

CONDENSED INTERIM REPORT  
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2014

FROM  
LEGEND  
TO  
LEGACY



Crescent Steel and  
Allied Products Limited



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# COMPANY INFORMATION

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## Board of Directors

Ahmad Waqar  
Chairman, Non-Executive Director  
(Independent)  
Ahsan M. Saleem  
Chief Executive Officer and Managing  
Director  
Nasir Shafi  
Non-Executive Director  
Khurram M. Karim  
Non-Executive Director  
S.M. Ehtishamullah  
Non-Executive Director  
Syed Zahid Hussain  
Non-Executive Director (Independent)  
Zahid Bashir  
Non-Executive Director

## Company Secretary

Muhammad Saad Thaniana

## Audit Committee

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

## Human Resource and Remuneration Committee

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

## Governance and Evaluation Committee

Ahmad Waqar  
Chairman, Non-Executive Director  
(Independent)  
Zahid Bashir  
Member, Non-Executive Director

## The Management

Chief Executive Officer and  
Managing Director  
Ahsan M. Saleem – 1983\*

Chief Financial Officer  
Muhammad Saad Thaniana – 2007\*

BU Head – Steel Division  
Iqbal Zafar Siddiqui – 2008\*

BU Head – Cotton Division  
Abdul Rouf – 2000\*

Human Resource Advisor  
Ehsan Durrani – 2008\*

Head of Marketing – Steel  
Division  
Arif Raza – 1985\*

Head of Manufacturing – Steel  
Division  
Mushtaque Ahmed – 1985\*

Head of Corporate Affairs  
Hajerah A. Saleem – 2012\*

Resident Director (CCP)  
Hasan Altaf Saleem – 2010\*

## 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@ccrescent.com.pk](mailto:abdul.wahab@ccrescent.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, 503-E Johar  
Town, Lahore.  
Tel: +92 42 3517 0336-37  
Fax: +92 42 3517 0338  
Email: [info@corptec.com.pk](mailto: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.

Fabrication of machinery for  
sugar and cement industry.

### Cotton division

Manufacturer of quality cotton  
yarn of various counts of 6s to  
30s including compact, slub  
and siro.

\* Year joined Company

## COMPANY INFORMATION

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### Auditors

KPMG Taseer Hadi & Co.

### Legal advisor

Hassan and Hassan, Advocates,  
Lahore

### Bankers

Allied Bank Limited  
Al-Baraka Bank (Pakistan) Ltd.  
Habib Metropolitan Bank  
Limited  
Industrial Commercial Bank of  
China  
MCB Bank Limited  
Summit Bank Limited  
Standard Chartered Bank  
(Pakistan) Limited

### Registered office

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

### 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@crescent.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 and 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 Summundri 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

### Crescent Hadeed (Private) Limited

57 Kilometer, Jhang Sargodha  
Road, Bhone, District Jhang  
Tel: 047 6006111

### Corporate website

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



For Condensed Interim Report for the first quarter ended September 2014, go to <http://www.crescent.com.pk/wp-content/uploads/2014/10/Quarter-Sep14.pdf> or scan QR code



## COMPANY PROFILE

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Crescent Steel and Allied Products Limited (CSAPL) 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 an Internal/External Coating line, both located side by side at the Sindh Industrial Trading Estate, Nooriabad in Jamshoro, Sindh and a Cotton Spinning Unit of 19,680 spindles at Jaranwala, Punjab. 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 the 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 the pipe production capacity which has increased to the present notional capacity of 90,000 tonnes extendable up to maximum 200,000 tonnes

per annum. The Company has authorization to use API monogram of the American Petroleum Institute (API) – the highest international standard accredited for quality of steel line pipe. It also has the ISO 9001:2008 certification. In addition, CSAPL is the first Pakistani company to acquire oil and gas industry specific ISO/TS 29001, Quality Management System Certification from API.

The external Coating Plant is capable of applying coatings such as Multi-Layer Polyolefin coatings, Single Layer Fusion Bonded Epoxy coatings, Liquid Epoxy coatings and High Temperature Heat Shrink Tape Coatings on steel pipes ranging from 4" – 60" (114 mm – 1,524 mm). Furthermore, the division is also capable for cold applied tape coatings on pipe diameter above 60" (1,524 mm) and internal epoxy coating for flow efficiency and/or corrosion protection on diameters ranging from 8" – 60" (219 mm – 1524 mm).

CSAPL has diversified its product offering by adding capabilities to fabricate and erect machinery especially for sugar and cement industry. This diversification enables the Company to manufacture machineries such as boilers, cane shredders up to diameter

of 1700mm, juice heaters, evaporators, batch and continuous vacuum pans, centrifugal machines, stainless steel spray clusters and multi-jet 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 manufacturing and coatings and will continue to remain at the cutting edge 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: 2008 Quality Management Credentials, is registered with Ministry of Textile Industry Pakistan and is a member of International Cotton Association Limited (ICA Limited) and All Pakistan Textile Mills Association (APTMA).

## COMPANY PROFILE

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CCP produces good quality cotton yarn with value addition of Slub, Siro and Compact Attachments. CCP consisting of 19,680 spindles is equipped with modern high-tech European and Japanese machinery ensuring a high-quality yarn making process, producing various counts from 6s to 30s and has a notional capacity (based on 20s) of 6.5 million kgs per annum. CCP products are consistently in demand and generally sold at a premium.

### INVESTMENT AND INFRASTRUCTURE DEVELOPMENT DIVISION

The division manages a portfolio of equity investments and real estate. The portfolio is balanced in a way that spreads risk over a diversified spectrum and offers potential for growth as well as dividend yields.

### SUBSIDIARY COMPANIES

#### CS CAPITAL (PRIVATE) LIMITED

CS Capital (Private) Limited is a fully owned subsidiary. The principal activity of the subsidiary is to manage investment portfolios in shares, real estate, commodities and other securities (strategic as well as short term).

#### SHAKARGANJ ENERGY (PRIVATE) LIMITED

Shakarganj Energy (Private) Limited (SEL) has developed a co-generation, bagasse fired thermal generation power plant due to commence commercial operations in November 2013. The primary business of the subsidiary is to generate, accumulate, distribute, sell and supply electricity to FESCO, PEPCO and to other distribution companies as permitted. This plant is currently under commissioning at Bhone, Punjab.

#### Solution De Energy (Private) Limited

Solution De Energy (Private) Limited was incorporated as a private limited company in Pakistan as a result of Joint Venture (JV) agreement executed on 8 October 2013. The principle activity of the company is to build, own, operate and maintain 100MW solar power project and to generate, accumulate, distribute, sell, and supply electricity/power to PEPCO/ DISCOS under the agreement with the Government of Pakistan or to any other consumer as permitted.

#### CRESCENT HADEED (PRIVATE) LIMITED

Crescent Hadeed (Private) Limited (the Company) was incorporated on 15 May 2013 as a private limited company in Pakistan under the provisions of the Companies Ordinance, 1984. The principal business of the Company is to manufacture and sale of steel billets through a Steel Melting plant, to be located at Bhone, District Jhang, Punjab. The Company is currently in the process of setting up its plant/factory.

# DIRECTORS' REVIEW

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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 three months period ended 30 September 2014.

## Economic Outlook

The first quarter of the new fiscal year was marred with political turmoil while the country continued to battle structural and economic challenges - specifically in terms of reliable energy, security and, the balance of payments position. A major development during the quarter is the fall in global oil prices and the subsequent easing in circular debt. Energy security continues to underpin growth, as businesses are unable to operate at desired capacity. Going forward, a stable macroeconomic environment hinges on the government's ability to maintain foreign inflows, address security challenges and ensure follow through on structural and economic reforms.

## Financial and Operational Performance

### Overall financial performance

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On the basis of unconsolidated results for the three months period ended 30 September 2014 (Q1FY15) the Company's after tax profit declined to Rs. 71.8 million as compared to Rs. 119.1 million in the same period last year. The decline in PAT is mainly attributable to the net loss before

tax of Cotton Division of Rs. 23.9 million (Q1FY14: Rs. 5.1 million) and Steel Division of Rs. 1.8 million (Q1FY14: Rs. 42.1 million) during the period respectively. IID Division posted a profit before tax of Rs. 100.2 million (Q1FY14: Rs. 183.1 million) during the period. Earnings per share (EPS) for the current period stood at Rs. 1.16 as compared to EPS of Rs. 1.92 in the corresponding period last year.

Sales revenue amounted to Rs. 497.9 million (Q1FY14: Rs. 965.5 million), contributed mainly (71.6%) by the cotton division at Rs. 357.0 million (Q1FY14: Rs. 937.4 million). Compared to same period last year, outsourcing of yarn manufacturing was not availed during the period due to volatility of the yarn market resulting in an overall decline in sales of cotton division and the Company. Sales revenue from the Steel Division amounted to Rs. 140.9 million (Q1FY14: Rs. 28.1 million) whereas investment income from IID Division amounted to Rs. 104.9 million (Q1FY14: Rs. 179.8 million including impacts of Rs. 211 million on reclassification of AFS investments to HFT).

On consolidated basis, operating loss before finance cost amounted to Rs. 14.7 million (2013 PBIT: Rs. 133.9 million) after eliminating aggregate dividend income of Rs. 109.6 million from associate and subsidiary company. Net share of loss from equity-accounted associates amounted to Rs. 64.0 million (Q1FY14 share of profit: Rs. 108.5 million). This significant decline is due to recognition of

deferred tax charge amounting to Rs. 644.8 million on undistributed profits of Rousch (Pakistan) Power Limited in the consolidated results of Altern Energy Limited (AEL) during quarter ending 30 June 2014. Consequently, consolidated loss after tax and LPS of the Group for Q1FY15 amounted to Rs. 86.5 million and Rs. 1.39 per share as compared to profit after tax of Rs. 212.3 million and EPS of Rs. 3.42 per share respectively in the corresponding period last year.

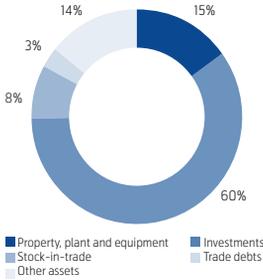
### Summary of operating results as per unconsolidated financial information of the Company

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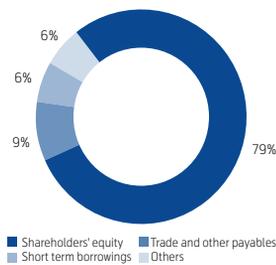
- Sales revenue declined to Rs. 497.9 million as compared to Rs. 965.5 million in Q1FY14.
- Investment income decreased to Rs. 104.9 million as compared to Rs. 179.8 million in Q1FY14.
- Other income declined to Rs. 8.7 million as compared to Rs. 27.2 million in the corresponding period last year.
- Gross Profit increased to Rs. 15.3 million as compared to a gross loss of Rs. 1.3 million in Q1FY14.
- EBITDA decreased to Rs. 111.7 million as compared to Rs. 172.3 million in Q1FY14.
- EPS stood at Rs. 1.16 for the current period, as compared to EPS of Rs. 1.92 for Q1FY14.
- Return on average capital employed (annualized) was 7.5% for the current period as compared to 13.3% for the

# DIRECTORS' REVIEW

## Total Assets

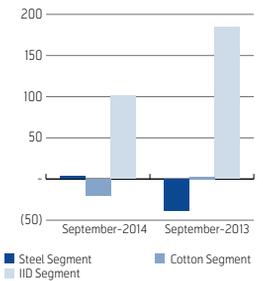


## Total Liabilities

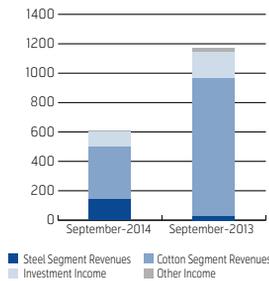


capacity to meet targeted production level. Compared to same period last year production was down by 11.5% while sales volume declined by 22.2%. Accordingly, the division reported sales revenue of Rs. 356.9 million including Rs. 20.5 million pertaining to export of fabric (Q1FY14: Rs. 937.4 million; including outsourced yarn conversion sales of Rs. 453.2 million).

## Profit from Operations Rupees in million



## Revenue and Income Rupees in million



Loss before tax for the period was Rs. 23.9 million (Q1FY14 PBT: Rs. 5.1 million) mainly due to an increase in power and gas tariff against a decline in yarn selling prices.

## Investment and Infrastructure Development (IID) segment

### Market Review

The benchmark KSE-100 posted gains of 4.06% in September to close the quarter at 29,726 points, up 0.25% - the lowest quarterly returns since Q4FY12. Strong corporate profitability and foreign flows despite an uncertain political environment helped contain the index within the 29,000 – 30,000 points range. The market however remained volatile throughout the quarter.

## Segment performance – Unconsolidated

During the period under review, IID division's CSAPL portfolio of equity investments recorded an ROI of 21.7% on average investments of Rs. 470 million (excluding strategic investments).

corresponding period last year.

- Return on average equity (annualized) was 7.0% for the current quarter as compared to 12.1% for the corresponding period last year.
- Break-up value per share increased to Rs. 65.7 from Rs. 64.5 as at 30 June 2014.

## Business Segments

### Steel segment

#### Segment performance

Steel segment underperformed during the quarter on account of low order intake. Tenders for bare pipe orders, are still at the customer's evaluation stage; and delay in execution of projects by the customers. Therefore,

capacity utilization was minimal during the current period. Revenue amounting to Rs. 140.9 million was generated during the current period, vis-à-vis Rs. 28.1 million during Q1FY14. Gross Profit (GP) of Rs. 31.5 million was registered during the period as against gross loss of Rs. 19.4 million during Q1FY14. Consequently, the bottom-line resulted in reduced net loss of Rs. 1.8 million as compared to net loss of Rs. 42.1 million for the corresponding period last year.

### Cotton segment

#### Segment performance

The energy crises and yarn market collapse constrained the unit from running at desired

## DIRECTORS' REVIEW

Income from investment activities during the period amounted to Rs. 104.9 million (Q1FY14: Rs. 179.8 million). The division's profit before tax stood at Rs. 100.2 million, compared to PBT of Rs. 183.1 million in Q1FY14. The YoY variance in PBT is due to profit impacts of Rs. 211.4 million booked in Q1FY14, against reclassification of AFS investments into HFT investments after a change in their status from closed end to open end funds.

Closing position of investment portfolio was Rs. 3,037.7 million as compared to Rs. 2,844.1 million as of 30 June 2014.

### Segment performance – Consolidated

As per consolidated results, loss before taxation for IID Division for the Q1FY15 was Rs. 59.1 million compared to PBT of Rs. 266.6 million for Q1FY14. This is mainly attributable to share of loss amounting to Rs. 60.4 million (Q1FY14 share of profit: Rs. 94.8 million) from equity accounted investments in associate as explained earlier in the review.

The value of investments portfolio as of 30 September 2014 was Rs. 3,504.6 million as compared to Rs. 3,518.5 million as of 30 June 2014.

## Financial Position

### Balance sheet

Balance sheet footing stood at Rs. 5,152.9 million as of 30 September 2014, compared to Rs. 4,733.0 million as of 30 June 2014. Break-up value per share

increased to Rs. 65.7 from Rs. 64.5 as at 30 June 2014.

Current ratio as at 30 September 2014 declined marginally to 2.2: 1 from 2.3: 1 as at 30 June 2014. Gearing ratio increased to 11% as at 30 September 2014 over 5% as at 30 June 2014, mainly due to the availing of long term loan facility for planned capital expenditure of the Company.

On a Group basis, the consolidated balance sheet footing increased to Rs. 6,418.3 million, compared to Rs. 6,165.2 million as of 30 June 2014. Total shareholders' fund reduced to Rs. 5,147.4 million from Rs. 5,246.2 million as of 30 June 2014. Break-up value per share declined to Rs. 82.9 from Rs. 84.5 as at 30 June 2014.

## Future Outlook

Future outlook for steel division is promising, it is expected that orders will be issued against tenders of gas distribution companies in the second quarter of FY15; therefore we expect business activity to pick up during the third quarter of FY15 and thus provide momentum for the remainder of FY15.

Major projects in the water sector are also expected to be initiated during FY15. Order execution however depends largely on financial strength of the gas distribution companies and the lingering circular-debt issue. Steel prices are stable, and are expected to remain range-bound over the next six months.

Cotton and yarn prices have declined in local and international market on arrival of new crop. Demand for yarn in China as well as local market is low, which will keep the yarn prices under pressure. However, there is room for spinners to generate margins from difference in cotton and yarn prices provided adequate gas supply is available to operate at full capacity.

Performance of equity market will be largely based on consumer spending, foreign inflows, privatization, political and security situation. Inflation is expected to remain in single digit together with an unchanged monetary policy, while healthy corporate earnings are likely to back KSE-100 index in the remaining FY15.

Finally, I would like to thank all stakeholders for their patronage and look forward to their continued support.

For and on behalf of the Board of Directors



Ahsan M. Saleem  
Chief Executive Officer  
28 October 2014

Crescent Steel and Allied Products Limited  
**Condensed Interim Unconsolidated  
Financial Information (Unaudited)**  
For the first quarter ended 30 September 2014

# CONDENSED INTERIM UNCONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30 September 2014

Rupees in '000	Note	Unaudited 30 September 2014	Audited 30 June 2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	785,714	795,085
Intangible assets		12,353	14,031
Investment property		26,144	27,135
Long term investments	6	2,527,413	2,388,183
Long term deposits	7	26,429	26,169
		3,378,053	3,250,603
<b>Current assets</b>			
Stores, spares and loose tools		75,982	71,956
Stock-in-trade	8	423,200	407,199
Trade debts	9	156,042	89,479
Advances	10	164,556	48,581
Trade deposits and short term prepayments		8,709	7,074
Investments	11	510,263	455,963
Other receivables		195,154	136,081
Taxation - net		167,909	158,819
Cash and bank balances		73,064	107,246
		1,774,879	1,482,398
<b>Total assets</b>		<b>5,152,932</b>	<b>4,733,001</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<b>Authorized capital</b>			
100,000,000 ordinary shares of Rs. 10 each		1,000,000	1,000,000
<b>Issued, subscribed and paid-up capital</b>			
Capital reserves		621,060	621,060
Revenue reserves		298,760	298,742
		3,159,181	3,087,377
		4,079,001	4,007,179
<b>Non-current liabilities</b>			
Long term loan	12	190,000	-
Liabilities against assets subject to finance lease	13	59,169	61,963
Deferred taxation		2,684	9,724
Deferred income		2,351	2,324
		254,204	74,011
<b>Current liabilities</b>			
Trade and other payables		469,262	372,447
Mark-up accrued		9,215	8,168
Short term borrowings	14	297,846	228,366
Current portion of deferred income		2,034	1,764
Current portion of liabilities against assets subject to finance lease	13	41,370	41,066
		819,727	651,811
Contingencies and commitments	15		
<b>Total equity and liabilities</b>		<b>5,152,932</b>	<b>4,733,001</b>

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

  
Chief Executive

  
Director

  
Chief Financial Officer

# CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)

For the first quarter ended 30 September 2014

Rupees in '000	Note	First quarter ended	
		30 September 2014	30 September 2013
Sales - net	16	497,879	965,483
Cost of sales		482,534	966,767
Gross profit / (loss)		15,345	(1,284)
Income from investments	17	104,867	179,773
		120,212	178,489
Distribution and selling expenses		5,454	17,212
Administrative expenses		38,514	39,505
Other operating expenses		-	500
		43,968	57,217
		76,244	121,272
Other income		8,711	27,213
Operating profit before finance costs		84,955	148,485
Finance costs	18	10,493	12,577
Profit before taxation		74,462	135,908
Taxation - current		9,698	12,095
- deferred		(7,040)	4,743
		2,658	16,838
Profit for the period		71,804	119,070
			Rupees
			Restated
Basic and diluted earnings per share	19	1.16	1.92

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

  
Chief Executive

  
Director

  
Chief Financial Officer

# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the first quarter ended 30 September 2014

Rupees in '000	Note	First quarter ended	
		30 September 2014	30 September 2013
<b>Profit for the period</b>		71,804	119,070
<b>Other comprehensive income</b>			
Items that are or may be reclassified subsequently to profit and loss			
Unrealized appreciation during the period on remeasurement of investments classified as 'available for sale'		18	40,972
Unrealized gain transferred to profit and loss account on derecognition of 'available for sale' investments		-	(211,393)
Other comprehensive income for the period		18	(170,421)
<b>Total comprehensive income for the period</b>		<b>71,822</b>	<b>(51,351)</b>

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

  
Chief Executive

  
Director

  
Chief Financial Officer

# CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the first quarter ended 30 September 2014

Rupees in '000	Note	First quarter ended	
		30 September 2014	30 September 2013
<b>Cash flows from operating activities</b>			
Cash generated from / (used in) operations	20	159	(85,482)
Taxes paid		(18,788)	(16,549)
Finance costs paid		(9,446)	(12,835)
Contribution to gratuity and pension funds		(3,427)	(3,252)
Contribution to Workers' Profit Participation Fund		(4,851)	(52,395)
Infrastructure fee paid		-	(59)
Compensated absences paid		(8)	(51)
10-C bonus paid		(1,055)	(2,283)
Long term loans and deposits - net		(260)	(4,566)
Net cash used in operating activities		(37,676)	(177,472)
<b>Cash flows from investing activities</b>			
Capital expenditure		(21,777)	(17,863)
Proceeds from disposal of operating fixed assets		9,810	390
Proceeds from disposal of operating fixed assets under sale and leaseback arrangement		10,000	-
Investments - net		(258,864)	99,202
Dividend income received		61,622	7,467
Interest income received		349	58
Net cash (outflow) / inflows from investing activities		(198,860)	89,254
<b>Cash flows from financing activities</b>			
Proceeds from long term loan		190,000	-
Payments against finance lease obligations		(12,510)	(6,279)
Proceed from short term loans obtained		-	(64,475)
Dividends paid		(44,616)	(56,900)
Net cash inflow / (outflows) from financing activities		132,874	(127,654)
Net decrease in cash and cash equivalents		(103,662)	(215,872)
Cash and cash equivalents at beginning of the period		(121,120)	(220,670)
Cash and cash equivalents at end of the period	21	(224,782)	(436,542)

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

  
Chief Executive

  
Director

  
Chief Financial Officer

# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the first quarter ended 30 September 2014

	Issued, subscribed and paid-up capital	Capital reserves			Revenue reserves		Total
		Reserve for issue of bonus shares	Share premium	Unrealized appreciation / (diminution) on remeasurement of investments classified as 'available for sale'	General reserve	Unappropriated profit	
Rupees in '000							
Balance as at 1 July 2013	564,600	-	349,959	179,967	1,842,000	963,703	3,900,229
Change in accounting policy for reversal of defined benefit liability recognition of actuarial gains and losses	-	-	-	-	-	73,847	73,847
Balance as at 1 July 2013 - as restated	564,600	-	349,959	179,967	1,842,000	1,037,550	3,974,067
Transfer to general reserve					800,000	(800,000)	-
<b>Total comprehensive income for the period</b>							
Profit after taxation	-	-	-	-	-	119,070	119,070
Other comprehensive income							
Total Other comprehensive income for the period	-	-	-	(170,421)	-	-	(170,421)
<b>Total comprehensive income for the period</b>	-	-	-	(170,421)	-	119,070	(51,351)
<b>Transaction with owners</b>							
<b>Dividend:</b>							
- Final @ 15% (i.e. Rs. 1.5 per share) for the year ended 30 June 2013	-	-	-	-	-	(84,690)	(84,690)
Transfer to reserve for issue of bonus shares @ 10% subsequent to the year end (i.e. 30 June 2013)	-	56,460	(56,460)	-	-	-	-
	-	56,460	(56,460)	-	-	(84,690)	(84,690)
<b>Balance as at 30 September 2013</b>	<b>564,600</b>	<b>56,460</b>	<b>293,499</b>	<b>9,546</b>	<b>2,642,000</b>	<b>271,930</b>	<b>3,838,035</b>
Balance as at 1 July 2014	621,060	-	293,499	5,243	2,642,000	445,377	4,007,179
<b>Total comprehensive income for the period</b>							
Profit after taxation	-	-	-	-	-	71,804	71,804
Other comprehensive income							
Total other comprehensive income for the period	-	-	-	18	-	-	18
<b>Total comprehensive income for the period</b>	-	-	-	18	-	71,804	71,822
<b>Balance as at 30 September 2014</b>	<b>621,060</b>	<b>-</b>	<b>293,499</b>	<b>5,261</b>	<b>2,642,000</b>	<b>517,181</b>	<b>4,079,001</b>

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

  
Chief Executive

  
Director

  
Chief Financial Officer

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2014

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## 1. THE COMPANY AND ITS OPERATIONS

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 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. Whereas its principal office is situated at 9th floor Sidco Avenue Centre 264 R.A. Lines, Karachi.

The Company operates three segments Steel, Cotton and Investment and Infrastructure Development (IID) segment as disclosed in note 22.1.

## 2. BASIS OF PREPARATION

- 2.1 This condensed interim unconsolidated financial information of the Company for the three months period ended 30 September 2014 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 annual separate financial statements of the Company as at and for the year ended 30 June 2014.
- 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, except otherwise stated.

## 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 2014.

## 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 annual separate financial statements of the Company as at and for the year ended 30 June 2014.

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2014

## 5. PROPERTY, PLANT AND EQUIPMENT

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

Rupees in '000	First quarter ended 30 September 2014		First quarter ended 30 September 2013	
	Additions / Transfers	Disposals	Additions / Transfers	Disposals
Plant and machinery - owned	18,414	9,203	8,403	-
Plant and machinery - leased	10,020	5,055	-	-
Furniture and fittings	-	-	163	-
Electrical / office equipment and installation	850	-	262	-
Computers	114	1,413	291	-
Motor vehicles - owned	903	3,049	9	-
Motor vehicles - leased	-	2,005	-	-
Workshop equipment	-	-	84	-
	30,301	20,725	9,212	-

5.2 Additions in Capital work-in-progress (net of transfers) during the period amounted to Rs. 5.304 million (2013: Rs. 8.652 million).

Rupees in '000	Note	Unaudited 30 September 2014	Audited 30 June 2014
<b>6. LONG TERM INVESTMENTS</b>			
Subsidiary companies			
- at cost	6.1	1,398,039	964,770
- share deposit money			
CS Capital (Private) Limited	6.1.5	2,000	35,000
Shakarganj Energy (Private) Limited		-	358,039
Crescent Hadeed (Private) Limited	6.1.5	97,000	-
Associated companies - at cost	6.2	851,428	851,428
Other long term investments	6.3	178,946	178,946
		2,527,413	2,388,183

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2014

## 6.1 Subsidiary companies - at cost

Unaudited 30 September 2014	Audited 30 June 2014		Note	Unaudited 30 September 2014	Audited 30 June 2014
Number of shares				Rupees in '000	
		Unquoted			
85,803,897	50,000,000	Shakarganj Energy (Private) Limited (Chief Executive Officer - Mr. Muhammad Saad Thaniana)	6.1.1	858,039	500,000
45,000,000	37,476,995	CS Capital (Private) Limited (Chief Executive Officer - Ms. Hajerah A. Saleem)	6.1.2	450,000	374,770
9,000,000	9,000,000	Crescent Hadeed (Private) Limited (Chief Executive Officer - Mr. Iqbal Zafar Siddiqui)	6.1.3	90,000	90,000
2	2	Crescent Continental Gas Pipelines Limited (US \$ 1 each)	6.1.4	-	-
				1,398,039	964,770

6.1.1 This represents the Company's investment in 100% ordinary shares of Shakarganj Energy (Private) Limited. The Company has acquired Shakarganj Energy (Private) Limited on 4 January 2010. During the period, the Company has further subscribed to right issues made by the investee company aggregating 35.804 million ordinary shares for Rs. 358.039 million, making a total holding of 85.804 million ordinary shares as at 30 September 2014.

6.1.2 This represents the 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 made by the investee company aggregating 7.523 million ordinary shares for Rs. 75.230 million, making a total holding of 45 million ordinary shares as at 30 September 2014.

6.1.3 This represents the Company's investment in 100% ordinary shares of Crescent Hadeed (Private) Limited which was incorporated on 15 May 2013.

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

6.1.5 This represents share deposit money of Rs. 2 million against right issue of CS Capital (Private) Limited and Rs. 97 million against right issue of Crescent Hadeed (Private) Limited.

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2014

## 6.2 Associated companies - at cost

Unaudited 30 September 2014	Audited 30 June 2014		Note	Unaudited 30 September 2014	Audited 30 June 2014
Number of shares				Rupees in '000	
		<b>Quoted</b>			
60,475,416	60,475,416	Altern Energy Limited (Chief Executive Officer - Mr. Taimur Dawood)	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
				982,050	982,050
		Less: Provision for impairment		130,622	130,622
				851,428	851,428

6.2.1 The Company holds 16.64% shareholding in Altern Energy Limited and there is no common directorship in the investee company. However, the Company directly and / or indirectly has significant influence as per requirement of IAS 28 - 'Investments in Associates', therefore it has been treated as an associate as per IAS 28.

6.2.2 The fair value of investments in associates as at 30 September 2014 is Rs. 1,667.323 million (30 June 2014: Rs. 1,559.371 million).

Rupees in '000	Note	Unaudited 30 September 2014	Audited 30 June 2014
<b>6.3 Other long term investments</b>			
<b>Investments in related parties</b>			
Available for sale	6.3.1	-	-
<b>Other investments</b>			
Available for sale		178,946	178,946
		178,946	178,946

6.3.1 This represents investments in Crescent Bahuman Limited of Rs. 24.037 million and Crescent Industrial Chemicals Limited of Rs. 10.470 million which had been fully impaired and charged to profit and loss account in earlier periods.

Rupees in '000	Unaudited 30 September 2014	Audited 30 June 2014
<b>7. LONG TERM LOANS AND DEPOSITS</b>		
Security deposits - leasing companies	13,811	13,552
Security deposits - others	12,618	12,617
	26,429	26,169

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2014

Rupees in '000	Unaudited 30 September 2014	Audited 30 June 2014
<b>8. STOCK-IN-TRADE</b>		
Raw materials		
Hot rolled steel coils (HR Coil)	19,874	19,823
Coating materials	82,127	88,798
Others	21,834	15,246
Raw cotton	142,303	144,193
Stock-in-transit	42,554	19,401
	308,692	287,461
Work-in-process	23,250	42,007
Finished goods	81,593	71,054
Scrap / cotton waste	9,665	6,677
	114,508	119,738
	423,200	407,199
<b>9. TRADE DEBTS</b>		
Secured		
Considered good	58,290	72,110
Unsecured		
Considered good	97,752	17,369
Considered doubtful	2,786	2,786
Provision for doubtful trade debts	(2,786)	(2,786)
	97,752	17,369
	156,042	89,479
<b>10. ADVANCES</b>		
Unsecured		
Advances - considered good		
Executives	2,323	2,326
Suppliers for goods and services	162,233	26,780
Advances to others	-	19,475
Advances - considered doubtful		
Suppliers for goods and services	47	47
Provision for doubtful advances	(47)	(47)
	-	-
	164,556	48,581

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2014

Rupees in '000	Note	Unaudited 30 September 2014	Audited 30 June 2014
<b>11. INVESTMENTS</b>			
<b>Investments in related parties</b>			
Available for sale		9,287	9,269
Held to maturity	11.1	23,995	23,995
<b>Other investments</b>			
Available for sale		-	-
Held for trading		476,981	422,699
		476,981	422,699
		510,263	455,963

- 11.1 This represents 2,999,396 (2014: 2,999,396) preference shares of Rs. 10 each of Shakarganj Mills Limited, a related party, issued in October 2004. These shares carry dividend rate of 8.5% per annum payable annually and were due for redemption in October 2009. The preference shares are convertible into ordinary shares of Rs. 10 each. The conversion option is exercisable at the end of every financial year of the investee company.

The Company does not intend to exercise the option to convert the preference shares into ordinary shares as mentioned above. Aggregate provision of Rs. 11.105 (2014: Rs. 11.105 million) has been recognized against the exposure as the balance amount is considered to be recovered in due course of time.

The fair value of preference shares as at 30 September 2014 amounts to Rs. 20.996 million (2014: Rs. 23.995 million).

- 11.2 Investments having an aggregate market value of Rs. 783.751 million (30 June 2014: Rs. 727.980 million) have been pledged with financial institutions as security against financing facilities (see note 14.4) out of which Rs. 625.400 million (30 June 2014: Rs. 570.280 million) relates to long term investments.

## 12. LONG TERM LOAN

During the period, Company entered into a long term loan arrangement with Allied Bank Limited for an amount of Rs. 315 million, out of which Rs. 119 million have been disbursed till date. The term of the loan is 5 years from the date of disbursement with a grace period of 1 year, repayable in 16 equal quarterly installments starting from 15th month from disbursement. Markup is payable at the rate of 3 months KIBOR plus 1.5% per annum prevailing on the last day of previous quarter. The facility is secured against first pari passu hypothecation / equitable mortgage on plant, machinery and property of the Company.

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2014

## 13. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Rupees in '000	Minimum lease payments		Future finance costs		Present value of minimum lease payments	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	30 September	30 June	30 September	30 June	30 September	30 June
	2014	2014	2014	2014	2014	2014
Not later than one year	51,491	51,578	10,121	10,512	41,370	41,066
Later than one year and not later than five years	64,302	67,976	5,133	6,013	59,169	61,963
	115,793	119,554	15,254	16,525	100,539	103,029
Less: Current portion shown under current liabilities					41,370	41,066
					59,169	61,963

- 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 2014: three years) and the liability is payable by month ranging from seven months to thirty-three months (30 June 2014: one month to thirty-five months). The periodic lease payments include built-in rates of mark-up ranging between 14.59% to 18.50% (2013: 14.59% to 20.25%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 94.393 million (30 June 2014: Rs. 95.550 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

- 14.1 Short term running finance available from various commercial banks under mark-up arrangements amounted to Rs. 500 million (30 June 2014: Rs. 500 million) out of which Rs. 250 million (30 June 2014: Rs. 250 million) is interchangeable with letter of credit facility. During the period, the mark-up on such arrangements ranged between 11.67% to 12.27% (2013: 10.58% to 11.69%) per annum.
- 14.2 Short term loan financing available from various commercial banks under mark-up arrangements amounted to Rs. 1,300 million (30 June 2014: Rs. 1,300 million) out of which Rs. 400 million (30 June 2014: Rs. 400 million) is interchangeable with letter of credit facility. During the period, this facility was not utilized.
- 14.3 The facilities for opening letter of credit amounted to Rs. 1,500 million (30 June 2014: Rs. 1,500 million) out of which Rs. 250 million (30 June 2014: Rs. 250 million) and Rs. 400 million (30 June 2014: Rs. 400 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 30 September 2014 amounted to Rs. 543 million (30 June 2014: Rs. 526 million). Amounts unutilized for letters of credit and guarantees as at 30 September 2014 were Rs. 1,256.491 million and Rs. 257.755 million (30 June 2014: Rs. 1,431.518 million and Rs. 278.360 million) respectively.

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2014

14.4 The above facilities are expiring on various dates and 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 as set out in note 12 to the Company's annual separate financial statements for the year ended 30 June 2014, 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. 285.552 million (30 June 2014: Rs. 247.640 million).

15.3 Commitments in respect of capital expenditure contracted for as at 30 September 2014 amounted to Rs. 7.462 million (30 June 2014: Rs. 7.462 million) in relation to office premises located in Islamabad payable on completion of project.

15.4 Commitments under letters of credit as at 30 September 2014 amounted to Rs. 188.703 million (30 June 2014: Rs. 55.021 million).

Rupees in '000	Unaudited First quarter ended	
	30 September 2014	30 September 2013
<b>16. SALES - NET</b>		
Local sales		
Bare pipes (own product excluding coating revenue)	106,649	6,368
Revenue from conversion	-	5,163
Coating of pipes	46,156	13,242
Cotton yarn / raw cotton	336,258	873,081
Others (including pipes laboratory testing)	11,683	5,722
Scrap / waste	6,974	11,437
Sales returns	-	(18,196)
	507,720	896,817
Export sales		
Cotton yarn / raw cotton	20,454	89,933
	528,174	986,750
Sales tax	(30,295)	(21,267)
	497,879	965,483

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2014

Rupees in '000	Unaudited First quarter ended	
	30 September 2014	30 September 2013
<b>17. INCOME FROM INVESTMENTS</b>		
Dividend income	111,816	15,435
Unrealized gain transferred to profit and loss account on derecognition of 'available for sale' investment	-	211,393
Gain / (loss) on sale of investment - net	983	(2,620)
Unrealized gain on held for trading investments - net	(10,522)	(47,292)
Rent from investment property	2,590	2,857
	104,867	179,773

- 17.1 Direct operating expenses incurred against rental income from investment property amounted to Rs. 1.685 million (2013: Rs. 0.991 million). Further, Rs. 0.166 million (2013: Rs. 0.283 million) were incurred against non rented out area.

Rupees in '000	Note	Unaudited First quarter ended	
		30 September 2014	30 September 2013
<b>18. FINANCE COSTS</b>			
Incurred on:			
- finance lease obligations		3,418	1,999
- long term loan		1,059	-
- running finances / short term loans		5,407	10,416
Bank charges		609	162
		10,493	12,577

## 19. BASIC AND DILUTED EARNINGS PER SHARE

Profit for the period		71,804	119,070
		(Number of shares)	
Average number of ordinary shares in issue			(Restated)
during the period	19.1	62,105,992	62,105,992
		(Rupees)	
			(Restated)
Basic and diluted earnings per share		1.16	1.92

- 19.1 The number of shares for the prior periods have been adjusted for the effect of bonus shares issued during last year. As a result of which prior earnings per share (basic and diluted) has been restated.

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2014

Rupees in '000	Note	Unaudited First quarter ended	
		30 September 2014	30 September 2013
<b>20. CASH GENERATED FROM / (USED IN) OPERATIONS</b>			
Profit before taxation for the period		74,462	135,908
Adjustments for non cash charges and other items			
Depreciation on operating fixed assets and investment property		25,037	22,603
Amortization of intangible assets		1,677	1,207
Charge for the period on staff retirement benefit funds		3,386	3,252
Charge for compensated absences		3	51
Provision for 10-C bonus		-	33
Dividend income		(111,816)	(15,435)
Unrealized gain on held for trading investments - net		10,522	47,292
Gain on sale of investments - net		(983)	(208,773)
Reversal of provision for doubtful trade debts - net		-	(10,900)
Return on deposits, loan and investments		(349)	(10,365)
Gain on disposal of operating fixed assets		(2,688)	-
Deferred income		(510)	(212)
Finance costs		10,493	12,577
Working capital changes	20.1	(9,075)	(62,720)
		159	(85,482)
<b>20.1 Working capital changes</b>			
(Increase) / decrease in current assets			
Stores, spares and loose tools		(4,026)	(534)
Stock-in-trade		(15,920)	76,774
Trade debts		(66,563)	(35,724)
Advances		(115,975)	(167,493)
Trade deposits and short term prepayments		(1,635)	(2,867)
Other receivables		(8,038)	(101,011)
		(212,157)	(230,855)
Increase in current liabilities			
Trade and other payables		203,082	168,135
		(9,075)	(62,720)
<b>21. CASH AND CASH EQUIVALENTS</b>			
Running finances under mark-up arrangements		(297,846)	(448,550)
Cash and bank balances		73,064	12,008
		(224,782)	(436,542)

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2014

## 22. SEGMENT REPORTING

### 22.1 Reportable segments

The Company's reportable segments 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).

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

### 22.2 Segment revenues and results

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

Rupees in '000	Unaudited			Total
	Steel segment	Cotton segment	IID segment	
<b>For the first quarter ended</b>				
<b>30 September 2014</b>				
Sales - net	140,926	356,953	-	497,879
Cost of sales	109,417	373,117	-	482,534
<b>Gross profit / (loss)</b>	<b>31,509</b>	<b>(16,164)</b>	<b>-</b>	<b>15,345</b>
Income from investments	-	-	104,867	104,867
	31,509	(16,164)	104,867	120,212
Distribution and selling expenses	2,293	3,161	-	5,454
Administrative expenses	27,792	6,410	4,312	38,514
	30,085	9,571	4,312	43,968
	1,424	(25,735)	100,555	76,244
Other income	2,127	6,036	548	8,711
<b>Operating profit / (loss) before finance costs</b>	<b>3,551</b>	<b>(19,699)</b>	<b>101,103</b>	<b>84,955</b>
Finance costs	5,399	4,178	916	10,493
<b>(Loss) / profit before taxation</b>	<b>(1,848)</b>	<b>(23,877)</b>	<b>100,187</b>	<b>74,462</b>
Taxation				2,658
<b>Profit for the period</b>				<b>71,804</b>

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2014

Rupees in '000	Unaudited			Total
	Steel segment	Cotton segment	IID segment	
<b>For the first quarter ended</b>				
<b>30 September 2013</b>				
Sales - net	28,077	937,406	-	965,483
Cost of sales	47,478	919,289	-	966,767
Gross (loss) / profit	(19,401)	18,117	-	(1,284)
Income from investments	-	-	179,773	179,773
	(19,401)	18,117	179,773	178,489
Distribution and selling expenses	4,171	13,041	-	17,212
Administrative expenses	27,199	8,931	3,375	39,505
Other operating expenses	500	-	-	500
	31,870	21,972	3,375	57,217
	(51,271)	(3,855)	176,398	121,272
Other income	12,975	6,314	7,924	27,213
Operating (loss) / profit before finance costs	(38,296)	2,459	184,322	148,485
Finance costs	3,807	7,596	1,174	12,577
(Loss) / profit before taxation	(42,103)	(5,137)	183,148	135,908
Taxation				16,838
Profit for the period				119,070

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2014

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22.2.1 Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the period (2013: Nil).

22.2.2 The accounting policies of the reportable segments are the same as the Company's accounting policies as disclosed in the audited annual separate financial statements of the Company for the preceding year ended 30 June 2014. The Steel segment allocates certain percentage of the common expenditure to the Cotton and IID segments. In addition, financial charges between Steel and Cotton segments are allocated at average mark-up rate on the basis of funds utilized. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

## 22.3 Revenue from major products and services

The analysis of the Company's revenue from external customers for major products and services is given in note 16 to this condensed interim unconsolidated financial information.

## 22.4 Information about major customers

Revenue from major customers of Steel segment represents an aggregate amount of Rs. 109.616 million (2013: Rs. 21.980 million) of total Steel segment revenue of Rs. 140.926 million (2013: Rs. 28.077 million). Further, revenue from major customers of Cotton segment represents an aggregate amount of Rs. 111.919 million (2013: Rs. 143.911) of total Cotton segment revenue of Rs. 356.953 million (2013: Rs. 937.406 million).

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2014

## 22.5 Geographical information

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

Rupees in '000	Unaudited First quarter ended	
	30 September 2014	30 September 2013
Pakistan	477,425	875,550
Far East	20,454	89,933
	497,879	965,483

22.5.2 All non-current assets of the Company as at 30 September 2014 and 30 June 2014 were located and operated in Pakistan.

## 22.6 Segment assets and liabilities

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

Rupees in '000	Steel segment	Cotton segment	IID segment	Total
<i>As at 30 September 2014 (Unaudited)</i>				
Segment assets for reportable segments	1,021,219	806,878	3,001,049	4,829,146
Unallocated corporate assets				323,786
Total assets as per balance sheet				5,152,932
Segment liabilities for reportable segments	280,614	255,111	1,648	537,373
Unallocated corporate liabilities				536,558
Total liabilities as per balance sheet				1,073,931
<i>As at 30 June 2014 - (Audited)</i>				
Segment assets for reportable segments	1,125,658	882,112	2,562,193	4,569,963
Unallocated corporate assets				163,038
Total assets as per balance sheet				4,733,001
Segment liabilities for reportable segments	198,479	130,675	57,574	386,728
Unallocated corporate liabilities				339,094
Total liabilities as per balance sheet				725,822

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2014

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

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

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

## 22.7 Other segment information

Rupees in '000	Steel segment	Cotton segment	IID segment	Total
<b>For the first quarter ended</b>				
<b>30 September 2014</b>				
Capital expenditure	2,692	21,627	88	24,407
Depreciation and amortization	9,720	15,848	1,146	26,714
Non-cash items other than depreciation and amortization - net	5,775	3,529	(101,246)	(91,942)
<b>For the first quarter ended</b>				
<b>30 September 2013</b>				
Capital expenditure	7,785	363	-	8,148
Depreciation and amortization	7,625	15,006	1,179	23,810
Non-cash items other than depreciation and amortization - net	(6,368)	7,437	(183,549)	(182,480)

## 23. TRANSACTIONS WITH RELATED PARTIES

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

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2014

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

Name of entity	Nature of relationship	Nature of transaction	Unaudited	
			30 September 2014	30 September 2013
Crescent Hadeed (Private) Limited	Subsidiary company	Reimbursable expenses	694	249
		Right shares subscribed	-	9,999
		Share deposit money	97,000	-
CS Capital (Private) Limited	Subsidiary company	Right shares subscribed	75,230	-
		Dividend Income	37,477	-
		Reimbursable expenses	80	-
		Share deposit money	2,000	-
Shakarganj Energy (Private) Limited	Subsidiary company	Right shares subscribed	358,039	-
		Long term loan provided	-	6,000
		Mark-up on long term loan	-	10,307
		Reimbursable expenses	182	-
Altern Energy Limited	Associated company	Dividend received	60,475	-
Shakarganj Mills Limited	Associated company	Dividend paid	-	2,448
		Sales of finished goods	486	3,145
		Services received	619	487
		Reimbursable expenses	392	2,490
Crescent Jute Products Limited	Related party	Services received	37	-
		Reimbursable expenses	211	-
The Citizens' Foundation *	Related party	Donation given	42	-
CSAP Foundation	Related party	Donation given	569	-

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2014

Name of entity	Nature of relationship	Nature of transaction	Unaudited First quarter ended	
			30 September 2014	30 September 2013
Muhammad Amin Muhammad Bashir Limited *	Related party	Dividend paid	-	1
Premier Insurance Company *	Related party	Insurance premium	2,460	2,255
The Crescent Textile Mills Limited *	Related party	Dividend paid	-	5,589
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Contribution made	414	429
		Dividend paid	-	4
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Contribution made	969	930
		Dividend paid	-	1,070
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Contribution made	2,442	2,321
		Dividend paid	-	2,349
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Contribution made	1,331	1,314
		Dividend paid	-	450
Key management personnel	Related parties	Remuneration and benefits	16,644	16,102

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

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2014

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

## 24. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual separate financial statements of the Company as at and for the year ended 30 June 2014.

## 25. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim unconsolidated financial information was authorized for issue in the Board of Directors meeting held on 28 October 2014.

  
Chief Executive

  
Director

  
Chief Financial Officer

Crescent Steel and Allied Products Limited  
**Condensed Interim Consolidated  
Financial Information (Unaudited)**  
For the first quarter ended 30 September 2014

# CONDENSED INTERIM CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30 September 2014

Rupees in '000	Note	Unaudited 30 September 2014	Audited 30 June 2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	1,496,115	1,404,441
Intangible assets		40,226	39,292
Investment property		71,707	73,316
Investment in equity accounted investees	6	2,411,052	2,540,064
Other long term investments	7	220,717	220,717
Long term deposits		51,450	50,603
		4,291,267	4,328,433
<b>Current assets</b>			
Stores, spares and loose tools		75,982	71,956
Stock-in-trade	8	423,200	407,199
Trade debts	9	156,042	89,479
Advances	10	164,556	57,550
Trade deposits and short term prepayments		9,094	7,410
Investments	11	872,846	757,696
Mark-up accrued		745	473
Other receivables		166,628	142,096
Taxation - net		171,940	158,668
Cash and bank balances		85,968	144,262
		2,127,001	1,836,789
<b>Total assets</b>		<b>6,418,268</b>	<b>6,165,222</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<b>Authorized capital</b>			
100,000,000 ordinary shares of Rs. 10 each		1,000,000	1,000,000
<b>Issued, subscribed and paid-up capital</b>			
		621,060	621,060
<b>Capital reserves</b>			
		376,052	388,388
<b>Revenue reserves</b>			
		4,150,279	4,236,749
		5,147,391	5,246,197
<b>Non-current liabilities</b>			
Long term loan	12	190,000	-
Liabilities against assets subject to finance lease	13	59,169	61,963
Deferred income		2,351	2,324
Deferred taxation		125,981	141,503
		377,501	205,790
<b>Current liabilities</b>			
Trade and other payables		477,403	432,818
Mark-up accrued		11,143	9,221
Short term borrowings	14	361,426	228,366
Current portion of deferred income		2,034	1,764
Current portion of liabilities against assets subject to finance lease	13	41,370	41,066
		893,376	713,235
Contingencies and commitments	15		
<b>Total equity and liabilities</b>		<b>6,418,268</b>	<b>6,165,222</b>

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

  
Chief Executive

  
Director

  
Chief Financial Officer

# CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)

For the first quarter ended 30 September 2014

Rupees in '000	Note	First quarter ended	
		30 September 2014	30 September 2013
Sales - net	16	497,879	965,483
Cost of sales		482,534	966,767
Gross profit / (loss)		15,345	(1,284)
Income from investments	17	9,170	176,352
		24,515	175,068
Distribution and selling expenses		5,454	17,212
Administrative expenses		42,821	40,351
Other operating expenses		19	568
		48,294	58,131
		(23,779)	116,937
Other income		9,700	16,986
Operating (loss) / profit before finance costs		(14,079)	133,923
Finance costs	18	12,446	12,581
Share of (loss) / profit in equity accounted investees - net of taxation		(63,957)	108,492
(Loss) / profit before taxation		(90,482)	229,834
Taxation - current		11,510	12,747
- deferred		(15,522)	4,743
		(4,012)	17,490
(Loss) / profit for the period		(86,470)	212,344
			Restated
Basic and diluted (loss) / earnings per share	19	(1.39)	3.42

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

  
Chief Executive

  
Director

  
Chief Financial Officer

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the first quarter ended 30 September 2014

Rupees in '000	Note	First quarter ended	
		30 September 2014	30 September 2013
<u>(Loss) / profit for the period</u>		(86,470)	212,344
<u>Other comprehensive income</u>			
Items that are or may be reclassified			
Unrealized appreciation during the period on remeasurement of investments classified as 'available for sale'		129	40,972
Unrealized gain transferred to profit and loss account on derecognition of 'available for sale' investments		-	(211,393)
Proportionate share of other comprehensive income of equity accounted investees		(12,465)	141,548
Other comprehensive income for the period		(12,336)	(28,873)
<u>Total comprehensive income for the period</u>		(98,806)	183,471

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

  
Chief Executive

  
Director

  
Chief Financial Officer

# CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the first quarter ended 30 September 2014

Rupees in '000	Note	First quarter ended	
		30 September 2014	30 September 2013
<b>Cash flows from operating activities</b>			
Cash generated from / (used in) operations	20	7,227	[86,483]
Taxes paid		[24,783]	[16,802]
Finance costs paid		[10,524]	[12,839]
Contribution to gratuity and pension funds		[3,427]	[3,252]
Contribution to Workers' Profit Participation Fund		[4,851]	[52,395]
Infrastructure fee paid		-	[59]
Compensated absences paid		[8]	[51]
10-C bonus paid		[1,055]	[2,283]
Long term loans and deposits - net		[260]	[4,566]
Net cash used in operating activities		[37,681]	[178,730]
<b>Cash flows from investing activities</b>			
Capital expenditure		[120,722]	[21,639]
Acquisition of intangible assets		[2,611]	-
Proceeds from disposal of operating fixed assets		9,810	390
Investments - net		[257,398]	98,137
Dividend income received		74,365	7,923
Interest income received		9	138
Net cash (outflow) / inflows from investing activities		[296,547]	84,949
<b>Cash flows from financing activities</b>			
Proceeds from long term loan		190,000	6,000
Proceeds from disposal of operating fixed assets under sale and leaseback arrangement		10,000	-
Payments against finance lease obligations		[12,510]	[6,279]
Repayments against short term loans		-	[64,475]
Dividends paid		[44,616]	[56,900]
Net cash inflows / (outflow) from financing activities		142,874	[121,654]
Net decrease in cash and cash equivalents		[191,354]	[215,435]
Cash and cash equivalents at beginning of the period		[84,104]	[206,338]
Cash and cash equivalents at end of the period	21	[275,458]	[421,773]

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

  
Chief Executive

  
Director

  
Chief Financial Officer

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the first quarter ended 30 September 2014

	Issued, subscribed and paid-up capital	Capital reserves				Revenue reserves		Total
		Reserve for issue of bonus shares	Share premium	Unrealized appreciation / (diminution) on remeasurement of investments classified as 'available for sale'	Other *	General reserve	Unappropriated profit	
Rupees in '000								
Balance as at 1 July 2013 - as previously reported	564,600	-	349,959	179,967	25,272	1,842,000	1,919,907	4,881,705
Change in accounting policy for reversal of defined benefit liability recognition of actuarial gains and loss	-	-	-	-	-	-	73,847	73,847
Balance as at 1 July 2013 - as restated	564,600	-	349,959	179,967	25,272	1,842,000	1,993,754	4,955,552
Transfer to general reserves	-	-	-	-	-	800,000	(800,000)	-
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	-	-	-	212,344	212,344
Other comprehensive income	-	-	-	(170,421)	141,548	-	-	(28,873)
Total other comprehensive income for the period	-	-	-	(170,421)	141,548	-	-	(28,873)
Total comprehensive income for the period	-	-	-	(170,421)	141,548	-	212,344	183,471
<b>Transaction with owners</b>								
Dividend:								
- Final @ 15% (i.e. Rs. 1.5 per share) for the year ended 30 June 2013	-	-	-	-	-	-	(84,690)	(84,690)
Transfer to reserves for issue of bonus shares @ 10% subsequent to the year end (i.e. 30 June 2013)	-	56,460	(56,460)	-	-	-	-	-
	-	56,460	(56,460)	-	-	-	(84,690)	(84,690)
Balance as at 30 September 2013	564,600	56,460	293,499	9,546	166,820	2,642,000	1,321,408	5,054,333
Balance as at 1 July 2014	621,060	-	293,499	17,919	76,970	2,642,000	1,594,749	5,246,197
<b>Total comprehensive income for the period</b>								
Loss for the period	-	-	-	-	-	-	(86,470)	(86,470)
Other comprehensive income	-	-	-	129	(12,465)	-	-	(12,336)
Total other comprehensive income for the period	-	-	-	129	(12,465)	-	-	(12,336)
Total comprehensive income for the period	-	-	-	129	(12,465)	-	(86,470)	(98,806)
Balance as at 30 September 2014	621,060	-	293,499	18,048	64,505	2,642,000	1,508,279	5,147,391

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

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

  
Chief Executive

  
Director

  
Chief Financial Officer

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2014

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## 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 namely; Shakarganj Energy (Private) Limited, CS Capital (Private) Limited, Crescent Hadeed (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 was incorporated on 2 April 2008 as a private limited company in Pakistan under the Companies Ordinance, 1984. The Holding Company acquired this subsidiary on 4 January 2010. The principal activity of the Subsidiary Company is 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 the Subsidiary Company is to manage portfolio of shares, commodities and other securities (strategic as well as short term).
- 1.5 Crescent Hadeed (Private) Limited was incorporated on 15 May 2013 as a private limited company in Pakistan under the Companies Ordinance, 1984. The principal activity of the Subsidiary Company will be to manufacture steel billets.
- 1.6 Crescent Continental Gas Pipelines Limited is not carrying on any business operations.
- 1.7 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 three months period ended 30 September 2014 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 annual consolidated financial statements of the Group as at and for the year ended 30 June 2014.
- 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, except otherwise stated.

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2014

## 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 annual consolidated financial statements of the Group for the year ended 30 June 2014

## 4. ESTIMATES AND JUDGEMENTS

4.1 The preparation of condensed interim consolidated 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 consolidated financial information are the same as those that were applied to the annual consolidated financial statements of the Group as at and for the year ended 30 June 2014.

## 5. PROPERTY, PLANT AND EQUIPMENT

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

Rupees in '000	First quarter ended 30 September 2014		First quarter ended 30 September 2013	
	Additions / Transfers	Disposals	Additions / Transfers	Disposals
Plant and machinery - owned	18,414	9,203	8,403	-
Plant and machinery - leased	10,020	5,055	-	-
Furniture and fittings	-	-	163	-
Electrical / office equipment and installation	850	-	262	-
Computers	114	1,413	291	-
Motor vehicles - owned	903	3,049	9	-
Motor vehicles - leased	-	2,005	84	-
	30,301	20,725	9,212	-

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2014

## 6. INVESTMENT IN EQUITY ACCOUNTED INVESTEEES

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 IAS 28, 'Investments in Associates'.

Unaudited 30 September 2014	Audited 30 June 2014		Note	Unaudited 30 September 2014	Audited 30 June 2014
Number of shares				Rupees in '000	
<b>Quoted</b>					
72,103,141	72,103,141	Altern Energy Limited (Chief Executive Officer - Mr. Taimur Dawood)	6.1	2,377,234	2,479,138
19,471,769	19,471,769	Shakarganj Mills Limited (Chief Executive Officer - Mr. Ahsan M. Saleem)	6.2	-	26,626
3,430,000	3,430,000	Crescent Socks (Private) Limited (Chief Executive Officer - Mr. Shehryar Mazhar)	6.3	33,818	34,300
				2,411,052	2,540,064

- 6.1 The Holding Company and the Subsidiary Companies hold 16.64% and 3.2% respectively i.e. aggregate holding of 19.84% in the investee company. There is no common directorship in the investee company. However, the Company directly and / or indirectly has significant influence as per IAS 28 'Investments in Associates', therefore only for the purpose of the equity accounting as required under IAS 28 it has been treated as an associate.

Share of loss and reserves from associates recognized during the period amounted to Rs. 29.057 million and Rs. 0.744 million respectively. Group has also received dividend amounting to Rs. 72.103 million during the period.

- 6.2 As at 30 September 2014, 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 and reserves amounting to Rs. 46.139 (2013: Rs. 2.867 million) incurred by the investee company. The Group 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 outstanding as at 30 September 2014.
- 6.3 During the year, share of loss from associate recognized amounted to Rs. 0.428 million.
- 6.4 The above figures are based on financial information of these companies as at 30 June 2014.
- 6.5 The fair value of investments in associates as at 30 September 2014 is Rs. 2,008.314 million (30 June 2014: Rs. 1,881.122 million).

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2014

Rupees in '000	Note	Unaudited 30 September 2014	Audited 30 June 2014
<b>7. OTHER LONG TERM INVESTMENTS</b>			
<b>Investments in related parties</b>			
Available for sale	7.1	-	-
<b>Other investments</b>			
Available for sale		220,717	220,717
		220,717	220,717

7.1 This represents investments in Crescent Bahuman Limited of Rs. 24.037 million and Crescent Industrial Chemicals Limited of Rs. 10.470 million which had been fully impaired and charged to profit and loss account in earlier periods.

Rupees in '000		Unaudited 30 September 2014	Audited 30 June 2014
<b>8. STOCK-IN-TRADE</b>			
<b>Raw materials</b>			
Hot rolled steel coils (HR Coil)		19,874	19,823
Coating materials		82,127	88,798
Others		21,834	15,246
Raw cotton		142,303	144,193
Stock-in-transit		42,554	19,401
		308,692	287,461
<b>Work-in-process</b>			
Finished goods		23,250	42,007
Scrap / cotton waste		81,593	71,054
		9,665	6,677
		114,508	119,738
		423,200	407,199
<b>9. TRADE DEBTS</b>			
<b>Secured</b>			
Considered good		58,290	72,110
<b>Unsecured</b>			
Considered good		97,752	17,369
Considered doubtful		2,786	2,786
Provision for doubtful trade debts		(2,786)	(2,786)
		97,752	17,369
		156,042	89,479

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2014

Rupees in '000	Note	Unaudited 30 September 2014	Audited 30 June 2014
<b>10. ADVANCES</b>			
<b>Unsecured</b>			
<b>Advances - considered good</b>			
Executives		2,323	2,326
Suppliers for goods and services		162,233	26,780
Advances to others		-	28,444
<b>Advances - considered doubtful</b>			
Suppliers for goods and services		47	47
Provision for doubtful advances		(47)	(47)
		-	-
		<b>164,556</b>	<b>57,550</b>
<b>11. INVESTMENTS</b>			
<b>Investments in related parties</b>			
Available for sale		66,434	66,305
Held to maturity	11.1	4,481	23,995
		70,915	90,300
<b>Other investments</b>			
Available for sale		-	-
Held for trading		788,385	654,693
Short term deposit		11,475	10,575
Investment in commodity		2,071	2,128
		801,931	667,396
		<b>872,846</b>	<b>757,696</b>

11.1 The Group's share of losses 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).

11.2 Investments having an aggregate market value of Rs. 921.746 million (30 June 2014: Rs. 802.024 million) have been pledged with financial institutions as security against financing facilities (see note 14.4) out of which Rs. 625.400 million (30 June 2014: Rs. 570.280 million) relates to long term investments.

## 12. LONG TERM LOAN

During the period, long term loan arrangement was entered with Allied Bank Limited for an amount of Rs. 315 million by the Holding Company out of which Rs. 119 million have been disbursed till date. The term of the loan is 5 years from the date of disbursement with a grace period of 1 year, repayable in 16 equal quarterly installments starting from 15th month from disbursement. Markup is payable at the rate of 3 months KIBOR plus 1.5% per annum prevailing on the last day of previous quarter. The facility is secured against first pari passu hypothecation / equitable mortgage on plant, machinery and property of the Holding Company.

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2014

## 13. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Minimum lease payments		Future finance costs		Present value of minimum lease payments	
	Unaudited 30 September 2014	Audited 30 June 2014	Unaudited 30 September 2014	Audited 30 June 2014	Unaudited 30 September 2014	Audited 30 June 2014
Rupees in '000						
Not later than one year	51,491	51,578	10,121	10,512	41,370	41,066
Later than one year and not later than five years	64,302	67,976	5,133	6,013	59,169	61,963
	115,793	119,554	15,254	16,525	100,539	103,029
Less: Current portion shown under current liabilities					41,370	41,066
					59,169	61,963

- 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 2014: three years) and the liability is payable by the month ranging from seven months to thirty-three months (30 June 2014: one month to thirty-five months). The periodic lease payments include built-in rates of mark-up ranging between 14.59% to 18.50% (2014: 14.59% to 20.25%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 94.393 million (30 June 2014: Rs. 95.550 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

- 14.1 Short term running finance available from various commercial banks under mark-up arrangements amounted to Rs. 600 million (30 June 2014: Rs. 600 million) out of which Rs. 250 million (30 June 2014: Rs. 250 million) is interchangeable with letter of credit facility. During the period, the mark-up on such arrangements ranged between 11.67% to 12.27% (2013: 10.58% to 11.69%) per annum.
- 14.2 Short term loan financing available from various commercial banks under mark-up arrangements amounted to Rs. 1,300 million (30 June 2014: Rs. 1,300 million) out of which Rs. 400 million (30 June 2014: Rs. 400 million) is interchangeable with letters of credit facility. During the period, this facility was not utilized.
- 14.3 The facilities for opening letters of credit amounted to Rs. 1,815 million (30 June 2014: Rs. 1,815 million) out of which Rs. 250 million (30 June 2014: Rs. 250 million) and Rs. 400 million (30 June 2014: Rs. 400 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 30 September 2014 amounted to Rs. 554.782 million (30 June 2014: Rs. 538 million). Amounts unutilized for letters of credit and guarantees as at 30 September 2014 were Rs. 1,475.696 million and Rs. 257.755 million (30 June 2014: Rs. 1,599.693 million and Rs. 278.360 million) respectively.

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2014

14.4 The above facilities are expiring on various dates and 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 Group's annual consolidated financial statements for the year ended 30 June 2014, 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. 297.027 million (30 June 2014: Rs. 258.215 million).

15.3 Commitments in respect of capital expenditure contracted for as at 30 September 2014 amounted to Rs. 219.556 million (30 June 2014: Rs. 71.649 million) including Rs. 7.462 million representing office premises located in Islamabad payable on completion of project. This also includes commitments contracted by the subsidiaries companies aggregating Rs. 212.104 million (30 June 2014: Rs. 64.187 million) in respect of capital expenditure to acquire plant and machinery and infrastructure development.

15.4 Commitments under letters of credit as at 30 September 2014 amounted to Rs. 264.639 million (30 June 2014: Rs. 201.846 million).

Rupees in '000	Unaudited First quarter ended	
	30 September 2014	30 September 2013
<b>16. SALES - NET</b>		
Local sales		
Bare pipes (own product excluding coating revenue)	106,649	6,368
Revenue from conversion	-	5,163
Coating of pipes	46,156	13,242
Cotton yarn / raw cotton	336,258	873,081
Others (including pipes laboratory testing)	11,683	5,722
Scrap / waste	6,974	11,437
Sales returns	-	(18,196)
	507,720	896,817
Export sales		
Cotton yarn / raw cotton	20,454	89,933
	528,174	986,750
Sales tax	(30,295)	(21,267)
	497,879	965,483

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2014

Rupees in '000	Unaudited First quarter ended	
	30 September 2014	30 September 2013
<b>17. INCOME FROM INVESTMENTS</b>		
Dividend income	18,423	18,761
(Loss) / gain on commodity	(57)	371
Unrealized gain transferred to profit and loss account on derecognition of 'available for sale' investment	-	211,393
Gain / (loss) on sale of investments - net	1,371	(1,350)
Unrealized loss on held for trading investments - net	(14,357)	(55,680)
Rent from investment property	3,790	2,857
	9,170	176,352

17.1 Direct operating expenses incurred against rental income from investment property amounted to Rs. 2.369 million (2013: Rs. 0.991 million). Further, Rs. 0.166 million (2013: Rs. 0.283 million) were incurred against non rented out area.

Rupees in '000	Unaudited First quarter ended	
	30 September 2014	30 September 2013
<b>18. FINANCE COSTS</b>		
Incurred on		
- finance lease obligations	3,418	1,999
- long term loan	1,059	-
- running finances / short term loans	7,337	10,416
Bank charges	45	166
	11,859	12,581

<b>19. BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE</b>		
(Loss) / profit for the period	(86,470)	212,344
		(Number of shares)
Average number of ordinary shares in issue during the period	19.1	62,105,992
		(Restated)
		(Rupees)
		(Restated)
Basic and diluted (loss) / earnings per share	(1.39)	3.42

19.1 The number of shares for the prior periods have been adjusted for the effect of bonus shares issued during the previous year. As a result of which prior earnings per share (basic and diluted) has been restated.

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2014

Rupees in '000	Note	Unaudited First quarter ended	
		30 September 2014	30 September 2013
<b>20. CASH GENERATED FROM / (USED IN) OPERATIONS</b>			
(Loss) / profit before taxation for the period		(90,482)	229,834
Adjustments for non cash charges and other items			
Depreciation on operating fixed assets and investment property		25,657	22,603
Amortization of intangible assets		1,677	1,207
Charge for the period on staff retirement benefit funds		3,386	3,252
Charge for compensated absences		3	51
Provision for 10-C bonus		-	33
Dividend income		(18,423)	(18,761)
Unrealized gain on held for trading investments - net		14,357	55,676
Gain on sale of investments - net		(983)	(210,043)
Unrealized loss / (gain) on commodity - Silver		57	(371)
Reversal of provision for doubtful trade debts - net		-	(10,900)
Return on deposits, loan and investments		(751)	(138)
Gain on disposal of operating fixed assets		(2,688)	-
Deferred income		(510)	(212)
Finance costs		11,859	12,581
Share of loss / (profit) from equity accounted investees - net of taxation		63,957	(108,492)
Working capital changes	20.1	111	(62,803)
		7,227	(86,483)
<b>20.1 Working capital changes</b>			
(Increase) / decrease in current assets			
Stores, spares and loose tools		(4,026)	(534)
Stock-in-trade		(15,920)	76,774
Trade debts		(66,563)	(35,724)
Advances		(115,975)	(167,493)
Trade deposits and short term prepayments		(1,684)	(2,716)
Other receivables		(439)	(101,022)
		(204,607)	(230,715)
Increase in current liabilities			
Trade and other payables		204,718	167,912
		111	(62,803)
<b>21. CASH AND CASH EQUIVALENTS</b>			
Running finances under mark-up arrangements		(361,426)	(448,550)
Cash and bank balances		85,968	26,777
		(275,458)	(421,773)

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2014

## 22. SEGMENT REPORTING

### 22.1 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.

### 22.2 Segment revenues and results

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

Rupees in '000	Steel segment	Cotton segment	IID segment	Energy segment	Total
<b>For the first quarter ended</b>					
<b>30 September 2014</b>					
Sales - net	140,926	356,953	-	-	497,879
Cost of sales	109,417	373,117	-	-	482,534
<b>Gross profit / (loss)</b>	<b>31,509</b>	<b>(16,164)</b>	<b>-</b>	<b>-</b>	<b>15,345</b>
Income from investments	-	-	9,170	-	9,170
	31,509	(16,164)	9,170	-	24,515
Distribution and selling expenses	2,293	3,161	-	-	5,454
Administrative expenses	28,552	6,410	5,501	2,358	42,821
Other operating expenses	-	-	19	-	19
	30,845	9,571	5,520	2,358	48,294
	664	(25,735)	3,650	(2,358)	(23,779)
Other income	2,127	6,036	552	985	9,700
<b>Operating profit / (loss) before finance costs</b>	<b>2,791</b>	<b>(19,699)</b>	<b>4,202</b>	<b>(1,373)</b>	<b>(14,079)</b>
Finance costs	5,408	4,178	2,846	(14)	12,446
Share of losses in equity accounted investees - net of taxation	-	-	(60,451)	(3,506)	(63,957)
<b>Loss before taxation</b>	<b>(2,617)</b>	<b>(23,877)</b>	<b>(59,095)</b>	<b>(4,893)</b>	<b>(90,482)</b>
Taxation					(4,012)
<b>Loss for the period</b>					<b>(86,470)</b>

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2014

Rupees in '000	Steel segment	Cotton segment	IID segment	Energy segment	Total
<b>For the first quarter ended</b>					
<b>30 September 2013</b>					
Sales - net	28,077	937,406	-	-	965,483
Cost of sales	47,478	919,289	-	-	966,767
Gross (loss) / profit	(19,401)	18,117	-	-	(1,284)
Income from investments	-	-	176,352	-	176,352
	(19,401)	18,117	176,352	-	175,068
Distribution and selling expenses	4,171	13,041	-	-	17,212
Administrative expenses	27,448	8,931	3,441	531	40,351
Other operating expenses	500	-	68	-	568
	32,119	21,972	3,509	531	58,131
	(51,520)	(3,855)	172,843	(531)	116,937
Other income	11,078	5,828	51	29	16,986
Operating (loss) / profit before finance costs	(40,442)	1,973	172,894	(502)	133,923
Finance costs	3,807	7,596	1,174	4	12,581
Share of profit in equity accounted investees - net of taxation	-	-	94,847	13,645	108,492
(Loss) / profit before taxation	(44,249)	(5,623)	266,567	13,139	229,834
Taxation					17,490
Profit for the period					212,344

22.2.1 Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the period (2013: Nil).

22.2.2 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 2014. The Steel segment allocates certain percentage of the common expenditure to the Cotton and IID segments. In addition, financial charges between Steel and Cotton segments are allocated at average mark-up rate on the basis of funds utilized. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

## 22.3 Revenue from major products and services

The analysis of the Group's revenue from external customers for major products and services is given in note 16 to this condensed interim consolidated financial information.

## 22.4 Information about major customers

Revenue from major customers of Steel segment represent an aggregate amount of Rs. 109.616 million (2013: Rs. 21.980 million) of total Steel segment revenue of Rs. 140.926 million (2013: Rs. 28.077 million). Further, revenue from major customers of Cotton segment represent an aggregate amount of Rs. 111.919 million (2013: Rs. 143.911 million) of total Cotton segment revenue of Rs. 356.953 million (2013: Rs. 937.406 million).

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2014

## 22.5 Geographical information

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

Rupees in '000	Unaudited First quarter ended	
	30 September 2014	30 September 2013
Pakistan	477,425	875,550
Far East	20,454	89,933
	497,879	965,483

22.5.2 All non-current assets of the Group as at 30 September 2014 and 30 June 2014 were located and operated in Pakistan.

## 22.6 Segment assets and liabilities

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

Rupees in '000	Steel segment	Cotton segment	IID segment	Energy segment	Total
<b>As at 30 September 2014</b>					
Segment assets for reportable segments	1,012,610	806,878	1,244,325	615,586	3,679,399
Investment in equity accounted investees	-	-	2,176,776	234,276	2,411,052
Unallocated corporate assets					327,817
Total assets as per balance sheet					6,418,268
Segment liabilities for reportable segments	280,877	255,111	68,618	4,325	608,931
Unallocated corporate liabilities					661,946
Total liabilities as per balance sheet					1,270,877
<b>As at 30 June 2014</b>					
Segment assets for reportable segments	1,122,218	882,112	1,208,524	607,606	3,820,460
Investment in equity accounted investees	-	-	2,293,501	246,563	2,540,064
Unallocated corporate assets					(195,302)
Total assets as per balance sheet					6,165,222
Segment liabilities for reportable segments	198,594	130,675	114,607	4,276	448,152
Unallocated corporate liabilities					470,873
Total liabilities as per balance sheet					919,025

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2014

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

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

- all liabilities are allocated to reportable segments other than those directly relating to corporate and taxation.

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

## 22.7 Other segment information

Rupees in '000	Steel segment	Cotton segment	IID segment	Energy segment	Total
<b>For the first quarter ended</b>					
<b>30 September 2014</b>					
Capital expenditure	99,649	21,627	84	1,992	123,352
Depreciation and amortization	9,720	15,848	1,766	-	27,334
Non-cash items other than depreciation and amortization - net	5,784	3,529	58,416	2,535	70,264
<b>For the first quarter ended</b>					
<b>30 September 2013</b>					
Capital expenditure	7,785	363	-	3,776	11,924
Depreciation and amortization	7,625	15,006	1,179	-	23,810
Non-cash items other than depreciation and amortization - net	(4,471)	7,923	(267,106)	(13,670)	(277,324)

## 23. 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 first quarter ended 30 September 2014

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

Name of entity	Nature of relationship	Nature of transaction	Unaudited	
			30 September 2014	30 September 2013
Shakarganj Mills Limited	Associated company	Dividend paid	-	2,448
		Sales of finished goods	486	3,145
		Services received	619	487
		Reimbursable expenses	392	2,490
Crescent Jute Products Limited	Related party	Services received	37	-
		Reimbursable expenses	211	-
CSAP Foundation *	Related party	Donation given	569	-
Muhammad Amin Muhammad Bashir Limited *	Related party	Dividend paid	-	1
Premier Insurance Company *	Related party	Insurance premium	2,460	2,255
The Citizens' Foundation *	Related party	Donation given	42	-
The Crescent Textile Mills Limited *	Related party	Dividend paid	-	5,589
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Contribution made	414	429
		Dividend paid	-	4
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Contribution made	969	930
		Dividend paid	-	1,070

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2014

Name of entity	Nature of relationship	Nature of transaction	Unaudited	
			30 September 2014	30 September 2013
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Contribution made	2,442	2,321
		Dividend paid	-	2,349
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Contribution made	1,331	1,314
		Dividend paid	-	450
Key management personnel	Related parties	Remuneration and benefits	16,644	16,102

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

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

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the first quarter ended 30 September 2014

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## 24. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements of the Group as at and for the year ended 30 June 2014.

## 25. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim consolidated financial information was authorized for issue in the Board of Directors meeting held on 28 October 2014.

  
Chief Executive

  
Director

  
Chief Financial Officer



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