





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>
Ahmad Waqar	<i>Non-Executive Director (Independent)</i>
Nasir Shafi	<i>Non-Executive Director</i>
S.M. Ehtishamullah	<i>Non-Executive Director (Independent)</i>
Syed Zahid Hussain	<i>Non-Executive Director (NIT Nominee)</i>
Zahid Bashir	<i>Non-Executive Director</i>
Muhammad Saad Thaniana	<i>Company Secretary</i>

### AUDIT COMMITTEE

Syed Zahid Hussain	<i>Chairman</i>
Nasir Shafi	
S.M. Ehtishamullah	
BDO Ebrahim & Co. Chartered Accountants (Zulfikar Ali Causer - Engagement Partner)	<i>Head of Internal Audit</i>

### HUMAN RESOURCE COMMITTEE

Ahsan M. Saleem	<i>Chairman</i>
S.M. Ehtishamullah	

### GOVERNANCE AND EVALUATION COMMITTEE

Ahmad Waqar	<i>Chairman</i>
Zahid Bashir	

### EXECUTIVE COMMITTEE

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

### BUSINESS STRATEGY COMMITTEE

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

### SYSTEM AND TECHNOLOGY COMMITTEE

Ahsan M. Saleem	<i>Chairman</i>
Muhammad Saad Thaniana	
Asif Masroor	

### INVESTMENT COMMITTEE

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

### SOCIAL INVESTMENT COMMITTEE

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

### THE MANAGEMENT

Chief Executive and Managing Director Ahsan M. Saleem, 58 1983**
Chief Financial Officer Muhammad Saad Thaniana, 44 2007**
BU Head - Steel Division Iqbal Zafar Siddiqui, 61 2008**
BU Head - Cotton Division Abdul Rouf, 51 2000**
Human Resource Advisor Ehsan Durrani, 63 2008**
Head of Marketing Steel Division Arif Raza, 49 1985**

\* New Board elected with effect from 30 January 2012

\*\* Year joined Company

Dear Shareholders

I am pleased to present to you the unaudited unconsolidated and consolidated condensed interim financial information of the Company and the Group respectively for the six months period ended 31 December 2011.

ECONOMIC OUTLOOK

Economic conditions globally and locally continue to worsen. Conditions in Pakistan are aggravated by various domestic challenges including energy shortages, high fiscal deficit whose financing has become difficult; political disturbances, build-up of domestic debt, depreciation of Rupee and concerns about macro-economic stability. Looking forward, these challenges could lead to adverse implications for the business environment.

FINANCIAL AND OPERATIONAL PERFORMANCE

Overall financial performance

On the basis of unconsolidated results, the Company's profit after taxation for the six months period ended 31 December 2011 stood at Rs. 36.3 million as compared to profit after taxation of Rs. 269.7 million in the corresponding period last year. The second quarter of the financial year (Q2FY12) was a period of recovery in terms of overall profitability and generated post-tax profits of Rs. 118 million setting off losses incurred in the first quarter (Q1FY12) to finish off with overall positive bottom line.

Earnings per share (EPS) for the half-year (HYFY12) stood at Re. 0.64 as compared to Rs. 4.78 for the corresponding period last year. Major contribution to the top and bottom line profits came from the

Steel segment whereas the Cotton segment despite its recovery during Q2FY12 finished off with a negative bottom line. This was due to falling prices of cotton and cotton yarn in the first quarter. Profit before taxation from Cotton segment during Q2FY12 amounted to Rs. 11.1 million as against loss before taxation of Rs. 79.8 million incurred in Q1FY12.

On Group basis (including the results of wholly owned subsidiary companies), consolidated profit after taxation for HYFY12 amounted to Rs. 123.6 million (HYFY11: Rs. 381.4 million) and EPS stood at Rs. 2.19 (HYFY11: 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 from associates during the current period amounted to Rs. 101.8 million (HYFY11: Rs. 107.7 million). During the half year, the Company has acquired 100% ordinary shares of CS Capital (Private) Limited making it a wholly owned subsidiary. The principal activity of this subsidiary includes effective management of investment portfolios in shares, commodities and other securities both strategic as well as short term.

Summary of operating results as per unconsolidated financial information of the Company

- Sales revenue (net) generated during HYFY12 stood at Rs. 2,369 million as compared to Rs. 2,011.1 million for HYFY11 (i.e. higher by 17.8%).
- Income earned from investments amounted to Rs. 12.6 million as compared to Rs. 137.6 million for the corresponding period last year.
- EBITDA for the six months period ended 31 December 2011 aggregated Rs. 221.1 million as compared to Rs. 529.5 million

for the same period ended 31 December 2010.

- EPS stood at Re. 0.64 for HYFY12 as compared to Rs. 4.78 in HYFY11.
- Return on average capital employed (annualized) for the current period stood at 15% as compared to 25.8% for the same period last year.
- Return on average equity (annualized) decreased to 5.1% for the current period as compared to 23.3% for the half year ended 31 December 2010.
- Break-up value per share decreased to Rs. 49.7 from Rs. 50.9 as at 30 June 2011.

BUSINESS SEGMENTS

Steel segment  
Segment performance

Sales revenue (net) for the six months period ended 31 December 2011 amounted to Rs. 765.3 million (HYFY11: Rs. 657.7 million). Revenue for the current period was higher by 16.4%; whereas gross profit was higher by a soaring 97.3% and stood at Rs. 254.7 million as compared to Rs. 157.4 million for the corresponding period last year.

Order intake in the Steel segment was negligible in the first quarter but improved in the second quarter, although the plant remained idle for prolonged periods. Curtailment of development budget has a direct bearing on the order intake for the Steel segment.

Cotton segment  
Segment performance

Cotton segment recorded sales revenue of Rs. 1,603.7 million for HYFY12, an increase of more than 18.5% as compared to Rs. 1,353.4 million in the same period last year due to increase in sales volume. Gross profit for the current period was Rs. 9.7 million as compared to

Rs. 289 million in the same period last year due to decrease in average selling prices by 20.7% (i.e. from Rs. 152.5 per Lb to Rs. 121 per Lb) whereas cotton consumption cost increased by Rs. 224.3 million 23.8% due to volume variance in line with sales volume (i.e. Rs. 1,168 million for the current period as compared to Rs. 943.7 million during the last year in same period).

The pre-tax net loss for the period was Rs. 68.7 million as compared to net profit of Rs. 194.4 million in the same period last year. The pre-tax net loss for the first quarter ended 30 September 2011 was Rs. 79.8 million mainly due to falling prices of cotton (opening stock of local cotton 4,722 bales @ Rs. 7,600 per maund whereas average cotton prices during the quarter was 6,000 per maund) and cotton yarn. Net profit for the current quarter 1 October 2011 to 31 December 2011 amounted to Rs. 11.1 million.

On 7 January 2012, a major fire broke out in the main production area of the Spinning Unit No. 2 (comprising of 25,344 spindles) of the Cotton segment. This has caused severe damage to the entire production area including building, plant and machinery, equipment and work in process. The above assets are fully insured and the extent of loss is being assessed by the insurance surveyors.

Investment and infrastructure development segment  
Segment performance

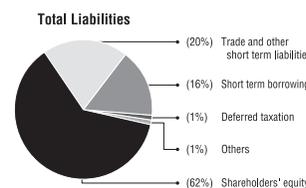
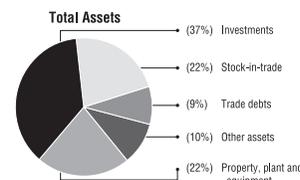
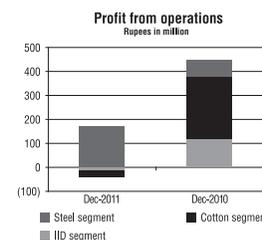
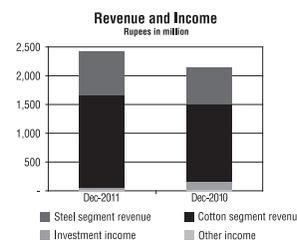
Income from investment activities during the six months period ended 31 December 2011 amounted to Rs. 12.6 million as compared to Rs. 137.6 million for the corresponding period last year. As per unconsolidated financial information, loss before taxation for HYFY12 stood at Rs. 21 million as compared to profit

before taxation of Rs. 106.8 million in HYFY11. Profit before taxation as per the consolidated financial information amounted to Rs. 59.7 million (HYFY11: Rs. 204.8 million) including share of profit from equity accounted associates amounting to Rs. 89 million as compared to Rs. 92.4 million for same period last year.

The value of investments in marketable securities (excluding strategic investments) amounted to Rs. 414.6 million as compared to Rs. 490.6 million as of 30 June 2011. The closing position of the portfolio as of 31 December 2011 was Rs. 1,648.1 million and Rs. 2,085.9 million as per unconsolidated and consolidated financial information respectively as compared to Rs. 1,683.4 million and Rs. 2,005.3 million respectively as of 30 June 2011. Loss incurred on held for trading investments during the period under review stood at 3.5% on an average investment of Rs. 361.4 million. In the same period KSE-100 index declined by 9.2% which indicates quality of our trading portfolio.

This year has proved to be challenging for the KSE as it experienced the lowest average daily turnover in 13 years. Early months of the half year displayed sharp descent, followed by modest recovery during mid stages that could not be sustained towards the end of December 2011. During the current period, KSE-100 benchmark shed 1,148 points (i.e. 9.2%) to close in at 11,348 points, with an average daily turnover of 41.5 million shares. The benchmark index was highly volatile on the back of foreign funds outflow, poor macroeconomic fundamentals, and tense geopolitical and precarious political situation.

Given the numerous threats emanating from sluggish economy and the persistent political





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## DIRECTORS' REVIEW

uncertainty, volatility in the bourses may continue in through the rest of the financial year. Going forward, capital markets may re-surge after simplification of the Capital Gains Tax collection process by the Regulators, continuity in foreign inflows and improvisation on the political / economic fronts.

### **Shakarganj Energy (Private) Limited (SEL) (wholly owned subsidiary company)**

Commercial operations of SEL have not yet commenced and the power plant is in commissioning stage and is expected to complete in the coming season. During the current period, SEL posted profit after taxation of Rs. 8.8 million mainly being share of profit from equity accounted associate (Altern Equity Limited).

### **CS Capital (Private) Limited (wholly owned subsidiary company)**

Operations of this newly acquired subsidiary have not fully commenced and certain strategic and short term investments have been made during the period under review.

## FINANCIAL POSITION

### **Balance sheet**

Balance sheet footing increased to Rs. 4,517.4 million as of 31 December 2011 as compared to Rs. 4,054.9 million as of 30 June 2011. Break-up value per share decreased to Rs. 49.7 from Rs. 50.9 as at 30 June 2011. Current ratio decreased to 1.4:1 as of 31 December 2011 from 1.6:1 as at 30 June 2011. The Company's gearing position remained constant with the gearing ratio maintained at 20% as at 31 December 2011 and 30 June 2011.

On a Group basis, the consolidated balance sheet footing

also enhanced to Rs. 5,502.6 million as compared to Rs. 4,905.2 million as of 30 June 2011. The total of shareholder's fund stood at Rs. 3,673.4 million as compared to Rs. 3,601.3 million as of 30 June 2011.

### FUTURE OUTLOOK

With respect to the Steel segment, order intake has improved and in line with the first half this trend is expected to continue in the remaining year as well. Certain significant developments have taken place under the Iran Pakistan Pipeline Project which includes the prequalification of line pipe suppliers. We are pleased to be amongst those who have been pre-qualified and it is expected that the line pipe tender shall be issued in February 2012. To add a word of caution, the political aspect of this project is still somewhat unclear.

Conditions of the Cotton segment continue to remain uncertain as a result of sluggish cotton market affected by global economic uncertainty. As a result of destruction caused due to fire incident at our unit 2 as mentioned above, various options are under consideration to ensure immediate recovery of revenue that may be lost as a result of this unprecedented incident and we are hopeful that the bottom line for the year shall not be significantly affected.

### RECONSTITUTION OF THE BOARD OF DIRECTORS

The Board of Directors of the Company has been reconstituted as the term of office of the outgoing Board expired on 29 January 2012 and new Directors were elected unopposed for a period of 3 years commencing from 30 January 2012 in a Directors Election at the Extra-ordinary General Meeting of the Company held on 28 January 2012. I would like

to take this as an opportunity to place on record my appreciation for the contributions made by the outgoing Board in direction of the affairs of the Company throughout their tenure.

I am pleased to inform you that the Company received 'Best Corporate Report Award 2010' jointly organized by ICAP and ICMAP, and once again secured its place within the 'KSE Top 25 Companies' for the year 2010 as an acknowledgment of its performance and growth. The Company has also been awarded 1st position for 'Best Management and Decent Work Practices' by the Employers' Federation of Pakistan.

I would also like to record our appreciation to all the stakeholders and look forward towards their continued support.

For and on behalf of the Board of Directors

Ahsan M. Saleem  
Chief Executive Officer  
30 January 2012



**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Sheikh Sultan Trust Building No.2  
Beaumont Road  
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 2011 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 2011 and 31 December 2010 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.

**30 January 2012  
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.



Crescent Steel &  
Allied Products Ltd.

## CONDENSED INTERIM UNCONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 31 December 2011

	Note	Unaudited 31 December 2011 (Rupees in '000)	Audited 30 June 2011 (Rupees in '000)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	997,533	1,020,812
Intangible assets		7,276	12,964
Investment property		37,933	40,234
Long term investments	6	1,210,474	1,168,777
Long term loans and deposits		16,740	15,348
		<b>2,269,956</b>	<b>2,258,135</b>
<b>Current assets</b>			
Stores, spares and loose tools		58,915	66,217
Stock-in-trade	7	966,051	840,571
Trade debts	8	402,490	145,072
Loan and advances	9	178,785	103,765
Trade deposits and short term prepayments		9,289	5,803
Investments	10	411,704	490,605
Current portion of long term investments	11	25,924	23,974
Mark-up accrued		4,187	2,807
Other receivables		98,129	60,264
Taxation - net		49,875	41,140
Cash and bank balances		42,103	16,518
		<b>2,247,452</b>	<b>1,796,736</b>
<b>Total assets</b>		<b>4,517,408</b>	<b>4,054,871</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized capital			
100,000,000 ordinary shares of Rs. 10 each		<b>1,000,000</b>	1,000,000
Issued, subscribed and paid-up capital		564,600	564,600
Capital reserves		333,644	353,007
Revenue reserves		1,910,352	1,958,719
		<b>2,808,596</b>	<b>2,876,326</b>
<b>Non-current liabilities</b>			
Liabilities against assets subject to finance lease	12	17,907	15,362
Deferred taxation		53,840	50,357
		<b>71,747</b>	<b>65,719</b>
<b>Current liabilities</b>			
Trade and other payables		889,862	370,138
Mark-up accrued		22,541	23,735
Short term borrowings	13	715,074	706,966
Current portion of liabilities against assets subject to finance lease	12	9,588	11,987
		<b>1,637,065</b>	<b>1,112,826</b>
Contingencies and commitments	14		
<b>Total equity and liabilities</b>		<b>4,517,408</b>	<b>4,054,871</b>

The annexed notes from 1 to 26 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 2011

Note	Quarter ended		Six months period ended	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
	(Rupees in '000)			
Sales - net	1,438,856	1,050,004	2,368,997	2,011,052
Cost of sales	1,158,835	808,274	2,104,531	1,564,588
Gross profit	280,021	241,730	264,466	446,464
(Loss) / income from investments	(5,596)	119,900	12,616	137,584
	<b>274,425</b>	<b>361,630</b>	<b>277,082</b>	<b>584,048</b>
Distribution and selling expenses	12,694	8,551	22,025	17,798
Administrative expenses	44,587	43,264	85,086	81,877
Other operating expenses	48,988	40,982	50,164	54,419
	<b>106,269</b>	<b>92,797</b>	<b>157,275</b>	<b>154,094</b>
	<b>168,156</b>	<b>268,833</b>	<b>119,807</b>	<b>429,954</b>
Other operating income	8,699	10,929	14,448	13,512
Operating profit before finance costs	176,855	279,762	134,255	443,466
Finance costs	30,104	39,752	57,096	68,101
Profit before taxation	146,751	240,010	77,159	375,365
Taxation - current	28,889	68,928	40,925	123,309
- prior	(3,572)	(712)	(3,572)	(712)
- deferred	3,483	(7,872)	3,483	(16,979)
	<b>28,800</b>	<b>60,344</b>	<b>40,836</b>	<b>105,618</b>
Profit after taxation for the period	<b>117,951</b>	<b>179,666</b>	<b>36,323</b>	<b>269,747</b>
	(Rupees)			
Basic and diluted earnings per share	2.09	3.18	0.64	4.78

The annexed notes from 1 to 26 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 2011

	Quarter ended		Six months period ended	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
	(Rupees in '000)			
<b>Profit after taxation for the period</b>	<b>117,951</b>	179,666	<b>36,323</b>	269,747
<b>Other comprehensive (loss) / income</b>				
Unrealized diminution during the period on remeasurement of investments classified as 'available for sale'	<b>(26,549)</b>	(11,015)	<b>(38,397)</b>	(10,343)
Impairment loss on investments classified as 'available for sale'	<b>19,034</b>	–	<b>19,034</b>	–
Other comprehensive loss for the period	<b>(7,515)</b>	(11,015)	<b>(19,363)</b>	(10,343)
<b>Total comprehensive income for the period</b>	<b>110,436</b>	168,651	<b>16,960</b>	259,404

The annexed notes from 1 to 26 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 2011

	Note	Six months period ended	
		31 December 2011	31 December 2010
		(Rupees in '000)	
<b>Cash flows from operating activities</b>			
Cash generated from / (used in) operations	20	<b>319,510</b>	(289,059)
Taxes paid		<b>(59,499)</b>	(99,816)
Finance costs paid		<b>(58,290)</b>	(63,672)
Contribution to gratuity and pension funds		<b>(5,559)</b>	(5,242)
Contribution to Workers' Profit Participation Fund		<b>(25,862)</b>	(28,666)
Infrastructure fee paid		<b>(22,142)</b>	–
Compensated absences paid		<b>(482)</b>	(3)
10-C bonus paid		<b>(862)</b>	(798)
Long term loans and deposits - net		<b>(1,434)</b>	11
Net cash generated from / (used in) operating activities		<b>145,380</b>	(487,245)
<b>Cash flows from investing activities</b>			
Capital expenditure		<b>(53,984)</b>	(17,883)
Acquisition of intangible assets		–	(28)
Proceeds from disposal of operating fixed assets		<b>327</b>	5,730
Investments - net		<b>17,818</b>	23,943
Dividend income received		<b>43,450</b>	46,532
Interest income received		<b>6,828</b>	2,025
Net cash inflows from investing activities		<b>14,439</b>	60,319
<b>Cash flows from financing activities</b>			
Repayments against long term loan		–	(56,250)
Proceeds from disposal of operating fixed assets under sale and leaseback arrangement		<b>4,980</b>	–
Payments against finance lease obligations		<b>(6,720)</b>	–
(Repayments against short term loans) / proceeds from short term loans obtained - net		<b>(66,247)</b>	82,923
Dividends paid		<b>(140,602)</b>	(98,436)
Net cash outflows from financing activities		<b>(208,589)</b>	(71,763)
Net decrease in cash and cash equivalents		<b>(48,770)</b>	(498,689)
Cash and cash equivalents at beginning of the period		<b>(553,661)</b>	(499,196)
Cash and cash equivalents at end of the period	21	<b>(602,431)</b>	(997,885)

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

  
Chief Executive

  
Director

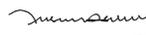


CONDENSED INTERIM UNCONSOLIDATED STATEMENT  
OF CHANGES IN EQUITY (UNAUDITED)

For the six months period ended 31 December 2011

	Issued, subscribed and paid-up capital	Capital reserves Share Premium	Unrealized appreciation / (diminution) on remeasurement of investments classified as 'available for sale'	Revenue reserves General reserve	Unappropri- ated (loss) / profit	Total
	(Rupees in '000)					
<b>Balance as at 1 July 2010</b>	<b>564,600</b>	<b>349,959</b>	<b>11,743</b>	<b>1,842,000</b>	<b>(145,690)</b>	<b>2,622,612</b>
<b>Total comprehensive (loss) / 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)
	-	-	(10,343)	-	269,747	259,404
<b>Transaction with owners</b>						
Dividend:						
- Final @ 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>1,842,000</b>	<b>67,597</b>	<b>2,825,556</b>
<b>Balance as at 1 July 2011</b>	<b>564,600</b>	<b>349,959</b>	<b>3,048</b>	<b>1,842,000</b>	<b>116,719</b>	<b>2,876,326</b>
<b>Total comprehensive (loss) / income for the period</b>						
Profit after taxation for the period ended 31 December 2011	-	-	-	-	36,323	36,323
<b>Other comprehensive (loss) / income</b>						
Unrealized diminution during the period on remeasurement of investments classified as 'available for sale'	-	-	(38,397)	-	-	(38,397)
Impairment loss on investments classified as 'available for sale'	-	-	19,034	-	-	19,034
Other comprehensive loss for the period	-	-	(19,363)	-	-	(19,363)
	-	-	(19,363)	-	36,323	16,960
<b>Transaction with owners</b>						
Dividend:						
- Final @ 15% (i.e. Rs. 1.5 per share) for the year ended 30 June 2011	-	-	-	-	(84,690)	(84,690)
<b>Balance as at 31 December 2011</b>	<b>564,600</b>	<b>349,959</b>	<b>(16,315)</b>	<b>1,842,000</b>	<b>68,352</b>	<b>2,808,596</b>

The annexed notes from 1 to 26 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 2011

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 2011.

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 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 2011, 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 unconsolidated financial information for the six months period ended 31 December 2010.

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 2011.

Amendments to certain existing standards and interpretations 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. **ESTIMATES AND JUDGEMENTS**

Estimates and judgements made by management in the preparation of this condensed interim unconsolidated financial information are 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 2011.



NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED  
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For the six months period ended 31 December 2011

5. 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 2011:

	Six months period ended 31 December 2011		Six months period ended 31 December 2010	
	Additions	Disposals	Additions	Disposals
	(Rupees in '000)			
Plant and machinery - owned	47,879	4,880	11,488	3,298
Plant and machinery - leased	5,056	-	-	-
Furniture and fittings	74	-	-	-
Electrical / office equipment and installation	714	-	1,671	-
Computers	328	-	416	-
Motor vehicles - owned	2,088	625	6,987	8,796
Motor vehicles - leased	3,801	-	-	-
	<u>59,940</u>	<u>5,505</u>	<u>20,562</u>	<u>12,094</u>

6. LONG TERM INVESTMENTS

		Unaudited 31 December 2011	Audited 30 June 2011
		(Rupees in '000)	
Subsidiary companies - at cost	6.1	380,110	330,100
Associated companies - at cost	6.2	651,418	651,418
Other long term investments	6.3	178,946	187,259
		<u>1,210,474</u>	<u>1,168,777</u>

6.1 Subsidiary companies - at cost

31 December 2011 (Number of shares)	30 June 2011		Unaudited 31 December 2011	Audited 30 June 2011
			(Rupees in '000)	
33,010,000	33,010,000	Unquoted Shakarganj Energy (Private) Limited (Chief Executive Officer - Mr. Muhammad Saad Thaniana)	6.1.1	330,100
5,001,000	-	CS Capital (Private) Limited (Chief Executive Officer - Mr. Muhammad Saad Thaniana)	6.1.2	50,010
2	2	Crescent Continental Gas Pipelines Limited (US \$ 1 each)	6.1.3	-
				<u>330,100</u>

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

6.1.2 This represents the Company's investment in 100% equity shares of CS Capital (Private) Limited. The Company acquired 1,000 ordinary shares of Rs. 10 each in the investee company on 26 September 2011 for a total consideration of Rs. 0.010 million. Further, the Company has also subscribed to right issues made by the investee company aggregating 5 million ordinary shares for Rs. 50 million.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED  
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For the six months period ended 31 December 2011

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

6.2 Associated companies - at cost

31 December 2011 (Number of shares)	30 June 2011		Unaudited 31 December 2011	Audited 30 June 2011
			(Rupees in '000)	
60,475,416	60,475,416	Quoted Altern Energy Limited (Chief Executive Officer - Syed Zamanat Abbas)	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>

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

6.2.2 The fair value of investments in associates as at 31 December 2011 is Rs. 493,783 million (30 June 2011: Rs. 646,977 million).

6.3 Other long term investments

		Unaudited 31 December 2011	Audited 30 June 2011
		(Rupees in '000)	
<b>Investments in related parties</b>			
Available for sale	6.3.1	120,000	-
<b>Other investments</b>			
Available for sale		58,946	178,946
Held to maturity		-	8,313
		<u>178,946</u>	<u>187,259</u>

6.3.1 This includes investment in Shakarganj Food Products Limited aggregating Rs. 120 million which has been reclassified from 'Other investments designated at available for sale' as the investee company is considered to be a related party within the meaning of IAS 24, 'Related Party Disclosure' as at 31 December 2011.

This further includes investment in Crescent Bahuman Limited which is carried at carrying value of Rs. Nil (30 June 2011: 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 2011.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
For the six months period ended 31 December 2011

7. STOCK-IN-TRADE

	Unaudited 31 December 2011	Audited 30 June 2011
	(Rupees in '000)	
Raw materials		
Hot rolled steel coils (HR Coil)	32,879	27,080
Coating materials	47,766	44,064
Others	13,023	16,619
Raw cotton	699,049	493,592
Stock-in-transit	38,878	28,577
	<u>831,595</u>	<u>609,932</u>
Work-in-process	18,181	51,481
Finished goods	103,912	174,766
Scrap / cotton waste	12,363	4,392
	<u>134,456</u>	<u>230,639</u>
	<u>966,051</u>	<u>840,571</u>

8. TRADE DEBTS

<b>Secured</b>		
Considered good	274,260	10,243
<b>Unsecured</b>		
Considered good	128,230	134,829
Considered doubtful	1,198	5,561
Provision for doubtful trade debts	(1,198)	(5,561)
	<u>128,230</u>	<u>134,829</u>
	<u>402,490</u>	<u>145,072</u>

9. LOAN AND ADVANCES

<b>Unsecured</b>			
<b>Loan to related party - considered good</b>			
Loan to subsidiary company	9.1	97,500	74,000
<b>Advances - considered good</b>			
Advances to executives		282	300
Suppliers for goods and services		81,003	29,465
<b>Advances - considered doubtful</b>			
Suppliers for goods and services		157	157
Provision for doubtful advances		(157)	(157)
		<u>—</u>	<u>—</u>
		<u>178,785</u>	<u>103,765</u>

9.1 The Company has entered into a bridge finance arrangement with its wholly owned subsidiary company Shakarganj Energy (Private) Limited on 15 September 2010. Under the arrangement, the Company shall disburse bridge loan to the subsidiary company in one or more tranches on a short term basis.

The mark-up rate on the said loan is three months KIBOR prevailing on the base rate setting date plus 3% per annum. Mark-up is payable on a quarterly basis. The effective mark-up charged during the period ranged from 14.85% to 16.60% (2010: 16.06% to 16.42%) per annum.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
For the six months period ended 31 December 2011

10. INVESTMENTS

	Unaudited 31 December 2011	Audited 30 June 2011
	(Rupees in '000)	
<b>Investments in related parties</b>		
Available for sale	3,723	7,044
<b>Other investments</b>		
Available for sale	66,919	101,995
Held for trading	341,062	381,566
	<u>407,981</u>	<u>483,561</u>
	<u>411,704</u>	<u>490,605</u>

10.1 Investments having an aggregate market value of Rs. 302.096 million (30 June 2011: Rs. 345.335 million) have been pledged with financial institutions as security against financing facilities (see note 13.4) out of which Rs. 193.137 million (30 June 2011: Rs. 248.203 million) relates to long term investments.

10.2 Investments having an aggregate market value of Rs. 169.073 million (30 June 2011: Rs. 182.542 million) have been pledged with a financial institution as security against long term financing aggregating Rs. 115 million (30 June 2011: Rs. 115 million) sanctioned to the wholly owned subsidiary company, Shakarganj Energy (Private) Limited.

11. CURRENT PORTION OF LONG TERM INVESTMENTS

	Unaudited 31 December 2011	Audited 30 June 2011
	(Rupees in '000)	
Preference shares of Shakarganj Mills Limited	29,994	29,994
Term finance certificates of United Bank Limited	16,625	16,625
Dividend receivable on preference shares of Shakarganj Mills Limited	5,106	5,106
	<u>51,725</u>	<u>51,725</u>
Less: Provision for impairment	25,801	27,751
	<u>25,924</u>	<u>23,974</u>

12. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Minimum lease payments		Future finance costs		Present value of minimum lease payments	
	31 December 2011	30 June 2011	31 December 2011	30 June 2011	31 December 2011	30 June 2011
	(Rupees in '000)					
Not later than one year	12,449	15,049	2,861	3,062	9,588	11,987
Later than one year and not later than five years	19,553	17,272	1,646	1,910	17,907	15,362
	<u>32,002</u>	<u>32,321</u>	<u>4,507</u>	<u>4,972</u>	<u>27,495</u>	<u>27,349</u>
Less: Current portion shown under current liabilities					9,588	11,987
					<u>17,907</u>	<u>15,362</u>



NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)

For the six months period ended 31 December 2011

- 12.1 The Company has entered into finance lease arrangements with leasing companies for lease of plant and machinery and motor vehicles. The lease term of these arrangements is three years (30 June 2011: three years) and the liability is payable by the year 2015 (30 June 2011: 2014). The periodic lease payments include built-in rates of mark-up ranging between 19.29% to 20.25% (2010: Nil) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 19,577 million (30 June 2011: Rs. 20,285 million) which pertains to obligations arising from sale and leaseback of assets.

The Company intends to exercise its options to purchase the leased assets upon completion of the respective lease terms. The Company's obligations under these arrangements are secured by the lessor's title to the leased assets.

13. SHORT TERM BORROWINGS

	Unaudited 31 December 2011	Audited 30 June 2011
	(Rupees in '000)	

Secured from banking companies

Running finances under mark-up arrangements	644,534	570,179
Short term loans	<u>70,540</u>	<u>136,787</u>
	<u>715,074</u>	<u>706,966</u>

- 13.1 Short term running finance available from various commercial banks under mark-up arrangements amounted to Rs. 810 million (30 June 2011: Rs. 844 million) out of which Rs. 500 million (30 June 2011: Rs. 500 million) is interchangeable with Term Finance / Demand Finance and letters of credit. During the period, the mark-up on such arrangements ranged between 14.08% to 16.56% (2010: 13.44% to 16.07%) per annum.
- 13.2 Short term loan financing available from various commercial banks under mark-up arrangements amounted to Rs. 1,000 million (30 June 2011: Rs. 1,000 million) out of which Rs. 500 million (30 June 2011: Rs. 300 million) is interchangeable with letters of credit. During the period, the mark-up on such arrangements ranged between 14.33% to 16.56% (2010: 15.26% to 16.41%) per annum.
- 13.3 The facilities for opening letters of credit amounted to Rs. 1,925 million (30 June 2011: Rs. 1,650 million) out of which Rs. 500 million (30 June 2011: Rs. 500 million), Rs. 300 million (30 June 2011: Rs. 300 million) and Rs. Nil (30 June 2011: Rs. 150 million) are interchangeable with short term running finance, short term loans and letters of guarantee respectively as mentioned in notes 13.1 and 13.2 above. The facility for letters of guarantee as at 31 December 2011 amounted to Rs. 500 million (30 June 2011: Rs. 500 million) which is interchangeable with letters of credit as stated above. Amounts unutilized for letters of credit and guarantees as at 31 December 2011 were Rs. 972.300 million and Rs. 209.405 million (30 June 2011: Rs. 999.895 million and Rs. 224.419 million) respectively.
- 13.4 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.

14. CONTINGENCIES AND COMMITMENTS

- 14.1 There is no change in the status of contingencies set out in note 13 to the Company's audited annual separate financial statements for the year ended 30 June 2011, except as set out in note 14.2 below.
- 14.2 Aggregate amount of guarantees issued by banks on behalf of the Company against various contracts aggregated Rs. 290.595 million (30 June 2011: Rs. 275.581 million).
- 14.3 Commitments in respect of capital expenditure contracted for as at 31 December 2011 amounted to Rs. 19.164 million (30 June 2011: Rs. 19.164 million), payable over the period of three years in 15 quarterly installments representing office premises located in Islamabad.
- 14.4 Commitments under letters of credit as at 31 December 2011 amounted to Rs. 882.626 million (30 June 2011: Rs. 41.335 million).

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)

For the six months period ended 31 December 2011

- 14.5 Commitment in respect of future purchase of shares amounted to Rs. Nil (30 June 2011: Rs. 30.980 million).

15. SALES - NET

	Quarter ended		Six months period ended	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
	(Rupees in '000)			
<b>Local sales</b>				
Bare pipes (own product excluding coating revenue)	520,017	205,635	579,700	498,521
Revenue from conversion	1,419	620	5,676	2,395
Coating of pipes	159,801	129,679	262,462	176,481
Cotton yarn / raw cotton	731,621	697,742	1,448,924	1,314,807
Others (including pipes laboratory testing)	24,993	11,294	30,972	18,890
Scrap / waste	29,985	20,068	63,664	65,489
Sales returns	(2,775)	(9,915)	(10,095)	(17,893)
	<u>1,465,061</u>	1,055,123	<u>2,381,303</u>	2,058,690
<b>Export sales</b>				
Cotton yarn	70,397	-	107,240	-
	<u>1,535,458</u>	1,055,123	<u>2,488,543</u>	2,058,690
Sales tax and special excise duty	(96,602)	(5,119)	(119,546)	(47,638)
	<u>1,438,856</u>	1,050,004	<u>2,368,997</u>	2,011,052

16. (LOSS) / INCOME FROM  
INVESTMENTS

Return on term finance certificates	354	531	788	1,065
Dividend income	34,785	39,668	44,322	46,920
(Loss) / gain on sale of investments - net	(7,007)	28,320	(5,151)	32,264
Unrealized (loss) / gain on held for trading investments - net	(36,265)	49,305	(32,416)	52,827
Rent from investment property	2,537	2,076	5,073	4,508
	<u>(5,596)</u>	119,900	<u>12,616</u>	137,584

- 16.1 Direct operating expenses incurred against rental income from investment property amounted to Rs. 1.835 million (2010: Rs. 1.426 million). Further, Rs. 0.552 million (2010: Rs. 2.065 million) were incurred against non rented out area.

17. OTHER OPERATING EXPENSES

	Quarter ended		Six months period ended	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
	(Rupees in '000)			
Exchange loss	17,464	1,825	18,640	4,776
Provision for slow moving stores, spares and loose tools	2,320	11,637	2,320	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	3,207	4,802	3,207	8,258
Provision for Workers' Profit Participation Fund	8,913	7,489	8,913	14,519
Provision for diminution in the value of investments - net	17,084	5,654	17,084	5,654
	<u>48,988</u>	40,982	<u>50,164</u>	54,419

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)

For the six months period ended 31 December 2011

18. FINANCE COSTS

	Quarter ended		Six months period ended	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
	(Rupees in '000)			
Incurring on				
- finance lease obligations	1,093	-	2,148	-
- long term loan	-	824	-	1,703
- running finances / short term loans	28,237	38,535	52,151	65,392
- Workers' Profit Participation Fund	-	-	563	-
Bank charges	774	393	2,234	1,006
	<u>30,104</u>	<u>39,752</u>	<u>57,096</u>	<u>68,101</u>

19. BASIC AND DILUTED  
EARNINGS PER SHARE

Profit after taxation for the period	117,951	179,666	36,323	269,747
	(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	2.09	3.18	0.64	4.78

20. CASH GENERATED FROM OPERATIONS

	Six months period ended	
	31 December 2011	31 December 2010
	(Rupees in '000)	
Profit before taxation for the period	77,159	375,365
<b>Adjustments for non cash charges and other items</b>		
Depreciation on operating fixed assets and investment property	81,237	79,991
Amortization of intangible assets	5,688	5,775
Charge for the period on staff retirement benefit funds	5,561	5,242
Charge for compensated absences	1,543	511
Provision for 10-C bonus	-	3,715
Amortization of advances to staff	42	103
Amortization of initial transaction costs	-	107
Dividend income	(44,322)	(46,920)
Unrealized loss / (gain) on held for trading investments - net	32,416	(52,827)
Loss / (gain) on sale of investments - net	5,151	(32,264)
Provision for stock-in-trade and stores, spares and loose tools - net	2,320	12,728
(Reversal of provision) / provision for doubtful trade debts - net	(4,363)	8,460
Provision for Workers' Welfare Fund	3,207	8,258
Provision for Workers' Profit Participation Fund	8,913	14,519
Reversal of provision for liquidated damages	-	(2,782)
Provision for diminution in the value of investments - net	17,084	5,654
Return on deposits, loan and investments	(8,208)	(4,108)
Gain on disposal of operating fixed assets	(114)	(3,533)
Liabilities written back	(674)	-
Finance costs	57,096	68,101
Working capital changes	20.1	79,774
	<u>319,510</u>	<u>(289,059)</u>

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED  
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20.1 Working capital changes

	Six months period ended	
	31 December 2011	31 December 2010
	(Rupees in '000)	
Decrease / (increase) in current assets		
Stores, spares and loose tools	4,982	(2,136)
Stock-in-trade	(121,581)	(403,469)
Trade debts	(253,055)	124,097
Loan and advances	(75,020)	(67,976)
Trade deposits and short term prepayments	(3,486)	(3,723)
Other receivables	(64,571)	(17,381)
	<u>(512,731)</u>	<u>(370,588)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	592,505	(364,566)
	<u>79,774</u>	<u>(735,154)</u>

21. CASH AND CASH EQUIVALENTS

Running finances under mark-up arrangements	(644,534)	(1,014,363)
Cash and bank balances	42,103	16,478
	<u>(602,431)</u>	<u>(997,885)</u>

22. SEGMENT REPORTING

22.1 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 property (held for rentals as well as long term appreciation).

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)

For the six months period ended 31 December 2011

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

**22.2 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 2011	Steel segment	Cotton segment (Rupees in '000)	IID segment	Total
Sales - net	765,258	1,603,739	-	2,368,997
Cost of sales	510,518	1,594,013	-	2,104,531
<b>Gross profit</b>	<b>254,740</b>	<b>9,726</b>	<b>-</b>	<b>264,466</b>
Income from investments	-	-	12,616	12,616
	254,740	9,726	12,616	277,082
Distribution and selling expenses	6,258	15,767	-	22,025
Administrative expenses	55,393	21,222	8,471	85,086
Other operating expenses	31,115	1,255	17,794	50,164
	92,766	38,244	26,265	157,275
	161,974	(28,518)	(13,649)	119,807
Other operating income	7,225	2,375	4,848	14,448
<b>Operating profit / (loss) before finance costs</b>	<b>169,199</b>	<b>(26,143)</b>	<b>(8,801)</b>	<b>134,255</b>
Finance costs	2,402	42,514	12,180	57,096
<b>Profit / (loss) before taxation</b>	<b>166,797</b>	<b>(68,657)</b>	<b>(20,981)</b>	<b>77,159</b>
Taxation				40,836
<b>Profit after taxation</b>				<b>36,323</b>
<b>For the six months period ended 31 December 2010</b>				
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>

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)

For the six months period ended 31 December 2011

22.2.1 Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the period (2010: Nil).

22.2.2 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 preceding year ended 30 June 2011. 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.

**22.3 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 15 to this condensed interim unconsolidated financial information.

**22.4 Information about major customers**

Revenue from major customers of Steel segment represents an aggregate amount of Rs. 635.825 million (2010: Rs. 604.954 million) of total Steel segment revenue of Rs. 765.258 million (2010: Rs. 657.676 million). Further, revenue from major customers of Cotton segment represents an aggregate amount of Rs. 98.430 million (2010: Rs. 272.562 million) of total Cotton segment revenue of Rs. 1,603.739 million (2010: Rs. 1,353.376 million).

**22.5 Geographical information**

22.5.1 The Company's revenue from external customers by geographical location is detailed below:

	Quarter ended		Six months period ended	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
			(Rupees in '000)	
Pakistan	1,368,459	1,050,004	2,261,757	2,011,052
Far East	70,397	-	107,240	-
	<b>1,438,856</b>	<b>1,050,004</b>	<b>2,368,997</b>	<b>2,011,052</b>

22.5.2 All non-current assets of the Company as at 31 December 2011 and 30 June 2011 were located and operated in Pakistan.



NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)

For the six months period ended 31 December 2011

22.6 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 2011</b>				
Segment assets for reportable segments	857,412	1,876,271	1,806,329	<b>4,540,012</b>
Unallocated corporate assets				<b>(22,604)</b>
Total assets as per balance sheet				<b>4,517,408</b>
Segment liabilities for reportable segments	507,566	349,563	33,111	<b>890,240</b>
Unallocated corporate liabilities				<b>818,572</b>
Total liabilities as per balance sheet				<b>1,708,812</b>
<b>As at 30 June 2011</b>				
Segment assets for reportable segments	568,387	1,626,917	1,867,006	<b>4,062,310</b>
Unallocated corporate assets				<b>(7,439)</b>
Total assets as per balance sheet				<b>4,054,871</b>
Segment liabilities for reportable segments	149,065	146,966	4,449	<b>300,480</b>
Unallocated corporate liabilities				<b>878,065</b>
Total liabilities as per balance sheet				<b>1,178,545</b>

22.6.1 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', 'mark-up accrued' and liabilities relating to current and deferred taxation.

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

22.7 Other segment information

	Steel segment	Cotton segment	IID segment	Total
	(Rupees in '000)			
<b>For the six months period ended 31 December 2011</b>				
Capital expenditure	1,520	51,348	–	<b>52,868</b>
Depreciation and amortization	18,872	65,429	2,666	<b>86,967</b>
Non-cash items other than depreciation and amortization - net	15,042	42,706	17,862	<b>75,610</b>

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)

For the six months period ended 31 December 2011

	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>

23. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of subsidiary and associated companies, directors of the Company, companies in which 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

Name of entity	Nature of relationship	Nature of transaction	Six months period ended	
			31 December 2011	31 December 2010
			(Rupees in '000)	
Crescent Jute Products Limited *	Related party	Services received	–	243
		Services rendered	–	810
Crescent Sugar Mills & Distillery Limited *	Related party	Dividend paid	–	668
Muhammad Amin Muhammad Bashir Limited **	Related party	Dividend paid	1	1
Premier Insurance Company **	Related party	Dividend paid	100	40
		Insurance premium	1,271	706
Shakarganj Energy (Private) Limited	Subsidiary company	Short term loan provided	23,500	50,000
		Mark-up on short term loan	7,152	2,071
		Sales of finished goods	–	2,727
CS Capital (Private) Limited	Subsidiary company	Right shares subscribed	50,000	–



NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)

For the six months period ended 31 December 2011

Name of entity	Nature of relationship	Nature of transaction	Six months period ended	
			31 December 2011	31 December 2010
			(Rupees in '000)	
Shakarganj Food Products Limited **	Related party	Rental income	554	—
Shakarganj Mills Limited	Associated company	Dividend paid	6,120	2,007
		Sales of finished goods	15,393	388
		Services received	468	2,360
		Services rendered	364	727
The Citizens' Foundation **	Related party	Donation given	6,490	15,465
The Crescent Textile Mills Limited **	Related party	Dividend paid	13,972	5,589
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Contribution made	2,032	868
		Dividend paid	11	4
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Contribution made	1,644	1,467
		Dividend paid	1,111	342
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Contribution made	4,107	3,647
		Dividend paid	2,336	554
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Contribution made	2,285	2,083
		Dividend paid	1,000	393
Key management personnel	Related parties	Remuneration and benefits	25,590	20,308

\* These entities have been related parties of the Company by virtue of common directorship only. The Company no longer has significant influence over these entities as at 31 December 2011.

\*\* These entities are / have been related parties of the Company by virtue of common directorship only.

- 23.1 Sale of finished goods, operating fixed assets and raw materials, rendering of services and rental income are based on commercial terms and at market prices which are approved by the Board of Directors.
- 23.2 Contributions to the employee retirement benefit funds are made in accordance with the terms of employee retirement benefit schemes and actuarial advice.
- 23.3 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 key management personnel during the period other than their terms of employment / entitlements.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)

For the six months period ended 31 December 2011

24. 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 2011.

25. NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

On 7 January 2012, a major fire broke out in the main production area of the Spinning Unit No. 2 (comprising of 25,344 spindles) of the Cotton segment of the Company located at Lahore Road, Jaranwala, District Faisalabad. This has caused severe damage to the entire production area including building, plant and machinery, equipment and work in process. The above assets are fully insured and the extent of loss is being assessed by the insurance surveyors.

26. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim unconsolidated financial information was authorized for issue in the Board of Directors meeting held on 30 January 2012.

  
Chief Executive

  
Director

CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 2011



Crescent Steel &  
Allied Products Ltd.

## CONDENSED INTERIM CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 31 December 2011

	Note	Unaudited 31 December 2011 (Rupees in '000)	Audited 30 June 2011
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	1,417,241	1,431,179
Intangible assets		7,276	12,964
Investment property		37,933	40,234
Investment in equity accounted investees	6	1,652,314	1,498,023
Other long term investments	7	220,717	189,030
Long term loans and deposits		16,740	15,348
		<u>3,352,221</u>	<u>3,186,778</u>
<b>Current assets</b>			
Stores, spares and loose tools		58,915	66,217
Stock-in-trade	8	966,051	840,571
Trade debts	9	402,490	145,072
Advances	10	81,285	29,765
Trade deposits and short term prepayments		9,328	6,074
Investments	11	416,930	490,605
Current portion of long term investments	12	16,625	16,625
Mark-up accrued on term finance certificates		554	820
Other receivables		100,978	62,283
Taxation - net		50,176	41,415
Cash and bank balances		47,062	19,000
		<u>2,150,394</u>	<u>1,718,447</u>
<b>Total assets</b>		<u><b>5,502,615</b></u>	<u><b>4,905,225</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized capital			
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		358,916	325,764
Revenue reserves		2,749,838	2,710,952
		<u>3,673,354</u>	<u>3,601,316</u>
<b>Non-current liabilities</b>			
Long term loan		103,500	115,000
Liabilities against assets subject to finance lease	13	17,907	15,362
Deferred taxation		53,840	50,357
		<u>175,247</u>	<u>180,719</u>
<b>Current liabilities</b>			
Trade and other payables		893,016	377,995
Mark-up accrued		24,836	26,242
Short term borrowings	14	715,074	706,966
Current portion of long term loans		11,500	-
Current portion of liabilities against assets subject to finance lease	13	9,588	11,987
		<u>1,654,014</u>	<u>1,123,190</u>
Contingencies and commitments	15		
<b>Total equity and liabilities</b>		<u><b>5,502,615</b></u>	<u><b>4,905,225</b></u>

The annexed notes from 1 to 27 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 2011

	Note	Quarter ended		Six months period ended	
		31 December 2011	31 December 2010	31 December 2011	31 December 2010
(Rupees in '000)					
Sales - net	16	1,438,856	1,047,304	2,368,997	2,008,352
Cost of sales		1,158,835	805,860	2,104,531	1,562,174
Gross profit		<u>280,021</u>	<u>241,444</u>	<u>264,466</u>	<u>446,178</u>
(Loss) / income from investments	17	(6,678)	119,900	11,534	137,584
		<u>273,343</u>	<u>361,344</u>	<u>276,000</u>	<u>583,762</u>
Distribution and selling expenses		12,694	8,551	22,025	17,798
Administrative expenses		48,675	43,297	89,569	81,934
Other operating expenses	18	50,938	35,350	52,114	48,787
		<u>112,307</u>	<u>87,198</u>	<u>163,708</u>	<u>148,519</u>
		<u>161,036</u>	<u>274,146</u>	<u>112,292</u>	<u>435,243</u>
Other operating income		5,160	9,666	7,449	12,615
Operating profit before finance costs		<u>166,196</u>	<u>283,812</u>	<u>119,741</u>	<u>447,858</u>
Finance costs	19	30,109	39,754	57,105	68,107
Share of profit in equity accounted investees - net of taxation		85,540	57,494	101,776	107,675
Profit before taxation		<u>221,627</u>	<u>301,552</u>	<u>164,412</u>	<u>487,426</u>
Taxation - current		28,889	69,183	40,925	123,698
- prior		(3,572)	(712)	(3,572)	(712)
- deferred		3,483	(7,872)	3,483	(16,979)
		<u>28,800</u>	<u>60,599</u>	<u>40,836</u>	<u>106,007</u>
Profit after taxation for the period		<u>192,827</u>	<u>240,953</u>	<u>123,576</u>	<u>381,419</u>
<b>(Rupees)</b>					
Basic and diluted earnings per share	20	<u>3.42</u>	<u>4.27</u>	<u>2.19</u>	<u>6.76</u>

The annexed notes from 1 to 27 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 2011

	Quarter ended		Six months period ended	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
	(Rupees in '000)			
<b>Profit after taxation for the period</b>	<b>192,827</b>	240,953	<b>123,576</b>	381,419
<b>Other comprehensive (loss) / income</b>				
Unrealized diminution during the period on remeasurement of investments classified as 'available for sale'	(26,549)	(11,015)	(38,397)	(10,343)
Proportionate share of other comprehensive income of equity accounted investees	-	3,033	52,515	16,173
Impairment loss on investments classified as 'available for sale'	19,034	-	19,034	-
Other comprehensive (loss) / income for the period	(7,515)	(7,982)	33,152	5,830
<b>Total comprehensive income for the period</b>	<b>185,312</b>	232,971	<b>156,728</b>	387,249

The annexed notes from 1 to 27 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 2011

	Note	Six months period ended	
		31 December 2011	31 December 2010
		(Rupees in '000)	
<b>Cash flows from operating activities</b>			
Cash generated from / (used in) operations	21	333,236	(87,995)
Taxes paid		(59,525)	(99,934)
Finance costs paid		(67,727)	(63,678)
Contribution to gratuity and pension funds		(5,559)	(5,242)
Contribution to Workers' Profit Participation Fund		(25,862)	(28,666)
Infrastructure fee paid		(22,142)	-
Compensated absences paid		(482)	(3)
10-C bonus paid		(862)	(798)
Long term loans and deposits - net		(1,434)	11
Net cash generated from / (used in) operating activities		149,643	(286,305)
<b>Cash flows from investing activities</b>			
Capital expenditure		(54,109)	(214,794)
Acquisition of intangible assets		-	(28)
Proceeds from disposal of operating fixed assets		327	5,730
Investments - net		21,361	23,943
Dividend income received		43,599	46,532
Interest income received		1,475	3,199
Net cash inflows / (outflows) from investing activities		12,653	(135,418)
<b>Cash flows from financing activities</b>			
Repayments against long term loan		-	(56,250)
Proceeds from disposal of operating fixed assets under sale and leaseback arrangement		4,980	-
Payments against finance lease obligations		(6,720)	-
Repayments against short term loans / (proceeds from short term loans) - net		(66,247)	82,923
Dividends paid		(140,602)	(98,436)
Net cash outflows from financing activities		(208,589)	(71,763)
Net decrease in cash and cash equivalents		(46,293)	(493,486)
Cash and cash equivalents at beginning of the period		(551,179)	(470,218)
Cash and cash equivalents at end of the period	22	(597,472)	(963,704)

The annexed notes from 1 to 27 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 2011

	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	Unappro- priated profit / (loss)	
(Rupees in '000)							
<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 income</b>							
Unrealized appreciation 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>Transaction with owners</b>							
Dividend: - Final @ 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>
<b>Balance as at 1 July 2011</b>	<b>564,600</b>	<b>349,959</b>	<b>3,048</b>	<b>(27,243)</b>	<b>1,842,000</b>	<b>868,952</b>	<b>3,601,316</b>
<b>Total comprehensive (loss) / income for the period</b>							
Profit after taxation for the period ended 31 December 2011	-	-	-	-	-	123,576	123,576
<b>Other comprehensive (loss) / income</b>							
Unrealized diminution during the period on remeasurement of investments classified as 'available for sale'	-	-	(38,397)	-	-	-	(38,397)
Proportionate share of other comprehensive income of equity accounted investees	-	-	-	52,515	-	-	52,515
Impairment loss on investments classified as available for sale'	-	-	19,034	-	-	-	19,034
Other comprehensive (loss) / income for the period	-	-	(19,363)	52,515	-	-	33,152
	-	-	(19,363)	52,515	-	123,576	156,728
<b>Transaction with owners</b>							
Dividend: - Final @ 15% (i.e. Rs. 1.5 per share) for the year ended 30 June 2011	-	-	-	-	-	(84,690)	(84,690)
<b>Balance as at 31 December 2011</b>	<b>564,600</b>	<b>349,959</b>	<b>(16,315)</b>	<b>25,272</b>	<b>1,842,000</b>	<b>907,838</b>	<b>3,673,354</b>

\* This represents the Group's share of various reserves held by equity accounted investees.

The annexed notes from 1 to 27 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 2011

**1. THE GROUP AND ITS OPERATIONS**

- 1.1 The Group consists of Crescent Steel and Allied Products Limited ('the Holding Company') and its wholly owned subsidiary companies Shakarganj Energy (Private) Limited, CS Capital (Private) Limited 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 Shakarganj Energy (Private) Limited (SEL) 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 SEL 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 CS Capital (Private) Limited was incorporated on 5 November 2010 as a private limited company in Pakistan under the Companies Ordinance, 1984. The Holding Company acquired this subsidiary on 26 September 2011. The principal activity of this company will be to effectively manage investment portfolios in shares, commodities and other securities (strategic as well as short term).
- 1.5 Crescent Continental Gas Pipelines Limited is not carrying on any business operations.
- 1.6 Details regarding the Group's associates are given in note 6 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 2011.
- 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 2011, whereas the comparative condensed interim consolidated profit and loss account, condensed interim consolidated statement of comprehensive income, condensed interim consolidated cash flow statement and condensed interim consolidated statement of changes in equity are stated from the unaudited condensed interim consolidated financial information for the six months period ended 31 December 2010.

**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 2011.

Amendments to certain existing standards and interpretations 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.

**4. 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 2011.

NOTES TO THE CONDENSED INTERIM  
CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the six months period ended 31 December 2011

5. **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 2011:

	Six months period ended 31 December 2011		Six months period ended 31 December 2010	
	Additions	Disposals (Rupees in '000)	Additions	Disposals
Plant and machinery - owned	47,879	4,880	11,488	3,298
Plant and machinery - leased	5,056	-	-	-
Furniture and fittings	74	-	-	-
Electrical / office equipment and installation	714	-	1,671	-
Computers	328	-	416	-
Motor vehicles - owned	2,088	625	6,987	8,796
Motor vehicles - leased	3,801	-	-	-
	<u>59,940</u>	<u>5,505</u>	<u>20,562</u>	<u>12,094</u>

6. **INVESTMENT IN EQUITY ACCOUNTED INVESTEES**

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

31 December 2011 (Number of shares)	30 June 2011		Unaudited 31 December 2011 (Rupees in '000)	Audited 30 June 2011
		<b>Quoted</b>		
69,175,416	69,175,416	Altern Energy Limited (Chief Executive Officer - Syed Zamanat Abbas)	6.1 1,652,314	1,498,023
15,244,665	15,244,665	Shakarganj Mills Limited (Chief Executive Officer - Mr. Ahsan M. Saleem)	6.2 -	-
			<u>1,652,314</u>	<u>1,498,023</u>

6.1 The Holding Company and SEL 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.

6.2 As at 31 December 2011 and 30 June 2011, the carrying amount of equity accounted investment in Shakarganj Mills Limited has been reduced to Nil due to recognition of the Group's share of losses incurred by the investee company. The Group has already further recognized its share of losses against the carrying amount in respect of preference shares of the investee company held by the Group and dividend receivable thereon as more fully explained in notes 17.2 and 26.1 to the audited annual consolidated financial statements of the Group for the preceding year ended 30 June 2011.

The Group has discontinued any further recognition of its share of losses of the investee company. The unrecognized share of net losses for the period amounted to Rs. 85.239 million (2010: Rs. 37.237 million) and cumulatively share of net losses as at 31 December 2011 amounted to Rs. 179.040 million (30 June 2011: Rs. 93.801 million). Included in the unrecognized share of net losses for the period, is an amount aggregating Rs. 1.327 million (2010: Rs. Nil) representing the Group's share of net loss from discontinued operations of the investee company.

NOTES TO THE CONDENSED INTERIM  
CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the six months period ended 31 December 2011

6.3 The above figures are based on financial statements of these companies as at 30 June 2011.

6.4 The fair value of investments in associates as at 31 December 2011 is Rs. 458.622 million (30 June 2011: Rs. 726.147 million).

7. **OTHER LONG TERM INVESTMENTS**

		Unaudited 31 December 2011	Audited 30 June 2011
		(Rupees in '000)	
<b>Investments in related parties</b>			
Available for sale	7.1	160,000	-
<b>Other investments</b>			
Available for sale		60,717	180,717
Held to maturity		-	8,313
		<u>220,717</u>	<u>189,030</u>

7.1 This includes investment in Shakarganj Food Products Limited aggregating Rs.160 million out which aggregate investment of Rs. 120 million has been reclassified from 'Other investments designated at available for sale' as the investee company is considered to be a related party of the Group within the meaning of IAS 24, 'Related Party Disclosure' as at December 2011. During the period, the Group has made a further investment of Rs. 40 million in the investee company.

This further includes investment in Crescent Bahuman Limited which is carried at carrying value of Rs. Nil (30 June 2011: 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 2011.

8. **STOCK-IN-TRADE**

	Unaudited 31 December 2011	Audited 30 June 2011
	(Rupees in '000)	
Raw materials		
Hot rolled steel coils (HR Coil)	32,879	27,080
Coating materials	47,766	44,064
Others	13,023	16,619
Raw cotton	699,049	493,592
Stock-in-transit	38,878	28,577
	<u>831,595</u>	<u>609,932</u>
Work-in-process	18,181	51,481
Finished goods	103,912	174,766
Scrap / cotton waste	12,363	4,392
	<u>134,456</u>	<u>230,639</u>
	<u>966,051</u>	<u>840,571</u>

9. **TRADE DEBTS**

<b>Secured</b>		
Considered good	274,260	10,243
<b>Unsecured</b>		
Considered good	128,230	134,829
Considered doubtful	1,198	5,561
Provision for doubtful trade debts	(1,198)	(5,561)
	<u>128,230</u>	<u>134,829</u>
	<u>402,490</u>	<u>145,072</u>

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10. ADVANCES

	Unaudited 31 December 2011	Audited 30 June 2011
	(Rupees in '000)	
<b>Unsecured - Considered good</b>		
Advances to executives	282	300
Suppliers for goods and services	81,003	29,465
<b>Unsecured - Considered doubtful</b>		
Suppliers for goods and services	157	157
Provision for doubtful advances	(157)	(157)
	-	-
	<u>81,285</u>	<u>29,765</u>

11. INVESTMENTS

**Investments in related parties**

Available for sale 3,723 7,044

**Other investments**

Available for sale	66,919	101,995
Held for trading	346,288	381,566
	413,207	483,561
	<u>416,930</u>	<u>490,605</u>

11.1 Investments having an aggregate market value of Rs. 302.096 million (30 June 2011: Rs. 345.335 million) have been pledged with financial institutions as security against financing facilities (see note 14.4) out of which Rs. 193.137 million (30 June 2011: Rs. 248.203 million) relates to long term investments.

11.2 Investments having an aggregate market value of Rs. 179.910 million (30 June 2011: Rs. 182.542 million) have been pledged with a financial institution as security against long term financing aggregating Rs. 115 million (30 June 2011: Rs. 115 million) sanctioned to SEL.

12. CURRENT PORTION OF LONG TERM INVESTMENTS

	Unaudited 31 December 2011	Audited 30 June 2011
	(Rupees in '000)	
Preference shares of Shakarganj Mills Limited	29,994	29,994
Term finance certificates of United Bank Limited	16,625	16,625
Dividend receivable on preference shares of Shakarganj Mills Limited	5,106	5,106
	<u>51,725</u>	<u>51,725</u>
Less: Share of loss on Shakarganj Mills Limited attributed to preference shares and dividend receivable thereon	12.1 35,100	35,100
	<u>16,625</u>	<u>16,625</u>

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12.1 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' (see note 6.2).

13. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Minimum lease payments		Future finance costs		Present value of minimum lease payments	
	31 December 2011	30 June 2011	31 December 2011	30 June 2011	31 December 2011	30 June 2011
	(Rupees in '000)					
Not later than one year	12,449	15,049	2,861	3,062	9,588	11,987
Later than one year and not later than five years	19,553	17,272	1,646	1,910	17,907	15,362
	<u>32,002</u>	<u>32,321</u>	<u>4,507</u>	<u>4,972</u>	<u>27,495</u>	<u>27,349</u>
Less: Current portion shown under current liabilities					9,588	11,987
					<u>17,907</u>	<u>15,362</u>

13.1 The Holding Company has entered into finance lease arrangements with leasing companies for lease of plant and machinery and motor vehicles. The lease term of these arrangements is three years (30 June 2011: three years) and the liability is payable by the year 2015. The periodic lease payments include built-in rates of mark-up ranging between 19.29% to 20.25% (2010: Nil) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 19.577 million (30 June 2011: Rs. 20.285 million) which pertains to obligations arising from sale and leaseback of assets.

The Holding Company intends to exercise its options to purchase the leased assets upon completion of the respective lease terms. The Holding Company's obligations under these arrangements are secured by the lessor's title to the leased assets.

14. SHORT TERM BORROWINGS

	Unaudited 31 December 2011	Audited 30 June 2011
	(Rupees in '000)	
<b>Secured from banking companies</b>		
Running finances under mark-up arrangements	644,534	570,179
Short term loans	70,540	136,787
	<u>715,074</u>	<u>706,966</u>

14.1 Short term running finance available from various commercial banks under mark-up arrangements amounted to Rs. 810 million (30 June 2011: Rs. 844 million) out of which Rs. 500 million (30 June 2011: Rs. 500 million) is interchangeable with Term Finance / Demand Finance and letters of credit. During the period, the mark-up on such arrangements ranged between 14.08% to 16.56% (2010: 13.44% to 16.07%) per annum.

14.2 Short term loan financing available from various commercial banks under mark-up arrangements amounted to Rs. 1,000 million (30 June 2011: Rs. 1,000 million) out of which Rs. 500 million (30 June 2011: Rs. 300 million) is interchangeable with letters of credit. During the period, the mark-up on such arrangements ranged between 14.33% to 16.56% (2010: 15.26% to 16.41%) per annum.



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14.3 The facilities for opening letters of credit amounted to Rs. 1,925 million (30 June 2011: Rs. 1,650 million) out of which Rs. 500 million (30 June 2011: Rs. 500 million), Rs. 300 million (30 June 2011: Rs. 300 million) and Rs. Nil (30 June 2011: Rs. 150 million) are interchangeable with short term running finance, short term loans and letters of guarantee respectively as mentioned in notes 14.1 and 14.2 above. The facility for letters of guarantee as at 31 December 2011 amounted to Rs. 500 million (30 June 2011: Rs. 500 million) which is interchangeable with letters of credit as stated above. Amounts unutilized for letters of credit and guarantees as at 31 December 2011 were Rs. 972.300 million and Rs. 209.405 million (30 June 2011: Rs. 999.895 million and Rs. 224.419 million) respectively.

14.4 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.

15. CONTINGENCIES AND COMMITMENTS

15.1 There is no change in the status of contingencies set out in note 13 to the Group's audited annual consolidated financial statements for the year ended 30 June 2011, except as set out in note 15.2 below.

15.2 Aggregate amount of guarantees issued by banks on behalf of the Group against various contracts aggregated Rs. 290.595 million (30 June 2011: Rs. 275.581 million).

15.3 Commitments in respect of capital expenditure contracted for by the Group as at 31 December 2011 amounted to Rs. 36.031 million (30 June 2011: Rs. 218.432 million). This represents / includes an amount of Rs. 19.164 million (30 June 2011: Rs. 19.164 million) payable by the Holding Company over the period of three years in 15 quarterly installments representing office premises located in Islamabad. This also includes commitments contracted for by SEL aggregating Rs. 16.867 million (30 June 2011: Rs. 199.268 million) in respect of capital expenditure to acquire plant and machinery.

15.4 Commitments under letters of credit as at 31 December 2011 amounted to Rs. 882.626 million (30 June 2011: Rs. 41.335 million).

15.5 Commitment in respect of future purchase of shares amounted to Rs. Nil (30 June 2011: Rs. 30.980 million).

16. SALES - NET

	Quarter ended		Six months period ended	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
	(Rupees in '000)			
<b>Local sales</b>				
Bare pipes (own product excluding coating revenue)	520,017	205,635	579,700	498,521
Revenue from conversion	1,419	620	5,676	2,395
Coating of pipes	159,801	129,679	262,462	176,481
Cotton yarn / raw cotton	731,621	697,742	1,448,924	1,314,807
Others (including pipes laboratory testing)	24,993	8,567	30,972	16,163
Scrap / waste	29,985	20,068	63,664	65,489
Sales returns	(2,775)	(9,915)	(10,095)	(17,893)
	<u>1,465,061</u>	<u>1,052,396</u>	<u>2,381,303</u>	<u>2,055,963</u>
<b>Export sales</b>				
Cotton yarn	70,397	-	107,240	-
	<u>1,535,458</u>	<u>1,052,396</u>	<u>2,488,543</u>	<u>2,055,963</u>
Sales tax and special excise duty	(96,602)	(5,092)	(119,546)	(47,611)
	<u>1,438,856</u>	<u>1,047,304</u>	<u>2,368,997</u>	<u>2,008,352</u>

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17. INCOME FROM INVESTMENTS

	Quarter ended		Six months period ended	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
	(Rupees in '000)			
Return on term finance certificates	354	531	788	1,065
Dividend income	34,934	39,668	44,471	46,920
(Loss) / gain on sale of investments - net	(7,008)	28,320	(5,152)	32,264
Unrealized (loss) / gain on held for trading investments - net	(37,495)	49,305	(33,646)	52,827
Rent from investment property	2,537	2,076	5,073	4,508
	<u>(6,678)</u>	<u>119,900</u>	<u>11,534</u>	<u>137,584</u>

17.1 Direct operating expenses incurred against rental income from investment property amounted to Rs. 1.835 million (2010: Rs. 1.426 million). Further, Rs. 0.552 million (2010: Rs. 2.065 million) were incurred against non rented out area.

18. OTHER OPERATING EXPENSES

	Quarter ended		Six months period ended	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
	(Rupees in '000)			
Exchange loss	17,464	1,825	18,640	4,776
Provision for slow moving stores, spares and loose tools	2,320	11,637	2,320	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	3,207	4,824	3,207	8,280
Provision for Workers' Profit Participation Fund	8,913	7,489	8,913	14,519
Provision for diminution in the value of investments - net	19,034	-	19,034	-
	<u>50,938</u>	<u>35,350</u>	<u>52,114</u>	<u>48,787</u>

19. FINANCE COSTS

Incurred on				
- finance lease obligations	1,093	-	2,148	-
- long term loan	-	824	-	1,703
- running finances / short term loans	28,237	38,535	52,151	65,392
- Workers' Profit Participation Fund	-	-	563	-
Bank charges	779	395	2,243	1,012
	<u>30,109</u>	<u>39,754</u>	<u>57,105</u>	<u>68,107</u>

20. BASIC AND DILUTED EARNINGS PER SHARE

Profit after taxation for the period	192,827	240,953	123,576	381,419
	(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	3.42	4.27	2.19	6.76



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21. CASH GENERATED FROM / (USED IN) OPERATIONS

	Six months period ended	
	31 December 2011	31 December 2010
	(Rupees in '000)	
Profit before taxation for the period	164,412	487,426
<b>Adjustments for non cash charges and other items</b>		
Depreciation on operating fixed assets and investment property	81,237	79,991
Amortization of intangible assets	5,688	5,775
Charge for the period on staff retirement benefit funds	5,561	5,242
Charge for compensated absences	1,543	511
Provision for 10-C bonus	-	3,715
Amortization of advances to staff	42	103
Amortization of initial transaction costs	-	107
Dividend income	(44,471)	(46,920)
Unrealised loss / (gain) on held for trading investments - net	33,646	(52,827)
Loss / (gain) on sale of investments - net	5,152	(32,264)
Provision for stock-in-trade and stores, spares and loose tools - net	2,320	12,728
(Reversal of provision) / provision for doubtful trade debts	(4,363)	8,460
Provision for Workers' Welfare Fund	3,207	8,280
Provision for Workers' Profit Participation Fund	8,913	14,519
Reversal of provision for liquidated damages	-	(2,782)
Provision for diminution in the value of investments	19,034	-
Return on deposits and investments	(1,209)	(3,211)
Gain on disposal of operating fixed assets	(114)	(3,533)
Liabilities written back	(674)	-
Finance costs	57,105	68,107
Share of profit from equity accounted investees - net of taxation	(101,776)	(107,675)
Working capital changes	21.1 97,983	(533,747)
	<u>333,236</u>	<u>(87,995)</u>
<b>21.1 Working capital changes</b>		
Decrease / (increase) in current assets		
Stores, spares and loose tools	4,982	(2,136)
Stock-in-trade	(121,581)	(403,469)
Trade debts	(253,055)	126,824
Advances	(51,520)	(17,976)
Trade deposits and short term prepayments	(3,254)	(3,723)
Other receivables	(65,401)	(17,846)
	<u>(489,829)</u>	<u>(318,326)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	587,812	(215,421)
	<u>97,983</u>	<u>(533,747)</u>
<b>22. CASH AND CASH EQUIVALENTS</b>		
Running finances under mark-up arrangements	(644,534)	(1,014,363)
Cash and bank balances	47,062	50,659
	<u>(597,472)</u>	<u>(963,704)</u>
<b>23. SEGMENT REPORTING</b>		
<b>23.1 Reportable segments</b>		
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 property (held for rentals as well as long term appreciation).		
- Energy segment - It comprises operations of Shakarganj Energy (Private) Limited.		

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

23.2 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 2011	Steel segment	Cotton segment	IID segment	Energy segment	Total
	(Rupees in '000)				
Sales - net	765,258	1,603,739	-	-	2,368,997
Cost of sales	510,518	1,594,013	-	-	2,104,531
<b>Gross profit</b>	<b>254,740</b>	<b>9,726</b>	<b>-</b>	<b>-</b>	<b>264,466</b>
Income from investments	-	-	11,534	-	11,534
	254,740	9,726	11,534	-	276,000
Distribution and selling expenses	6,258	15,767	-	-	22,025
Administrative expenses	55,393	21,222	8,849	4,105	89,569
Other operating expenses	31,115	1,255	19,744	-	52,114
	92,766	38,244	28,593	4,105	163,708
	161,974	(28,518)	(17,059)	(4,105)	112,292
Other operating income	6,114	1,182	8	145	7,449
<b>Operating profit / (loss) before finance costs</b>	<b>168,088</b>	<b>(27,336)</b>	<b>(17,051)</b>	<b>(3,960)</b>	<b>119,741</b>
Finance costs	2,402	42,514	12,180	9	57,105
Share of profit in equity accounted investees - net of taxation	-	-	88,976	12,800	101,776
<b>Profit / (loss) before taxation</b>	<b>165,686</b>	<b>(69,850)</b>	<b>59,745</b>	<b>8,831</b>	<b>164,412</b>
Taxation					40,836
<b>Profit after taxation</b>					<b>123,576</b>
<b>For the six months period ended 31 December 2010</b>					
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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23.2.1 Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the period (2010: Nil).

23.2.2 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 2011. 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.

**23.3 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 16 to this condensed interim consolidated financial information.

**23.4 Information about major customers**

Revenue from major customers of Steel segment represent an aggregate amount of Rs. 635.825 million (2010: Rs. 604.954 million) of total Steel segment revenue of Rs. 765.258 million (2010: Rs. 654.976 million). Further, revenue from major customers of Cotton segment represent an aggregate amount of Rs. 98.430 million (2010: Rs. 272.562 million) of total Cotton segment revenue of Rs. 1,603.739 million (2010: Rs. 1,353.376 million).

**23.5 Geographical information**

23.5.1 The Group's revenue from external customers by geographical location is detailed below:

	Six months period ended	
	31 December 2011	31 December 2010
	(Rupees in '000)	
Pakistan	2,261,757	2,008,352
Far East	107,240	-
	<u>2,368,997</u>	<u>2,008,352</u>

23.5.2 All non-current assets of the Group as at 31 December 2011 and 30 June 2011 were located and operated in Pakistan.

**23.6 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 2011</b>					
Segment assets for reportable segments	857,412	1,876,271	815,906	424,449	3,974,038
Investment in equity accounted investees	-	-	1,501,283	151,031	1,652,314
Unallocated corporate assets					(123,737)
Total assets as per balance sheet					<u>5,502,615</u>
Segment liabilities for reportable segments	507,566	349,563	33,186	120,374	1,010,689
Unallocated corporate liabilities					818,572
Total liabilities as per balance sheet					<u>1,829,261</u>
<b>As at 30 June 2011</b>					
Segment assets for reportable segments	568,387	1,626,917	879,910	415,414	3,490,628
Investment in equity accounted investees	-	-	1,349,446	148,577	1,498,023
Unallocated corporate assets					(83,426)
Total assets as per balance sheet					<u>4,905,225</u>
Segment liabilities for reportable segments	149,065	146,966	4,449	125,364	425,844
Unallocated corporate liabilities					878,065
Total liabilities as per balance sheet					<u>1,303,909</u>

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23.6.1 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', 'mark-up accrued' and liabilities relating to current and deferred taxation.

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

**23.7 Other segment information**

	Steel segment	Cotton segment	IID segment	Energy segment	Total
	(Rupees in '000)				

**For the six months period ended 31 December 2011**

Capital expenditure	5,594	53,476	135	125	59,330
Depreciation and amortization	18,872	65,429	2,666	-	86,967
Non-cash items other than depreciation and amortization - net	16,153	43,899	(63,242)	(12,936)	(16,126)

**For the six months period ended 31 December 2010**

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)

**24. 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. Balances and transactions between the Holding Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

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Transactions with related parties of the Group other than those disclosed elsewhere are as follows

Name of entity	Nature of relationship	Nature of transaction	Six months period ended	
			31 December 2011	31 December 2010
			(Rupees in '000)	
Crescent Jute Products Limited *	Related party	Services received	-	243
		Services rendered	-	810
Crescent Sugar Mills & Distillery Limited *	Related party	Dividend paid	-	668
Muhammad Amin Muhammad Bashir Limited **	Related party	Dividend paid	1	1
Premier Insurance Company **	Related party	Dividend paid	100	40
		Insurance premium	1,271	706
Shakarganj Food Products Limited **	Related party	Rental income	554	-
Shakarganj Mills Limited	Associated company	Dividend paid	6,120	2,007
		Sales of finished goods	15,393	388
		Services received	468	2,360
		Services rendered	1,864	727
The Citizens' Foundation **	Related party	Donation given	6,490	15,465
The Crescent Textile Mills Limited **	Related party	Dividend paid	13,972	5,589
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Contribution made	2,032	868
		Dividend paid	11	4
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Contribution made	1,644	1,467
		Dividend paid	1,111	342
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Contribution made	4,107	3,647
		Dividend paid	2,336	554
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Contribution made	2,285	2,083
		Dividend paid	1,000	393
Key management personnel	Related parties	Remuneration and benefits	25,590	20,308

\* These entities have been related parties of the Group by virtue of common directorship only. The Group no longer has significant influence over these entities as at 31 December 2011.

\*\* These entities are / have been related parties of the Group by virtue of common directorship only.

NOTES TO THE CONDENSED INTERIM  
CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the six months period ended 31 December 2011

- 24.1 Sale of finished goods, operating fixed assets and raw materials, rendering of services and rental income are based on commercial terms and at market prices which are approved by the Board of Directors.
- 24.2 Contributions to the employee retirement benefit funds are made in accordance with the terms of employee retirement benefit schemes and actuarial advice.
- 24.3 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including directors of the Group. There were no transactions with key management personnel during the period other than their terms of employment / entitlements.

**25. 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 2011.

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

On 7 January 2012, a major fire broke out in the main production area of the Spinning Unit No. 2 (comprising of 25,344 spindles) of the Cotton segment of the Holding Company located at Lahore Road, Jaranwala, District Faisalabad. This has caused severe damage to the entire production area including building, plant and machinery, equipment and work in process. The above assets are fully insured and the extent of loss is being assessed by the insurance surveyors.

**27. DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim consolidated financial information was authorized for issue in the Board of Directors meeting held on 30 January 2012.

  
Chief Executive

  
Director



## 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 Sector.

### PUBLIC INFORMATION

Financial analysts, stock brokers, interested investors and financial media desiring information regarding the company should contact Mr. Abdul Wahab at the Company's Principal Office, Karachi.  
Telephone: 021-35674881-5  
Email: [abdul.wahab@crescent.com.pk](mailto:abdul.wahab@crescent.com.pk)

### SHAREHOLDERS' INFORMATION

Enquiries concerning lost share certificates, dividend payments, change of address, verification of transfer deeds and share transfers should be directed to the M/s CorpTec Associates (Private) Limited, 7/3-G, Mushtaq Ahmed Gurmani Road, Gulberg-II, Lahore.  
Telephone: 042-35788097-98  
Fax: 042-35755215  
Email: [info@corptech.com.pk](mailto: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 100s.

### 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

10th Floor, BOP Tower, 10-B, Block E-2, Main Boulevard, Gulberg-III, Lahore.  
Telephone: 042-35783801-4  
Fax: 042-35870357  
Email: [ejaz@shakarganj.com.pk](mailto:ejaz@shakarganj.com.pk)

### PRINCIPAL OFFICE

9th Floor, Sidco Avenue Centre, 264 R.A. Lines, Karachi-74200.  
Telephone: 021-35674881-5  
Fax: 021-35680476  
Email: [arif.raza@crescent.com.pk](mailto:arif.raza@crescent.com.pk)

### FACTORY – STEEL DIVISION

Pipe & Coating Plants  
A/25, S.I.T.E., Nooriabad, District Jamshoro, Sindh.  
Telephone: 025-4670020-2  
Email: [iqbal.siddiqui@crescent.com.pk](mailto:iqbal.siddiqui@crescent.com.pk)

### Engineering Unit

17 Km Summundri Road, Dalowal, 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](mailto:abdul.rouf@crescent.com.pk)

### POWER PLANT

Shakarganj Energy (Private) Limited  
57 Km Jhang Sargodha Road, Bhone, District Jhang.  
Telephone: 048-6889211-12  
Fax: 048-6889213

### CORPORATE WEBSITE

To visit our website, go to [www.crescent.com.pk](http://www.crescent.com.pk) or scan QR code



For interim report for the six months period ended December 2011, go to [http://www.crescent.com.pk/Financial\\_Reports/HalfYear-Dec11.pdf](http://www.crescent.com.pk/Financial_Reports/HalfYear-Dec11.pdf) or scan QR code



## COMPANY PROFILE

Crescent Steel and Allied Products Limited is a Public Limited Company listed on all the Stock Exchanges of Pakistan. It started commercial production in March 1987. The manufacturing facilities consist of a Spiral Pipe Production line and a multi-layer Polyolefin and stand-alone Epoxy Coating line, both located side by side at the Sindh Industrial Trading Estate, Nooriabad in Jamshoro district of Sindh and a Cotton Spinning Unit of 19,680 spindles CCP-I and 25,344 spindles CCP-II both at Jaranwala, Faisalabad.

Company's Investment and Infrastructure Development Division manages an investment portfolio and real estate.

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

### STEEL DIVISION

The Spiral Pipe Plant has a capability of manufacturing high quality steel pipes in the diameter range of 8" – 90" (219 mm – 2,286 mm) in wall thickness from 4 mm – 20 mm and material grades up to API 5L X-80. The Company has been gradually enhancing and upgrading the pipe production capacity which has increased from 80,000 tons initially to the present notional capacity of 90,000 tons extendable upto maximum 200,000 tons per annum. The Company has authorization to use API monogram of the American Petroleum Institute – the highest international standard accredited

for quality of steel line pipe. It also has the ISO 9001:2000 certification. In addition, we have become the first Pakistani company to have acquired oil and gas industry specifics ISO/TS 29001, Quality Management System Certification from API. The Polyolefin Coating Plant was added adjacent to the pipe mills which is capable of applying single and multi-layer Coatings comprising of Fusion Bonded Epoxy, Co-Polymer Adhesive and High Density Polyethylene / Poly-propylene and Polyethylene Tape Coating on steel pipes ranging from 4" – 60" (114 mm – 1,524 mm). 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 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 100s 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.

### ENERGY DIVISION – SUBSIDIARY COMPANY SHAKARGANJ ENERGY (PRIVATE) LIMITED

The company acquired a 100% stake in Shakarganj Energy (Private) Limited on 4 January 2010 to build, own, operate and maintain a bagasse fired thermal generation power plant. This company will generate, accumulate, distribute, sell and supply electricity to PEPCO and to other distribution companies under agreement with the Government of Pakistan or to any other company as permitted. This plant is under commissioning at Bhone.