



# SHAPING THE FUTURE



Crescent Steel and  
Allied Products Limited

Condensed Interim Report for the six months period ended December 2013



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# Contents

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Company Information	2
Company Profile	4
Directors' Review	6

## Financial Information

Independent Auditors's Report to the Members	9
Condensed Interim Unconsolidated Balance Sheet (Unaudited)	10
Condensed Interim Unconsolidated Profit and Loss Account (Unaudited)	11
Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited)	12
Condensed Interim Unconsolidated Cash Flow Statement (Unaudited)	13
Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited)	14
Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)	15

## Consolidated Financial Information

Condensed Interim Consolidated Balance Sheet (Unaudited)	34
Condensed Interim Consolidated Profit and Loss Account (Unaudited)	35
Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited)	36
Condensed Interim Consolidated Cash Flow Statement (Unaudited)	37
Condensed Interim Consolidated Statement of Changes in Equity (Unaudited)	38
Notes to the Condensed Interim Consolidated Financial Information (Unaudited)	39

# Company Information

## Board of Directors

Ahmad Waqar  
*Chairman, Non-Executive Director  
(Independent)*

Ahsan M. Saleem  
*Chief Executive and Managing Director*

Khurram Mazhar Karim  
*Non-Executive Director*

Nasir Shafi  
*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 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\*

## Stock Exchange Listing

Crescent Steel and Allied Products Limited is a listed Company and its shares are traded on all the three stock exchanges of Pakistan. The Company's shares are quoted in leading dailies under the Industrial metals and Mining Sector.

## Public Information

Financial analysts, stock brokers, interested investors and financial media desiring information regarding the Company should contact Mr. Abdul Wahab at the Company's Principal Office, Karachi.  
Telephone: +92 21 3567 4881-85  
Email: [abdul.wahab@crescent.com.pk](mailto:abdul.wahab@crescent.com.pk)

## Shareholders' information

Enquiries concerning lost share certificates, dividend payments, change of address, verification of transfer deeds and share transfers should be directed to M/s CorpTec Associates (Private) Limited,  
503-E, Johar Town, Lahore.  
Telephone: +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.

### Cotton division

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

## Auditors

KPMG Taseer Hadi & Co.

## Legal advisor

Hassan and Hassan, Advocates, Lahore

## Bankers

Allied Bank Limited  
Barclays Bank PLC, Pakistan  
Habib Metropolitan Bank Limited  
Industrial Commercial Bank of China  
MCB Bank Limited  
Summit Bank Limited  
Standard Chartered Bank (Pakistan) Limited

\* Year joined Company

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## Company Information

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### Registered office

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

### Liaison office Lahore

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

### Principal office

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

### Factory – Steel division

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#### Pipe and Coating plants

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A/25, S.I.T.E., Nooriabad, District  
Jamshoro, Sindh.  
Telephone: +92 25 4670 020-22  
+92 25 4670 055  
Email: [iqbal.siddiqui@crescent.com.pk](mailto:iqbal.siddiqui@crescent.com.pk)

### Engineering unit

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

### Mills – Cotton Division

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

### Power plant

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

### Corporate website

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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 six months period ended  
December 2013, go to <http://www.crescent.com.pk/wp-content/uploads/2014/02/HalfYear-Dec2013.pdf>



# Company Profile

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 was 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 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.

Expanding the steel business, the Company incorporated a wholly owned subsidiary company Crescent Hadeed (Private) limited on 15 May 2013. The principal activity of the subsidiary company will be to manufacture steel billets.

## 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). 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 having 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.

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

## ENERGY DIVISION – SUBSIDIARY COMPANY 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 will be 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.

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 half year ended 31 December 2013 (H1FY14).

## Economic Outlook

Pakistan's economic recovery depends largely on successful implementation of planned reforms, both economic and structural. Growth prospects are restricted given short term challenges in attracting foreign investment to Pakistani industries on the back of continued energy insecurity, rampant terror incidents, the looming balance of payments crisis and vulnerability of the Pakistan Rupee.

However, despite the apparent economic and structural disturbances, the KSE-100 up by 20% for the six months period ending December 2013 (50% for the calendar year 2013) indicates that investor confidence has strengthened. Improvements in some macroeconomic indicators including narrowing in of the trade deficit by 17% in December 2013, recovery of FX reserves and a 5% indicative first quarter GDP for FY14 have added some comfort. Furthermore, approval of the IMF facility and having secured the EU GSP Plus status for Pakistan textile exports provides for economic advantage in the short term.

Although we move into the second half of fiscal year 2014 with an uncertain economic outlook, the improved inflation outlook for FY14, an unchanged policy rate of 10% and news of new projects and privatisation initiatives are positive for business. GDP, as indicated by the ADB however, is not expected to grow beyond 3%.

## Financial and Operational Performance

### Overall financial performance

On the basis of unconsolidated results, the Company's after tax profit for H1FY14 stood at Rs. 166.6 million as compared to after tax profit of Rs. 202.8 million (excluding insurance settlement net profit of Rs. 171.3 million) in the same period last year. EPS for the half year stood at Rs. 2.68 as compared to earnings per share of Rs. 3.26<sup>1</sup> in the corresponding period last year, excluding insurance claim impact.

The first half of the financial year 2014 (H1FY14) was relatively dull when compared with first half 2013 (H1FY13), with the IID Division being the only business unit to close in the black. During the period Steel and Cotton Divisions reported a loss before tax of Rs. 97.4 million (H1FY13 PBT: Rs. 144.3 million) and Rs. 50.3 million (H1FY13 PBT: Rs. 337.6 million), respectively while the IID Division reported a profit before tax of Rs. 272.2 million (H1FY13: 105.8 million) for the half year including a net gain of Rs. 193 million on the disposal of AFS investments.

Sales revenue was Rs. 1,852.2 million for H1FY14 (H1FY13: Rs. 2,224.6 million), with the Cotton Division contributing the most at a turnover of Rs. 1,792.2 million (H1FY13: Rs. 1,444.9 million). Steel Divisions' contribution to the turnover was a tepid Rs. 60 million (H1FY13: Rs. 780 million), whereas investment income from IID Division stood at Rs. 269.9 million (H1FY13: Rs. 126.3 million).

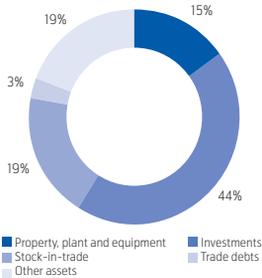
On a Group basis (including the results of wholly owned subsidiary companies), Consolidated profit after tax and EPS for the Group for the H1FY14 amounted to Rs. 386.9 million and Rs. 6.23 per share, respectively, as compared to a profit after tax of Rs. 453.7 million and EPS of Rs. 7.30<sup>1</sup> per share in the corresponding period last year. In the condensed interim consolidated financial information, investments in associates have been accounted for under the equity method of accounting. Share of profit from associates during the current period amounted to Rs. 221.9 million (H1FY13: Rs. 85 million).

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

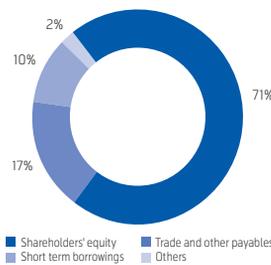
- Sales revenue was Rs. 1,852.2 million as compared to Rs. 2,224.6 million in H1FY13.
- Investment income stood at Rs. 269.9 million as compared to Rs. 126.3 million in H1FY13.
- Other income amounted to Rs. 46.6 million as compared to Rs. 355.9 million in H1FY13.

<sup>1</sup> EPS for prior period has been restated for the effect of bonus shares issued during the current period.

## Total Assets



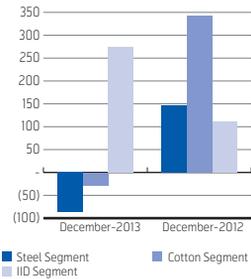
## Total Liabilities



Steel segment for the six months ended 31 December 2013 was 13 times lower at Rs. 60.0 million compared to Rs. 779.7 million for the corresponding period last year. As a result the unit was unable to absorb fixed costs, recording a gross loss of Rs. 46.6 million and a bottom-line loss of Rs. 97.4 million, compared to net profit of Rs. 144.3 million in the corresponding period last year.

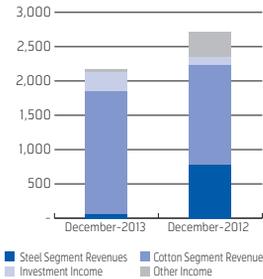
## Profit from Operations

Rupees in million



## Revenue and Income

Rupees in million



## Cotton segment

### Segment performance

Cotton Division recorded sales revenue of Rs. 1,792.2 million (Q1FY13: Rs. 646.4 million), out of which Rs. 734.5 million (41%) pertains to outsourced yarn conversion; whereas, local raw cotton sales amounted to Rs. 105.6 million. Revenue from own production stood at Rs. 952.1 million (H1FY13: Rs. 925.7 million) or 53% of total sales.

Loss before tax for H1FY14 of Rs. 50.3 million (H1FY13 PBT: Rs. 51.8 million) was mainly due to unavailability of power while cotton quality during the period constrained the unit from running at desired capacity.

## Investment and Infrastructure Development (IID) segment

### Market Review

After a slow first quarter in fiscal 2014 where the market went up by mere 4%, the second quarter witnessed robust activity with the market inflating by 16%. During the half year ended 31 December 2013, the KSE 100 Index increased by 4,255.45 points or 20.26% to close

- Gross loss was Rs. 38.9 million (H1FY13 GP: Rs. 484.5 million) mainly due to low outputs from the Steel Division and consequently, fixed costs could not be absorbed.
- EBITDA stood at Rs 200.9 million for the current year as compared to Rs. 651.6 million in H1FY13 (excluding insurance claim impact).
- EPS stood at Rs. 2.68 for the current year, as compared to Rs. 3.26 (excluding insurance claim impact) for H1FY13.
- Return on average capital employed (annualized) was 6.7% for the current year as compared to 31.9% for the last year.

- Return on average equity (annualized) was 8.4% for the current period as compared to 22.6% for the period ended 31 December 2012.
- Break-up value per share decreased to Rs. 62.6 from Rs. 70.4 as at 30 June 2013, primarily on account of a 10% bonus issue.

## Business Segments

### Steel segment

#### Segment performance

Order intake in Steel segment for the entire period under review was dismal, and, because of delays in execution of related projects by customers the plant remained idle. Consequently sales revenue of

at 25,261.14 points. On a calendar year basis, KSE-100's returns grew by 49.4% (CY12: 49.8%)

### Segment performance – Unconsolidated

During the half year ended 31 December 2013, the IID division's CSAPL portfolio of equity investments recorded an ROI of 39.92% on average investments (excluding strategic investments) of Rs. 652.31 million – significantly higher than the increase of 20.26% in the benchmark bourse, during the same period.

Income from investment activities during the period amounted to Rs. 269.9 million (H1FY13: Rs. 126.4 million). The accumulated profit before tax for the half year ended 31 December 2013 stood at PKR 272.2 million, compared to the division's PBT of Rs. 105.8 million in the corresponding period last year. The significant increase in PBT is primarily due to profit impacts of Rs.193.7 million on disposal of AFS investments. Rental income from real estate investments during the period contributed Rs. 5.7 million to the portfolio income (H1FY13: Rs. 5.2 million).

Total value of investments was Rs. 2,371.9 million as compared to Rs. 2,388.6 million as on 30 June 2013.

### Segment performance – Consolidated

As per condensed consolidated interim financial information, profit before taxation for the IID Division for H1FY14 was Rs. 473.3 million compared to Rs. 179.6 million for H1FY13. This is mainly due to share

of profits of Rs. 234.8 million from equity accounted investments in Altern Energy Limited and gains on disposal of AFS investments amounting to Rs. 193.7 million. On a consolidated basis, CS Capital (Private) Limited increased the profit before taxation by Rs. 18.7 million.

The closing position of the portfolio as of 31 December 2013 was Rs. 3,413.3 million, against Rs. 2,986.2 million as of 30 June 2013.

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

CS Capital (Private) Limited (CSCL) posted a profit before tax of Rs. 22.3 million as compared to profit before tax of Rs. 12.7 million in H1FY13. The increase is due to unrealized gains on HFT investments amounting to Rs. 13.1 million.

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

Shakarganj Energy (Private) Limited (SEL) has commissioned a 15 MW cogeneration power plant at Bhone with commercial operations expected to commence this year. During the period SEL contributed Rs. 31.7 million (H1FY13: Rs. 10.1 million) to the bottom line through share of profits from equity accounted associate (Altern Energy Limited).

## Financial Position

### Balance sheet

Balance sheet footing stood at Rs. 5,475.1 million as of 31 December 2013, compared to Rs. 4,889.5 million as of 30 June 2013. Break-

up value per share decreased to Rs. 62.6 from Rs. 70.4 as at 30 June 2013.

Current ratio as at 31 December 2013 declined to 1.6:1 from 2.3:1 as at 30 June 2013. The Company's gearing ratio increased to 13.5% as at 31 December 2013 from 10% as at 30 June 2013.

On a Group basis, the consolidated balance sheet footing increased to Rs. 6,901.8 million, compared to Rs. 5,873.3 million as of 30 June 2013. Total shareholders' fund increased to Rs. 5,313.1 million from Rs. 4,957.1 million as of 30 June 2013. Break-up value per share decreased to Rs. 85.5 from Rs. 87.8 as at 30 June 2013.

Consequent on the revision of IAS 19 "Employee Benefits", the Company has changed its accounting policy for 'retirement benefits' and has restated the financial information accordingly. This is further explained in note 3.1 of the condensed interim financial information.

## Future Outlook

Outlook on the Steel business has improved as we step into the second half of FY14 – sales during first half of FY14 were low as projects in Oil & Gas Sector budgeted for, did not materialize. Order intake for second half of the FY14, however, is better and new projects including LNG are expected to materialize in the short – medium term. Steel prices in the international market are expected to remain stable in the near term. Cotton outlook is stable in the

short term with market movements expected between the 78-88 cents range. Textile manufacturers are adopting a prudent inventory management approach by limiting procurement in view of declining cotton prices. Movement in cotton prices is heavily dependent on China; it is expected that China will discontinue procurement and replace it with a direct farm subsidy, resulting in a deflationary pressure on Chinese cotton. Given the EU GSP Plus status on textile products, exports of home textile products to the EU are also expected to pick up. With regards to the IID Division and markets, at present, the KSE-100 index is trading at a significant discount to regional markets and its historical valuations. The KSE-100

index with a P/E multiple of 8.5x and dividend yield of 5% offers a considerable upside for medium to long term investments. Going forward, we expect KSE-100 Index to perform strongly in CY14. Good corporate earnings and payouts as driven by improved economic and investment climate, along with a topping out of interest rates should drive the index performance. Finally, I would like to record our appreciation to 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 January 2014

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# Independent Auditors' Report to the Members

## on Review of Condensed Interim Unconsolidated Financial Information

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

Telephone +92 (21) 3568 5847  
Fax +92 (21) 3568 5095  
Internet www.kpmg.com.pk

### Introduction

We have reviewed the accompanying condensed interim unconsolidated balance sheet of **Crescent Steel and Allied Products Limited** ("the Company") as at 31 December 2013 and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated cash flow statement, condensed interim unconsolidated statement of changes in equity and notes to the condensed interim unconsolidated financial information for the six months period then ended (here-in-after referred to as the "condensed interim unconsolidated financial information"). Management is responsible for the preparation and presentation of this condensed interim unconsolidated financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim unconsolidated financial information based on our review.

### Scope of Review

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

### Conclusion

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

The figures for the quarter ended 31 December 2013 in the condensed interim unconsolidated profit and loss account and condensed interim unconsolidated statement of comprehensive income have not been reviewed by us and we do not express a conclusion on them.

Date 28 January 2014

Karachi

**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Mohammed Nadeem

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

# Condensed Interim Unconsolidated Balance Sheet (Unaudited)

As at 31 December 2013

Rupees in '000	Note	Unaudited 31 December 2013	Audited 30 June 2013 (Restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	795,818	777,834
Intangible assets		12,084	13,645
Investment property		29,185	31,268
Long term investments	6	1,809,978	1,590,521
Long term loans and deposits	7	381,243	369,388
Deferred taxation		39,560	-
		3,067,868	2,782,656
<b>Current assets</b>			
Stores, spares and loose tools		81,698	78,639
Stock-in-trade	8	1,055,205	662,419
Trade debts	9	160,059	196,857
Advances	10	202,545	31,654
Trade deposits and short term prepayments		13,796	9,147
Investments	11	561,887	798,095
Mark-up accrued		75,402	54,337
Other receivables		150,279	134,847
Taxation - net		81,532	75,430
Cash and bank balances		24,803	65,220
		2,407,206	2,106,645
<b>Total assets</b>		<b>5,475,074</b>	<b>4,889,301</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized capital			
100,000,000 ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid-up capital		621,060	564,600
Capital reserves		305,162	529,926
Revenue reserves		2,962,984	2,881,064
		3,889,206	3,975,590
<b>Non-current liabilities</b>			
Liabilities against assets subject to finance lease	12	52,253	34,450
Deferred taxation		-	5,230
Deferred income		990	1,413
		53,243	41,093
<b>Current liabilities</b>			
Trade and other payables		938,149	412,288
Mark-up accrued		13,364	9,002
Short term borrowings	13	537,562	418,365
Current portion of deferred income		847	847
Current portion of liabilities against assets subject to finance lease	12	42,703	32,116
		1,532,625	872,618
Contingencies and commitments	14		
<b>Total equity and liabilities</b>		<b>5,475,074</b>	<b>4,889,301</b>

The annexed notes from 1 to 27 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 quarter and six months period ended 31 December 2013

Rupees in '000	Note	Quarter ended		Six months period ended	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
Sales - net	15	886,761	1,345,974	1,852,244	2,224,644
Cost of sales		924,388	1,138,996	1,891,155	1,906,136
Gross (loss) / profit		(37,627)	206,978	(38,911)	318,508
Income from investments	16	90,173	56,338	269,946	126,372
		52,546	263,316	231,035	444,880
Distribution and selling expenses		16,153	22,062	33,365	33,270
Administrative expenses		38,333	47,062	77,838	83,518
Other operating expenses	17	13,113	40,471	13,613	78,703
		67,599	109,595	124,816	195,491
		(15,053)	153,721	106,219	249,389
Other income	18	19,400	16,471	46,613	355,940
Operating profit before finance costs		4,347	170,192	152,832	605,329
Finance costs	19	15,728	11,047	28,305	17,507
(Loss) / profit before taxation		(11,381)	159,145	124,527	587,822
Taxation - current		(6,597)	28,291	5,498	235,069
- prior		(2,791)	(7,607)	(2,791)	(7,607)
- deferred		(49,533)	(13,018)	(44,790)	(13,725)
	20	(58,921)	7,666	(42,083)	213,737
Profit for the period		47,540	151,479	166,610	374,085
			(Rupees)		
			Restated		Restated
Basic and diluted earnings per share	21	0.77	2.44	2.68	6.02

The annexed notes from 1 to 27 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 quarter and six months period ended 31 December 2013

Rupees in '000	Quarter ended		Six months period ended	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
<b>Profit for the period</b>	47,540	151,479	166,610	374,085
<b>Other comprehensive income</b>				
<i>Items that are or may be reclassified subsequently to profit and loss</i>				
Unrealized appreciation during the period on remeasurement of investments classified as 'available for sale'	2,117	4,924	43,089	41,079
Reclassification adjustments relating to gain realized on disposal of investments classified as 'available for sale'	-	(1,180)	(211,393)	(1,180)
Other comprehensive income for the period	2,117	3,744	(168,304)	39,899
<b>Total comprehensive income for the period</b>	<b>49,657</b>	<b>155,223</b>	<b>(1,694)</b>	<b>413,984</b>

The annexed notes from 1 to 27 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 six months period ended 31 December 2013

Rupees in '000	Note	Six months period ended	
		31 December 2013	31 December 2012
<b>Cash flows from operating activities</b>			
Cash generated from / (used in) operations	22	27,406	(182,637)
Taxes paid		(27,589)	(89,483)
Finance costs paid		(23,943)	(24,269)
Contribution to gratuity and pension funds		(6,701)	(6,063)
Contribution to Workers' Profit Participation Fund		(52,395)	(1,120)
Infrastructure fee paid		(339)	(1,989)
Compensated absences paid		(75)	(435)
10-C bonus paid		(2,326)	(4,915)
Long term loans and deposits - net		(11,855)	(113,650)
Net cash used in operating activities		(97,817)	(424,561)
<b>Cash flows from investing activities</b>			
Capital expenditure		(65,227)	(14,341)
Acquisition of intangible assets		(900)	(70)
Proceeds from disposal of operating fixed assets		394	286,183
Investments - net		82,539	(73,810)
Dividend income received		33,662	42,871
Interest income received		220	559
Net cash inflows from investing activities		50,688	241,392
<b>Cash flows from financing activities</b>			
Proceeds from disposal of operating fixed assets under sale and leaseback arrangements		38,787	-
Payments against finance lease obligations		(10,397)	(3,842)
Proceed from short term loans obtained		40,685	49,473
Dividends paid		(141,294)	(111,343)
Net cash used in financing activities		(72,219)	(65,712)
Net decrease in cash and cash equivalents		(119,348)	(248,881)
Cash and cash equivalents at beginning of the period		(220,251)	(253,076)
Cash and cash equivalents at end of the period	23	(339,599)	(501,957)

The annexed notes from 1 to 27 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 six months period ended 31 December 2013

	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							
<b>Balance as at 1 July 2012 - as previously reported</b>	564,600	-	349,959	27,343	1,842,000	317,343	3,101,245
Change in accounting policy for reversal of defined benefit liability recognition of actuarial gains and losses (refer note 3.1)	-	-	-	-	-	8,445	8,445
<b>Balance as at 1 July 2012 - as restated</b>	564,600	-	349,959	27,343	1,842,000	325,788	3,109,690
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	-	-	-	374,085	374,085
<b>Other comprehensive income</b>							
Unrealized appreciation during the period on remeasurement of investments classified as 'available for sale'	-	-	-	41,079	-	-	41,079
Reclassification adjustments relating to gain realized on disposal of investments classified as 'available for sale'	-	-	-	(1,180)	-	-	(1,180)
Total Other comprehensive income for the period	-	-	-	39,899	-	-	39,899
Total comprehensive income for the period	-	-	-	39,899	-	374,085	413,984
<b>Transaction with owners</b>							
Dividend:							
- Final @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2012	-	-	-	-	-	(56,460)	(56,460)
<b>Balance as at 31 December 2012</b>	564,600	-	349,959	67,242	1,842,000	643,413	3,467,214
<b>Balance as at 1 July 2013 - as previously reported</b>	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 (refer note 3.1)	-	-	-	-	-	75,361	75,361
<b>Balance as at 1 July 2013 - as restated</b>	564,600	-	349,959	179,967	1,842,000	1,039,064	3,975,590
Transfer to general reserve	-	-	-	-	800,000	(800,000)	-
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	-	-	-	166,610	166,610
<b>Other comprehensive income</b>							
Unrealized appreciation during the period on remeasurement of investments classified as 'available for sale'	-	-	-	43,089	-	-	43,089
Reclassification adjustments relating to gain realized on disposal of investments classified as 'available for sale'	-	-	-	(211,393)	-	-	(211,393)
Total Other comprehensive income for the period	-	-	-	(168,304)	-	-	(168,304)
Total comprehensive income for the period	-	-	-	(168,304)	-	166,610	(1,694)
<b>Transactions 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 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)
Issuance of Bonus shares final 2013 (10%)	56,460	(56,460)	-	-	-	-	-
<b>Balance as at 31 December 2013</b>	621,060	-	293,499	11,663	2,642,000	320,984	3,889,206

The annexed notes from 1 to 27 form an integral part of this condensed interim unconsolidated financial information.

  
Chief Executive

  
Director

  
Chief Financial Officer

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# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2013

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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 the Companies Ordinance, 1984) and is quoted on all stock exchanges of Pakistan. The registered office of the Company is located at 10th floor, BOP Tower, 10-B, Block E-2, Main Boulevard, Gulberg-III, Lahore.

The Company operates three segments Steel, Cotton and Investment and Infrastructure Development (IID) segment as disclosed in note 24.1.

## 2. BASIS OF PREPARATION

- 2.1 This condensed interim unconsolidated financial information of the Company for the six months period ended 31 December 2013 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 2013.
- 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.
- 2.4 This condensed interim unconsolidated financial information is unaudited and is being submitted to the shareholders as required by listing regulations of Karachi Stock Exchange vide section 245 of the Companies Ordinance 1984. The figures for the six months period ended 31 December 2013 have, however, been subjected to limited scope review by the auditors required by the Code of Corporate Governance.

## 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 annual separate financial statements of the Company for the year ended 30 June 2013 except for the change in accounting policy as follows:

### 3.1 Change in accounting policy for employee benefits - defined benefit plan

IAS 19 (revised) 'Employee benefits' amends the accounting for employment benefits which became effective to the Company from 1 July 2013. The changes introduced by the IAS 19 (revised) are as follows:

- (a) The standards requires past service cost to be recognised immediately in profit or loss;
- (b) The standards replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit assets or liability and the discount rate, measured at the beginning of the year:

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2013

- (c) There is new term "remeasurement". This is made up of actuarial gains and losses, the differences between actual investment returns and return implied by the net interest cost: and
- (d) The amendment requires an entity to recognise remeasurements immediately in other comprehensive income. Actuarial gains or losses beyond corridor limits were previously amortised over the expected future services of the employees.

The management believes that the effects of these changes would not have significant effect on this condensed interim unconsolidated financial information except for the changes referred in (d) above that has been accounted for retrospectively in accordance with the requirement of International Accounting Standard (IAS) 8 'Accounting Policies, Changes in Accounting Estimates and Errors' resulting in restatement of financial statements of prior period.

The effect of the change in accounting policy has been demonstrated below:

Rupees in '000	30 June 2013	1 July 2012
<b>Effect on balance sheet</b>		
<i>Unappropriated profit</i>		
As previously reported	963,703	317,343
Effect of change in accounting policy	75,361	8,445
<b>As restated</b>	<b>1,039,064</b>	<b>325,788</b>
<i>Trade and other payables</i>		
As previously reported	412,519	691,904
Effect of change in accounting policy - balance reclassified to other receivables	(114,184)	(12,796)
	298,335	679,108
Receivable from defined benefit plans reclassified to other receivables	113,953	12,429
<b>As restated</b>	<b>412,288</b>	<b>691,537</b>
<i>Deferred taxation - Asset / (Liability)</i>		
As previously reported	33,593	12,606
Effect of change in accounting policy	(38,823)	(4,351)
<b>As restated</b>	<b>(5,230)</b>	<b>8,255</b>
<i>Other receivables</i>		
As previously reported	20,894	29,318
Receivable from defined benefit plans reclassified from trade and other payables	113,953	12,429
<b>As restated</b>	<b>134,847</b>	<b>41,747</b>

The management is in process of determining the effect of this change, if any, to the amount to be recognised through Comprehensive Income for the full year ending 30 June 2014 and has therefore not considered any amount as an adjustment in the condensed interim unconsolidated profit and loss account and condensed interim unconsolidated statement of other comprehensive income for the current period and prior periods.

This change in accounting policy has no impact on the statement of cash flows and on earnings per share.

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2013

## 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 2013.

## 5. PROPERTY, PLANT AND EQUIPMENT

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

Rupees in '000	Six months period 31 December 2013		six months period ended 31 December 2012	
	Additions / Transfers	Disposals	Additions / Transfers	Disposals
Plant and machinery - owned	46,456	38,232	668	9,046
Plant and machinery - leased	34,995	-	-	-
Furniture and fittings	382	-	169	-
Electrical / office equipment and installation	341	-	148	10
Computers	830	-	426	-
Motor vehicles - owned	3,796	4,126	3,999	3,418
Motor vehicles - leased	3,828	-	-	-
Workshop equipment	84	-	-	-
	90,712	42,358	5,410	12,474

Rupees in '000	Note	Unaudited 31 December 2013	Audited 30 June 2013
<b>6. LONG TERM INVESTMENTS</b>			
Subsidiary companies			
- at cost	6.1	514,870	504,871
- share deposit money			
Shakarganj Energy (Private) Limited	6.1.1	22,458	-
CS Capital (Private) Limited	6.1.2	197,000	-
Crescent Hadeed (Private) Limited		-	10,000
		219,458	10,000
Associated companies - at cost	6.2	896,704	896,704
Other long term investments	6.3	178,946	178,946
		1,809,978	1,590,521

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2013

## 6.1 Subsidiary companies - at cost

31 December 2013	30 June 2013		Note	Unaudited 31 December 2013	Audited 30 June 2013
Number of shares				Rupees in '000	
<b>Unquoted</b>					
33,010,000	33,010,000	Shakarganj Energy (Private) Limited (Chief Executive Officer - Mr. Muhammad Saad Thaniana)	6.1.1	330,100	330,100
17,476,995	17,476,995	CS Capital (Private) Limited (Chief Executive Officer - Ms. Hajerah A. Saleem)	6.1.2	174,770	174,770
1,000,000	100	Crescent Hadeed (Private) Limited (Chief Executive Officer - Mr. Iqbal Zafar Siddiqui)	6.1.3	10,000	1
2	2	Crescent Continental Gas Pipelines Limited (US \$ 1 each)	6.1.4	-	-
				514,870	504,871

**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 further deposited share deposit money amounting to Rs. 22.458 million against right shares issued by the subsidiary company.

**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 19.7 million ordinary shares for Rs. 197 million, making a total holding of 371.77 million ordinary shares as at 31 December 2013. Right shares have been issued subsequent to year end.

**6.1.3** This represents Company's investment in 100% ordinary shares of Crescent Hadeed (Private) Limited which was incorporated on 15 May 2013. During the period, the Company has further subscribed to right issues made by the the investee company aggregating 0.999 million ordinary shares for Rs. 9.999 million.

**6.1.4** This represents investment in subsidiary amounting to Rs. 90 only. The subsidiary company has not commenced operation.

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2013

## 6.2 Associated companies – at cost

31 December 2013	30 June 2013		Note	Unaudited 31 December 2013	Audited 30 June 2013
Number of shares				Rupees in '000	
		<b>Quoted</b>			
60,475,416	60,475,416	Altern Energy Limited (Chief Executive Officer - Syed Zamanat Abbas)	6.2.1	593,488	593,488
15,244,665	15,244,665	Shakarganj Mills Limited (Chief Executive Officer - Mr. Ahsan M. Saleem)		388,562	388,562
				982,050	982,050
		Less: Provision for impairment		85,346	85,346
				896,704	896,704

**6.2.1** The Company holds 16.64% shareholding in Altern Energy Limited and there is no common directorship in the investee company. However, only for the purpose of equity accounting in condensed interim consolidated financial information as required under IAS 28 'Investment in Associate' it has been treated as an associate.

**6.2.2** The fair value of investments in associates as at 31 December 2013 is Rs. 1,631.896 million (30 June 2013: Rs. 1,080.724 million).

Rupees in '000	Note	Unaudited 31 December 2013	Audited 30 June 2013
<b>6.3 Other long term investments</b>			
Investments in related parties			
Available for sale	6.3.1	-	-
Other investments			
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 31 December 2013	Audited 30 June 2013
<b>7. LONG TERM LOANS AND DEPOSITS</b>			
Long term loan - Considered good (Unsecured)			
- to subsidiary company	7.1	358,444	349,444
Security deposits - leasing companies		10,181	7,327
Security deposits - others		12,618	12,617
		381,243	369,388

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2013

7.1 This represents long term loan to the wholly owned subsidiary company namely; Shakarganj Energy (Private) Limited. The approved limit as per agreement of long term loan is Rs. 385 million. The repayment schedule of this long term financing will be finalized after the commencement of commercial operations of the Company.

The mark-up rate on the above loan is 3 months KIBOR prevailing on the date of disbursement of each tranche and thereafter on each re-pricing date plus 250 base points. Mark-up is payable on quarterly basis. The mark-up charged during the period ranged from 12.03% to 11.45% (2012: 13.53%) per annum.

Rupees in '000	Unaudited 31 December 2013	Audited 30 June 2013
<b>8. STOCK-IN-TRADE</b>		
Raw materials		
Hot rolled steel coils (HR Coil)	13,474	11,142
Coating materials	93,903	103,232
Others	14,429	16,762
Raw cotton	324,678	313,503
Stock-in-transit	406,216	-
	852,700	444,639
Work-in-process	21,692	17,574
Finished goods	169,733	196,283
Scrap / cotton waste	11,080	3,923
	202,505	217,780
	1,055,205	662,419
<b>9. TRADE DEBTS</b>		
<b>Secured</b>		
Considered good	60,178	36,605
<b>Unsecured</b>		
Considered good	99,881	160,252
Considered doubtful	2,786	13,701
Provision for doubtful trade debts	(2,786)	(13,701)
	99,881	160,252
	160,059	196,857

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2013

Rupees in '000	Note	Unaudited 31 December 2013	Audited 30 June 2013
<b>10. ADVANCES</b>			
<b>Unsecured- considered good</b>			
Executives		2,459	2,645
Suppliers for goods and services		200,086	29,009
<b>Advances - considered doubtful</b>			
Suppliers for goods and services		47	47
Provision for doubtful advances		(47)	(47)
		-	-
		202,545	31,654
<b>11. INVESTMENTS</b>			
<b>Investments in related parties</b>			
Available for sale		9,749	8,007
Held to maturity	11.1	29,994	29,994
		39,743	38,001
<b>Other investments</b>			
Available for sale		-	258,011
Held for trading		522,144	502,083
		522,144	760,094
		561,887	798,095

- 11.1** This represents 2,999,396 (30 June 2013: 2,999,396) preference shares of Rs. 10 each of Shakargani 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. A provision of Rs. 5.106 million (30 June 2013: Rs. 5.106 million) has been recognized against the exposure as the balance amount is considered to be recovered in due course of time.

- 11.2** Investments having an aggregate market value of Rs. 1,471.699 million (30 June 2013: Rs. 909.398 million) have been pledged with financial institutions as security against financing facilities (see note 13.4) out of which Rs. 1,177.672 million (30 June 2013: Rs. 664.659 million) relates to long term investments.

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2013

## 12. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Minimum lease payments		Future finance costs		Present value of minimum lease payments	
	Unaudited 31 December 2013	Audited 30 June 2013	Unaudited 31 December 2013	Audited 30 June 2013	Unaudited 31 December 2013	Audited 30 June 2013
Rupees in '000						
Not later than one year	51,995	38,577	9,292	6,461	42,703	32,116
Later than one year and not later than five years	57,690	37,505	5,437	3,055	52,253	34,450
	109,685	76,082	14,729	9,516	94,956	66,566
Less: Current portion shown under current liabilities					42,703	32,116
					52,253	34,450

- 12.1 The Company has entered into finance lease arrangements with leasing companies for lease of plant and machinery and motor vehicles. The lease term of these arrangements is three years (30 June 2013: three years) and the liability is payable by month ranging from seven months to thirty-five months (30 June 2013: ten months to thirty-two months). The periodic lease payments include built-in rates of mark-up ranging between 14.59% to 20.25% (2013: 14.59% to 20.25%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 96.773 million (30 June 2013: Rs. 64.161 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.

	Unaudited 31 December 2013	Audited 30 June 2013
Rupees in '000		
<b>13. SHORT TERM BORROWINGS</b>		
<b>Secured from banking companies</b>		
Running finances under mark-up arrangements	364,402	285,890
Short term loans	173,160	132,475
	537,562	418,365

- 13.1 Short term running finance available from various commercial banks under mark-up arrangements amounted to Rs. 500 million (30 June 2013: Rs. 500 million) out of which Rs. 250 million (30 June 2013: Rs. 250 million) is interchangeable with letter of credit facility. During the period, the mark-up on such arrangements ranged between 10.58% to 12.71% (2012: 11.38% to 15.01%) per annum.
- 13.2 Short term loan financing available from various commercial banks under mark-up arrangements amounted to Rs. 1,100 million (30 June 2013: Rs. 1,100 million) out of which Rs. 300 million (30 June 2013: Rs. 300 million) is interchangeable with letter of credit facility. During the period, the mark-up on such arrangements ranged between 11.26% to 12.46% (2012: 11.63% to 14.35%) per annum.

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2013

- 13.3** The facilities for opening letter of credit amounted to Rs. 1,715 million (30 June 2013: Rs. 1,400 million) out of which Rs. 250 million (30 June 2013: Rs. 250 million) and Rs. 300 million (30 June 2013: Rs. 300 million) are interchangeable with short term running finance and short term loans respectively as mentioned in notes 13.1 and 13.2 above. The facility for letters of guarantee as at 31 December 2013 amounted to Rs. 554 million (30 June 2013: Rs. 500 million). Amounts unutilized for letters of credit and guarantees as at 31 December 2013 were Rs. 770.682 million and Rs. 196.463 million (30 June 2013: Rs. 1,356.764 million and Rs. 191.017 million) respectively.
- 13.4** The above facilities are secured by way of hypothecation of plant and machinery, stock-in-trade, trade debts and other current assets, pledge of shares and cotton / cotton yarn; and lien over import / export document.
- 14. CONTINGENCIES AND COMMITMENTS**
- 14.1** There is no change in the status of contingencies set out in note 12 to the Company's annual separate financial statements for the year ended 30 June 2013, except as set out in note 14.2 below.
- 14.2** Aggregate amount of guarantees issued by banks on behalf of the Company against various contracts aggregated Rs. 357.537 million (30 June 2013: Rs. 308.983 million).
- 14.3** Commitments in respect of capital expenditure contracted for as at 31 December 2013 amounted to Rs. 7.462 million (30 June 2013: Rs. 7.462 million) payable by June 2014 representing office premises located in Islamabad.
- 14.4** Commitments under letters of credit as at 31 December 2013 amounted to Rs. 571.380 million (30 June 2013: Rs. 43.236 million).

Rupees in '000	Unaudited Quarter ended		Unaudited Six months period ended	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
<b>15. SALES - NET</b>				
<b>Local sales</b>				
Bare pipes (own product excluding coating revenue)	19,832	285,391	25,466	394,227
Revenue from conversion	712	1,592	6,752	4,754
Coating of pipes	7,770	294,000	20,867	437,582
Cotton yarn / raw cotton	746,713	538,239	1,619,783	1,105,873
Others (including pipes laboratory testing)	8,953	36,416	14,675	50,063
Scrap / waste	12,558	33,473	24,054	43,794
Sales returns	(11,112)	(9,130)	(29,354)	(9,130)
	785,426	1,179,981	1,682,243	2,027,163
<b>Export sales</b>				
Cotton yarn / raw cotton	121,310	251,237	211,243	319,718
	906,736	1,431,218	1,893,486	2,346,881
Sales tax	(19,975)	(85,244)	(41,242)	(122,237)
	886,761	1,345,974	1,852,244	2,224,644

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2013

Rupees in '000	Unaudited		Unaudited	
	Quarter ended		Six months period ended	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
<b>16. INCOME FROM INVESTMENTS</b>				
Return on term finance certificates	-	-	-	76
Dividend income	12,608	34,299	28,043	42,557
(Loss) / gain on sale of investment - net	(5,144)	8,644	203,629	15,591
Unrealized gain on held for trading investments - net	79,852	10,790	32,560	62,938
Rent from investment property	2,857	2,605	5,714	5,210
	90,173	56,338	269,946	126,372

**16.1** Direct operating expenses incurred against rental income from investment property amounted to Rs. 2.018 million (2012: Rs. 1.808 million). Further, Rs. 0.550 million (2012: Rs. 0.629 million) were incurred against non rented out area.

Rupees in '000	Note	Unaudited		Unaudited	
		Quarter ended		Six months period ended	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
<b>17. OTHER OPERATING EXPENSES</b>					
Exchange loss		-	4,288	500	10,412
Provision for slow moving stores, spares and loose tools		3,326	942	3,326	942
Loss on disposal of operating fixed assets		3,251	-	3,251	-
Liabilities written-back		35	-	35	-
Provision for Workers' Welfare Fund		-	2,077	-	14,509
Provision for Workers' Profit Participation Fund		-	7,654	-	27,192
Provision for liquidated damages		-	4,891	-	4,891
Provision for Government Infrastructure Development Cess		6,501	-	6,501	-
Impairment charge relating to capital work in process	17.1	-	20,619	-	20,619
Others		-	-	-	138
		13,113	40,471	13,613	78,703

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

## 18. OTHER INCOME

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

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2013

Rupees in '000	Note	Unaudited Quarter ended		Unaudited Six months period ended	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
<b>19. FINANCE COSTS</b>					
Incurred on:					
- finance lease obligations		2,090	821	4,089	1,730
- running finances / short term loans		13,167	9,743	23,583	14,483
Bank charges		471	483	633	1,294
		15,728	11,047	28,305	17,507

## 20. TAXATION

**20.1** Minimum tax liability of Rs. 16.410 million has not been recognized in view of expectation of availability of sufficient future taxable profits resulting in tax liability under normal tax regime in near future.

Rupees in '000	Note	Unaudited Quarter ended		Unaudited Six months period ended	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
<b>21. BASIC AND DILUTED EARNINGS PER SHARE</b>					
Profit for the period		47,540	151,479	166,610	374,085
		(Number of shares) (Restated)		(Number of shares) (Restated)	
Average number of ordinary shares					
in issue during the period	21.1	62,105,992	62,105,992	62,105,992	62,105,992
		(Rupees) (Restated)		(Rupees) (Restated)	
Basic and diluted earnings per share		0.77	2.44	2.68	6.02

**21.1** The number of shares for the prior periods have been adjusted for the effect of bonus shares issued during the current period. 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 six months period ended 31 December 2013

Rupees in '000	Note	Six months period ended	
		31 December 2013	31 December 2012
<b>22 CASH (USED IN)/ GENERATED FROM OPERATIONS</b>			
Profit before taxation for the period		124,527	587,822
<b>Adjustments for non cash charges and other items</b>			
Depreciation on operating fixed assets and investment property		45,680	45,334
Amortization of intangible assets		2,463	1,279
Charge for the period on staff retirement benefit funds		6,701	6,063
Charge for compensated absences		160	1,437
Provision for IO-C bonus		33	1,683
Amortization of advances to staff		-	5
Dividend income		(28,043)	(42,557)
Unrealized gain on held for trading investments - net		(32,560)	(62,938)
Gain on sale of investments - net		(203,629)	(15,591)
Provision for stock-in-trade and stores, spares and loose tools - net		3,326	377
Reversal of provision for doubtful trade debts - net		(10,916)	-
Provision for Workers' Welfare Fund		-	14,509
Provision for Workers' Profit Participation Fund	22.1	-	27,192
Provision for Government Infrastructure Development Cess		6,501	-
Provision for liquidated damages		-	4,891
Reversal of provision for liquidated damages		-	(8,934)
Return on deposits, loan and investments		(21,285)	(17,486)
Loss / (gain) on disposal of operating fixed assets		3,251	(285,756)
Deferred income		(419)	-
Liabilities written back		(35)	-
Impairment charge relating to capital work in process		-	20,619
Finance costs		28,305	17,507
Working capital changes	22.2	103,346	(478,093)
		27,406	(182,637)
<b>22.1 WPPF is not recognised due to loss in steel and cotton segments.</b>			
<b>22.2 Working capital changes</b>			
(Increase) / decrease in current assets			
Stores, spares and loose tools		(6,385)	(18,315)
Stock-in-trade		(391,456)	(460,561)
Trade debts		47,714	107,807
Loan and advances		(170,891)	31,297
Trade deposits and short term prepayments		(4,649)	(4,422)
Other receivables		(18,724)	6,569
		(544,391)	(337,625)
Increase / (decrease) in current liabilities			
Trade and other payables		647,737	(140,468)
		103,346	(478,093)

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2013

Rupees in '000	Six months period ended	
	31 December 2013	31 December 2012
<b>23. CASH AND CASH EQUIVALENTS</b>		
Running finances under mark-up arrangements	(364,402)	(512,608)
Cash and bank balances	24,803	10,651
	(339,599)	(501,957)

## 24. SEGMENT REPORTING

### 24.1 Reportable segments

The Company's reportable segments as per the requirement of International Financial Reporting Standard 8 are as follows:

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

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

### 24.2 Segment revenues and results

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

Rupees in '000	Unaudited			Total
	Steel segment	Cotton segment	IID segment	
<b>For the six months period ended</b>				
<b>31 December 2013</b>				
Sales - net	60,038	1,792,206	-	1,852,244
Cost of sales	106,672	1,784,483	-	1,891,155
<b>Gross (loss) / profit</b>	(46,634)	7,723	-	(38,911)
Income from investments	-	-	269,946	269,946
	(46,634)	7,723	269,946	231,035
Distribution and selling expenses	7,365	26,000	-	33,365
Administrative expenses	55,313	15,831	6,694	77,838
Other operating expenses	3,786	9,827	-	13,613
	66,464	51,658	6,694	124,816
	(113,098)	(43,935)	263,252	106,219
Other income	20,355	16,005	10,253	46,613
<b>Operating (loss) / profit before finance costs</b>	(92,743)	(27,930)	273,505	152,832
Finance costs	4,667	22,359	1,279	28,305
<b>(Loss) / profit before taxation</b>	(97,410)	(50,289)	272,226	124,527
Taxation				(42,083)
<b>Profit for the period</b>				166,610

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2013

Rupees in '000	Unaudited			Total
	Steel segment	Cotton segment	IID segment	
<b>For the six months period ended</b>				
<b>31 December 2012</b>				
Sales - net	779,683	1,444,961	-	2,224,644
Cost of sales	564,196	1,341,940	-	1,906,136
<b>Gross profit</b>	<b>215,487</b>	<b>103,021</b>	<b>-</b>	<b>318,508</b>
Income from investments	-	-	126,372	126,372
	215,487	103,021	126,372	444,880
Distribution and selling expenses	5,752	27,518	-	33,270
Administrative expenses	60,593	16,164	6,761	83,518
Other operating expenses	24,889	32,107	21,707	78,703
	91,234	75,789	28,468	195,491
	124,253	27,232	97,904	249,389
Other income	22,454	320,113	13,373	355,940
<b>Operating profit before finance costs</b>	<b>146,707</b>	<b>347,345</b>	<b>111,277</b>	<b>605,329</b>
Finance costs	2,417	9,695	5,395	17,507
<b>Profit before taxation</b>	<b>144,290</b>	<b>337,650</b>	<b>105,882</b>	<b>587,822</b>
Taxation				213,737
<b>Profit for the period</b>				<b>374,085</b>

24.2.1 Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the period (2012: Nil).

24.2.2 The accounting policies of the reportable segments are the same as the Company's accounting policies as disclosed in the audited annual separate financial statements of the Company for the preceding year ended 30 June 2013. The Steel segment allocates certain percentage of the common expenditure to the Cotton and IID segments. In addition, financial charges between Steel and Cotton segments are allocated at average mark-up rate on the basis of funds utilized. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

## 24.3 Revenue from major products and services

The analysis of the Company's revenue from external customers for major products and services is given in note 15 to this condensed interim unconsolidated financial information.

## 24.4 Information about major customers

Revenue from major customers of Steel segment represents an aggregate amount of Rs. 35.800 million (2012: Rs. 618.947 million) of total Steel segment revenue of Rs. 60.038 million (2012: Rs. 779.683 million). Further, revenue from major customers of Cotton segment represents an aggregate amount of Rs. 227.666 million (2012: Rs. 640.647 million) of total Cotton segment revenue of Rs. 1,792.206 million (2012: Rs. 1,444.961 million).

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2013

## 24.5 Geographical information

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

Rupees in '000	Unaudited Quarter ended		Unaudited Six months period ended	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Pakistan	765,451	1,094,737	1,641,001	1,904,926
Far East	121,310	251,237	211,243	319,718
	886,761	1,345,974	1,852,244	2,224,644

24.5.2 All non-current assets of the Company as at 31 December 2013 and 30 June 2013 were located and operated in Pakistan.

## 24.6 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
<b>As at 31 December 2013 (Unaudited)</b>				
Segment assets for reportable segments	1,393,080	1,393,224	2,481,088	5,267,392
Unallocated corporate assets				207,682
Total assets as per balance sheet				5,475,074
Segment liabilities for reportable segments	543,753	452,064	2,735	998,552
Unallocated corporate liabilities				587,316
Total liabilities as per balance sheet				1,585,868
<b>As at 30 June 2013 - Restated (Audited)</b>				
Segment assets for reportable segments	516,760	1,390,398	2,528,794	4,435,952
Unallocated corporate assets				453,349
Total assets as per balance sheet				4,889,301
Segment liabilities for reportable segments	148,375	210,255	2,806	361,436
Unallocated corporate liabilities				525,275
Total liabilities as per balance sheet				913,711

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

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

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

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2013

## 24.7 Other segment information

Rupees in '000	Steel segment	Cotton segment	IID segment	Total
<b>For the six months period ended</b>				
<b>31 December 2013</b>				
Capital expenditure	43,684	3,216	159	47,059
Depreciation and amortization	15,882	29,920	2,341	48,143
Non-cash items other than depreciation and amortization - net	(544)	25,310	(272,957)	(248,191)
<b>For the six months period ended</b>				
<b>31 December 2012</b>				
Capital expenditure	-	6,411	3,198	9,609
Depreciation and amortization	13,797	30,406	2,415	46,618
Non-cash items other than depreciation and amortization - net	13,385	(245,188)	(107,181)	(338,984)

## 25. TRANSACTIONS WITH RELATED PARTIES

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

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

Name of entity	Nature of relationship	Nature of transaction	Unaudited Six months period ended	
			31 December 2013	31 December 2012
Crescent Hadeed (Private) Limited	Subsidiary company	Reimbursable expenses	693	-
		Right shares subscribed	9,999	-
CS Capital (Private) Limited	Subsidiary company	Right shares subscribed	-	29,756
		Share deposit money	197,000	25,000

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2013

Rupees in '000			Unaudited	
Name of entity	Nature of relationship	Nature of transaction	Six months period ended	
			31 December 2013	31 December 2012
Shakarganj Energy (Private) Limited	Subsidiary company	Long term loan provided	9,000	113,652
		Mark-up on long term loan	21,065	17,201
		Share deposit money	22,458	-
		Sales of finished goods	1,638	-
Shakarganj Mills Limited	Associated company	Dividend paid	6,120	2,448
		Sales of finished goods	3,145	37,187
		Sales of raw cotton	-	130,554
		Services received	839	599
		Reimbursable expenses	778	1,821
Muhammad Amin Muhammad Bashir Limited *	Related party	Dividend paid	2	1
Premier Insurance Company *	Related party	Dividend paid	-	10
		Insurance premium	5,743	1,293
The Citizens' Foundation *	Related party	Donation given	714	-
The Crescent Textile Mills Limited *	Related party	Dividend paid	13,972	5,589
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Contribution made	991	957
		Dividend paid	11	4
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Contribution made	1,892	1,731
		Dividend paid	2,675	621
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Contribution made	4,819	4,333
		Dividend paid	5,873	1,244
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Contribution made	2,665	2,446
		Dividend paid	1,126	400
Key management personnel	Related parties	Remuneration and benefits	34,604	27,670

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

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# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2013

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**25.1** Sale of finished goods, operating fixed assets and raw materials, rendering of services and rental income are based on commercial terms and at market prices which are approved by the Board of Directors.

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

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

## **26. FINANCIAL RISK MANAGEMENT**

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual separate financial statements of the Company as at and for the year ended 30 June 2013.

## **27. DATE OF AUTHORIZATION FOR ISSUE**

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

  
Chief Executive

  
Director

  
Chief Financial Officer

Crescent Steel and Allied Products Limited

# Condensed Interim Consolidated Financial Information (Unaudited)

For the quarter and six months period ended 31 December 2013

# Condensed Interim Consolidated Balance Sheet (Unaudited)

As at 31 December 2013

Rupees in '000	Note	Unaudited 31 December 2013	Audited 30 June 2013 (Restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	1,312,764	1,280,704
Intangible assets		22,164	13,645
Investment property		60,325	62,408
Investment in equity accounted investees	6	2,613,876	2,040,213
Other long term investments	7	220,717	220,717
Long term loans and deposits		22,799	19,944
Deferred taxation		39,560	-
		4,292,205	3,637,631
<b>Current assets</b>			
Stores, spares and loose tools		81,698	78,639
Stock-in-trade	8	1,055,205	662,419
Trade debts	9	161,601	196,857
Advances	10	202,545	31,654
Trade deposits and short term prepayments		13,848	9,503
Investments	11	799,430	945,997
Other receivables		151,719	136,414
Taxation - net		81,795	75,649
Cash and bank balances		42,779	79,552
		2,590,620	2,216,684
Non-current asset held for sale		19,000	19,000
<b>Total assets</b>		<b>6,901,825</b>	<b>5,873,315</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized capital 100,000,000 ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid-up capital		621,060	564,600
Capital reserves		552,484	555,198
Revenue reserves		4,139,576	3,837,268
		5,313,120	4,957,066
<b>Non-current liabilities</b>			
Liabilities against assets subject to finance lease	12	52,253	34,450
Deferred taxation		-	5,230
Deferred income		990	1,413
		53,243	41,093
<b>Current liabilities</b>			
Trade and other payables		940,986	414,826
Mark-up accrued		13,364	9,002
Short term borrowings	13	537,562	418,365
Current portion of deferred income		847	847
Current portion of liabilities against assets subject to finance lease	12	42,703	32,116
		1,535,462	875,156
Contingencies and commitments	14		
<b>Total equity and liabilities</b>		<b>6,901,825</b>	<b>5,873,315</b>

The annexed notes from 1 to 27 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 quarter and six months period ended 31 December 2013

Rupees in '000	Note	Quarter ended		Six months period ended	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
Sales - net	15	885,361	1,345,974	1,850,844	2,224,644
Cost of sales		922,988	1,138,996	1,889,755	1,906,136
Gross (loss) / profit		(37,627)	206,978	(38,911)	318,508
Income from investments	16	116,765	64,066	293,117	139,730
		79,138	271,044	254,206	458,238
Distribution and selling expenses		16,153	22,062	33,365	33,270
Administrative expenses		40,357	47,618	80,708	84,762
Other operating expenses	17	13,113	40,471	13,681	78,703
		69,623	110,151	127,754	196,735
		9,515	160,893	126,452	261,503
Other income	18	8,832	7,478	25,818	338,889
Operating profit before finance costs		18,347	168,371	152,270	600,392
Finance costs	19	15,884	11,047	28,465	17,508
Share of profit in equity accounted investees - net of taxation		113,451	106,145	221,943	85,037
Profit before taxation		115,914	263,469	345,748	667,921
Taxation - current		(6,416)	28,632	6,331	235,585
- prior		(2,791)	(7,607)	(2,791)	(7,607)
- deferred		(49,533)	(13,018)	(44,790)	(13,725)
	20	(58,740)	8,007	(41,250)	214,253
Profit for the period		174,654	255,462	386,998	453,668
			(Rupees)		
			Restated		Restated
Basic and diluted earnings per share	21	2.81	4.11	6.23	7.30

The annexed notes from 1 to 27 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 quarter and six months period ended 31 December 2013

Rupees in '000	Quarter ended		Six months period ended	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
<b>Profit for the period</b>	174,654	255,462	386,998	453,668
<b>Other comprehensive income</b>				
<i>Items that are or may be reclassified subsequently to profit and loss</i>				
Unrealized appreciation during the period on remeasurement of investments classified as 'available for sale'	17,761	4,924	58,733	41,079
Reclassification adjustments relating to gain realized on disposal of investments classified as 'available for sale'	-	(1,180)	(211,393)	(1,180)
Proportionate share of other comprehensive income of equity accounted investees	64,858	-	206,406	-
Other comprehensive income for the period	82,619	3,744	53,746	39,899
<b>Total comprehensive income for the period</b>	<b>257,273</b>	<b>259,206</b>	<b>440,744</b>	<b>493,567</b>

The annexed notes from 1 to 27 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 six months period ended 31 December 2013

Rupees in '000	Note	Six months period ended	
		31 December 2013	31 December 2012
<b>Cash flows from operating activities</b>			
Cash generated from / (used in) operations	22	23,720	(178,504)
Taxes paid		(28,466)	(89,926)
Finance costs paid		(24,103)	(24,270)
Contribution to gratuity and pension funds		(6,701)	(6,063)
Contribution to Workers' Profit Participation Fund		(52,395)	(1,120)
Infrastructure fee paid		(339)	(1,989)
Compensated absences paid		(75)	(435)
10-C bonus paid		(2,326)	(4,915)
Long term loans and deposits - net		(2,855)	(113,650)
Net cash used in operating activities		(93,540)	(420,872)
<b>Cash flows from investing activities</b>			
Capital expenditure		(79,302)	(135,986)
Acquisition of intangible assets		(10,980)	(70)
Proceeds from disposal of operating fixed assets		394	286,183
Investments - net		100,748	(72,103)
Dividend income received		39,187	45,079
Interest income received		427	709
Net cash inflows from investing activities		50,474	123,812
<b>Cash flows from financing activities</b>			
Proceeds from long term loan		-	113,652
Proceeds from disposal of operating fixed assets under sale and leaseback arrangement		38,787	-
Payments against finance lease obligations		(10,397)	(3,842)
Repayments against short term loans		40,685	49,473
Dividends paid		(141,294)	(111,343)
Net cash (outflows) / inflows from financing activities		(72,219)	47,940
Net decrease in cash and cash equivalents		(115,285)	(249,120)
Cash and cash equivalents at beginning of the period		(206,338)	(247,044)
Cash and cash equivalents at end of the period	23	(321,623)	(496,164)

The annexed notes from 1 to 27 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 six months period ended 31 December 2013

	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								
<b>Balance as at 1 July 2012 - as previously reported</b>	564,600	-	349,959	27,343	25,272	1,842,000	1,198,788	4,007,962
Change in accounting policy for reversal of defined benefit liability recognition of actuarial gains and losses (refer note 3.1)	-	-	-	-	-	-	8,445	8,445
<b>Balance as at 1 July 2012 - as restated</b>	564,600	-	349,959	27,343	25,272	1,842,000	1,207,233	4,016,407
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	-	-	-	453,668	453,668
<b>Other comprehensive income</b>								
Unrealized appreciation during the period on remeasurement of investments classified as 'available for sale'	-	-	-	41,079	-	-	-	41,079
Reclassification adjustments relating to loss realized on disposal of investments classified as 'available for sale'	-	-	-	(1,180)	-	-	-	(1,180)
Total Other comprehensive income for the period	-	-	-	39,899	-	-	-	39,899
<b>Total comprehensive income for the period</b>	-	-	-	39,899	-	-	453,668	493,567
<b>Transaction with owners</b>								
Dividend:								
- Final @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2012	-	-	-	-	-	-	(56,460)	(56,460)
<b>Balance as at 31 December 2012</b>	564,600	-	349,959	67,242	25,272	1,842,000	1,604,441	4,453,514
<b>Balance as at 1 July 2013 - as previously reported</b>	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 losses (refer note 3.1)	-	-	-	-	-	-	75,361	75,361
<b>Balance as at 1 July 2013 - as restated</b>	564,600	-	349,959	179,967	25,272	1,842,000	1,995,268	4,957,066
Transfer to general reserve	-	-	-	-	-	800,000	(800,000)	-
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	-	-	-	386,998	386,998
<b>Other comprehensive income</b>								
Unrealized appreciation during the period on remeasurement of investments classified as 'available for sale'	-	-	-	58,733	-	-	-	58,733
Reclassification adjustments relating to gain realized on disposal of investments classified as 'available for sale'	-	-	-	(211,393)	-	-	-	(211,393)
Proportionate share of other comprehensive income of equity accounted investees	-	-	-	-	206,406	-	-	206,406
Total Other comprehensive income for the period	-	-	-	(152,660)	206,406	-	-	53,746
<b>Total comprehensive income for the period</b>	-	-	-	(152,660)	206,406	-	386,998	440,744
<b>Transactions 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 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)
Issuance of Bonus shares final 2013 (10%)	56,460	(56,460)	-	-	-	-	-	-
<b>Balance as at 31 December 2013</b>	621,060	-	293,499	27,307	231,678	2,642,000	1,497,576	5,313,120

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

The annexed notes from 1 to 27 form an integral part of this condensed interim consolidated financial information.

  
Chief Executive

  
Director

  
Chief Financial Officer

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# Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2013

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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 six months period ended 31 December 2013 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 2013.
- 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 six months period ended 31 December 2013

## 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 Company for the year ended 30 June 2013 except for the change in accounting policy as follows:

### 3.1 Change in accounting policy for employee benefits - defined benefit plan

IAS 19 (revised) 'Employee benefits' amends the accounting for employment benefits which became effective to the Company from 1 July 2013. The changes introduced by the IAS 19 (revised) are as follows:

- (a) The standards requires past service cost to be recognised immediately in profit or loss;
- (b) The standards replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit assets or liability and the discount rate, measured at the beginning of the year;
- (c) There is new term "remeasurement". This is made up of actuarial gains and losses, the differences between actual investment returns and return implied by the net interest cost; and
- (d) The amendment requires an entity to recognise remeasurements immediately in other comprehensive income. Actuarial gains or losses beyond corridor limits were previously amortised over the expected future services of the employees.

The management believes that the effects of these changes would not have significant effect on this condensed interim consolidated financial information except for the changes referred in (d) above that has been accounted for retrospectively in accordance with the requirement of International Accounting Standard (IAS) 8 'Accounting Policies, Changes in Accounting Estimates and Errors' resulting in restatement of financial statements of prior period.

The effect of the change in accounting policy has been demonstrated below:

Rupees in '000	30 June 2013	1 July 2012
<b>Effect on balance sheet</b>		
<i>Unappropriated profit</i>		
As previously reported	1,919,907	1,198,788
Effect of change in accounting policy	75,361	8,445
As restated	1,995,268	1,207,233

# Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2013

Rupees in '000	30 June 2013	1 July 2012
<i>Trade and other payables</i>		
As previously reported	415,057	692,709
Effect of change in accounting policy - balance reclassified to other receivables	(114,184)	(12,796)
	300,873	679,913
Receivable from defined benefit plans reclassified to other receivables	113,953	12,429
As restated	414,826	692,342
<i>Deferred taxation - Asset / (Liability)</i>		
As previously reported	33,593	12,606
Effect of change in accounting policy	(38,823)	(4,351)
As restated	(5,230)	8,255
<i>Other receivables</i>		
As previously reported	22,461	36,760
Receivable from defined benefit plans reclassified from trade and other payables	113,953	12,429
As restated	136,414	49,189

The management is in process of determining the effect of this change, if any, to the amount to be recognised through Comprehensive Income for the full year ending 30 June 2014 and has therefore not considered any amount as an adjustment in the condensed interim consolidated profit and loss account and condensed interim consolidated statement of other comprehensive income for the current period and prior periods.

This change in accounting policy has no impact on the statement of cash flows and on earnings per share.

## 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 2013.

# Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2013

## 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	Six months period 31 December 2013		six months period ended 31 December 2012	
	Additions / Transfers	Disposals	Additions / Transfers	Disposals
Plant and machinery - owned	46,456	38,232	668	9,046
Plant and machinery - leased	34,995	-	-	-
Furniture and fittings	382	-	169	-
Electrical / office equipment and installation	341	-	148	10
Computers	830	-	426	-
Motor vehicles - owned	3,796	4,126	3,999	3,418
Motor vehicles - leased	3,828	-	-	-
Workshop equipment	84	-	-	-
	90,712	42,358	5,410	12,474

## 6. INVESTMENT IN EQUITY ACCOUNTED INVESTEEES

The following associates, over which the Group has significant influence are accounted for under the equity method of accounting as defined in International Accounting Standard IAS 28, 'Investments in Associates'.

Unaudited 31 December 2013	Audited 30 June 2013		Note	Unaudited 31 December 2013	Audited 30 June 2013
Number of shares				Rupees in '000	
		<b>Quoted</b>			
72,103,141	69,175,416	Altern Energy Limited (Chief Executive Officer - Syed Zamanat Abbas)	6.1	2,534,114	2,040,213
19,471,769	15,244,665	Shakarganj Mills Limited (Chief Executive Officer - Mr. Ahsan M. Saleem)	6.2	79,762	-
				2,613,876	2,040,213

**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, only for the purpose of equity accounting as required under IAS 28 'Investments in Associates' it has been treated as an associate.

**6.2** During the period the Group has further invested Rs. 85.120 million in the investee company, which has been adjusted by share of losses and reserves.

**6.3** The above figures are based on financial information of these companies as at 30 September 2013.

**6.4** The fair value of investments in associates as at 31 December 2013 is Rs. 1,971.804 million (30 June 2013: Rs. 1,118.256 million).

# Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2013

Rupees in '000	Note	Unaudited 31 December 2013	Audited 30 June 2013
<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 31 December 2013	Audited 30 June 2013
<b>8. STOCK-IN-TRADE</b>			
<b>Raw materials</b>			
Hot rolled steel coils (HR Coil)		13,474	11,142
Coating materials		93,903	103,232
Others		14,429	16,762
Raw cotton		324,678	313,503
Stock-in-transit		406,216	-
		852,700	444,639
<b>Work-in-process</b>			
		21,692	17,574
<b>Finished goods</b>			
		169,733	196,283
<b>Scrap / cotton waste</b>			
		11,080	3,923
		202,505	217,780
		1,055,205	662,419
<b>9. TRADE DEBTS</b>			
<b>Secured</b>			
Considered good		60,178	36,605
<b>Unsecured</b>			
Considered good		101,423	160,252
Considered doubtful		2,786	13,701
Provision for doubtful trade debts		(2,786)	(13,701)
		101,423	160,252
		161,601	196,857

# Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2013

Rupees in '000	Note	Unaudited 31 December 2013	Audited 30 June 2013
<b>10. ADVANCES</b>			
<b>Unsecured - Considered good</b>			
Advances to executives		2,459	2,645
Suppliers for goods and services		200,086	29,009
<b>Unsecured - Considered doubtful</b>			
Suppliers for goods and services		47	47
Provision for doubtful advances		(47)	(47)
		-	-
		202,545	31,654
<b>11. INVESTMENTS</b>			
<b>Investments in related parties</b>			
Available for sale		80,310	8,007
Held to maturity	11.1	29,994	29,994
		110,304	38,001
<b>Other investments</b>			
Available for sale		-	258,011
Held for trading		686,869	647,899
Investment in commodity		2,257	2,086
		689,126	907,996
		799,430	945,997

- 11.1** This represents 2,999,396 (30 June 2013: 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. A provision of Rs. 5.106 million (30 June 2013: Rs. 5.106 million) has been recognized against the exposure as the balance amount is considered to be recovered in due course of time.

- 11.2** Investments having an aggregate market value of Rs. 1,471.699 million (30 June 2013: Rs. 909.398 million) have been pledged with financial institutions as security against financing facilities (see note 13.4) out of which Rs. 1,177.672 million (30 June 2013: Rs. 664.659 million) relates to long term investments.

# Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2013

## 12. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Minimum lease payments		Future finance costs		Present value of minimum lease payments	
	Unaudited 31 December 2013	Audited 30 June 2013	Unaudited 31 December 2013	Audited 30 June 2013	Unaudited 31 December 2013	Audited 30 June 2013
Rupees in '000						
Not later than one year	51,995	38,577	9,292	6,461	42,703	32,116
Later than one year and not later than five years	57,690	37,505	5,437	3,055	52,253	34,450
	109,685	76,082	14,729	9,516	94,956	66,566
Less: Current portion shown under current liabilities					42,703	32,116
					52,253	34,450

12.1 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 (2013: three years) and the liability is payable by months ranging from seven months to thirty-five months (2013: ten months to thirty-two months). The periodic lease payments include built-in rates of mark-up ranging between 14.59% to 20.25% (2013: 14.59% to 20.25%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 96.773 million (2013: Rs. 64.161 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.

	Unaudited 31 December 2013	Audited 30 June 2013
Rupees in '000		
<b>13. SHORT TERM BORROWINGS</b>		
<b>Secured from banking companies</b>		
Running finances under mark-up arrangements	364,402	285,890
Short term loans	173,160	132,475
	537,562	418,365

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# Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2013

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- 13.1** Short term running finance available from various commercial banks under mark-up arrangements amounted to Rs. 500 million (30 June 2013: Rs. 500 million) out of which Rs. 250 million (30 June 2013: Rs. 250 million) is interchangeable with letter of credit facility. During the period, the mark-up on such arrangements ranged between 10.58% to 12.71% (2012: 11.38% to 15.01%) per annum.
- 13.2** Short term loan financing available from various commercial banks under mark-up arrangements amounted to Rs. 1,100 million (30 June 2013: Rs. 1,100 million) out of which Rs. 300 million (30 June 2013: Rs. 300 million) is interchangeable with letters of credit facility. During the period, the mark-up on such arrangements ranged between 11.26% to 12.46% (2012: 11.63% to 14.35%) per annum.
- 13.3** The facilities for opening letters of credit amounted to Rs. 1,715 million (30 June 2013: Rs. 1,400 million) out of which Rs. 250 million (30 June 2013: Rs. 250 million) and Rs. 300 million (30 June 2013: Rs. 300 million) are interchangeable with short term running finance and short term loans respectively as mentioned in notes 13.1 and 13.2 above. The facility for letters of guarantee as at 31 December 2013 amounted to Rs. 554 million (30 June 2013: Rs. 500 million). Amounts unutilized for letters of credit and guarantees as at 31 December 2013 were Rs. 770.682 million and Rs. 196.463 million (30 June 2013: Rs. 1,356.764 million and Rs. 191.017 million) respectively.
- 13.4** The above facilities are secured by way of hypothecation of plant and machinery, stock-in-trade, trade debts and other current assets, pledge of shares and cotton / cotton yarn; and lien over import / export document.

## 14. CONTINGENCIES AND COMMITMENTS

- 14.1** There is no change in the status of contingencies set out in note 13 to the Group's annual consolidated financial statements for the year ended 30 June 2013, except as set out in note 14.2 below.
- 14.2** Aggregate amount of guarantees issued by banks on behalf of the Group against various contracts aggregated Rs. 357,537 million (30 June 2013: Rs. 308,983 million).
- 14.3** Commitments in respect of capital expenditure contracted for as at 31 December 2013 amounted to Rs. 33,768 million (30 June 2013: Rs. 17,592 million) payable by June 2014 representing office premises located in Islamabad. This also includes commitments contracted by the subsidiaries companies aggregating Rs. 26,306 million (30 June 2013: Rs. 10.13 million) in respect of capital expenditure to acquire plant and machinery and infrastructure development.
- 14.4** Commitments under letters of credit as at 31 December 2013 amounted to Rs. 571,380 million (30 June 2013: Rs. 43,236 million).

# Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2013

Rupees in '000	Unaudited Quarter ended		Unaudited Six months period ended	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
<b>15. SALES - NET</b>				
<b>Local sales</b>				
Bare pipes (own product excluding coating revenue)	19,832	285,391	25,466	394,227
Revenue from conversion	712	1,592	6,752	4,754
Coating of pipes	7,770	294,000	20,867	437,582
Cotton yarn / raw cotton	746,713	538,239	1,619,783	1,105,873
Others (including pipes laboratory testing)	7,315	36,416	13,037	50,063
Scrap / waste	12,558	33,473	24,054	43,794
Sales returns	(11,112)	(9,130)	(29,354)	(9,130)
	783,788	1,179,981	1,680,605	2,027,163
<b>Export sales</b>				
Cotton yarn / raw cotton	121,310	251,237	211,243	319,718
	905,098	1,431,218	1,891,848	2,346,881
Sales tax	(19,737)	(85,244)	(41,004)	(122,237)
	885,361	1,345,974	1,850,844	2,224,644
<b>16. INCOME FROM INVESTMENTS</b>				
Return on term finance certificates	-	-	-	76
Dividend income	14,810	35,761	33,571	44,858
(Loss) / gain on commodity	(200)	-	171	-
(Loss) / gain on sale of investments - net	(2,039)	1,291	208,004	1,291
Unrealized gain on held for trading investments - net	101,337	24,409	45,657	88,295
Rent from investment property	2,857	2,605	5,714	5,210
	116,765	64,066	293,117	139,730

- 16.1 Direct operating expenses incurred against rental income from investment property amounted to Rs. 2.018 million (2012: Rs. 1.808 million). Further, Rs. 0.550 million (2012: Rs. 0.629 million) were incurred against non rented out area.

# Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2013

Rupees in '000	Note	Unaudited Quarter ended		Unaudited Six months period ended	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
<b>17. OTHER OPERATING EXPENSES</b>					
Exchange loss		-	4,288	500	10,412
Provision for slow moving stores, spares and loose tools		3,326	942	3,326	942
Loss on disposal of operating fixed assets		3,251	-	3,251	-
Liabilities written-back		35	-	35	-
Provision for Workers' Welfare Fund		-	2,077	68	14,509
Provision for Workers' Profit Participation Fund		-	7,654	-	27,192
Provision for liquidated damages		-	4,891	-	4,891
Provision for Government Infrastructure Development Cess		6,501	-	6,501	-
Impairment charge relating to capital work in process	17.1	-	20,619	-	20,619
Others		-	-	-	138
		13,113	40,471	13,681	78,703

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

## 18. OTHER INCOME

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

# Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2013

Rupees in '000	Note	Unaudited Quarter ended		Unaudited Six months period ended	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
<b>19. FINANCE COSTS</b>					
Incurred on:					
- finance lease obligations		2,090	821	4,089	1,730
- running finances / short term loans		13,167	9,743	23,583	14,483
Bank charges		627	483	793	1,295
		15,884	11,047	28,465	17,508

## 20. TAXATION

20.1 Minimum tax liability of Rs. 16.410 million has not been recognized in view of expectation of availability of sufficient future taxable profits resulting in tax liability under normal tax regime in near future.

Rupees in '000	Note	Unaudited Quarter ended		Unaudited Six months period ended	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
<b>21. BASIC AND DILUTED EARNINGS PER SHARE</b>					
Profit for the period		174,654	255,462	386,998	453,668
		(Number of shares) (Restated)		(Number of shares) (Restated)	
Average number of ordinary shares					
in issue during the period	21.1	62,105,992	62,105,992	62,105,992	62,105,992
		(Rupees) (Restated)		(Rupees) (Restated)	
Basic and diluted earnings per share		2.81	4.11	6.23	7.30

21.1 The number of shares for the prior periods have been adjusted for the effect of bonus shares issued during the current period. 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 six months period ended 31 December 2013

Rupees in '000	Note	Six months period ended	
		31 December 2013	31 December 2012
<b>22</b>	<b>CASH GENERATED FROM / (USED IN) OPERATIONS</b>		
	Profit before taxation for the period	345,748	667,921
	<b>Adjustments for non cash charges and other items</b>		
	Depreciation on operating fixed assets and investment property	45,680	45,334
	Amortization of intangible assets	2,463	1,279
	Charge for the period on staff retirement benefit funds	6,701	6,063
	Charge for compensated absences	160	1,437
	Provision for IO-C bonus	33	1,683
	Amortization of advances to staff	-	5
	Dividend income	(33,571)	(44,858)
	Unrealized gain on held for trading investments - net	(45,657)	(70,726)
	Gain on sale of investments - net	(208,004)	(18,860)
	Unrealized gain on commodity - Silver	(171)	-
	Provision for stock-in-trade and stores, spares and loose tools - net	3,326	377
	Reversal of provision for doubtful trade debts - net	(10,916)	-
	Provision for Workers' Welfare Fund	-	14,509
	Provision for Workers' Profit Participation Fund	22.1	27,192
	Provision for Government Infrastructure Development Cess	6,501	-
	Provision for liquidated damages	-	4,891
	Reversal of provision for liquidated damages	-	(8,934)
	Return on deposits, loan and investments	(427)	(435)
	Loss / (gain) on disposal of operating fixed assets	3,251	(285,756)
	Deferred income	(419)	-
	Liabilities written back	(35)	-
	Impairment charge relating to capital work in process	-	20,619
	Finance costs	28,465	17,508
	Share of profit from equity accounted investees - net of taxation	(221,943)	(85,037)
	Working capital changes	22.2	(472,716)
		23,720	(178,504)
<b>22.1</b>	WPPF is not recognized due to loss in steel and cotton segments.		
<b>22.2</b>	<b>Working capital changes</b>		
	(Increase) / decrease in current assets		
	Stores, spares and loose tools	(6,385)	(18,315)
	Stock-in-trade	(391,456)	(460,561)
	Trade debts	47,714	107,807
	Advances	(170,891)	31,297
	Trade deposits and short term prepayments	(4,345)	(4,180)
	Other receivables	(20,832)	9,986
		(546,195)	(333,966)
	Increase / (decrease) in current liabilities		
	Trade and other payables	648,730	(138,750)
		102,535	(472,716)

# Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2013

Rupees in '000	Note	Unaudited Six months period ended	
		31 December 2013	31 December 2012
<b>23. CASH AND CASH EQUIVALENTS</b>			
Running finances under mark-up arrangements		(364,402)	(512,608)
Cash and bank balances		42,779	16,444
		(321,623)	(496,164)

## 24. SEGMENT REPORTING

### 24.1 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 Company's reportable segments is presented below.

### 24.2 Segment revenues and results

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

Rupees in '000	Steel segment	Cotton segment	IID segment	Energy segment	Total
<b>For the six months period ended</b>					
<b>31 December 2013</b>					
Sales - net	58,638	1,792,206	-	-	1,850,844
Cost of sales	105,272	1,784,483	-	-	1,889,755
<b>Gross (loss) / profit</b>	(46,634)	7,723	-	-	(38,911)
Income from investments	-	-	293,117	-	293,117
	(46,634)	7,723	293,117	-	254,206
Distribution and selling expenses	7,365	26,000	-	-	33,365
Administrative expenses	56,007	15,831	7,764	1,106	80,708
Other operating expenses	3,786	9,827	68	-	13,681
	67,158	51,658	7,832	1,106	127,754
	(113,792)	(43,935)	285,285	(1,106)	126,452
Other income	17,515	8,018	214	71	25,818
<b>Operating (loss) / profit before finance costs</b>	(96,277)	(35,917)	285,499	(1,035)	152,270
Finance costs	4,667	22,359	1,279	160	28,465
Share of profit in equity accounted investees - net of taxation	-	-	189,043	32,900	221,943
<b>(Loss) / profit before taxation</b>	(100,944)	(58,276)	473,263	31,705	345,748
Taxation					(41,250)
<b>Profit for the period</b>					386,998

# Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2013

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

**24.2.1** Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the period (2012: Nil).

**24.2.2** 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 2013. The Steel segment allocates certain percentage of the common expenditure to the Cotton and IID segments. In addition, financial charges between Steel and Cotton segments are allocated at average mark-up rate on the basis of funds utilized. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

## 24.3 Revenue from major products and services

The analysis of the Group's revenue from external customers for major products and services is given in note 15 to this condensed interim consolidated financial information.

## 24.4 Information about major customers

Revenue from major customers of Steel segment represent an aggregate amount of Rs. 35.800 million (2012: Rs. 618.947 million) of total Steel segment revenue of Rs. 58.638 million (2012: Rs. 779.683 million). Further, revenue from major customers of Cotton segment represent an aggregate amount of Rs. 227.666 million (2012: Rs. 640.647 million) of total Cotton segment revenue of Rs. 1,792.206 million (2012: Rs. 1,444.961 million).

## 24.5 Geographical information

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

# Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2013

Rupees in '000	Unaudited		Unaudited	
	Quarter ended		Six months period ended	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Pakistan	764,051	1,094,737	1,639,601	1,904,926
Far East	121,310	-	211,243	319,718
	885,361	1,094,737	1,850,844	2,224,644

**24.5.2** All non-current assets of the Group as at 31 December 2013 and 30 June 2013 were located and operated in Pakistan.

## 24.6 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	
<b>As at 31 December 2013</b>					
Segment assets for reportable segments	1,390,550	1,393,224	1,189,249	563,548	4,536,571
Investment in equity accounted investees	-	-	2,215,165	398,711	2,613,876
Unallocated corporate assets					(248,622)
Total assets as per balance sheet					<u>6,901,825</u>
Segment liabilities for reportable segments	543,753	452,064	2,816	2,753	1,001,386
Unallocated corporate liabilities					587,319
Total liabilities as per balance sheet					<u>1,588,705</u>
<b>As at 30 June 2013 - Restated (Audited)</b>					
Segment assets for reportable segments	514,925	1,390,398	1,351,364	526,847	3,783,534
Investment in equity accounted investees	-	-	1,840,398	199,815	2,040,213
Unallocated corporate assets					49,568
Total assets as per balance sheet					<u>5,873,315</u>
Segment liabilities for reportable segments	148,375	210,255	3,031	2,313	363,974
Unallocated corporate liabilities					547,045
Total liabilities as per balance sheet					<u>911,019</u>

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

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

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

# Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2013

## 24.7 Other segment information

Rupees in '000	Steel segment	Cotton segment	IID segment	Total	
<b>For the six months period ended</b>					
<b>31 December 2013</b>					
Capital expenditure	43,684	3,216	159	14,075	61,134
Depreciation and amortization	15,882	29,920	2,341	-	48,143
Non-cash items other than depreciation and amortization - net	2,295	32,459	(475,068)	(32,811)	(473,125)
<b>For the six months period ended</b>					
<b>31 December 2012</b>					
Capital expenditure	-	6,411	3,198	121,645	131,254
Depreciation and amortization	13,797	30,406	2,415	-	46,618
Non-cash items other than depreciation and amortization - net	16,496	(244,471)	(181,618)	(10,734)	(420,327)

## 25. 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.

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	
			31 December 2013	31 December 2012
Shakarganj Mills Limited	Associated company	Dividend paid	6,120	2,448
		Sales of finished goods	3,145	37,187
		Sale of raw cotton	-	130,554
		Services received	839	599
		Reimbursable expenses	778	1,821
Muhammad Amin Muhammad Bashir Limited *	Related party	Dividend paid	2	1

# Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2013

Rupees in '000			Unaudited	
Name of entity	Nature of relationship	Nature of transaction	Six months period ended 31 December 2013	31 December 2012
Premier Insurance Company *	Related party	Dividend paid	-	10
		Insurance premium	5,743	1,293
The Citizens' Foundation *	Related party	Donation given	714	13,004
Commecs Educational Trust *	Related party	Donation given	-	2,000
The Crescent Textile Mills Limited *	Related party	Dividend paid	13,972	5,589
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Contribution made	991	957
		Dividend paid	11	4
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Contribution made	1,892	1,731
		Dividend paid	2,675	621
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Contribution made	4,819	4,333
		Dividend paid	5,873	1,244
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Contribution made	2,665	2,446
		Dividend paid	1,126	400
Key management personnel	Related parties	Remuneration and benefits	34,604	27,670

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

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# Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2013

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**25.1** Sale of finished goods, operating fixed assets and raw materials, rendering of services and rental income are based on commercial terms and at market prices which are approved by the Board of Directors.

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

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

## **26. 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 2013.

## **27. DATE OF AUTHORIZATION FOR ISSUE**

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

  
Chairman

  
Director

  
Chief Financial Officer



