

CONDENSED INTERIM REPORT FOR THE  
SIX MONTHS PERIOD ENDED DECEMBER 2010





Crescent Steel &  
Allied Products Ltd.

## COMPANY INFORMATION

### BOARD OF DIRECTORS

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

M. Saad Thaniana *Company Secretary*

### AUDIT COMMITTEE

Muhammad Abdul Aleem	<i>Chairman</i>
Nasir Shafi	
S.M. Ehtishamullah	

Ernst & Young Ford Rhodes  
Sidat Hyder & Co.  
(Sharjeel Jamil Ahmed -  
Engagement Partner) *Head of Internal Audit*

### HUMAN RESOURCE COMMITTEE

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

### EXECUTIVE COMMITTEE

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

### BUSINESS STRATEGY COMMITTEE

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

### 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	

### SOCIAL INVESTMENT COMMITTEE

M. Saad Thaniana	<i>Chairman</i>
Abdul Rouf	
Iqbal Zafar Siddiqui	

### THE MANAGEMENT

Chief Executive and  
Managing Director  
Ahsan M. Saleem, 57  
1983\*

Chief Financial Officer  
M. Saad Thaniana, 43  
2007\*

BU Head - Steel Division  
Iqbal Zafar Siddiqui, 60  
2008\*

BU Head - Cotton Division  
Abdul Rouf, 50  
2000\*

Human Resource Advisor  
Ehsan Durrani, 62  
2008\*

Head of Marketing  
Steel Division  
Arif Raza, 48  
1985\*

\* Year joined Company



Crescent Steel &  
Allied Products Ltd.

## DIRECTORS' REVIEW

Dear Shareholders

It gives me pleasure to present the unaudited condensed interim financial information (unconsolidated and consolidated) of the Company and the Group for the six months period ended 31 December 2010.

### ECONOMIC OUTLOOK

On the economic front, Pakistan is going through very tough times mainly triggered by the floods. Higher Government borrowings to meet expenditure on security and flood affectees is causing inflation and is likely to reduce the economic activities and government ability to reduce fiscal deficit.

### FINANCIAL AND OPERATIONAL PERFORMANCE

#### Overall financial performance

During the six months period ended 31 December 2010 (HIFY11), profit after taxation (PAT) improved to Rs. 269.7 million with earning per share (EPS) of Rs. 4.78 as compared to PAT of Rs. 249.8 million and EPS of Rs. 4.42 respectively. All the segments contributed positively to the overall bottom line of the Company especially the Cotton segment, which contributed Rs. 194.4 million out of Rs. 375.4 million profit before tax.

On Group basis (including the results of the wholly owned subsidiary company Shakarganj Energy (Private) Limited (SEL)), consolidated profit after taxation for the period amounted to Rs. 381.4 million and EPS stood at Rs. 6.76. In the condensed interim consolidated financial information, investments in associates have been accounted for under the equity method of accounting. Share of profit (net) from associates amounted to Rs. 107.8 million out of which Rs. 15.3 million was contributed by SEL.

#### Summary of operating results

- Sales revenue was up by 27.4% (Rs. 433 million) compared to HIFY10.
- Gross profit margin was 22.2% for current period as compared to 17.9% for the corresponding period last year.

- EBIT stood at Rs. 443.5 million for the current period as compared to Rs. 361.1 million in HIFY10 mainly contributed by Cotton segment amounting to Rs. 247.8 million.
- EPS stood at Rs. 4.78 for the current period as compared to Rs. 4.42 in HIFY10.
- Return on average capital employed (annualized) was 23.4% for the current period as compared to 21.6% for the same period last year.
- Return on average equity (annualized) was 19.6% for the current period as compared to 20.3% for the period ended 31 December 2009.
- Break-up value per share increased to Rs. 50 from Rs. 46.5 as at 30 June 2010.

### BUSINESS SEGMENTS

#### Steel segment

##### Segment performance

Sales revenue for the period from Steel segment amounted to Rs. 657.7 million as compared to Rs. 571.5 million for the corresponding period last year. Overall profit before taxation stood at Rs. 74.2 million as compared to Rs. 128.2 million in the same period last year. Gross profit during the period reduced by 16.9% i.e. Rs. 157.4 million as compared to Rs. 189.5 million for the corresponding period last year. The period under review was challenging for the Steel segment as various infrastructure development projects have been suspended or postponed due to curtailment of development budget by the Federal and Provincial Governments in addition to circular debt issues which had impaired the ability of the energy sector to work on development projects. Profit from operations stood at Rs. 76.1 million as compared to Rs. 132.1 million in the same period last year.

##### Future prospects and outlook

The second half of FY11 is also likely to remain challenging like in the first half. Demand, however, is expected to pull up both due to pent up demand as well as materialization of gas import project which is becoming more urgent due to the country-wide shortage. Steel prices have shown

an upward trend especially in the API category; prices are likely to firm up in the near future.

#### Cotton segment

##### Segment performance

Cotton segment recorded sales revenue of Rs. 1,353.4 million this six month period, an increase of more than 34.5% as compared to Rs. 1,006.5 million posted in the same period last year. The gross profit increased by 2.1 times (Rs. 196.4 million) as compared to HIFY10 mainly attributable to higher sales of fine count as compared to last year and timely procurement of cotton. Despite considerable electricity and gas shutdown, the segment has posted the pretax net profit of Rs. 194.4 million which has increased by Rs. 147 million as compared to same period last year. The profitability would have been higher if we had not lost 48 days of production due to gas outage.

##### Future prospects and outlook

The future outlook for cotton is bullish as supply and demand position becomes tighter, whereas, yarn prices and off-take has slowed down. It is expected that yarn buying will pick up pace in February and prices will normalize in relation to cotton prices. Availability of cotton will become a problem locally after April. However, the outlook for spinning is positive in the coming quarters.

#### Investment and infrastructure development segment

##### Segment performance

During the current six months period KSE-100 index surged by 2,279 points or 23.4% with an average daily turnover of 91.96 million shares. The major surge came in the second quarter with 20.1% rise.

The market during the first quarter of FY11 had a positive start but became range bound for most of period due to developments on margin product, discount rate hike, imposition of capital gain tax and political uncertainty. However, the market during the second quarter of FY11 gained momentum and remained its bullish trend throughout quarter

## DIRECTORS' REVIEW

with foreign investors driving the KSE 100 index rally to new highs by remaining the net buyers. It can be argued that the attractive valuations namely price earnings ratio as compared to global average has acted as a catalyst for foreign investor activity.

Income from investment activities for the period amounted to Rs. 137.5 million as compared to Rs. 187.8 million for the corresponding period last year. As per unconsolidated financial information, profit before tax for the half year ended 31 December 2010 was Rs. 106.8 million as compared to Rs. 134.3 million in the corresponding period last year. The consolidated profit before tax amounted to Rs. 204.8 million (HIFY10: Rs. 142.2 million) includes share of profit from associates amounting to Rs. 92.4 million as compared to Rs. 28.7 million share of loss for the same period last year.

The value of investments in marketable securities (excluding strategic investments) amounted to Rs. 494.5 million as compared to Rs. 463.7 million as of 30 June 2010. The closing position of the portfolio as on 31 December 2010 was Rs. 1,691.2 million and Rs. 2,054.7 million as compared to Rs. 1,666.2 million and Rs. 1,900.1 million as of 30 June 2010 as per unconsolidated and consolidated financial information respectively.

##### Future prospects and outlook

It is expected that the economy will continue to show steady recovery but number of risk to the macroeconomic scenarios still remain. We expect that the KSE-100 index would continue to climb on the back of foreign portfolio inflows during the early part of 2011, which could lead to the index touching the 13,000 level.

#### Shakarganj Energy (Private) Limited (Wholly owned subsidiary company)

Commercial operations of SEL have not yet commenced. The power plant is in its commissioning stage and hopefully will be completed in the coming quarter. During the period, SEL posted profit before

taxation of Rs. 16.4 million mainly being share of profit from Associate (Altern Energy Limited).

### FINANCIAL POSITION

#### Balance sheet

The Company's balance sheet continues to remain healthy with a footing of Rs. 4,613.7 million as of 31 December 2010 as compared to Rs. 4,436.3 million as of 30 June 2010. The break-up value per share has improved to Rs. 50 per share as compared to Rs. 46.5 per share as of 30 June 2010. The liquidity position of the Company has also enhanced which is reflected by the current ratio which increased to 1.4:1 from 1.2:1 as on last balance sheet date.

On a Group basis, the consolidated balance sheet footing stood at Rs. 5,349.4 million as compared to Rs. 4,894.8 million as of 30 June 2010. The break-up value per share has improved to Rs. 60.4 per share as compared to Rs. 54.5 per share as of 30 June 2010. Further, the total of shareholder's fund stood at Rs. 3,410 million as compared to Rs. 3,079.2 million as of 30 June 2010.

#### Cash flow management

Cash generated from operations was negative Rs. 289.1 million as compared to inflows of Rs. 436.6 million in the corresponding period last year. This is attributable to enhanced working capital requirement due to manifold increase in cotton price during the period.

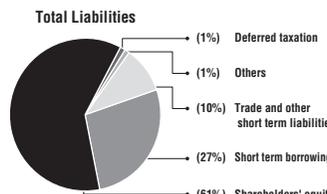
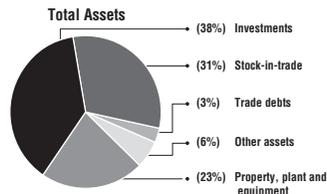
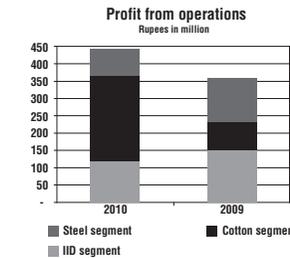
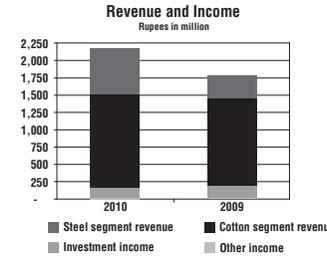
#### Dividend

Based on the operating performance and results, the board in their meeting held on 27 January 2011 has decided to pay an interim cash dividend of 10% i.e. Rupee one per share.

Whilst placing on record our thanks to all the stakeholders, we look towards their continued support.

For and on behalf of the Board of Directors

Ahsan M. Saleem  
Chief Executive  
27 January 2011





**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Sheikh Sultan Trust Building No.2  
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Karachi, 75530 Pakistan

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## Independent Auditors' Report to the Members on Review of Condensed Interim Unconsolidated Financial Information

### Introduction

We have reviewed the accompanying condensed interim unconsolidated balance sheet of **Crescent Steel and Allied Products Limited** ("the Company") as at 31 December 2010 and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated cash flow statement, condensed interim unconsolidated statement of changes in equity and notes to the condensed interim unconsolidated financial information for the six-month period then ended (here-in-after referred as the "condensed interim unconsolidated financial information"). Management is responsible for the preparation and presentation of this condensed interim unconsolidated financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim unconsolidated financial information based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim unconsolidated financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarters ended 31 December 2010 and 31 December 2009 in the condensed interim unconsolidated profit and loss account and condensed interim unconsolidated statement of comprehensive income have not been reviewed and we do not express a conclusion thereon.

27 January 2011  
Karachi

**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Moneeza Usman Butt

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

## CONDENSED INTERIM UNCONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 31 December 2010

Note	Unaudited 31 December 2010 (Rupees in '000)	Audited 30 June 2010 (Rupees in '000)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	4 999,376	1,061,380
Intangible assets	18,710	24,457
Investment property	42,535	44,836
Long term investments	5 1,177,090	1,185,402
Long term loans and deposits	3,352	3,466
	<b>2,241,063</b>	<b>2,319,541</b>
<b>Current assets</b>		
Stores, spares and loose tools	63,442	72,919
Stock-in-trade	6 1,434,192	1,026,614
Trade debts	7 144,282	276,880
Loan and advances	8 122,895	54,919
Trade deposits and short term prepayments	10,130	6,407
Investments	9 494,465	463,746
Current portion of long term investments	10 19,657	17,004
Mark-up accrued	2,903	820
Other receivables	64,145	25,156
Taxation - net	-	18,612
Cash and bank balances	16,478	153,679
	<b>2,372,589</b>	<b>2,116,756</b>
<b>Total assets</b>	<b>4,613,652</b>	<b>4,436,297</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Share capital and reserves</b>		
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	351,359	361,702
Revenue reserves	1,909,597	1,696,310
	<b>2,825,556</b>	<b>2,622,612</b>
<b>Non-current liability</b>		
Deferred taxation	54,608	71,587
<b>Current liabilities</b>		
Trade and other payables	452,657	871,469
Interest and mark-up accrued	38,627	34,198
Short term borrowings	11 1,224,699	780,288
Current portion of long term loan	-	56,143
Taxation - net	17,505	-
	<b>1,733,488</b>	<b>1,742,098</b>
<b>Total equity and liabilities</b>	<b>4,613,652</b>	<b>4,436,297</b>
Contingencies and commitments	12	

The annexed notes from 1 to 25 form an integral part of this condensed interim unconsolidated financial information.

Chief Executive

Director



CONDENSED INTERIM UNCONSOLIDATED  
PROFIT AND LOSS ACCOUNT (UNAUDITED)  
For the quarter and six months period ended 31 December 2010

Note	Quarter ended		Six months period ended	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	(Rupees in '000)			
Sales - net	1,050,004	766,862	2,011,052	1,577,993
Cost of sales	808,274	617,817	1,564,588	1,295,938
Gross profit	241,730	149,045	446,464	282,055
Income from investments	119,900	14,385	137,584	187,766
	361,630	163,430	584,048	469,821
Distribution and selling expenses	8,551	5,719	17,798	11,633
Administrative expenses	43,264	29,725	81,877	64,632
Other operating expenses	40,982	31,299	54,419	42,439
	92,797	66,743	154,094	118,704
	268,833	96,687	429,954	351,117
Other operating income	10,929	5,276	13,512	9,999
Operating profit before finance costs	279,762	101,963	443,466	361,116
Finance costs	39,752	26,940	68,101	51,252
Profit before taxation	240,010	75,023	375,365	309,864
Taxation - current	68,928	32,067	123,309	77,609
- prior	(712)	1,256	(712)	1,256
- deferred	(7,872)	(7,488)	(16,979)	(18,817)
	60,344	25,835	105,618	60,048
Profit after taxation for the period	179,666	49,188	269,747	249,816
	(Rupees)			
Basic and diluted earnings per share	3.18	0.87	4.78	4.42

The annexed notes from 1 to 25 form an integral part of this condensed interim unconsolidated financial information.

Chief Executive

Director

CONDENSED INTERIM UNCONSOLIDATED  
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
For the quarter and six months period ended 31 December 2010

	Quarter ended		Six months period ended	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	(Rupees in '000)			
Profit after taxation for the period	179,666	49,188	269,747	249,816
Other comprehensive (loss) / income				
Unrealized diminution during the period on remeasurement of investments classified as 'available for sale'	(11,015)	(40,404)	(10,343)	(29,794)
Reclassification adjustments relating to gain realized on disposal of investments classified as 'available for sale'	-	3,000	-	3,000
Impairment loss on investments classified as 'available for sale'	-	3,308	-	5,020
Other comprehensive loss for the period	(11,015)	(34,096)	(10,343)	(21,774)
Total comprehensive income for the period	168,651	15,092	259,404	228,042

The annexed notes from 1 to 25 form an integral part of this condensed interim unconsolidated financial information.

Chief Executive

Director



CONDENSED INTERIM UNCONSOLIDATED  
CASH FLOW STATEMENT (UNAUDITED)  
For the six months period ended 31 December 2010

Note	Six months period ended		
	31 December 2010	31 December 2009	
(Rupees in '000)			
<b>Cash flows from operating activities</b>			
Cash (used in) / generated from operations	18	(289,059)	145,769
Taxes paid		(99,816)	(69,491)
Financial charges paid		(63,672)	(50,958)
Contribution to pension and gratuity funds		(5,242)	(4,529)
Contribution to Workers Profit Participation Fund		(28,666)	-
Compensated absences paid		(3)	(73)
Payment for 10-C bonus		(798)	(716)
Long term loans and deposits - net		11	158
Net cash (used in) / generated from operating activities		(487,245)	20,160
<b>Cash flows from investing activities</b>			
Capital expenditure		(17,883)	(11,237)
Acquisition of intangible assets		(28)	(5,527)
Proceeds from sale of property, plant and equipment		5,730	1,343
Investments - net		23,943	199,859
Dividend income received		46,532	25,323
Interest income received		2,025	1,062
Net cash inflows from investing activities		60,319	210,823
<b>Cash flows from financing activities</b>			
Short term loans obtained / (repayments against short term loans) - net		82,923	(253,935)
Repayments against long term loan		(56,250)	(56,250)
Dividends paid		(98,436)	(21)
Net cash outflows from financing activities		(71,763)	(310,206)
Net decrease in cash and cash equivalents		(498,689)	(79,223)
Cash and cash equivalents at beginning of the period		(499,196)	(644,736)
Cash and cash equivalents at end of the period	19	(997,885)	(723,959)

The annexed notes from 1 to 25 form an integral part of this condensed interim unconsolidated financial information.

  
Chief Executive

  
Director

CONDENSED INTERIM UNCONSOLIDATED  
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
For the six months period ended 31 December 2010

	Issued, subscribed and paid-up capital	Capital reserves		Revenue reserves		Total
		Share premium	Unrealized appreciation / (diminution) on remeasurement of investments classified as 'available for sale'	General reserve	Unappropriated (loss) / profit*	
(Rupees in '000)						
<b>Balance as at 1 July 2009</b>	564,600	349,959	21,554	1,842,000	(449,317)	2,328,796
<b>Total comprehensive income for the period</b>						
Profit after taxation for the period ended 31 December 2009	-	-	-	-	249,816	249,816
<b>Other comprehensive (loss) / income</b>						
Unrealized diminution during the period on remeasurement of investments classified as 'available for sale'	-	-	(29,794)	-	-	(29,794)
Reclassification adjustments relating to gain realized on disposal of investments classified as 'available for sale'	-	-	3,000	-	-	3,000
Impairment loss on investments classified as 'available for sale'	-	-	5,020	-	-	5,020
Other comprehensive loss for the period	-	-	(21,774)	-	-	(21,774)
<b>Balance as at 31 December 2009</b>	564,600	349,959	(220)	1,842,000	(199,501)	2,556,838
<b>Balance as at 1 July 2010</b>	564,600	349,959	11,743	1,842,000	(145,690)	2,622,612
<b>Total comprehensive income for the period</b>						
Profit after taxation for the period ended 31 December 2010	-	-	-	-	269,747	269,747
<b>Other comprehensive loss</b>						
Unrealized diminution during the period on remeasurement of investments classified as 'available for sale'	-	-	(10,343)	-	-	(10,343)
Other comprehensive loss for the period	-	-	(10,343)	-	-	(10,343)
<b>Transactions with owners</b>						
Dividend:						
- Final dividend @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2010	-	-	-	-	(56,460)	(56,460)
<b>Balance as at 31 December 2010</b>	564,600	349,959	1,400	1,842,000	67,597	2,825,556

\* Please refer to note 2.3 to this condensed interim unconsolidated financial information.

The annexed notes from 1 to 25 form an integral part of this condensed interim unconsolidated financial information.

  
Chief Executive

  
Director



NOTES TO THE CONDENSED INTERIM  
UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)  
For the six months period ended 31 December 2010

1. Crescent Steel and Allied Products Limited ('the Company') was incorporated on 1 August 1983 as a public limited company in Pakistan under the Companies Act, 1913 (now the Companies Ordinance, 1984) and is quoted on all stock exchanges of Pakistan. The registered office of the Company is located at 10th floor, BOP Tower, 10-B, Block E-2, Main Boulevard, Gulberg-III, Lahore.

2. **BASIS OF PREPARATION**

2.1 This condensed interim unconsolidated financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. This condensed interim unconsolidated financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the audited annual separate financial statements of the Company as at and for the year ended 30 June 2010.

2.2 This condensed interim unconsolidated financial information is presented in Pakistan Rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest thousand.

2.3 For the year ended 30 June 2010, the Company prepared its annual separate financial statements for the first time for reasons specified in those financial statements and also presented corresponding figures for the year ended 30 June 2009. This resulted in all equity accounted investments to be carried at cost in accordance with the requirement of paragraph 35 of IAS 28, 'Investments in Associates'.

Prior to the year ended 30 June 2010, the Company in its individual financial statements accounted for its investments in associates using the equity method of accounting. Consequent to the preparation of separate financial statements as mentioned above, the Company now accounts for those investments at cost as more fully explained in the Company's audited annual separate financial statements for the year ended 30 June 2010. Had the Company accounted for its investments using the equity method of accounting in this condensed interim unconsolidated financial information, the carrying amount of those investments as at 31 December 2010 would have been higher by Rs. 572,599 million (30 June 2010: Rs. 464,327 million). Profit after taxation for the period and earnings per share would have been higher by Rs. 98,022 million (2009: Rs. 7,949 million) and Rs. 1.73 per share (2009: Rs. 0.14 per share) respectively, whereas capital reserves would have been lower by Rs. 74,483 million (30 June 2010: Rs. 90,387 million).

2.4 The comparative balance sheet presented in this condensed interim unconsolidated financial information has been extracted from the audited annual separate financial statements of the Company for the year ended 30 June 2010, whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the six months period ended 31 December 2009 except for the share in results of equity accounted investees as the investments in associates are accounted for on the basis of direct equity interest.

3. **ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of audited annual separate financial statements of the Company for the preceding year ended 30 June 2010.

NOTES TO THE CONDENSED INTERIM  
UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)  
For the six months period ended 31 December 2010

Amendments to certain existing standards and new interpretation on approved accounting standards effective during the period were not relevant to the Company's operations and did not have any impact on the accounting policies of the Company.

4. **PROPERTY, PLANT AND EQUIPMENT**

Following is the cost of operating fixed assets added / transferred and disposed off during the six months period ended 31 December 2010:

	Six months period ended 31 December 2010		Six months period ended 31 December 2009	
	Additions	Disposals	Additions	Disposals
	(Rupees in '000)			
Plant and machinery	11,488	3,298	4,903	-
Furniture and fittings	-	-	92	-
Electrical / office equipment and installation	1,671	-	471	278
Computers	416	-	750	23
Motor vehicles	6,987	8,796	-	3,809
	<u>20,562</u>	<u>12,094</u>	<u>6,216</u>	<u>4,110</u>

5. **LONG TERM INVESTMENTS**

		Unaudited 31 December 2010	Audited 30 June 2010
		(Rupees in '000)	
Subsidiary companies - at cost	5.1	330,100	330,100
Associated companies - at cost	5.2	651,418	651,418
Other long term investments	5.3	195,572	203,884
		<u>1,177,090</u>	<u>1,185,402</u>

5.1 **Subsidiary companies - at cost**

	31 December 2010	30 June 2010		Unaudited 31 December 2010	Audited 30 June 2010
	(Number of shares)			(Rupees in '000)	
	33,010,000	33,010,000	<b>Unquoted</b>		
			Shakarganj Energy (Private) Limited	330,100	330,100
			(Chief Executive Officer - Mr. Muhammad Saad Thaniana)		
	2	2	Crescent Continental Gas Pipelines Limited		
			(US \$ 1 each)	-	-
				<u>330,100</u>	<u>330,100</u>

5.1.1 This represents the Company's investment in 100% equity shares of Shakarganj Energy (Private) Limited.



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5.1.2 This represents investment in subsidiary of Rs. 90 only. The subsidiary company has not commenced operation and accordingly no financial statements have been prepared.

5.2 Associated companies - at cost

31 December 2010 (Number of shares)	30 June 2010		Unaudited 31 December 2010 (Rupees in '000)	Audited 30 June 2010 (Rupees in '000)
		<b>Quoted</b>		
60,475,416	60,475,416	Altern Energy Limited (Chief Executive Officer - Mr. Sabeeh U Faruqi)	593,488	593,488
15,244,665	15,244,665	Shakarganj Mills Limited (Chief Executive Officer - Mr. Ahsan M. Saleem)	388,562	388,562
			<u>982,050</u>	<u>982,050</u>
		Less: Provision for impairment	<u>330,632</u>	<u>330,632</u>
			<u>651,418</u>	<u>651,418</u>

5.2.1 The Company holds 17.65% shareholding in Altern Energy Limited and has no common directorship. In the condensed interim consolidated financial information, the investee has been treated as an associate due to the Group companies' effective holding of over 20%. Consequently, as per the requirements of IAS 28 'Investments in Associates', the investee company has also been treated as an associate in this condensed interim unconsolidated financial information.

5.2.2 The fair value of investments in associates as at 31 December 2010 is Rs. 691.476 million (30 June 2010: Rs. 682.641 million).

5.3 Other long term investments

		Unaudited 31 December 2010 (Rupees in '000)	Audited 30 June 2010 (Rupees in '000)
<b>Related parties</b>			
Available for sale	5.3.1	-	-
<b>Others</b>			
Available for sale		178,946	178,946
Held to maturity		16,626	24,938
		<u>195,572</u>	<u>203,884</u>

5.3.1 This includes investment in Crescent Bahuman Limited which is carried at carrying value of Rs. Nil (30 June 2010: Rs. Nil). The break-up value of shares of the investee company is Rs. 1.05 per share, calculated on the basis of audited annual financial statements for the year ended 30 June 2010.

This further includes investment in Crescent Industrial Chemicals Limited which is also carried at carrying value of Rs. Nil for reasons specified in the Company's audited annual separate financial statements for the year ended 30 June 2010.

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6. STOCK-IN-TRADE

	Unaudited 31 December 2010 (Rupees in '000)	Audited 30 June 2010 (Rupees in '000)
Raw materials		
Hot rolled steel coils (HR Coil)	32,808	379,555
Coating materials	66,462	50,585
Others	18,766	25,610
Raw cotton	932,207	95,989
Stock-in-transit	12,953	318,812
	<u>1,063,196</u>	<u>870,551</u>
Work-in-process	65,791	30,156
Finished goods	295,538	114,925
Scrap / cotton waste	10,782	10,982
Provision for obsolescence and slow-moving finished goods	(1,115)	-
	<u>370,996</u>	<u>156,063</u>
	<u>1,434,192</u>	<u>1,026,614</u>

7. TRADE DEBTS

<b>Secured</b>		
Considered good	50,693	167,275
<b>Unsecured</b>		
Considered good	93,589	109,605
Considered doubtful	10,847	2,387
Provision for doubtful trade debts	(10,847)	(2,387)
	<u>93,589</u>	<u>109,605</u>
	<u>144,282</u>	<u>276,880</u>

8. LOAN AND ADVANCES

<b>Unsecured</b>		
<b>Loan to related party - considered good</b>		
Loan to subsidiary company	8.1	50,000
<b>Advances - considered good</b>		
Advances to staff		428
Suppliers for goods and services		72,467
<b>Advances - considered doubtful</b>		
Suppliers for goods and services		290
Provision for doubtful advances		(290)
		<u>-</u>
		<u>122,895</u>
		<u>54,919</u>

8.1 On 29 September 2010 the Company has extended a bridge loan to its wholly owned subsidiary company Shakarganj Energy (Private) Limited amounting to Rs. 50 million (30 June 2010: Rs. Nil).

The mark-up rate on the said loan is 3 months KIBOR prevailing on the base rate setting date plus 3 percent per annum. Mark-up is payable on a quarterly basis. The effective mark-up charged during the period ranged from 16.06% to 16.42% per annum (2009: Nil).



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9. INVESTMENTS

	Unaudited 31 December 2010 (Rupees in '000)	Audited 30 June 2010
<b>Related parties</b>		
Available for sale	10,731	9,758
<b>Others</b>		
Available for sale	96,660	107,976
Held for trading	387,074	346,012
	483,734	453,988
	<u>494,465</u>	<u>463,746</u>

9.1 Investments having an aggregate market value of Rs. 559.320 million (30 June 2010: Rs. 474.493 million) have been pledged with financial institutions as security against financing facilities (see note 11.4) out of which Rs. 274.963 million (30 June 2010: Rs. 306.698 million) relates to long term investments.

10. CURRENT PORTION OF LONG TERM INVESTMENTS

	Unaudited 31 December 2010 (Rupees in '000)	Audited 30 June 2010
Preference shares of Shakarganj Mills Limited	29,994	29,994
Preference shares of Maple Leaf Cement Factory Limited	1,836	1,836
Term finance certificates of United Bank Limited	8,317	10
Dividend receivable on preference shares of Shakarganj Mills Limited and Maple Leaf Cement Factory Limited	5,198	5,198
	45,345	37,038
Less: Provision for impairment	25,688	20,034
	<u>19,657</u>	<u>17,004</u>

11. SHORT TERM BORROWINGS

Secured from banking companies

Running finances under mark-up arrangements	1,014,363	652,875
Short term loans / Murabaha	210,336	127,413
	<u>1,224,699</u>	<u>780,288</u>

11.1 Short term running finance available from various commercial banks under mark-up arrangements amounted to Rs. 811 million (30 June 2010: Rs. 911 million) out of which Rs. 500 million (30 June 2010: Rs. 600 million) is interchangeable with Term Finance / Demand Finance and letters of credit. During the period, the mark-up on such arrangements ranged between 13.44% to 16.07% (2009: 13.75% to 15.79%) per annum.

11.2 Short term loan / murabaha financing available from various commercial banks under mark-up arrangements amounted to Rs. 1,000 million (30 June 2010: Rs. 700 million) out of which Rs. 300 million (30 June 2010: Rs. 300 million) is interchangeable with letters of credit. During the period, the mark-up on such arrangements ranged between 15.26% to 16.41% (2009: 12.74% to 14.45%) per annum.

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11.3 The facilities for opening letters of credit amounted to Rs. 1,664 million (30 June 2010: Rs. 1,750 million) out of which Rs. 500 million (30 June 2010: Rs. 600 million), Rs. 300 million (30 June 2010: Rs. 300 million) and Rs. 150 million (30 June 2010: Rs. 100 million) are interchangeable with short term running finance, short term loans and letters of guarantee respectively as mentioned in notes 11.1 and 11.2 above. The facility for letters of guarantee as at 31 December 2010 amounted to Rs. 629.148 million (30 June 2010: Rs. 717 million) which is interchangeable with letters of credit as stated above. Amounts unutilized for letters of credit and guarantees as at 31 December 2010 were Rs. 453.436 million and Rs. 116.965 million (30 June 2010: Rs. 1,520.844 million and Rs. 54.131 million) respectively.

11.4 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.

12. CONTINGENCIES AND COMMITMENTS

12.1 There is no change in the status of contingencies set out in note 12 to the Company's audited annual separate financial statements for the year ended 30 June 2010, except as set out in note 12.2 below.

12.2 Aggregate amount of guarantees issued by banks on behalf of the Company against various contracts aggregated Rs. 431.081 million (30 June 2010: Rs. 662.869 million).

12.3 Commitments in respect of capital expenditure contracted for as at 31 December 2010 amounted to Rs. 19.164 million (30 June 2010: Rs. 19.164 million), payable over the period of three years in 15 quarterly installments representing office premises located in Islamabad.

12.4 Commitments under letters of credit as at 31 December 2010 amounted to Rs. 592.150 million (30 June 2010: Rs. 24.911 million).

12.5 Commitment in respect of future purchase of shares amounted to Rs. 27.795 million (30 June 2010: Rs. Nil).

13. SALES - NET

	Unaudited Quarter ended		Unaudited Six months period ended	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	(Rupees in '000)			
<b>Local sales</b>				
Bare pipes (own product excluding coating revenue)	205,635	150,926	498,521	377,265
Revenue from conversion	620	27,745	2,395	63,198
Coating of pipes	129,679	124,182	176,481	206,718
Cotton yarn / raw cotton	697,742	481,834	1,314,807	971,401
Others (including pipes laboratory testing)	11,294	5,377	18,890	10,537
Scrap / waste	20,068	30,279	65,489	55,362
Sales returns	(9,915)	(8,695)	(17,893)	(10,922)
	<u>1,055,123</u>	<u>811,648</u>	<u>2,058,690</u>	<u>1,673,559</u>
Sales tax and special excise duty	(5,119)	(44,786)	(47,638)	(95,566)
	<u>1,050,004</u>	<u>766,862</u>	<u>2,011,052</u>	<u>1,577,993</u>



Crescent Steel &  
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14. INCOME FROM INVESTMENTS

	Unaudited Quarter ended		Unaudited Six months period ended	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	(Rupees in '000)			
Return on term finance certificates	531	543	1,065	1,074
Dividend income	39,668	15,713	46,920	24,093
Gain on sale of investments - net	28,320	26,092	32,264	88,826
Unrealized gain / (loss) on held for trading investments - net	49,305	(29,006)	52,827	70,446
Rent from investment properties	2,076	1,043	4,508	3,327
	<u>119,900</u>	<u>14,385</u>	<u>137,584</u>	<u>187,766</u>

14.1 Direct operating expenses incurred against rental income from investment property amounted to Rs. 1.426 million (2009: Rs. 1.4 million). Further, Rs. 2.065 million (2009: Rs. 1.2 million) were incurred against non rented out area.

15. OTHER OPERATING EXPENSES

	Unaudited Quarter ended		Unaudited Six months period ended	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	(Rupees in '000)			
Provision for slow moving stores and spares	11,637	-	11,637	-
Provision for stock-in-trade	1,115	-	1,115	-
Provision for doubtful trade debts	8,460	-	8,460	-
Provision for Workers Welfare Fund	4,802	4,248	8,258	8,626
Provision for Workers Profit Participation Fund	7,489	5,577	14,519	9,500
Provision for diminution in the value of investments	5,654	21,414	5,654	23,126
Exchange loss	1,825	60	4,776	1,187
	<u>40,982</u>	<u>31,299</u>	<u>54,419</u>	<u>42,439</u>

16. FINANCE COSTS

Mark-up on				
- Running finances / short term loans	38,535	21,381	65,392	41,917
- Long term loan	824	5,097	1,703	8,218
Bank charges	393	462	1,006	1,117
	<u>39,752</u>	<u>26,940</u>	<u>68,101</u>	<u>51,252</u>

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17. BASIC AND DILUTED EARNINGS PER SHARE

	Unaudited Quarter ended		Unaudited Six months period ended	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	(Rupees in '000)			
Profit after taxation for the period	179,666	49,188	269,747	249,816
	(Number of shares)		(Number of shares)	
Average number of ordinary shares in issue during the period	56,459,993	56,459,993	56,459,993	56,459,993
	(Rupees)		(Rupees)	
Basic and diluted earnings per share	<u>3.18</u>	<u>0.87</u>	<u>4.78</u>	<u>4.42</u>

18. CASH (USED IN) / GENERATED FROM OPERATIONS

	Six months period ended	
	31 December 2010	31 December 2009
	(Rupees in '000)	
Profit before taxation	375,365	309,864
<b>Adjustments for non cash charges and other items</b>		
Depreciation on operating fixed assets and investment property	79,991	86,578
Amortization of intangible assets	5,775	4,504
Amortization of loans to staff	103	-
Unrealized gain on held for trading investments - net	(52,827)	(70,446)
Provision for diminution in the value of investments	5,654	23,126
Provision / (reversal of provision) against stock-in-trade and stores, spares and loose tools - net	12,728	(4,754)
Provision for Workers Profit Participation Fund	14,519	9,337
Provision for Workers Welfare Fund	8,258	8,675
Reversal of provision for infrastructure fee	-	(3,127)
Provision / (reversal of provision) for doubtful trade debts	8,460	(325)
Provision for 10-C bonus	3,715	389
Reversal of provision for liquidated damages	(2,782)	-
Gain on sale of investments - net	(32,264)	(88,826)
Pension and gratuity expense	5,242	4,529
Charge for compensated absences	511	844
Finance costs	68,101	51,252
Gain on disposal of operating fixed assets	(3,533)	(1,302)
Dividend income	(46,920)	(24,093)
Return on deposits, loan and investments	(4,108)	(1,081)
Amortization of initial transaction costs	107	131
Working capital changes	18.1	(735,154)
	<u>(289,059)</u>	<u>145,769</u>



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18.1 Working capital changes

	Six months period ended	
	31 December 2010	31 December 2009
	(Rupees in '000)	
(Increase) / decrease in current assets		
Stores, spares and loose tools	(2,136)	(9,279)
Stock-in-trade	(403,469)	(117,114)
Trade debts	124,097	(89,779)
Loan and advances	(67,976)	(11,079)
Trade deposits and short term prepayments	(3,723)	(553)
Other receivables	(17,381)	130,473
	<u>(370,588)</u>	<u>(97,331)</u>
Decrease in current liabilities		
Trade and other payables	(364,566)	(62,175)
	<u>(735,154)</u>	<u>(159,506)</u>

19. CASH AND CASH EQUIVALENTS

Running finances under mark-up arrangements	(1,014,363)	(739,411)
Cash and bank balances	16,478	15,452
	<u>(997,885)</u>	<u>(723,959)</u>

20. SEGMENT REPORTING

20.1 Reportable segments

The Company's reportable segments under International Financial Reporting Standard 8 are as follows:

- Steel segment - It comprises of manufacturing and coating of steel pipes.
- Cotton segment - It comprises of manufacturing of yarn.
- Investment and Infrastructure Development (IID) segment - To effectively manage the investment portfolio in shares and other securities (strategic as well as short term) and investment properties (held for rentals as well as long term appreciation).

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Information regarding the Company's reportable segments is presented below.

20.2 Segment revenues and results

Following is an analysis of the Company's revenue and results by reportable segment

For the six months period ended 31 December 2010	Steel segment	Cotton segment	IID segment	Total
	(Rupees in '000)			
Sales - net	657,676	1,353,376	-	2,011,052
Cost of sales	500,230	1,064,358	-	1,564,588
<b>Gross profit</b>	<b>157,446</b>	<b>289,018</b>	<b>-</b>	<b>446,464</b>
Income from investments	-	-	137,584	137,584
	157,446	289,018	137,584	584,048
Distribution and selling expenses	6,966	10,832	-	17,798
Administrative expenses	57,942	12,444	11,491	81,877
Other operating expenses	26,767	21,020	6,632	54,419
	91,675	44,296	18,123	154,094
	65,771	244,722	119,461	429,954
Other operating income	10,410	3,102	-	13,512
<b>Operating profit before finance costs</b>	<b>76,181</b>	<b>247,824</b>	<b>119,461</b>	<b>443,466</b>
Finance costs	2,017	53,393	12,691	68,101
<b>Profit before taxation</b>	<b>74,164</b>	<b>194,431</b>	<b>106,770</b>	<b>375,365</b>
Taxation				105,618
<b>Profit after taxation</b>				<b>269,747</b>
<b>For the six months period ended 31 December 2009</b>				
Sales - net	571,522	1,006,471	-	1,577,993
Cost of sales	382,064	913,874	-	1,295,938
<b>Gross profit</b>	<b>189,458</b>	<b>92,597</b>	<b>-</b>	<b>282,055</b>
Income from investments	-	-	187,766	187,766
	189,458	92,597	187,766	469,821
Distribution and selling expenses	4,835	6,798	-	11,633
Administrative expenses	47,511	6,025	11,096	64,632
Other operating expenses	11,243	4,365	26,831	42,439
	63,589	17,188	37,927	118,704
	125,869	75,409	149,839	351,117
Other operating income	6,275	3,724	-	9,999
<b>Operating profit before finance costs</b>	<b>132,144</b>	<b>79,133</b>	<b>149,839</b>	<b>361,116</b>
Finance costs	3,989	31,712	15,551	51,252
<b>Profit before taxation</b>	<b>128,155</b>	<b>47,421</b>	<b>134,288</b>	<b>309,864</b>
Taxation				60,048
<b>Profit after taxation</b>				<b>249,816</b>



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20.2.1 Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the period (2009: Nil).

20.2.2 The accounting policies of the reportable segments are the same as the Company's accounting policies as disclosed in the audited annual separate financial statements of the Company for the preceeding year ended 30 June 2010. The Steel segment allocates certain percentage of the common expenditure to the Cotton and IID segments. In addition, financial charges between Steel and Cotton segments are allocated at average mark-up rate on the basis of funds utilized. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

**20.3 Revenue from major products and services**

The analysis of the Company's revenue from external customers for major products and services is given in note 13 to this condensed interim unconsolidated financial information.

**20.4 Information about major customers**

Revenue from major customers of Steel segment represents an aggregate amount of Rs. 604.954 million (2009: Rs. 486.657 million) of total Steel segment revenue of Rs. 657.676 million (2009: Rs. 571.522 million). Further, revenue from major customers of Cotton segment represents an aggregate amount of Rs. 272.562 million (2009: Rs. Nil) of total Cotton segment revenue of Rs. 1,353.376 million (2009: Rs. 1,006.471 million).

**20.5 Geographical information**

20.5.1 All revenues of the Company during the six months period ended 31 December 2010 arose from sales in Pakistan only.

20.5.2 All non-current assets of the Company as at 31 December 2010 and 30 June 2010 were located and operated in Pakistan.

**20.6 Segment assets and liabilities**

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	Steel segment	Cotton segment	IID segment	Total
	(Rupees in '000)			
<b>As at 31 December 2010</b>				
Segment assets for reportable segments	628,805	2,026,347	1,837,990	<b>4,493,142</b>
Unallocated corporate assets				<b>120,510</b>
Total assets as per balance sheet				<b>4,613,652</b>
Segment liabilities for reportable segments	217,604	91,208	(8,812)	<b>300,000</b>
Unallocated corporate liabilities				<b>1,488,096</b>
Total liabilities as per balance sheet				<b>1,788,096</b>
<b>As at 30 June 2010</b>				
Segment assets for reportable segments	1,094,906	1,373,999	1,804,001	<b>4,272,906</b>
Unallocated corporate assets				<b>163,391</b>
Total assets as per balance sheet				<b>4,436,297</b>
Segment liabilities for reportable segments	524,468	320,828	2,707	<b>848,003</b>
Unallocated corporate liabilities				<b>965,682</b>
Total liabilities as per balance sheet				<b>1,813,685</b>

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20.6.1 For the purposes of monitoring segment performance and allocating resources between segments

- all assets are allocated to reportable segments other than those directly relating to corporate and taxation assets; and
- all liabilities are allocated to reportable segments other than 'trade and other payables' directly relating to corporate, 'short term borrowings', 'interest and mark-up accrued' and liabilities relating to current and deferred taxation.

Cash and bank balances, borrowings and related interest and mark-up payable and receivable thereon / therefrom are not allocated to reporting segments as these are managed by the Company's central treasury function.

**20.7 Other segment information**

	Steel segment	Cotton segment	IID segment	Total
	(Rupees in '000)			
<b>For the six months period ended 31 December 2010</b>				
Capital expenditure	2,151	10,170	-	<b>12,321</b>
Depreciation and amortization	20,170	62,474	3,332	<b>85,976</b>
Non-cash items other than depreciation and amortization - net	23,209	74,996	(113,451)	<b>(15,246)</b>
<b>For the six months period ended 31 December 2009</b>				
Capital expenditure	3,006	6,657	-	<b>9,663</b>
Depreciation and amortization	18,450	69,654	3,109	<b>91,213</b>
Non-cash items other than depreciation and amortization - net	13,047	32,105	(140,954)	<b>(95,802)</b>

**21. TRANSACTIONS WITH RELATED PARTIES**

Related parties comprise of associated companies, directors of the Company, companies where directors also hold directorship, related group companies, key management personnel and staff retirement benefit funds.

Transactions with related parties other than those disclosed elsewhere are as follows:

	Six months period ended	
	31 December 2010	31 December 2009
	(Rupees in '000)	
<b>Subsidiary companies</b>		
Short term loan provided	<b>50,000</b>	-
Mark-up on short term loan provided	<b>2,071</b>	-
Sale of finished goods	<b>2,727</b>	-
<b>Associated companies</b>		
Sale of finished goods including waste	<b>388</b>	7,647
Rendering of services	<b>1,537</b>	2,512
Receiving of services	<b>3,309</b>	3,187
Rental income	-	2,085
<b>Other related parties</b>		
Donations	<b>15,465</b>	2,950
Contribution to provident fund	<b>2,951</b>	2,528
Contribution to pension fund	<b>3,647</b>	3,177
Contribution to gratuity fund	<b>1,467</b>	1,243
Remuneration to key management personnel	<b>22,674</b>	19,287



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21.1 Sale of goods, rendering of services and rental income are based on commercial terms and at market prices which are approved by the Board of Directors.

21.2 Contributions to the employee retirement benefits are made in accordance with the terms of employee retirement benefits schemes and actuarial advice.

21.3 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, including directors of the company. There were no transactions with the key management personnel other than their terms of employment / entitlements.

**22. ESTIMATES AND JUDGEMENTS**

Estimates and judgements made by management in the preparation of this condensed interim unconsolidated financial information were the same as those that were applied to the audited annual separate financial statements of the Company as at and for the year ended 30 June 2010.

**23. FINANCIAL RISK MANAGEMENT**

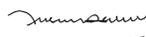
The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual separate financial statements of the Company as at and for the year ended 30 June 2010.

**24. NON ADJUSTING EVENT AFTER BALANCE SHEET DATE**

The Board of Directors in their meeting held on 27 January 2011 has declared first interim cash dividend of Re. 1 (i.e. 10%), amounting to Rs. 56,460 million. This condensed interim unconsolidated financial information does not reflect this proposed issue.

**25. DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim unconsolidated financial information was authorized for issue in the Board of Directors meeting held on 27 January 2011.

  
Chief Executive

  
Director

CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION  
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2010



Crescent Steel &  
Allied Products Ltd.

## CONDENSED INTERIM CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 31 December 2010

		Unaudited 31 December 2010	Audited 30 June 2010
(Rupees in '000)			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	1,391,798	1,256,891
Intangible assets		18,710	24,457
Investment property		42,535	44,836
Investment in equity accounted investees	5	1,354,550	1,230,702
Other long term investments	6	197,343	205,655
Long term loans and deposits		3,352	3,466
		<u>3,008,288</u>	<u>2,766,007</u>
<b>Current assets</b>			
Stores, spares and loose tools		63,442	72,919
Stock-in-trade	7	1,434,192	1,026,614
Trade debts	8	141,555	276,880
Advances	9	72,895	54,919
Trade deposits and short term prepayments		10,130	6,407
Investments	10	494,465	463,746
Current portion of long term investments	11	8,317	10
Mark-up accrued on term finance certificates		832	820
Other receivables		64,610	25,156
Taxation - net		-	18,698
Cash and bank balances		50,659	182,657
		<u>2,341,097</u>	<u>2,128,826</u>
<b>Total assets</b>		<u>5,349,385</u>	<u>4,894,833</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized capital		1,000,000	1,000,000
100,000,000 ordinary shares of Rs. 10 each		<u>1,000,000</u>	<u>1,000,000</u>
Issued, subscribed and paid-up capital		564,600	564,600
Capital reserves		279,896	274,066
Revenue reserves		2,565,472	2,240,513
		<u>3,409,968</u>	<u>3,079,179</u>
<b>Non-current liability</b>			
Deferred taxation		54,608	71,587
<b>Current liabilities</b>			
Trade and other payables		603,793	873,438
Interest and mark-up accrued		38,627	34,198
Short term borrowings	12	1,224,699	780,288
Current portion of long term loan		-	56,143
Taxation - net		17,690	-
		<u>1,884,809</u>	<u>1,744,067</u>
<b>Total equity and liabilities</b>		<u>5,349,385</u>	<u>4,894,833</u>
Contingencies and commitments	13		

The annexed notes from 1 to 26 form an integral part of this condensed interim consolidated financial information.

Chief Executive

Director

## CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)

For the quarter and six months period ended 31 December 2010

Note	Quarter ended		Six months period ended		
	31 December 2010	31 December 2009	31 December 2010	31 December 2009	
(Rupees in '000)					
Sales - net	14	1,047,304	766,862	2,008,352	1,577,993
Cost of sales		805,860	617,817	1,562,174	1,295,938
Gross profit		<u>241,444</u>	<u>149,045</u>	<u>446,178</u>	<u>282,055</u>
Income from investments	15	119,900	14,385	137,584	187,766
		<u>361,344</u>	<u>163,430</u>	<u>583,762</u>	<u>469,821</u>
Distribution and selling expenses		8,551	5,719	17,798	11,633
Administrative expenses		43,297	29,725	81,934	64,632
Other operating expenses	16	35,350	13,193	48,787	24,333
		<u>87,198</u>	<u>48,637</u>	<u>148,519</u>	<u>100,598</u>
		<u>274,146</u>	<u>114,793</u>	<u>435,243</u>	<u>369,223</u>
Other operating income		9,666	23,821	12,615	28,544
Operating profit before finance costs		<u>283,812</u>	<u>138,614</u>	<u>447,858</u>	<u>397,767</u>
Finance costs	17	39,754	26,940	68,107	51,252
Share of profit / (loss) in equity accounted investees - net of taxation		57,494	(2,590)	107,675	(28,702)
Profit before taxation		<u>301,552</u>	<u>109,084</u>	<u>487,426</u>	<u>317,813</u>
Taxation - current		69,183	32,067	123,698	77,609
- prior		(712)	1,256	(712)	1,256
- deferred		(7,872)	(7,488)	(16,979)	(18,817)
		<u>60,599</u>	<u>25,835</u>	<u>106,007</u>	<u>60,048</u>
Profit after taxation for the period		<u>240,953</u>	<u>83,249</u>	<u>381,419</u>	<u>257,765</u>
(Rupees)					
Basic and diluted earnings per share	18	<u>4.27</u>	<u>1.47</u>	<u>6.76</u>	<u>4.57</u>

The annexed notes from 1 to 26 form an integral part of this condensed interim consolidated financial information.

Chief Executive

Director



CONDENSED INTERIM CONSOLIDATED  
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
For the quarter and six months period ended 31 December 2010

	Quarter ended		Six months period ended	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	(Rupees in '000)			
<b>Profit after taxation for the period</b>	<b>240,953</b>	83,249	<b>381,419</b>	257,765
<b>Other comprehensive (loss) / income</b>				
Unrealized diminution during the period on remeasurement of investments classified as 'available for sale'	(11,015)	(40,404)	(10,343)	(29,794)
Reclassification adjustments relating to gain realized on disposal of investments classified as 'available for sale'	-	3,000	-	3,000
Proportionate share of other comprehensive income / (loss) of equity accounted investees	3,033	(5,100)	16,173	46,386
Impairment loss on investments classified as 'available for sale'	-	3,308	-	5,020
Other comprehensive (loss) / income for the period	(7,982)	(39,196)	5,830	24,612
<b>Total comprehensive income for the period</b>	<b>232,971</b>	44,053	<b>387,249</b>	282,377

The annexed notes from 1 to 26 form an integral part of this condensed interim consolidated financial information.

Chief Executive

Director

CONDENSED INTERIM CONSOLIDATED  
CASH FLOW STATEMENT (UNAUDITED)  
For the six months period ended 31 December 2010

	Note	Six months period ended	
		31 December 2010	31 December 2009
		(Rupees in '000)	
<b>Cash flows from operating activities</b>			
Cash (used in) / generated from operations	19	(87,995)	145,769
Taxes paid		(99,934)	(69,491)
Financial charges paid		(63,678)	(50,958)
Contribution to pension and gratuity funds		(5,242)	(4,529)
Contribution to Workers Profit Participation Fund		(28,666)	-
Compensated absences paid		(3)	(73)
Payment for 10-C bonus		(798)	(716)
Long term loans and deposits - net		11	158
Net cash (used in) / generated from operating activities		(286,305)	20,160
<b>Cash flows from investing activities</b>			
Capital expenditure		(214,794)	(11,237)
Acquisition of intangible assets		(28)	(5,527)
Proceeds from sale of property, plant and equipment		5,730	1,343
Investments - net		23,943	199,859
Dividend income received		46,532	25,323
Interest income received		3,199	1,062
Net cash (outflows) / inflows from investing activities		(135,418)	210,823
<b>Cash flows from financing activities</b>			
Short term loans obtained / (repayments against short term loans) - net		82,923	(253,935)
Repayments against long term loan		(56,250)	(56,250)
Dividends paid		(98,436)	(21)
Net cash outflows from financing activities		(71,763)	(310,206)
Net decrease in cash and cash equivalents		(493,486)	(79,223)
Cash and cash equivalents at beginning of the period		(470,218)	(644,736)
Cash and cash equivalents at end of the period	20	(963,704)	(723,959)

The annexed notes from 1 to 26 form an integral part of this condensed interim consolidated financial information.

Chief Executive

Director



**CONDENSED INTERIM CONSOLIDATED  
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
For the six months period ended 31 December 2010

	Issued, subscribed and paid-up capital	Share premium	Capital reserves		Revenue reserves		Total
			Unrealized appreciation / (diminution) on remeasurement of investments classified as 'available for sale'	Others*	General reserve	Unappropriated (loss) / profit	
(Rupees in '000)							
<b>Balance as at 1 July 2009</b>	<b>564,600</b>	<b>349,959</b>	<b>21,554</b>	<b>(208,873)</b>	<b>1,842,000</b>	<b>(23,425)</b>	<b>2,545,815</b>
<b>Total comprehensive income for the period</b>							
Profit after taxation for the period ended 31 December 2009	-	-	-	-	-	257,765	257,765
<b>Other comprehensive (loss) / income</b>							
Unrealized diminution during the period on remeasurement of investments classified as 'available for sale'	-	-	(29,794)	-	-	-	(29,794)
Reclassification adjustments relating to gain realized on disposal of investments classified as 'available for sale'	-	-	3,000	-	-	-	3,000
Proportionate share of other comprehensive income of equity accounted investees	-	-	-	46,386	-	-	46,386
Impairment loss on investments classified as 'available for sale'	-	-	5,020	-	-	-	5,020
Other comprehensive (loss) / income for the period	-	-	(21,774)	46,386	-	-	24,612
	-	-	(21,774)	46,386	-	257,765	282,377
Reclassification of proportionate share of other comprehensive income relating to non-current assets classified as held for sale	-	-	-	(13,129)	-	-	(13,129)
<b>Balance as at 31 December 2009</b>	<b>564,600</b>	<b>349,959</b>	<b>(220)</b>	<b>(175,616)</b>	<b>1,842,000</b>	<b>234,340</b>	<b>2,815,063</b>
<b>Balance as at 1 July 2010</b>	<b>564,600</b>	<b>349,959</b>	<b>11,743</b>	<b>(87,636)</b>	<b>1,842,000</b>	<b>398,513</b>	<b>3,079,179</b>
<b>Total comprehensive income for the period</b>							
Profit after taxation for the period ended 31 December 2010	-	-	-	-	-	381,419	381,419
<b>Other comprehensive (loss) / income</b>							
Unrealized diminution during the period on remeasurement of investments classified as 'available for sale'	-	-	(10,343)	-	-	-	(10,343)
Proportionate share of other comprehensive income of equity accounted investees	-	-	-	16,173	-	-	16,173
Other comprehensive (loss) / income for the period	-	-	(10,343)	16,173	-	-	5,830
	-	-	(10,343)	16,173	-	381,419	387,249
<b>Transactions with owners</b>							
Dividend:							
- Final dividend @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2010	-	-	-	-	-	(56,460)	(56,460)
<b>Balance as at 31 December 2010</b>	<b>564,600</b>	<b>349,959</b>	<b>1,400</b>	<b>(71,463)</b>	<b>1,842,000</b>	<b>723,472</b>	<b>3,409,968</b>

\*This represents various reserves maintained by associated undertakings.

The annexed notes from 1 to 26 form an integral part of this condensed interim consolidated financial information.

Chief Executive

Director

**NOTES TO THE CONDENSED INTERIM  
CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
For the six months period ended 31 December 2010

**1. THE GROUP AND ITS OPERATIONS**

- 1.1 The Group consists of Crescent Steel and Allied Products Limited ('the Holding Company') and it's wholly owned subsidiary companies Shakarganj Energy (Private) Limited ('the Subsidiary Company') and Crescent Continental Gas Pipelines Limited.
- 1.2 The Holding Company was incorporated on 1 August 1983 as a public limited company in Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984) and is quoted on all stock exchanges of Pakistan. The registered office of the Holding Company is located at 10th floor, BOP Tower, 10-B, Block E-2, Main Boulevard, Gulberg-III, Lahore.
- 1.3 The Subsidiary Company was incorporated on 2 April 2008 as a private limited company in Pakistan under the Companies Ordinance, 1984. The Holding Company acquired this subsidiary on 4 January 2010. The principal activity of the Subsidiary Company will be to build, own, operate and maintain a power plant and to generate, accumulate, distribute, sell and supply electricity / power to the Pakistan Electric Power Company (Private) Limited (PEPCO) / power distribution companies under agreement(s) with the Government of Pakistan or to any other consumer as permitted.
- 1.4 Crescent Continental Gas Pipelines Limited is not carrying on any business operations.
- 1.5 Details regarding the Group's associates are given in note 5 to this condensed interim consolidated financial information.

**2. BASIS OF PREPARATION**

- 2.1 This condensed interim consolidated financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. This condensed interim consolidated financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Group as at and for the year ended 30 June 2010.
- 2.2 This condensed interim consolidated financial information is presented in Pakistan Rupees which is also the Group's functional currency and all financial information presented has been rounded off to the nearest thousand.
- 2.3 The comparative balance sheet presented in this condensed interim consolidated financial information has been extracted from the audited annual consolidated financial statements of the Group for the year ended 30 June 2010, whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are stated from the unaudited condensed interim financial information for the six months period ended 31 December 2009.

**3. ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of audited annual consolidated financial statements of the Group for the preceding year ended 30 June 2010.

Amendments to certain existing standards and new interpretation on approved accounting standards effective during the period were not relevant to the Group's operations and did not have any impact on the accounting policies of the Group.



NOTES TO THE CONDENSED INTERIM  
CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)  
For the six months period ended 31 December 2010

4. PROPERTY, PLANT AND EQUIPMENT

Following is the cost of operating fixed assets added / transferred and disposed off during the six months period ended 31 December 2010:

	Six months period ended 31 December 2010		Six months period ended 31 December 2009	
	Additions	Disposals	Additions	Disposals
	(Rupees in '000)			
Plant and machinery	11,488	3,298	4,903	-
Furniture and fittings	-	-	92	-
Electrical / office equipment and installation	1,671	-	471	278
Computers	416	-	750	23
Motor vehicles	6,987	8,796	-	3,809
	<u>20,562</u>	<u>12,094</u>	<u>6,216</u>	<u>4,110</u>

5. INVESTMENT IN EQUITY ACCOUNTED INVESTEES

The following associates, over which the Group 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 the IAS 28, 'Investments in Associates'.

31 December 2010 (Number of shares)	30 June 2010		Unaudited 31 December 2010 (Rupees in '000)	Audited 30 June 2010 (Rupees in '000)
		<b>Quoted</b>		
69,175,416	69,175,416	Altern Energy Limited (Chief Executive Officer - Mr. Sabeeh U Faruqui)	1,354,550	1,230,702
15,244,665	15,244,665	Shakarganj Mills Limited (Chief Executive Officer - Mr. Ahsan M. Saleem)	-	-
			<u>1,354,550</u>	<u>1,230,702</u>

5.1 The Holding Company and the Subsidiary Company hold 17.65% and 2.54% shareholding in Altern Energy Limited respectively and have no common directorship. The Group has an effective holding of 20.19% in the investee company and accordingly has been treated as an associate and accounted for under the equity method.

5.2 The above figures are based on financial statements of these companies as at 30 September 2010.

5.3 The fair value of investments in associates as at 31 December 2010 is Rs. 694.521 million (30 June 2010: Rs. 772.512 million).

6. OTHER LONG TERM INVESTMENTS

	Unaudited 31 December 2010 (Rupees in '000)	Audited 30 June 2010 (Rupees in '000)
<b>Related parties</b>		
Available for sale	6.1	-
<b>Others</b>		
Available for sale	180,717	180,717
Held to maturity	16,626	24,938
	<u>197,343</u>	<u>205,655</u>

NOTES TO THE CONDENSED INTERIM  
CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)  
For the six months period ended 31 December 2010

6.1 This includes investment in Crescent Bahuman Limited which is carried at carrying value of Rs. Nil (30 June 2010: Rs. Nil). The break-up value of shares of the investee company is Rs. 1.05 per share, calculated on the basis of audited annual financial statements for the year ended 30 June 2010.

This further includes investment in Crescent Industrial Chemicals Limited which is also carried at carrying value of Rs. Nil for reasons specified in the Group's audited annual consolidated financial statements for the year ended 30 June 2010.

7. STOCK-IN-TRADE

	Unaudited 31 December 2010 (Rupees in '000)	Audited 30 June 2010 (Rupees in '000)
Raw materials		
Hot rolled steel coils (HR Coil)	32,808	379,555
Coating materials	66,462	50,585
Others	18,766	25,610
Raw cotton	932,207	95,989
Stock-in-transit	12,953	318,812
	<u>1,063,196</u>	<u>870,551</u>
Work-in-process	65,791	30,156
Finished goods	295,538	114,925
Scrap / cotton waste	10,782	10,982
Provision for obsolescence and slow-moving finished goods	(1,115)	-
	<u>370,996</u>	<u>156,063</u>
	<u>1,434,192</u>	<u>1,026,614</u>

8. TRADE DEBTS

<b>Secured</b>		
Considered good	50,693	167,275
<b>Unsecured</b>		
Considered good	90,862	109,605
Considered doubtful	10,847	2,387
Provision for doubtful trade debts	(10,847)	(2,387)
	<u>90,862</u>	<u>109,605</u>
	<u>141,555</u>	<u>276,880</u>

9. ADVANCES

<b>Considered good</b>		
Advances to staff	428	894
Suppliers for goods and services	72,467	54,025
<b>Considered doubtful</b>		
Suppliers for goods and services	290	290
Provision for doubtful advances	(290)	(290)
	<u>-</u>	<u>-</u>
	<u>72,895</u>	<u>54,919</u>



Crescent Steel &  
Allied Products Ltd.

NOTES TO THE CONDENSED INTERIM  
CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)  
For the six months period ended 31 December 2010

**10. INVESTMENTS**

	Unaudited 31 December 2010 (Rupees in '000)	Audited 30 June 2010 (Rupees in '000)
<b>Related parties</b>		
Available for sale	10,731	9,758
<b>Others</b>		
Available for sale	96,660	107,976
Held for trading	387,074	346,012
	<u>483,734</u>	<u>453,988</u>
	<u>494,465</u>	<u>463,746</u>

10.1 Investments having an aggregate market value of Rs. 559,320 million (30 June 2010: Rs. 474,493 million) have been pledged with financial institutions as security against financing facilities (see note 12.4) out of which Rs. 274.963 million (30 June 2010: Rs. 304.469 million) relates to long term investments.

**11. CURRENT PORTION OF LONG TERM INVESTMENTS**

	Unaudited 31 December 2010 (Rupees in '000)	Audited 30 June 2010 (Rupees in '000)
Preference shares of Shakarganj Mills Limited	29,994	29,994
Preference shares of Maple Leaf Cement Factory Limited	1,836	1,836
Term finance certificates of United Bank Limited	8,317	10
Dividend receivable on preference shares of Shakarganj Mills Limited and Maple Leaf Cement Factory Limited	5,198	5,198
	<u>45,345</u>	<u>37,038</u>
Less: Share of loss on Shakarganj Mills Limited attributed to preference shares and dividend receivable thereon	11.1 35,100	35,100
Less: Provision for impairment on preference shares of Maple Leaf Cement Factory Limited and dividend receivable thereon	1,928	1,928
	<u>8,317</u>	<u>10</u>

11.1 The Group's share of unadjusted loss on equity accounted investment in Shakarganj Mills Limited has been allocated to the preference shares and dividend receivable thereon in accordance with the requirements of IAS 28, 'Investments in Associates'.

**12. SHORT TERM BORROWINGS**

	Unaudited 31 December 2010 (Rupees in '000)	Audited 30 June 2010 (Rupees in '000)
<b>Secured from banking companies</b>		
Running finances under mark-up arrangements	1,014,363	652,875
Short term loans / Murabaha	210,336	127,413
	<u>1,224,699</u>	<u>780,288</u>

NOTES TO THE CONDENSED INTERIM  
CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)  
For the six months period ended 31 December 2010

12.1 Short term running finance available from various commercial banks under mark-up arrangements amounted to Rs. 811 million (30 June 2010: Rs. 911 million) out of which Rs. 500 million (30 June 2010: Rs. 600 million) is interchangeable with Term Finance / Demand Finance and letters of credit. During the period, the mark-up on such arrangements ranged between 13.44% to 16.07% (2009: 13.75% to 15.79%) per annum.

12.2 Short term loan / murabaha financing available from various commercial banks under mark-up arrangements amounted to Rs. 1,000 million (30 June 2010: Rs. 700 million) out of which Rs. 300 million (30 June 2010: Rs. 300 million) is interchangeable with letters of credit. During the period, the mark-up on such arrangements ranged between 15.26% to 16.41% (2009: 12.74% to 14.45%) per annum.

12.3 The facilities for opening letters of credit amounted to Rs. 1,664 million (30 June 2010: Rs. 1,750 million) out of which Rs. 500 million (30 June 2010: Rs. 600 million), Rs. 300 million (30 June 2010: Rs. 300 million) and Rs. 150 million (30 June 2010: Rs. 100 million) are interchangeable with short term running finance, short term loans and letters of guarantee respectively as mentioned in notes 12.1 and 12.2 above. The facility for letters of guarantee as at 31 December 2010 amounted to Rs. 629,148 million (30 June 2010: Rs. 717 million) which is interchangeable with letters of credit as stated above. Amounts unutilized for letters of credit and guarantees as at 31 December 2010 were Rs. 453,436 million and Rs. 116,965 million (30 June 2010: Rs. 1,520,844 million and Rs. 54,131 million) respectively.

12.4 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.

**13. CONTINGENCIES AND COMMITMENTS**

13.1 There is no change in the status of contingencies set out in note 12 to the Group's audited annual consolidated financial statements for the year ended 30 June 2010, except as set out in note 13.2 below.

13.2 Aggregate amount of guarantees issued by banks on behalf of the Group against various contracts aggregated Rs. 431.081 million (30 June 2010: Rs. 662.869 million).

13.3 Commitments in respect of capital expenditure contracted for by the Group as at 31 December 2010 amounted to Rs. 39,398 million (30 June 2010: Rs. 218,432 million). This represents / includes an amount of Rs. 19,164 million (30 June 2010: Rs. 19,164 million) payable over the period of three years in 15 quarterly installments representing office premises located in Islamabad. This also includes commitments contracted for aggregating Rs. 20,234 million (30 June 2010: Rs. 199,268 million) in respect of capital expenditure to acquire plant and machinery.

13.4 Commitments under letters of credit as at 31 December 2010 amounted to Rs. 592,150 million (30 June 2010: Rs. 24,911 million).

13.5 Commitment in respect of future purchase of shares amounted to Rs. 27,795 million (30 June 2010: Rs. Nil).



Crescent Steel &  
Allied Products Ltd.

NOTES TO THE CONDENSED INTERIM  
CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)  
For the six months period ended 31 December 2010

14. SALES - NET

	Unaudited Quarter ended		Unaudited Six months period ended	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	(Rupees in '000)			
<b>Local sales</b>				
Bare pipes (own product excluding coating revenue)	205,635	150,926	498,521	377,265
Revenue from conversion	620	27,745	2,395	63,198
Coating of pipes	129,679	124,182	176,481	206,718
Cotton yarn / raw cotton	697,742	481,834	1,314,807	971,401
Others (including pipes laboratory testing)	8,567	5,377	16,163	10,537
Scrap / waste	20,068	30,279	65,489	55,362
Sales returns	(9,915)	(8,695)	(17,893)	(10,922)
	1,052,396	811,648	2,055,963	1,673,559
Sales tax and special excise duty	(5,092)	(44,786)	(47,611)	(95,566)
	1,047,304	766,862	2,008,352	1,577,993

15. INCOME FROM INVESTMENTS

Return on term finance certificates	531	543	1,065	1,074
Dividend income	39,668	15,713	46,920	24,093
Gain on sale of investments - net	28,320	26,092	32,264	88,826
Unrealized gain / (loss) on held for trading investments - net	49,305	(29,006)	52,827	70,446
Rent from investment properties	2,076	1,043	4,508	3,327
	119,900	14,385	137,584	187,766

15.1 Direct operating expenses incurred against rental income from investment property amounted to Rs. 1.426 million (2009: Rs. 1.4 million). Further, Rs. 2.065 million (2009: Rs. 1.2 million) were incurred against non rented out area.

16. OTHER OPERATING EXPENSES

	Unaudited Quarter ended		Unaudited Six months period ended	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	(Rupees in '000)			
Provision for slow moving stores and spares	11,637	-	11,637	-
Provision for stock-in-trade	1,115	-	1,115	-
Provision for doubtful trade debts	8,460	-	8,460	-
Provision for Workers Welfare Fund	4,824	4,248	8,280	8,626
Provision for Workers Profit Participation Fund	7,489	5,577	14,519	9,500
Provision for diminution in the value of investments	-	3,308	-	5,020
Exchange loss	1,825	60	4,776	1,187
	35,350	13,193	48,787	24,333

NOTES TO THE CONDENSED INTERIM  
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17. FINANCE COSTS

	Unaudited Quarter ended		Unaudited Six months period ended	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	(Rupees in '000)			
Mark-up on - Running finances / short term loans	38,535	21,381	65,392	41,917
- Long term loan	824	5,097	1,703	8,218
Bank charges	395	462	1,012	1,117
	39,754	26,940	68,107	51,252

18. BASIC AND DILUTED EARNINGS PER SHARE

	Unaudited Quarter ended		Unaudited Six months period ended	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	(Rupees in '000)			
Profit after taxation for the period	240,953	83,249	381,419	257,765
	(Number of shares)		(Number of shares)	
Average number of ordinary shares in issue during the period	56,459,993	56,459,993	56,459,993	56,459,993
	(Rupees)		(Rupees)	
Basic and diluted earnings per share	4.27	1.47	6.76	4.57



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19. CASH (USED IN) / GENERATED FROM OPERATIONS

	Six months period ended	
	31 December 2010	31 December 2009
	(Rupees in '000)	
Profit before taxation	487,426	317,813
<b>Adjustments for non cash charges and other items</b>		
Depreciation on operating fixed assets and investment property	79,991	86,578
Amortization of intangible assets	5,775	4,504
Amortization of loans to staff	103	-
Unrealized gain on held for trading investments - net	(52,827)	(70,446)
Reversal of impairment in the value of equity accounted investee	-	(18,545)
Provision for diminution in the value of investments	-	5,020
Provision / (reversal of provision) against stock-in-trade and stores, spares and loose tools - net	12,728	(4,754)
Provision for Workers Profit Participation Fund	14,519	9,337
Provision for Workers Welfare Fund	8,280	8,675
Reversal of provision for infrastructure fee	-	(3,127)
Provision / (reversal of provision) for doubtful trade debts	8,460	(325)
Provision for 10-C bonus	3,715	389
Reversal of provision for liquidated damages	(2,782)	-
Gain on sale of investments - net	(32,264)	(88,826)
Pension and gratuity expense	5,242	4,529
Charge for compensated absences	511	844
Finance costs	68,107	51,252
Gain on disposal of operating fixed assets	(3,533)	(1,302)
Dividend income	(46,920)	(24,093)
Return on deposits and investments	(3,211)	(1,081)
Share of (profit) / loss in equity accounted investees - net of taxation	(107,675)	28,702
Amortization of initial transaction costs	107	131
Working capital changes	(533,747)	(159,506)
	<u>(87,995)</u>	<u>145,769</u>
<b>19.1 Working capital changes</b>		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(2,136)	(9,279)
Stock-in-trade	(403,469)	(117,114)
Trade debts	126,824	(89,779)
Advances	(17,976)	(11,079)
Trade deposits and short term prepayments	(3,723)	(553)
Other receivables	(17,846)	130,473
	<u>(318,326)</u>	<u>(97,331)</u>
Decrease in current liabilities		
Trade and other payables	(215,421)	(62,175)
	<u>(533,747)</u>	<u>(159,506)</u>
<b>20. CASH AND CASH EQUIVALENTS</b>		
Running finances under mark-up arrangements	(1,014,363)	(739,411)
Cash and bank balances	50,659	15,452
	<u>(963,704)</u>	<u>(723,959)</u>

NOTES TO THE CONDENSED INTERIM  
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21. SEGMENT REPORTING

21.1 Reportable segments

The Group's reportable segments under International Financial Reporting Standard 8 are as follows:

- Steel segment - It comprises of manufacturing and coating of steel pipes.
- Cotton segment - It comprises of manufacturing of yarn.
- Investment and Infrastructure Development (IID) segment - To effectively manage the investment portfolio in shares and other securities (strategic as well as short term) and investment properties (held for rentals as well as long term appreciation).
- Energy segment - It comprises operations of Shakarganj Energy (Private) Limited.

Information regarding the Group's reportable segments is presented below.

21.2 Segment revenues and results

Following is an analysis of the Group's revenue and results by reportable segment

For the six months period ended 31 December 2010	Steel segment	Cotton segment	IID segment	Energy segment	Total
	(Rupees in '000)				
Sales - net	654,976	1,353,376	-	-	2,008,352
Cost of sales	497,816	1,064,358	-	-	1,562,174
<b>Gross profit</b>	<b>157,160</b>	<b>289,018</b>	<b>-</b>	<b>-</b>	<b>446,178</b>
Income from investments	-	-	137,584	-	137,584
	157,160	289,018	137,584	-	583,762
Distribution and selling expenses	6,966	10,832	-	-	17,798
Administrative expenses	57,942	12,444	11,491	57	81,934
Other operating expenses	26,767	21,020	978	22	48,787
	91,675	44,296	12,469	79	148,519
	65,485	244,722	125,115	(79)	435,243
Other operating income	8,339	3,102	-	1,174	12,615
<b>Operating profit before finance costs</b>	<b>73,824</b>	<b>247,824</b>	<b>125,115</b>	<b>1,095</b>	<b>447,858</b>
Finance costs	2,017	53,393	12,691	6	68,107
Share of profit in equity accounted investees - net of taxation	-	-	92,368	15,307	107,675
<b>Profit before taxation</b>	<b>71,807</b>	<b>194,431</b>	<b>204,792</b>	<b>16,396</b>	<b>487,426</b>
Taxation					106,007
<b>Profit after taxation</b>					<b>381,419</b>



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For the six months period ended 31 December 2009	Steel segment	Cotton segment	IID segment	Energy segment	Total
	(Rupees in '000)				
Sales - net	571,522	1,006,471	-	-	1,577,993
Cost of sales	382,064	913,874	-	-	1,295,938
<b>Gross profit</b>	<b>189,458</b>	<b>92,597</b>	<b>-</b>	<b>-</b>	<b>282,055</b>
Income from investments	-	-	187,766	-	187,766
	189,458	92,597	187,766	-	469,821
Distribution and selling expenses	4,835	6,798	-	-	11,633
Administrative expenses	47,511	6,025	11,096	-	64,632
Other operating expenses	11,243	4,365	8,725	-	24,333
	63,589	17,188	19,821	-	100,598
	125,869	75,409	167,945	-	369,223
Other operating income	6,275	3,724	18,545	-	28,544
<b>Operating profit before finance costs</b>	<b>132,144</b>	<b>79,133</b>	<b>186,490</b>	<b>-</b>	<b>397,767</b>
Finance costs	3,989	31,712	15,551	-	51,252
Share of loss in equity accounted investees - net of taxation	-	-	(28,702)	-	(28,702)
<b>Profit before taxation</b>	<b>128,155</b>	<b>47,421</b>	<b>142,237</b>	<b>-</b>	<b>317,813</b>
Taxation					60,048
<b>Profit after taxation</b>					<b>257,765</b>

21.2.1 Revenue reported above represents revenue generated from external customers. Inter-segment sale during the period comprised of sale made by Steel segment to Energy segment amounting to Rs. 2.727 million (2009: Nil).

21.2.2 Transfer prices between reportable segments are on an arm's length basis in a manner similar to transactions between third parties.

21.2.3 The accounting policies of the reportable segments are the same as the Group's accounting policies as disclosed in the audited annual consolidated financial statements of the Group for the preceding year ended 30 June 2010. The Steel segment allocates certain percentage of the common expenditure to the Cotton and IID segments. In addition, financial charges between Steel and Cotton segments are allocated at average mark-up rate on the basis of funds utilized. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

### 21.3 Revenue from major products and services

The analysis of the Group's revenue from external customers for major products and services is given in note 14 to this condensed interim consolidated financial information.

### 21.4 Information about major customers

Revenue from major customers of Steel segment represent an aggregate amount of Rs. 604.954 million (2009: Rs. 486.657 million) of total Steel segment revenue of Rs. 654.976 million (2009: Rs. 571.522 million). Further, revenue from major customers of Cotton segment represent an aggregate amount of Rs. 272.562 million (2009: Rs. Nil) of total Cotton segment revenue of Rs. 1,353.376 million (2009: Rs. 1,006.471 million).

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### 21.5 Geographical information

21.5.1 All revenues of the Group during the six months period ended 31 December 2010 arose from sales in Pakistan only.

21.5.2 All non-current assets of the Group as at 31 December 2010 and 30 June 2010 were located and operated in Pakistan.

### 21.6 Segment assets and liabilities

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	Steel segment	Cotton segment	IID segment	Energy segment	Total
	(Rupees in '000)				
<b>As at 31 December 2010</b>					
Segment assets for reportable segments	626,078	2,026,347	846,903	427,068	<b>3,926,396</b>
Investment in equity accounted investees			1,224,017	130,533	<b>1,354,550</b>
Unallocated corporate assets					<b>68,439</b>
Total assets as per balance sheet					<b>5,349,385</b>
Segment liabilities for reportable segments	217,577	91,208	(8,812)	151,348	<b>451,321</b>
Unallocated corporate liabilities					<b>1,488,096</b>
Total liabilities as per balance sheet					<b>1,939,417</b>
<b>As at 30 June 2010</b>					
Segment assets for reportable segments	1,094,906	1,373,999	807,260	224,575	<b>3,500,740</b>
Investment in equity accounted investees			1,115,745	114,957	<b>1,230,702</b>
Unallocated corporate assets					<b>163,391</b>
Total assets as per balance sheet					<b>4,894,833</b>
Segment liabilities for reportable segments	524,468	320,828	2,707	1,969	<b>849,972</b>
Unallocated corporate liabilities					<b>965,682</b>
Total liabilities as per balance sheet					<b>1,815,654</b>

21.6.1 For the purposes of monitoring segment performance and allocating resources between segments

- all assets are allocated to reportable segments other than those directly relating to corporate and taxation assets; and

- all liabilities are allocated to reportable segments other than 'trade and other payables' directly relating to corporate, 'short term borrowings', 'interest and mark-up accrued' and liabilities relating to current and deferred taxation.

Cash and bank balances, borrowings and related interest and mark-up payable and receivable thereon / therefrom are not allocated to reporting segments as these are managed by the Group's central treasury function.



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21.7 Other segment information

For the six months period ended 31 December 2010	Steel segment	Cotton segment	IID segment	Energy segment	Total
	(Rupees in '000)				
Capital expenditure	2,151	10,170	–	196,911	209,232
Depreciation and amortization	20,170	62,474	3,332	–	85,976
Non-cash items other than depreciation and amortization - net	25,280	74,996	(211,473)	(16,475)	(127,672)
<b>For the six months period ended 31 December 2009</b>					
Capital expenditure	3,006	6,657	–	–	9,663
Depreciation and amortization	18,450	69,654	3,109	–	91,213
Non-cash items other than depreciation and amortization - net	13,047	32,105	(148,903)	–	(103,751)

22. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated companies, directors, companies where directors also hold directorship, related group companies, key management personnel and staff retirement benefit funds.

Transactions with related parties other than those disclosed elsewhere are as follows:

	Six months period ended	
	31 December 2010	31 December 2009
	(Rupees in '000)	
<b>Associated companies</b>		
Sale of finished goods including waste	388	7,647
Purchase of operating fixed assets	22.1 300,000	–
Rendering of services	1,537	2,512
Receiving of services	3,309	3,187
Rental income	–	2,085
<b>Other related parties</b>		
Donations	15,465	2,950
Contribution to provident fund	2,951	2,528
Contribution to pension fund	3,647	3,177
Contribution to gratuity fund	1,467	1,243
Remuneration to key management personnel	22,674	19,287

NOTES TO THE CONDENSED INTERIM  
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- 22.1 Payments aggregating Rs. 150 million (2009: Rs. Nil) have been made to date against the purchase.
- 22.2 Sale of goods, rendering of services and rental income are based on commercial terms and at market prices which are approved by the Board of Directors.
- 22.3 Contributions to the employee retirement benefits are made in accordance with the terms of employee retirement benefits schemes and actuarial advice.
- 22.4 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, including directors of the company. There were no transactions with the key management personnel other than their terms of employment / entitlements.

23. ESTIMATES AND JUDGEMENTS

Estimates and judgements made by management in the preparation of this condensed interim consolidated financial information were the same as those that were applied to the audited annual consolidated financial statements of the Group as at and for the year ended 30 June 2010.

24. FINANCIAL RISK MANAGEMENT

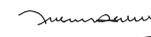
The Group's financial risk management objectives and policies are consistent with those disclosed in the audited annual consolidated financial statements of the Group as at and for the year ended 30 June 2010.

25. NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Holding Company in their meeting held on 27 January 2011 has declared first interim cash dividend of Re. 1 (i.e. 10%), amounting to Rs. 56.460 million. This condensed interim consolidated financial information does not reflect this proposed issue.

26. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim consolidated financial information was authorized for issue in the Board of Directors meeting held on 27 January 2011.

  
Chief Executive

  
Director



Crescent Steel &  
Allied Products Ltd.

## SHAREHOLDERS' INFORMATION

### STOCK EXCHANGE LISTING

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

The Company's shares are quoted in leading dailies under the Industrial metals and Mining Sectors.

### PUBLIC INFORMATION

Financial analysts, stock brokers, interested investors and financial media desiring information regarding the Company should contact Mr. Mohammad Yamin at the Company's Principal Office, Karachi.

Telephone: 021-35674881-5  
Email: 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 M/s CorpTec Associates (Private) Limited, 7/3-G, Mushtaq Ahmed Gurmani Road, Gulberg-II, Lahore.  
Telephone: 042-35788097-98  
Fax: 042-35755215  
Email: info@corptech.com.pk

### PRODUCTS

Steel Division  
Manufacturer of DSAW steel line pipes in diameters ranging from 8" to 90" and applicator of internal and external 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  
Allied Bank Limited  
Barclays Bank PLC, Pakistan  
Habib Metropolitan Bank Limited  
HSBC Bank Middle East Limited  
MCB Bank Limited  
Soneri Bank Limited  
Standard Chartered Bank (Pakistan) Limited

REGISTERED OFFICE  
10th Floor, BOP Tower, 10-B, Block E-2, Main Boulevard, Gulberg-III, Lahore.  
Telephone: 042-35783801-2  
042-35783811

LIAISON OFFICE LAHORE  
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Fax: 021-35680476  
Email: arif.raza@crescent.com.pk  
URL: www.crescent.com.pk

FACTORY – STEEL DIVISION  
Pipe and Coating Plants  
A/25, S.I.T.E., Nooriabad, District Jamshoro, Sindh.  
Telephone: 025-4670020-2  
Email: iqbal.siddiqui@crescent.com.pk

Engineering Unit  
17 Km Summundri Road, Dalawal, District Faisalabad, Punjab.  
Telephone: 041-2569825  
Fax: 041-2569826

MILLS – COTTON DIVISION  
Crescent Cotton Products (Spinning Unit)  
1st Mile, Lahore Road, Jaranwala, District Faisalabad, Punjab.  
Telephone: 041-4313799, 4312899, 4311741  
Fax: 041-4315475  
Email: abdul.rouf@crescent.com.pk

## 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 / Polypropylene and Polyethylene Heat Shrink Tape Coating on steel pipes ranging from 4" – 60" (114 mm – 1,524 mm).

In the current year we added our Pipe Internal Epoxy Coating facility which is capable of providing coatings on steel linepipe in diameter range from 8" – 60" (219 mm – 1524 mm) for water supply transmission and distribution system and gas flow efficiency. Further, during the last year we diversified our product offering by adding capabilities to fabricate and erect machinery specially for sugar and cement industry. We have also developed capability for manufacturing of boilers, cane shredders upto dia 1700mm, juice heaters, evaporators, batch and continuous vacuum pans, centrifugal machines, stainless steel spray clusters and multijet condensers, perforated plates and vibro screens, and high voltage transformer tanks. Crescent Steel and Allied Products Limited

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.