

# *Pearls of Wisdom*



Crescent Steel &  
Allied Products Limited



Crescent Steel &  
Allied Products Limited

## Company Information

### Board of Directors

Mazhar Karim	<i>Chairman, Non-Executive Director</i>
Ahsan M. Saleem	<i>Chief Executive &amp; Managing Director</i>
Ahmad Waqar	<i>Non-Executive Director (Independent)</i>
Nasir Shafi	<i>Non-Executive Director</i>
S.M. Ehtishamullah	<i>Non-Executive Director</i>
Syed Zahid Hussain	<i>Non-Executive Director (Independent)</i>
Zahid Bashir	<i>Non-Executive Director</i>
Muhammad Saad Thaniana	<i>Company Secretary</i>

### Audit Committee

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

### Human Resource and Remuneration Committee

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

### Governance and Evaluation Committee

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

### Executive Committee

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

### Business Strategy Committee

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

### System and Technology Committee

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

### Investment Committee

Ahsan M. Saleem	<i>Chairman</i>
Muhammad Saad Thaniana	
Hajerah A. Saleem	

### Social Investment Committee

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

### The Management

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

# Directors' Review

Dear Shareholders

I am pleased to present the unaudited unconsolidated and consolidated condensed interim financial information of the Company and the Group respectively for the nine months period ended 31 March 2013.

## Economic Outlook

As we move into the last quarter of the fiscal year that encompasses elections, the economy continues on its tough journey with increasing energy crises, depleting foreign currency reserves, worsening law and order situation, declining 2012-13 growth projections of 3-3.5% coupled with a widening external account deficit and continuing political uncertainty.

The weakness of Pakistan's external accounts may lead to seeking IMF assistance in order to prevent a balance-of-payments crisis. It is anticipated that the policy rate over the next two monetary policy decisions will remain unchanged at 9.5%. Going forward, the key drivers over the next quarter will be a smooth election environment and democratic transition and the upcoming budget; all this will present key challenges for the newly elected government and the economy.

## Financial and Operational Performance

### Overall financial performance

The third quarter and nine months of the financial year 2013 continued the positive trend from the first half with all segments contributing to a positive bottom line. On the basis of unconsolidated results, profit after tax for 9MFY13 stood at Rs. 523 million as compared to Rs. 122 million in the same period last year. EPS for the nine months stood at Rs. 9.26 as compared to Rs. 2.17 in the corresponding period last year. The third quarter (Q3FY13) ended with positive results adding Rs. 148.9 million (Q3FY12: Rs. 86 million) to the bottom line with an EPS of Rs. 2.63 (Q3FY12: Rs. 1.52).

This includes an insurance claim settlement of Rs. 310 million, reported as other operating income which was partially offset by increased tax, WPPF and WWF charges of Rs. 146.7 million. Had there been no insurance claim settlement, the Company's profit after tax for the period under review, would be at Rs. 359.2 million, an EPS of Rs. 6.36 and operating profits of Rs. 536 million (9MFY12: Rs. 189 million).

Sales revenue stood at Rs. 3,904 million for 9MFY13 (9MFY12: Rs. 3,078 million), with contributions of our Cotton Division accounting for 58% of total sales at Rs. 2,268 million (9MFY12: Rs. 2,123 million) despite the shutdown of Unit II. In third quarter, Steel Divisions' contribution to the turnover improved significantly from Rs. 547 million in Q2FY13 to Rs. 855 million in Q3FY13 (Q3FY12: Rs. 190), aggregating to Rs. 1,635 million for 9MFY13 (9MFY12: Rs. 955 million). Investment income from the IID Division amounted to Rs. 158 million (9MFY12: Rs. 67 million), more than double YoY.

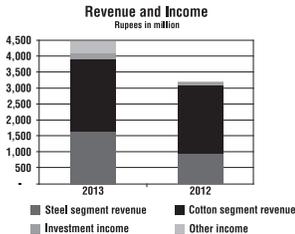
On a Group basis (including the results of wholly owned subsidiary companies), consolidated profit after tax and EPS for the Group for the nine months amounted to Rs. 680 million (9MFY12: 263 million) and Rs. 12.05 (9MFY12: Rs. 4.67), respectively. In the condensed interim consolidated financial information, investments in associates have been accounted for under the equity method of accounting. Share of profit from associates during the current period, fell by 7.8% and amounted to Rs. 147 million (9MFY12: Rs. 160 million), whereas gain on dilution of interests in an associate amounted to Rs. 18 million.



Crescent Steel &  
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## Directors' Review

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



- Sales revenue was Rs. 3,904 million as compared to Rs. 3,078 million in 9MFY12.

- Investment income stood at Rs. 158 million as compared to Rs. 67 million in 9MFY12.

- Other operating income of Rs. 386 million includes Rs. 310 million from the CCP Unit-II insurance claim settlement.

- Gross profit margin increased to 15.2% for current year as compared to 12.7% for the last year.

- EBITDA improved to Rs. 934.9 million for the current year as compared to Rs. 388.4 million in 9MFY12.

- EPS stood at Rs. 9.26 for 9MFY13, as compared to Rs. 2.17 for 9MFY12.

- Return on average capital employed (annualized) was 29.3% for the current period as compared to 10.3% for the corresponding period last year.

- Return on average equity (annualized) was 20.8% for the current period as compared to 5.9% for the nine months ended 31 March 2012.

- Break-up value per share increased to Rs. 63.6 as at 31 March 2013, from Rs. 54.9 as at 30 June 2012.

### Business Segments

#### Steel segment

##### Segment performance

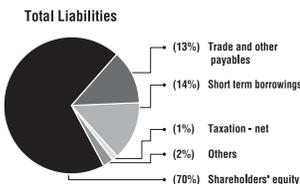
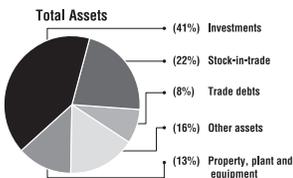
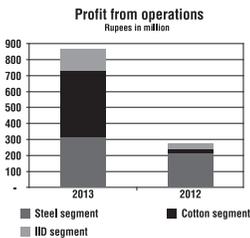
Steel Division achieved significant 71.3% higher sales revenue of Rs. 1,635.5 million for the nine months ended 31 March 2013 as against Rs. 955.0 million in 9MFY12. However, Gross profit margin was 25.9% as compared to 33.9% for 9MFY12 due to change in product mix. The bottom line improved by 44.2% to Rs. 300.4 million from Rs. 208.3 million in the corresponding period last year.

#### Cotton segment

##### Segment performance

Subsequent to fire damages to Unit-II in January 2012, the management took measures to protect the division and Company's top and bottom line figures during Q2FY13 by conversion of cotton to yarn at outsourced facilities and export of raw cotton.

As a result of these initiatives, the Cotton division recorded a turnover of Rs. 2,268 million (9MFY12: Rs. 2,123 million) of which revenue from the sale of yarn from outsourced facilities amounted to Rs. 603.9 million and raw cotton trading stood at Rs. 320.1 million, aggregating Rs. 924 million i.e., 40% of total turnover for the division.



## Directors' Review

Settlement of insurance claim relating to Unit-II resulted in other operating income (net of tax, WWF and WPPF charges) of Rs. 164 million. The pre-tax net profit for the period, excluding inflows from insurance claim, was Rs. 103 million against a net loss of Rs. 53 million in the corresponding period last year.

### **Investment and infrastructure development segment**

#### *Market Review*

Extending its bull trend through Q3FY13, the KSE-100 index posted a growth of 30.7% for 9MFY13 (CY13: 6.7%) to close at 18,043.31 points. The main factors contributing to this increase include inflows of unleveraged liquidity on the back of healthy growth in corporate earnings, monetary easing by the State Bank of Pakistan with a Discount Rate cut, during the period, of 250bps to 9.5% (Policy rates are down by 450 bps since July 2011), Capital Gains Tax relief package, improvements in Pakistan-US relations and higher foreign inflows - CYTD net foreign inflows were USD 70 million versus USD 15 million in the corresponding period last year.

### **Segment performance – Unconsolidated**

During the nine months ended

31 March 2013 the Investments and Infrastructure Development (IID) division's CSAPL portfolio of equity investments recorded an ROI of 43.2% on average investments of Rs. 524.5 million (excluding strategic investments) – higher than the benchmark bourse, which increased by 30.7%.

Income from investment activities during the period amounted to Rs. 158.3 million, which is 136.9% higher than the corresponding period last year (9MFY12 : 66.9 million). The portfolio's accumulated profit before taxation stood at Rs. 132.3 million – 285.7 % higher than the division's PBT during the corresponding period last year of Rs. 34.3 million. This includes income from available for sales investments amounting to Rs. 20.4 million, whereas rental income from real estate investments during the period contributed Rs. 7.9 million to the portfolio income (9MFY12: Rs. 7.6 million).

The value of investments in marketable securities (excluding strategic investments) as on 31 March 2013 was Rs. 617.8 million as compared to Rs. 497.4 million as of 30 June 2012, whereas total value of investments was Rs. 2,060.9 million as compared to Rs. 1,844.1 million as of 30 June 2012.

### **Segment performance – Consolidated**

As per condensed consolidated interim financial information, profit before taxation for IID Division for the 9MFY13 was Rs. 279.3 million, up by 70.8% compared to Rs. 163.5 million for 9MFY12. This is mainly attributable to unrealized and realized gains and dividend income totaling Rs. 150.8 million, which includes Rs. 20.8 million of investment income from CS Capital (Private) Limited and share of profit and gain on dilution, to the tune of Rs. 144.9 million from equity accounted investments.

The value of investments in marketable securities (excluding strategic investments) as on 31 March 2013 was Rs. 714.6 million as compared to Rs. 523.1 million as of 30 June 2012. The closing position of the portfolio as of 31 March 2013 was Rs. 2,686.2 million, against Rs. 2,337.2 million as of 30 June 2012.

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

Commercial operations of subsidiary - Shakarganj Energy (Private) Limited (SEL) have not yet commenced. The power plant is in its commissioning stage and hopefully, will be completed soon. During the period SEL contributed Rs. 20.1



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million to the bottom line (9MFY12: Rs. 15.8 million) mainly from share of profit from equity accounted associate (Altern Energy Limited).

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

Operations of CS Capital (Private) Limited increased significantly during the period and the company posted a profit after tax of Rs. 19.4 million as compared to loss of Rs. 0.4 million in the corresponding period last year.

### **Financial Position**

#### **Balance sheet**

Balance sheet footing stood at Rs. 5,099.8 million as of 31 March 2013, compared to Rs. 4,172.2 million as of 30 June 2012. Break-up value per share increased to Rs. 63.6 from Rs. 54.9 as at 30 June 2012. Current ratio at 31 March 2013 stood the same 1.8:1 as at 30 June 2012. The Company's gearing increased to 22.6% as at 31 March 2013 from 9% as at 30 June 2012.

On a Group basis, the consolidated balance sheet footing increased to Rs. 6,165.1 million, compared to Rs. 5,079.8 million as of 30 June 2012. The total shareholders' fund increased

by 16% to Rs. 4,656.3 million from Rs. 4,007.9 million as of 30 June 2012. Break-up value per share increased to Rs. 82.47 from Rs. 70.99 as at 30 June 2012.

#### **Dividend**

Based on the operating performance and results, the Board in their meeting held on 24 April 2013 has decided to pay second interim cash dividend of 10% i.e. Rupee one per share. This is in addition to first interim dividend of 10% i.e. Re. 1 per share already declared for the financial year.

#### **Future Outlook**

For Steel Division, expectation of further business in the next fiscal year is promising. Steel prices are stable and we don't foresee any significant increase in it in next few months. Reforms under the Government's Petroleum (Exploration and Production) Policy 2012 have encouraged oil and gas exploration in the country; generating upstream sector Pipe and Coating demand in the medium-long term.

At present buying interest of cotton yarn in the market is low particularly due to low demand from China. However, it is expected that demand for yarn in local as well as in international market will

## **Directors' Review**

increase, resulting in enhanced margins after the entry of China. Having said that, the unreliable power and gas availability remains a major risk factor as it continues to threaten growth and profitability of the industry.

With respect to IID Division, the markets are relatively liquid and unleveraged at present with increased anticipated inflows. Going forward, there may be periods of heightened short-term volatility driven by macroeconomic issues; however, the markets are expected to remain positive over prospects of a healthy equity market.

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

For and on behalf of the  
Board of Directors

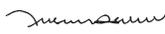
Ahsan M. Saleem  
Chief Executive Officer  
24 April 2013

# Condensed Interim Unconsolidated Balance Sheet (Unaudited)

As at 31 March 2013

	Note	Unaudited 31 March 2013 (Rupees in '000)	Audited 30 June 2012
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	682,904	666,793
Intangible assets		200	1,617
Investment property		32,329	35,632
Long term investments	6	1,426,153	1,321,397
Long term loans and deposits	7	375,380	243,867
Deferred taxation		18,873	12,606
		<u>2,535,839</u>	<u>2,281,912</u>
<b>Current assets</b>			
Stores, spares and loose tools		91,619	65,860
Stock-in-trade	8	1,104,210	586,720
Trade debts	9	423,582	368,930
Loan and advances	10	76,334	137,895
Trade deposits and short term prepayments		8,341	5,471
Investments	11	617,775	497,414
Current portion of long term investments	12	17,007	25,320
Mark-up accrued		43,861	16,989
Other receivables		124,454	29,318
Taxation - net		-	93,090
Cash and bank balances		56,798	63,334
		<u>2,563,981</u>	<u>1,890,341</u>
<b>Total assets</b>		<u>5,099,820</u>	<u>4,172,253</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized capital			
100,000,000 ordinary shares of Rs. 10 each		<u>1,000,000</u>	<u>1,000,000</u>
Issued, subscribed and paid-up capital		564,600	564,600
Capital reserves		458,176	377,302
Revenue reserves		2,569,465	2,159,343
		<u>3,592,241</u>	<u>3,101,245</u>
Deferred income		2,472	-
<b>Non-current liabilities</b>			
Liabilities against assets subject to finance lease	13	47,344	19,811
<b>Current liabilities</b>			
Trade and other payables		641,089	691,904
Mark-up accrued		12,677	16,262
Short term borrowings	14	721,507	334,958
Current portion of liabilities against assets subject to finance lease	13	33,811	8,073
Taxation - net		48,679	-
		<u>1,457,763</u>	<u>1,051,197</u>
Contingencies and commitments	15		
<b>Total equity and liabilities</b>		<u>5,099,820</u>	<u>4,172,253</u>

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

  
Chief Executive

  
Director



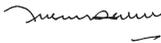
Crescent Steel &  
Allied Products Limited

## Condensed Interim Unconsolidated Profit and Loss Account (Unaudited)

For the quarter and nine months period ended 31 March 2013

	Note	Quarter ended		Nine months period ended	
		31 March 2013	31 March 2012	31 March 2013	31 March 2012
(Rupees in '000)					
Sales - net	16	1,679,083	708,545	3,903,727	3,077,542
Cost of sales		1,403,352	580,655	3,309,488	2,685,186
Gross profit		275,731	127,890	594,239	392,356
Income from investments	17	31,905	54,288	158,277	66,904
		307,636	182,178	752,516	459,260
Distribution and selling expenses		18,275	10,480	51,545	32,505
Administrative expenses		31,210	33,603	114,728	118,689
Other operating expenses	18	28,350	5,559	107,053	55,723
		77,835	49,642	273,326	206,917
		229,801	132,536	479,190	252,343
Other operating income	19	30,244	7,221	386,184	21,669
Operating profit before finance costs		260,045	139,757	865,374	274,012
Finance costs	20	26,136	27,557	43,643	84,653
Profit before taxation		233,909	112,200	821,731	189,359
Taxation - current		77,493	26,403	312,562	67,328
- prior		-	-	(7,607)	(3,572)
- deferred		7,459	(191)	(6,266)	3,292
		84,952	26,212	298,689	67,048
Profit after taxation for the period		148,957	85,988	523,042	122,311
(Rupees)					
Basic and diluted earnings per share	21	2.63	1.52	9.26	2.17

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Chief Executive

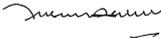
  
Director

# Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited)

For the quarter and nine months period ended 31 March 2013

Note	Quarter ended		Nine months period ended	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	(Rupees in '000)			
<b>Profit after taxation for the period</b>	148,957	85,988	523,042	122,311
<b>Other comprehensive income</b>				
<i>Items that may be reclassified subsequently to profit and loss</i>				
Unrealized appreciation / (diminution) during the period on remeasurement of investments classified as 'available for sale'	40,766	22,571	81,845	(15,826)
Reclassification adjustments relating to loss / (gain) realized on disposal of 'available for sale' investment securities	209	—	(971)	—
Impairment loss on investments classified as 'available for sale'	—	—	—	19,034
Other comprehensive income for the period	40,975	22,571	80,874	3,208
<b>Total comprehensive income for the period</b>	<u>189,932</u>	<u>108,559</u>	<u>603,916</u>	<u>125,519</u>

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

  
Chief Executive

  
Director



Crescent Steel &  
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## Condensed Interim Unconsolidated Cash Flow Statement (Unaudited)

For the nine months period ended 31 March 2013

	Note	Nine months period ended	
		31 March 2013	31 March 2012
		(Rupees in '000)	
<b>Cash flows from operating activities</b>			
Cash (used in) / generated from operations	22	(180,270)	411,383
Taxes paid		(166,940)	(97,975)
Finance costs paid		(47,228)	(83,272)
Contribution to gratuity and pension funds		(9,085)	(8,312)
Contribution to Workers' Profit Participation Fund		(1,120)	(25,862)
Infrastructure fee paid		(5,479)	(22,494)
Compensated absences paid		(518)	(928)
Deferred income on sale and lease back		2,472	-
10-C bonus paid		(4,910)	(862)
Long term loans and deposits - net		(131,518)	(4,853)
Net cash (used in) / generated from operating activities		(544,596)	166,825
<b>Cash flows from investing activities</b>			
Capital expenditure		(99,785)	(59,997)
Acquisition of intangible assets		(70)	-
Proceeds from disposal of operating fixed assets		22,125	1,120
Proceeds from assets subject to Insurance claim		281,531	-
Investments - net		(39,538)	(6,693)
Dividend income received		46,314	45,441
Interest income received		644	8,906
Net cash inflows / (outflows) from investing activities		211,221	(11,223)
<b>Cash flows from financing activities</b>			
Proceeds from disposal of operating fixed assets under sale and leaseback arrangement		62,150	4,980
Payments against finance lease obligations		(10,416)	(10,356)
Proceeds from short term loans obtained - net / (repayments against short term loans)		268,751	(74,143)
Dividends paid		(111,444)	(140,709)
Net cash inflows / (outflows) from financing activities		209,041	(220,228)
Net decrease in cash and cash equivalents		(124,334)	(64,626)
Cash and cash equivalents at beginning of the period		(253,076)	(553,662)
Cash and cash equivalents at end of the period	23	(377,410)	(618,288)

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

  
Chief Executive

  
Director

# Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited)

For the nine months period ended 31 March 2013

	Issued, subscribed and paid-up capital	Capital reserves		Revenue reserves		Total
		Share premium	Unrealized appreciation / (diminution) on remeasurement of investments classified as 'available for sale' (Rupees in '000)	General reserve	Unappropri- ated profit	
Balance as at 1 July 2011	564,600	349,959	3,048	1,842,000	116,719	2,876,326
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	-	122,311	122,311
<b>Other comprehensive income</b>						
Unrealized diminution during the period on remeasurement of investments classified as 'available for sale'	-	-	(15,826)	-	-	( 15,826)
Impairment loss on investments classified as 'available for sale'	-	-	19,034	-	-	19,034
<i>Other comprehensive income for the period</i>	-	-	3,208	-	-	3,208
	-	-	3,208	-	122,311	125,519
<b>Transaction with owners</b>						
Dividend:						
- Final @ 15% (i.e. Rs. 1.5 per share) for the year ended 30 June 2011	-	-	-	-	(84,690)	(84,690)
<b>Balance as at 31 March 2012</b>	<b>564,600</b>	<b>349,959</b>	<b>6,256</b>	<b>1,842,000</b>	<b>154,340</b>	<b>2,917,155</b>
Balance as at 1 July 2012	564,600	349,959	27,343	1,842,000	317,343	3,101,245
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	-	523,042	523,042
<b>Other comprehensive income</b>						
Unrealized appreciation during the period on remeasurement of investments classified as 'available for sale'	-	-	81,845	-	-	81,845
Reclassification adjustments relating to gain realized on disposal of investments classified as 'available for sale'	-	-	(971)	-	-	(971)
<i>Other comprehensive income for the period</i>	-	-	80,874	-	-	80,874
	-	-	80,874	-	523,042	603,916
<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)
- First Interim @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2013	-	-	-	-	(56,460)	(56,460)
	-	-	-	-	(112,920)	(112,920)
<b>Balance as at 31 March 2013</b>	<b>564,600</b>	<b>349,959</b>	<b>108,217</b>	<b>1,842,000</b>	<b>727,465</b>	<b>3,592,241</b>

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

  
Chief Executive

  
Director



Crescent Steel &  
Allied Products Limited

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

For the nine months period ended 31 March 2013

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

## 2. BASIS OF PREPARATION

- 2.1 This condensed interim unconsolidated financial information of the Company for the nine months period ended 31 March 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 audited annual separate financial statements of the Company as at and for the year ended 30 June 2012.
- 2.3 This condensed interim unconsolidated financial information is presented in Pakistan Rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest thousand.
- 2.4 The comparative balance sheet presented in this condensed interim unconsolidated financial information has been extracted from the audited annual separate financial statements of the Company for the year ended 30 June 2012, whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are extracted from the unaudited condensed interim unconsolidated financial information for the period ended 31 March 2012.

## 3. ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of audited annual separate financial statements of the Company for the year ended 30 June 2012.

Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Company's operations and did not have any impact on the accounting policies of the Company except where changes affected presentation and disclosures in this condensed interim unconsolidated financial information.

## 4. ESTIMATES AND JUDGEMENTS

- 4.1 The preparation of condensed interim unconsolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.
- 4.2 Estimates and judgements made by management in the preparation of this condensed interim unconsolidated financial information are the same as those that were applied to the audited annual separate financial statements of the Company as at and for the year ended 30 June 2012.

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

For the nine months period ended 31 March 2013

## 5. PROPERTY, PLANT AND EQUIPMENT

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

	Nine months period ended 31 March 2013		Nine months period ended 31 March 2012	
	Additions / Transfers	Disposals	Additions / Transfers	Disposals
	(Rupees in '000)			
Plant and machinery - owned	49,244	84,658	49,287	4,880
Plant and machinery - leased	-	-	5,056	-
Furniture and fittings	169	-	150	-
Electrical / office equipment and installation	857	10	748	5
Computers	552	-	358	-
Motor vehicles - owned	26,820	19,738	2,222	1,267
Motor vehicles - leased	14,290	-	3,801	-
	<u>91,932</u>	<u>104,406</u>	<u>61,622</u>	<u>6,152</u>

5.2 Additions in Capital work-in-progress (net of transfers) during the period amounted to Rs. 71.629 million (2012: Rs. 2.638 million). This includes leased plant and machinery amounting to Rs.50 million which will be transfer to leased assets on commission.

## 6. LONG TERM INVESTMENTS

		Unaudited 31 March 2013	Audited 30 June 2012
		(Rupees in '000)	
Subsidiary companies - at cost	6.1	504,870	400,114
Associated companies - at cost	6.2	742,337	742,337
Other long term investments	6.3	178,946	178,946
		<u>1,426,153</u>	<u>1,321,397</u>

6.1 Subsidiary companies - at cost

	31 March 2013	30 June 2012		Unaudited 31 March 2013	Audited 30 June 2012
	(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
17,476,995	7,001,400		CS Capital (Private) Limited (Chief Executive Officer - Mr. Muhammad Saad Thaniana)	6.1.2	174,770
2	2		Crescent Continental Gas Pipelines Limited (US \$ 1 each)	6.1.3	-
					<u>400,114</u>
				<u>504,870</u>	



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For the nine months period ended 31 March 2013

- 6.1.1 This represents Company's investment in 100% ordinary shares of Shakarganj Energy (Private) Limited. The Company has acquired Shakarganj Energy (Private) Limited on 4 January 2010.
- 6.1.2 This represents Company's investment in 100% ordinary shares of CS Capital (Private) Limited. The Company has acquired CS Capital (Private) Limited on 26 September 2011. During the period, the Company has further subscribed to right issues offered on various dates by the investee company aggregating 10.476 million ordinary shares for Rs. 104.755 million, making a total holding of 17.477 million ordinary shares as at 31 March 2013.
- 6.1.3 This represents investment in subsidiary amounting to Rs. 90 only. The subsidiary company has not commenced operation and accordingly no financial statements have been prepared.

### 6.2 Associated companies - at cost

31 March 2013 (Number of shares)	30 June 2012		Unaudited 31 March 2013 (Rupees in '000)	Audited 30 June 2012
60,475,416	60,475,416	Quoted Altem Energy Limited (Chief Executive Officer - Syed Zamanat Abbas)	6.2.1 593,488	593,488
15,244,665	15,244,665	Shakarganj Mills Limited (Chief Executive Officer - Mr. Ahsan M. Saleem)	388,562	388,562
			<u>982,050</u>	<u>982,050</u>
		Less: Provision for impairment	<u>239,713</u>	<u>239,713</u>
			<u>742,337</u>	<u>742,337</u>

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

- 6.2.2 The fair value of investments in associates as at 31 March 2013 is Rs. 893.414 million (30 June 2012: Rs. 775.705 million).

### 6.3 Other long term investments

		Unaudited 31 March 2013 (Rupees in '000)	Audited 30 June 2012
<b>Investments in related parties</b>			
Available for sale	6.3.1	-	-
<b>Other investments</b>			
Available for sale		<u>178,946</u>	<u>178,946</u>
		<u>178,946</u>	<u>178,946</u>

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

For the nine months period ended 31 March 2013

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

This further includes investment in Crescent Industrial Chemicals Limited which is also carried at carrying value of Rs. Nil for reasons specified in the Company's audited annual separate financial statements for the year ended 30 June 2012.

## 7. LONG TERM LOANS AND DEPOSITS

		Unaudited 31 March 2013 (Rupees in '000)	Audited 30 June 2012
Long term loan - Considered good (Unsecured)			
- to subsidiary company	7.1	349,354	223,000
- to staff		-	6
Security deposits - leasing companies		13,410	8,256
Security deposits - others		12,616	12,605
		<u>375,380</u>	<u>243,867</u>

7.1 This represents long term loan to the wholly owned subsidiary company namely Shakarganj Energy (Private) Limited. The approved limit as per agreement of long term loan is Rs. 385 million. During the period further loan amounting to Rs. 126.354 million is disbursed to the said subsidiary. The repayment schedule of this long term loan will be finalized after the commencement of commercial operations of the subsidiary company during the year.

The mark-up rate on the above loan is 3 months KIBOR prevailing on the date of disbursement of each tranche and thereafter will be reset one day prior to the commencement of mark-up payment period and will be valid for the whole quarter. Mark-up is payable on quarterly basis. The effective mark-up charged during the period was 12.84% (2012: 14.75% to 16.60%) per annum.

## 8. STOCK-IN-TRADE

	Unaudited 31 March 2013 (Rupees in '000)	Audited 30 June 2012
Raw materials		
Hot rolled steel coils (HR Coil)	17,373	11,237
Coating materials	82,541	64,683
Others	19,152	19,489
Raw cotton	506,223	323,887
Stock-in-transit	62,786	35,649
	<u>688,075</u>	<u>454,945</u>
Work-in-process	168,329	22,268
Finished goods	241,592	101,116
Scrap / cotton waste	6,214	8,391
	<u>416,135</u>	<u>131,775</u>
	<u>1,104,210</u>	<u>586,720</u>



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

For the nine months period ended 31 March 2013

### 9. TRADE DEBTS

	Unaudited 31 March 2013	Audited 30 June 2012
	(Rupees in '000)	
<b>Secured</b>		
Considered good	168,806	230,537
<b>Unsecured</b>		
Considered good	254,776	138,393
Considered doubtful	1,139	1,139
Provision for doubtful trade debts	(1,139)	(1,139)
	254,776	138,393
	423,582	368,930

### 10. LOAN AND ADVANCES

<b>Unsecured</b>		
<b>Advances - considered good</b>		
Advances to executives	3,256	3,333
Suppliers for goods and services	72,962	134,562
Advances to others	116	-
<b>Advances - considered doubtful</b>		
Suppliers for goods and services	47	47
Provision for doubtful advances	(47)	(47)
	-	-
	76,334	137,895

### 11. INVESTMENTS

<b>Investments in related parties</b>		
Available for sale	6,492	4,026
<b>Other investments</b>		
Available for sale	187,777	110,274
Held for trading	423,506	383,114
	611,283	493,388
	617,775	497,414

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

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

For the nine months period ended 31 March 2013

## 12. CURRENT PORTION OF LONG TERM INVESTMENTS

	Unaudited 31 March 2013	Audited 30 June 2012
	(Rupees in '000)	
Preference shares of Shakarganj Mills Limited	29,994	29,994
Term finance certificates of United Bank Limited	-	8,313
Dividend receivable on preference shares of Shakarganj Mills Limited	5,106	5,106
	<u>35,100</u>	<u>43,413</u>
Less: Provision for impairment	18,093	18,093
	<u>17,007</u>	<u>25,320</u>

## 13. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Minimum lease payments		Future finance costs		Present value of minimum lease payments	
	31 March 2013	30 June 2012	31 March 2013	30 June 2012	31 March 2013	30 June 2012
	(Rupees in '000)					
Not later than one year	41,675	11,171	7,864	3,098	33,811	8,073
Later than one year and not later than five years	51,599	21,391	4,255	1,580	47,344	19,811
	<u>93,274</u>	<u>32,562</u>	<u>12,119</u>	<u>4,678</u>	<u>81,155</u>	<u>27,884</u>
Less: Current portion shown under current liabilities					33,811	8,073
					<u>47,344</u>	<u>19,811</u>

- 13.1 The Company has entered into finance lease arrangements with leasing companies for lease of plant and machinery and motor vehicles. The lease term of these arrangements is three years (30 June 2012: three years) and the liability is payable by the year 2016 (30 June 2012: 2015). The periodic lease payments include built-in rates of mark-up ranging between 14.59% to 20.25% (2012: 19.29% to 20.25%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 68.766 million (30 June 2012: Rs. 14.128 million) which pertains to obligations arising from sale and leaseback of assets.

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

## 14. SHORT TERM BORROWINGS

	Unaudited 31 March 2013	Audited 30 June 2012
	(Rupees in '000)	
<b>Secured from banking companies</b>		
Running finances under mark-up arrangements	434,208	316,410
Short term loans	287,299	18,548
	<u>721,507</u>	<u>334,958</u>



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

For the nine months period ended 31 March 2013

- 14.1 Short term running finance available from various commercial banks under mark-up arrangements amounted to Rs. 500 million (30 June 2012: Rs. 500 million) out of which Rs. 250 million (30 June 2012: Rs. Nil) is interchangeable with letters of credit. During the period, the mark-up on such arrangements ranged between 10.81% to 15.10% (2012: 13.13% to 16.56%) per annum.
- 14.2 Short term loan financing available from various commercial banks under mark-up arrangements amounted to Rs. 1,400 million (30 June 2012: Rs. 1,100 million) out of which Rs. 300 million (30 June 2012: Rs. 300 million) is interchangeable with letters of credit. During the period, the mark-up on such arrangements ranged between 11.27% to 14.35% (2012: 14.17% to 16.56%) per annum.
- 14.3 The facilities for opening letters of credit amounted to Rs. 1,500 million (30 June 2012: Rs. 1,150 million) out of which Rs. 250 million (30 June 2012: Rs. Nil) and Rs. 300 million (30 June 2012: Rs. 300 million) are interchangeable with short term running finance and short term loans respectively as mentioned in notes 14.1 and 14.2 above. The facility for letters of guarantee as at 31 March 2013 amounted to Rs. 500 million (30 June 2012: Rs. 500 million). Amounts unutilized for letters of credit and guarantees as at 31 March 2013 were Rs. 1,225.462 million and Rs. 57.111 million (30 June 2012: Rs. 815.627 million and Rs. 123.035 million) respectively.
- 14.4 The above facilities are secured by way of hypothecation of plant and machinery, stock-in-trade, trade debts and other current assets, pledge of shares and cotton / cotton yarn; and lien over import / export document.

### 15. CONTINGENCIES AND COMMITMENTS

- 15.1 There is no change in the status of contingencies set out in note 12 to the Company's audited annual separate financial statements for the year ended 30 June 2012, except as set out in note 15.2 below.
- 15.2 Aggregate amount of guarantees issued by banks on behalf of the Company against various contracts aggregated Rs. 442.889 million (30 June 2012: Rs. 376.965 million).
- 15.3 Commitments in respect of capital expenditure contracted for as at 31 March 2013 amounted to Rs. 7.462 million (30 June 2012: Rs. 16.230 million) payable by June 2014 representing office premises located in Islamabad.
- 15.4 Commitments under letters of credit as at 31 March 2013 amounted to Rs. 212.758 million (30 June 2012: Rs. 298.789 million).

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

For the nine months period ended 31 March 2013

## 16. SALES - NET

	Unaudited Quarter ended		Unaudited Nine months period ended	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	(Rupees in '000)			
<b>Local sales</b>				
Bare pipes (own product excluding coating revenue)	809,872	39,389	1,204,099	619,089
Revenue from conversion	1,154	2,294	5,908	7,970
Coating of pipes	158,080	164,214	595,662	426,676
Cotton yarn / raw cotton	719,097	446,985	1,824,970	1,895,909
Others (including pipes laboratory testing)	8,008	10,282	58,071	41,254
Scrap / waste	23,467	22,154	67,261	85,818
Sales returns	(2,036)	(1,302)	(11,166)	(11,397)
	<u>1,717,642</u>	<u>684,016</u>	<u>3,744,805</u>	<u>3,065,319</u>
<b>Export sales</b>				
Cotton yarn / raw cotton	101,378	54,013	421,096	161,253
	<u>1,819,020</u>	<u>738,029</u>	<u>4,165,901</u>	<u>3,226,572</u>
Sales tax	(139,937)	(29,484)	(262,174)	(149,030)
	<u>1,679,083</u>	<u>708,545</u>	<u>3,903,727</u>	<u>3,077,542</u>

## 17. INCOME FROM INVESTMENTS

Return on term finance certificates	–	248	76	1,036
Dividend income	11,330	12,597	53,887	56,919
Gain / (loss) on sale of investments - net				
- Available-for-sale	–	–	1,291	–
- Held for trading	17,531	3,783	31,831	(1,368)
Unrealized gain on held for trading investments - net	332	35,083	63,270	2,667
Rent from investment property	2,712	2,577	7,922	7,650
	<u>31,905</u>	<u>54,288</u>	<u>158,277</u>	<u>66,904</u>

- 17.1 Direct operating expenses incurred against rental income from investment property amounted to Rs. 2.663 million (2012: Rs. 2.891 million). Further, Rs. 0.919 million (2012: Rs. 0.908 million) were incurred against non rented out area.



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

For the nine months period ended 31 March 2013

### 18. OTHER OPERATING EXPENSES

	Unaudited Quarter ended		Unaudited Nine months period ended	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	(Rupees in '000)			
Exchange loss	7,361	1,495	17,773	20,135
Provision for slow moving stores, spares and loose tools	-	-	942	2,320
Provision for Workers' Welfare Fund	4,706	1,812	19,215	5,019
Provision for Workers' Profit Participation Fund	11,283	2,252	38,475	11,165
Provision for liquidated damages	5,000	-	9,891	-
Impairment charge relating to capital work in process	-	-	20,619	-
Provision for diminution in the value of investments - net	-	-	-	17,084
Others	-	-	138	-
	<u>28,350</u>	<u>5,559</u>	<u>107,053</u>	<u>55,723</u>

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

### 19. OTHER OPERATING INCOME

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

### 20. FINANCE COSTS

	Unaudited Quarter ended		Unaudited Nine months period ended	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	(Rupees in '000)			
Incurring on:				
- finance lease obligations	1,064	922	2,794	3,070
- running finances / short term loans	21,214	26,174	35,697	78,325
- Workers' Profit Participation Fund	-	-	-	563
Bank charges	3,859	461	5,153	2,695
	<u>26,137</u>	<u>27,557</u>	<u>43,644</u>	<u>84,653</u>

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

For the nine months period ended 31 March 2013

## 21. BASIC AND DILUTED EARNINGS PER SHARE

	Unaudited Quarter ended		Unaudited Nine months period ended	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	(Rupees in 000)			
Profit after taxation for the period	148,957	85,988	523,042	122,311
	(Number of shares)		(Number of shares)	
Average number of ordinary shares in issue during the period	56,459,993	56,459,993	56,459,993	56,459,993
	(Rupees)		(Rupees)	
Basic and diluted earnings per share	2.63	1.52	9.26	2.17

## 22. CASH (USED IN) / GENERATED FROM OPERATIONS

	Nine months period ended	
	31 March 2013	31 March 2012
	(Rupees in 000)	
Profit before taxation for the period	821,731	189,359
<b>Adjustments for non cash charges and other items</b>		
Depreciation on operating fixed assets and investment property	68,043	105,759
Amortization of intangible assets	1,487	8,526
Charge for the period on staff retirement benefit funds	9,085	8,312
Charge for compensated absences	1,506	1,855
Provision for 10-C bonus	1,683	-
Amortization of advances to staff	5	62
Dividend income	(53,887)	(56,919)
Unrealized gain on held for trading investments - net	(63,270)	(2,667)
(Gain) / loss on sale of investments - net	(33,122)	1,368
Provision for stock-in-trade and stores, spares and loose tools - net	377	2,320
Reversal of provision for doubtful trade debts - net	-	(4,363)
Provision for Workers' Welfare Fund	19,215	5,019
Provision for Workers' Profit Participation Fund	38,475	11,165
Provision for liquidated damages	9,891	-
Reversal of provision for liquidated damages	(8,934)	-
Provision for diminution in the value of investments - net	-	17,083
Return on deposits, loan and investments	(27,516)	(14,812)
Gain on disposal of operating fixed assets	(22,202)	(626)
Gain on disposal of assets subject to insurance claim	(281,531)	-
Deferred income	(71)	-
Liabilities written back	-	(674)
Impairment charge relating to capital work in process	20,619	-
Finance costs	43,644	84,653
Working capital changes	22.1 (725,498)	55,963
	<u>(180,270)</u>	<u>411,383</u>



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## Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) For the nine months period ended 31 March 2013

### 22.1 Working capital changes

	Nine months period ended	
	31 March 2013	31 March 2012
	(Rupees in '000)	
<i>(Increase) / decrease in current assets</i>		
Stores, spares and loose tools	(26,136)	(8,053)
Stock-in-trade	(508,113)	(49,192)
Trade debts	(54,652)	(59,845)
Loan and advances	61,561	(145,992)
Trade deposits and short term prepayments	(2,870)	(784)
Other receivables	(87,563)	(57,974)
	<u>(617,773)</u>	<u>(321,840)</u>
<i>(Decrease) / increase in current liabilities</i>		
Trade and other payables	(107,725)	377,803
	<u>(725,498)</u>	<u>55,963</u>

### 23. CASH AND CASH EQUIVALENTS

Running finances under mark-up arrangements	(434,208)	(648,616)
Cash and bank balances	56,798	30,328
	<u>(377,410)</u>	<u>(618,288)</u>

### 24. SEGMENT REPORTING

#### 24.1 Reportable segments

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

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

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

For the nine months period ended 31 March 2013

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

## 24.2 Segment revenues and results

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

For the nine months period ended 31 March 2013	Steel segment	Cotton segment	IID segment	Total
	(Rupees in '000)			
Sales - net	1,635,496	2,268,231	–	3,903,727
Cost of sales	1,210,455	2,099,033	–	3,309,488
<b>Gross profit</b>	<b>425,041</b>	<b>169,198</b>	<b>–</b>	<b>594,239</b>
Income from investments	–	–	158,277	158,277
	425,041	169,198	158,277	752,516
Distribution and selling expenses	9,445	42,100	–	51,545
Administrative expenses	83,835	21,153	9,740	114,728
Other operating expenses	45,829	39,221	22,003	107,053
	139,109	102,474	31,743	273,326
	285,932	66,724	126,534	479,190
Other operating income	23,842	344,250	18,092	386,184
Operating profit before finance costs	309,774	410,974	144,626	865,374
Finance costs	9,372	21,920	12,351	43,643
<b>Profit before taxation</b>	<b>300,402</b>	<b>389,054</b>	<b>132,275</b>	<b>821,731</b>
Taxation				298,689
<b>Profit after taxation</b>				<b>523,042</b>
<b>For the nine months period ended 31 March 2012</b>				
Sales - net	955,006	2,122,536	–	3,077,542
Cost of sales	630,403	2,054,783	–	2,685,186
<b>Gross profit</b>	<b>324,603</b>	<b>67,753</b>	<b>–</b>	<b>392,356</b>
Income from investments	–	–	66,904	66,904
	324,603	67,753	66,904	459,260
Distribution and selling expenses	9,095	23,410	–	32,505
Administrative expenses	77,816	29,211	11,662	118,689
Other operating expenses	35,547	1,892	18,284	55,723
	122,458	54,513	29,946	206,917
	202,145	13,240	36,958	252,343
Other operating income	9,277	4,101	8,291	21,669
Operating profit before finance costs	211,422	17,341	45,249	274,012
Finance costs	3,161	70,494	10,998	84,653
<b>Profit / (loss) before taxation</b>	<b>208,261</b>	<b>(53,153)</b>	<b>34,251</b>	<b>189,359</b>
Taxation				67,048
<b>Profit after taxation</b>				<b>122,311</b>



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

For the nine months period ended 31 March 2013

## 24.6 Segment assets and liabilities

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

	Steel segment	Cotton segment	IID segment	Total
	(Rupees in '000)			
<b>As at 31 March 2013</b>				
Segment assets for reportable segments	1,017,429	1,388,996	2,173,702	<b>4,580,127</b>
Unallocated corporate assets				<b>519,693</b>
Total assets as per balance sheet				<b><u>5,099,820</u></b>
Segment liabilities for reportable segments	84,023	146,699	1,703	<b>232,425</b>
Unallocated corporate liabilities				<b>1,275,154</b>
Total liabilities as per balance sheet				<b><u>1,507,579</u></b>
<b>As at 30 June 2012</b>				
Segment assets for reportable segments	858,360	1,147,382	1,995,770	4,001,512
Unallocated corporate assets				170,741
Total assets as per balance sheet				<b><u>4,172,253</u></b>
Segment liabilities for reportable segments	154,224	475,746	2,695	632,665
Unallocated corporate liabilities				438,343
Total liabilities as per balance sheet				<b><u>1,071,008</u></b>

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

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

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



Crescent Steel &  
Allied Products Limited

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

For the nine months period ended 31 March 2013

### 24.7 Other segment information

	Steel segment	Cotton segment	IID segment	Total
	(Rupees in '000)			
<b>For the nine months period ended 31 March 2013</b>				
Capital expenditure	<u>7,784</u>	<u>66,073</u>	<u>3,454</u>	<u>77,311</u>
Depreciation and amortization	<u>20,357</u>	<u>45,621</u>	<u>3,557</u>	<u>69,535</u>
Non-cash items other than depreciation and amortization - net	<u>38,618</u>	<u>(250,922)</u>	<u>(133,734)</u>	<u>(346,038)</u>
<b>For the nine months period ended 31 March 2012</b>				
Capital expenditure	<u>5,283</u>	<u>53,276</u>	<u>35</u>	<u>58,594</u>
Depreciation and amortization	<u>28,172</u>	<u>82,176</u>	<u>3,999</u>	<u>114,347</u>
Non-cash items other than depreciation and amortization - net	<u>20,021</u>	<u>69,575</u>	<u>(37,882)</u>	<u>51,714</u>

### 25. TRANSACTIONS WITH RELATED PARTIES

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

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

Name of entity	Nature of relationship	Nature of transaction	Nine months period ended	
			31 March 2013	31 March 2012
			(Rupees in '000)	
Muhammad Amin Muhammad Bashir Limited *	Related party	Dividend paid	<u>1</u>	<u>1</u>
Premier Insurance Company *	Related party	Dividend paid	<u>11</u>	<u>100</u>
		Insurance premium	<u>1,571</u>	<u>1,298</u>
Shakarganj Energy (Private) Limited	Subsidiary company	Short term loan provided	<u>-</u>	<u>149,000</u>
		Long term loan provided	<u>126,294</u>	<u>-</u>
		Mark-up on short term loan	<u>-</u>	<u>12,131</u>
		Mark-up on long term loan	<u>27,149</u>	<u>-</u>
CS Capital (Private) Limited	Subsidiary company	Right shares subscribed	<u>104,756</u>	<u>50,000</u>
		Share deposit money	<u>-</u>	<u>7,000</u>
Shakarganj Food Products Limited**	Related party	Rental income	<u>-</u>	<u>832</u>

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

For the nine months period ended 31 March 2013

Name of entity	Nature of relationship	Nature of transaction	Nine months period ended	
			31 March 2013	31 March 2012
			(Rupees in '000)	
Shakarganj Mills Limited	Associated company	Dividend paid	2,448	6,120
		Sales of finished goods	41,747	16,671
		Sales of raw cotton	130,554	-
		Services received	895	31
		Services rendered	2,183	1,014
The Citizens' Foundation *	Related party	Donation given	13,004	9,524
Commecs Educational Trust *	Related party	Donation given	2,000	-
Pakistan Centre for Philanthropy *	Related party	Services received	180	-
The Crescent Textile Mills Limited*	Related party	Dividend paid	5,589	13,972
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Contribution made	1,341	2,960
		Dividend paid	4	11
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Contribution made	2,593	2,419
		Dividend paid	621	1,111
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Contribution made	6,492	6,086
		Dividend paid	1,244	2,336
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Contribution made	3,665	3,365
		Dividend paid	400	1,000
Key management personnel	Related parties	Remuneration and benefits	40,427	39,869

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

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

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



Crescent Steel &  
Allied Products Limited

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

For the nine months period ended 31 March 2013

## 26. FINANCIAL RISK MANAGEMENT

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

## 27. NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

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

## 28. DATE OF AUTHORIZATION FOR ISSUE

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

Chief Executive

Director

Condensed Interim  
Consolidated Financial  
Information (Unaudited)

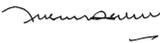
For the nine months  
period ended 31 March 2013

# Condensed Interim Consolidated Balance Sheet (Unaudited)

As at 31 March 2013

	Note	Unaudited 31 March 2013 (Rupees in '000)	Audited 30 June 2012
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	1,262,380	1,086,169
Intangible assets		200	1,617
Investment property		32,329	35,632
Investment in equity accounted investees	6	1,971,644	1,805,860
Other long term investments	7	220,717	220,717
Long term loans and deposits		26,026	20,867
Deferred taxation		18,873	12,606
		<u>3,532,169</u>	<u>3,183,468</u>
<b>Current assets</b>			
Stores, spares and loose tools		91,619	65,860
Stock-in-trade	8	1,104,210	586,720
Trade debts	9	423,582	368,930
Advances	10	76,434	137,896
Trade deposits and short term prepayments		8,850	5,753
Investments	11	714,576	523,077
Current portion of long term investments	12	–	8,313
Mark-up accrued on term finance certificates		–	275
Other receivables		128,658	36,760
Taxation - net		–	93,357
Cash and bank balances		85,053	69,366
		<u>2,632,982</u>	<u>1,896,307</u>
<b>Total assets</b>		<u>6,165,151</u>	<u>5,079,775</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized capital			
100,000,000 ordinary shares of Rs. 10 each		<u>1,000,000</u>	<u>1,000,000</u>
Issued, subscribed and paid-up capital		564,600	564,600
Capital reserves		483,448	402,574
Revenue reserves		<u>3,608,239</u>	<u>3,040,788</u>
		4,656,287	4,007,962
Deferred income		2,472	–
<b>Non-current liabilities</b>			
Liabilities against assets subject to finance lease	13	47,344	19,811
<b>Current liabilities</b>			
Trade and other payables		642,536	692,709
Mark-up accrued		12,677	16,262
Short term borrowings	14	721,507	334,958
Current portion of liabilities against assets subject to finance lease	13	33,811	8,073
Taxation - net		48,517	–
		<u>1,459,048</u>	<u>1,052,002</u>
Contingencies and commitments	15		
<b>Total equity and liabilities</b>		<u>6,165,151</u>	<u>5,079,775</u>

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

  
Chief Executive

  
Director



Crescent Steel &  
Allied Products Limited

## Condensed Interim Consolidated Profit and Loss Account (Unaudited)

For the quarter and nine months period ended 31 March 2013

	Note	Quarter ended		Nine months period ended	
		31 March 2013	31 March 2012	31 March 2013	31 March 2012
(Rupees in '000)					
Sales - net	16	1,679,083	708,545	3,903,727	3,077,542
Cost of sales		1,403,352	580,655	3,309,488	2,685,186
Gross profit		275,731	127,890	594,239	392,356
Income from investments	17	39,370	55,856	179,100	67,390
		315,101	183,746	773,339	459,746
Distribution and selling expenses		18,275	10,480	51,545	32,505
Administrative expenses		31,469	34,606	116,231	124,175
Other operating expenses	18	28,437	5,559	107,140	57,673
		78,181	50,645	274,916	214,353
		236,920	133,101	498,423	245,393
Other operating income	19	20,454	2,311	359,343	9,760
Operating profit before finance costs		257,374	135,412	857,766	255,153
Finance costs	20	26,137	27,558	43,645	84,663
Share of profit in equity accounted investees - net of taxation / gain on dilution	21	80,746	58,309	165,783	160,085
Profit before taxation		311,983	166,163	979,904	330,575
Taxation - current		77,821	26,403	313,406	67,328
- prior		-	-	(7,607)	(3,572)
- deferred		7,459	(191)	(6,266)	3,292
		85,280	26,212	299,533	67,048
Profit after taxation for the period		226,703	139,951	680,371	263,527
(Rupees)					
Basic and diluted earnings per share	22	4.01	2.48	12.05	4.67

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

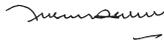
  
Chief Executive

  
Director

Condensed Interim Consolidated  
Statement of Comprehensive Income (Unaudited)  
For the quarter and nine months period ended 31 March 2013

	Quarter ended		Nine months period ended	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	(Rupees in '000)			
<b>Profit after taxation for the period</b>	226,703	139,951	680,371	263,527
<b>Other comprehensive income</b>				
<i>Items that may be reclassified subsequently to profit and loss</i>				
Unrealized appreciation / (diminution) during the period on remeasurement of investments classified as 'available for sale'	40,766	22,571	81,845	(15,826)
Reclassification adjustments relating to loss / (gain) realized on disposal of 'available for sale' investment securities	209	—	(971)	—
Proportionate share of other comprehensive income of equity accounted investees	—	—	—	52,515
Impairment loss on investments classified as 'available for sale'	—	—	—	19,034
Other comprehensive income for the period	40,975	22,571	80,874	55,723
<b>Total comprehensive income for the period</b>	<b>267,678</b>	<b>162,522</b>	<b>761,245</b>	<b>319,250</b>

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

  
Chief Executive

  
Director



Crescent Steel &  
Allied Products Limited

## Condensed Interim Consolidated Cash Flow Statement (Unaudited)

For the nine months period ended 31 March 2013

	Note	Nine months period ended	
		31 March 2013	31 March 2012
		(Rupees in '000)	
<b>Cash flows from operating activities</b>			
Cash (used in) / generated from operations	23	(177,105)	544,006
Taxes paid		(167,679)	(98,007)
Finance costs paid		(47,230)	(77,776)
Contribution to gratuity and pension funds		(9,085)	(8,312)
Contribution to Workers' Profit Participation Fund		(1,120)	(25,862)
Infrastructure fee paid		(5,479)	(22,494)
Compensated absences paid		(518)	(928)
Deferred income on sale and lease back		2,472	-
10-C bonus paid		(4,910)	(862)
Long term loans and deposits - net		(131,518)	(4,853)
Net cash (used in) / generated from operating activities		<u>(542,172)</u>	<u>304,912</u>
<b>Cash flows from investing activities</b>			
Capital expenditure		(229,145)	(76,905)
Acquisition of intangible assets		(70)	-
Proceeds from disposal of operating fixed assets		22,125	1,120
Proceeds from operating fixed assets subject to Insurance claim		281,531	-
Investments - net		(20,267)	(3,857)
Dividend income received		49,542	45,600
Interest income received		950	3,621
Net cash inflows / (outflows) from investing activities		<u>104,666</u>	<u>(30,421)</u>
<b>Cash flows from financing activities</b>			
Repayments against long term loan		126,354	(115,000)
Proceeds from disposal of operating fixed assets under sale and leaseback arrangement		62,150	4,980
Payments against finance lease obligations		(10,416)	(10,356)
Proceeds from short term loans obtained - net / (repayments against short term loans)		268,751	(74,143)
Dividends paid		(111,444)	(140,709)
Net cash inflows / (outflows) from financing activities		<u>335,395</u>	<u>(335,228)</u>
Net decrease in cash and cash equivalents		<u>(102,111)</u>	<u>(60,737)</u>
Cash and cash equivalents at beginning of the period		<u>(247,044)</u>	<u>(551,179)</u>
Cash and cash equivalents at end of the period	24	<u><u>(349,155)</u></u>	<u><u>(611,916)</u></u>

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

Chief Executive

Director

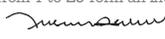
# Condensed Interim Consolidated Statement of Changes in Equity (Unaudited)

For the nine months period ended 31 March 2013

	Issued, subscribed and paid-up capital	Capital reserves			Revenue reserves		Total
		Share premium	Unrealized appreciation / (diminution) on remeasurement of investments classified as 'available for sale'	Others*	General reserve	Unappropri- ated profit	
(Rupees in '000)							
Balance as at 1 July 2011	564,600	349,959	3,048	(27,243)	1,842,000	868,952	3,601,316
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	-	-	-	263,527	263,527
<b>Other comprehensive income</b>							
Unrealized diminution during the period on remeasurement of investments classified as 'available for sale'	-	-	(15,826)	-	-	-	(15,826)
Proportionate share of other comprehensive income of equity accounted investees	-	-	-	52,515	-	-	52,515
Impairment loss on investments classified as 'available for sale'	-	-	19,034	-	-	-	19,034
<b>Other comprehensive income for the period</b>	-	-	3,208	52,515	-	-	55,723
	-	-	3,208	52,515	-	263,527	319,250
<b>Transaction with owners</b>							
<b>Dividend:</b>							
- Final @ 15% (i.e. Rs. 1.5 per share) for the year ended 30 June 2011	-	-	-	-	-	(84,690)	(84,690)
<b>Balance as at 31 March 2012</b>	<b>564,600</b>	<b>349,959</b>	<b>6,256</b>	<b>25,272</b>	<b>1,842,000</b>	<b>1,047,789</b>	<b>3,835,876</b>
<b>Balance as at 1 July 2012</b>	<b>564,600</b>	<b>349,959</b>	<b>27,343</b>	<b>25,272</b>	<b>1,842,000</b>	<b>1,198,788</b>	<b>4,007,962</b>
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	-	-	-	680,371	680,371
<b>Other comprehensive income</b>							
Unrealized appreciation during the period on remeasurement of investments classified as 'available for sale'	-	-	81,845	-	-	-	81,845
Reclassification adjustments relating to gain realized on disposal of investments classified as 'available for sale'	-	-	(971)	-	-	-	(971)
<b>Other comprehensive income for the period</b>	-	-	80,874	-	-	-	80,874
	-	-	80,874	-	-	680,371	761,245
<b>Transaction with owners</b>							
<b>Dividend:</b>							
- Final @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2012	-	-	-	-	-	(56,460)	(56,460)
- First Interim @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2013	-	-	-	-	-	(56,460)	(56,460)
	-	-	-	-	-	(112,920)	(112,920)
<b>Balance as at 31 March 2013</b>	<b>564,600</b>	<b>349,959</b>	<b>108,217</b>	<b>25,272</b>	<b>1,842,000</b>	<b>1,766,239</b>	<b>4,656,287</b>

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

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

  
Chief Executive

  
Director



Crescent Steel &  
Allied Products Limited

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

For the nine months period ended 31 March 2013

## 1. THE GROUP AND ITS OPERATIONS

- 1.1 The Group consists of Crescent Steel and Allied Products Limited ("the Holding Company") and its wholly owned subsidiary companies Shakarganj Energy (Private) Limited, CS Capital (Private) Limited and Crescent Continental Gas Pipelines Limited.
- 1.2 The Holding Company was incorporated on 1 August 1983 as a public limited company in Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984) and is quoted on all stock exchanges of Pakistan. The registered office of the Holding Company is located at 10th floor, BOP Tower, 10-B, Block E-2, Main Boulevard, Gulberg-III, Lahore.
- 1.3 Shakarganj Energy (Private) Limited (SEL) was incorporated on 2 April 2008 as a private limited company in Pakistan under the Companies Ordinance, 1984. The Holding Company acquired this subsidiary on 4 January 2010. The principal activity of SEL will be to build, own, operate and maintain a power plant and to generate, accumulate, distribute, sell and supply electricity / power to the Pakistan Electric Power Company (Private) Limited (PEPCO) / power distribution companies under agreement(s) with the Government of Pakistan or to any other consumer as permitted.
- 1.4 CS Capital (Private) Limited was incorporated on 5 November 2010 as a private limited company in Pakistan under the Companies Ordinance, 1984. The Holding Company acquired this subsidiary on 26 September 2011. The principal activity of this company will be to effectively manage investment portfolios in shares, commodities and other securities (strategic as well as short term).
- 1.5 Crescent Continental Gas Pipelines Limited is not carrying on any business operations.
- 1.6 Details regarding the Group's associates are given in note 6 to this condensed interim consolidated financial information.

## 2. BASIS OF PREPARATION

- 2.1 This condensed interim consolidated financial information of the Group for the nine months period ended 31 March 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 audited annual consolidated financial statements of the Group as at and for the year ended 30 June 2012.
- 2.3 This condensed interim consolidated financial information is presented in Pakistan Rupees which is also the Group's functional currency and all financial information presented has been rounded off to the nearest thousand.

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

For the nine months period ended 31 March 2013

- 2.4 The comparative balance sheet presented in this condensed interim consolidated financial information has been extracted from the audited annual consolidated financial statements of the Group for the year ended 30 June 2012, whereas the comparative condensed interim consolidated profit and loss account, condensed interim consolidated statement of comprehensive income, condensed interim consolidated cash flow statement and condensed interim consolidated statement of changes in equity are stated from the unaudited condensed interim consolidated financial information for the nine months period ended 31 March 2012.

## 3. ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of audited annual consolidated financial statements of the Group for the year ended 30 June 2012.

Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Group's operations and did not have any impact on the accounting policies of the Group except where changes affected presentation and disclosures in this condensed interim consolidated financial information.

## 4. ESTIMATES AND JUDGEMENTS

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

- 4.2 Estimates and judgements made by management in the preparation of this condensed interim consolidated financial information are the same as those that were applied to the audited annual consolidated financial statements of the Group as at and for the year ended 30 June 2012.

## 5. PROPERTY, PLANT AND EQUIPMENT

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

	Nine months period ended 31 March 2013		Nine months period ended 31 March 2012	
	Additions / Transfers	Disposals	Additions / Transfers	Disposals
	(Rupees in '000)			
Plant and machinery - owned	49,244	84,658	49,287	4,880
Plant and machinery - leased	–	–	5,056	–
Furniture and fittings	169	–	150	–
Electrical / office equipment and installation	857	10	748	5
Computers	552	–	358	–
Motor vehicles - owned	26,820	19,738	2,222	1,267
Motor vehicles - leased	14,290	–	3,801	–
	<u>91,932</u>	<u>104,406</u>	<u>61,622</u>	<u>6,152</u>

- 5.2 Additions in Capital work-in-progress (net of transfers) includes leased plant and machinery amounting to Rs.50 million which will be transferred to leased assets on commission.



Crescent Steel &  
Allied Products Limited

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

For the nine months period ended 31 March 2013

### 6. INVESTMENT IN EQUITY ACCOUNTED INVESTEEES

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

31 March 2013 (Number of shares)	30 June 2012			Unaudited 31 March 2013 (Rupees in '000)	Audited 30 June 2012
		<b>Quoted</b>			
69,175,416	69,175,416	Altem Energy Limited (Chief Executive Officer - Syed Zamanat Abbas)	6.1	1,971,644	1,805,860
15,244,665	15,244,665	Shakarganj Mills Limited (Chief Executive Officer - Mr. Ahsan M. Saleem)	6.2	-	-
				<u>1,971,644</u>	<u>1,805,860</u>

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

6.2 As at 31 March 2013 and 30 June 2012, the carrying amount of equity accounted investment in Shakarganj Mills Limited has been reduced to Nil due to recognition of the Group's share of losses incurred by the investee company. The Group has already further recognized its share of losses against the carrying amount in respect of preference shares of the investee company held by the Group and dividend receivable thereon as more fully explained in notes 17.2 and 27.1 to the audited annual consolidated financial statements of the Group for the preceding year ended 30 June 2012.

The Group has discontinued any further recognition of its share of losses of the investee company. The unrecognized share of net profits for the period amounted to Rs. 25.238 million (2012: net losses Rs. 78.818 million) and cumulatively share of net losses as at 31 March 2013 amounted to Rs. 49.321 million (30 June 2012: Rs. 74.698 million). Included in the unrecognized share of net losses for the period, is an amount aggregating Rs. Nil (2012: Rs. Nil) representing the Group's share of net loss from discontinued operations of the investee company.

6.3 The above figures are based on financial information of these companies as at 31 December 2012.

6.4 The fair value of investments in associates as at 31 March 2013 is Rs. 984.329 million (30 June 2012: Rs. 859.051 million).

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

For the nine months period ended 31 March 2013

## 7. OTHER LONG TERM INVESTMENTS

		Unaudited 31 March 2013	Audited 30 June 2012
		(Rupees in '000)	
<b>Investments in related parties</b>			
Available for sale	7.1	-	-
<b>Other investments</b>			
Available for sale		<u>220,717</u>	<u>220,717</u>
		<u>220,717</u>	<u>220,717</u>

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

This further includes investment in Crescent Industrial Chemicals Limited which is also carried at carrying value of Rs. Nil for reasons specified in the Company's audited annual separate financial statements for the year ended 30 June 2012.

## 8. STOCK-IN-TRADE

		Unaudited 31 March 2013	Audited 30 June 2012
		(Rupees in '000)	
<b>Raw materials</b>			
Hot rolled steel coils (HR Coil)		17,373	11,237
Coating materials		82,541	64,683
Others		19,152	19,489
Raw cotton		506,223	323,887
Stock-in-transit		<u>62,786</u>	<u>35,649</u>
		688,075	454,945
<b>Work-in-process</b>		<u>168,329</u>	<u>22,268</u>
Finished goods		241,592	101,116
Scrap / cotton waste		<u>6,214</u>	<u>8,391</u>
		416,135	131,775
		<u>1,104,210</u>	<u>586,720</u>

## 9. TRADE DEBTS

<b>Secured</b>			
Considered good		168,806	230,537
<b>Unsecured</b>			
Considered good		<u>254,776</u>	<u>138,393</u>
Considered doubtful		1,139	1,139
Provision for doubtful trade debts		<u>(1,139)</u>	<u>(1,139)</u>
		254,776	138,393
		<u>423,582</u>	<u>368,930</u>



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### 10. ADVANCES

	Unaudited 31 March 2013	Audited 30 June 2012
(Rupees in '000)		
<b>Unsecured - Considered good</b>		
Advances to executives	3,356	3,333
Suppliers for goods and services	72,962	134,563
Advances to others	116	-
<b>Unsecured - Considered doubtful</b>		
Suppliers for goods and services	47	47
Provision for doubtful advances	(47)	(47)
	-	-
	76,434	137,896

### 11. INVESTMENTS

<b>Investments in related parties</b>		
Available for sale	6,492	4,026
<b>Other investments</b>		
Available for sale	187,777	110,274
Held for trading	520,307	408,777
	708,084	519,051
	714,576	523,077

- 11.1 Investments having an aggregate market value of Rs. 834.232 million (30 June 2012: Rs. 776.596 million) have been pledged with financial institutions as security against financing facilities (see note 14.4) out of which Rs. 561.949 million (30 June 2012: Rs. 515.164 million) relates to long term investments.

### 12. CURRENT PORTION OF LONG TERM INVESTMENTS

	Unaudited 31 March 2013	Audited 30 June 2012
(Rupees in '000)		
Preference shares of Shakarganj Mills Limited	29,994	29,994
Term finance certificates of United Bank Limited	-	8,313
Dividend receivable on preference shares of Shakarganj Mills Limited	5,106	5,106
	35,100	43,413
Less: Share of loss on Shakarganj Mills Limited attributed to preference shares and dividend receivable thereon	12.1	
	35,100	35,100
	-	8,313

- 12.1 The Group's share of unadjusted loss on equity accounted investment in Shakarganj Mills Limited has been allocated to the preference shares and dividend receivable thereon in accordance with the requirements of IAS 28, 'Investments in Associates' (see note 6.2).

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

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## 13. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Minimum lease payments		Future finance costs		Present value of minimum lease payments	
	31 March 2013	30 June 2012	31 March 2013	30 June 2012	31 March 2013	30 June 2012
	(Rupees in '000)					
Not later than one year	41,675	11,171	7,864	3,098	33,811	8,073
Later than one year and not later than five years	51,599	21,391	4,255	1,580	47,344	19,811
	<u>93,274</u>	<u>32,562</u>	<u>12,119</u>	<u>4,678</u>	<u>81,155</u>	<u>27,884</u>
Less: Current portion shown under current liabilities					33,811	8,073
					<u>47,344</u>	<u>19,811</u>

- 13.1 The Holding company has entered into finance lease arrangements with leasing companies for lease of plant and machinery and motor vehicles. The lease term of these arrangements is three years (30 June 2012: three years) and the liability is payable by the year 2016 (30 June 2012: 2015). The periodic lease payments include built-in rates of mark-up ranging between 14.59% to 20.25% (2012: 19.29% to 20.25%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 68.766 million (30 June 2012: Rs. 14.128 million) which pertains to obligations arising from sale and leaseback of assets.

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

## 14. SHORT TERM BORROWINGS

	Unaudited 31 March 2013	Audited 30 June 2012
	(Rupees in '000)	
<b>Secured from banking companies</b>		
Running finances under mark-up arrangements	434,208	316,410
Short term loans	287,299	18,548
	<u>721,507</u>	<u>334,958</u>

- 14.1 Short term running finance available from various commercial banks under mark-up arrangements amounted to Rs. 500 million (30 June 2012: Rs. 500 million) out of which Rs. 250 million (30 June 2012: Rs. Nil) is interchangeable with letters of credit. During the period, the mark-up on such arrangements ranged between 10.81% to 15.10% (2012: 13.13% to 16.56%) per annum.



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## Notes to the Condensed Interim Consolidated Financial Information (Unaudited) For the nine months period ended 31 March 2013

- 14.2 Short term loan financing available from various commercial banks under mark-up arrangements amounted to Rs. 1,400 million (30 June 2012: Rs. 1,100 million) out of which Rs. 300 million (30 June 2012: Rs. 300 million) is interchangeable with letters of credit. During the period, the mark-up on such arrangements was 11.27% to 14.35% (2012: 14.17% to 16.56%) per annum.
- 14.3 The facilities for opening letters of credit amounted to Rs. 1,500 million (30 June 2012: Rs. 1,150 million) out of which Rs. 250 million (30 June 2012: Rs. Nil), Rs. 300 million (30 June 2012: Rs. 300 million) are interchangeable with short term running finance and short term loans respectively as mentioned in notes 14.1 and 14.2 above. The facility for letters of guarantee as at 31 March 2013 amounted to Rs. 500 million (30 June 2012: Rs. 500 million). Amounts unutilized for letters of credit and guarantees as at 31 March 2013 were Rs. 1,225.462 million and Rs. 57.111 million (30 June 2012: Rs. 815.627 million and Rs. 123.035 million) respectively.
- 14.4 The above facilities are secured by way of hypothecation of plant and machinery, stock-in-trade, trade debts and other current assets, pledge of shares and cotton / cotton yarn; and lien over import / export document.

### 15. CONTINGENCIES AND COMMITMENTS

- 15.1 There is no change in the status of contingencies set out in note 13 to the Group's audited annual consolidated financial statements for the year ended 30 June 2012, except as set out in note 15.2 below.
- 15.2 Aggregate amount of guarantees issued by banks on behalf of the Group against various contracts aggregated Rs. 442.889 million (30 June 2012: Rs. 376.965 million).
- 15.3 Commitments in respect of capital expenditure contracted for as at 31 March 2013 amounted to Rs. 18.600 million (30 June 2012: Rs. 139.937 million) payable by June 2014 representing office premises located in Islamabad. This also includes commitments contracted by the subsidiary company aggregating Rs. 11.138 million (30 June 2012: Rs. 123.707 million) in respect of capital expenditure to acquire plant and machinery.
- 15.4 Commitments under letters of credit as at 31 March 2013 amounted to Rs. 212.758 million (30 June 2012: Rs. 298.789 million).

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

For the nine months period ended 31 March 2013

## 16. SALES - NET

	Unaudited Quarter ended		Unaudited Nine months period ended	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	(Rupees in '000)			
<b>Local sales</b>				
Bare pipes (own product excluding coating revenue)	809,872	39,389	1,204,099	619,089
Revenue from conversion	1,154	2,294	5,908	7,970
Coating of pipes	158,080	164,214	595,662	426,676
Cotton yarn / raw cotton	719,097	446,985	1,824,970	1,895,909
Others (including pipes laboratory testing)	8,008	10,282	58,071	41,254
Scrap / waste	23,467	22,154	67,261	85,818
Sales returns	(2,036)	(1,302)	(11,166)	(11,397)
	<u>1,717,642</u>	<u>684,016</u>	<u>3,744,805</u>	<u>3,065,319</u>
<b>Export sales</b>				
Cotton yarn / raw cotton	101,378	54,013	421,096	161,253
	<u>1,819,020</u>	<u>738,029</u>	<u>4,165,901</u>	<u>3,226,572</u>
Sales tax	(139,937)	(29,484)	(262,174)	(149,030)
	<u>1,679,083</u>	<u>708,545</u>	<u>3,903,727</u>	<u>3,077,542</u>

## 17. INCOME FROM INVESTMENTS

Return on term finance certificates	–	248	76	1,036
Dividend income	13,459	12,607	58,317	57,078
Gain / (loss) on sale of investments - net				
- Available-for-sale	–	–	1,291	–
- Held for trading	18,931	3,835	36,500	(1,317)
Unrealized gain on held for trading investments - net	4,268	36,589	74,994	2,943
Rent from investment property	2,712	2,577	7,922	7,650
	<u>39,370</u>	<u>55,856</u>	<u>179,100</u>	<u>67,390</u>

- 17.1 Direct operating expenses incurred against rental income from investment property amounted to Rs. 2.663 million (2012: Rs. 2.891 million). Further, Rs. 0.919 million (2012: Rs. 0.908 million) were incurred against non rented out area.



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### 18. OTHER OPERATING EXPENSES

	Unaudited Quarter ended		Unaudited Nine months period ended	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	(Rupees in '000)			
Exchange loss	7,361	1,495	17,773	20,135
Provision for slow moving stores, spares and loose tools	-	-	942	2,320
Provision for Workers' Welfare Fund	4,706	1,812	19,215	5,019
Provision for Workers' Profit Participation Fund	11,283	2,252	38,475	11,165
Provision for liquidated damages	5,000	-	9,891	-
Impairment charge relating to capital work in process	-	-	20,619	-
Provision for diminution in the value of investments - net	-	-	-	19,034
Others	-	-	138	-
	<u>28,350</u>	<u>5,559</u>	<u>107,053</u>	<u>57,673</u>

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

### 19. OTHER OPERATING INCOME

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

### 20. FINANCE COSTS

	Unaudited Quarter ended		Unaudited Nine months period ended	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	(Rupees in '000)			
Incurring on:				
- finance lease obligations	1,064	922	2,794	3,070
- running finances / short term loans	21,214	26,174	35,697	78,325
- Workers' Profit Participation Fund	-	-	-	563
Bank charges	3,860	462	5,155	2,705
	<u>26,138</u>	<u>27,558</u>	<u>43,646</u>	<u>84,663</u>

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

For the nine months period ended 31 March 2013

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

	Unaudited Quarter ended		Unaudited Nine months period ended	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	(Rupees in '000)			
Share of profit after taxation of Altern Energy Limited	80,746	58,309	147,498	160,085
Gain on dilution	21.1	-	18,285	-
	<u>80,746</u>	<u>58,309</u>	<u>165,783</u>	<u>160,085</u>

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

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

## 22. BASIC AND DILUTED EARNINGS PER SHARE

	Unaudited Quarter ended		Unaudited Nine months period ended	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	(Rupees in '000)			
Profit after taxation for the period	<u>226,703</u>	<u>139,951</u>	<u>680,371</u>	<u>263,527</u>
	(Number of shares)		(Number of shares)	
Average number of ordinary shares in issue during the period	<u>56,459,993</u>	<u>56,459,993</u>	<u>56,459,993</u>	<u>56,459,993</u>
	(Rupees)		(Rupees)	
Basic and diluted earnings per share	<u>4.01</u>	<u>2.48</u>	<u>12.05</u>	<u>4.67</u>



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### 23. CASH (USED IN) / GENERATED FROM OPERATIONS

	Nine months period ended	
	31 March 2013	31 March 2012
	(Rupees in '000)	
Profit before taxation for the period	979,904	330,575
<b>Adjustments for non cash charges and other items</b>		
Depreciation on operating fixed assets and investment property	68,043	105,759
Amortization of intangible assets	1,487	8,526
Charge for the period on staff retirement benefit funds	9,085	8,312
Charge for compensated absences	1,507	1,855
Provision for 10-C bonus	1,683	-
Amortization of advances to staff	5	62
Dividend income	(58,317)	(57,078)
Unrealized gain on held for trading investments - net	(74,994)	(2,943)
(Gain) / loss on sale of investments - net	(37,791)	1,317
Provision for stock-in-trade and stores, spares and loose tools - net	377	2,320
(Reversal of provision) / provision for doubtful trade debts - net	-	(4,363)
Provision for Workers' Welfare Fund	19,215	5,019
Provision for Workers' Profit Participation Fund	38,475	11,165
Provision for liquidated damages	9,891	-
Reversal of provision for liquidated damages	(8,934)	-
Provision for diminution in the value of investments - net	-	19,033
Return on deposits, loan and investments	(675)	(2,901)
Gain on disposal of operating fixed assets	(22,202)	(626)
Gain on disposal of assets subject to Insurance claim	(281,531)	-
Deferred income	(71)	-
Liabilities written back	-	(674)
Impairment charge relating to capital work in process	20,619	-
Finance costs	43,645	84,663
Share of profit from equity accounted investees - net of taxation / gain on dilution	(165,783)	(160,085)
Working capital changes	23.1 <u>(720,743)</u>	<u>194,070</u>
	<u>(177,105)</u>	<u>544,006</u>

#### 23.1 Working capital changes

<i>(Increase) / decrease in current assets</i>		
Stores, spares and loose tools	(26,136)	(8,053)
Stock-in-trade	(508,113)	(49,192)
Trade debts	(54,652)	(59,845)
Advances	61,461	3,008
Trade deposits and short term prepayments	(3,097)	(916)
Other receivables	(83,122)	(63,409)
	<u>(613,659)</u>	<u>(178,407)</u>
<i>(Decrease) / increase in current liabilities</i>		
Trade and other payables	(107,084)	372,477
	<u>(720,743)</u>	<u>194,070</u>

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

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## 24. CASH AND CASH EQUIVALENTS

	Nine months period ended	
	31 March 2013	31 March 2012
	(Rupees in '000)	
Running finances under mark-up arrangements	(434,208)	(648,616)
Cash and bank balances	85,053	36,700
	<u>(349,155)</u>	<u>(611,916)</u>

## 25. SEGMENT REPORTING

### 25.1 Reportable segments

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

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

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

### 25.2 Segment revenues and results

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

	Steel segment	Cotton segment	IID segment	Energy segment	Total
	(Rupees in '000)				
<b>For the nine months period ended 31 March 2013</b>					
Sales - net	1,635,496	2,268,231	-	-	3,903,727
Cost of sales	1,210,455	2,099,033	-	-	3,309,488
<b>Gross profit</b>	<b>425,041</b>	<b>169,198</b>	<b>-</b>	<b>-</b>	<b>594,239</b>
Income from investments	-	-	179,100	-	179,100
	425,041	169,198	179,100	-	773,339
Distribution and selling expenses	9,445	42,100	-	-	51,545
Administrative expenses	83,835	21,153	10,422	821	116,231
Other operating expenses	45,829	39,221	22,090	-	107,140
	139,109	102,474	32,512	821	274,916
	285,932	66,724	146,588	(821)	498,423
Other operating income	18,889	340,148	173	133	359,343
<b>Operating profit / (loss) before finance costs</b>	<b>304,821</b>	<b>406,872</b>	<b>146,761</b>	<b>(688)</b>	<b>857,766</b>
Finance costs	9,372	21,920	12,351	2	43,645
Share of profit in equity accounted investees - net of taxation / gain on dilution	-	-	144,933	20,850	165,783
<b>Profit before taxation</b>	<b>295,449</b>	<b>384,952</b>	<b>279,343</b>	<b>20,160</b>	<b>979,904</b>
Taxation					299,533
<b>Profit after taxation</b>					<b>680,371</b>



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	Steel segment	Cotton segment	IID segment	Energy segment	Total
	(Rupees in '000)				
<b>For the nine months period ended 31 March 2012</b>					
Sales - net	955,006	2,122,536	-	-	3,077,542
Cost of sales	630,403	2,054,783	-	-	2,685,186
<b>Gross profit</b>	<b>324,603</b>	<b>67,753</b>	<b>-</b>	<b>-</b>	<b>392,356</b>
Income from investments	-	-	67,390	-	67,390
	324,603	67,753	67,390	-	459,746
Distribution and selling expenses	9,095	23,410	-	-	32,505
Administrative expenses	77,816	29,211	12,667	4,481	124,175
Other operating expenses	35,547	1,892	20,234	-	57,673
	122,458	54,513	32,901	4,481	214,353
	202,145	13,240	34,489	(4,481)	245,393
Other operating income	7,683	1,857	48	172	9,760
<b>Operating profit / (loss) before finance costs</b>	<b>209,828</b>	<b>15,097</b>	<b>34,537</b>	<b>(4,309)</b>	<b>255,153</b>
Finance costs	3,161	70,494	10,998	10	84,663
Share of profit in equity accounted investees - net of taxation	-	-	139,952	20,133	160,085
<b>Profit / (loss) before taxation</b>	<b>206,667</b>	<b>(55,397)</b>	<b>163,491</b>	<b>15,814</b>	<b>330,575</b>
Taxation					67,048
<b>Profit after taxation</b>					<b>263,527</b>

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

25.2.2 The accounting policies of the reportable segments are the same as the Group's accounting policies as disclosed in the audited annual consolidated financial statements of the Group for the preceding year ended 30 June 2012. The Steel segment allocates certain percentage of the common expenditure to the Cotton and IID segments. In addition, financial charges between Steel and Cotton segments are allocated at average mark-up rate on the basis of funds utilized. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

25.3 Revenue from major products and services

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

25.4 Information about major customers

Revenue from major customers of Steel segment represent an aggregate amount of Rs. 1,241,737 million (2012: Rs. 741,434 million) of total Steel segment revenue of Rs. 1,635,496 million (2012: Rs. 955,006 million). Further, revenue from major customers of Cotton segment represent an aggregate amount of Rs. 964,258 million (2012: Rs. 418,160 million) of total Cotton segment revenue of Rs. 2,268,231 million (2012: Rs. 2,122,536 million).

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

For the nine months period ended 31 March 2013

## 25.5 Geographical information

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

	Unaudited Quarter ended		Unaudited Nine months period ended	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	(Rupees in '000)			
Pakistan	1,577,705	654,532	3,482,631	2,916,289
Far East	101,378	54,013	421,096	161,253
	<u>1,679,083</u>	<u>708,545</u>	<u>3,903,727</u>	<u>3,077,542</u>

25.5.2 All non-current assets of the Group as at 31 March 2013 and 30 June 2012 were located and operated in Pakistan.

## 25.6 Segment assets and liabilities

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

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

### As at 31 March 2013

Segment assets for reportable segments	1,017,429	1,388,996	1,105,182	555,422	4,067,029
Investment in equity accounted investees	–	–	1,780,453	191,191	1,971,644
Unallocated corporate assets					126,478
Total assets as per balance sheet					<u>6,165,151</u>

Segment liabilities for reportable segments	84,023	146,699	1,870	974	233,566
Unallocated corporate liabilities					1,275,298
Total liabilities as per balance sheet					<u>1,508,864</u>

### As at 30 June 2012

Segment assets for reportable segments	858,360	1,147,383	907,685	429,460	3,342,888
Investment in equity accounted investees	–	–	1,635,519	170,341	1,805,860
Unallocated corporate assets					(68,973)
Total assets as per balance sheet					<u>5,079,775</u>

Segment liabilities for reportable segments	154,224	475,746	2,825	675	633,470
Unallocated corporate liabilities					438,343
Total liabilities as per balance sheet					<u>1,071,813</u>



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

For the nine months period ended 31 March 2013

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

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

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

**25.7** Other segment information

	Steel segment	Cotton segment	IID segment	Energy segment	Total
	(Rupees in '000)				
<b>For the nine months period ended 31 March 2013</b>					
Capital expenditure	7,784	66,073	3,454	129,360	206,671
Depreciation and amortization	20,357	45,621	3,557	-	69,535
Non-cash items other than depreciation and amortization - net	43,571	(246,820)	(281,571)	(20,981)	(505,801)
<b>For the nine months period ended 31 March 2012</b>					
Capital expenditure	5,283	53,276	35	16,908	75,502
Depreciation and amortization	28,172	82,176	3,999	-	114,347
Non-cash items other than depreciation and amortization - net	21,617	71,819	(168,127)	(20,295)	(94,986)

## **26. TRANSACTIONS WITH RELATED PARTIES**

Related parties comprise of associated companies, directors, companies where directors also hold directorship, related group companies, key management personnel and staff retirement benefit funds. Balances and transactions between the Holding Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

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

For the nine months period ended 31 March 2013

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

Name of entity	Nature of relationship	Nature of transaction	Nine months period ended	
			31 March 2013	31 March 2012
			(Rupees in '000)	
Muhammad Amin Muhammad Bashir Limited *	Related party	Dividend paid	<u>1</u>	<u>1</u>
Premier Insurance Company *	Related party	Dividend paid	<u>11</u>	<u>100</u>
		Insurance premium	<u>1,571</u>	<u>1,298</u>
Shakarganj Food Products Limited **	Related party	Rental income	<u>–</u>	<u>832</u>
Shakarganj Mills Limited	Associated company	Dividend paid	<u>2,448</u>	<u>6,120</u>
		Sales of finished goods	<u>41,747</u>	<u>16,671</u>
		Sales of raw cotton	<u>130,554</u>	<u>–</u>
		Services received	<u>895</u>	<u>31</u>
		Services rendered	<u>2,183</u>	<u>1,014</u>
Pakistan Centre for Philanthropy *	Related party	Annual Subscription	<u>180</u>	<u>–</u>
The Citizens' Foundation *	Related party	Donation given	<u>13,004</u>	<u>9,524</u>
Commecc Educational Trust *	Related party	Donation given	<u>2,000</u>	<u>–</u>
The Crescent Textile Mills Limited *	Related party	Dividend paid	<u>5,589</u>	<u>13,972</u>
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Contribution made	<u>1,341</u>	<u>2,960</u>
		Dividend paid	<u>4</u>	<u>11</u>
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Contribution made	<u>2,593</u>	<u>2,419</u>
		Dividend paid	<u>621</u>	<u>1,111</u>
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Contribution made	<u>6,492</u>	<u>6,086</u>
		Dividend paid	<u>1,244</u>	<u>2,336</u>
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Contribution made	<u>3,665</u>	<u>3,365</u>
		Dividend paid	<u>400</u>	<u>1,000</u>
Key management personnel	Related parties	Remuneration and benefits	<u>40,427</u>	<u>39,869</u>

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

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



Crescent Steel &  
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## Notes to the Condensed Interim Consolidated Financial Information (Unaudited) For the nine months period ended 31 March 2013

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

### 27. FINANCIAL RISK MANAGEMENT

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

### 28. NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

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

### 29. DATE OF AUTHORIZATION FOR ISSUE

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

Chief Executive

Director

# Shareholders' Information

## Stock Exchange Listing

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

## Public Information

Financial analysts, stock brokers, interested investors and financial media desiring information regarding the company should contact Mr. Abdul Wahab at the Company's Principal Office, Karachi.  
Tel: +92 21 3567 4881-85  
Email: [abdul.wahab@crescent.com.pk](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, 7/3-G, Mushtaq Ahmed Gurmani Road, Gulberg-II, Lahore.  
Tel: +92 42 3578 8097-98,  
+92 42 3576 1661-62  
Fax: +92 42 3575 5215  
Email: [info@corptec.com.pk](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 10s to 30s.

## Auditors

KPMG Taseer Hadi & Co.

## Legal Advisor

Hassan & Hassan, Advocates,  
Lahore

## Bankers

Allied Bank Limited  
Barclays Bank PLC, Pakistan  
Habib Metropolitan Bank Limited  
HSBC Bank Middle East Limited  
MCB Bank Limited  
Summit Bank Limited

## Registered Office

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

## Liaison Office Lahore

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

## Principal Office

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

## Factory – Steel Division

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

## Engineering Unit

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

## Mills – Cotton Division

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

## Power Plant

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

## Corporate Website

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



For Condensed Interim Report for the nine months period ended March 2013, go to <http://www.crescent.com.pk/wp-content/uploads/2013/04/Quarter-Mar13.pdf> or scan QR code





Crescent Steel &  
Allied Products Limited

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

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

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

### **Steel Division**

The Spiral Pipe Plant has a capability of manufacturing high quality steel pipes in the diameter range of 8" – 90" (219 mm – 2,286 mm) in wall thickness from 4 mm – 20 mm and material grades up to API 5L X-80. The Company has been gradually enhancing and up-grading the pipe production capacity which has increased from 80,000 tons initially to the present notional capacity of 90,000 tons extendable upto maximum 200,000 tons per annum. The Company has authorization to use API monogram of the American Petroleum Institute – the highest international standard accredited for quality of steel line pipe. It also has the ISO 9001:2000 certification. In addition, we have become the first Pakistani company to have acquired oil

and gas industry specifics ISO/TS 29001, Quality Management System Certification from API. The Polyolefin Coating Plant was added adjacent to the pipe mills which is capable of applying single and multi-layer Coatings comprising of Fusion Bonded Epoxy, Co-Polymer Adhesive and High Density Polyethylene / Poly-propylene and Polyethylene Tape Coating on steel pipes ranging from 4" – 60" (114 mm – 1,524 mm). During the last year we diversified our product offering by adding capabilities to fabricate and erect machinery specially for sugar and cement industry. We have also developed capability for manufacturing of boilers, cane shredders upto dia 1700 mm, juice heaters, evaporators, batch and continuous vacuum pans, centrifugal machines, stainless steel spray clusters and multijet condensers, perforated plates and vibro screens, and high voltage transformer tanks. Crescent Steel maintains high quality norms in all its products and has consistently exceeded the requirements of international standards both in steel line pipe and multi-layer coatings and will continue to remain at the cutting edge in terms of technology, quality control and quality assurance.

### **Cotton Division**

The Company is running cotton spinning mill located at Jaranwala near Faisalabad, which is the hub of textile industry and carries out this activity under the name and title of "Crescent Cotton Products" (CCP) a division of Crescent Steel and Allied Products Limited. CCP is a division of the Company but its operating results are shown separately. CCP as a division holds ISO 9001: 2000 Quality

## **Company Profile**

Management Credential. CCP produces good quality cotton yarn of various counts from 10s to 30s having a notional capacity based on 20s of 6.5 million kgs per annum and its products are consistently in demand and generally sold at a premium.

### **Investment and Infrastructure Development Division**

The division manages an investment portfolio in shares and other securities, across diversified sectors and real estate. Our strategy has been to focus on those sectors and projects which have potential for growth and where real investments are being made.

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

### **Energy Division – Subsidiary Company Shakarganj Energy (Private) Limited**

The Company acquired a 100% stake in Shakarganj Energy (Private) Limited on 4 January 2010 to build, own, operate and maintain a bagasse fired thermal generation power plant.

This company will generate, accumulate, distribute, sell and supply electricity to PEPSCO and to other distribution companies under agreement with the Government of Pakistan or to any other company as permitted. This plant is under commissioning at Bhone.

[www.crescent.com.pk](http://www.crescent.com.pk)

