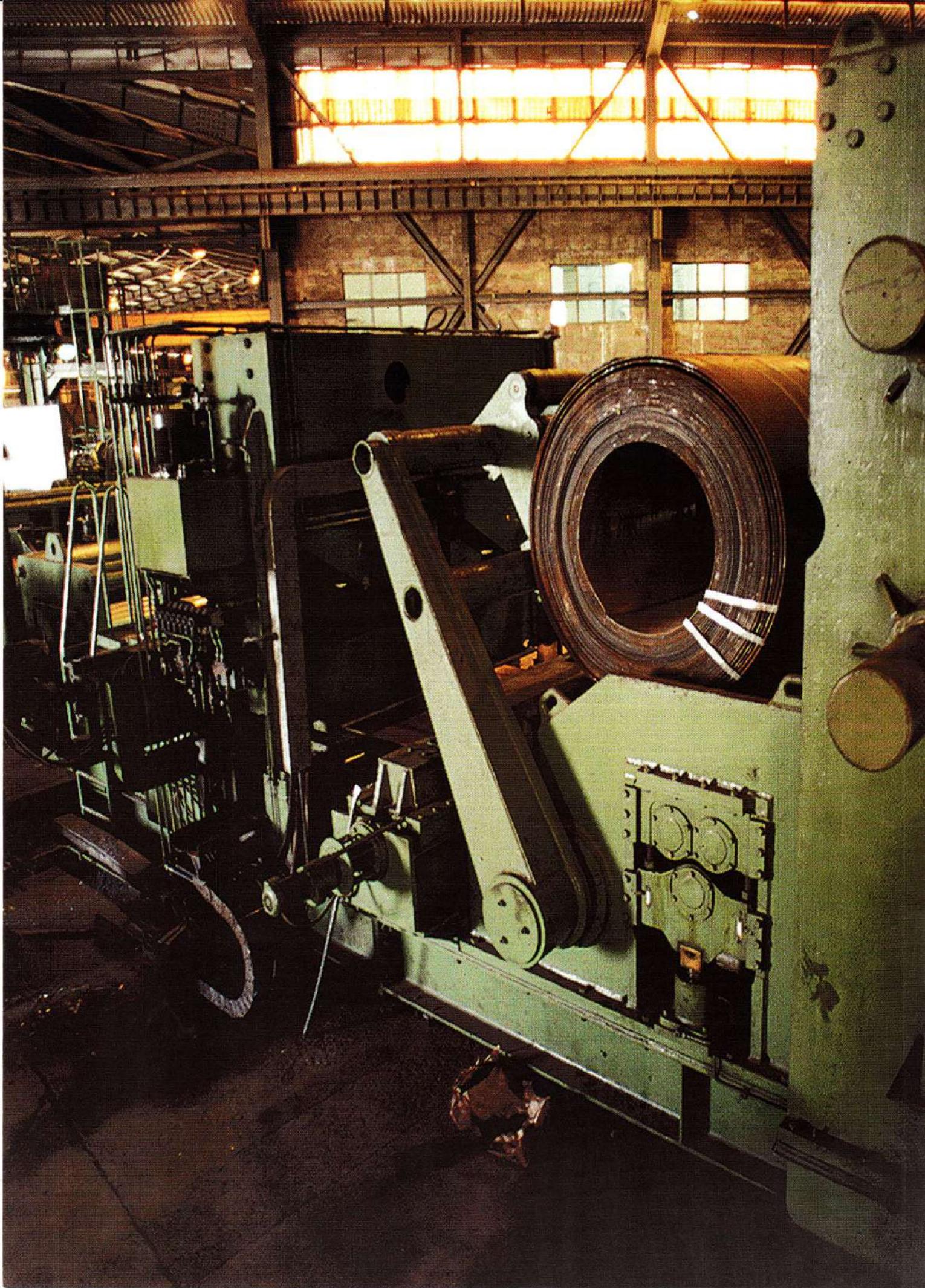
Having been established for over twelve years, CSAP can now look forward with confidence to the twenty-first century.

In accord with our vision and to reflect CSAP's operational strength, organisational maturity and functional diversity, a new and imaginatively representative logo has been adopted.

- The geometrically perfect circles in the logo denote precision engineering in pipe manufacturing, while the multiple circles indicate variable diameter pipe production as well as diversification into other product lines in the future.
- The expansion of each successive pipe and the growing crescent subtly visible within herald Crescent Steel's manifold progress.
- Grey has been chosen for the pipes in the logo to represent their steel composition.
- Three colour options have been chosen for the background i.e. deep royal blue, deep red and deep yellow.

■ COLOUR OPTIONS FOR THE LOGO







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Board of Directors

Chairman	Mazhar Karim
Chief Executive	Ahsan M. Saleem
	A.K.M. Saeed
	Azimuddin Syed
	Muhammad Arshad
	Mohammad Sharif
	Nasir Shafi
	Zahid Bashir
	Zaigham M. Rizvi

Management

Chief Executive and Managing Director	Ahsan M. Saleem, 43 1983*
Executive Vice President and Deputy Managing Director	Mohammad Sharif, 64 1984*
Executive Vice President and Chief Financial Officer	S.M. Ehtishamullah, 57 1996*
Executive Vice President Marketing and Sales	S.A.N. Kazmi, 54 1986*
Senior Vice President Logistics and Administration	B.A. Siddiqui, 63 1992*
Senior Vice President Finance and Control	Mohammad Amin, 49 1992*
Senior Vice President and General Manager (Factory)	Nadir Mazhar, 49 1993*

* Year joined company





STOCK EXCHANGE LISTING

Crescent Steel and Allied Products Limited is listed on the Karachi, Lahore and Islamabad Stock Exchanges.

Daily quotations on the Company's stock can be obtained from leading newspapers. Crescent Steel is listed under 'Engineering'.

PUBLIC INFORMATION

Financial analysts, stock brokers, interested investors and financial media desiring information about 'Crescent Steel' should contact Mohammad Amin at Company's Principal Office Karachi.
Telephone: 568-8447

SHAREHOLDER INFORMATION

Enquiries concerning lost share certificates, dividend payments, change of address, verification of transfer deeds and share transfer should be directed to the Shareholder Services Department at the Registered office at Lahore.

Telephones : 042-5839631
5881974
5881975
Fax : 042-5881976

ANNUAL MEETING

Twelfth Annual General Meeting of Crescent Steel and Allied Products Limited will be held on Sunday, December 15, 1996 at 11:30

a.m. at Pearl Continental Hotel, Shahrah-e-Quaid-e-Azam, Lahore.

CORPORATE SECRETARIES

Zaheer A. Shaikh
Rashid Sadiq

AUDITORS

A.F. Ferguson & Co.
Chartered Accountants

BANKERS

Crescent Investment Bank Limited
National Bank of Pakistan
National Development Finance Corporation
Societe Generale The French & International Bank
Faysal Bank Limited
Standard Chartered Bank

REGISTERED OFFICE

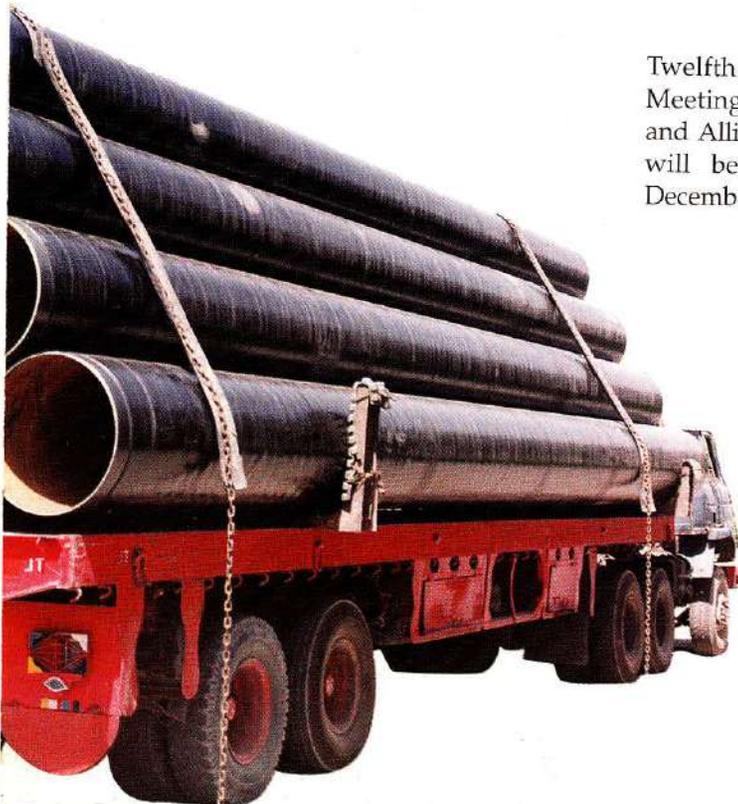
83, Babar Block,
New Garden Town, Lahore.

PRINCIPAL OFFICE

9th Floor, Sidco Avenue Centre,
264-R. A. Lines,
Karachi-74400.

FACTORY

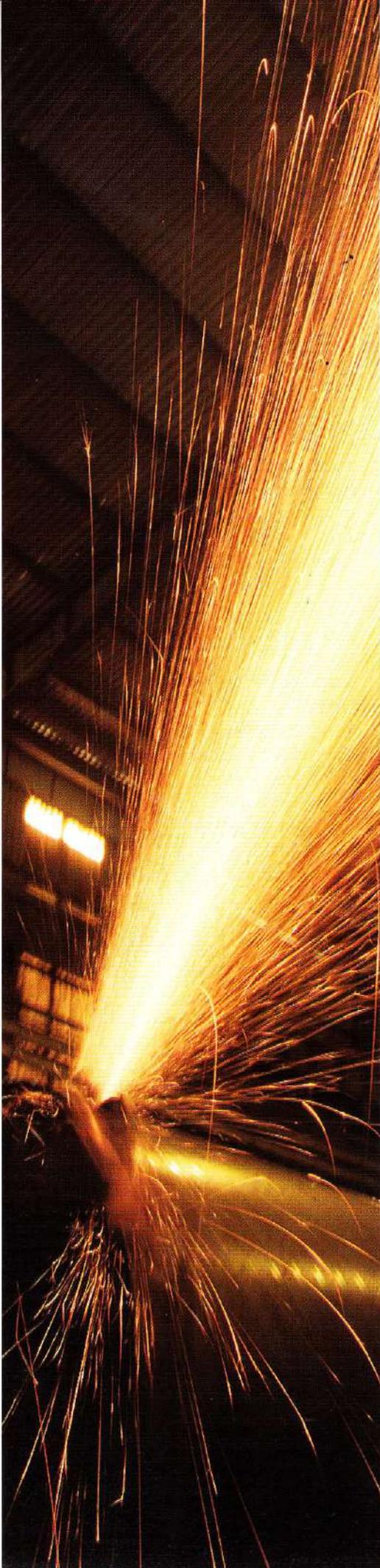
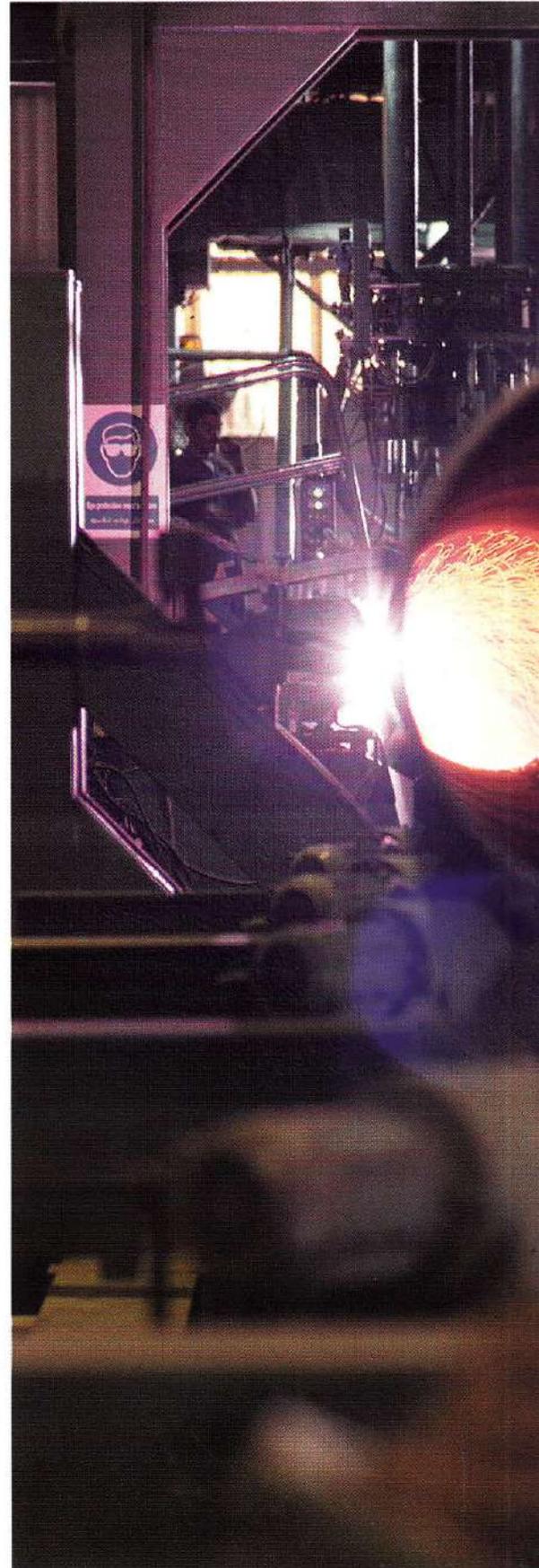
A/25, S.I.T.E., Nooriabad,
District Dadu, Sindh.





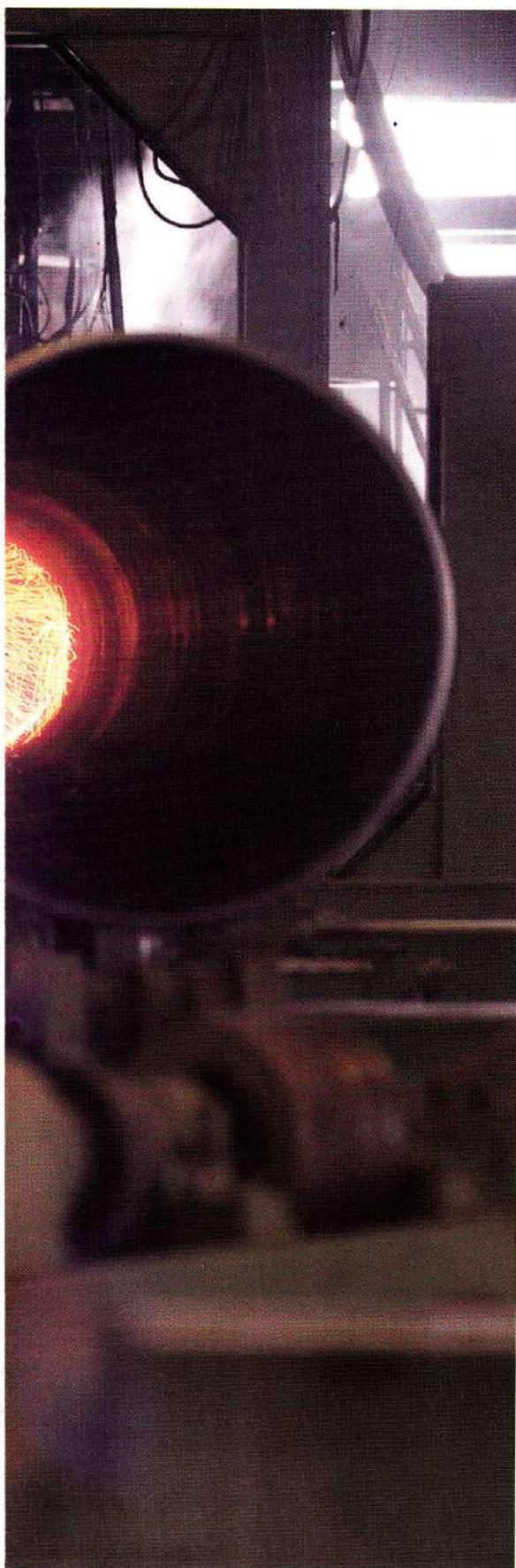
Crescent Steel
and Allied
Products Ltd.

1. To add value to shareholders and the economy by engaging profitably in the supply of products for Water, Oil and Gas transmission as core business and other selected activities.
2. To gain and maintain cost and quality leadership in the international competitive environment, as world class manufacturers.
3. To promote best use and development of human talent in a safe working environment; as an equal opportunity employer.
4. To conduct business as responsible corporate citizen, and take constructive interest in supporting education and environmental causes.





Crescent Steel
and Allied
Products Ltd.



Crescent Steel and Allied Products Limited is a Public Limited Company listed on all the Stock Exchanges of Pakistan. It started its commercial production in March 1987. The manufacturing facility consists of a Spiral Pipe Production Line and a High Density Polyethylene Coating Line, both located side by side at the Sindh Industrial Trading Estate, Nooriabad in Dadu district of Sindh.

Crescent Steel and Allied Products Limited is an equal opportunity employer with a sense of social responsibility and strongly supports education and environmental causes.

The spiral Pipe Plant has a capability of manufacturing high quality steel pipes in the diameter range of 8 5/8"

(219mm) - 90" (2200mm) in wall thicknesses ranging from 4mm - 16 mm and material grades up to API 5Lx70 grade. The maximum annual capacity of the pipe plant is 80,000 tons per annum. Crescent Steel and Allied Products Limited follows a strict quality regime and the product is comparable to any of its kind in the world. It is also authorised to use the API monogram which is the highest accreditation of quality in steel line pipes.

A new high Density Polyethylene Coating Plant was added adjacent to the pipe mill in 1992. This plant is capable of applying Multi Layer Coating comprising of Fusion Bonded Epoxy, Co-Polymer Adhesive and High Density Polyethylene on Steel pipes ranging from 8 5/8" (219mm) - 42" (1000mm). For clients who prefer a single layer protection only, the Plant is capable of delivering Fusion Bonded Epoxy as a single protection in the same range.

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.



Crescent Steel
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	Eighteen months June 1996	Twelve months 1994	Percentage Change + Increase - Decrease
Operating Results (Rs. ,000s.)			
Revenues	760,300	329,801	+ 130
Income from Operations	315,951	153,644	+ 105
Net Income	146,700	79,853	+ 83
Data per common Share (Rs.)			
Earnings	9.65	6.05	+ 60
Book Value	22.38	18.08	+ 24
Stock Price Range	78-44	65-150	
Financial Position at December 31 (Rs. ,000s.)			
Total Assets	676,963	592,775	+ 14
Capitalization	409,090	333,104	+ 23
Long-term Debts	69,207	94,360	- 27
Lease Obligations	3,319	10,993	- 70
Deferred Taxation	15,600	15,600	-
Common Equity	339,883	238,744	+ 42
Current Liabilities	267,873	259,671	+ 3
Other Statistics			
Return on Average Common Equity	50.78%	38.26%	+ 32
Market to Book Value (times)	4.7	8.30	- 43
Common Shares (Nos.)	15,187,043	13,206,125	+ 15



	1996	1994	1993	1992	1991
Operating Results (Rs. ,000s.)					
Net sales	760,301	329,801	640,060	338,224	350,097
Cost of Sales	392,435	148,756	482,536	224,666	281,234
Selling and Administrative expenses	34,378	27,401	18,946	10,945	8,097
Financial expenses	35,329	34,866	40,161	53,963	32,437
Other charges	62,787	19,669	6,258	1,914	2,672
Other income, Net	4,097	19,534	1,709	1,338	676
Pre tax profit	221,936	118,643	93,869	28,074	26,334
Income tax	75,236	38,790	33,503	(1,983)	(1,922)
Prior year's adjustment	-	-	(51)	-	8,135
Net income / (loss)	146,700	79,853	60,315	26,091	32,546
Per Share Results and Returns					
Earning per share (Rupees)	(*) 6.43	6.05	5.71	4.24	5.29
Net income to sales (%)	19.30	24.21	9.43	7.70	9.30
Return on average assets (%)	23.10	14.95	10.27	4.60	8.80
Return on average equity (%)	50.71	38.26	41.65	32.76	102.00
Financial Position (Rs, 000's)					
Current Assets	382,249	268,163	180,544	415,651	273,182
Current liability	267,873	259,671	152,011	438,756	311,865
Operating Fixed Assets	247,487	262,898	275,817	282,982	150,285
Total Assets	676,963	592,775	474,389	701,382	425,665
Long-term Debt	69,206	97,360	143,677	144,240	65,655
Shareholders' Equity	339,883	238,744	178,700	111,137	48,145
Break-up value per share (Rupees)	22.38	18.08	16.91	11.29	7.82
Financial Ratios					
Current assets to current liabilities	1.56	1.03	1.18	0.94	0.87
Long term debt to capitalization %	16.91	28.72	44.57	54.92	57.69
Total debt to total assets %	49.70	59.70	62.35	83.12	88.69
Interest coverage (times)	(*) 4.85	4.40	3.33	1.52	2.06
Average collection period (days)	29	41	24	48	131
Inventory turnover (times)	(*) 5.26	3.55	3.18	1.56	5.28
Fixed assets turnover (times)	(*) 4.62	2.93	2.32	1.18	2.30
Total assets turnover (times)	(*) 1.69	1.30	1.35	0.48	0.82
Other Data (Rs, 000's)					
Depreciation	48,459	29,845	28,326	16,522	13,820
Capital expenditure	31,595	10,906	26,333	149,419	6,174

(*) 1996 figures for eighteen months annualized.



Crescent Steel
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The directors of the Company feel pleasure in submitting their report together with the audited accounts of the Company for the eighteen months ended June 30, 1996. The accompanying Chief Executive's Review and other reports provide a more detailed description of activities in the year and prospects for the future.

	June 30, 1996	December 31, 1994
	Rupees (000)	
PROFIT FOR THE YEAR AND SURPLUS		
Profit before taxation	221,936	118,643
Provision for taxation		
- Current	(85,638)	(53,190)
- Deferred	-	14,400
- Prior years	10,401	-
	(75,237)	(38,790)
Profit after taxation	146,699	79,853
Unappropriated Profit brought forward	874	639
Profit available for appropriation	147,573	80,492
APPROPRIATIONS		
- Reserve for proposed bonus shares issue 3 shares for every 20 shares held (1994: 3 shares for every 20 shares)	(22,780)	(19,809)
- Tax thereon	(2,278)	-
	(25,058)	(19,809)
- Proposed Dividend @ 15% (1994: 15%)	(22,781)	(19,809)
- Interim Dividend @ 15% (1994: Nil)	(22,781)	-
- General Reserve	(75,000)	(40,000)
	(145,620)	(79,618)
UNAPPROPRIATED PROFIT CARRIED FORWARD	1,953	874

AUDITORS

The present auditors M/s. A.F. Ferguson & Company, Chartered Accountants retire, and being eligible, offer themselves for reappointment.

PATTERN OF SHAREHOLDINGS

The pattern of shareholdings as referred in Section 236 of the Companies Ordinance, 1984 is enclosed.

The directors place on record their appreciation for the efforts put in by the executives, staff members and workers of the company.

FOR AND ON BEHALF OF THE BOARD

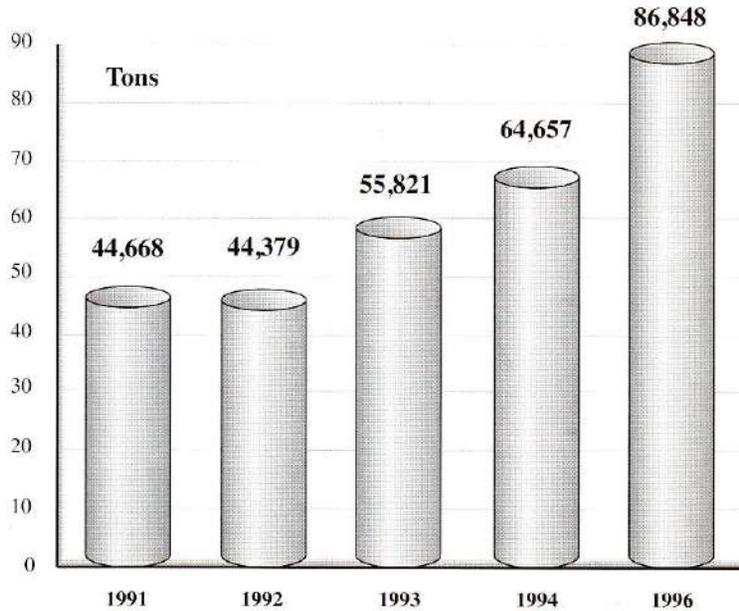
Ahsan M. Saleem
Chief Executive

Karachi: October 31, 1996



DEAR INVESTOR,
 The accompanying financial statements contain the results for Fiscal 1996 covering a period of eighteen months in order to comply with statutory requirements. While going through the comments that follow, it may be borne in mind that Fiscal 1996 reflects the results of eighteen months (from January 01, 1995 - June 30, 1996) transactions whereas comparative Fiscal 1994 is for a normal twelve month period. We have also given the annualized twelve month figures for ease of comparison, wherever considered appropriate.

By the grace of Allah, the results at the close of Fiscal 1996 show an all round improvement in a period of great economic uncertainty, spiraling costs and high cost of funding. This was possible due to a strong order book not affected by the adverse economic conditions, tight control over costs, improved productivity and a strong focus on the return on assets objective.



PRODUCTION OF BARE PIPES

Based on notional pipe size of 30"

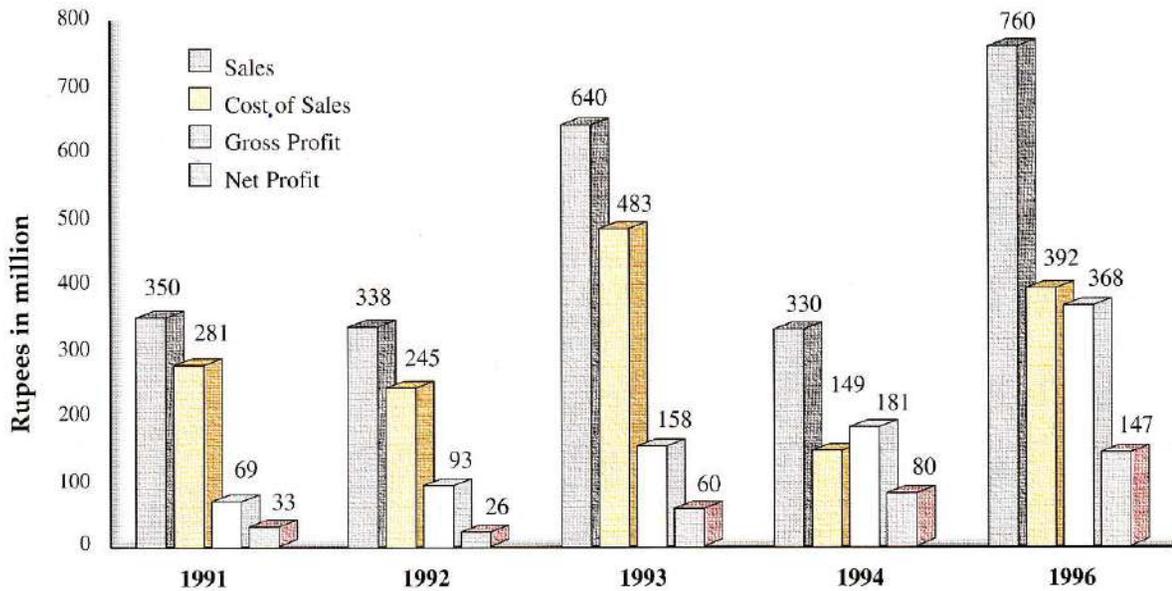
The results of Fiscal 1996 have yielded the highest ever profit before taxation of Rs.221.9 million (annualized Rs.147.9 million) surpassing the previous high mark of Rs.118.6 million achieved in 1994. Profitability and production have been consistently growing in the last six years. There have been improvements

in efficiencies, productivity, net earning per share and all key balance sheet and operating ratios. It is indeed a matter of satisfaction that we have posted strong gains both in production and the bottom line numbers in a year which was difficult for most sectors of the economy.

OPERATIONS

Production of the pipe plant has shown a constant increase over the last several years. During Fiscal 1996 it was 57,144 tons - annualized at 38,096 tons compared with 33,432 tons in Fiscal 1994. The annualized increase was 14 percent compared with Fiscal 94. As indicated in the last review, coating operations registered a substantial increase and 509,709 sq. meters surface area was coated compared to 187,252 sq. meters in Fiscal 1994. Revenues were substantially higher at Rs.760.3 million annualized at Rs. 506.9 million compared to Rs. 329.8 million in





SALES, COST OF SALES, GROSS PROFIT AND NET PROFIT

Fiscal 1994. Revenue for production of bare pipes was Rs. 475 million which on an annualized basis was higher by 30 percent over Fiscal 1994.

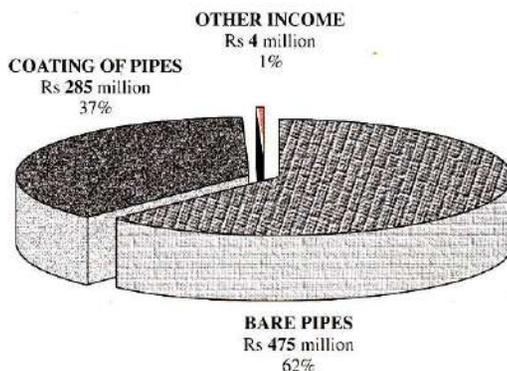
Revenues from coating were Rs. 285.1 million annualized at Rs. 190 million showing an increase of over 100 percent on Fiscal 1994. The operating costs were kept under control and any increase in absolute numbers was in line with the increased level of activity of the Company.

As a percentage of sales, operating expenses were 6.8 percent in Fiscal 1996 compared to 8.3 percent in Fiscal 1994. The absolute impact of financial charges was less in Fiscal 1996 where they stood at Rs. 35.3 million for eighteen months compared with Rs. 34.9 million for 12 months of Fiscal 1994. This has been possible due to improved utilization of resources and more effective cash management.

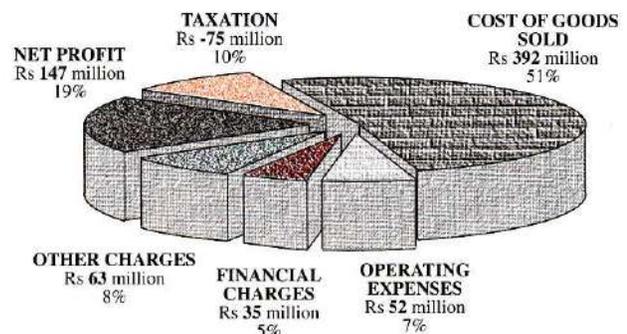
Other charges in Fiscal 1996 are

shown at Rs. 62.8 million compared to Rs. 19.7 million in 1994. Besides the time factor in Fiscal 1996 the company has booked a loss of Rs. 7.4 million on sale of investments and also written off Rs. 37.4 million towards diminution in value of short term investments which are both included in the other charges (more detailed comments follow later in the report).

The net profit before taxation was Rs. 221.9 million for 1996 arrived at after the above write



Revenues Rs. 764 million



Distribution Rs. 764 million



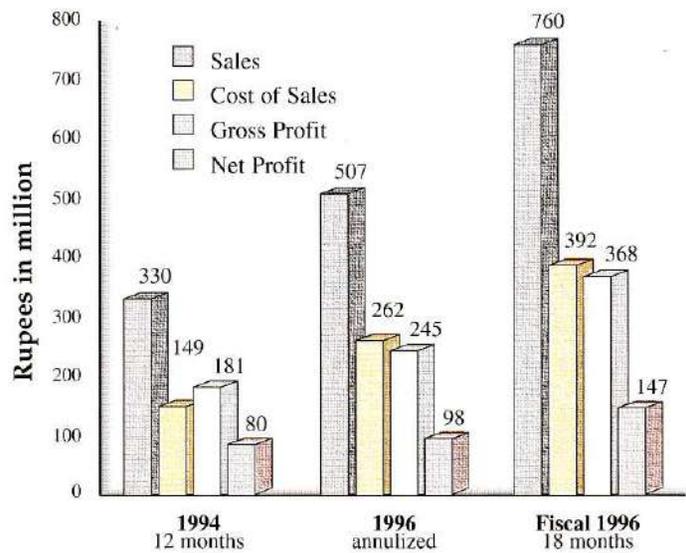
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offs. On annualized basis it works out to Rs. 147.9 million and compared with Rs. 118.6 million in 1994 reflects an increase of 25.7 percent. The profit after taxation stood at Rs. 146.7 million which if annualized is equivalent to Rs. 97.8 million and shows an increase of 23 percent over the corresponding figures for Fiscal 1994.

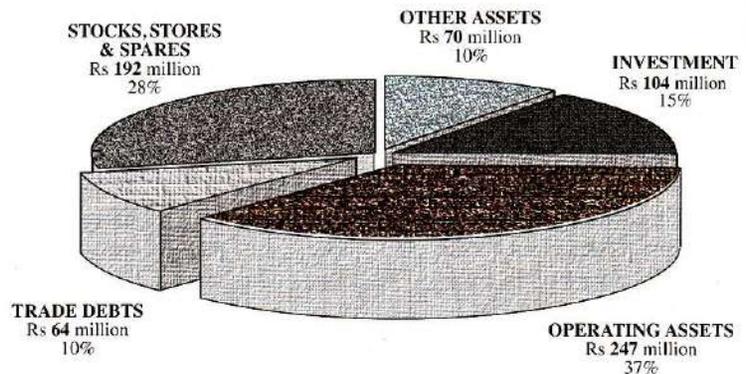
The earnings per share for the eighteen month period were Rs.9.65 which on an annualized basis comes to Rs. 6.43 and is a little better compared to Rs. 6.05 in 1994. This should also be considered in the backdrop of the fact that in 1994 the number of shares outstanding was 13.206 million whereas in 1996 this number went upto 15.187 million. The balance sheet of the company as at June 30, 1996 was stronger compared with December 31, 1994. All key balance sheet ratios show substantial improvement. The current ratio at 1.56:1 was much better than 1.03:1 in 1994. Debt equity ratio improved from 27:73 to 16:84; equity ratio from 40 percent to 50 percent; and fixed asset turnover from 2.93 times to 4.62 times. Inventory turnover improved from 3.12 times to 5.26 times which coupled with average debt collection period being brought down to 29 days from 41 days contributed significantly in improving the liquidity of the company and consequently lower financial charges.

High standard of financial performance continues to be an important goal for us. The level of the Company's capitalization after accounting for the

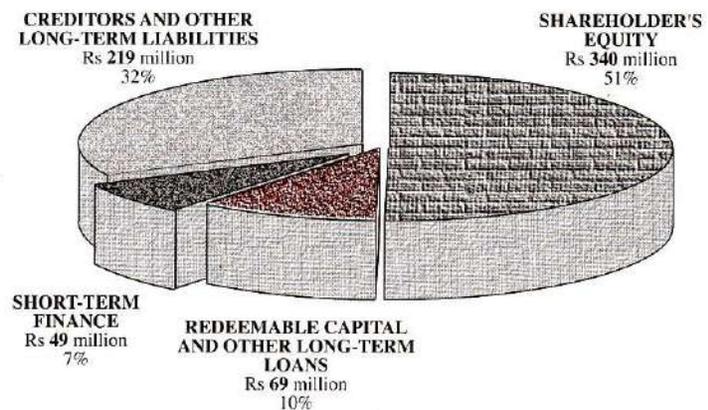
ANNUALISED 1996 COMPARISON



BALANCE SHEET as at June 30, 1996



Assets Rs. 677 million



Liabilities Rs. 677 million



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appropriation of profit as recommended by directors this year will be adequate for our present operations. Our ability to borrow for the present operations is also adequate as the Company is in a position to satisfy the requirements of banking institutions to raise short term funds for its current operations. However, keeping the future requirements in mind steps are being taken to increase the authorised capital from Rs. 200 million to Rs. 300 million and the appropriate resolutions for seeking the shareholders approval appear as a part of the notice of meeting separately in this report.

INVESTMENTS

The performance of our investment portfolio has to be viewed keeping in mind the setbacks experienced by the capital markets in Pakistan. The performance of the portfolio held by us has in fact been in line with the index and has resulted in an overall adjustment of Rs. 45 million. Considering the poor condition of the market which has had an adverse impact on the Company's portfolio and recognizing the diminution in value, appropriate reclassification and restructuring was done whereby some of the long term investments were moved to short term investments (long term investments represent investments not likely to be sold in the near future whereas the short term investments are made with a view for taking advantage of the profit opportunities and capital gains). The short term investments

stood after reclassification at Rs.95.2 million. The market value of these as of October 04, 1996 was 57.78 million and the differential of Rs. 37.42 million between the cost and market value has been provided and charged to profit in these accounts. In addition, a sum of Rs. 7.45 million was written off as loss on the sale of some shares during Fiscal 1996.

The market seems to be at rock bottom, and our investment portfolio represents shares in sectors with strong fundamentals. We, therefore, hope that any positive development will have a beneficial effect on the investment portfolio of the Company.

INDUSTRY PROBLEMS

The engineering industry in Pakistan has suffered over the years due to step-motherly treatment. The policies have been such that the engineering industry contribution in the supply of engineering goods has declined from 42 percent in 1982 to about 20 percent in 1996. Harsh taxation, scarcity of raw materials or their availability at extortionate prices are some of the fundamental reasons for this. There are times, when the raw material prices quoted by Pakistan Steel are more than the finished goods prices from abroad which can be imported by some sectors without payment of duties. The Government should see that the Pakistani engineering industry has access to raw materials at the same terms and prices available

to their competitors in other countries.

The Government should respond where there is dumping of engineering goods by the developed countries, who do the same by imposing stiff countervailing duties on imports. I may also point out that the procedure for evaluation of international tenders – considered as exports if procured from Pakistani industry – also needs to be looked into. The present procedure is heavily biased in favour of off-shore suppliers as their C & F prices are compared against our ex-factory prices including add-ons. Unprecedented duty concessions have been given to potential buyers in the Petroleum & Energy sectors under the Petroleum Policy. Similar concessions are denied to local manufacturers supplying to the Petroleum & Energy sector projects and thus the basic principle of equivalence of inputs is violated and a level playing field is not provided to the local manufacturers.

Harsh taxation and imposition of 23 percent Sales Tax at input stage has very badly affected the competitive position of the industry and suddenly increased the borrowing requirements by about 30 percent and consequently added costs.

Local industry has to purchase raw materials i.e. H.R.Coils from Pakistan Steel Mills at arbitrary prices fixed by them. It puts us in a position where our raw material is dearer than the international prices for finished pipes. The capability of Pakistan



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Steel Mills is also questionable in higher grades and thicknesses. Even where the capability exists, the deliveries are extremely unreliable. All these elements put together impede the capability of the local bidders to compete for supplies to the exempt sectors.

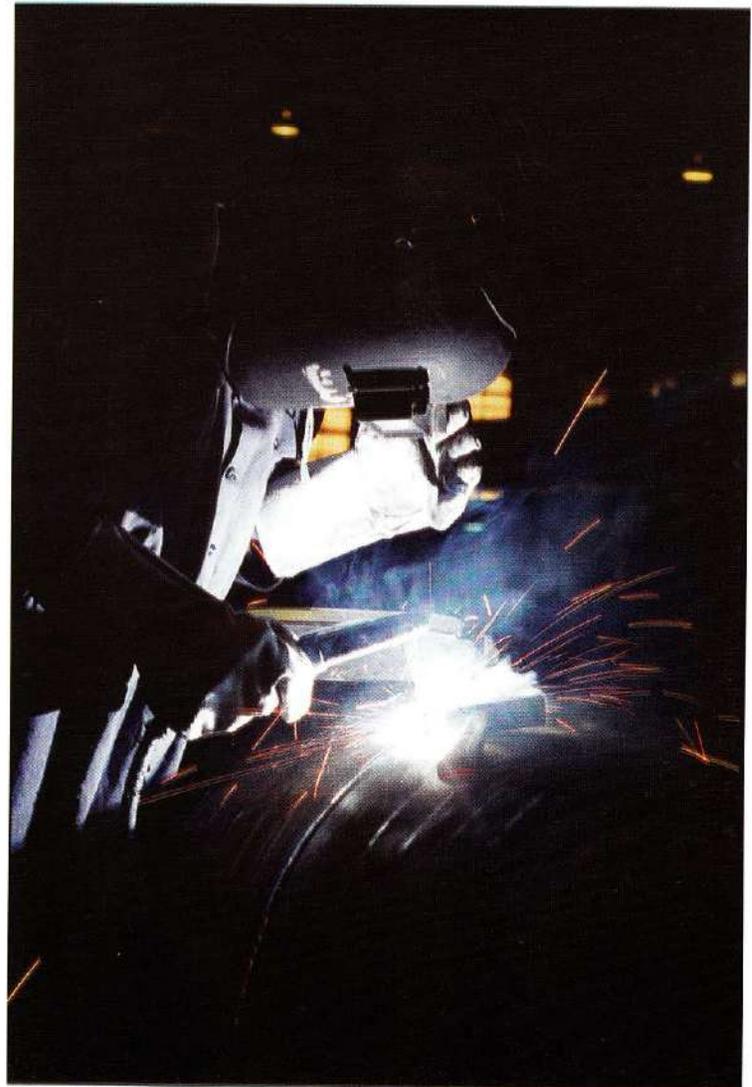
The octroi collected by the local bodies is extortionate in nature. The octroi collecting regime which has been in force has resulted in huge sums stuck up in dispute and litigation. The Government needs to step in and establish a fair system of octroi, so that the entire industrialization process is not strangulated. Before it is too late, the Government should issue guidelines for fixing octroi rates to all local bodies as they are now in a position to hold industry to ransom

SOCIAL RESPONSIBILITY

Your company has always remained conscious of its responsibility to the society. While our core objective remains to contribute towards the wealth of the Nation's economy and add value for the share holders, we remain committed to support the causes of education, environment and health care. The Company will continue to play its role according to its financial capacity in making this country a better place to live.

FUTURE OUTLOOK

In my review at the end of Fiscal 1994, I had reported about increased competition in view of a new facility which started



production towards the middle of 1995. I am happy to report that CSAP has been able to maintain its market share despite new capacity having become operational. Our own plans to add capacity have been deferred for sometime as it is prudent to keep a low debt position in the prevailing economic conditions.

Fresh order intake for Fiscal 1997 is good and we shall be able to carry our order book into Fiscal

1998. Cost increases could affect the margins but, we are geared up to put in the extraordinary effort required to keep the costs under check and reverse the adverse impact by increased efficiency and productivity.

Substantial progress has been made towards extending the quality culture in the production discipline across the entire spectrum of the company and we are hopeful of receiving the ISO 9001 certification before the end of Fiscal 1997.



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As in previous years, investment in technology and human resource development will continue to be a high priority for us in Fiscal 1997 which will keep us at the cutting edge compared to competition both from home and abroad. Considering all these factors, the prospects for Fiscal 1997 for your Company can be viewed with considerable optimism.

BOARD OF DIRECTORS

The non executive directors have always been a source of guidance and support for us and we place on record our appreciation for their guiding the management through Fiscal 1996 and making a great success of it. The term of the present board expires on January 29, 1997 and a new board will be elected at the AGM on December 15, 1996.

CSAP PEOPLE

We have an exceptional group of people - executives, managers

and plant personnel. They have been the key to our successful performance during review period. Their hard work and devotion have formed a sound base for long term growth - the foundation for further progress and profitability. All of them deserve a warm vote of thanks.

FINAL WORD

While we continue to focus on opportunities that open up in the future, we are grateful to the shareholders for the confidence reposed in the management and are proud to have come up to their expectations. We also owe our thanks to our customers who have kept us busy during the review period, and to the financial institutions and banks for the support given to the company.

AHSAN M. SALEEM
Chief Executive Officer





Crescent Steel
and Allied
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A. F. FERGUSON & CO.
CHARTERED ACCOUNTANTS

OTHER OFFICES AT:
LAHORE - RAWALPINDI - ISLAMABAD

STATE LIFE BUILDING 1-C
OFF I. I. CHUNDRIGAR ROAD
P. O. BOX 4716
KARACHI 74000
PAKISTAN

Telephone : (021) 242 6682 - 6
(021) 242 6711 - 5
Fax : (021) 241 5007 Audit
(021) 242 7938 Tax
Telex : 21155 AFFCO

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Crescent Steel and Allied Products Limited as at June 30, 1996 and the related profit and loss account and the cash flow statement, together with the notes forming part thereof, for the eighteen months period then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and, after due verification thereof, we report that :

- a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the period was for the purposes of the company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the period were in accordance with the objects of the company;
- c) in our opinion and to the best of our information and according to the explanations given to us the balance sheet, profit and loss account and the cash flow statement, together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 1996 and of the profit and the cash flows for the eighteen months period then ended; and
- d) in our opinion zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

A. Ferguson & Co.
Chartered Accountants
AFFC

November 17, 1996

BALANCE SHEET



Crescent Steel
and Allied
Products Ltd.

Balance Sheet as at June 30, 1996

	Notes	June 30, 1996	December 31, 1994
Rupees			
Share Capital and Reserves			
Authorised capital 20,000,000 ordinary shares of Rs. 10 each		200,000,000	200,000,000
Issued, subscribed and paid-up capital	3	151,870,430	132,061,250
General Reserve		161,000,000	86,000,000
Reserve for proposed bonus shares issue		22,780,560	19,809,180
Tax thereon		2,278,056	-
		25,058,616	19,809,180
Unappropriated Profit		1,953,785	873,759
		339,882,831	238,744,189
Long-term Loan	4	50,287,897	67,766,897
Liabilities against assets subject to finance lease	5	3,319,112	10,992,929
Deferred Taxation	6	15,600,000	15,600,000
Current Liabilities			
Current maturity of long-term liabilities	7	12,108,000	31,891,612
Current maturity of liabilities against assets subject to finance lease	5	4,430,982	5,568,875
Short-term finances under mark-up arrangements	8	49,168,365	84,043,389
Creditors, Accrued and Other Liabilities	9	109,433,352	72,746,036
Taxation		69,951,650	45,612,312
Proposed Dividend		22,780,565	19,809,187
		267,872,914	259,671,411
Contingencies and Commitments	10		
		676,962,754	592,775,426

The annexed notes form an integral part of these accounts.

Mazhar Karim
Chairman

	Notes	June 30, 1996	December 31, 1994
Rupees			
Tangible Fixed Assets			
Operating Assets	11	223,477,380	235,967,491
Assets subject to Finance Lease	12	15,607,422	20,187,362
Capital Work-in-Progress	13	8,402,226	6,743,065
		247,487,028	262,897,918
Long Term Investments	14	45,767,689	59,549,110
Long-Term Deposits		1,458,846	2,165,829
Current Assets			
Stores, Spares and Loose Tools	15	31,320,300	23,988,956
Stock-in-Trade	16	160,636,346	106,468,567
Trade Debts	17	64,444,065	54,989,502
Short-term Advances	18	5,203,232	1,006,680
Short-term Deposits and Prepayments	19	4,394,598	6,487,658
Other Receivables	20	55,300,084	30,013,772
Short-term Investments	21	57,784,173	43,085,651
Cash and Bank Balances	22	3,166,393	2,121,783
		382,249,191	268,162,569
		676,962,754	592,775,426



Ahsan M. Saleem
Chief Executive

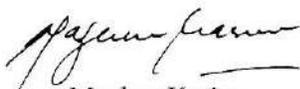


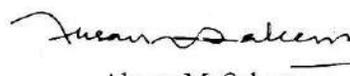
Crescent Steel
and Allied
Products Ltd.

For the eighteen months period ended June 30, 1996.

	Notes	June 30, 1996	December 31, 1994
Rupees			
Sales	23	760,300,580	329,801,359
Cost of sales	24	392,434,276	148,756,198
Gross Profit		367,866,304	181,045,161
Selling expenses	25	17,537,638	10,715,358
Administration expenses	26	34,377,561	16,685,579
		51,915,199	27,400,937
Operating Profit		315,951,105	153,644,224
Other income	27	4,096,880	19,534,027
		320,047,985	173,178,251
Financial charges	28	35,325,059	34,866,280
Other charges	29	62,786,696	19,669,251
		98,111,755	54,535,531
Profit before Taxation		221,936,230	118,642,720
Taxation	30	75,236,458	38,789,749
Profit after Taxation		146,699,772	79,852,971
Unappropriated profit brought forward		873,759	639,155
Profit available for appropriation		147,573,531	80,492,126
Appropriation:			
Reserve for proposed Bonus Shares issue @ 15% (1994:15%)		(22,780,560)	(19,809,180)
Tax thereon		(2,278,056)	-
Proposed dividend @ 15% (1994 : 15%)		(25,058,616)	(19,809,180)
Interim dividend @ 15% (1994: NIL)		(22,780,565)	(19,809,187)
Transfer to general reserve		(75,000,000)	(40,000,000)
		(145,619,746)	(79,618,367)
Unappropriated profit carried forward		1,953,785	873,759

The annexed notes form an integral part of these accounts.


Mazhar Karim
Chairman


Ahsan M. Saleem
Chief Executive



Crescent Steel
and Allied
Products Ltd.

For the eighteen months period ended June 30, 1996.

	Notes	June 30, 1996	December 31, 1994
Rupees			
Cash Flow from operating activities			
Cash generated from operations	31	285,574,084	127,610,203
Taxes paid		(50,897,120)	(10,833,761)
Financial charges paid		(36,327,405)	(48,423,151)
Increase/(decrease) in long-term deposits - net		706,983	(282,051)
Net cash inflow from operating activities		199,056,542	68,071,240
Cash Flow from investing activities			
Fixed capital expenditure		(33,254,557)	(17,310,663)
Investments made		(98,716,225)	(88,021,798)
Sale proceeds of fixed assets		313,400	4,000
Sale proceeds of investments		52,927,363	18,941,105
Dividend received		3,383,105	89,800
Return on deposits		494,600	136,901
Net cash outflow from investing activities		(74,852,314)	(86,160,655)
Cash Flow from financing activities			
Liabilities against assets subject to finance lease		-	2,820,513
Repayments of			
- redeemable capital and long term loans		(37,262,612)	(30,043,120)
- liabilities against assets subject to finance lease		(8,811,710)	(4,451,336)
- dividend paid		(42,210,272)	-
Net cash outflow from financing activities		(88,284,594)	(31,673,943)
Net increase/(decrease) in cash and cash equivalents		35,919,634	(49,763,358)
Cash and cash equivalent at beginning of the period year		(81,921,606)	(32,158,248)
Cash and cash equivalent at end of the period/year	32	(46,001,972)	(81,921,606)

The annexed notes form an integral part of these accounts.

Mazhar Karim
Chairman

Ahsan M. Saleem
Chief Executive





NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE EIGHTEEN MONTHS PERIOD ENDED JUNE 30, 1996

1. LEGAL STATUS
AND
OPERATIONS

1.1 The company was incorporated on August 1, 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 commenced commercial production from March 31, 1987. The company has a coating facility capable of applying 3 Layer High Density Polyethylene Coating on Steel Line Pipes. The Coating Plant commenced commercial production from November 16, 1992.

The company has the right to use API monogram of the American Petroleum Institute, which is the highest international standard accredited for quality of steel pipes.

1.2 The 1995 Finance Act has prescribed that the income year for the purpose of tax must end on each June 30. Complying with the requirements of the 1995 Finance Act the company has decided to change its accounting year end from December 31 to June 30, with effect from June 30, 1996. Accordingly, these financial statements have been prepared for a period of eighteen months from January 1, 1995 to

June 30, 1996 whereas the comparative figures are for the year ended December 31, 1994.

2. SIGNIFICANT
ACCOUNTING
POLICIES2.1 Accounting
convention

These accounts have been prepared under the historical cost convention.

2.2 Staff retirement
benefits

The company operates a provident fund scheme for its permanent employees. Equal monthly contributions are made, both by the company and the employees, at the rate of 8.33 per cent of basic pay and dearness allowance for those employees who have served the company for a period less than five years. For employees who have completed five years or more of service, contributions are made at the rate of 10%.

The company has also established pension and gratuity fund schemes for all permanent employees who are in management cadre and paid directors. Contributions are payable to the pension and gratuity funds on a monthly basis according to the actuarial recommendations which are based on the 'projected unit credit method'. The current contribution rates of pension and gratuity funds are 13.3% and 7.0% of basic

salaries of the employees respectively. Last actuarial valuations of these funds were carried out as of June 30, 1996, wherein, 'actuarial present value of promised retirement benefits' under the pension and gratuity fund schemes was Rs. 7,135,500 and Rs. 2,990,500 respectively, and the 'fair value of plan assets' of pension and gratuity fund schemes was Rs. 3,569,700 and Rs. 1,935,100 respectively.

The principal actuarial assumptions used in the valuation of these schemes as of June 30, 1996 by the actuaries are:

- Actuarial method-projected unit credit method;
- expected rate of growth in future salaries - 10% per annum;
- expected rate of return on fund for active members - 12% per annum; and
- expected rate of return on fund for retired members under the Pension fund scheme - 9% per annum.

2.3 Tangible fixed
assets and
depreciation

Operating assets are stated at cost less accumulated depreciation. Leasehold land is amortized over the period of the lease. Capital work-in-progress is stated at cost. Depreciation on fixed assets is charged to profit and loss account applying the straight-line method whereby the cost of an asset is written off over its estimated useful life. Full period's depreciation is



charged on additions except major additions or extensions to production facilities which are depreciated on pro-rata basis for the period of use during the year. *No depreciation is charged on assets disposed through the year.*

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Profit or loss on sale or retirement of fixed assets is included in income currently.

24 Assets subject to Finance Lease

These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of assets acquired on lease. Aggregate amount of obligations relating to assets subject to finance lease is accounted for at net present value of liabilities. Assets so acquired are amortized over their respective useful lives.

Finance charge is allocated to accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

Amortization of leased assets is charged to current year's income as part of depreciation.

25 Stores and Spares

Stores and Spares are valued on a weighted average basis.

26 Stocks-in-trade

Stocks are valued at lower of cost and net realisable value. Cost is arrived at on weighted average basis. Cost of work-in-process and finished goods includes cost of materials and appropriate portion of production overheads. Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred to make the sale. Goods-in-transit are valued at actual cost accumulated to the balance sheet date.

27 Foreign currencies

Foreign currency transactions are converted into rupees at the rates of exchange prevailing at the date of the transaction. Assets and liabilities expressed in foreign currencies are translated into Pakistan rupees at the rates of exchange prevailing

at the balance sheet date. Where foreign exchange contracts have been entered into, for current assets and liabilities, the rates contracted for are used.

Exchange differences and exchange risk cover fees on foreign currency loans for capital requirements are capitalized whereas those on current assets and liabilities are charged to income.

28 Taxation

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any.

Deferred liability for taxation, if any, is accounted for on all significant timing differences using the liability method.

29 Revenue recognition

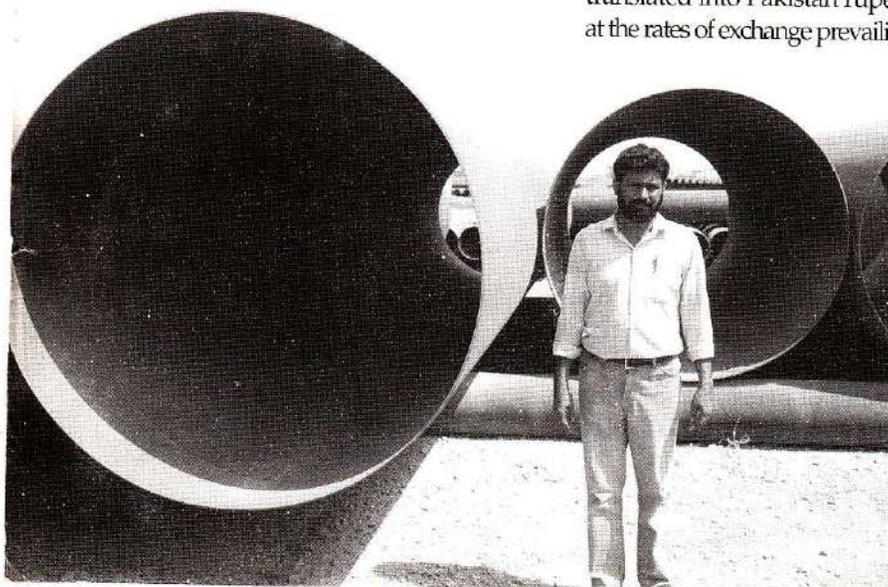
Revenue from sales is recognised on despatch of goods to customers. Sales are also recognised when the company specifically appropriates deliverable goods against confirmed orders.

Dividend income and gain on sale of investments are recognised on receipt basis.

2.10 Investments

Long term investments are stated at cost.

Short term investments are stated at the lower of cost and market value on a portfolio basis.





Crescent Steel
and Allied
Products Ltd.

3. Issued, subscribed and paid-up capital

June 30, 1996	December 31, 1994		June 30, 1996	December 31, 1994
No. Of Shares			Rupees	
10,564,900	10,564,900	Ordinary shares of Rs.10/- each fully paid in cash	105,649,000	105,649,000
4,622,143	2,641,225	Ordinary shares of Rs.10/- each issued as bonus shares	46,221,430	26,412,250
<u>15,187,043</u>	<u>13,206,125</u>		<u>151,870,430</u>	<u>132,061,250</u>

4. Long-term loans

	Notes	June 30, 1996	December 31, 1994
		Rupees	
Secured			
From National Development Finance Corporation (NDFC)	4.1	62,395,897	98,332,952
Less: Current maturity shown under current liabilities		12,108,000	30,566,055
		<u>50,287,897</u>	<u>67,766,897</u>

4.1 The loan of US \$ 3.943 million in foreign currency was obtained from NDFC during the year 1992 for the import of machineries required for the pipe coating plant.

After the full disbursement of US \$3.943 million during the year 1992 the liability in Pak Rupees was determined at Rs. 88,971,011 by applying

fixed exchange rate as per the terms of the agreement with NDFC.

The loan carries interest rate of 16.5% per annum and is repayable in 14 half yearly instalments commencing from July 15, 1993.

The loan is secured by way of pari passu first fixed charge on all the company's immovable properties including

plant and machinery, spare parts, accessories and electrical and other equipments and a first floating charge on all other movable property and assets (present and future) including receivables and inventory of raw materials, work-in-process, finished goods and supplies and also ranking pari passu with charges created to secure running finances obtained from banks as referred to in note 8.1 to 8.3 below.



5. Liabilities against assets subject to finance lease

	Notes	June 30, 1996	December 31, 1994
Rupees			
Minimum lease payments	5.1	8,891,849	21,290,687
Less: Finance charge not yet due		1,141,755	4,728,883
		7,750,094	16,561,804
Less: Current maturity shown under current liabilities		4,430,982	5,568,875
		3,319,112	10,992,929

5.1 The company has entered into lease agreements with leasing companies and modarabas to acquire items of plant and

machinery and vehicles. Payments under these agreements include finance charges ranging from 19.50% to 26.00% per annum, which are used as

discounting factors.

The company intends to exercise its option to purchase the leased assets for Rs. 1.738 million upon completion of the lease periods.

Details of the lease agreements are as under:

Lessor	Minimum lease payments outstanding as at June 30, 1996	Number of instalments outstanding	Approximate rate of interest per annum	Expiry Date
	Rupees		%	
Asian Leasing Corporation Limited	2,504,116	17 monthly	19.50	Nov 30, 1997
Asian Leasing Corporation Limited	2,100,200	9 quarterly	20.38	Oct 31, 1998
First Grindlays Modaraba	160,619	2 monthly	19.80	Aug 31, 1996
National Assets Leasing Corporation Limited	762,853	1 quarterly	21.57	Sept 30, 1996
Standard Chartered Mercantile Leasing Limited	1,155,185	1 quarterly	20.32	Sept 20, 1996
First Crescent Modaraba	2,208,876	23 monthly	26.00	May 28, 1998



6. Deferred Taxation

The deferred tax liability on account of net timing differences due to accelerated

depreciation and provision for doubtful debts amounts to approximately Rs. 46.502

million (1994: Rs.38.490 million) against which a provision for Rs.15.6 million has been made in the accounts in view of its likely reversals in the foreseeable future.

7. Current maturities of long-term liabilities

	Notes	June 30, 1996	December 31, 1994
Rupees			
Redeemable Capital		-	1,325,557
Long-term Loans	4	12,108,000	30,566,055
		12,108,000	31,891,612

8. Short-term finance under mark-up arrangements

	Notes	June 30, 1996	December 31, 1994
Rupees			
Secured			
Running Finance			
From National Bank of Pakistan	8.1	7,978,671	15,065,852
From Societe Generale, The French and International Bank	8.2	41,189,694	10,014,051
		49,168,365	25,079,903
Trade Finance			
From National Development Finance Corporation (NDFC)		-	58,963,486
		49,168,365	84,043,389



Crescent Steel
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Products Ltd.

8.1 The facility for running finance available amounts to Rs.20 million (1994: Rs.20 million). The rate of mark-up is 51 paisas per 1,000 rupees per day. A rebate of 1 paisa per 1,000 rupees per day will be allowed by the bank for prompt payment. Further rebate of 2 paisas per 1,000 rupees per day will be admissible on giving foreign exchange business in the ratio of 1:2 to the bank, and more rebate

of 1 paisa per 1,000 rupees per day will be admissible if the same business is routed in the ratio of 1:3. The purchase price is repayable on December 31, 1996. The above facility is secured by a charge on the present and future current assets of the company, pledge/hypothecation of the stocks and first equitable mortgage on the fixed assets of the company ranking pari passu with the charges created to secure foreign currency loans referred to in Notes 4.

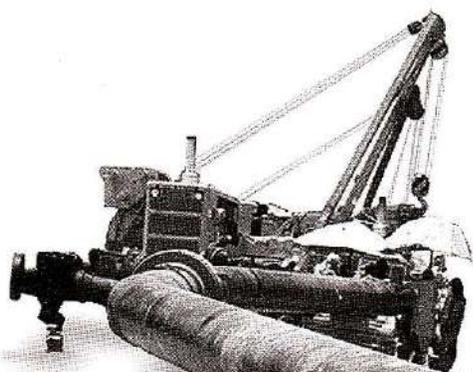
8.2 The facility of running finance available amounts to Rs. 50 million. (1994: Rs.20 million). The rate of mark-up is Rs. 0.4521 per 1,000 per day. The purchase price is repayable on May 31, 1997. The above facility

is secured against pledge of marketable securities and stocks, and second ranking hypothecation charge over stocks and book debts ranking pari passu with other banks.

8.3 The company has a facility for morabaha local purchase order from a bank amounting to Rs. 55 million (1994: Nil) for purchase of raw materials. The rate of mark-up is 17% per annum. This facility is secured by hypothecation of stocks and receivables ranking pari passu with other banks.

8.4 Unutilised credit facilities

The facility for opening letters of credit and guarantees as at June 30, 1996 amounted to Rs. 358.930 million (1994: Rs.318.393 million) of which amount remaining unutilised at the period end was Rs.155.672 million (1994: Rs.187.253 million).





Crescent Steel
and Allied
Products Ltd.

9. Creditors, accrued and other liabilities

	June 30, 1996	December 31, 1994
	Rupees	
Creditors	18,927,034	10,095,048
Bills payable	1,610,192	2,996,349
Excise duty payable	7,392,005	6,000,560
Sales tax Payable	369,113	235,358
Accrued liabilities	23,867,470	15,331,182
Interest accrued on secured loan	4,719,303	6,916,346
Accrued mark-up	149,782	346,530
Advances from customers	9,802,843	11,123,234
Workers' profit participation fund - Note 9.1	32,351,865	15,455,717
Workers' welfare fund	5,062,887	2,758,528
Retention money	911,317	340,621
Due to associated undertakings	37,137	136,186
Payable to gratuity fund	62,920	-
Payable to pension fund	1,419,546	-
Payable to provident fund	275,319	143,479
Unclaimed dividend	379,480	-
Others	2,095,139	866,898
	109,433,352	72,746,036

Maximum amount due to associated undertakings at the end of any month during the period was Rs. 0.861 million (1994: Rs. 1.065 million).





9.1 Workers' profit participation fund

	June 30, 1996	December 31, 1994
	Rupees	
Balance at beginning of the period/year	15,455,717	7,884,967
Provision for the period/year	12,248,864	6,488,096
Interest on funds utilized in company's business	5,126,108	1,449,948
	17,374,972	7,938,044
	32,830,689	15,823,011
Amount paid to the workers	(478,824)	(367,294)
	32,351,865	15,455,717

10. Contingencies and commitments

10.1 The company is contesting a case in the High Court against octroi authorities in respect of excess octroi charges on Hot Rolled Coils. If the decision of the High Court goes against the company, an amount of Rs.989,513 would become payable on account of octroi. Amounts aggregating Rs.1,515,555 have been paid to the High Court of Sindh, as security deposit upto June 30, 1996.

10.2 Aggregate commitments for capital expenditures amounted to Rs.2.539 million (1994: Rs. 9.931 million).

10.3 Under the Rural Development Scheme of Government of Pakistan, company enjoys a concessional rate of 2% import licence fee on import of coating plant machineries installed at Nooriabad. The Controller of Imports & Exports declined to issue Import Licence at 2% fee and insisted on payment @ 6%.

The company filed a petition with the Sindh High Court for issuance of Import Licence on payment of fee at 2%. The High Court passed an interim order allowing the company to pay 2% import licence fee in cash and required the company to furnish a bank guarantee in favour of Controller of Imports & Exports for Rs. 3.42 million equivalent to the balance of 4%. The case is pending with the High Court and a sum of Rs. 3.42 million is contingently payable by company in case the High Court decides against the company.



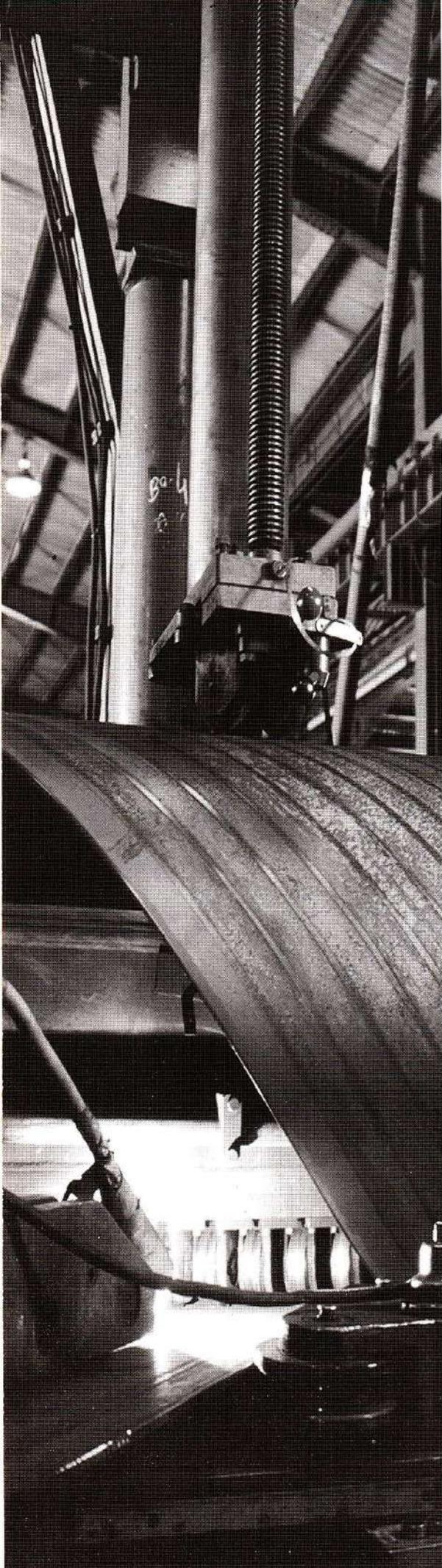
Crescent Steel
and Allied
Products Ltd.

10.4 In 1993 the company imported certain raw materials which were to be consumed for production of pipes to be supplied to Sui Northern Gas Pipelines Limited to perform work under an international tender. At the import stage the raw materials were cleared by the customs authorities after obtaining bank guarantees worth Rs. 16,669,300 as a security that no customs duties will be payable as the raw materials will be consumed under an international tender within the specified time period. After the performance of work under the contract the company had

applied to the Chief Controller of Imports and Exports (CCI&E) for the release of guarantees who declined to do so on the contention that the company had not fulfilled the condition of consuming the raw materials within the prescribed period of time.

The company has filed a suit in the High Court of Sindh for restraining the CCI&E from encashing the bank guarantees. The lawyer engaged by the company to contest this case believes that the company will prevail when the judgement is handed down by the court.

10.5 The company has filed a suit in the High Court of Sindh for restraining the customs authorities from encashing a bank guarantee of Rs. 895,000 issued while availing concessionary benefits of SRO 671 (1)/94 dated 03.07.1994. The liability of the company will eventually depend upon whether or not the goods were consumed in terms of the concession. This case is pending with High Court and a sum of Rs. 895,000 is contingently payable by company in case the High Court decides the case against the company.



NOTES TO THE ACCOUNTS



Crescent Steel
and Allied
Products Ltd.

11. Operating Fixed Assets

11.1 The following is a statement of operating fixed assets: **Pipe Plant:**

Description	Cost as at January 1, 1995	Additions/ (Deletions)	Cost as at June 30, 1996
	R u p e e s		
Leasehold land	5,192,796	2,861,000	8,053,796
Improvements to leasehold land	105,922	-	105,922
Building on leasehold land	41,393,949	12,169,530	53,563,479
Plant and machinery	174,627,616	5,111,248	179,738,864
Office premises	7,889,965	-	7,889,965
Furniture and fixtures	2,831,596	5,977,835	8,809,431
Office and other equipments	2,755,479	2,239,137	4,994,616
Motor vehicles	6,923,276	2,867,551 (364,557)	9,426,270
Workshop equipment	3,170,640	2,133	3,172,773
As at June 30, 1996	244,891,239	31,228,434 (364,557)	275,755,116
As at December 31, 1994	237,236,729	8,064,580 (410,070)	244,891,239

Accumulated depreciation as at January 1, 1995	Depreciation charge for the period/(dep. on deletions)	Accumulated depreciation as at June 30, 1996	Net book value as at June 30, 1996	Rate of depreciation as a % of cost
R u p e e s				
333,945	120,453	454,398	7,599,398	1
7,987	1,602	9,589	96,333	1
14,709,802	4,193,383	18,903,185	34,660,294	5
80,632,395	16,556,569	97,188,964	82,549,900	5-20
2,499,525	980,708	3,480,233	4,409,732	10
927,754	1,266,680	2,194,434	6,614,997	10
1,749,298	1,183,331	2,932,629	2,061,987	20
3,499,659	2,395,595 (157,832)	5,737,422	3,688,848	20
2,187,811	400,493	2,588,304	584,469	5-20
106,548,176	27,098,814 (157,832)	133,489,158	142,265,958	
90,935,788	15,637,458 (25,070)	106,548,176	138,343,063	

1) Additions to plant and machinery and workshop equipment of pipe plant include exchange risk cover fee of Rs.262,843 and Rs. 2,133 respectively.)

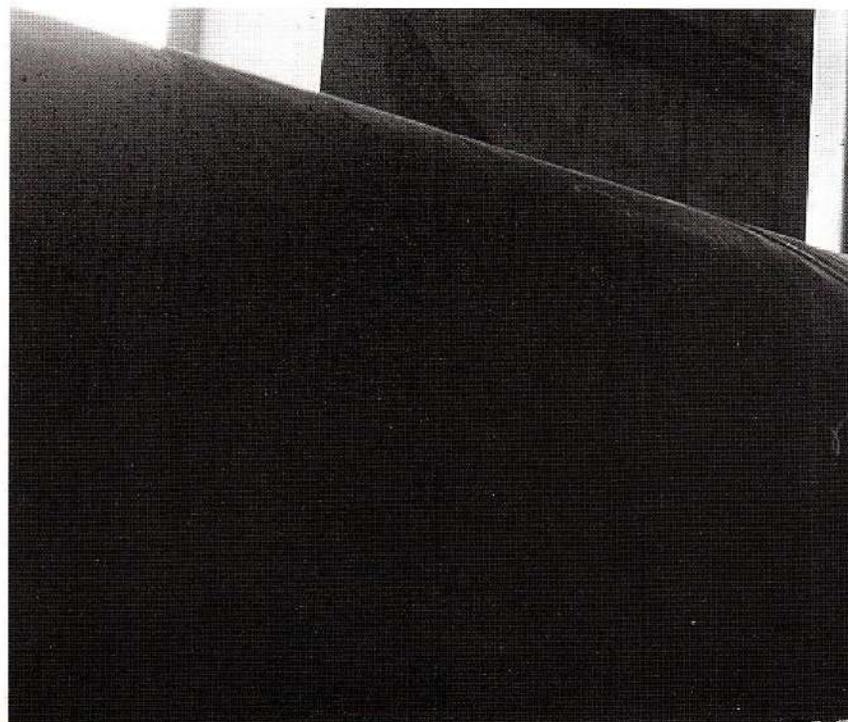
NOTES TO THE ACCOUNTS



Crescent Steel
and Allied
Products Ltd.

11.1 Coating Plant:

Description	Cost as at January 1, 1995	Additions/ (Deletions)	Cost as at June 30, 1996
	R u p e e s		
Building on leasehold land	6,789,428	80,661	6,870,089
Plant and machinery	114,405,206	286,301	114,691,507
Office and other equipments	78,350	-	78,350
Furniture and fixture	47,690	-	47,690
As at June 30, 1996	121,320,674	366,962	121,687,636
As at December 31, 1994	121,299,674	21,000	121,320,674
Total operating fixed assets as at June 30, 1996	366,211,913	31,595,396 (364,557)	397,442,752
At at December 31, 1994	358,536,403	8,085,580 (410,070)	366,211,913



Accumulated depreciation as at January 1, 1995	Depreciation charge for the period/(dep. on deletions)	Accumulated depreciation as at June 30 1996	Net book value as at June 30, 1996	Rate of depreciation as a % of cost
R u p e e s				
715,507	515,256	1,230,763	5,639,326	5
22,942,032	16,234,053	39,176,085	75,515,422	5-20
28,566	23,505	52,071	26,279	20
10,141	7,154	17,295	30,395	10
23,696,246	16,779,968	40,476,214	81,211,422	
12,542,264	11,153,982	23,696,246	97,624,428	
130,244,422	43,878,782 (157,832)	173,965,372	223,477,380	
103,478,052	26,791,440 (25,070)	130,244,422	235,967,491	



NOTES TO THE ACCOUNTS



Crescent Steel
and Allied
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11.2 Following are the details of fixed assets sold during the year:

Description	Cost	Acumulated Depreciation	Book Value
R u p e e s			
Motor car	147,100	117,680	29,420
Motor cycle	46,320	9,264	37,056
Motor cycle	46,231	13,869	32,362
Motor cycle	56,731	17,019	39,712
Motor cycle	68,175	-	68,175

12. Assets subject to finance lease

Description	Cost as at January 1, 1995	Additions/ (Deletions)	Cost as at June 30, 1996
R u p e e s			
Plant and machinery	22,801,755	-	22,801,755
Motor vehicles	3,865,563	-	3,865,563
As at June 30, 1996	26,667,318	-	26,667,318
As at December 31, 1994	23,846,805	2,820,513	26,667,318

Sale Proceeds	Mode of Disposal	Sold to
105,000	Auction	Mr Azhar Ali Khan B-98 Block 13/D1 Gulshan-e-Iqbal Karachi.
44,000	Insurance Claim	Premier Insurance Wallace Road, Karachi
46,000	Insurance Claim	Premier Insurance Wallace Road, Karachi
54,000	Insurance Claim	Premier Insurance Wallace Road, Karachi
64,400	Insurance Claim	Premier Insurance Wallace Road, Karachi

Accumulated depreciation as at January 1, 1995	Depreciation charge for the period/(dep. on deletions)	Accumulated depreciation as at June 30 1996	Net book value as at June 30, 1996	Rate of depreciation as a % of cost
R u p e e s				
5,419,282	3,420,263	9,309,619	13,492,136	10
1,060,674	1,159,675	1,750,277	2,115,286	20
6,479,956	4,579,938	11,059,896	15,607,422	
3,426,668	3,053,288	6,479,956	20,187,362	





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13. Capital work-in-progress

	June 30, 1996	December 31, 1994
	Rupees	
Civil works	2,669,370	5,595,865
Plant and machinery	4,871,652	332,062
Others	861,204	815,138
	8,402,226	6,743,065

14. Long-term Investment

Unless stated otherwise the holdings are in ordinary shares/modaraba certificates of Rs.10/- each.

June 30, 1996	December 31, 1994	Quoted - Associated Undertakings	June 30, 1996	December 31, 1994
Number of Shares			Rupees	
500,000	545,000	Crescent Investment Bank Ltd.	16,219,776	16,614,647
-	110,117	Crescent Textile Mills Ltd.	-	5,029,613
-	300,000	Shakarganj Mills Ltd.	-	13,800,000
175,000	50,000	Pakistan Industrial Leasing Corporation Limited	8,168,750	3,418,750
315,000	315,000	Crescent Leasing Corporation Limited	4,357,563	3,664,500
			28,764,089	42,527,510
		UnQuoted - Associated Undertakings		
1,702,160	1,702,160	Crescent Greenwood Limited	17,021,600	17,021,600
2,692,160	3,022,277		45,767,689	59,549,110



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14.1 Aggregate market value of investments in shares quoted on the stock exchange as at June 30, 1996 was Rs 13,478,750 (1994:Rs.45,422,260) which at the close of business on October 4, 1996 was Rs.11,754,500.

14.2 The following investments having an aggregate face value of Rs. 9,900,000 (1994: Rs. 8,595,170) are deposited as security with some commercial banks.

	June 30, 1996	December 31, 1994
	Rupees	
i) Crescent Leasing Corporation Limited	3,150,000	3,150,000
ii) Crescent Investment Bank Limited	5,000,000	3,450,000
iii) Crescent Textile Mills Limited	-	995,170
iv) Shakarganj Mills Limited	-	1,000,000
v) Pakistan Industrial Leasing Corporation Limited	1,750,000	-
	<u>9,900,000</u>	<u>8,595,170</u>

15. Stores, spares and loose tools

	June 30, 1996	December 31, 1994
	Rupees	
Stores	7,875,207	3,095,513
Spare parts	22,933,950	20,452,181
Loose tools	511,143	441,262
	<u>31,320,300</u>	<u>23,988,956</u>

Spare parts include those in transit as at June 30, 1996 of Rs.378,180 (1994: Rs. 617,524).



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16. Stock-in-Trade

	June 30, 1996	December 31, 1994
	Rupees	
Raw materials		
- Hot rolled steel coils	21,202,508	14,906,827
- Coating materials	35,993,131	16,533,590
- Others	5,776,039	1,788,305
- Stock-in-transit	59,964,930	5,860,273
	122,936,608	39,088,995
Work-in-process	3,260,296	2,486,499
Finished goods	34,439,442	64,893,073
	<u>160,636,346</u>	<u>106,468,567</u>

The stock-in-trade amounting to Rs. 35 million (1994: Rs. 35 million) are pledged as security with some commercial banks.

17. Trade debts

	June 30, 1996	December 31, 1994
	Rupees	
Unsecured		
Considered good	64,444,065	54,989,502
Considered doubtful	1,598,906	6,259,427
	66,042,971	61,248,929
Provision for doubtful debts	(1,598,906)	(6,259,427)
	<u>64,444,065</u>	<u>54,989,502</u>

Trade debts include unbilled revenue of Rs.32,321,931 (1994: Rs. 17,476,585).

Maximum amount due from associated undertakings at the end of any month during the period was Rs. 277,338 (1994: NIL).



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18. Short-term advances

	June 30, 1996	December 31, 1994
	Rupees	
Considered good		
Executives	10,241	95,019
Other staff	-	19,289
	10,241	114,308
Suppliers for goods and services	5,192,991	892,372
	<u>5,203,232</u>	<u>1,006,680</u>

The maximum aggregate amount due at the end of any month during the period from the Chief Executive was Rs. 65,922 (1994: Rs. 99,691), and from executives Rs. 114,087 (1994: Rs. 378,611) representing unadjusted travelling and other advances.

19. Short-term deposits and pre-payments

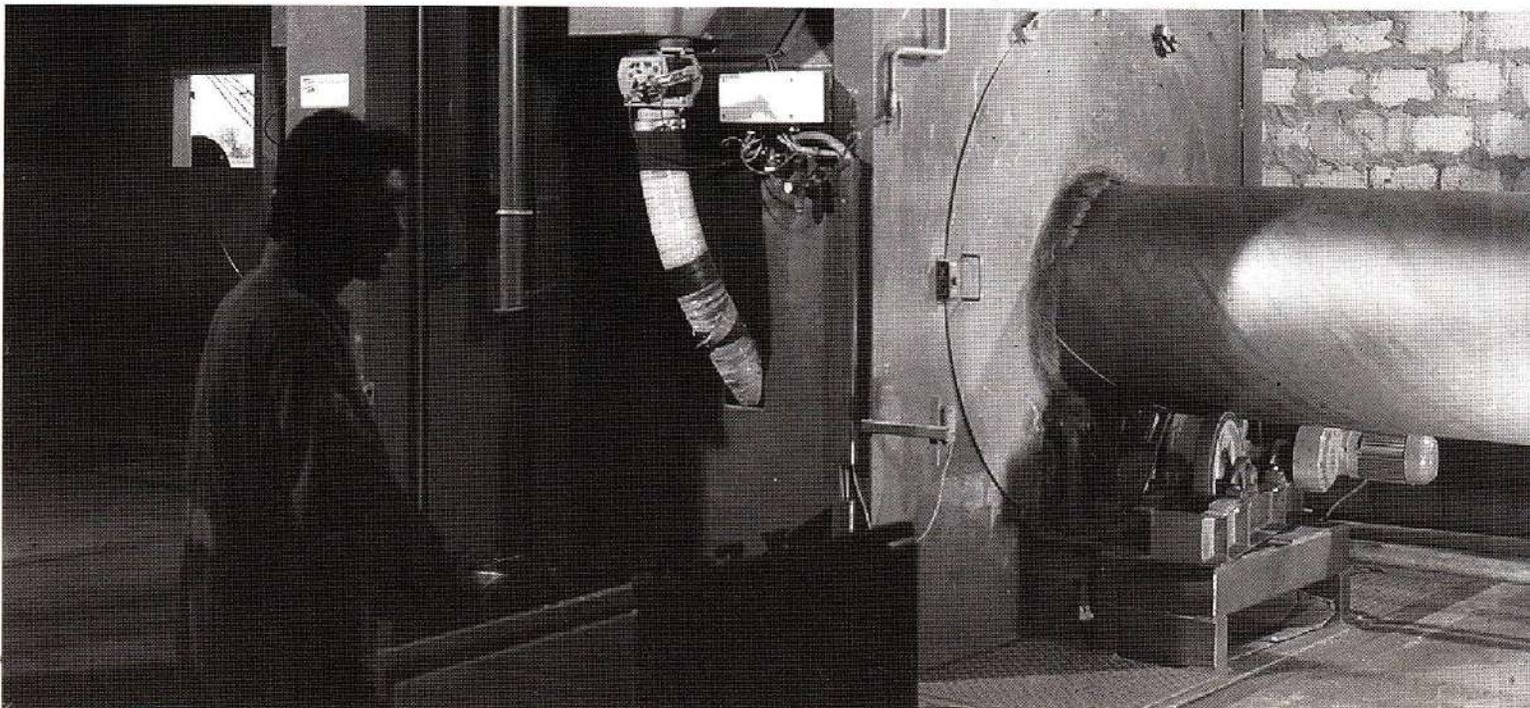
	June 30, 1996	December 31, 1994
	Rupees	
Security deposits	2,283,739	5,088,869
Prepayments	2,110,859	1,398,789
	<u>4,394,598</u>	<u>6,487,658</u>



20. Other Receivables

	June 30, 1996	December 31, 1994
	Rupees	
<u>Considered good</u>		
Octroi refundable	13,087,262	7,463,524
Margin on letters of credit and guarantees	4,686,559	3,778,303
Due from associated undertakings	29,225,639	16,204,721
Others	8,300,624	2,567,224
	55,300,084	30,013,772
<u>Considered doubtful</u>		
Others	369,958	369,958
	55,670,042	30,383,730
Provision for doubtful receivables	(369,958)	(369,958)
	55,300,084	30,013,772

Maximum amount due from associated undertakings at the end of any month during the period was Rs.48.666 million (1994: Rs.51.586 million)





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21. Short-term Investments

Unless stated otherwise the holdings are in ordinary shares / modaraba certificates of Rs.10/- each. These investments are stated below at the lower of cost or market values.

June 30, 1996	December 31, 1994	Quoted - Associated Undertakings	June 30, 1996	December 31, 1994
Number of Shares			Rupees	
622,145	190,600	Crescent Investment Bank Ltd.	8,181,207	6,156,365
373,244	725,500	Crescent Textile Mills Limited	4,217,657	3,826,236
91,300	91,300	Crescent Jute Products Limited	538,670	2,016,515
21,893	9,600	Jubilee Spinning and Weaving Mills Limited	247,391	645,535
372,700	76,800	Pakistan Industrial Leasing Corporation Limited	5,766,000	4,985,692
7,928	-	Crescent Sugar Mills & Distillery Limited	67,388	-
767,847	23,124	Shakarganj Mills Limited	8,803,241	1,109,952
Others				
121,575	111,490	First Crescent Modaraba	364,725	1,834,980
48,480	17,480	First Equity Modaraba	138,168	121,853
25,662	13,662	Modaraba Al Mali	102,648	183,294
180	270,970	First UDL Modaraba	585	5,555,345
416	58,316	First Allied Bank Modaraba	2,122	738,250
214,000	-	Crescent Leasing Corporation Limited	1,669,200	-
2,750	-	National Leasing Company Limited	20,350	-
50,000	-	Kohinoor Weaving Mills Limited	192,500	-
5,000	-	Saphire Fibres Limited	112,500	-
5,000	-	Al-Faysal Investment Bank Limited	58,000	-
165,000	142,000	Al-Towfeek Investment Bank Limited	1,468,500	1,724,945
22,000	-	Askari Commercial Bank Limited	495,000	-
41,000	-	Bankers Equity Limited	393,600	-
61,500	-	Faysal Bank Limited	1,266,900	-
488	24,015	Muslim Commercial Bank Ltd.	16,909	660,880
17,750	30,700	Prime Commercial Bank Ltd.	189,038	545,409
100,000	-	Platinum Commercial Bank Limited	500,000	-
11,000	-	Soneri Bank Limited	239,250	-
100,000	-	Trust Investment Bank Limited	850,000	-
22,000	-	American Life Insurance Company Ltd.	616,000	-
40,000	-	Hub Power Company Limited	1,238,000	-
61,481	91,000	Karachi Electric Supply Corporation Ltd.	1,291,101	3,385,480
15,000	-	S G Power Company Limited	174,000	-
177,348	180,000	Sui Northern Gas Pipelines Ltd.	6,517,539	7,661,650
139,500	-	Sui Southern Gas Company Limited	4,352,400	-
55,000	-	Lucky Cement Limited	618,750	-
34,500	235,000	Pakistan Telecommunication Corporation	1,155,750	7,375,000
4,536	-	Pakistan International Airlines	40,824	-
54,600	3,000	ICI Pakistan Limited	982,800	808,500
18,000	-	Engro Chemical Pakistan Limited	2,520,000	-
100	-	Fauji Fertilizer Company Limited	6,960	-
100,000	-	FFC Jordan Fertilizer Company Limited	1,360,000	-



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June 30, 1996	December 31, 1994		June 30, 1996	December 31, 1994
Number of Shares			Rupees	
5,000	—	Searle Pakistan Limited	142,500	—
1,500	—	Wellcome Pakistan Limited	145,500	—
500	—	Lever Brothers Pakistan Limited	325,500	—
10,000	—	Pak Suzuki Motor Company Ltd.	395,000	—
—	62,620	Atlas BOT Lease Company Ltd.	—	817,520
—	50,000	Mari Gas Company Limited	—	2,574,750
—	5,000	Tri Star Power Limited	—	357,500
Book value of short-term investments			57,784,173	53,085,651
Less: Provision for diminution in the value of short-term investments			—	(10,000,000)
			57,784,173	43,085,651

21.1 Aggregate market value of investments in shares/modaraba certificates quoted on the Stock Exchange as at June 30, 1996 was Rs.52,342,355 (1994:Rs.59,368,934) which at the close of business on October 4, 1996 was Rs. 57,784,173.





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21.2 The following investments having an aggregate face value of Rs. 15,675,140 (1994: 6,857,090) are deposited as security with some commercial banks.

	June 30, 1996	December 31, 1994
	Rupees	
Al-Towfeek Investment Bank Limited	1,583,000	393,000
Crescent Investment Bank Limited	690,000	1,545,000
Muslim Commercial Bank Limited	-	186,250
Platinum Commercial Bank Limited	200,000	-
Bankers Equity Limited	325,000	-
Crescent Textile Mills Limited	2,646,540	670,500
First Crescent Modaraba	-	249,400
Sui Northern Gas Pipelines Limited	1,299,600	491,000
Sui Southern Gas Company Limited	250,000	-
First UDL Modaraba	-	209,700
Atlas Bot Lease Company Limited	-	242,000
Pakistan Industrial Leasing Corporation Limited	2,407,000	200,000
Crescent Leasing Corporation Limited	250,000	-
Prime Commercial Bank Limited	-	100,000
Jubilee Spinning and Weaving Mills Limited	96,000	96,000
Kohinoor Weaving Mills Limited	500,000	-
Crescent Jute Products Limited	913,000	913,000
Shakarganj Mills Limited	3,000,000	231,240
ICI Pakistan Limited	30,000	30,000
Tri Star Power Limited	-	50,000
Mari Gas Limited	-	400,000
Pakistan Telecommunication Corporation Limited	250,000	250,000
Karachi Electric Supply Corporation Limited	600,000	600,000
S.G. Power Company Limited	85,000	-
Lucky Cement Limited	550,000	-
	15,675,140	6,857,090



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22. Cash and Bank Balances

	June 30, 1996	December 31, 1994
	Rupees	
With banks - in time deposit accounts	274,541	123,586
- in current accounts	2,704,443	1,848,197
Cash and cheques in hand	187,409	150,000
	<u>3,166,393</u>	<u>2,121,783</u>

23. SALES

	Eighteen months ended June 30, 1996	Year ended Dec 31, 1994
	Rupees	
Bare Pipes - note 23.1	475,230,280	242,824,996
Coating of Pipes - note 23.2	285,070,300	86,976,363
	<u>760,300,580</u>	<u>329,801,359</u>
23.1 Sales - Bare Pipes		
- Sales of own product	142,485,318	70,806,175
- Manufacturing charges	324,344,098	187,362,932
- Sales of purchased finished pipes	8,836,980	-
	<u>475,666,396</u>	<u>258,169,107</u>
Less: Sales tax thereon	(436,116)	(15,344,111)
	<u>475,230,280</u>	<u>242,824,996</u>
23.2 Sales - Coating of Pipes		
Less: Sales tax thereon	285,070,300	87,008,390
	-	(32,027)
	<u>285,070,300</u>	<u>86,976,363</u>



24. COST OF SALES

	Eighteen months ended June 30, 1996	Year ended Dec 31, 1994
	Rupees	
Bare Pipes - note 24.1	224,360,705	100,748,484
Coating of Pipes - note 24.2	168,073,571	48,007,714
	<u>392,434,276</u>	<u>148,756,198</u>
24.1 Cost of Sales - Bare Pipes		
Raw material consumed	123,054,307	86,068,441
Finished pipes purchased	8,836,980	-
Salaries, wages and other benefits	17,079,690	10,701,485
Provident Fund expenses	629,474	412,001
Pension Fund expenses	969,466	381,417
Gratuity Fund expenses	291,136	215,061
Stores and spares consumed	10,168,043	8,429,288
Insurance	1,198,231	1,217,212
Depreciation	20,778,147	13,832,719
Repairs and maintenance	2,492,569	934,831
Fuel, power and electricity	8,832,022	5,461,562
Other expenses	5,221,968	3,435,527
	<u>67,660,746</u>	<u>45,021,103</u>
	199,552,033	131,089,544
Work-in-Process		
At beginning of the period/year	2,486,499	3,165,283
At the end of the period/year	(3,260,296)	(2,486,499)
	<u>(773,797)</u>	<u>678,784</u>
Cost of goods manufactured	198,778,236	131,768,328
Finished Goods		
At beginning of the period/year	58,615,680	27,595,836
At end of the period/year	(33,033,211)	(58,615,680)
	<u>25,582,469</u>	<u>(31,019,844)</u>
	<u>224,360,705</u>	<u>100,748,484</u>



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24.2 Cost of Sales - Coating of Pipes

	Eighteen months ended June 30, 1996	Year ended Dec 31, 1994
	Rupees	
Material consumed	108,368,419	33,722,965
Stores and spares consumed	13,883,942	2,016,598
Insurance	1,737,250	691,837
Fuel and power	2,113,763	2,793,418
Repair and Maintenance	587,676	-
Salaries, wages and other benefits	8,958,358	1,207,521
Provident Fund Expenses	340,419	46,679
Pension Fund Expenses	524,409	23,067
Gratuity Fund Expenses	159,348	13,022
Depreciation	23,629,819	13,643,169
Other expenses	2,899,007	126,830
	54,833,991	20,562,141
Cost of goods manufactured	163,202,410	54,285,107
Add: Opening stock	6,277,392	-
Less: closing stock	(1,406,231)	(6,277,392)
	168,073,571	48,007,714

25. Selling Expenses

Salaries, wages and other benefits	1,817,671	903,432
Provident Fund expenses	92,619	51,495
Pension Fund expenses	232,478	62,640
Gratuity Fund expenses	59,104	35,361
Travelling and conveyance	3,750,453	546,124
Depreciation	227,216	119,504
Advertisement	417,455	312,155
Bid bond expenses	331,651	736,127
Bad debts	-	1,220,854
Provision for doubtful debts	1,598,906	6,090,068
Transportation	2,894,415	-
Legal and Professional charges	2,825,484	-
Liquidated damage charges	1,418,832	-
Sales promotion	665,688	-
Others	1,205,666	637,598
	17,537,638	10,715,358



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26. Administration Expenses

	Eighteen months ended June 30, 1996	Year ended Dec 31, 1994
	Rupees	
Salaries, wages and other benefits	10,051,696	5,155,204
Provident Fund expenses	444,539	223,129
Pension Fund expenses	1,051,781	268,479
Gratuity Fund expenses	294,581	151,216
Travelling, conveyance and entertainment	5,884,520	1,613,718
Fuel and power	1,201,995	598,019
Postage, telephone and telegram	2,262,399	1,384,923
Insurance	466,367	651,062
Repairs and maintenance	969,443	466,876
Auditors' remuneration - note 26.1	861,674	255,020
Legal and professional charges	952,155	543,531
Depreciation	3,823,538	2,249,338
Advertisement	1,897,786	454,586
Printing, stationery and office supplies	878,309	573,327
Corporate service charges to an associated undertaking	-	240,000
Rents, rates and taxes	90,026	48,636
Donations - note 26.2	1,776,022	712,000
Newspapers, subscriptions & periodicals	906,744	691,656
Others	563,986	404,859
	34,377,561	16,685,579

26.1 Auditors' remuneration

Audit fee	125,000	75,000
Fee for the audit of the accounts for the six months ended June 30, 1995	85,000	-
Taxation and accounting services	596,216	134,500
Excise duty	21,675	-
Out of pocket expenses	33,783	45,520
	861,674	255,020

26.2 No director or his spouse has any interest in the donee's fund.



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27. Other Income

	Eighteen months ended June 30, 1996	Year ended Dec 31, 1994
	Rupees	
Liabilities written-back - note 27.1	-	8,190,038
Return on deposits	494,600	136,901
Gain on disposal of fixed assets	106,675	4,000
Insurance agency commission	-	696,968
Profit on sale of investment	-	8,040,090
Dividend income - note 27.2	3,383,105	89,800
Refund of import licence fee	-	2,376,230
Miscellaneous	112,500	-
	<u>4,096,880</u>	<u>19,534,027</u>

27.1 Liabilities written-back represent amounts excess provided in respect of mark-up on term finance loan.

27.2 Dividend Income

From Associated undertaking	1,566,750	1,275
Others	1,816,355	88,525
	<u>3,383,105</u>	<u>89,800</u>



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28. Financial Charges

	Eighteen months ended June 30, 1996	Year ended Dec 31, 1994
	Rupees	
Interest on long-term loans	18,056,544	16,540,003
Mark-up on:		
Redeemable capital	275,575	373,186
Short-term loan	-	1,018,210
Running finances	4,925,529	6,878,781
Finance and lease processing charges on assets subject to finance lease	3,590,456	3,423,889
Penal interest	1,166	10,893
Excise duty on running finances		
-Current	802,351	681,119
-Prior	-	389,583
Excise duty on long-term loan		
-Current	1,014,458	1,423,803
-Prior	-	1,418,433
Interest on Workers' profits participation fund	5,126,108	1,449,948
Bank charges	1,487,001	719,349
Bank guarantee commission	45,871	539,083
	<u>35,325,059</u>	<u>34,866,280</u>

29. Other Charges

Workers' profit participation fund	12,248,864	6,488,096
Workers' welfare fund		
- Current	5,666,069	2,758,528
- Prior	-	422,627
	5,666,069	3,181,155
Loss on sale of investments	7,451,111	-
Diminution in the value of short-term investments	37,420,652	-
Provision of diminution in the value of short-term investments	-	10,000,000
	<u>62,786,696</u>	<u>19,669,251</u>



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30. Taxation

	Eighteen months ended June 30, 1996	Year ended Dec 31, 1994
	Rupees	
Current		
- For the period	85,637,707	48,630,002
- Prior year	(10,401,249)	4,559,747
	<u>75,236,249</u>	<u>53,189,749</u>
Deferred	-	(14,400,000)
	<u>75,236,458</u>	<u>38,789,749</u>

31. Cash generated from operations

Profit before taxation	221,936,230	118,642,720
Adjustments:		
Depreciation	48,458,720	29,844,728
Diminution in the value of short-term investments	37,420,652	10,000,000
Adjustment in cost of leasehold land	-	385,000
Financial charges	35,325,059	34,866,280
Profit on sale of fixed assets	(106,675)	(4,000)
Loss/(Profit) on sale of investment	7,451,111	(8,040,090)
Dividend income	(3,383,105)	(89,800)
Return on deposits	(494,600)	(136,901)
Working capital changes - note 31.1	(61,033,308)	(57,857,734)
Cash generated from operations	<u>285,574,084</u>	<u>127,610,203</u>



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31.1 Working Capital changes

	Eighteen months ended June 30, 1996	Year ended Dec 31, 1994
	Rupees	
(Increase)/decrease in current assets		
Stores, spares and loose tools	(7,331,344)	(429,922)
Stock-in-trade	(54,167,779)	(52,476,962)
Trade debts	(9,454,563)	(14,701,893)
Short-term advances	(4,196,552)	2,581,490
Short-term deposits and prepayments	2,093,060	(4,321,134)
Other receivables	(25,286,312)	6,846,572
	<u>(98,343,490)</u>	<u>(62,501,849)</u>
Increase/(decrease) in current liabilities		
Creditors, accrued and other liabilities	37,310,182	8,912,756
Adjustment for accruals of financial charges	-	(4,268,641)
	<u>(61,033,308)</u>	<u>(57,857,734)</u>

32. Cash and cash equivalents

Cash and bank balances	3,166,393	2,121,783
Short-term finances under mark-up arrangements	(49,168,365)	(84,043,389)
	<u>(46,001,972)</u>	<u>(81,921,606)</u>

NOTES TO THE ACCOUNTS



Crescent Steel
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33. Remuneration to the Chief Executive, Director and Executives

	Chief Executive		Director
	Eighteen months ended June 30, 1996	Year ended December 31, 1994	Eighteen months ended June 30, 1996
	R u p e e s		
Managerial remuneration	2,160,450	1,170,000	960,450
House rent	972,000	526,500	432,000
Utilities	216,000	117,000	96,000
Travelling expense personal (as per entitlement)	101,135	59,025	—
Other allowance	—	—	—
Medical	32,061	70,440	19,259
Contribution to:			
- Provident fund	216,054	117,036	96,054
- Gratuity fund	151,200	81,900	67,200
- Pension fund	281,070	145,080	124,872
Club subscription and expenses	57,724	50,418	10,974
Entertainment	—	—	54,000
Conveyance	—	—	—
Telephone	—	—	13,500
	4,187,694	2,337,399	1,874,309
Number of persons	1	1	1

Director	Executives		Total		
	Year ended December 31, 1994	Eighteen months ended June 30, 1996	Year ended December 31, 1994	Eighteen months ended June 30, 1996	Year ended December 31, 1994
	R u p e e s				
	547,200	4,892,449	2,180,535	8,013,349	3,897,735
	246,240	2,163,849	962,835	3,567,849	1,735,575
	54,720	480,857	213,981	792,857	385,701
	—	29,975	—	131,110	59,025
	—	—	—	—	—
	27,360	218,002	98,335	269,322	196,135
	54,756	393,608	181,145	705,716	352,937
	38,304	295,921	134,691	514,321	254,895
	67,852	552,504	238,596	958,446	451,528
	4,075	—	—	68,698	54,493
	36,000	144,000	96,000	198,000	132,000
	—	50,739	24,937	50,739	24,937
	9,000	25,200	16,800	38,700	25,800
	1,085,507	9,247,104	4,147,855	15,309,107	7,570,761
	1	19	13	21	15

The aggregate amounts charged in the accounts in respect of directors' fee paid to seven (1994: seven) directors was Rs. 6,500 (1994: Rs. 7,000).

The chief executive, director and four executives are provided with free use of company maintained cars, according to their entitlements. The chief executive, director and executives and their families are also covered under group and hospitalization insurance.



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34. Transactions with associated undertakings

	Eighteen months ended June 30, 1996	Year ended Dec 31, 1994
	Rupees	
Guarantee commission paid	242,465	663,885
Insurance premium paid	8,268,494	3,934,816
Corporate service charges & others	-	240,000
Shares purchased	6,678,974	20,810,000
Fixed assets purchased	-	2,200,000

35. Plant
capacity and
production

Pipe plant
The plant's installed/rated capacity for production based on single shift is 26,500 tons annually on the basis of notional pipe size of 30" dia x 1/2" thickness. The actual production achieved during the period was 57,144 tons (1994: 33,432

tons) line pipes of varied sizes and thicknesses, which is equivalent to 86,848 tons (1994: 64,657 tons) if actual production is translated to the notional pipe size of 30" diameter.

Coating plant

The coating plant has a capacity of externally shotblasting and coating of line pipes with 3 layer high/medium density polyethylene coating at a rate of 250 square metres of surface area per hour on pipe sizes ranging from 219 to 1067 mm outside dia and thickness ranging from 3 to 16 mm.

The annual capacity of the plant works out to 600,000 square metres outside surface of pipes based on notional size of 30" dia on single shift working. Coating of 258,316 metres of different dia pipes (509,069) square metres surface area) was achieved during the year (1994: 187,252) square metres surface area). The plant capacity was utilized to the extent of orders received for coating of pipes.

36. Comparative
figures

Previous year's figures have been rearranged, wherever necessary, to facilitate comparison.

Mazhar Karim
Chairman

Ahsan M. Saleem
Chief Executive



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Pattern of Holding of Shares
Held by the Shareholders as at June 30, 1996.

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
204	1	100	13,704
475	101	500	98,314
85	501	1,000	58,788
232	1,001	5,000	566,460
75	5,001	10,000	517,866
29	10,001	15,000	355,864
13	15,001	20,000	226,390
07	20,001	25,000	155,872
03	25,001	30,000	810,75
06	30,001	35,000	192,556
05	35,001	40,000	180,262
07	40,001	45,000	296,350
02	50,001	55,000	104,506
03	55,001	60,000	170,200
05	70,001	75,000	364,621
02	110,001	115,000	228,036
01	155,001	160,000	158,581
01	250,001	255,000	252,281
01	260,001	265,000	264,500
01	340,001	345,000	341,406
01	355,001	360,000	359,375
02	530,001	535,000	1,067,670
01	685,001	690,000	690,000
01	755,001	760,000	760,000
01	890,001	895,000	891,250
01	925,001	930,000	928,050
01	950,001	955,000	950,941
01	1,030,001	1,035,000	1,035,000
01	1,040,001	1,045,000	1,042,043
01	1,325,001	1,330,000	1,326,381
01	1,505,001	1,510,000	1,508,701
1,169			15,187,043

Categories of Shareholders	Number	Shares Held	Percentage
Individuals	1,114	2,839,115	18.69
Investment Companies	6	204,302	1.35
Insurance Companies	3	275,654	1.82
Joint Stock Companies	19	4,064,561	26.76
Financial Institution	9	4,986,721	32.84
Others	18	2,816,690	18.54
TOTAL	1,169	15,187,043	100.00
Others			
Modarabas	4	47,429	0.31
Non Residents	14	2,769,261	18.23
TOTAL	18	2,816,690	18.54



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**NOTICE OF
12TH ANNUAL
GENERAL
MEETING**

Notice is hereby given that the 12th Annual General Meeting of the shareholders of **Crescent Steel & Allied Products Limited** will be held on Sunday, December 15, 1996 at 11:30 a.m. at Pearl Continental Hotel, Shahrah-e-Quaid-e-Azam, Lahore to transact the following business:

ORDINARY BUSINESS:

1. To confirm the Minutes of Extra-Ordinary General Meeting held on September 15, 1996.
2. To receive and adopt the Audited Accounts of the Company for the Eighteen months ended June 30, 1996 together with the Directors and Auditors' Reports thereon.
3. To declare dividend and bonus. The Directors have recommended the payment of final Cash Dividend @ Rs. 1.50 per share (15%) in addition to already paid interim dividend @ Rs 1.50 per share (15%), total cash dividend Rs. 3.00 per share (30%) and issue of Bonus Shares @ 15%.
4. To appoint auditors for the year 1996-97 and fix their remuneration. The present Auditors M/s. A.F. Ferguson & Company, Chartered Accountants, retire and being eligible, offer themselves for reappointment.
5. To elect Directors of the Company for a period of three years commencing from January 30, 1997 in accordance with the provisions of the Companies Ordinance, 1984. The following retiring Directors shall be eligible to offer themselves for re-election:-
 1. Mr. A.K.M. Sayeed
 2. Mr. Ahsan M. Saleem
 3. Mr. Mazhar Karim
 4. Mr. Muhammad Arshad
 5. Mr. Muhammad Sharif
 6. Mr. Nasir Shafi
 7. Mr. Zahid Bashir

In addition to the above, two Directors, one each nominated by Saudi Pak Industrial & Agricultural Investment Company (Pvt) Limited and National Development Finance Corporation are not liable to retirement as provided under section 183 of the Companies Ordinance, 1984.

The Board of Directors have fixed the number of elected directors as seven.

SPECIAL BUSINESS:

6. To consider and approve increase in authorised capital of the Company from Rs. 200 million to Rs. 300 million

**Statement under section
160 (1) (b) of the Companies
Ordinance, 1984.**

This statement sets out the material facts concerning the special business to be transacted at the 12th Annual General Meeting of the Company to be held on December 15, 1996

**INCREASE IN
AUTHORISED CAPITAL:**

The present paid up capital of the Company is Rs. 151,870,430/- as against authorised capital of Rs. 200 million. The proposed issue of bonus shares @ 15% will increase the paid up capital to Rs. 174,650,990/-. To cater for the future growth in the Company's capital, it is appropriate to increase the authorised capital of the Company from the present level of Rs. 200 million to Rs. 300



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million. Accordingly the Memorandum of Association is sought to be amended to reflect the increase in the amount of authorised capital appearing therein. The Directors of the Company are not interested in this business. The following resolution is proposed to be passed as Special Resolution.

"Resolved:

That the authorised capital of the Company be increased from Rs. 200 million (Rupees two hundred million) to Rs. 300 (Rupees three hundred million) by creation of 10,000,000 (ten million) additional ordinary shares of Rs. 10/- each ranking in dividend and in all other respects pari passu with the existing 20,000,000 (twenty million) ordinary shares of Rs. 10/- each in the capital of the Company and the capital clause of the Memorandum of Association be and is hereby altered accordingly to read as under:

**Clause V of
Memorandum of
Association:**

The Capital of the Company is Rupees three hundred million (Rs. 300,000,000) divided into thirty million (30,000,000) ordinary shares of Rs. ten (Rs. 10) each with power to increase or reduce the share capital and to divide the same into several classes in accordance with provisions of the Companies Ordinance, 1984. "

"Resolved Further:

That corporate secretary of the Company be and is hereby authorised to do all necessary arrangements including signing of all documents in this regard to alter the capital clause of the Memorandum of Association. "

BOOK CLOSURE:

The share transfer books of the Company will remain closed from December 08, 1996 to December 16, 1996 (both days inclusive). Transfers received in order at the Registered Office by the close of business hours

on December 07, 1996 will be treated in time for the entitlement of cash dividend and bonus shares.

**BY ORDER OF THE BOARD
ZAHEER A. SHAIKH
CORPORATE SECRETARY**

**REGISTERED
OFFICE:**

83-Babar Block, New Garden
Town, Lahore
Telephone No. (042) 5881974-
75,
Fax No. (042) 5881976
Dated: November 07, 1996

NOTES:

1. Nominations from shareholders for the office of Directors must be received at the Registered Office of the Company at least 14 clear days before the date of the meeting.
2. A member eligible to attend and vote at this Meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company at the Registered Office not later than 48 hours before the time for holding the Meeting.
3. Shareholders are requested to immediately notify the change in address, if any.

12TH ANNUAL GENERAL MEETING

The Corporate Secretary
Crescent Steel and Allied Products Limited
83-Babar Block, New Garden Town,
Lahore.

PROXY FORM

I/We
of
a member/members of the Crescent Steel and Allied Products Limited, and holder
of ordinary shares as per Registered Folio No.
do hereby appoint of
(Name) (Address)

or failing him of
who is also member of the Company vide Registered Folio No. as my/our proxy
to attend and vote for me/us and on my/our behalf at the 12th Annual General Meeting of the
Crescent Steel and Allied Products Limited to be held on Sunday, December 15, 1996 and at any
adjournment thereof.

Member:
Witness:
Date:

Signature on
Rs. 2/-
Revenue
Stamp

NOTES:

1. A member eligible to attend and vote at this Meeting may appoint any other member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company at the Registered Office not later than 48 hours before the time of holding the Meeting.
2. Shareholders are requested to immediately notify the change in address, if any.
3. A proxy must be a member of the Company, Signature should agree with the specimen registered with the Company.