

Pearls of Wisdom



Crescent Steel &
Allied Products Limited



Crescent Steel &
Allied Products Limited

Company Information

Board of Directors

Mazhar Karim	<i>Chairman, Non-Executive Director</i>
Ahsan M. Saleem	<i>Chief Executive & 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</i>
Syed Zahid Hussain	<i>Non-Executive Director (Independent)</i>
Zahid Bashir	<i>Non-Executive Director</i>
Muhammad Saad Thaniana	<i>Company Secretary</i>

Audit Committee

Syed Zahid Hussain	<i>Chairman, Non-Executive Director (Independent)</i>
Nasir Shafi	<i>Member, Non-Executive Director</i>
S.M. Ehtishamullah	<i>Member, Non-Executive Director</i>

Human Resource and Remuneration Committee

Syed Zahid Hussain	<i>Chairman, Non-Executive Director (Independent)</i>
S.M. Ehtishamullah	<i>Member, Non-Executive Director</i>
Zahid Bashir	<i>Member, Non-Executive Director</i>

Governance and Evaluation Committee

Ahmad Waqar	<i>Chairman, Non-Executive Director (Independent)</i>
Zahid Bashir	<i>Member, Non-Executive Director</i>

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	
Hajerah A. Saleem	

Social Investment Committee

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

The Management

Chief Executive & Managing Director Ahsan M. Saleem, 59 1983*
Chief Financial Officer Muhammad Saad Thaniana, 45 2007*
BU Head – Steel Division Iqbal Zafar Siddiqui, 62 2008*
BU Head – Cotton Division Abdul Rouf, 52 2000*
Human Resource Advisor Ehsan Durrani, 64 2008*
Head of Marketing Steel Division Arif Raza, 50 1985*

Directors' Review

Dear Shareholders

I am pleased to present the unaudited unconsolidated and consolidated condensed interim financial information of the Company and the Group respectively for the six months period ended 31 December 2012.

Economic Outlook

Pakistan's economy continues to face several challenges as we head into the second half of this fiscal year with persistent energy shortages, worsening law and order situation, deteriorating foreign reserves, currency devaluation (CY12: 7.8%), declining 2012-13 growth projections of 3-3.5% coupled with an expanding labor force and continuous political uncertainty.

Amidst all the turmoil, the single-digit inflation and discount rate (reduced by 250 bps in H1FY13 to 9.5%) came as a breather to the corporate sector while the deteriorating fiscal account continues to be of concern. 2HFY13 remains critical as government borrowing accelerates, and as a result, is expected to cap investor excitement.

We expect CPI to remain contained during H2FY13 against the full-year target of 9.5%. Furthermore, with the realization of flows under the CSF umbrella and continued growth in remittances, we

expect current account to be contained at current levels through H2FY13. The upcoming IMF repayment, however, continues to threaten the BoP with dues for 2HFY13 at USD 1.7 billion.

At present the major foreseeable risk to the Pakistan economy is worsening of the external position and a subsequent weakening of the Pakistan Rupee. Structural reforms are required for sustained economic growth, and to ensure availability of reliable infrastructure and power for private sector investment.

Financial and Operational Performance

Overall financial performance

The first half of the financial year 2013 ended positively with all segments contributing to a positive bottom line. On the basis of unconsolidated results, the Company's after tax profit for H1FY13, up ten folds, stood at Rs. 374.1 million as compared to Rs. 36.3 million in the same period last year. EPS for the half year stood at Rs. 6.63 as compared to Re. 0.64 in the corresponding period last year. The second quarter (Q2FY13) ended with profitable results adding Rs. 151.5 million (Q2FY12: Rs. 117.9 million) to the bottom line with an EPS of Rs. 2.68 (Q2FY12: Rs. 2.09).

This includes an insurance claim

settlement of Rs. 310 million, reported as other operating income which was partially offset by increased tax, WPPP and WWF charges of Rs. 139.5 million. Had there been no insurance claim settlement, the Company's profit after tax for the period under review, would be at Rs. 202.8 million, an EPS of Rs. 3.59 and operating profits of Rs. 302 million (2HFY12: Rs. 77 million).

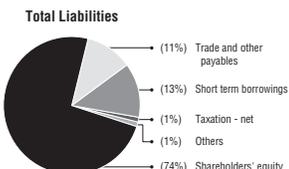
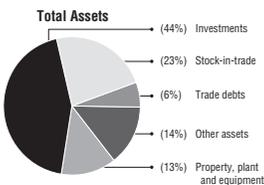
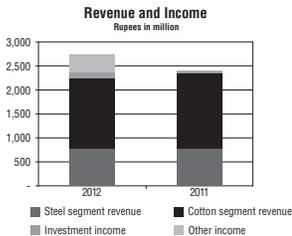
Sales revenue stood at Rs. 2,225 million for H1FY13 (H1FY12: Rs. 2,369 million), with contributions of our Cotton Division accounting for 65% of total sales at Rs. 1,445 million (H1FY12: Rs. 1,604 million) despite the shutdown of Unit II. Steel Divisions' contribution to the turnover improved significantly from Rs. 232 million in Q1FY13 to Rs. 547 million in Q2FY13, aggregating to Rs. 780 million for H1FY13 (H1FY12: Rs. 765 million). Investment income from the IID Division amounted to Rs. 126 million (H1FY12: Rs. 13 million), up almost 9 times YoY.

On a Group basis (including the results of wholly owned subsidiary companies), consolidated profit after tax and EPS for the Group for the half year amounted to Rs. 454 million (H1FY12: 124 million) and Rs. 8.04 (H1FY12: Rs. 2.19), respectively. In the condensed interim consolidated financial information, investments in



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Directors' Review



associates have been accounted for under the equity method of accounting. Share of profit from associates during the current period, fell by 34.2% and amounted to Rs. 67 million (H1FY12: Rs. 101.8 million) whereas gain on dilution of interests in an associate amounted to Rs. 18 million.

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

- Sales revenue down by 6.1%, stood at Rs. 2,225 million (H1FY12: Rs. 2,369 million).
- Investment income stood at Rs. 126 million as compared to Rs. 13 million in H1FY12
- Other operating income of Rs. 356 million includes Rs. 310 million from the CCP Unit-II insurance claim settlement
- Gross profit margins improved to 14.3% for the period as compared to 11.2% for the corresponding period last year.
- EBITDA increased to Rs. 651.9 million for H1FY13 as compared to Rs. 221.1 million in H1FY12.
- EPS stood at Rs. 6.63 for H1FY13, as compared to Re. 0.64 for H1FY12.
- Return on average capital employed (annualized) was 31.9% for the current period as compared to 7.5% for the corresponding period last year.
- Return on average equity (annualized) was 22.6% for the current period as compared to 2.5% for the half year ended

31 December 2011.

- Break-up value per share increased to Rs. 61.2 as at 31 December 2012, from Rs. 54.9 as at 30 June 2012.

Business Segments

Steel segment

Segment performance

Steel Division registered a marginal 2% increase in sales revenues which stood at Rs. 779.7 million for the six months ended 31 December 2012 (H1FY12: Rs. 765.2 million), whereas Gross profit (GP) was lower in comparison by 15.4% at Rs. 215.5 million (H1FY12: Rs. 254.7 million). Accordingly, the bottom line fell by 13.5% to Rs. 144.3 million as against Rs. 166.8 million in the corresponding period last year.

Cotton segment

Segment performance

As there was no revenue generation from Unit-II, after fire damages in January 2012, the management took prudent measures and strategic decisions to protect the division and Company's top and bottom line figures during H1FY13. Leveraging strategic alliances with other spinning units in the country, the division ensured a steady turnover by mandating conversion of cotton to yarn at outsourced facilities and by selling raw cotton at hikes.

As a result of these initiatives, the Cotton division recorded a

Directors' Review

turnover of Rs. 1,445 million (H1FY12: Rs. 1,604 million) of which revenue from the sale of yam from outsourced facilities amounted to Rs. 199.2 million and sale of raw cotton stood at Rs. 320.1 million, aggregating Rs. 519.3 million i.e., 36% of total turnover for the division.

Settlement of insurance claim relating to Unit-II resulted in other operating income (net of tax, WWF and WPPF charges) of Rs. 170.5 million. The pre-tax net profit for the period, excluding inflows from insurance claim, was Rs. 51.8 million against a net loss of Rs. 68.6 million in the corresponding period last year.

Investment and infrastructure development segment

Market Review

Following the H2FY12 trend, the benchmark KSE-100 index increased by 22.49% (CY2012: up by 48.97%) during the six month period under review (H1FY13) to close at 16,905. The main factors contributing to this increase include healthy growth in corporate earnings, monetary easing by the State Bank of Pakistan, with a 250bps Discount Rate cut during the period, Capital Gains Tax relief package, improvements in Pakistan-US relations and a rise in foreign investments.

Segment performance – Unconsolidated

The Investments and Infrastructure Development (IID)

division, in line with the volatile KSE-100, performed significantly well during the H1FY13 with an ROI of 29.1% (the benchmark KSE-100 increased by 22.5%) on average investments of Rs. 538.4 million (excluding strategic investments).

Income from investment activities during the period amounted to Rs. 126.4 million, which is 9 times higher than the corresponding period last year (H1FY12 : 12.6 million). Profit before taxation for the period stood at Rs. 105.8 million as compared to loss before taxation of Rs. 20.9 million in H1FY12. The value of investments in marketable securities (excluding strategic investments) increased to Rs. 643.2 million as compared to Rs. 497.4 million as of 30 June 2012, whereas total value of investments as of 31 December 2012 was Rs. 2,036.4 million as compared to Rs. 1,844.1 million as of 30 June 2012.

Segment performance – Consolidated

As per condensed consolidated interim financial information, profit before taxation for IID Division for the half year ended 31 December 2012 (H1FY13) was Rs. 179.6 million, up by 200%, compared to Rs. 59.8 million last year. This is mainly attributable to unrealized / realized gains and dividend income totaling Rs. 114.1 million, which includes Rs. 13.4 million

in revenues from CS Capital (Private) Limited, and share of profit and gain on dilution, to the tune of Rs. 74.3 million from equity accounted investments. The value of investments in marketable securities (excluding strategic investments) increased to Rs. 732.9 million as compared to Rs. 523.1 million as of 30 June 2012.

The closing position of the portfolio as of 31 December 2012 was Rs. 2,623.8 million, against Rs. 2,346.2 million as of 30 June 2012.

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

Commercial operations of subsidiary - Shakarganj Energy (Private) Limited (SEL) have not yet commenced. The power plant is in its commissioning stage and hopefully, will be operational in the coming season. During the period SEL contributed Rs. 10.1 million to the bottom line (H1FY12: Rs. 8.8 million) mainly as share of profit from equity accounted associate (Altern Energy Limited).

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

Operations of CS Capital (Private) Limited increased significantly during the period and the company posted a profit after tax of Rs. 12.3 million as compared to loss of Rs. 1.4



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million in the corresponding period last year.

Financial Position

Balance sheet

Balance sheet footing stood at Rs. 4,651.2 million as of 31 December 2012, compared to Rs. 4,172.2 million as of 30 June 2012. Break-up value per share increased to Rs. 61.2 from Rs. 54.9 as at 30 June 2012. Current ratio increased to 1.9:1 as of 31 December 2012 from 1.8:1 as at 30 June 2012. The Company's gearing position increased to 14.7% as at 31 December 2012 from 9% as at 30 June 2012.

On a Group basis, the consolidated balance sheet footing increased to Rs. 5,639.8 million, compared to Rs. 5,079.8 million as of 30 June 2012. The total shareholder's fund increased by 11% to Rs. 4,445.1 million, from Rs. 4,007.9 million as of 30 June 2012. Break-up value per share increased to Rs. 78.73 from Rs. 70.99 as at 30 June 2012.

Dividend

Based on the operating performance and results, the Board in their meeting held on 24 January 2013 has decided to pay an interim cash dividend of 10% i.e. Rupee one per share.

Future Outlook

Future outlook for the Steel division is positive for H2FY13.

Sales during the latter half of FY13 are expected to improve as the division carries a promising order book. With increased activity around carried forward orders, we anticipate and hope for conversion on these pending projects to add to the division's turnover over H2FY13. Reforms under the Government's Petroleum (Exploration and Production) Policy 2012 have encouraged oil and gas exploration in the country; generating upstream sector Pipe and Coating demand in the medium-long term.

The textile sector is among the key contributors to the national economy with more than 50% contribution in total exports and around 8.5% to the GDP. The textile, specifically spinning sector may witness higher earnings due to rising demand of Pakistani yarn in China. Additionally, international & local cotton prices appeared to be relatively stable during FY13 backed by high levels of cotton inventories in India and China and depressed demand in the EU and US. However, the unreliable power sector remains a major risk factor as it continues to threaten growth and profitability of the industry.

Outlook for the IID Division for the remainder of FY13 is stable. The benchmark, KSE-100 index, is expected to sustain H1FY13 performance

Directors' Review

(22.5%), with the Oil and Gas, cement, textile and telecom sector stocks leading the index. Influenced by an expected change in political setup, relatively lower returns in alternate investments, heavy and mostly unleveraged short term liquidity, better regional performance and increasingly attractive valuation – trading at a P/E of 7X, the Karachi bourse is set to provide a fairly decent return of 18%-20% during CY13.

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

For and on behalf of the
Board of Directors

Ahsan M. Saleem
Chief Executive Officer
24 January 2013

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 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 up-grading 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 1700 mm, 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

The Company is 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 30s having a notional capacity based on 20s of 6.5 million kgs per annum 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.

To further strengthen our investment portfolio, the Company acquired 100% stake in CS Capital (Private) Limited on 26 September 2011. The principal activity of the subsidiary is to effectively manage investment portfolios in shares, commodities and other securities (strategic as well as short term).

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.



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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 2012 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 (herein-after referred to 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 condensed interim unconsolidated 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 2012 and 31 December 2011 in the condensed interim unconsolidated profit and loss account and condensed interim unconsolidated statement of comprehensive income have not been reviewed by us and we do not express a conclusion on them.

24 January 2013
Karachi

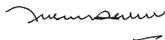
KPMG Taseer Hadi & Co.
Chartered Accountants
Moneeza Usman Butt

Condensed Interim Unconsolidated Balance Sheet (Unaudited)

As at 31 December 2012

	Note	Unaudited 31 December 2012 (Rupees in '000)	Audited 30 June 2012
ASSETS			
Non-current assets			
Property, plant and equipment	5	616,993	666,793
Intangible assets		409	1,617
Investment property		33,392	35,632
Long term investments	6	1,376,153	1,321,397
Long term loans and deposits	7	357,512	243,867
Deferred taxation		26,331	12,606
		<u>2,410,790</u>	<u>2,281,912</u>
Current assets			
Stores, spares and loose tools		83,798	65,860
Stock-in-trade	8	1,051,800	586,720
Trade debts	9	261,123	368,930
Loan and advances	10	106,598	137,895
Trade deposits and short term prepayments		9,893	5,471
Investments	11	643,209	497,414
Current portion of long term investments	12	17,007	25,320
Mark-up accrued		33,916	16,989
Other receivables		22,435	29,318
Taxation - net		-	93,090
Cash and bank balances		10,651	63,334
		<u>2,240,430</u>	<u>1,890,341</u>
Total assets		<u>4,651,220</u>	<u>4,172,253</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
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			
Capital reserves		564,600	564,600
Revenue reserves		417,201	377,302
		<u>2,476,968</u>	<u>2,159,343</u>
		<u>3,458,769</u>	<u>3,101,245</u>
Non-current liabilities			
Liabilities against assets subject to finance lease	13	15,151	19,811
Current liabilities			
Trade and other payables		529,639	691,904
Mark-up accrued		9,500	16,262
Short term borrowings	14	580,629	334,958
Current portion of liabilities against assets subject to finance lease	13	8,891	8,073
Taxation - net		48,641	-
		<u>1,177,300</u>	<u>1,051,197</u>
Contingencies and commitments	15		
Total equity and liabilities		<u>4,651,220</u>	<u>4,172,253</u>

The annexed notes from 1 to 28 form an integral part of this condensed interim unconsolidated financial information.


Chief Executive


Director



Crescent Steel &
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Condensed Interim Unconsolidated Profit and Loss Account (Unaudited)

For the quarter and six months period ended 31 December 2012

Note	Quarter ended		Six months period ended		
	31 December 2012	31 December 2011	31 December 2012	31 December 2011	
(Rupees in '000)					
Sales - net	16	1,345,974	1,438,856	2,224,644	2,368,997
Cost of sales		1,138,996	1,158,835	1,906,136	2,104,531
Gross profit		206,978	280,021	318,508	264,466
Income / (loss) from investments	17	56,338	(5,596)	126,372	12,616
		263,316	274,425	444,880	277,082
Distribution and selling expenses		22,062	12,694	33,270	22,025
Administrative expenses		47,062	44,587	83,518	85,086
Other operating expenses	18	40,471	48,988	78,703	50,164
		109,595	106,269	195,491	157,275
		153,721	168,156	249,389	119,807
Other operating income	19	16,471	8,699	355,940	14,448
Operating profit before finance costs		170,192	176,855	605,329	134,255
Finance costs	20	11,047	30,104	17,507	57,096
Profit before taxation		159,145	146,751	587,822	77,159
Taxation - current		28,291	28,889	235,069	40,925
- prior		(7,607)	(3,572)	(7,607)	(3,572)
- deferred		(13,018)	3,483	(13,725)	3,483
		7,666	28,800	213,737	40,836
Profit after taxation for the period		151,479	117,951	374,085	36,323
		(Rupees)			
Basic and diluted earnings per share	21	2.68	2.09	6.63	0.64

The annexed notes from 1 to 28 form an integral part of this condensed interim unconsolidated financial information.

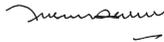

 Chief Executive


 Director

Condensed Interim Unconsolidated
Statement of Comprehensive Income (Unaudited)
For the quarter and six months period ended 31 December 2012

Note	Quarter ended		Six months period ended	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
(Rupees in '000)				
Profit after taxation for the period	151,479	117,951	374,085	36,323
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit and loss</i>				
Unrealized appreciation / (diminution) during the period on remeasurement of investments classified as 'available for sale'	4,924	(26,549)	41,079	(38,397)
Reclassification adjustments relating to gain realized on disposal of 'available for sale' investment securities	(1,180)	–	(1,180)	–
Impairment loss on investments classified as 'available for sale'	–	19,034	–	19,034
Other comprehensive income for the period	3,744	(7,515)	39,899	(19,363)
Total comprehensive income for the period	<u>155,223</u>	<u>110,436</u>	<u>413,984</u>	<u>16,960</u>

The annexed notes from 1 to 28 form an integral part of this condensed interim unconsolidated financial information.


Chief Executive


Director



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Condensed Interim Unconsolidated Cash Flow Statement (Unaudited)

For the six months period ended 31 December 2012

	Note	Six months period ended 31 December 2012	31 December 2011 (Rupees in '000)
Cash flows from operating activities			
Cash (used in) / generated from operations	22	(182,637)	319,510
Taxes paid		(89,483)	(59,499)
Finance costs paid		(24,269)	(58,290)
Contribution to gratuity and pension funds		(6,063)	(5,559)
Contribution to Workers' Profit Participation Fund		(1,120)	(25,862)
Infrastructure fee paid		(1,989)	(22,142)
Compensated absences paid		(435)	(482)
10-C bonus paid		(4,915)	(862)
Long term loans and deposits - net		(113,650)	(1,434)
Net cash (used in) / generated from operating activities		(424,561)	145,380
Cash flows from investing activities			
Capital expenditure		(14,341)	(53,984)
Acquisition of intangible assets		(70)	-
Proceeds from disposal of operating fixed assets		4,652	327
Proceeds from assets subject to Insurance claim		281,531	-
Investments - net		(73,810)	17,818
Dividend income received		42,871	43,450
Interest income received		559	6,828
Net cash inflows from investing activities		241,392	14,439
Cash flows from financing activities			
Proceeds from disposal of operating fixed assets under sale and leaseback arrangement		-	4,980
Payments against finance lease obligations		(3,842)	(6,720)
Proceeds from short term loans obtained - net / (repayments against short term loans)		49,473	(66,247)
Dividends paid		(111,343)	(140,602)
Net cash outflows from financing activities		(65,712)	(208,589)
Net decrease in cash and cash equivalents		(248,881)	(48,770)
Cash and cash equivalents at beginning of the period		(253,076)	(553,661)
Cash and cash equivalents at end of the period	23	(501,957)	(602,431)

The annexed notes from 1 to 28 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 2012

	Issued, subscribed and paid-up capital	Capital reserves		Revenue reserves		Total
		Share premium	Unrealized appreciation / (diminution) on remeasurement of investments classified as 'available for sale'	General reserve	Unappropri- ated profit	
(Rupees in '000)						
Balance as at 1 July 2011	564,600	349,959	3,048	1,842,000	116,719	2,876,326
Total comprehensive income for the period						
Profit for the period	-	-	-	-	36,323	36,323
Other comprehensive income						
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
<i>Other comprehensive income for the period</i>	-	-	(19,363)	-	-	(19,363)
	-	-	(19,363)	-	36,323	16,960
Transaction with owners						
Dividend: - Final @ 15% (i.e. Rs. 15 per share) for the year ended 30 June 2011	-	-	-	-	(84,690)	(84,690)
Balance as at 31 December 2011	564,600	349,959	(16,315)	1,842,000	68,352	2,808,596
Balance as at 1 July 2012	564,600	349,959	27,343	1,842,000	317,343	3,101,245
Total comprehensive income for the period						
Profit for the period	-	-	-	-	374,085	374,085
Other comprehensive income						
Unrealized appreciation during the period on remeasurement of investments classified as 'available for sale'	-	-	41,079	-	-	41,079
Reclassification adjustments relating to gain realized on disposal of investments classified as 'available for sale'	-	-	(1,180)	-	-	(1,180)
<i>Other comprehensive income for the period</i>	-	-	39,899	-	-	39,899
	-	-	39,899	-	374,085	413,984
Transaction with owners						
Dividend: - Final @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2012	-	-	-	-	(56,460)	(56,460)
Balance as at 31 December 2012	564,600	349,959	67,242	1,842,000	634,968	3,458,769

The annexed notes from 1 to 28 form an integral part of this condensed interim unconsolidated financial information.


Chief Executive


Director



Crescent Steel &
Allied Products Limited

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2012

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 of the Company for the six months period ended 31 December 2012 has been prepared in accordance with the requirements of the International Accounting Standards 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- 2.2 This condensed interim unconsolidated financial information of the Company 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 2012.
- 2.3 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.
- 2.4 The comparative balance sheet presented in this condensed interim unconsolidated financial information has been extracted from the audited annual separate financial statements of the Company for the year ended 30 June 2012, 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 period ended 31 December 2011.

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 year ended 30 June 2012.

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 except where changes affected presentation and disclosures in this condensed interim unconsolidated financial information.

4. ESTIMATES AND JUDGEMENTS

- 4.1 The preparation of condensed interim unconsolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.
- 4.2 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 2012.

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2012

5. PROPERTY, PLANT AND EQUIPMENT

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

	Six months period ended 31 December 2012		Six months period ended 31 December 2011	
	Additions / Transfers	Disposals	Additions / Transfers	Disposals
	(Rupees in '000)			
Plant and machinery - owned	668	9,046	47,879	4,880
Plant and machinery - leased	–	–	5,056	–
Furniture and fittings	169	–	74	–
Electrical / office equipment and installation	148	10	714	–
Computers	426	–	328	–
Motor vehicles - owned	3,999	3,418	2,088	625
Motor vehicles - leased	–	–	3,801	–
	<u>5,410</u>	<u>12,474</u>	<u>59,940</u>	<u>5,505</u>

5.2 Additions in Capital work-in-progress (net of transfers) during the period amounted to Rs. 8.931 million (2011: Rs. 2.901 million).

6. LONG TERM INVESTMENTS

		Unaudited 31 December 2012	Audited 30 June 2012
		(Rupees in '000)	
Subsidiary companies - at cost	6.1	454,870	400,114
Associated companies - at cost	6.2	742,337	742,337
Other long term investments	6.3	178,946	178,946
		<u>1,376,153</u>	<u>1,321,397</u>

6.1 Subsidiary companies - at cost

31 December 2012	30 June 2012		Unaudited 31 December 2012	Audited 30 June 2012
			(Rupees in '000)	
		Unquoted		
33,010,000	33,010,000	Shakarganj Energy (Private) Limited (Chief Executive Officer - Mr. Muhammad Saad Thaniana)	6.1.1	330,100
12,476,995	7,001,400	CS Capital (Private) Limited (Chief Executive Officer - Mr. Muhammad Saad Thaniana)	6.1.2	124,770
2	2	Crescent Continental Gas Pipelines Limited (US \$ 1 each)	6.1.3	–
			<u>454,870</u>	<u>400,114</u>



Crescent Steel &
Allied Products Limited

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2012

- 6.1.1 This represents Company's investment in 100% ordinary shares of Shakarganj Energy (Private) Limited. The Company has acquired Shakarganj Energy (Private) Limited on 4 January 2010.
- 6.1.2 This represents Company's investment in 100% ordinary shares of CS Capital (Private) Limited. The Company has acquired CS Capital (Private) Limited on 26 September 2011. During the period, the Company has further subscribed to right issues offered on various dates by the investee company aggregating 5.48 million ordinary shares for Rs. 54.756 million, making a total holding of 12.476 million ordinary shares as at 31 December 2012.
- 6.1.3 This represents investment in subsidiary amounting to 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 2012 (Number of shares)	30 June 2012		Unaudited 31 December 2012 (Rupees in '000)	Audited 30 June 2012
60,475,416	60,475,416	Quoted Altem Energy Limited (Chief Executive Officer - Syed Zamanat Abbas)	6.2.1 593,488	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>239,713</u>	<u>239,713</u>
			<u>742,337</u>	<u>742,337</u>

- 6.2.1 During the period Altem Energy Limited has offered equity shares to another investor. Accordingly, the Company's holding in the investee company is diluted from 17.65% to 16.64%. There is no common directorship in the investee company. However, only for the purpose of equity accounting as required under IAS 28 'Investments in Associates' it has been treated as an associate.

- 6.2.2 The fair value of investments in associates as at 31 December 2012 is Rs. 755.953 million (30 June 2012: Rs. 775.705 million).

6.3 Other long term investments

		Unaudited 31 December 2012 (Rupees in '000)	Audited 30 June 2012
Investments in related parties			
Available for sale	6.3.1	-	-
Other investments			
Available for sale		<u>178,946</u>	<u>178,946</u>
		<u>178,946</u>	<u>178,946</u>

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2012

6.3.1 This includes investment in Crescent Bahuman Limited which is carried at carrying value of Rs. Nil. The break-up value of shares of the investee company is Rs. Nil per share (2011 : Rs. Nil) [break-up value including surplus on revaluation of property, plant and equipment Rs. Nil per share (2011 : Rs. 1.07 per share)], calculated on the basis of audited annual financial statements for the year ended 30 June 2012.

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 2012.

7. LONG TERM LOANS AND DEPOSITS

		Unaudited 31 December 2012	Audited 30 June 2012
(Rupees in '000)			
Long term loan - Considered good (Unsecured)			
- to subsidiary company	7.1	336,651	223,000
- to staff		-	6
Security deposits - leasing companies		8,256	8,256
Security deposits - others		12,605	12,605
		<u>357,512</u>	<u>243,867</u>

7.1 This represents long term loan to the wholly owned subsidiary company namely Shakarganj Energy (Private) Limited. The approved limit as per agreement of long term loan is Rs. 385 million. During the period further loan amounting to Rs. 113.651 million is disbursed to the said subsidiary. The repayment schedule of this long term loan will be finalized after the commencement of commercial operations of the subsidiary company during the year.

The mark-up rate on the above loan is 3 months KIBOR prevailing on the date of disbursement of each tranche and thereafter will be reset one day prior to the commencement of mark-up payment period and will be valid for the whole quarter. Mark-up is payable on quarterly basis. The effective mark-up charged during the period was 13.53% (2011: 14.85% to 16.60%) per annum.

8. STOCK-IN-TRADE

	Unaudited 31 December 2012	Audited 30 June 2012
(Rupees in '000)		
Raw materials		
Hot rolled steel coils (HR Coil)	18,031	11,237
Coating materials	92,759	64,683
Others	11,437	19,489
Raw cotton	587,612	323,887
Stock-in-transit	205,499	35,649
	<u>915,338</u>	<u>454,945</u>
Work-in-process	12,920	22,268
Finished goods	118,529	101,116
Scrap / cotton waste	5,013	8,391
	<u>136,462</u>	<u>131,775</u>
	<u>1,051,800</u>	<u>586,720</u>



Crescent Steel &
Allied Products Limited

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2012

9. TRADE DEBTS

	Unaudited 31 December 2012	Audited 30 June 2012
(Rupees in '000)		
Secured		
Considered good	77,402	230,537
Unsecured		
Considered good	183,721	138,393
Considered doubtful	1,139	1,139
Provision for doubtful trade debts	(1,139)	(1,139)
	183,721	138,393
	261,123	368,930

10. LOAN AND ADVANCES

Unsecured		
Advances - considered good		
Advances to executives	2,360	3,333
Suppliers for goods and services	104,122	134,562
Advances to others	116	-
Advances - considered doubtful		
Suppliers for goods and services	47	47
Provision for doubtful advances	(47)	(47)
	-	-
	106,598	137,895

11. INVESTMENTS

Investments in related parties		
Available for sale	7,016	4,026
Other investments		
Available for sale	146,277	110,274
Held for trading	489,916	383,114
	636,193	493,388
	643,209	497,414

11.1 Investments having an aggregate market value of Rs. 801.167 million (30 June 2012: Rs. 776.595 million) have been pledged with financial institutions as security against financing facilities (see note 14.4) out of which Rs. 508.174 million (30 June 2012: Rs. 515.164 million) relates to long term investments.

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2012

12. CURRENT PORTION OF LONG TERM INVESTMENTS

	Unaudited 31 December 2012	Audited 30 June 2012
	(Rupees in '000)	
Preference shares of Shakarganj Mills Limited	29,994	29,994
Term finance certificates of United Bank Limited	-	8,313
Dividend receivable on preference shares of Shakarganj Mills Limited	5,106	5,106
	<u>35,100</u>	<u>43,413</u>
Less: Provision for impairment	18,093	18,093
	<u>17,007</u>	<u>25,320</u>

13. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Minimum lease payments		Future finance costs		Present value of minimum lease payments	
	31 December 2012	30 June 2012	31 December 2012	30 June 2012	31 December 2012	30 June 2012
	(Rupees in '000)					
Not later than one year	11,171	11,171	2,280	3,098	8,891	8,073
Later than one year and not later than five years	15,805	21,391	654	1,580	15,151	19,811
	<u>26,976</u>	<u>32,562</u>	<u>2,934</u>	<u>4,678</u>	<u>24,042</u>	<u>27,884</u>
Less: Current portion shown under current liabilities					8,891	8,073
					<u>15,151</u>	<u>19,811</u>

- 13.1 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 2012: three years) and the liability is payable by the year 2015 (30 June 2012: 2015). The periodic lease payments include built-in rates of mark-up ranging between 18.50% to 20.25% (2011: 19.29% to 20.25%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 12.478 million (30 June 2012: Rs. 14.128 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.

14. SHORT TERM BORROWINGS

	Unaudited 31 December 2012	Audited 30 June 2012
	(Rupees in '000)	
Secured from banking companies		
Running finances under mark-up arrangements	512,608	316,410
Short term loans	68,021	18,548
	<u>580,629</u>	<u>334,958</u>



Crescent Steel &
Allied Products Limited

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2012

- 14.1 Short term running finance available from various commercial banks under mark-up arrangements amounted to Rs. 500 million (30 June 2012: Rs. 500 million) out of which Rs. 250 million (30 June 2012: Rs. Nil) is interchangeable with letters of credit. During the period, the mark-up on such arrangements ranged between 11.38% to 15.01% (2011: 14.08% to 16.56%) per annum.
- 14.2 Short term loan financing available from various commercial banks under mark-up arrangements amounted to Rs. 1,100 million (30 June 2012: Rs. 1,100 million) out of which Rs. 300 million (30 June 2012: Rs. 300 million) is interchangeable with letters of credit. During the period, the mark-up on such arrangements ranged between 11.63% to 14.35% (2011: 14.33% to 16.56%) per annum.
- 14.3 The facilities for opening letters of credit amounted to Rs. 1,500 million (30 June 2012: Rs. 1,150 million) out of which Rs. 250 million (30 June 2012: Rs. Nil) and Rs. 300 million (30 June 2012: Rs. 300 million) are interchangeable with short term running finance and short term loans respectively as mentioned in notes 14.1 and 14.2 above. The facility for letters of guarantee as at 31 December 2012 amounted to Rs. 594 million (30 June 2012: Rs. 500 million). Amounts unutilized for letters of credit and guarantees as at 31 December 2012 were Rs. 566.611 million and Rs. 31.949 million (30 June 2012: Rs. 815.627 million and Rs. 123.035 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 12 to the Company's audited annual separate financial statements for the year ended 30 June 2012, except as set out in note 15.2 below.
- 15.2 Aggregate amount of guarantees issued by banks on behalf of the Company against various contracts aggregated Rs. 562.051 million (30 June 2012: Rs. 376.965 million).
- 15.3 Commitments in respect of capital expenditure contracted for as at 31 December 2012 amounted to Rs. 7.462 million (30 June 2012: Rs. 16.230 million) payable by June 2014 representing office premises located in Islamabad.
- 15.4 Commitments under letters of credit as at 31 December 2012 amounted to Rs. 798.276 million (30 June 2012: Rs. 298.789 million).

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2012

16. SALES - NET

	Unaudited Quarter ended		Unaudited Six months period ended	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	(Rupees in '000)			
Local sales				
Bare pipes (own product excluding coating revenue)	285,391	520,017	394,227	579,700
Revenue from conversion	1,592	1,419	4,754	5,676
Coating of pipes	294,000	159,801	437,582	262,462
Cotton yarn / raw cotton	538,239	731,621	1,105,873	1,448,924
Others (including pipes laboratory testing)	36,416	24,993	50,063	30,972
Scrap / waste	33,473	29,985	43,794	63,664
Sales returns	(9,130)	(2,775)	(9,130)	(10,095)
	<u>1,179,981</u>	<u>1,465,061</u>	<u>2,027,163</u>	<u>2,381,303</u>
Export sales				
Cotton yarn / raw cotton	251,237	70,397	319,718	107,240
	<u>1,431,218</u>	<u>1,535,458</u>	<u>2,346,881</u>	<u>2,488,543</u>
Sales tax and special excise duty	(85,244)	(96,602)	(122,237)	(119,546)
	<u>1,345,974</u>	<u>1,438,856</u>	<u>2,224,644</u>	<u>2,368,997</u>

17. INCOME / (LOSS) FROM INVESTMENTS

Return on term finance certificates	–	354	76	788
Dividend income	34,299	34,785	42,557	44,322
Gain / (loss) on sale of investments - net				
- Available-for-sale	1,291	–	1,291	–
- Held for trading	7,353	(7,007)	14,300	(5,151)
Unrealized gain / (loss) on held for trading investments - net	10,790	(36,265)	62,938	(32,416)
Rent from investment property	2,605	2,537	5,210	5,073
	<u>56,338</u>	<u>(5,596)</u>	<u>126,372</u>	<u>12,616</u>

- 17.1 Direct operating expenses incurred against rental income from investment property amounted to Rs. 1.808 million (2011: Rs. 1.835 million). Further, Rs. 0.629 million (2011: Rs. 0.552 million) were incurred against non rented out area.



Crescent Steel &
Allied Products Limited

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2012

18. OTHER OPERATING EXPENSES

	Unaudited Quarter ended		Unaudited Six months period ended	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	(Rupees in '000)			
Exchange loss	4,288	17,464	10,412	18,640
Provision for slow moving stores, spares and loose tools	942	2,320	942	2,320
Provision for Workers' Welfare Fund	2,077	3,207	14,509	3,207
Provision for Workers' Profit Participation Fund	7,654	8,913	27,192	8,913
Provision for liquidated damages	4,891	-	4,891	-
Impairment charge relating to capital work in process	18.1 20,619	-	20,619	-
Provision for diminution in the value of investments - net	-	17,084	-	17,084
Others	-	-	138	-
	<u>40,471</u>	<u>48,988</u>	<u>78,703</u>	<u>50,164</u>

18.1 The construction work at the site has been halted since last year due to differences between Defence Housing Authority and the developer and is still uncertain in near future. Consequently, based on prudence principal the Company has provided the above advance in full.

19. OTHER OPERATING INCOME

This includes an amount of Rs. 310.872 million on account of gain on final settlement of insurance claim received against damages caused by fire in the Spinning Unit No. 2 of the Cotton segment of the Company situated in Jaranwala on 7 January 2012.

20. FINANCE COSTS

	Unaudited Quarter ended		Unaudited Six months period ended	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	(Rupees in '000)			
Incurred on:				
- finance lease obligations	821	1,093	1,730	2,148
- running finances / short term loans	9,743	28,237	14,483	52,151
- Workers' Profit Participation Fund	-	-	-	563
Bank charges	483	774	1,294	2,234
	<u>11,047</u>	<u>30,104</u>	<u>17,507</u>	<u>57,096</u>

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2012

21. BASIC AND DILUTED EARNINGS PER SHARE

	Unaudited Quarter ended		Unaudited Six months period ended	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	(Rupees in '000)			
Profit after taxation for the period	<u>151,479</u>	<u>117,951</u>	<u>374,085</u>	<u>36,323</u>
	(Number of share)		(Number of share)	
Average number of ordinary shares in issue during the period	<u>56,459,993</u>	<u>56,459,993</u>	<u>56,459,993</u>	<u>56,459,993</u>
	(Rupees)		(Rupees)	
Basic and diluted earnings per share	<u>2.68</u>	<u>2.09</u>	<u>6.63</u>	<u>0.64</u>

22. CASH (USED IN) / GENERATED FROM OPERATIONS

	Six months period ended	
	31 December 2012	31 December 2011
	(Rupees in '000)	
Profit before taxation for the period	587,822	77,159
Adjustments for non cash charges and other items		
Depreciation on operating fixed assets and investment property	45,334	81,237
Amortization of intangible assets	1,279	5,688
Charge for the period on staff retirement benefit funds	6,063	5,561
Charge for compensated absences	1,437	1,543
Provision for 10-C bonus	1,683	-
Amortization of advances to staff	5	42
Dividend income	(42,557)	(44,322)
Unrealized (gain) / loss on held for trading investments - net	(62,938)	32,416
(Gain) / loss on sale of investments - net	(15,591)	5,151
Provision for stock-in-trade and stores, spares and loose tools - net	377	2,320
Reversal of provision for doubtful trade debts - net	-	(4,363)
Provision for Workers' Welfare Fund	14,509	3,207
Provision for Workers' Profit Participation Fund	27,192	8,913
Provision for liquidated damages	4,891	-
Reversal of provision for liquidated damages	(8,934)	-
Provision for diminution in the value of investments - net	-	17,084
Return on deposits, loan and investments	(17,486)	(8,208)
Gain on disposal of operating fixed assets	(4,225)	(114)
Gain on disposal of assets subject to insurance claim	(281,531)	-
Liabilities written back	-	(674)
Impairment charge relating to capital work in process	20,619	-
Finance costs	17,507	57,096
Working capital changes	22.1 (478,093)	79,774
	<u>(182,637)</u>	<u>319,510</u>



Crescent Steel &
Allied Products Limited

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2012

22.1 Working capital changes

	Six months period ended	
	31 December 2012	31 December 2011
	(Rupees in '000)	
<i>(Increase) / decrease in current assets</i>		
Stores, spares and loose tools	(18,315)	4,982
Stock-in-trade	(460,561)	(121,581)
Trade debts	107,807	(253,055)
Loan and advances	31,297	(75,020)
Trade deposits and short term prepayments	(4,422)	(3,486)
Other receivables	6,569	(64,571)
	<u>(337,625)</u>	<u>(512,731)</u>
<i>(Decrease) / increase in current liabilities</i>		
Trade and other payables	(140,468)	592,505
	<u>(478,093)</u>	<u>79,774</u>

23. CASH AND CASH EQUIVALENTS

Running finances under mark-up arrangements	(512,608)	(644,534)
Cash and bank balances	10,651	42,103
	<u>(501,957)</u>	<u>(602,431)</u>

24. SEGMENT REPORTING

24.1 Reportable segments

The Company's reportable segments as per the requirement of 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 2012

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

24.2 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 2012	Steel segment	Cotton segment	IID segment	Total
	(Rupees in '000)			
Sales - net	779,683	1,444,961	–	2,224,644
Cost of sales	564,196	1,341,940	–	1,906,136
Gross profit	215,487	103,021	–	318,508
Income from investments	–	–	126,372	126,372
	215,487	103,021	126,372	444,880
Distribution and selling expenses	5,752	27,518	–	33,270
Administrative expenses	60,593	16,164	6,761	83,518
Other operating expenses	24,889	32,107	21,707	78,703
	91,234	75,789	28,468	195,491
	124,253	27,232	97,904	249,389
Other operating income	22,454	320,113	13,373	355,940
Operating profit before finance costs	146,707	347,345	111,277	605,329
Finance costs	2,417	9,695	5,395	17,507
Profit before taxation	144,290	337,650	105,882	587,822
Taxation				213,737
Profit after taxation				374,085
For the six months period ended 31 December 2011				
Sales - net	765,258	1,603,739	–	2,368,997
Cost of sales	510,518	1,594,013	–	2,104,531
Gross profit	254,740	9,726	–	264,466
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
Operating profit / (loss) before finance costs	169,199	(26,143)	(8,801)	134,255
Finance costs	2,402	42,514	12,180	57,096
Profit / (loss) before taxation	166,797	(68,657)	(20,981)	77,159
Taxation				40,836
Profit after taxation				36,323



Crescent Steel &
Allied Products Limited

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2012

24.2.1 Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the period (2011: Nil).

24.2.2 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 2012. 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.

24.3 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 16 to this condensed interim unconsolidated financial information.

24.4 Information about major customers

Revenue from major customers of Steel segment represents an aggregate amount of Rs. 618.947 million (2011: Rs. 635.825 million) of total Steel segment revenue of Rs. 779.683 million (2011: Rs. 765.258 million). Further, revenue from major customers of Cotton segment represents an aggregate amount of Rs. 640.647 million (2011: Rs. 98.430 million) of total Cotton segment revenue of Rs. 1,444.961 million (2011: Rs. 1,603.739 million).

24.5 Geographical information

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

	Six months period ended	
	31 December 2012	31 December 2011
	(Rupees in '000)	
Pakistan	1,904,926	2,261,757
Far East	319,718	107,240
	<u>2,224,644</u>	<u>2,368,997</u>

24.5.2 All non-current assets of the Company as at 31 December 2012 and 30 June 2012 were located and operated in Pakistan.

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2012

24.6 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)			
As at 31 December 2012				
Segment assets for reportable segments	643,345	1,421,135	2,141,946	4,206,426
Unallocated corporate assets				444,794
Total assets as per balance sheet				<u>4,651,220</u>
Segment liabilities for reportable segments	36,220	163,012	2,675	201,907
Unallocated corporate liabilities				990,544
Total liabilities as per balance sheet				<u>1,192,451</u>
As at 30 June 2012				
Segment assets for reportable segments	858,360	1,147,382	1,995,770	4,001,512
Unallocated corporate assets				170,741
Total assets as per balance sheet				<u>4,172,253</u>
Segment liabilities for reportable segments	154,224	475,746	2,695	632,665
Unallocated corporate liabilities				438,343
Total liabilities as per balance sheet				<u>1,071,008</u>

24.6.1 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.



Crescent Steel &
Allied Products Limited

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2012

24.7 Other segment information

	Steel segment	Cotton segment	IID segment	Total
	(Rupees in '000)			
For the six months period ended				
31 December 2012				
Capital expenditure	–	6,411	3,198	9,609
Depreciation and amortization	13,797	30,406	2,415	46,618
Non-cash items other than depreciation and amortization - net	13,385	(245,188)	(107,181)	(338,984)
For the six months period ended				
31 December 2011				
Capital expenditure	1,520	51,348	–	52,868
Depreciation and amortization	18,872	65,429	2,666	86,967
Non-cash items other than depreciation and amortization - net	15,042	42,706	17,862	75,610

25. 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 2012	31 December 2011
			(Rupees in '000)	
Muhammad Amin Muhammad Bashir Limited *	Related party	Dividend paid	1	1
Premier Insurance Company *	Related party	Dividend paid	10	100
		Insurance premium	1,293	–
Shakarganj Energy (Private) Limited	Subsidiary company	Short term loan provided	–	23,500
		Long term loan provided	113,652	–
		Mark-up on short term loan	–	7,152
		Mark-up on long term loan	17,201	–
CS Capital (Private) Limited	Subsidiary company	Right shares subscribed	29,756	50,000
		Share deposit money	25,000	–
Shakarganj Food Products Limited**	Related party	Rental income	–	554

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2012

Name of entity	Nature of relationship	Nature of transaction	Six months period ended	
			31 December 2012	31 December 2011
			(Rupees in '000)	
Shakarganj Mills Limited	Associated company	Dividend paid	2,448	6,120
		Sales of finished goods	37,187	15,393
		Sales of raw cotton	130,554	-
		Services received	599	468
		Services rendered	1,821	364
The Citizens' Foundation *	Related party	Donation given	13,004	6,490
Commecs Educational Trust *	Related party	Donation given	2,000	-
The Crescent Textile Mills Limited*	Related party	Dividend paid	5,589	13,972
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Contribution made	957	2,032
		Dividend paid	4	11
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Contribution made	1,731	1,644
		Dividend paid	621	1,111
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Contribution made	4,333	4,107
		Dividend paid	1,244	2,336
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Contribution made	2,446	2,285
		Dividend paid	400	1,000
Key management personnel	Related parties	Remuneration and benefits	27,670	25,590

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

**The Company no longer has significant influence over this entity.

- 25.1 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.
- 25.2 Contributions to the employee retirement benefit funds are made in accordance with the terms of employee retirement benefit schemes and actuarial advice.
- 25.3 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.



Crescent Steel &
Allied Products Limited

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2012

26. 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 2012.

27. NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors in their meeting held on 24 January 2013 has declared first interim cash dividend of Re. 1 per share (i.e. 10%), amounting to Rs. 56.460 million. This condensed interim unconsolidated financial information does not reflect this proposed issue.

28. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim unconsolidated financial information was authorized for issue in the Board of Directors meeting held on 24 January 2013.

Chief Executive

Director

Condensed Interim
Consolidated Financial
Information (Unaudited)

For the six months
period ended 31 December 2012

Condensed Interim Consolidated Balance Sheet (Unaudited)

As at 31 December 2012

	Note	Unaudited 31 December 2012 (Rupees in '000)	Audited 30 June 2012
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,158,014	1,086,169
Intangible assets		409	1,617
Investment property		33,392	35,632
Investment in equity accounted investees	6	1,890,897	1,805,860
Other long term investments	7	220,717	220,717
Long term loans and deposits		20,861	20,867
Deferred taxation		26,331	12,606
		<u>3,350,621</u>	<u>3,183,468</u>
Current assets			
Stores, spares and loose tools		83,798	65,860
Stock-in-trade	8	1,051,800	586,720
Trade debts	9	261,123	368,930
Advances	10	106,598	137,896
Trade deposits and short term prepayments		9,933	5,753
Investments	11	732,979	523,077
Current portion of long term investments	12	-	8,313
Mark-up accrued on term finance certificates		-	275
Other receivables		26,553	36,760
Taxation - net		-	93,357
Cash and bank balances		16,444	69,366
		<u>2,289,228</u>	<u>1,896,307</u>
Total assets		<u>5,639,849</u>	<u>5,079,775</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
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			
Capital reserves		564,600	564,600
Revenue reserves		442,473	402,574
		<u>3,437,995</u>	<u>3,040,788</u>
		4,445,068	4,007,962
Non-current liabilities			
Liabilities against assets subject to finance lease	13	15,151	19,811
Current liabilities			
Trade and other payables		532,161	692,709
Mark-up accrued		9,501	16,262
Short term borrowings	14	580,629	334,958
Current portion of liabilities against assets subject to finance lease	13	8,891	8,073
Taxation - net		48,448	-
		<u>1,179,630</u>	<u>1,052,002</u>
Contingencies and commitments	15		
Total equity and liabilities		<u>5,639,849</u>	<u>5,079,775</u>

The annexed notes from 1 to 29 form an integral part of this condensed interim consolidated financial information.


Chief Executive


Director



Crescent Steel &
Allied Products Limited

Condensed Interim Consolidated Profit and Loss Account (Unaudited)

For the quarter and six months period ended 31 December 2012

Note	Quarter ended		Six months period ended		
	31 December 2012	31 December 2011	31 December 2012	31 December 2011	
(Rupees in '000)					
Sales - net	16	1,345,974	1,438,856	2,224,644	2,368,997
Cost of sales		<u>1,138,996</u>	<u>1,158,835</u>	<u>1,906,136</u>	<u>2,104,531</u>
Gross profit		206,978	280,021	318,508	264,466
Income / (loss) from investments	17	<u>64,066</u>	<u>(6,678)</u>	<u>139,730</u>	<u>11,534</u>
		271,044	273,343	458,238	276,000
Distribution and selling expenses		22,062	12,694	33,270	22,025
Administrative expenses		47,618	48,675	84,762	89,569
Other operating expenses	18	<u>40,471</u>	<u>50,938</u>	<u>78,703</u>	<u>52,114</u>
		110,151	112,307	196,735	163,708
		<u>160,893</u>	<u>161,036</u>	<u>261,503</u>	<u>112,292</u>
Other operating income	19	<u>7,478</u>	<u>5,160</u>	<u>338,889</u>	<u>7,449</u>
Operating profit before finance costs		168,371	166,196	600,392	119,741
Finance costs	20	11,047	30,109	17,508	57,105
Share of profit in equity accounted investees - net of taxation / gain on dilution	21	<u>106,145</u>	<u>85,540</u>	<u>85,037</u>	<u>101,776</u>
Profit before taxation		263,469	221,627	667,921	164,412
Taxation - current		28,632	28,889	235,585	40,925
- prior		(7,607)	(3,572)	(7,607)	(3,572)
- deferred		<u>(13,018)</u>	<u>3,483</u>	<u>(13,725)</u>	<u>3,483</u>
Profit after taxation for the period		8,007	28,800	214,253	40,836
		<u>255,462</u>	<u>192,827</u>	<u>453,668</u>	<u>123,576</u>
(Rupees)					
Basic and diluted earnings per share	22	<u>4.52</u>	<u>3.42</u>	<u>8.04</u>	<u>2.19</u>

The annexed notes from 1 to 29 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 2012

Note	Quarter ended		Six months period ended	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	(Rupees in '000)			
Profit after taxation for the period	255,462	192,827	453,668	123,576
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit and loss</i>				
Unrealized appreciation / (diminution) during the period on remeasurement of investments classified as 'available for sale'	4,924	(26,549)	41,079	(38,397)
Reclassification adjustments relating to gain realized on disposal of 'available for sale' investment securities	(1,180)	–	(1,180)	–
Proportionate share of other comprehensive income of equity accounted investees	–	–	–	52,515
Impairment loss on investments classified as 'available for sale'	–	19,034	–	19,034
Other comprehensive income for the period	3,744	(7,515)	39,899	33,152
Total comprehensive income for the period	<u>259,206</u>	<u>185,312</u>	<u>493,567</u>	<u>156,728</u>

The annexed notes from 1 to 29 form an integral part of this condensed interim consolidated financial information.


Chief Executive


Director



Crescent Steel &
Allied Products Limited

Condensed Interim Consolidated Cash Flow Statement (Unaudited)

For the six months period ended 31 December 2012

	Note	Six months period ended 31 December 2012	31 December 2011
		(Rupees in '000)	
Cash flows from operating activities			
Cash (used in) / generated from operations	23	(178,504)	333,236
Taxes paid		(89,926)	(59,525)
Finance costs paid		(24,270)	(67,727)
Contribution to gratuity and pension funds		(6,063)	(5,559)
Contribution to Workers' Profit Participation Fund		(1,120)	(25,862)
Infrastructure fee paid		(1,989)	(22,142)
Compensated absences paid		(435)	(482)
10-C bonus paid		(4,915)	(862)
Long term loans and deposits - net		(113,650)	(1,434)
Net cash (used in) / generated from operating activities		(420,872)	149,643
Cash flows from investing activities			
Capital expenditure		(135,986)	(54,109)
Acquisition of intangible assets		(70)	-
Proceeds from disposal of operating fixed assets		4,652	327
Proceeds from operating fixed assets subject to Insurance claim		281,531	-
Investments - net		(72,103)	21,361
Dividend income received		45,079	43,599
Interest income received		709	1,475
Net cash inflows from investing activities		123,812	12,653
Cash flows from financing activities			
Repayments against long term loan		113,652	-
Proceeds from disposal of operating fixed assets under sale and leaseback arrangement		-	4,980
Payments against finance lease obligations		(3,842)	(6,720)
Proceeds from short term loans obtained - net / (repayments against short term loans)		49,473	(66,247)
Dividends paid		(111,343)	(140,602)
Net cash inflows / (outflows) from financing activities		47,940	(208,589)
Net decrease in cash and cash equivalents		(249,120)	(46,293)
Cash and cash equivalents at beginning of the period		(247,044)	(551,179)
Cash and cash equivalents at end of the period	24	(496,164)	(597,472)

The annexed notes from 1 to 29 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 2012

	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	Unappropri- ated profit	
(Rupees in '000)							
Balance as at 1 July 2011	564,600	349,959	3,048	(27,243)	1,842,000	868,952	3,601,316
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	123,576	123,576
Other comprehensive income							
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 income for the period	-	-	(19,363)	52,515	-	-	33,152
	-	-	(19,363)	52,515	-	123,576	156,728
Transaction with owners							
Dividend:							
- Final @ 15% (i.e. Rs. 1.5 per share) for the year ended 30 June 2011	-	-	-	-	-	(84,690)	(84,690)
Balance as at 31 December 2011	564,600	349,959	(16,315)	25,272	1,842,000	907,838	3,673,354
Balance as at 1 July 2012	564,600	349,959	27,343	25,272	1,842,000	1,198,788	4,007,962
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	453,667	453,667
Other comprehensive income							
Unrealized appreciation during the period on remeasurement of investments classified as 'available for sale'	-	-	41,079	-	-	-	41,079
Reclassification adjustments relating to gain realized on disposal of investments classified as 'available for sale'	-	-	(1,180)	-	-	-	(1,180)
Other comprehensive income for the period	-	-	39,899	-	-	-	39,899
	-	-	39,899	-	-	453,667	493,566
Transaction with owners							
Dividend:							
- Final @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2012	-	-	-	-	-	(56,460)	(56,460)
Balance as at 31 December 2012	564,600	349,959	67,242	25,272	1,842,000	1,595,995	4,445,068

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

The annexed notes from 1 to 29 form an integral part of this condensed interim consolidated financial information.


Chief Executive


Director



Crescent Steel &
Allied Products Limited

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2012

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 of the Group for the six months period ended 31 December 2012 has been prepared in accordance with the requirements of the International Accounting Standards 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- 2.2 This condensed interim consolidated financial information of the Group 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 2012.
- 2.3 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.

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2012

2.4 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 2012, 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 2011.

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 year ended 30 June 2012.

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 except where changes affected presentation and disclosures in this condensed interim consolidated financial information.

4. ESTIMATES AND JUDGEMENTS

4.1 The preparation of condensed interim consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

4.2 Estimates and judgements made by management in the preparation of this condensed interim consolidated financial information are 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 2012.

5. PROPERTY, PLANT AND EQUIPMENT

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

	Six months period ended 31 December 2012		Six months period ended 31 December 2011	
	Additions / Transfers	Disposals	Additions / Transfers	Disposals
	(Rupees in '000)			
Plant and machinery - owned	668	9,046	47,879	4,880
Plant and machinery - leased	-	-	5,056	-
Furniture and fittings	169	-	74	-
Electrical / office equipment and installation	148	10	714	-
Computers	426	-	328	-
Motor vehicles - owned	3,999	3,418	2,088	625
Motor vehicles - leased	-	-	3,801	-
	<u>5,410</u>	<u>12,474</u>	<u>59,940</u>	<u>5,505</u>



Crescent Steel &
Allied Products Limited

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2012

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 2012 (Number of shares)	30 June 2012			Unaudited 31 December 2012 (Rupees in '000)	Audited 30 June 2012
		Quoted			
69,175,416	69,175,416	Altem Energy Limited (Chief Executive Officer - Syed Zamanat Abbas)	6.1	1,890,897	1,805,860
15,244,665	15,244,665	Shakarganj Mills Limited (Chief Executive Officer - Mr. Ahsan M. Saleem)	6.2	-	-
				<u>1,890,897</u>	<u>1,805,860</u>

6.1 During the period Altem Energy Limited has offered equity shares to another investor, as a result the Holding Company and the Subsidiary Company now hold 16.64% and 2.39% respectively i.e. aggregate holding of 19.04% in the investee company. There is no common directorship in the investee company. However, only for the purpose of equity accounting as required under IAS 28 'Investments in Associates' it has been treated as an associate.

6.2 As at 31 December 2012 and 30 June 2012, 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 2012.

The Group has discontinued any further recognition of its share of losses of the investee company. The unrecognized share of net profits for the period amounted to Rs. 6.107 million (2011: net losses Rs. 85.239 million) and cumulatively share of net losses as at 31 December 2012 amounted to Rs. 68.571 million (30 June 2012: Rs. 74.698 million). Included in the unrecognized share of net losses for the period, is an amount aggregating Rs. Nil million (2012: Rs. 1.903 million) representing the Group's share of net loss from discontinued operations of the investee company.

6.3 The above figures are based on financial information of these companies as at 30 September 2012.

6.4 The fair value of investments in associates as at 31 December 2012 is Rs. 838.168 million (30 June 2012: Rs. 859.051 million).

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7. OTHER LONG TERM INVESTMENTS

		Unaudited 31 December 2012 (Rupees in '000)	Audited 30 June 2012
Investments in related parties			
Available for sale	7.1	-	-
Other investments			
Available for sale		<u>220,717</u>	<u>220,717</u>
		<u>220,717</u>	<u>220,717</u>

- 7.1 This includes investment in Crescent Bahuman Limited which is carried at carrying value of Rs. Nil. The break-up value of shares of the investee company is Rs. Nil per share (2011 : Rs. Nil) [break-up value including surplus on revaluation of property, plant and equipment Rs. Nil per share (2011 : Rs. 1.07 per share)], calculated on the basis of audited annual financial statements for the year ended 30 June 2012.

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 2012.

8. STOCK-IN-TRADE

	Unaudited 31 December 2012 (Rupees in '000)	Audited 30 June 2012
Raw materials		
Hot rolled steel coils (HR Coil)	18,031	11,237
Coating materials	92,759	64,683
Others	11,437	19,489
Raw cotton	587,612	323,887
Stock-in-transit	<u>205,499</u>	<u>35,649</u>
	915,338	454,945
Work-in-process	<u>12,920</u>	<u>22,268</u>
Finished goods	118,529	101,116
Scrap / cotton waste	5,013	8,391
	<u>136,462</u>	<u>131,775</u>
	<u>1,051,800</u>	<u>586,720</u>

9. TRADE DEBTS

Secured		
Considered good	77,402	230,537
Unsecured		
Considered good	<u>183,721</u>	<u>138,393</u>
Considered doubtful	1,139	1,139
Provision for doubtful trade debts	<u>(1,139)</u>	<u>(1,139)</u>
	<u>183,721</u>	<u>138,393</u>
	<u>261,123</u>	<u>368,930</u>



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10. ADVANCES

	Unaudited 31 December 2012	Audited 30 June 2012
(Rupees in '000)		
Unsecured - Considered good		
Advances to executives	2,360	3,333
Suppliers for goods and services	104,122	134,563
Advances to others	116	-
Unsecured - Considered doubtful		
Suppliers for goods and services	47	47
Provision for doubtful advances	(47)	(47)
	-	-
	106,598	137,896

11. INVESTMENTS

Investments in related parties		
Available for sale	7,016	4,026
Other investments		
Available for sale	146,277	110,274
Held for trading	579,686	408,777
	725,963	519,051
	732,979	523,077

- 11.1 Investments having an aggregate market value of Rs. 801.167 million (30 June 2012: Rs. 776.595 million) have been pledged with financial institutions as security against financing facilities (see note 14.4) out of which Rs. 508.174 million (30 June 2012: Rs. 515.164 million) relates to long term investments.

12. CURRENT PORTION OF LONG TERM INVESTMENTS

	Unaudited 31 December 2012	Audited 30 June 2012
(Rupees in '000)		
Preference shares of Shakarganj Mills Limited	29,994	29,994
Term finance certificates of United Bank Limited	-	8,313
Dividend receivable on preference shares of Shakarganj Mills Limited	5,106	5,106
	35,100	43,413
Less: Share of loss on Shakarganj Mills Limited attributed to preference shares and dividend receivable thereon	12.1	
	35,100	35,100
	-	8,313

- 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).

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13. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Minimum lease payments		Future finance costs		Present value of minimum lease payments	
	31 December 2012	30 June 2012	31 December 2012	30 June 2012	31 December 2012	30 June 2012
	(Rupees in '000)					
Not later than one year	11,171	11,171	2,280	3,098	8,891	8,073
Later than one year and not later than five years	15,805	21,391	654	1,580	15,151	19,811
	<u>26,976</u>	<u>32,562</u>	<u>2,934</u>	<u>4,678</u>	<u>24,042</u>	<u>27,884</u>
Less: Current portion shown under current liabilities					8,891	8,073
					<u>15,151</u>	<u>19,811</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 2012: three years) and the liability is payable by the year 2015 (30 June 2012: 2015). The periodic lease payments include built-in rates of mark-up ranging between 18.50% to 20.25% (2011: 19.29% to 20.25%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 12.478 million (30 June 2012: Rs. 14.128 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	Audited
	31 December 2012	30 June 2012
	(Rupees in '000)	
Secured from banking companies		
Running finances under mark-up arrangements	512,608	316,410
Short term loans	68,021	18,548
	<u>580,629</u>	<u>334,958</u>

- 14.1 Short term running finance available from various commercial banks under mark-up arrangements amounted to Rs. 500 million (30 June 2012: Rs. 500 million) out of which Rs. 250 million (30 June 2012: Rs. Nil) is interchangeable with letters of credit. During the period, the mark-up on such arrangements ranged between 11.38% to 15.01% (2011: 14.08% to 16.56%) per annum.



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- 14.2 Short term loan financing available from various commercial banks under mark-up arrangements amounted to Rs. 1,100 million (30 June 2012: Rs. 1,100 million) out of which Rs. 300 million (30 June 2012: Rs. 300 million) is interchangeable with letters of credit. During the period, the mark-up on such arrangements ranged between 11.63% to 14.35% (2011: 14.33% to 16.56%) per annum.
- 14.3 The facilities for opening letters of credit amounted to Rs. 1,500 million (30 June 2012: Rs. 1,150 million) out of which Rs. 250 million (30 June 2012: Rs. Nil), Rs. 300 million (30 June 2012: Rs. 300 million) are interchangeable with short term running finance and short term loans respectively as mentioned in notes 14.1 and 14.2 above. The facility for letters of guarantee as at 31 December 2012 amounted to Rs. 594 million (30 June 2012: Rs. 500 million). Amounts unutilized for letters of credit and guarantees as at 31 December 2012 were Rs. 566.611 million and Rs. 31.949 million (30 June 2012: Rs. 815.627 million and Rs. 123.035 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 2012, 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. 562.051 million (30 June 2012: Rs. 376.965 million).
- 15.3 Commitments in respect of capital expenditure contracted for as at 31 December 2012 amounted to Rs. 17.490 million (30 June 2012: Rs. 139.937 million) payable by June 2014 representing office premises located in Islamabad. This also includes commitments contracted by the subsidiary company aggregating Rs. 10.028 million (30 June 2012: Rs. 123.707 million) in respect of capital expenditure to acquire plant and machinery.
- 15.4 Commitments under letters of credit as at 31 December 2012 amounted to Rs. 798.276 million (30 June 2012: Rs. 298.789 million).

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16. SALES - NET

	Unaudited Quarter ended		Unaudited Six months period ended	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	(Rupees in '000)			
Local sales				
Bare pipes (own product excluding coating revenue)	285,391	520,017	394,227	579,700
Revenue from conversion	1,592	1,419	4,754	5,676
Coating of pipes	294,000	159,801	437,582	262,462
Cotton yarn / raw cotton	538,239	731,621	1,105,873	1,448,924
Others (including pipes laboratory testing)	36,416	24,993	50,063	30,972
Scrap / waste	33,473	29,985	43,794	63,664
Sales returns	(9,130)	(2,775)	(9,130)	(10,095)
	<u>1,179,981</u>	<u>1,465,061</u>	<u>2,027,163</u>	<u>2,381,303</u>
Export sales				
Cotton yarn / raw cotton	251,237	70,397	319,718	107,240
	<u>1,431,218</u>	<u>1,535,458</u>	<u>2,346,881</u>	<u>2,488,543</u>
Sales tax and special excise duty	(85,244)	(96,602)	(122,237)	(119,546)
	<u>1,345,974</u>	<u>1,438,856</u>	<u>2,224,644</u>	<u>2,368,997</u>

17. INCOME / (LOSS) FROM INVESTMENTS

Return on term finance certificates	-	354	76	788
Dividend income	35,761	34,934	44,858	44,471
Gain / (loss) on sale of investments - net				
- Available-for-sale	1,291	-	1,291	(5,152)
- Held for trading	9,676	(7,008)	17,569	
Unrealized gain / (loss) on held for trading investments - net	14,733	(37,495)	70,726	(33,646)
Rent from investment property	2,605	2,537	5,210	5,073
	<u>64,066</u>	<u>(6,678)</u>	<u>139,730</u>	<u>11,534</u>

- 17.1 Direct operating expenses incurred against rental income from investment property amounted to Rs. 1.808 million (2011: Rs. 1.835 million). Further, Rs. 0.629 million (2011: Rs. 0.552 million) were incurred against non rented out area.



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18. OTHER OPERATING EXPENSES

	Unaudited Quarter ended		Unaudited Six months period ended	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	(Rupees in '000)			
Exchange loss	4,288	17,464	10,412	18,640
Provision for slow moving stores, spares and loose tools	942	2,320	942	2,320
Provision for Workers' Welfare Fund	2,077	3,207	14,509	3,207
Provision for Workers' Profit Participation Fund	7,654	8,913	27,192	8,913
Provision for liquidated damages	4,891	–	4,891	–
Impairment charge relating to capital work in process	20,619	–	20,619	–
Provision for diminution in the value of investments - net	–	19,034	–	19,034
Others	–	–	138	–
	<u>40,471</u>	<u>50,938</u>	<u>78,703</u>	<u>52,114</u>

- 18.1 The construction work at the site has been halted since last year due to differences between Defence Housing Authority and the developer and is still uncertain in near future. Consequently, based on prudence principal the Company has provided the above advance in full.

19. OTHER OPERATING INCOME

This includes an amount of Rs. 310.872 million on account of gain on final settlement of insurance claim received against damages caused by fire in the Spinning Unit No. 2 of the Cotton segment of the Company situated in Jaranwala on 7 January 2012.

20. FINANCE COSTS

	Unaudited Quarter ended		Unaudited Six months period ended	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	(Rupees in '000)			
Incurring on:				
- finance lease obligations	821	1,093	1,730	2,148
- running finances / short term loans	9,743	28,237	14,483	52,151
- Workers' Profit Participation Fund	–	–	–	563
Bank charges	483	779	1,295	2,243
	<u>11,047</u>	<u>30,109</u>	<u>17,508</u>	<u>57,105</u>

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21. SHARE OF PROFIT IN EQUITY ACCOUNTED INVESTEES - NET OF TAXATION / GAIN ON DILUTION

	Unaudited		Unaudited	
	Quarter ended		Six months period ended	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	(Rupees in '000)			
Share of profit after taxation of Altern Energy Limited	87,860	85,540	66,752	101,776
Gain on dilution	21.1 18,285	-	18,285	-
	<u>106,145</u>	<u>85,540</u>	<u>85,037</u>	<u>101,776</u>

21.1 During the period Altern Energy Limited issued 20.83 million equity shares to another investors, as a result the Groups's interests in the associate's equity decreased from 20.19% to 19.04%.

The assets of the associate increased by Rs. 249.96 million as a result of further issue of shares, and consequently, notwithstanding the reduction in the Group's interests, the transaction resulted in an increase of Rs. 18.285 million in the Group's share of associate underlying net assets. This increase represents gains from dilution of the Group's interests in the associate, and is presented in the condensed interim consolidated profit and loss account.

22. BASIC AND DILUTED EARNINGS PER SHARE

	Unaudited		Unaudited	
	Quarter ended		Six months period ended	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	(Rupees in '000)			
Profit after taxation for the period	255,462	192,827	453,668	123,576
	(Number of share)		(Number of share)	
Average number of ordinary shares in issue during the period	56,459,993	56,459,993	56,459,993	56,459,993
	(Rupees)		(Rupees)	
Basic and diluted earnings per share	4.52	3.42	8.04	2.19



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23. CASH (USED IN) / GENERATED FROM OPERATIONS

	Six months period ended	
	31 December 2012	31 December 2011
	(Rupees in '000)	
Profit before taxation for the period	667,921	164,412
Adjustments for non cash charges and other items		
Depreciation on operating fixed assets and investment property	45,334	81,237
Amortization of intangible assets	1,279	5,688
Charge for the period on staff retirement benefit funds	6,063	5,561
Charge for compensated absences	1,437	1,543
Provision for 10-C bonus	1,683	-
Amortization of advances to staff	5	42
Dividend income	(44,858)	(44,471)
Unrealized (gain) / loss on held for trading investments - net	(70,726)	33,646
(Gain) / loss on sale of investments - net	(18,860)	5,152
Provision for stock-in-trade and stores, spares and loose tools - net	377	2,320
Reversal of provision for doubtful trade debts - net	-	(4,363)
Provision for Workers' Welfare Fund	14,509	3,207
Provision for Workers' Profit Participation Fund	27,192	8,913
Provision for liquidated damage	4,891	-
Reversal of provision for liquidated damages	(8,934)	-
Provision for diminution in the value of investments - net	-	19,034
Return on deposits, loan and investments	(435)	(1,209)
Gain on disposal of operating fixed assets	(4,225)	(114)
Gain on disposal of assets subject to Insurance claim	(281,531)	-
Liabilities written back	-	(674)
Impairment charge relating to capital work in process	20,619	-
Finance costs	17,508	57,105
Share of profit from equity accounted investees - net of taxation / gain on dilution	(85,037)	(101,776)
Working capital changes	23.1 (472,716)	97,983
	<u>(178,504)</u>	<u>333,236</u>
23.1 Working capital changes		
<i>(Increase) / decrease in current assets</i>		
Stores, spares and loose tools	(18,315)	4,982
Stock-in-trade	(460,561)	(121,581)
Trade debts	107,807	(253,055)
Advances	31,297	(51,520)
Trade deposits and short term prepayments	(4,180)	(3,254)
Other receivables	9,986	(65,401)
	<u>(333,966)</u>	<u>(489,829)</u>
<i>(Decrease) / increase in current liabilities</i>		
Trade and other payables	(138,750)	587,812
	<u>(472,716)</u>	<u>97,983</u>

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24. CASH AND CASH EQUIVALENTS

	Six months period ended	
	31 December 2012	31 December 2011
	(Rupees in '000)	
Running finances under mark-up arrangements	(512,608)	(644,534)
Cash and bank balances	16,444	47,062
	<u>(496,164)</u>	<u>(597,472)</u>

25. SEGMENT REPORTING

25.1 Reportable segments

The Group's reportable segments as per the requirement of 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.

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

25.2 Segment revenues and results

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

	Steel segment	Cotton segment	IID segment	Energy segment	Total
	(Rupees in '000)				
For the six months period ended 31 December 2012					
Sales - net	779,683	1,444,961	-	-	2,224,644
Cost of sales	564,196	1,341,940	-	-	1,906,136
Gross profit	215,487	103,021	-	-	318,508
Income from investments	-	-	139,730	-	139,730
	215,487	103,021	139,730	-	458,238
Distribution and selling expenses	5,752	27,518	-	-	33,270
Administrative expenses	60,593	16,164	7,411	594	84,762
Other operating expenses	24,889	32,107	21,707	-	78,703
	91,234	75,789	29,118	594	196,735
	124,253	27,232	110,612	(594)	261,503
Other operating income	19,343	319,396	110	40	338,889
Operating profit / (loss) before finance costs	143,596	346,628	110,722	(554)	600,392
Finance costs	2,417	9,695	5,395	1	17,508
Share of profit in equity accounted investees - net of taxation / gain on dilution	-	-	74,342	10,695	85,037
Profit before taxation	141,179	336,933	179,669	10,140	667,921
Taxation					214,253
Profit after taxation					453,668



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	Steel segment	Cotton segment	IID segment	Energy segment	Total
	(Rupees in '000)				
For the six months period ended 31 December 2011					
Sales - net	765,258	1,603,739	–	–	2,368,997
Cost of sales	510,518	1,594,013	–	–	2,104,531
Gross profit	254,740	9,726	–	–	264,466
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
Operating profit / (loss) before finance costs	168,088	(27,336)	(17,051)	(3,960)	119,741
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
Profit / (loss) before taxation	165,686	(69,850)	59,745	8,831	164,412
Taxation					40,836
Profit after taxation					123,576

25.2.1 Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the period (2011: Nil).

25.2.2 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 2012. 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.

25.3 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.

25.4 Information about major customers

Revenue from major customers of Steel segment represent an aggregate amount of Rs. 618.947 million (2011: Rs. 635.825 million) of total Steel segment revenue of Rs. 779.683 million (2011: Rs. 765.258 million). Further, revenue from major customers of Cotton segment represent an aggregate amount of Rs. 640.647 million (2011: Rs. 98.430 million) of total Cotton segment revenue of Rs. 1,444.961 million (2011: Rs. 1,603.739 million).

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25.5 Geographical information

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

	Six months period ended	
	31 December 2012	31 December 2011
	(Rupees in '000)	
Pakistan	1,904,926	2,261,757
Far East	319,718	107,240
	<u>2,224,644</u>	<u>2,368,997</u>

25.5.2 All non-current assets of the Group as at 31 December 2012 and 30 June 2012 were located and operated in Pakistan.

25.6 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)				
As at 31 December 2012					
Segment assets for reportable segments	643,345	1,421,135	1,066,263	543,982	3,674,725
Investment in equity accounted investees	–	–	1,709,861	181,036	1,890,897
Unallocated corporate assets					74,227
Total assets as per balance sheet					<u>5,639,849</u>
Segment liabilities for reportable segments	36,220	163,011	2,801	2,101	204,133
Unallocated corporate liabilities					990,648
Total liabilities as per balance sheet					<u>1,194,781</u>
As at 30 June 2012					
Segment assets for reportable segments	858,360	1,147,383	907,685	429,460	3,342,888
Investment in equity accounted investees	–	–	1,635,519	170,341	1,805,860
Unallocated corporate assets					(68,973)
Total assets as per balance sheet					<u>5,079,775</u>
Segment liabilities for reportable segments	154,224	475,746	2,825	675	633,470
Unallocated corporate liabilities					438,343
Total liabilities as per balance sheet					<u>1,071,813</u>



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25.6.1 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.

25.7 Other segment information

	Steel segment	Cotton segment	IID segment	Energy segment	Total
	(Rupees in '000)				
For the six months period ended 31 December 2012					
Capital expenditure	–	6,411	3,198	121,645	131,254
Depreciation and amortization	13,797	30,406	2,415	–	46,618
Non-cash items other than depreciation and amortization - net	16,496	(244,471)	(181,618)	(10,734)	(420,327)
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)

26. 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.

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2012

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 2012	31 December 2011
			(Rupees in '000)	
Muhammad Amin Muhammad Bashir Limited *	Related party	Dividend paid	<u>1</u>	<u>1</u>
Premier Insurance Company *	Related party	Dividend paid	<u>10</u>	<u>100</u>
		Insurance premium	<u>1,293</u>	<u>1,271</u>
Shakarganj Food Products Limited **	Related party	Rental income	<u>–</u>	<u>554</u>
Shakarganj Mills Limited	Associated company	Dividend paid	<u>2,448</u>	<u>6,120</u>
		Sales of finished goods	<u>37,187</u>	<u>15,393</u>
		Sales of raw cotton	<u>130,554</u>	<u>–</u>
		Services received	<u>599</u>	<u>468</u>
		Services rendered	<u>1,821</u>	<u>1,864</u>
The Citizens' Foundation *	Related party	Donation given	<u>13,004</u>	<u>6,490</u>
Commecc Educational Trust *	Related party	Donation given	<u>2,000</u>	<u>–</u>
The Crescent Textile Mills Limited *	Related party	Dividend paid	<u>5,589</u>	<u>13,972</u>
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Contribution made	<u>957</u>	<u>2,032</u>
		Dividend paid	<u>4</u>	<u>11</u>
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Contribution made	<u>1,731</u>	<u>1,644</u>
		Dividend paid	<u>621</u>	<u>1,111</u>
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Contribution made	<u>4,333</u>	<u>4,107</u>
		Dividend paid	<u>1,244</u>	<u>2,336</u>
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Contribution made	<u>2,446</u>	<u>2,285</u>
		Dividend paid	<u>400</u>	<u>1,000</u>
Key management personnel	Related parties	Remuneration and benefits	<u>27,670</u>	<u>25,590</u>

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

** The Group no longer has significant influence over this entity.



Crescent Steel &
Allied Products Limited

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2012

- 26.1 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.
- 26.2 Contributions to the employee retirement benefit funds are made in accordance with the terms of employee retirement benefit schemes and actuarial advice.
- 26.3 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.

27. FINANCIAL RISK MANAGEMENT

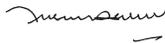
The Group's financial risk management objectives and policies are consistent with those disclosed in the audited annual consolidated financial statements of the Group as at and for the year ended 30 June 2012.

28. NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Holding Company in their meeting held on 24 January 2013 has declared first interim cash dividend of Re. 1 per share (i.e. 10%), amounting to Rs. 56.460 million. This condensed interim consolidated financial information does not reflect this proposed issue.

29. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim consolidated financial information was authorized for issue in the Board of Directors meeting held on 24 January 2013.


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.
Tel: +92 21 3567 4881-85
Email: 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 M/s CorpTec Associates (Private) Limited, 7/3-G, Mushtaq Ahmed Gurmani Road, Gulberg-II, Lahore.
Tel: +92 42 3578 8097-98,
+92 42 3576 1661-62
Fax: +92 42 3575 5215
Email: info@corptec.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 30s.

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
Summit Bank Limited

Registered Office

10th Floor, BOP Tower, 10-B,
Block E-2, Main Boulevard,
Gulberg-III, Lahore.
Tel: +92 42 3578 3801-03,
+92 42 3578 3811

Liaison Office Lahore

10th Floor, BOP Tower, 10-B,
Block E-2, Main Boulevard,
Gulberg-III, Lahore.
Tel: +92 42 3578 3801-03
Fax: +92 42 3578 3811
Email: ejaz.ahmed@shakarganj.com.pk

Principal Office

9th Floor, Sidco Avenue Centre,
264 R.A. Lines, Karachi-74200.
Tel: +92 21 3567 4881-85
Fax: +92 21 3568 0476
Email: arif.raza@crescent.com.pk

Factory – Steel Division

Pipe & Coating Plants
A/25, S.I.T.E., Nooriabad,
District Jamshoro, Sindh.
Tel: +92 25 4670 020-22,
+92 25 4670 055
Email: iqbal.siddiqui@crescent.com.pk

Engineering Unit

17 Km Summudri Road,
Dalawal, District
Faisalabad, Punjab.
Tel: +92 41 2569 825-26
Fax: +92 41 2679 825

Mills – Cotton Division

Crescent Cotton Products
(Spinning Unit)
1st Mile, Lahore Road,
Jaranwala, District Faisalabad,
Punjab.
Tel: +92 41 4318 061-65,
Fax: +92 41 4318 066
Email: abdul.rouf@crescent.com.pk

Power Plant

Shakarganj Energy (Private)
Limited
57 Km Jhang Sargodha Road,
Bhone, District Jhang.
Tel: +92 48 6889 210 & 12
Fax: +92 48 6889 211

Corporate Website

To visit our website, go to
www.crescent.com.pk or
scan QR code



For Condensed Interim Report for the six months period ended December 2012, go to http://www.crescent.com.pk/wp-content/uploads/2012/12/HalfYear_Dec12.pdf or scan QR code



www.crescent.com.pk

