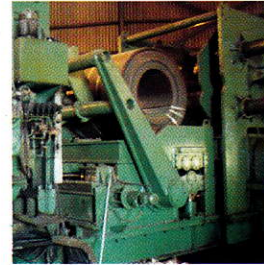
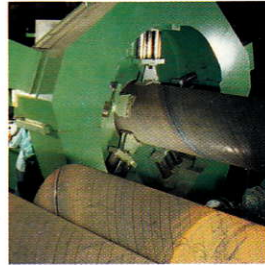
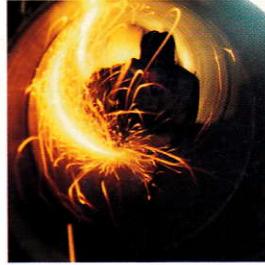
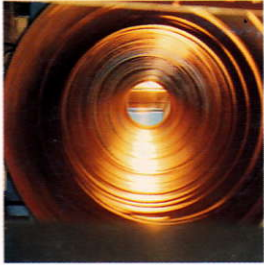


ANNUAL REPORT 2001



Crescent Steel &
Allied Products Ltd.

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Allied Products Ltd.

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COMPANY INFORMATION



Crescent Steel &
Allied Products Ltd.

Board of Directors

Chairman	Mazhar Karim
Chief Executive	Ahsan M. Saleem
	Fiyaz Ahmed Longi
	Javed A. Callea
	Mohammad Anwar
	Nasir Shafi
	S.M. Ehtishamullah
	Zahid Bashir

The Management

Chief Executive and Managing Director	Ahsan M. Saleem, 48 1983*
Advisor to CEO (Technical)	Mohammad Sharif, 69 1984*
Advisor to CEO (Corporate)	Dr. Wasim Azhar, 48 2001*
Finance Director/Secretary	S.M. Ehtishamullah, 62 1996*
Executive Vice President Marketing and Sales	S.A.N. Kazmi, 59 1986*
Senior Vice President Finance and Control	Mohammad Amin, 54 1992*
Senior Vice President Head of Buying	Nadir Mazhar, 54 1993*
General Manager (Technical) Cotton Division	Abdul Rouf, 42 2000*
Vice President (Manufacturing) Steel Division	Arif Raza, 40 1985*

* Year joined Company

COMPANY AND INVESTOR INFORMATION



Crescent Steel &
Allied Products Ltd.

Stock Exchange Listing

Crescent Steel and Allied Products Limited is listed on Karachi, Lahore and Islamabad Stock Exchanges.

Daily quotations on the Company's stock can be obtained from leading newspapers. Crescent Steel is listed under 'Engineering'.

The shares of the Company can be dealt through the Central Depository System of Karachi, Lahore and Islamabad Stock Exchanges. This will obviate the inconvenience of physical handling of share scrips.

Public Information

Financial analysts, stock brokers, interested investors and financial media desiring information about 'Crescent Steel' should contact Mohammad Amin at Company's Principal Office, Karachi. Telephone: 021-568-8447.

Shareholder Information

Enquiries concerning lost share certificates, dividend payments, change of address, verification of transfer deeds and share transfer should be directed to the Shareholder Services Department at the Registered Office at Lahore.

Products

Steel Division

Manufacturer of DSAW steel line pipes in diameters ranging from 8" to 90" and applicator of multi-layer polyethylene/polypropylene coating conforming to international standards.

Cotton Division

Manufacturer of good quality cotton yarn of various counts from 10s to 30s.

Annual Meeting

Seventeenth Annual General Meeting of Crescent Steel and Allied Products Limited will be held on Monday, December 31, 2001 at 3:00 p.m. at Avari Hotel, Lahore.

Auditors

A.F. Ferguson & Co.
Chartered Accountants

Legal Advisor

Hassan & Hassan

Bankers

National Bank of Pakistan
Societe Generale The French and International Bank
Faysal Bank
Muslim Commercial Bank
Habib Bank Limited
PICIC Commercial Bank Limited
Pakistan Industrial Credit and Investment Corporation Limited
Union Bank Limited

Registered Office

2nd Floor, 131, A-E/1, Main
Boulevard, Gulberg-III, Lahore
Telephone : 042 - 5712036
 - 5877087
Fax : 042 - 5877325

Liaison Office Lahore

5TH Floor, PAAF Building, 7-D
Kashmir / Egerton Road, Lahore.
Telephone: 042-6306880 - 3
E-mail: csapl@brain.net.pk

Principal Office

9th Floor, Sidco Avenue Centre,
264 R.A. Lines, Karachi-74400.
Telephone : 021 - 5674881-5
Fax : 021 - 5680476
E-mail: mail@crescent.com.pk
URL : www.crescent.com.pk

Factory – Steel Division

A/25, S.I.T.E., Nooriabad, District
Dadu, Sindh.
Telephone: 02202 - 660021,
660022, 660163
E-mail: csapl@hyd.paknet.com.pk

Mills – Cotton Division

Crescent Cotton Products
(Spinning Unit)
1st Mile, Lahore Road, Jaranwala.
Telephone: 0468 - 313799,
312899, 311741
Fax: 0468 - 315475
E.mail: ccpjrn@fsd.paknet.com.pk

MISSION, VISION AND VALUES



Crescent Steel &
Allied Products Ltd.

1. To add value to shareholders and the economy by engaging profitably in the supply of products for Water, Oil and Gas Transmission as core business and other selected activities.
2. To gain and maintain cost and quality leadership in the international competitive environment, as world class manufacturers.
3. To promote best use and development of human talent in a safe environment; as an equal opportunity employer.
4. To conduct business as a responsible corporate citizen, and take constructive interest in supporting education and environmental causes.



COMPANY PROFILE



Crescent Steel &
Allied Products Ltd.

Crescent Steel and Allied Products limited is a Public limited Company listed on all the Stock Exchanges of Pakistan. It started its commercial production in March 1987. The manufacturing facility consists 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 Dadu district of Sindh. Crescent Steel and Allied Products Limited is an equal opportunity employer with a sense of social responsibility and strongly supports education and environmental causes.

Steel Division

The Spiral Pipe Plant has a capability of manufacturing high quality steel pipes in the diameter range of 8-5/8" (219 mm) -90" (2286 mm) in wall thickness ranging from 4mm - 16 mm and material grades up to API SL X-80 grade. The company has the unique distinction of having the authorisation to use API monogram of the American Petroleum Institute since 1987 and of having been awarded ISO 9001 accreditation from January 1997. The maximum annual capacity of the pipe plant is 80,000 tons per annum. Crescent Steel and Allied Products Limited follows a strict quality regime and

the product is comparable to any of its kind in the world.

A multi-layer Polyolefin Coating Plant was added adjacent to the pipe mills in 1992. This plant is capable of applying multi-layer Coatings comprising of Fusion Bonded Epoxy, Co- Polymer Adhesive and High Density Polyethylene/ Polypropylene and Polyethylene tape Coating on steel pipes ranging from 8-5/8" (219 mm) -48" (1219mm). For clients who prefer a single layer protection only, the Plant is capable of delivering Fusion Bonded Epoxy as a single protection in the same pipe diameter range.

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.

The company has the right to use API monogram since 1987 of the American Petroleum Institute, which is the highest international standard accredited for quality of steel line pipes.

In 1997 the company was awarded ISO 9001 Quality Management Standard Certification, which it continues to maintain.

Cotton Division

In the year 2000, the company acquired a running cotton spinning mill of 14,400 spindles with building area of over 100,000 square feet and land area of 22.7 acres located at Jaranwala near Faisalabad, which is the hub of textile industry. The cotton spinning activity is carried out under the name and title of "Crescent Cotton Products (CCP) a Division of Crescent Steel and Allied Products Limited". CCP as a division holds ISO 9002 Quality Management Credential. The plant capacity in 20's count based on 3 shifts per day for 360 working days is 4,645,411 kilograms of cotton yarn.

CCP is a division of the Company but its operating results are shown separately.

CCP produces good quality cotton yarn of various counts from 10s to 30s and its products are consistently in demand and generally sold at a premium, for the time being only in local market. However, export potential also exists and would be duly explored.

Crescent Steel maintains high quality norms in all its products and has consistently exceeded the requirements of international standards

FINANCIAL HIGHLIGHTS



Crescent Steel &
Allied Products Ltd.

	Year ended June 30, 2001	Year ended June 30, 2000	Percentage Change + - Increase Decrease
Operating Results (Rupees in million)			
Revenues	818.8	121.2	+ 575.4
Profit/(Loss) from operations	37.4	(65.5)	- 157.2
Net Income	54.8	90.0	- 39.2
Data per common Share (Rs.)			
Earnings	4.48	1.18	+ 280
Book Value	34.51	31.82	+ 12
Stock Price Range	26-12	24-12	
Financial Position at June 30 (Rupees in million)			
Total Assets	1,181.3	894.6	+ 32.1
Capitalization	829.2	793.9	+ 4.4
Long-term Debts	53.8	64.4	- 16.4
Lease Obligations	27.6	0.3	+ 8,484.1
Common Equity	717.7	693.1	+ 3.6
Current Liabilities	382.3	136.8	+ 179.4
Other Statistics			
Return on average common Equity	7.76%	13.51%	- 43
Market to book value (times)	0.54	0.55	- 2
Common Shares (Nos.)	20,084,863	20,084,863	-

FINANCIAL SUMMARY



Crescent Steel &
Allied Products Ltd.

	2001	2000	1999	1998	1997
Operating Results (Rupees in million)					
Net Sales	818.8	121.2	32.9	1,184.2	991.6
Cost of Sales	739.0	150.0	105.0	913.9	693.1
Selling and Administrative expenses	42.4	36.7	44.7	74.5	64.2
Financial expenses	23.0	2.7	5.2	26.5	26.7
Other charges	28.9	35.2	40.9	30.3	41.5
Other income, Net	87.6	170.0	83.6	98.5	5.3
Pre tax (loss)/profit	73.1	66.6	(79.3)	189.7	171.5
Income tax	18.3	(23.4)	(103.1)	(1.3)	39.5
Net income	54.8	90.0	23.8	238.8	131.9
Per Share Results and Returns					
Earning per share (Rupees)	2.73	4.48	1.18	11.89	7.56
Net income to sales (%)	6.69	74.25	19.62	16.12	13.31
Return on average assets (%)	4.72	11.00	3.00	19.91	14.97
Return on average equity (%)	7.76	13.51	3.76	44.96	33.96
Financial Position (Rupees in million)					
Current Assets	777.4	474.9	473.9	520.0	797.2
Current Liability	382.3	100.7	105.8	166.2	575.6
Operating Fixed Assets	366.7	382.1	202.7	230.4	240.2
Total Assets	1,181.3	894.6	756.8	832.4	1,085.9
Long-term Debt	81.4	64.7	11.7	40.8	73.4
Shareholders' Equity	717.7	693.1	639.2	625.4	436.9
Break-up value per share (Rupees)	35.73	34.51	31.82	31.14	25.01
Financial Ratios					
Current assets to current liabilities	2.03	3.47	4.48	3.13	1.47
Long term debt to capitalization (%)	6.49	8.11	1.81	6.13	14.39
Total debt to total assets (%)	6.89	22.53	15.54	24.87	59.76
Interest coverage (times)	4.17	25.58	(14.25)	8.16	6.42
Average collection period (days)	51.95	3.96	131	24	33
Inventory turnover (times)	8.05	3.64	1.99	5.80	3.91
Fixed assets turnover (times)	2.23	0.70	0.16	5.14	4.25
Total assets turnover times	0.69	0.10	0.04	1.42	0.94
Other Data (Rupees in million)					
Depreciation	52.7	32.4	33.9	35.9	35.3
Capital expenditure	8.2	*211.9	11.8	29.5	24.7

* Includes Rs. 211.00 million towards assets of cotton spinning mill.

DIRECTORS' REPORT



Crescent Steel &
Allied Products Ltd.

The directors of the Company feel pleasure in submitting their report together with the audited accounts of the Company for the year ended June 30, 2001. The accompanying Chief Executive's Review and other reports provide a more detailed description of activities in the year and prospects for the future.

	Rupees (000's)	
	Year ended June 30, 2001	Year ended June 30, 2000
PROFIT FOR THE YEAR AND SURPLUS		
Profit / (Loss) before taxation	73,101	66,594
Taxation		
- Current	5,500	607
- Prior	(12,935)	
- Deferred	12,832	(11,100)
	18,332	(23,428)
Profit after taxation	54,769	90,022
Unappropriated Profit brought forward	18,924	15,055
Profit available for appropriation	73,693	105,077
APPROPRIATIONS:		
- Proposed Dividend 15% (2000: 18%)	(30,127)	(36,153)
- General Reserve	-	(50,000)
	(30,127)	(86,153)
UNAPPROPRIATED PROFIT CARRIED) FORWARD	43,566	18,924
Earning per share	Rs.2.73	Rs.4.48

DIRECTORS

Mr. Noman Ahmed Qureshi, nominee of SAPICO, resigned from the Board and in his place Mr. Mohammad Anwar, nominated by SAPICO, joined the Board from September 17, 2001.

The Board places on record its appreciation for the services rendered by Mr. Noman Ahmed Qureshi and welcomes Mr. Mohammad Anwar as Director.

AUDITORS

The present auditors M/s. A.F.Ferguson & Company, Chartered Accountants retire, and being eligible, offer themselves for reappointment.

NUMBER OF EMPLOYEES

The number of employees as at the end of June 30, 2001 was 571.

PATTERN OF SHAREHOLDINGS

The pattern of shareholdings as referred in Section 236 of the Companies Ordinance, 1984 is enclosed.

The directors place on record their appreciation for the efforts put in by the executives, staff members and workers of the Company.

For and on behalf of the Board

Ahsan M. Saleem
Chief Executive
Karachi: November 14, 2001



CHIEF EXECUTIVE'S REVIEW

Dear Shareholder,

In my report last year I had mentioned, that pipe manufacturers woes would continue throughout a major part of FY01. Indeed, it did, but the greatly satisfying and redeeming aspect is that in the last two months of FY 01, the wheels of the line pipe industry finally started rolling after remaining virtually stationary for three years since May 11, 1998.

This has been possible partly due to the industry cycle coming out of its ebb and partly because of some improvement in the general economic scenario.

The economic growth of the fiscal 2000-01 though marred by the unprecedented drought conditions prevalent in the country was rescued somewhat by the strong rebound in industrial growth. Industrial growth more specifically large scale manufacturing recorded an impressive growth of 7.1% against a target of 5.9%.

What has been particularly heartening for the line pipe manufacturing industry has been the present government's policy to extensively pursue the two-pronged strategy of tapping undiscovered gas reserves through aggressive oil and gas exploration and using existing indigenous natural gas more prudently in an effort to reduce the high energy

import bill. This has led to the shift in reliance from import to indigenously available, hitherto untapped sources of energy. The revival of the Offshore and Onshore Policies for drilling, which had been neglected for some time has put new focus on this sector. This is likely to attract attention of both local as well as foreign investors.

For exploitation of recent discoveries of gas at Sawan and Zamzama and to otherwise enhance their potential the gas transmission and distribution companies have embarked on an aggressive plan for expanding their current capabilities to cater for an additional 850 million cubic feet per day of gas through a Rs. 20 billion project plan. The Ministry of Petroleum and Natural Resources have also earmarked a sum of Rs.16 billion for Gas Infrastructure Development Project to save foreign exchange.

The cotton sector, suffered from uncertainties of crop size and a perception of its possible infection as was mentioned in my last year's report though at year end, the statistics showed that the country produced 10.9 million bales against somewhat uncertain estimates. The gap in estimated and actual production threw the pricing mechanism into disarray and contrary to expectations cotton prices were much higher due to domestic factors as

well as a high international parity. This features in the commentary on operations relating to cotton division that follows.

Operations

In the accompanying accounts it would be observed that the operations of the Steel Division and the Cotton Division are shown as independent segments as these activities are in the nature of two separate undertakings of your company and up to the bottom line profit before tax, the figures of the two undertakings or segments are shown separately.

Accordingly in the comments that follow the segmental difference of the two activities has been maintained.

Steel Division

As mentioned earlier for its Steel Division which comprises the manufacturing and coating of pipes, this year marked the coming out of your company from the recessionary phase of the last three years. Actual production in the pipe plant was 7,161 tons compared to 3,374 tons last year. Similarly in the coating plant, coating of 128,203 square meters was undertaken where this reflects production of only about three months and is almost three times that of last year when it was 41,793 square meters only.

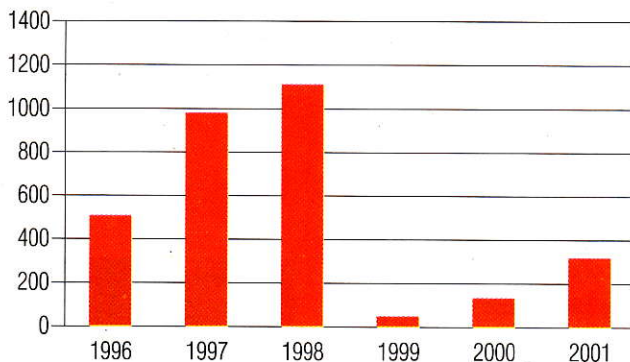


The revival of the Offshore and Onshore Policies for drilling has put new focus on this sector

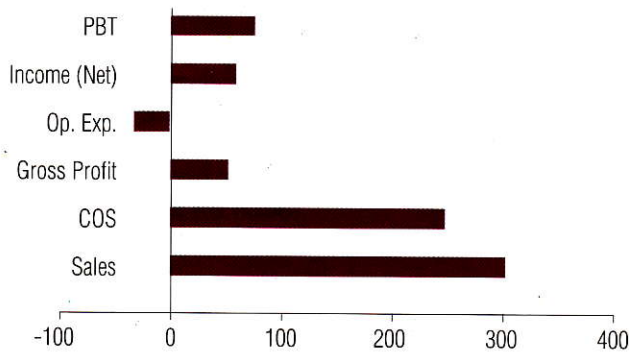


Crescent Steel & Allied Products Ltd.

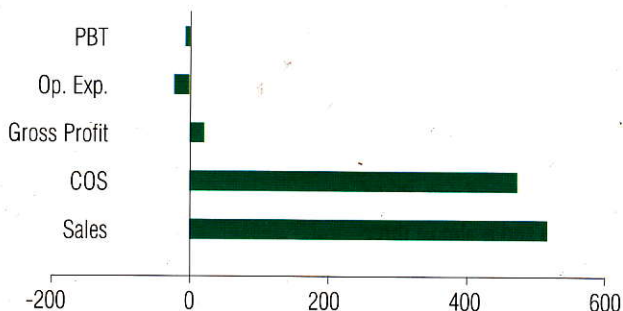
Total Sales – Steel Division



Steel Division



Cotton Division



Sales at Rs. 306.985 million post a 153% growth from the Rs. 121.238 million of last year.

Gross profit at Rs. 54.603 million marks a reversal showing an improvement of Rs. 83.399 million when compared with the loss of Rs. 28.796 million last year. Total expenses decreased by Rs. 0.2 million reflecting your management's continuing efforts to keep expenses under strict control. Thus where last year total expenses were 30.2% of sales this year expenses made up only 12% of total sales.

Gross profit margin improved from a negative of last year, to 18% this year but operating margin declined from 55% last year to 24% this year mainly because of the good returns we were able to realize on our short-term investments last year.

Financial charges at Rs. 0.352 million are low as even though the activity went up with consequent additional need for funds, the company was able to manage this funding requirement primarily through internally generated sources.

The Steel Division posted a profit before tax figure of Rs. 75.268 million against Rs. 66.594 million last year mainly due to the increased activity this year.

Cotton Division

The cotton-spinning unit continued to work uninterrupted

through out the year on 3-shift basis achieving a production of 10.94 million pounds. It may be appreciated that the plant actually started functioning from July 1,2000 hence no comparisons with the previous year are given.

The high quality of yarn produced by your company enabled the cotton unit to post a healthy sales figure of Rs. 511.848 million. This revenue was however a little below expectations, as high cotton prices were not accompanied by a similar increase in yarn prices.

Gross profit achieved was Rs. 25.256 million leading to a gross profit margin of 4.93%. The rather subdued margin was mainly due to the high cost of cotton. Expenses at Rs. 5.956 million represented 1.16% of sales.

The Cotton Division posted a loss before tax of Rs. 2.167 million partly due to high financial charges for running finance and high cost of cotton unaccompanied by a similar increase in the price of yarn, which contributed to push down the profit figure. Funds generated by the cotton unit, however, service debts and provide for fixed working capital for the unit.

Taxation

For tax purposes the profits of both steel and cotton divisions are aggregated. Against taxation, the



charge this year of Rs. 18.33 million relates mainly to provision of deferred tax and minimum turnover tax as no tax is applicable on income of the current year due to tax losses from previous years. The determined refund of Rs. 43 million as mentioned in the previous year was reduced by the tax department to Rs. 36 million, but even this amount is not being refunded to the Company for the last one year. It is worth mentioning that the total amount stuck up with the department in the form of determined refund, amounts in appeal and advance payments in excess of anticipated liabilities total up to Rs. 70 million.

Overall Profitability

Thus the total sales figure of your company stood at Rs. 818.833 million as against Rs. 121.238 million last year, the profit before tax stood at Rs. 73.101 million as against Rs. 66.594 million last year.

Net profit after tax of Rs. 54.769 million is shown for the company. This compares to Rs. 90.002 million of last year, which included certain write backs.

The earning per share has gone down to Rs. 2.73 compared to last years figure of Rs. 4.48 mainly because last year included tax write back figure of Rs. 35.2 million and certain other write backs that helped to push up earning per share.

Recommendations about the appropriation of the profit are contained in the Directors Report.

Balance Sheet

A review of the balance sheet shows that the current ratio continues to be healthy at 2.03:1 though compared to last year it has gone down because of the increase in stock - in - trade due to raw cotton stock and some finished goods at the Steel Division at year-end as a result of the increased activity.

Trade debtors have increased from last year as the production in June earmarked against specific contracts though delivered and billed subsequently were included in sales and debtors as per accounting policy. However these payments are secured through letters of credit.

The profit and loss statement reveals that the operating efficiency ratios have improved from last year.

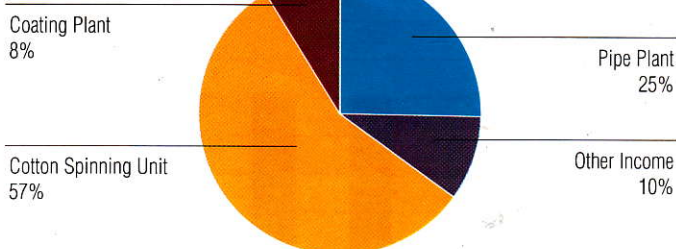
Fixed asset turnover has gone up to 2.23 time this year from a negative last year.

Inventory processing time for the Steel Division has improved from 95 days to 83 days while the Cotton unit achieved an average processing time of 26 days.

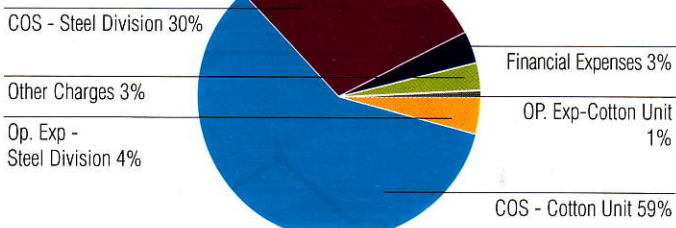
Investments

The investments appear under the classification of short term and long term. Including the current

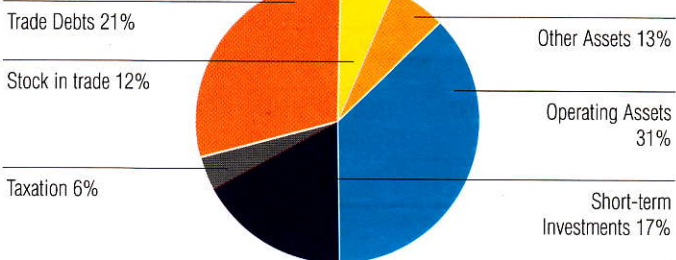
Revenue



Expenses

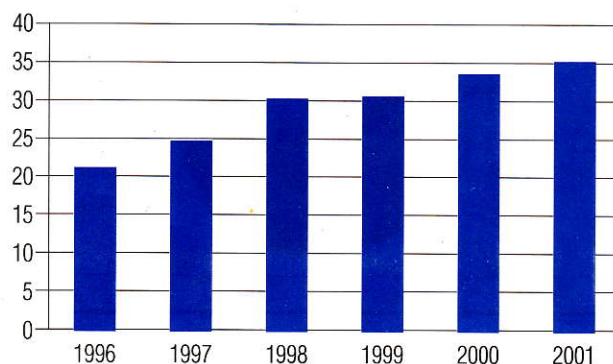
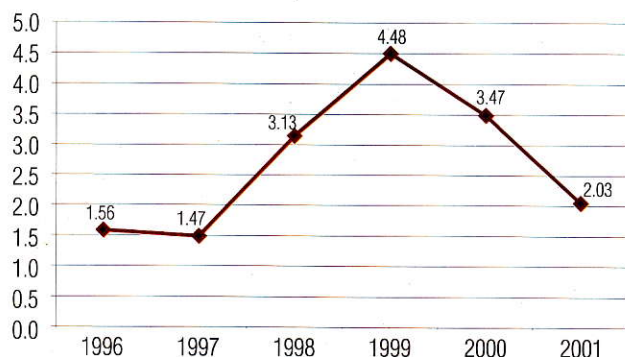
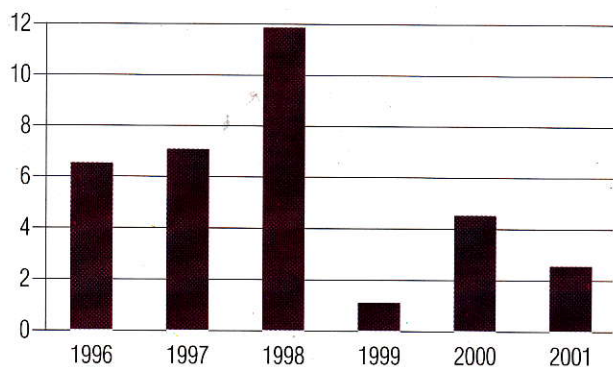


Assets



Liabilities & Shareholders Equity



Crescent Steel &
Allied Products Ltd.**Break up value of shares****Current Ratio****EPS**

maturity of long term investment and bank balances which are shown separately in the balance sheet these aggregate to Rs. 268.242 million. Of these marketable securities are 61%, fixed income securities 29% and cash 10%.

Long-term investments are those which are not likely to be disposed off in the near future, whereas short term investments are made to avail capital gain opportunities.

The capital market remained range bound with low turnover most of the current fiscal mainly due to the multiple policy changes being put in place by the SECP and also due to general economic conditions. Where the KSE index was at 1519.63 at the beginning of the current year the year-end witnessed it closing at 1366.43. Although the market witnessed sporadic movements especially after the resolution of the HUBCO issue it failed to sustain the rally for long. Under such circumstances it was difficult to seek yields superior to fixed income securities. In order to realise capital gains whenever available and to reduce the average carrying cost of the stock we traded in high cap large float stocks.

Hence although our dividend income increased from Rs. 16.404 million of last year to Rs. 22.060 million this year there was a capital

loss of Rs. 7.003 million from our short-term portfolio investments against a profit of Rs. 71.468 million last year. During the year short-term investments in shares of listed companies amounted to Rs. 137.555 million with disinvestments of Rs. 183.047 million thus reducing the investment portfolio to Rs. 145.777 million against a cost of Rs. 165.849 million. Adding to this figure our investments in Pakistan Bonds of Rs. 51.300 million brings us to our total short-term investments of Rs. 197.077 million. Due to continuous decline in the value of stocks a provision of Rs. 20.072 million was made against short term investments as on June 30,2001. This is in addition to a provision of Rs. 15.479 million existing as at June 30,2000 bringing total provision to Rs. 35.551 million The market value of long-term investments at the year-end stood at Rs. 14.971 million against a cost of Rs. 17.132 million.

Industry Problems

The present government with its emphasis on exploitation of local energy sources has done much to retract the injury that had been done to our industry in the past. This has been the much-needed step in the right direction as furnace oil import; besides being an enormous burden on the economy also adversely affects the environment.

This policy has led to massive infrastructure development in the oil and gas sector highlighting the need for a coordinated effort from representatives of the Ministry of Petroleum and the Ministry of Industries and Production. Fortunately the Secretary of the Ministry of Industries and Production is also on the Engineering Development board and is fully aware of the problems being faced by the industry.

The Engineering Development Board has played a positive role in acting as a mediator between the industry and the oil and gas companies by constituting a competent body with representatives from State Engineering and the Ministry of Petroleum to review the specifications of pipes before a project is finalized. This should be done by taking into account the pipe manufacturing and coating capability existing within the country. It is rather unfortunate that at times the concerned ministries and other agencies spend years and years in planning and paperwork but when the time comes for implementation the targets are found to be unrealistic making it impossible for the local industry to meet their requirements. The gas companies are planning major pipeline network extension and there is a need to phase out the construction plan in a man-

ner that local industries are able to meet the projected requirement. In this regard it is imperative that the line pipe manufactures be taken in confidence in the formulation of the design specification so that if there is a need to augment their existing facilities the respective manufacturers may act in time for modernization and up gradation.

The Engineering Industry has suffered much over the past due to the erratic policies of the governments. There is a need to respond to dumping of engineering goods by developed countries who themselves are very adept at imposing stiff countervailing duties where it concerns their own countries imports.

The capability of Pakistan Steel both in quality as well as delivery is questionable. As the local industry has to purchase raw materials from Pakistan Steel Mills whatever they claim to be within their manufacturing range, the industry is at a disadvantage as it has to suffer heavy liquidated damages for default on deliveries by Pakistan Steel or lose local and export opportunities even to countries where Pakistani manufacturers have freight advantage.

For our cotton division, although the government has done much for the spinning industry by way of allowing the duty free import of plant and machinery for expansion and BMR, duty free

import of ring frames, export financing facility but the performance of our industry is directly related to the supply of raw cotton in reasonable quantity and at moderate price.

The biggest problem of the textile industry is the high level of contamination in our cotton. Cotton contamination consisting of mostly polypropylene, coloured cloth, jute, human hair etc leads to high trash content which ultimately affects the quality of yarn produced and adversely affects its grade level. In imported cotton on the other hand the trash content is, to a large extent, controlled driving local manufacturers to mostly look towards importing cotton in order to make quality yarn. The entire process from cotton picking and ginning thus needs to be revamped and improved. Our farmers need to be made aware of the effects of contaminated cotton and in addition need to be provided the resources to improve on the current process of cotton packing. The government campaign in this direction should yield positive results. TCP's intervention in the market at the behest of the Government has a negative impact on free market mechanism and sale by TCP to foreign buyers at lower than market

The biggest problem of the textile industry is the high level of contamination in our cotton.



Crescent Steel &
Allied Products Ltd.

price is an issue that needs urgent correction.

Quality Program

Excellence in quality continues to remain an important byword for us in all aspects of our operations. As our product competes not just with local manufacturers but also international manufactures we feel that adherence to and assurance of strict quality procedures is the only way we can gain a firm competitive edge against our competitors. As I had mentioned in my last report we have a formal quality program covering the entire organisation whose compliance is ensured through an independent quality function reporting directly to me. Already accredited with the API and ISO 9001 certification for the Steel Division and ISO 9002 certification for the Cotton Division I take great pleasure in reporting that both units are currently updating their procedures and moving towards attaining the ISO 9001:2000 certification. This should be in place in the next fiscal further ensuring that we are at par with international standards.

Social Responsibility

In continuing with our policy to

act as good corporate citizens, education and environment are on top of our support agenda. We continue to support and uphold the promotion of education of underprivileged children. While providing financing to help in the running of five schools under the umbrella of The Citizens Foundation another school at our cotton unit in Jaranwala will soon be operational catering mainly to the needs of the low income families of the area. We intend to expand this assistance in future. Additionally we have contributed substantially to Lahore University of Management Sciences. Our contribution to the cause of education has continued through very difficult times for the Company as it might be appreciated that during last three years the pipe manufacturing activity remained virtually closed.

Additionally we remain committed to the cause of environment protection.

Future Outlook

In the wake of the 11th September attack on the World Trade Centre much of the global economic scenario has changed dramatically. Pakistan in the precarious position of decrying terrorism at one hand and keeping street sentiments in check at home on the other seems to be caught right in the thick of things.

The direct impact of the attack on our industry has been the imposition of the War risk surcharges on all imports and increased freight charges that have led to an increase in import prices of our raw material thus reducing our export competitiveness vis a vis other countries. However the government is hopeful to reschedule various loans and bag new ones on softer terms. In the long run this might prove to be an opportunity to put the economy back on rails.

The stock market seems well on the road to recovery due to the many policy changes that took place at the end of the fiscal 01, the results of which will become evident in the coming months. The restructuring of the Governing Board, introduction of capital adequacy, ban on short selling and introduction of T+3 and futures trading augur very well for the performance of the market in the next fiscal. Investors perceive good signals and there might be sizeable capital gains on medium and long-term basis. However looking forward much depends on how the government handles the many eco-political issues that will crop up as a result of the Afghanistan crisis.

The 840 km White Oil Pipeline Project is progressing steadily. Route survey and detailed engineering is being car-

In continuing with our policy to act as good corporate citizens, education and environment are on top of our support agenda



Crescent Steel &
Allied Products Ltd.

ried out and pipeline construction is expected to commence from March/April 2001. To fully utilize the new gas discoveries SNGPL has started its infrastructure development project with plans to lay down a 516 km 36", 30", 24", 20", 18" and 16" dia pipe. Attock refinery intends to construct a 180 km, 12" product pipeline from ARL to Peshawar while Premier Shell is working on a 400 km 36" pipeline to link gas from the Dadu fields in Sindh to the SNGPL system. We have a good chance to get substantial share in these projects.

Fresh order intakes in the first and second quarter of FY 02 have been encouraging and we have closed the first quarter with a positive bottom line. The order book for the second quarter is full, with orders worth over Rs. 600 million, which will also flow over to the third quarter. It is expected that the production and revenue for the FY 02 will be much higher than FY01 for Steel Division and will be maintained for the Cotton Division.

In the cotton sector another bumper crop is expected in the next fiscal with TCP given the mandate to pick up 1 million bales by the government, which should help to stabilize prices. The recent reassessment of the

world cotton demand -supply situation by the USDA caused the NY futures to crash and prices have remained depressed for most of the first quarter of the new fiscal. But cotton prices have been noted to be extremely volatile moving from high to low in a very short span of time. We are keeping a close eye on both the international as well as the local market and will be formulating our strategies based on careful assessment of the overall global economic scenario.

The cotton unit has embarked on the first phase of an initial Balancing Modernization Replacement (BMR) exercise to increase its efficiency, sustain the quality of

its product and to ensure its continuity to bag premium prices in the market. However looking at the current economic scenario in the aftermath of the 11th September attack, general recession in the world economy and the burgeoning supply of cotton any future strategy with regards to further expenditure will be formulated cautiously.

Funds have been allocated to upgrade our facilities both at the Steel Division and Cotton Division to keep our machinery at the cutting edge of technology. Investment is also envisaged in latest testing and laboratory equipment.

Some fresh initiatives in the areas of Human Resource,





Crescent Steel &
Allied Products Ltd.

Information and Management Assurance Systems are being undertaken to enhance capacity building for future management needs concurrently with the improvements in our production facilities.

Staff

We have an exceptional group of people. It is their hard work, commitment and devotion that has given a sound base to the company and ensured its long-term growth. Each individual is focused on ones responsibility to the shareholders and customers. The company continues to benefit from the efforts of all its employees and on behalf of the directors and myself; I am pleased to record

our appreciation. Development of management and staff has a high priority in the company.

Board of Directors

The Board of Directors have always been a source of guidance and support for the management and I would like to place on record my appreciation and gratitude for the same.

Final Word

We are thankful to the shareholders for standing by us and for the confidence reposed. We would like to express our thanks to our customers for their support and look forward to the potential of growth in their business with hope. Our thanks also go to the

financial institutions and banks that have continued to support the company at all times.

On Behalf of the Board,

A handwritten signature in black ink, appearing to read 'Ahsan M. Saleem', is written over a horizontal line.

Ahsan. M. Saleem
Chief Executive

14th November 2001.



AUDITORS' REPORT TO THE MEMBERS

A.F. Ferguson & Co
Chartered Accountants
State Life Building No. 1-C
I.I. Chundrigar Road, P.O. Box 4716
Karachi-74000, Pakistan
Telephone: (021) 2426682-6/242671
Facsimile: (021) 2415007

We have audited the annexed balance sheet of Crescent Steel and Allied Products Limited as at June 30, 2001 and the related profit and loss account, statement of changes in equity and cash flow statement together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing

the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that-

(a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion-

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the year was for the purpose of the company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2001 and of the profit, its changes in equity and cash flows for the year then ended; and

(d) in our opinion, zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance .


Chartered Accountants

November 23, 2001

BALANCE SHEET



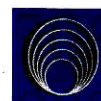
Crescent Steel &
Allied Products Ltd.

As at June 30, 2001

Rupees in thousand

	Note	2001	2000
Share capital and reserves			
Authorised capital 30,000,000 (2000: 30,000,000) ordinary shares of Rs. 10 each		300,000	300,000
Issued, subscribed and paid-up capital	3	200,849	200,849
Reserves	4	473,278	473,278
Unappropriated profit		43,566	18,924
		717,693	693,051
Long-term loans	5	40,993	64,407
Liabilities against assets subject to finance leases	6	27,555	321
Deferred taxation	7	12,832	-
Current liabilities			
Current maturity of long-term loans	5	22,584	20,232
Current maturity of liabilities against assets subject to finance leases	6	9,762	329
Short-term finances	8	119,377	20,546
Creditors, accrued and other liabilities	9	200,409	59,545
Proposed dividend		30,127	36,153
		382,259	136,805
Contingencies and commitments	10		
		1,181,332	894,584

The annexed notes form an integral part of these accounts.



		Rupees in thousand	
	Note	2001	2000
Tangible fixed assets			
Operating fixed assets	11	321,218	374,753
Assets subject to finance leases	12	6,436	328
Capital work-in-progress	13	39,092	6,970
		<u>366,746</u>	<u>382,051</u>
Long-term investments	14	29,640	32,004
Long-term deposits	15	5,394	1,702
Staff retirement benefits	16	2,174	3,277
Current assets			
Stores, spares and loose tools	17	41,762	37,929
Stock-in-trade	18	145,100	38,484
Trade debts	19	249,306	220
Short-term advances	20	2,286	1,606
Short-term deposits and prepayments	21	3,994	5,075
Current maturity of long-term investment in redeemable capital	22	14,175	7,582
Short-term investments	23	197,077	245,443
Other receivables	24	26,045	35,201
Taxation	25	70,283	72,520
Short-term deposits with non-banking financial institutions	26	—	15,000
Cash and bank balances	27	27,350	16,490
		<u>777,378</u>	<u>475,550</u>
		<u>1,181,332</u>	<u>894,584</u>

Chairman

Chief Executive

PROFIT AND LOSS ACCOUNT



Crescent Steel &
Allied Products Ltd.

For the year ended June 30, 2001

	Note	2001			2000		
		Steel division	Cotton division	Total	Steel division	Cotton division	Total
				Rupees in thousand			
Sales	28	306,985	511,848	818,833	121,238	—	121,238
Cost of sales	29	252,382	486,592	738,974	150,034	—	150,034
Gross profit/(loss)		54,603	25,256	79,859	(28,796)	—	(28,796)
Selling expenses	30	4,429	815	5,244	5,476	—	5,476
Administration expenses	31	32,026	5,141	37,167	31,181	—	31,181
		36,455	5,956	42,411	36,657	—	36,657
Operating profit/(loss)		18,148	19,300	37,448	(65,453)	—	(65,453)
Other income	32	86,379	1,225	87,604	170,001	—	170,001
		104,527	20,525	125,052	104,548	—	104,548
Financial charges	33	352	22,692	23,044	2,709	—	2,709
Other charges	34	28,907	—	28,907	35,245	—	35,245
		29,259	22,692	51,951	37,954	—	37,954
Profit/(loss) before taxation		75,268	(2,167)	73,101	66,594	—	66,594
Taxation	35			18,332			(23,428)
Profit after taxation				54,769			90,022
Basic earnings per share	36			Rs. 2.73			Rs. 4.48

The annexed notes form an integral part of these accounts.


Chairman


Chief Executive

STATEMENT OF CHANGES IN EQUITY



Crescent Steel &
Allied Products Ltd.

For the year ended June 30, 2001

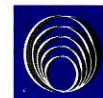
	Issued, subscribed and paid-up share capital	General reserve	Unappro- priated profit	Total
Rupees in thousand				
Balance as at July 1, 1999	200,849	423,278	15,055	639,182
Profit for the year	—	—	90,022	90,022
Transfer to general reserve	—	50,000	(50,000)	—
Proposed dividend (18%)	—	—	(36,153)	(36,153)
Balance as at June 30, 2000	200,849	473,278	18,924	693,051
Profit for the year	—	—	54,769	54,769
Proposed dividend (15%)	—	—	(30,127)	(30,127)
Balance as at June 30, 2001	200,849	473,278	43,566	717,693

The annexed notes form an integral part of these accounts.


Chairman


Chief Executive

CASH FLOW STATEMENT



Crescent Steel &
Allied Products Ltd.

For the year ended June 30, 2001

	Note	Rupees in thousand	
		2001	2000
Cash flow from operating activities			
Cash generated from/(used in) operations	37	(99,979)	12,287
Taxes refunded/(paid)		(3,263)	33,585
Financial charges paid		(18,656)	(9,651)
Contributions to pension and gratuity fund		(2,568)	(2,837)
(Decrease)/increase in long-term deposits and prepayments		(3,692)	(644)
Net cash inflow/(outflow) from operating activities		(128,158)	32,740
Cash flow from investing activities			
Fixed capital expenditure		(8,215)	(211,959)
Investments made		(147,554)	(397,982)
Sale proceeds of fixed assets		5,947	992
Sale proceeds of investments		193,957	378,760
Dividends received		22,576	13,048
Redemption of redeemable capital		7,582	9,315
Return on deposits - associated undertakings		361	11
- others		8,342	15,921
Net cash inflow/(outflow) from investing activities		82,996	(191,894)
Cash flow from financing activities			
Long term loan		66,000	84,639
Repayments of			
- a long term loan		(21,062)	(19,474)
- liabilities against assets subject to finance lease		(1,133)	(1,336)
Dividends paid		(35,614)	(10,001)
Net cash inflow from financing activities		8,191	53,828
Net decrease in cash and cash equivalents		(36,971)	(105,326)
Cash and cash equivalents at the beginning of the year		10,944	116,270
Cash and cash equivalents at the end of the year	38	(26,027)	10,944

The annexed notes form an integral part of these accounts.


Chairman


Chief Executive

NOTES TO THE ACCOUNTS



Crescent Steel &
Allied Products Ltd.

Notes to and forming part of the accounts for the year ended June 30, 2001

1. Legal Status and Operations

1.1 The company was incorporated on August 1, 1983 as a public limited company and is quoted on the stock exchanges in Karachi, Lahore and Islamabad. It is one of the downstream industries of Pakistan Steel Mills manufacturing large diameter spiral arc welded steel line pipes at Nooriabad (District Dadu). The company has a coating facility capable of applying 3 layer high density polyethylene coating on steel line pipes. The coating plant commenced commercial production from November 16, 1992.

1.2 The company acquired a running spinning unit of 14,400 spindles at Jaranwala (District Faisalabad) on June 30, 2000 from Crescent Jute Products Limited (CJPL). The cotton spinning activity is carried out by the company under the name and title of "Crescent Cotton Products a division of Crescent Steel and Allied Products

Limited". A basic sale and purchase agreement has been entered into, however, the transfer of legal title is in the process of being completed.

1.3 The activities of the company have been grouped into two segments of related products. The steel division comprises manufacturing and coating of steel pipes whereas the cotton division is involved in yarn manufacturing activity. The steel division charges certain percentage of the common administrative expenditure to the cotton division. In addition, the funds utilised by inter division are also charged at the mark-up rate of 15% per annum.

2. Significant accounting policies

2.1 Basis of preparation

These accounts have been prepared in accordance with the requirements of the Companies Ordinance, 1984 and International Accounting Standards as applicable in Pakistan.

2.2 Accounting convention

These accounts have been

prepared under the historical convention.

2.3 Staff retirement benefits

Provident fund

The company operates a provident fund scheme for its permanent employees. Equal monthly contributions are made by the company and its employees.

Steel division

Contributions are made at the rate of 8.33 percent of basic pay and dearness allowance for those employees who have served the company for a period less than five years. For employees who have completed five years or more of service, contributions are made at the rate of 10%.

Cotton division

The company makes a provision at the rate of 6.25 percent of the basic pay of cotton division employees which shall eventually be transferred to a provident fund, which is yet to be established

Pension and gratuity fund

The company has also established pension and gratuity fund

NOTES TO THE ACCOUNTS



Crescent Steel &
Allied Products Ltd.

schemes for its permanent management employees. The pension scheme provides lifetime pension to retired employees or to their spouses. Contributions are payable to the pension and gratuity funds on a monthly basis according to the actuarial recommendations. Actuarial valuations are conducted annually.

The actuarial valuation has been conducted in accordance with the IAS 19 (revised 1998) as of December 31, 2000. The projected unit credit method based on the following significant assumptions is used for valuation of schemes mentioned above:

- discount rate at 12% per annum;
- expected rate of increase in salaries 10% per annum; and
- expected rate of interest on investment at 12% per annum.

2.4 Compensated absences (leave)

Compensated absences (leave) of employees are accounted for in the period in which these absences are earned.

2.5 Tangible fixed assets and depreciation

Operating assets are stated at

cost less accumulated depreciation. Leasehold land is amortised over the period of the lease. Capital work-in-progress is stated at cost.

Depreciation on fixed assets is charged to the profit and loss account applying the straight-line method whereby the cost of an asset is written off over its estimated useful life. Full year's depreciation is charged on additions except major additions or extensions to production facilities which are depreciated on pro-rata basis for the period of use during the year. No depreciation is charged on assets disposed off during the year.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired. Profit or loss on sale or retirement of fixed assets is included in income currently.

2.6 Assets subject to finance lease

These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of assets acquired on lease. Aggregate amount of obligations relating to

assets subject of finance lease is accounted for at net present value of liabilities. Assets so acquired are amortised over their respective useful lives.

Finance charge is allocated to accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

Amortisation of leased assets is charged to current year's income as part of depreciation.

2.7 Stores and Spares

Stores and spares are valued on a weighted average cost basis.

2.8 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realisable value. Cost is arrived at on a weighted average basis. Cost of work-in-process and finished goods includes cost of materials and appropriate portion of production overheads. Net realisable value signifies the estimated selling price in the ordinary course of business less cost necessarily to be incurred to make the sale. Goods-in-transit are valued at actual cost accumulated to the balance sheet date.



2.9 Foreign currencies

Consistent with prior years, transactions in foreign currencies are recorded in Pakistan rupees at the rates of exchange approximating those prevalent on the date of transaction except if such transactions are covered through forward foreign exchange contracts in which case they are recorded at the contracted rate.

Consistent with prior years, monetary assets and liabilities in foreign currencies are reported in Pakistan rupees at the rates of exchange approximating those prevalent on the balance sheet date except those liabilities covered under forward foreign exchange contracts which are reported at the contractual rates.

Exchange differences and exchange risk cover fees on foreign currency loans for capital requirements are capitalised whereas those on current assets and liabilities are charged to income.

2.10 Taxation

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax

rebates available, if any, or the minimum tax at the rate of 0.5 percent of the turnover, whichever is higher.

Deferred taxation, if any, is accounted for on all significant timing differences using the liability method. The company recognises any deferred tax debit balance only if it is likely to reverse in the foreseeable future.

2.11 Revenue recognition

Revenue from sales is recognised on despatch of goods to customers. Sales are also recognised when the company specifically appropriates deliverable goods against such confirmed orders where the payments are secure.

Dividend income is recognised when the right to receive is established i.e. at the book closure date of the company declaring the dividend.

Gain and loss on sale of investments are recognised on accrual basis.

2.12 Investments

Long-term investments are stated at cost less provision for diminution in value. In arriving at the provision in respect of any

diminution in the value of long-term investments, consideration is given only if there is a permanent impairment in the value of the investments.

Short term investments are stated at the lower of cost and market value on a portfolio basis.

**3. Issued, subscribed and paid-up-capital**

Number of shares			Rupees in thousand	
2001	2000		2001	2000
10,564,900	10,564,900	Ordinary shares of Rs.10 each fully paid in cash	105,649	105,649
9,519,963	9,519,963	Ordinary shares of Rs.10 each issued as bonus shares	95,200	95,200
<u>20,084,863</u>	<u>20,084,863</u>		<u>200,849</u>	<u>200,849</u>

4. Reserves

General Reserve

At the beginning of the year	471,000	421,000
Transfer from profit and loss account	—	50,000
	<u>471,000</u>	<u>471,000</u>
Reserve for issue of bonus shares	2,278	2,278
	<u>473,278</u>	<u>473,278</u>

5. Long term loans- Cotton division
Secured

From Pakistan Industrial Credit and Investment Corporation (PICIC), an associated undertaking
at 14% - note 5.2
at 16% - note 5.3

Less: Current maturity shown under current liabilities

	35,272	46,362
	28,305	38,277
	<u>63,577</u>	<u>84,639</u>
	22,584	20,232
	<u>40,993</u>	<u>64,407</u>

5.1 The above loans relate to Crescent Cotton Products (CCP), a cotton spinning unit, obtained by CJPL from Pakistan Industrial Credit and Investment Corporation have been taken over by the company effective June 30, 2000 as part of purchase consideration for CCP. An agreement in this regard is in the process of formalisation.

5.2 The loan of Rs. 35.272 million is repayable by December 2003 in half yearly installments.

5.3 The loan of Rs. 28.305 million is repayable by November 2003 in monthly installments.

5.4 These loans are secured against first charge on fixed assets of the cotton division. After completion of legal formalities for transfer of title this loan will continue to be secured there against together with depositing of post dated cheques for the remaining installments of loan.



6. Liabilities against assets subject to finance leases

	2001			2000		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
Total liabilities against assets subject to finance leases						
Long-term – notes 6.1 and 6.2	–	27,555	27,555	321	–	321
Current maturity - notes 6.1 and 6.2	219	9,543	9,762	329	–	329
	<u>219</u>	<u>37,098</u>	<u>37,317</u>	<u>650</u>	<u>–</u>	<u>650</u>

6.1 Steel division

The company has acquired vehicles under finance lease agreements with a leasing company. The rentals are payable in monthly installments under the lease agreements. The amounts of future payments for the leases and the period in which the lease payments will become due are:

	2001	2000	2001	2000	2001	2000
	Minimum lease payments		Financial charges		Present value of minimum lease payments	
Year to June 30, 2001	–	406	–	77		329
Year to June 30, 2002	237	344	18	23	219	321
Total	<u>237</u>	<u>750</u>	<u>18</u>	<u>100</u>	<u>219</u>	<u>650</u>
Less: Current maturity shown under current liabilities					219	329
					<u>–</u>	<u>321</u>

The present values of minimum lease payments have been discounted at an effective mark up rate of 22.01% per annum. Repairs and insurance costs are to be borne by the lessee. The company intends to exercise its option to purchase the leased assets for Rs. 0.064 million on completion of the lease period(s).



6.2 Cotton division

The company has acquired plant and machinery for its spinning unit under finance lease agreements. The rentals are payable in quarterly installments under the lease agreements. The amounts of future payments for the leases and the period in which the lease payments will become due are:

	2001 Minimum lease payments	2000	2001 Financial charges	2000	2001 Present value of minimum lease payments	2000
	Rupees in thousand					
Year to June 30, 2001						
2002	14,527	-	4,984	-	9,543	-
2003	14,527	-	3,288	-	11,239	-
2004	17,606	-	1,290	-	16,316	-
	<u>46,660</u>	<u>-</u>	<u>9,562</u>	<u>-</u>	<u>37,098</u>	<u>-</u>
Less: Current maturity shown under current liabilities					9,543	-
					<u>27,555</u>	<u>-</u>

The present values of minimum lease payments have been discounted at an effective mark up rates ranging from 16.25% to 18.40% per annum. Repairs and insurance costs are to be borne by the lessee. The company intends to exercise its option to purchase the leased assets for Rs. 3.780 million on completion of the lease periods.

7. Deferred taxation

The deferred tax liability on account of net timing differences due to accelerated tax depreciation, provision against slow moving stock and assessed/returned losses amounts to Rs. 12.832 million. As at June 30, 2000 the deferred tax debit aggregated Rs. 4.315 million which was not recognised.

8. Short term finances

		2001		2000		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
	Rupees in thousand					
Secured						
Running finances under mark-up arrangements						
National Bank of Pakistan	8.1	5,112	-	5,112	-	-
Societe Generale, The French and International Bank	8.2	48,265	-	48,265	20,546	20,546
Short-term loans						
Saudi Pak Industrial and Agricultural Investment company (Private) Ltd.	8.3	-	25,000	25,000	-	-
Al-Meezan Investment Bank Ltd.	8.4	-	15,000	15,000	-	-
First Crescent Modaraba	8.5	10,000	-	10,000	-	-
Bank of Khyber	8.6	16,000	-	16,000	-	-
	<u>79,377</u>	<u>40,000</u>	<u>119,377</u>	<u>20,546</u>	<u>-</u>	<u>20,546</u>



8.1 National Bank of Pakistan

The facility for running finance available amounts to Rs. 20 million (2000: Rs. 20 million). The rate of mark-up is 16% per annum. A rebate of 2% per annum will be admissible On giving foreign exchange business in the ratio of 3:1 to the bank. The purchase price is repayable on December 31, 2001. The above facility is secured by a charge on the present and future current assets of the company, pledge/hypothecation of the stocks and first equitable mortgage on the fixed assets of the company.

The facility for opening letters of credit and guarantees as at June 30, 2001 amounted to Rs. 83 million (2000: Rs. 83 million) of which amount remaining unutilised at the year end was Rs. 37 million. (2000: Rs. 71.458 million).

8.2 Societe Generale, The French and International Bank

The facility of running finance available amounts to Rs. 50 million (2000: Rs. 50 million). The rate of mark-up is 15% per annum. The purchase price is payable on March 31, 2002 This facility is secured against hypothecation charge over stocks and book debts ranking pari passu with other banks.

The facility for opening letters of credit and guarantees as at June 30, 2001 amounted to Rs. 110 million (2000: Rs. 110 million) of which amount remaining unutilised at the year end was Rs. 82.81 million (2000: Rs. 106.917 million).

8.3 Saudi Pak Industrial and Agricultural Investment Bank

The short term loan facility for cotton purchases available amounts to Rs. 25 million (2000: Rs. Nil). The rate of mark-up is 15% per annum. The purchase price is repayable on November 2, 2001. The above facility is secured against pledge of cotton stock and shares.

8.4 Al Meezan Investment Bank Limited

The short term loan facility has been obtained for cotton purchases amounting to Rs. 15 million (2000: Rs Nil). The rate of markup is 15.50% per annum. The purchase price is repayable on August 1, 2001 and August 17, 2001. The above facility is secured against pledge of cotton stock.

8.5 First Crescent Modaraba

The short term loan facility amounts to Rs. 10 million (2000: Nil) at a mark up rate of 17% per annum. The facility is repayable on July 26, 2001 and is secured against pledge of shares.

8.6 The Bank of Khyber

The company has arranged short-term loan amounting to Rs. 16 million against repurchase of term finance certificates of ICI Pakistan Limited and Saudi Pak Leasing Company Limited having redemption value of Rs. 16.5 million. These term finance certificates of have been included in long-term investments as aforementioned repurchase in substance is a financing transaction. The rate of mark up is 12.90% per annum. The purchase price is repayable on July 24, 2001.

8.7 Union Bank Limited

The facility for opening letter of credit and guarantees as at June 30, 2001 amounted to Rs. 225 million (2000: Nil) of which amount remaking unutilised at the year end was Rs. 43.94 million (2000: Nil).

**9. Creditors, accrued and other liabilities**

	2001			2000		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
	Rupees in thousand					
Creditors	3,402	5,359	8761	1,627	-	1,627
Excise duty payable	3,133	-	3,133	3,133	-	3,133
Sales tax payable	3,030	2,991	6,021	478	-	478
Bills payable	144,024	-	144,024	-	-	-
Accrued liabilities	15,411	3,618	19,029	15,745	-	15,745
Interest accrued on a secured loan	-	411	411	-	-	-
Accrued mark-up	2,911	1,124	4,035	58	-	58
Advances from customers	4,159	3,980	8,139	17,364	-	17,364
Workers' welfare fund	-	-	-	5,180	-	5,180
Retention money	318	-	318	627	-	627
Due to associated undertakings	979	10	989	10,547	-	10,547
Payable to provident fund	465	804	1,269	419	-	419
Unclaimed dividend	1,491	-	1,491	952	-	952
Others	1,893	896	2,789	3,415	-	3,415
	<u>181,216</u>	<u>19,193</u>	<u>200,409</u>	<u>59,545</u>	<u>-</u>	<u>59,545</u>

9.1 Maximum amount due to associated undertakings at the end of any month during the year was Rs. 0.991 million (2000: Rs. 10.54 million) .

10. Contingencies and commitments

10.1 The company is contesting a case in the High Court of Sindh against octroi charges on hot rolled coils. If the decision of the High Court goes against the company, an amount of Rs. 0.988 million would become payable on account of octroi. Amounts aggregating Rs. 1.515 million have been paid to the High Court, as security deposit upto June 30, 2001 (2000: Rs. 1.515 million).

10.2 The company has filed a suit in the High Court of Sindh for restraining the customs authorities for encashing a bank guarantee of Rs. 0.895 million issued while availing concessionary benefits of SRO 671(1)/94 dated July 3 1994. The liability of the company will eventually depend upon whether or not the goods were consumed in terms of the concession. This case is pending with the High Court and a sum of Rs. 0.895 million is contingently payable by the company in case the High Court decides the case against the company.

10.3 Aggregate commitments for capital expenditures amounted to Rs. Nil (2000: Rs. 13.334 million).



11. Operating fixed assets

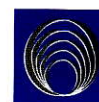
11.1 The following is a statement of all operating fixed assets other than those relating to the coating plant and the cotton spinning unit:

Description	Cost as at July 1, 2000	Additions/ * transfers/ (disposals)	Cost as at June 30, 2001	Accumulated depreciation as at July 1, 2000	Depreciation charge for the year/*transfers / (disposals)	Accumulated depreciation as at June 30, 2000	Net book value as at June 30, 2001	Rate of depreciation as a % of cost
	Rupees in thousand							
Leasehold land	8,054	-	8,054	766	81	847	7,207	1
Improvements to leasehold land	106	-	106	16	3	19	87	1
Building on leasehold land	59,167	-	59,167	30,234	2,957	33,191	25,976	5
Plant and machinery	196,942	- (342)	196,600	134,353	8,250 (342)	142,261	54,339	5 to 20
Office premises	14,292		14,292	8,590	1,294	9,884	4,408	10
Furniture and fixtures	15,798	14	15,812	7,630	1,521	9,151	6,661	10
Office and other equipments	13,407	636	14,043	11,962	1,156	13,118	925	20 to 40
Vehicles	19,996	66 *619 (2,477)	18,204	13,961	2,844 *495 (2,185)	15,115	3,089	20
Workshop equipments	3,173	-	3,173	3,057	60	3,117	56	5 to 20
2001	330,935	716 *619 (2,819)	329,451	210,569	18,166 *495 (2,527)	226,703	102,748	
2000	329,307	707 *2,705 (1,784)	330,935	191,829	18,679 *1,623 (1,562)	210,569	120,366	

(*) Vehicle on lease transferred to own assets on the expiry of lease term.

**11.2 Coating plant**

Description	Cost as at July 1, 2000	Additions/ disposals during the year	Cost as at June 30, 2001	Accumulated depreciation as at July 1, 2000	Depreciation charge for the year	Accumulated depreciation as at June 30, 2001	Net book value as at June 30, 2001	Rate of depreciation as a % of cost
Rupees in thousand								
Building on leasehold land	8,528	-	8,528	2,852	427	3,279	5,249	5
Plant and machinery	137,693		137,693	99,945	12,909	112,854	24,839	5 to 20
Office and other equipments	78	-	78	78	-	78	-	20
Furniture and fixtures	48	-	48	36	4	40	8	10
2001	146,347	-	146,347	102,911	13,340	116,251	30,096	
2000	146,147	200	146,347	89,571	13,340	102,911	43,436	



11.3 Cotton spinning unit

Description	Cost as at July 1, 2000	Additions/ (disposals) * transfers/ during the year	Cost as at June 30, 2001	Accumulated depreciation as at July 1, 2000	Depreciation charge (note 11.3.2) / (disposals)	Accumulated depreciation as at June 30, 2001	Net book value as at June 30, 2001	Rate of depreciation as a % of cost
Rupees in thousand								
Freehold land	6,155	-	6,155	-	-	-	6,155	
Building on freehold land	15,433	-	15,433	4	1,543	1,547	13,886	10
Plant and machinery	176,791	546 (2,791)	174,546	48	17,455 (1)	17,502	157,044	10
Electric installation	11,707		11,707	3	1,171	1,174	10,533	10
Office and other equipments	-	18	18	-	4	4	14	20
Furniture and fixtures	151	1	152	-	15	15	137	10
Vehicles	770	- (13)	757	1	151	152	605	20
2001	211,007	565 (2,804)	208,768	56	20,339 (1)	20,394	188,374	
2000	-	211,007	211,007	-	56	56	210,951	
Total operating fixed assets as at June 30, 2001	688,289	1,281 *619 (5,623)	684,566	313,536	51,845 *495 (2,528)	363,348	321,218	
Total operating fixed assets as at June 30, 2000	475,454	211,914 *2,705 (1,784)	688,289	281,400	32,075 *1,623 (1,562)	313,536	374,753	

11.3.1 The company had acquired the cotton division effective June 30, 2000. The transfer of legal title of assets in the name of the company is in process.

11.3.2 This relates to the depreciation charged for the year ended June 30, 2001 (2000: the depreciation was prorated for one day in accordance with the company's policy).



11.4 Following are details of fixed assets disposed off during the year:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Sold to
	Rupees in thousand					
- Steel division						
Plant and machinery	342	342	-	657	Negotiation	Sindh Industrial Trading Estate, Mangopir Road, Karachi
Vehicle	58	23	35	55	Insurance claim	The Premier Insurance, Wallace Road Karachi
--do--	51	10	41	20	Company Scheme	Mr. Mohammad Siddique
--do--	54	54	-	19	--do--	Mr. Mohammad Amir
--do--	58	58	-	20	--do--	Mr. Mithoo Khan
--do--	58	58	-	20	--do--	Mr. Yar Mohammad
--do--	58	58	-	20	--do--	Mr. Nisar Ahmed
--do--	60	36	24	25	--do--	Mr. Mohammad Arab
--do--	60	36	24	24	--do--	Mr. Sohail Hashmi
--do--	60	36	24	30	--do--	Mr. Abdul Majeed Yousufi
--do--	244	244	-	85	--do--	Mr. Muzafar Nasim Usmani
--do--	295	295	-	129	--do--	Mr. Mohammad Mushtaq
--do--	310	310	-	106	--do--	Mr. Sikander Soomro
--do--	335	335	-	168	--do--	Mr. Farrukh Nadeem
--do--	359	359	-	167	--do--	Mr. Mohammad Ramzan
--do--	359	215	144	198	--do--	Mr. Mohammad Javed
--do--	378	302	76	171	--do--	Ms. Lena Rodrigues
	<u>3,197</u>	<u>2,829</u>	<u>368</u>	<u>1,934</u>		
- Cottondivision						
Plant and machinery	1,396	1	1,395	2,000	Negotiation	Empire Textile Mills (Private) Limited, Lahore
--do--	1,395	-	1,395	2,000	--do--	Nisar Ahmed Textile Mills (Private) Limited, Faisalabad
Vehicle	13	-	13	13	--do--	Crescent Jute Products Limited, Faisalabad
	<u>2,804</u>	<u>1</u>	<u>2,803</u>	<u>4,013</u>		
	<u>6,001</u>	<u>2,830</u>	<u>3,171</u>	<u>5,947</u>		



12. Assets subject to finance lease

Description	Cost as at July 1, 2000	Addition/ * transfers/ (disposals)	Cost as at June 30, 2001	Accumulated depreciation as at July 1, 2000	Depreciation charge for the year/*transfers/ (on disposals)	Accumulated depreciation as at June 30, 2001	Net book value as at June 30, 2001	Rate of depreciation as a % of cost
Rupees in thousand								
- Steel division								
Vehicles-note 12.1	1,639	-	642	1,311	128	642	-	20
		*(619) (378)			*(495) (302)			
2001	1,639	-	642	1,311	128	642	-	20
		*(619) (378)			*(495) (302)			
2000	4,344	-	1,639	2,606	328	1,311	328	
		*(2,705)			*(1,623)			
- Cotton division								
Plant and machinery		7,151	7,151	-	715	715	6,436	10
2001		7,151	7,151	-	715	715	6,436	
Total assets subject to finance lease as at June 30, 2001	1,639	7,151 *(619) (378)	7,793	1,311	843 *(495) (302)	1,357	6,436	
Total assets subject to finance lease as at June 30, 2000	4,344	- *(2,705)	1,639	2,606	328 *(1,623)	1,311	328	

12.1 A vehicle acquired under a finance lease and capitalised at Rs. 0.642 million has been in the use of an associated undertaking. The company is charging monthly rental to the associated undertaking for the use of such vehicle.

**13. Capital work in progress**

	2001			2000		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
	Rupees in thousand					
Owned						
Plant and machinery	1,509	389	1,898	1,509	-	1,509
Civil work	7,893	-	7,893	5,461	-	5,461
Subject to finance lease						
Plant and machinery - note 13.1	-	29,301	29,301	-	-	-
	<u>9,402</u>	<u>29,690</u>	<u>39,092</u>	<u>6,970</u>	<u>-</u>	<u>6,970</u>

13.1 These represent machines imported for the cotton division which have been acquired under sale and lease back arrangements. These machineries were in transit or in the process of installation as of June 30, 2001 and will be transferred to assets subject to finance lease on completion of installation.

	2001			2000		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
	Rupees in thousand					
Portfolio investments - note 14.1	17,132	-	17,132	17,132	-	17,132
Government of Pakistan						
US \$ Bonds - note 14.7	-	-	-	7,845	-	7,845
Redeemable capital - note 14.8	12,508	-	12,508	7,027	-	7,027
	<u>29,640</u>	<u>-</u>	<u>29,640</u>	<u>32,004</u>	<u>-</u>	<u>32,004</u>

14. Long term investments



14.1 Portfolio Investments

Unless stated otherwise the holding are in ordinary shares certificates of Rs. 10 each.

Number of shares			Rupees in thousand	
2001	2000		2001	2000
		Quoted - Associated undertakings		
585,000	585,000	Crescent Investment Bank Limited	7,178	7,178
1,062,000	1,062,000	Pakistan Industrial Leasing Corporation Limited	9,229	9,229
		Less: Provision for diminution in the value of long-term investments	(1,795)	(1,795)
			14,612	14,612
422,637	362,250	Crescent Leasing Corporation Limited	2,520	2,520
			17,132	17,132
		Unquoted - Associated undertakings		
2,403,725	2,403,725	Crescent Greenwood Limited - note 14.4	24,037	24,037
1,047,000	1,047,000	Crescent Industrial Chemicals Limited - note 14.5	10,470	10,470
		Less: Provision for diminution in the value of long-term investments	(34,507)	(34,507)
		Unquoted - Associated undertakings		
		Crescent Continental Gas Pipelines Limited (US\$ 1 each) - note 14.6	-	-
<u>2</u>	<u>2</u>		17,132	17,132
<u>5,520,364</u>	<u>5,459,977</u>			

14.2 Aggregate market value of investments in shares quoted on the Karachi Stock Exchange as at June 30, 2001 was Rs. 14.971 million (2000: Rs. 19.685 million) which at the close of business on November 8, 2001 was Rs. 10.693 million.

14.3 The following investments having an aggregate face value of Rs. 10.07 million (2000: Rs. 7.60 million) are deposited as security with a commercial bank.

	Rupees in thousand	
	2001	2000
Pakistan Industrial Leasing Corporation Limited	-	1,750
Crescent Investment Bank Limited	5,850	2,700
Crescent Leasing Corporation Limited	4,226	3,150
	<u>10,076</u>	<u>7,600</u>

Crescent Steel &
Allied Products Ltd.

14.4 The chief executive of Crescent Greenwood Limited is Mr. Nasir Shafi and the company's break up value of shares was 'NIL' as at September 30, 1998 due to negative equity. The accounts of the company thereafter are not available.

14.5 The chief executive of Crescent Industrial Chemicals Limited is Mr. Tariq Shafi. The company which was in development stage till 1999 and has run into serious financial difficulties following the May 28, 1998 nuclear tests. The company's break up value of shares as at June 30 1999 was Rs. 10 per share. The accounts of the company for the year ended June 30, 2000 and 2001 are not available.

14.6 The investment in a subsidiary was Rs. 90 only. The subsidiary has not commenced operation and accordingly no accounts have been prepared.

	Rupees in thousand	
	2001	2000
14.7 Government of Pakistan US dollar bonds		
Exchange gain	7,845	7,845
	1,811	-
	9,656	7,845
	(9,656)	-
	-	7,845
Current maturity shown under current assets - note 22		

These bonds have been issued by the Government of Pakistan for a period of 3 years commencing from November 18, 1998 to November 18, 2001. Interest earned thereon is receivable on a half yearly basis.

	Rupees in thousand	
	2001	2000
14.8 Redeemable capital - Term Finance Certificates (TFCs)		
ICI Pakistan Limited- note 14.8.1 (150 TFCs of Rs. 100,000 each and 600 TFCs of Rs. 5,000 each)	7,025	13,787
Less: Redeemed during the year	(5,038)	(6,762)
Current maturity shown under current assets	(1,987)	(5,038)
	-	1,987
Saudi Pak Leasing Company Limited - note 14.8.2 (100 TFCs of Rs. 100,000 each)	7,584	10,130
Less: Redeemed during the year	(2,544)	(2,546)
Less: Current maturity shown under current assets	(2,528)	(2,544)
	2,512	5,040
Shakarganj Mills Limited - note 14.8.3 (2,000 TFCs of Rs. 5,000 each)	10,000	-
Less: Current maturity shown under current assets	(4)	-
	9,996	-
	12,508	7,027



14.8.1 These term finance certificates are being redeemed half yearly over a period of five years commencing from March 30, 1997 and ending on September 30, 2001.

14.8.2 These term finance certificates are being redeemed half yearly over a period of four years commencing from January 28, 1999 and ending on January 28, 2003.

14.8.3 These term finance certificates are being redeemed half yearly over a period of four years commencing from April 10, 2001 and ending on April 10, 2005.

	2001			2000		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
	Rupees in thousand					
15. Long term deposits	909	4,485	5,394	996	706	1,702

	2001			2000		
	Pension	Gratuity	Total	Pension	Gratuity	Total
	Rupees in thousand					
16. Staff retirement benefits						
16.1 Movement						
Opening prepayments/liability as at July 1	2,517	1,678	4,195	(170)	(80)	(250)
(Expense)/reversal	(2,807)	(864)	(3,671)	810	798	1,608
Company's contributions	1,813	755	2,568	1,877	960	2,837
Prepayments	1,523	1,569	3,092	2,517	1,678	4,195
16.2 Balance sheet reconciliation at June 30, 2001						
Defined benefits obligations	(25,328)	(8,412)	(33,740)	(19,152)	(5,649)	(24,801)
Fair value of plan assets	16,714	5,900	22,614	13,625	5,167	18,792
Past service cost	8,014	2,856	10,870	8,742	3,046	11,788
Actuarial gain / (loss)	2,123	1,225	3,348	(698)	(886)	(1,584)
Prepayments	1,523	1,569	3,092	2,517	1,678	4,195
Less: Current maturity	(728)	(190)	(918)	(728)	(190)	(918)
	795	1,379	2,174	1,789	1,488	3,277

16.3 The actual return on plan assets of pension and gratuity aggregated Rs. 1.938 million (2000: Rs. 1.688 million) and loss of Rs. 0.022 million (2000: return of Rs 1.271 million) respectively.

16.4 As determined by the actuary the past service cost is being amortised over the period such benefit will be vested i.e. for pension 13 years and for gratuity 17 years from the date of transitional liability determined as on July 1, 1999.

**17. Stores, spares and loose tools**

	2001			2000		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
	Rupees in thousand					
Stores	2,032	-	2,032	1,779	-	1,779
Spare parts - note 17.1	26,837	-	26,837	27,392	-	27,392
Loose tools	339	-	339	340	-	340
Stores and spares - note - 17.2	-	12,554	12,554	-	8,418	8,418
	<u>29,208</u>	<u>12,554</u>	<u>41,762</u>	<u>29,511</u>	<u>8,418</u>	<u>37,929</u>

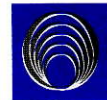
17.1 Spare parts include those in transit as at June 30, 2001 of Rs. 0.302 million (2000: Rs. 0.088 million).

17.2 Includes those in transit as at June 30, 2001 of Rs. 3.034 million (2000: Rs. Nil).

18. Stock-in-trade

	2001			2000		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
	Rupees in thousand					
Raw materials						
Hot rolled steel coils	34,591	-	34,591	10,461	-	10,461
Coating materials	21,152	-	21,152	19,159	-	19,159
Others - Pipe plant	3,147	-	3,147	2,464	-	2,464
Raw Cotton	-	57,978	57,978	-	98	98
Stock-in-transit	8,550	104	8,654	499	-	499
	<u>67,440</u>	<u>58,082</u>	<u>125,522</u>	<u>32,583</u>	<u>98</u>	<u>32,681</u>
Provision for obsolescence - hot rolled steel coils	(1,980)	-	(1,980)	(3,404)	-	(3,404)
Provision for slow moving and obsolete stock - coating material	(7,028)	-	(7,028)	(9,669)	-	(9,669)
	<u>(9,008)</u>	<u>-</u>	<u>(9,008)</u>	<u>(13,073)</u>	<u>-</u>	<u>(13,073)</u>
	<u>58,432</u>	<u>58,082</u>	<u>116,514</u>	<u>19,510</u>	<u>98</u>	<u>19,608</u>
Work-in-process	2,514	3,650	6,164	99	2,511	2,610
Finished goods	22,838	2,822	25,660	20,465	1,085	21,550
Cotton waste	-	381	381	-	18	18
Provision for obsolescence - finished bare pipes	(3,619)	-	(3,619)	(5,302)	-	(5,302)
	<u>21,733</u>	<u>6,853</u>	<u>28,586</u>	<u>15,262</u>	<u>3,614</u>	<u>18,876</u>
	<u>80,165</u>	<u>64,935</u>	<u>145,100</u>	<u>34,772</u>	<u>3,712</u>	<u>38,484</u>

18.1 Stock-in-trade of the steel division and the cotton division amounting to Rs. Nil (2000: Rs. 7.06 million) and Rs. 49.515 millions (2000: Rs. Nil) respectively are pledged as security with some commercial banks.



	2001			2000		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
	Rupees in thousand					
19. Trade Debts						
Unsecured						
Considered good	248,401	905	249,306	220	-	220
Considered doubtful	-	-	-	656	-	656
	<u>248,401</u>	<u>905</u>	<u>249,306</u>	<u>876</u>	<u>-</u>	<u>876</u>
Provision for doubtful trade debts				(656)		(656)
	<u>248,401</u>	<u>905</u>	<u>249,306</u>	<u>220</u>	<u>-</u>	<u>220</u>

19.1 Maximum amount due from associated undertakings at the end of any month during the year was Rs. 0.283 million (2000: Rs. 0.197 million).

19.2 Unbilled sales amounts to Rs. 22.994 million (2000: Rs. Nil)

	2001			2000		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
	Rupees in thousand					
20. Short-term advances						
Considered good						
Executives	60	-	60	30	-	30
Other staff	47	-	47	31	-	31
	<u>107</u>	<u>-</u>	<u>107</u>	<u>61</u>	<u>-</u>	<u>61</u>
Suppliers for goods and services	1,352	827	2,179	1,545	-	1,545
	<u>1,459</u>	<u>827</u>	<u>2,286</u>	<u>1,606</u>	<u>-</u>	<u>1,606</u>

20.1 The maximum amount due at the end of any month during the year from executives was Rs. 0.090 million (2000: Rs. 0.088 million) representing unadjusted travelling and other advances.

	2001			2000		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
	Rupees in thousand					
21. Short-term deposits and prepayments						
Security deposits	3,175	250	3,425	2,615	2,034	4,649
Prepayments	494	75	569	426	-	426
	<u>3,669</u>	<u>325</u>	<u>3,994</u>	<u>3,041</u>	<u>2,034</u>	<u>5,075</u>

Crescent Steel &
Allied Products Ltd.**22. Current maturity of long-term investments**

	2001			2000		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
	Rupees in thousand					
Government of Pakistan						
US \$ Bonds - note 14.7	9,656	-	9,656	-	-	-
Redeemable capital - note 14.8						
ICI Pakistan Limited	1,987	-	1,987	5,038	-	5,038
Saudi Pak Leasing Company Limited	2,528	-	2,528	2,544	-	2,544
Shakarganj Mills Limited	4	-	4	-	-	-
	<u>14,175</u>	<u>-</u>	<u>14,175</u>	<u>7,582</u>	<u>-</u>	<u>7,582</u>

23. Short-term investments

Portfolio-note 23.1	145,777	-	145,777	211,342	-	211,342
Islamic Republic of Pakistan						
Bond 10% - note 23.2	51,300	-	51,300	34,101	-	34,101
	<u>197,077</u>	<u>-</u>	<u>197,077</u>	<u>245,443</u>	<u>-</u>	<u>245,443</u>

23.1 Portfolio

Unless stated otherwise the holding are in instruments of Rs. 10 each. The investments are stated below at the lower of cost and market value.

Number of shares			Rupees in thousand	
2001	2000		2001	2000
		Quoted - Associated undertakings		
1,321,044	1,389,044	Crescent Investment Bank Limited	20,935	21,317
422,635	348,635	Crescent Textile Mills Limited	5,200	3,642
91,300	91,300	Crescent Jute Products Limited	539	539
422,695	262,300	Crescent Leasing Corporation Limited	2,583	1,783
26,490	26,490	Jubilee Spinning and Weaving Mills Limited	247	247
844,840	844,840	Pakistan Industrial Leasing Corporation Limited	9,165	9,165
919,854	919,854	Shakarganj Mills Limited	8,803	8,803
360,075	600,500	Pakistan Industrial Credit and Investment Corporation Limited	3,870	7,422



Number of shares			Rupees in thousand	
2001	2000		2001	2000
		Quoted - Others		
30,500	30,500	American Life Insurance Company Ltd.	626	626
40,000		Cherat Cement Limited	686	-
622,000	600,000	Commercial Union Life Assurance Company (Pakistan) Limited	7,657	7,525
225,000	*400,000	Dewan Salman Fibre Limited (*Formerly Dhan Fibres Limited)	8,535	5,957
30,861	65,110	Engro Chemicals Pakistan Limited	1,615	4,721
50,000	50,000	Faisal Spinning Mills Limited	1,326	1,326
20,000	180,900	Fauji Fertilizer Company Limited	895	9,973
133,075	133,075	First Crescent Modaraba	430	430
124,500	-	Hub Power Company Limited	2,552	-
30,000	100,000	Ibrahim Energy Limited	369	1,475
270,000	292,000	Ibrahim Fibres Limited	4,350	4,723
183,000	1,019,000	ICI Pakistan Limited	1,711	16,500
177,000	483,000	ICP S.E.M.F	3,154	8,606
120,800	120,800	Javed Omer Vohra & Company Limited	6,742	6,742
30,000	30,000	Kohinoor Raiwind Mills Limited	755	755
-	225,00	Lucky Cement Limited	-	2,217
780	780	Lever Brothers Pakistan Ltd. (Rs. 50 each)	578	578
50,000	203,000	Maple Leaf Cement Factory Limited	283	1,151
25,000	50,000	Mari Gas Company Limited	527	1,055
30,000	24,500	Millat Tractors Limited	3,703	3,109
170,500	-	Muslim Commercial Bank Limited	5,054	-
125,025	125,025	National Development Leasing Corporation Ltd.	682	682
407,300	291,400	Nishat Chunian Mills imited	4,201	6,()11
265,000	25,000	Nishat Mills Limited	7,286	1,047
64,680	56,000	Packages Limited	3,608	3,608
405,500	405,500	Pak Datacom Limited	11,938	11,877
-	6,300	Pakistan State Oil Company Limited	-	1,144
739,000	557,000	Pakistan Telecommunication Company Ltd.	16,053	15,585
200,000	-	Pakistan Tobacco Company Limited	2,026	-
406,500	426,000	Samin Textile Mills Limited	4,275	4,487
8,000	27,000	Shell Pakistan Limited	2,168	6,772
5,300	3,600	Siemens (Pakistan) Engineering Company Ltd.	579	339
20,000	140,000	Sitara Energy Limited	481	3,364
882,570	1,802,061	Sui Northern Gas Pipelines Limited	9,328	23,350
903,539	562,265	Sui Southern Gas Company Limited	11,715	8,884
50,000	205,000	Tri pack Films Limited	1,568	6,531
100,000	100,000	Trust Investment Bank Limited	850	850
56,500	67,000	Umer Fabrics Limited	1,123	1,346
57,500	50,000	Zainab Textile Mills Limited	557	557
Book value of short-term investments			181,328	226,821
Less: Provision for diminution in the value of short-term investments			(35,551)	(15,479)
			145,777	211,342

23.2 Islamic Republic of Pakistan Bond 10%

These bonds were issued by the Government of Pakistan on December 13, 1999 in exchange of its outstanding eurobonds and exchangeable notes.

The company had swapped its 6% PTCL exchangeable notes (face value US\$ 980,000) with the Islamic Republic of Pakistan (IROP) bonds (face value US\$ 1,035,000) during the year ended June 30, 2000.

The IROP Bond carries the interest rate of 10% payable semi-annually principal will be repaid in 4 equal yearly installments commencing from December 2002.

	Rupees in thousand	
	2001	2000
Face value US\$ 1,035,000 (2000: US\$ 1,035,000)		
Cost US\$ 652,050 (2000: US\$ 652,050)	34,101	32,619
Add: Exchange gain	17,199	1,482
	<u>51,300</u>	<u>34,101</u>

These bonds are in the name of a financial institution an associated undertaking and are held by it on behalf of the company.



23.3 Aggregate market value of investments in shares/modaraba certificates quoted on the stock exchange as at June 30, 2001 was Rs. 145.777 million (2000: Rs. 211.342 million) which at the close of business on November 8, 2001 was Rs. 135.648 million.

23.4 The following investments having an aggregate face value of Rs. 35.707 million (2000: Rs. 17.872 million) are deposited as security with some commercial banks.

	Rupees in thousand	
	2001	2000
Commercial Union Life Assurance Limited	885	885
Crescent Investment Bank Limited	2,841	5,991
Crescent Leasing Corporation Limited	764	840
Dewan Salman Fibres Limited	1,667	-
Engro Chemicals Pakistan Limited	250	-
Fauji Fertilizer Company Limited	200	-
ICI Pakistan Limited	1,500	-
Ibrahim Fibre Limited	2,000	-
Pakistan Telecommunication Company Limited	8,200	-
Millat Tractors Limited	300	-
Muslim Commercial Bank Limited	1,100	-
Nishat Mills Limited	1,750	-
Nishat (Chunian) Mills Limited	4,000	-
Pakistan Industrial Leasing Corporation Limited	-	600
Packages Limited	250	-
Shakarganj Mills Limited	-	6,678
Sui Northern Gas Pipelines Limited	4,500	359
Sui Southern Gas Company Limited	5,000	2,519
Tri pack Films Limited	500	-
	<u>35,707</u>	<u>17,872</u>

23.5 Investments in American Life Insurance Company Limited and Commercial Union Assurance Limited having an aggregate face value of Rs. 5.640 million are not held in the name of the company.



	2001			2000		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
	Rupees in thousand					
24. Other receivables						
Considered good						
Mark-up accrued on - deposits	13	1	14	206	-	206
- others	1,694	-	1,694	1,973	-	1,973
Margin on letters of credit and guarantees	1,192	-	1,192	1,095	-	1,095
Dividend receivables	2,776	-	2,776	3,356	-	3,356
Receivable on account of sale of shares	5,921	-	5,921	23,835	-	23,835
Due from associated undertakings - note 24.2	726	80	806	901	-	901
Sales tax refundable	3,634	741	4,375	2,897	-	2,897
Less: Provision	(930)	-	(930)	-	-	-
	2,704	741	3,445	2,897	-	2,897
Receivable against deposit for building - note - 24.3	5,461	-	5,461	-	-	-
Against sale of plant and machinery	-	3,800	3,800	-	-	-
Staff retirement benefits	918	-	918	918	-	918
Others	18	-	18	20	-	20
	21,423	4,622	26,045	35,201	-	35,201

24.1 Maximum amount due from associated undertakings at the end of any month during the year was Rs. 1.797 million (2000: Rs. 46.74 million).

	2001			2000		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
	Rupees in thousand					
24.2 Due from associated undertakings						
Shakarganj Mills Limited	468	-	468	-	-	-
Premier Insurance Company of Pakistan Limited	258	80	338	-	-	-
Crescent Apparel Manufacturing Company	-	-	-	870	-	870
Crescent Knitwear Limited	-	-	-	13	-	13
Crescent Industrial Chemicals Limited	-	-	-	17	-	17
Pakistan Industrial Leasing Corporation Limited	-	-	-	1	-	1
	726	80	806	901	-	901

24.3 This represents advance given for acquiring office premises which was shown under capital work in progress. The company is now pursuing for recovery of the advance.



25. Taxation

25.1 The Deputy Commissioner of Income Tax (DCIT) while finalising the assessment for the year ended June 30, 1997 and June 30, 1998 has issued demands for additional liabilities. The company had filed an appeal with the CIT (Appeals). The management being confident that the ultimate decision will be in the company's favour has not made provision in the accounts for the additional amount of Rs. 6.837 million and Rs. 17.001 million in respect of year ended June 30, 1997 and June 30, 1998 respectively.

25.2 Aggregate amount of tax refundable for Rs. 70.283 million as on June 30, 2001 includes an amount of Rs. 36.098 million being tax refund determined for the assessment year 1997-98.

	2001			2000		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
	Rupees in thousand					
26. Short-term deposits with non-banking financial institutions						
First Crescent Modaraba	-	-	-	15,000	-	15,000
27. Cash and bank balances						
With banks - in deposit accounts	4,790	17	4,807	15,797	-	15,797
- in current accounts	15,115	7,198	22,313	582	5	587
Cash in hand	111	119	230	101	5	106
	<u>20,016</u>	<u>7,334</u>	<u>27,350</u>	<u>16,480</u>	<u>10</u>	<u>16,490</u>
28. Sales - Local						
Bare Pipes (own product)	230,025	-	230,025	94,119	-	94,119
Coating of Pipes	76,960	-	76,960	27,119	-	27,119
Cotton yarn (net of commission Rs. 2.162 million)	-	499,968	499,968	-	-	-
Cotton Waste	-	11,880	11,880	-	-	-
	<u>306,985</u>	<u>511,848</u>	<u>818,833</u>	<u>121,238</u>	<u>-</u>	<u>121,238</u>
29. Cost of sales						
Bare Pipes-note 29.1	193,941	-	193,941	112,728	-	112,728
Coating of Pipes - note 29.4	58,441	-	58,441	37,306	-	37,306
Cotton - note 29.7	-	486,592	486,592	-	-	-
	<u>252,382</u>	<u>486,592</u>	<u>738,974</u>	<u>150,034</u>	<u>-</u>	<u>150,034</u>

Crescent Steel &
Allied Products Ltd.

Rupees in thousand

2001

2000

29.1 Cost of sales - bare pipes

Raw material consumed	160,077	63,392
Stores and spares consumed	3,943	1,930
Fuel, power and electricity	5,498	4,465
Salaries, wages and other benefits - note 29.2	13,320	11,810
Insurance	1,224	1,386
Repairs and maintenance	450	574
Depreciation	11,691	12,027
Other expenses	1,702	1,387
	<u>37,828</u>	<u>33,579</u>
	197,905	96,971
Opening stock of work-in-process	99	112
Closing stock of work-in-process	(2,514)	(99)
	<u>(2,415)</u>	<u>13</u>
Cost of goods manufactured	195,490	96,984
Opening stock of finished goods	20,216	35,960
Closing stock of finished goods	(21,765)	(20,216)
	<u>(1,549)</u>	<u>15,744</u>
	<u>193,941</u>	<u>112,728</u>

29.2 Detail of salaries, wages and other benefits

Salaries, wages and other benefits	12,265	12,114
Provident fund contributions	156	150
Pension fund - note 29.3	674	(229)
Staff retirement gratuity - note 29.3	225	(225)
	<u>13,320</u>	<u>11,810</u>

Pension 2001	Gratuity 2001	Pension 2000	Gratuity 2000
Rupees in thousand			

29.3 Staff retirement benefits

Current service cost	340	165	352	160
Interest cost	551	177	561	196
Expected return on plan assets	(392)	(161)	(354)	(143)
Actuarial gain	-	(5)	-	-
Past service cost	175	49	206	54
Transitional assets	-	-	(994)	(492)
	<u>674</u>	<u>225</u>	<u>(229)</u>	<u>(225)</u>



29.4 Cost of sales - coating of pipes

	Rupees in thousand	
	2001	2000
Material consumed	28,748	11,050
Stores and spares consumed	3,489	1,910
Fuel and power	3,637	970
Salaries, wages and other benefits - note 29.5	6,312	5,610
Insurance	967	857
Repairs and maintenance	734	602
Depreciation	14,465	14,879
Other expenses	913	695
	<u>30,517</u>	<u>25,523</u>
Cost of goods manufactured	59,265	36,573
Opening stock of finished goods - coated pipes	249	982
Closing stock of finished goods - coated pipes	(1,073)	(249)
	<u>(824)</u>	<u>733</u>
	<u>58,441</u>	<u>37,306</u>

29.5 Detail of salaries, wages and other benefits

Salaries, wages and other benefits	5,815	5,767
Provident fund contributions	39	36
Pension fund - note no. 29.6	337	(97)
Staff retirement gratuity - note 29.6	121	(96)
	<u>6,312</u>	<u>5,610</u>

Pension 2001	Gratuity 2001	Pension 2000	Gratuity 2000
Rupees in thousand			

29.6 Staff retirement benefits

Current service cost	170	89	149	68
Interest cost	276	95	239	83
Expected return on plan assets	(196)	(87)	(150)	(61)
Actuarial (gain)/loss	-	(3)	87	23
Past service cost	87	27	-	-
Transitional assets	-	-	(422)	(209)
	<u>337</u>	<u>121</u>	<u>(97)</u>	<u>(96)</u>



Rupees in thousand

29.7 Cost of sales - cotton

	2001	2000
Raw material consumed	381,506	860
Packing materials consumed	4,328	60
Stores and spares consumed	10,914	-
Fuel and power	45,552	100
Salaries, wages and other benefits - note 29.8	21,458	-
Insurance	1,494	-
Repairs and maintenance	620	-
Depreciation	21,054	56
Other expenses	2,542	33
	<u>489,468</u>	<u>1,109</u>
Opening stock of work-in-process	2,511	2,487
Closing stock of work-in-process	(3,650)	(2,511)
	<u>(1,139)</u>	<u>(24)</u>
Cost of goods manufactured	488,329	1,085
Opening stock of finished goods	1,085	-
Closing stock of finished goods	(2,822)	(1,085)
	<u>(1,737)</u>	<u>(1,085)</u>
	<u>486,592</u>	<u>-</u>

29.8 Detail of salaries, wages and other benefits

Salaries, wages and other benefits	20,783	-
Provident fund contributions	394	-
Pension fund - note 29.9	281	-
	<u>21,458</u>	<u>-</u>

29.9 Staff retirement benefits

	2001	2000
Current service cost	142	-
Interest cost	230	-
Expected return on plan assets	(164)	-
Past service cost	73	-
	<u>281</u>	<u>-</u>

	2001		2000			
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
	Rupees in thousand					
30. Selling expenses						
Salaries, wages and other benefits - note 30.1	2,497	-	2,497	2,818	-	2,818
Travelling and conveyance	521	37	558	404	-	404
Depreciation	-	-	-	343	-	343
Postage, telephone and telegram	-	160	160	-	-	-
Advertisement	594	-	594	459	-	459
Bid bond expenses	206	-	206	32	-	32
Bad debts written off	3	-	3	-	-	-
Provision for doubtful debts	-	-	-	656	-	656
Transportation	10	165	175	196	-	196
Legal and professional charges	-	88	88	25	-	25
Others	598	365	963	543	-	543
	<u>4,429</u>	<u>815</u>	<u>5,244</u>	<u>5,476</u>	<u>-</u>	<u>5,476</u>

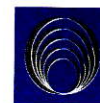
30.1 Details of salaries, wages and other benefits

Salaries, wages and other benefits	2,093	-	2,093	2,851	-	2,851
Provident fund contributions	121	-	121	144	-	144
Pension fund - note 30.2	216	-	216	(89)	-	(89)
Staff retirement gratuity - note 30.2	67	-	67	(88)	-	(88)
	<u>2,497</u>	<u>-</u>	<u>2,497</u>	<u>2,818</u>	<u>-</u>	<u>2,818</u>

Pension 2001	Gratuity 2001	Pension 2000	Gratuity 2000
Rupees in thousand			

30.2 Staff retirement benefits

Current service cost	109	49	137	62
Interest cost	177	53	219	77
Expected return on plan assets	(126)	(48)	(138)	(56)
Actuarial gain	-	(2)	-	-
Past service cost	56	15	81	21
Transitional assets	-	-	(388)	(192)
	<u>216</u>	<u>67</u>	<u>(89)</u>	<u>(88)</u>



Rupees in thousand

31. Administration expenses

	2001	2000
Salaries, wages and other benefits - note 31.1	16,470	14,009
Rents, rates and taxes	370	404
Travelling, conveyance and entertainment	2,757	2,578
Fuel and power	1,968	1,699
Postage, telephone and telegram	1,338	1,159
Insurance	501	976
Repairs and maintenance	794	1,113
Auditors' remuneration - note 31.3	1,053	853
Legal and professional and corporate service charges	1,474	1,661
Donations - note 31.4	3,465	317
Depreciation	5,478	5,098
Printing, stationery and office supplies	342	266
Newspapers, subscriptions and periodicals	441	530
Others	716	518
	<u>37,167</u>	<u>31,181</u>
Charges allocated to cotton division	5,141	-
	<u>32,026</u>	<u>31,181</u>

31.1 Detail of salaries, wages and other benefits

Salaries, wages and other benefits	14,035	14,130
Provident fund contributions	685	663
Pension fund - note 31.2	1,299	(395)
Staff retirement gratuity - note 31.2	451	(389)
	<u>16,470</u>	<u>14,009</u>

Pension 2001	Gratuity 2001	Pension 2000	Gratuity 2000
Rupees in thousand			

31.2 Staff retirement benefits

Current service cost	655	332	608	277
Interest cost	1,064	354	970	340
Expected return on plan assets	(757)	(324)	(612)	(248)
Actuarial (gain)/loss	-	(10)	356	93
Past service cost	337	99	-	-
Transitional assets	-	-	(1,717)	(851)
	<u>1,299</u>	<u>451</u>	<u>(395)</u>	<u>(389)</u>



Rupees in thousand

31.3 Auditors' Remuneration

	2001	2000
Audit fee	450	225
Audit fee for funds' accounts and special reports	—	40
Taxation	415	535
	865	800
Out of pocket expenses	188	53
	1,053	853

31.4 Donations

Donations include the following in whom a director is interested:

Name of director	Interest in donee	Name and address the donee	Amount donated	
			2001	2000
Mr. Ahsan M. Saleem	Chairman	The Citizens Foundation 9th Floor, NIC Building, Karachi	2,579	60
--do--	Governor	National Textile Foundation, 7th Floor, Habib Bank Building Circular Road, Faisalabad	500	—
--do--	Member Managing Committee	Commecs Institute of Business Education, ST-9, Block 13, Gulistan-e-Johar, Scheme-36, Karachi	25	—
			3,104	60



	2001			2000		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
	Rupees in thousand					
32. Other income						
Liabilities written-back						
- workers' welfare fund	4,282	-	4,282	7,754	-	7,754
- others	19,040	-	19,040	11,481	-	11,481
Provision written back for stock in trade	5,740	-	5,740	13,901	-	13,901
Provision written back for diminution in the value of						
- short term investments	-	-	-	14,920	-	14,920
- long term investment	-	-	-	4,855	-	4,855
- exchangeable notes	-	-	-	1,827	-	1,827
Return on deposits advances and investments	7,870	1	7,871	13,714	-	13,714
Profit on redeemable capital certificates	3,802	-	3,802	4,845	-	4,845
Mark-up recovered from:						
- associated undertakings	361	-	361	5,209	-	5,209
Gain on disposals of fixed assets	1,566	1,210	2,776	770	-	770
Gain on sale of investments	-	-	-	71,468	-	71,468
Gain on sale of investments - TFC and Wapda bonds	-	-	-	1,000	-	1,000
Rentals from an associated undertaking	188	-	188	188	-	188
Dividend income - note 32.1	21,996	-	21,996	16,404	-	16,404
Exchange gain	19,906	-	19,906	1,665	-	1,665
Insurance commission	1,628	-	1,628	-	-	-
Others	-	14	14	-	-	-
	<u>86,379</u>	<u>1,225</u>	<u>87,604</u>	<u>170,001</u>	<u>-</u>	<u>170,001</u>
32.1 Dividend income						
From associated undertakings ¹						
Pakistan Industrial Leasing Corporation Limited	1,430	-	1,430	1,344	-	1,344
Crescent Investment Bank Limited	7,878	-	7,878	2,270	-	2,270
Crescent Textile Mills Limited	1,162	-	1,162	903	-	903
	<u>10,470</u>	<u>-</u>	<u>10,470</u>	<u>4,517</u>	<u>-</u>	<u>4,517</u>
Others	11,526	-	11,526	11,887	-	11,887
	<u>21,996</u>	<u>-</u>	<u>21,996</u>	<u>16,404</u>	<u>-</u>	<u>16,404</u>



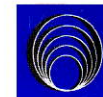
	2001			2000		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
			Rupees in thousand			
33. Financial charges						
Interest on a long-term loan	-	11,338	11,338	969	-	969
Interest on provident fund	-	44	44	-	-	-
Mark-up on:						
Running finances	1,551	7,019	8,570	893	-	893
Short term loan	1,934	-	1,934	-	-	-
Assets subject to finance lease	53	-	53	202	-	202
Bank charges	457	648	1,105	645	-	645
	3,995	19,049	23,044	2,709	-	2,709
Financial charges related to cotton division	(3,643)	3,643	-	-	-	-
	352	22,692	23,044	2,709	-	2,709

34. Other charges

	Rupees in thousand	
	2001	2000
Steel division		
Expenses in respect of project investment	-	738
Provision against sales tax refundable	930	-
Bad debts written off against amount due from associated undertaking	901	-
Provision for diminution in the value of long-term investment	-	34,507
Provision for diminution in the value of short-term investments	20,072	-
Loss on sale of investments	7,004	-
	28,907	35,245

35. Taxation

Current	5,500	607
Prior	-	(12,935)
Deferred	12,832	(11,100)
	18,332	(23,428)



	Rupees in thousand	
	2001	2000
36. Earnings per share		
Net profit after taxation	54,769	90,022
	<u>20,084,863</u>	<u>20,084,863</u>
Average number of ordinary shares in issue during the year		
Basic earnings per share	Rs. 2.73	Rs. 4.48
	<u>Rs. 2.73</u>	<u>Rs. 4.48</u>
	Rupees in thousand	
	2001	2000
37. Cash (used in)/generated from operations		
Profit before taxation	73,101	66,594
Adjustments for non cash charges and other items:		
Depreciation	52,688	32,403
Provision for diminution in the value of long-term investments	-	29,652
Provision for diminution in the value of short-term investments	20,072	(14,920)
Provision for diminution in the value of exchangeable bonds	-	(1,827)
Gain on sale of Wapda Bonds and TFC	-	(1,000)
Exchange gain	(19,010)	(1,623)
Pension and gratuity expense/(adjustment)	3,671	(1,609)
Financial charges	23,044	2,709
Gain on disposals of fixed assets	(2,776)	(770)
(Gain) / loss on sale of investments	7,004	(71,468)
Dividend income	(21,996)	(16,404)
Return on deposits, advances and investment	(8,232)	(13,714)
Working capital changes - note 37.1	(227,545)	4,264
Cash (used in) / generated from operations	(99,979)	12,287
	<u>(99,979)</u>	<u>12,287</u>
37.1 Working capital changes		
(Increase)/decrease in current assets		
Stores, spares and loose tools	(3,833)	(7,098)
Stock-in-trade	(106,616)	5,386
Trade debts	(249,086)	2,190
Short-term advances	(680)	(555)
Short-term deposits and prepayments	1,081	(2,362)
Other receivables (net)	(4,348)	14,977
	(363,482)	12,538
Increase/(decrease) in current liabilities		
Creditors, accrued and other liabilities (net)	135,937	(8,274)
	(227,545)	4,264
	<u>(227,545)</u>	<u>4,264</u>



Rupees in thousand

38. Cash and cash equivalents

Short-term deposits with non-banking financial institutions - note 26
Short-term finance - note 8
Cash and bank balances - note 27

2001	2000
-	15,000
(53,377)	(20,546)
27,350	16,490
(26,027)	10,944

39. Financial assets and liabilities

	Interest/mark-up bearing			Non-interest/mark-up bearing			Total 2001	Total 2000
	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total		
	Rupees in thousand							
Financial assets								
Investments	65,475	12,508	77,983	145,777	17,132	162,909	240,892	285,029
Long-term deposits	-	-	-	-	5,394	5,394	5,394	1,702
Trade debts	-	-	-	249,306	-	249,306	249,306	220
Short-term advances	-	-	-	107	-	107	107	61
Short-term deposits	-	-	-	3,425	-	3,425	3,425	2,615
Other receivables	-	-	-	21,682	-	21,682	21,682	31,385
Short-term deposits with NBFIs	-	-	-	-	-	-	-	15,000
Cash and bank balances	4,807	-	4,807	22,543	-	22,543	27,350	16,490
2001	70,282	12,508	82,790	442,840	22,526	465,366	548,156	352,502
2000	72,480	14,872	87,352	246,318	18,832	265,150	352,502	
Financial liabilities								
Long-term loans	22,584	40,993	63,577	-	-	-	63,577	84,639
Liabilities against assets subject to finance leases	9,762	27,555	37,317	-	-	-	37,317	650
Short term finances	119,377	-	119,377	-	-	-	119,377	20,546
Creditors, accrued and other liabilities	-	-	-	171,708	-	17,708	171,708	18,198
Proposed dividend	-	-	-	30,127	-	30,127	30,127	36,153
2001	151,723	68,548	220,271	201,835	-	201,835	422,106	160,186
2000	41,099	64,736	105,835	54,351	-	54,351	160,186	
Off balance sheet items - financial commitments								
Open letter of credit				79,650		79,650	79,650	



39.1 Concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. All the financial assets of the company, except cash in hand, are exposed to credit risk. The company believes that it is not exposed to major concentration of credit risk. To manage exposure to credit risk, the company applies credit limits to its certain customers except for certain long-term investment the carrying value of which is less than the market value.

39.2 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. As at the year end the company had liabilities in foreign currencies aggregating Rs. 142.02 million. These liabilities are hedged through foreign exchange contracts. These contracts have a maturity of three months from the balance sheet date. The purpose of these contracts is to neutralise foreign currency transaction risk.

39.3 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values except for certain long-term investment the carrying value of which is less than than the market value.



40. Remuneration to the chief executive, directors and executives

	Chief Executive		Director		Executive		Total	
	2001	2000	2001	2000	2001	2000	2001	2000
	Rupees in thousand							
Managerial Renumeration	2,798	2,592	963	984	7,676	7,979	11,437	11,555
House rent	1,259	1,166	432	435	3,407	3,359	5,098	4,960
Utilities	280	259	96	97	757	746	1,133	1,102
Travelling expenses	156	831	49	-	-	11	205	842
Personal (as per entitlement)								
Other	1,517	1,334	252	405	1,630	1,126	3,399	2,865
Medical	76	43	35	35	348	385	459	463
Contribution to								
- Provident fund	280	259	80	91	659	688	1,019	1,038
- Gratuity fund	168	(153)	58	(57)	405	(427)	631	(637)
- Pension fund	420	(161)	144	(60)	1,013	(450)	1,577	(671)
Club subscription and expenses	180	160	-	10	-	-	180	170
Entertainment	-	-	36	50	132	118	168	168
Conveyance	-	-	-	-	83	83	83	83
Telephone	-	-	12	16	31	28	43	44
	7,134	6,330	2,157	2,006	16,141	13,646	25,432	21,982
Number of persons	1	1	1	2	33	34	35	37

40.1 The aggregate amount charged in the account in respect of directors' fees paid to eight (2000: nine) directors was Rs. 22,500 (2000: Rs. 27,500).

40.2 The chief executive, directors and seven executives are provided with free use of company maintained cars, according to their entitlements.

40.3 The chief executive, directors and executives and their families are also covered under group and hospitalisation insurance.

	2001			2000		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
	Rupees in thousand					
Insurance premium paid	4,218	1,089	5,307	4,034	-	4,034
Sale of pipes / yarn	246	623	869	171	-	171
Purchases	-	30,454	30,454	2,594	-	2,594
Purchase value of cotton unit net	-	-	-	-	137,075	137,075
Return on deposits	361	-	361	11	-	11
Recovery of financial charges	-	-	-	5,209	-	5,209
Rentals from an associated undertaking	188	-	188	188	-	188
Dividends received	10,470	-	10,470	4,517	-	4,517
Insurance commission	1,223	405	1,628	-	-	-
Interest on long term loan	-	11,338	11,338	-	-	-
Service charges	-	2,483	2,483	-	33	33

41. Transactions with associated undertakings

Insurance premium paid	4,218	1,089	5,307	4,034	-	4,034
Sale of pipes / yarn	246	623	869	171	-	171
Purchases	-	30,454	30,454	2,594	-	2,594
Purchase value of cotton unit net	-	-	-	-	137,075	137,075
Return on deposits	361	-	361	11	-	11
Recovery of financial charges	-	-	-	5,209	-	5,209
Rentals from an associated undertaking	188	-	188	188	-	188
Dividends received	10,470	-	10,470	4,517	-	4,517
Insurance commission	1,223	405	1,628	-	-	-
Interest on long term loan	-	11,338	11,338	-	-	-
Service charges	-	2,483	2,483	-	33	33



Crescent Steel &
Allied Products Ltd.

42. Plant capacity and production

42.1 Steel division

Pipe plant

The plant's installed/rated capacity for production based on single shift is 26,500 tons (2000: 26,500 tons) annually on the basis of notional pipe size of 30" dia x 1/2" thickness. The actual production achieved during the year was 7,161 tons (2000: 3,374 tons) line pipes of varied sizes and thicknesses, which is equivalent to 15,344 tons (2000: 15,882 tons) if actual production is translated to the notional pipe size of 30" diameter.

Coating plant

The coating plant has a capacity of externally shotblasting and coating of line pipes with 3 layer high/medium density polyethylene coating at a rate of 250 square metres of surface area per hour on pipe sizes ranging from 219 to 1067 mm11 outside dia and thickness ranging from 3 to 16 mm.

The annual capacity of the plant works out to 600,000 square metres outside surface of pipes based on notional size of 30" dia on single shift working. Coating of 77,828 metres of different dia pipes (128,203 square metres surface area) was achieved during the year (2000: 41,793 square metres surface area).

42.2 Cotton division

Spinning unit

The plant capacity converted to 20s count based on 3 shifts per day for 1,080 shifts is 4,645,411 kilograms.

Actual production converted into 20s count for one day was 11,817 kilograms.

42.3 The capacities of the plant were utilised to the extent of orders received .

43. Date of authorisation for issue

These financial statements were authorised for issue on November 14, 2001 by the board of directors of the company.

44. Corresponding figures

Previous year's figures have been rearranged, wherever necessary, to facilitate comparison.

Chairman

Chief Executive

FORM '34' PATTERN OF HOLDING OF SHARES



Crescent Steel &
Allied Products Ltd.

Held by Shareholders as at June 30, 2001

SHAREHOLDERS	FROM	TO	TOTAL SHARES
169	1	100	8,456
559	101	500	134,475
140	501	1,000	109,151
220	1,001	5,000	571,601
76	5,001	10,000	559,386
36	10,001	15,000	429,832
26	15,001	20,000	442,783
11	20,001	25,000	246,116
6	25,001	30,000	164,092
5	30,001	35,000	160,362
3	35,001	40,000	116,038
2	40,001	45,000	84,701
7	45,001	50,000	333,198
1	50,001	55,000	53,231
3	55,001	60,000	168,242
1	60,001	65,000	62,152
4	65,001	70,000	267,442
4	75,001	80,000	308,386
2	80,001	85,000	165,802
1	80,001	85,000	84,640
2	95,001	100,000	195,054
1	100,001	105,000	103,000
1	110,001	115,000	111,751
2	115,001	120,000	236,200
1	145,001	150,000	146,373
1	150,001	155,000	152,087
1	155,001	160,000	158,805
2	160,001	165,000	322,060
1	175,001	180,000	180,000
1	225,001	230,000	226,312
1	240,001	245,000	242,600
1	305,001	310,000	307,000
1	335,001	340,000	339,825
1	365,001	370,000	366,662
1	410,001	415,000	412,525
1	495,001	500,000	500,000
1	510,001	515,000	514,823
1	705,001	710,000	707,182
1	1,015,001	1,020,000	1,019,097
1	1,225,001	1,230,000	1,227,345
1	1,365,001	1,370,000	1,368,787
1	1,750,001	1,755,000	1,753,938
1	2,255,001	2,260,000	2,257,611
1	2,765,001	2,770,000	2,765,740
1,303			20,084,863

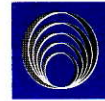
FORM '34' PATTERN OF HOLDING OF SHARES



Crescent Steel &
Allied Products Ltd.

Categories of Shareholders	Numbers	Shares Held	Percentage
Financial Institution	24	8,100,582	40.33
Individual	1,209	4,628,373	23.04
Insurance Companies	3	545,677	2.72
Investment Companies	3	40,569	0.20
Joint Stock Companies	46	5,355,366	26.66
Charitable Trusts	1	95,054	0.47
Madarabas	5	45,107	0.22
Non-Resident	9	1,236,073	6.15
Other	3	38,062	0.19
	1,303	20,084,863	100.00

NOTICE OF ANNUAL GENERAL MEETING



Crescent Steel &
Allied Products Ltd.

NOTICE is hereby given that the 17th Annual General Meeting of the shareholders of CRESCENT STEEL AND ALLIED PRODUCTS LIMITED will be held on Monday, December 31, 2001 at 3.00 p.m. at Avari Hotel, Lahore to transact the following business:

1. To receive, consider and adopt the Directors' and Auditors' reports and Audited Accounts for the year ended June 30, 2001.
2. To declare dividend. The directors have recommended the payment of cash dividend Rs. 1.50 per share (i.e. @15%).
3. To appoint auditors and fix their remuneration.

BY ORDER OF THE BOARD

S.M. Ehtishamullah
Company Secretary

Lahore, November 14, 2001.

Note:

1. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote. A proxy form is enclosed.

2. The Share Transfer Books of the Company will remain closed from Tuesday, December 25, 2001 to Monday, December 31, 2001 (both days inclusive). Transfers received in order at the Registered Office of the company upto the close of business on Monday, December 24, 2001, will be considered in time to be eligible for payment of Final Dividend to the Transferees.

3. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarially attested copy of the power of attorney must be deposited at the Registered Office of the Company at least 48 hours before the time of meeting.

4. Shareholders who have deposited their shares into Central Depository Company of Pakistan Limited, are being advised to bring their National Identity Card along with CDC Participant ID and account number at the meeting venue.

If any proxies are granted by any such shareholders, the same must be accompanied with attested copies of the National Identity Cards of the grantor and the signature on the proxy forms should be the same as appearing on the National Identity Cards.

FORM OF PROXY



Crescent Steel &
Allied Products Ltd.

Folio No. _____ CDC Participant's Identity Card No _____ A/C. No. _____

I/We _____ of _____ a member/ members
of Crescent Steel & Allied Products Limited, and holder of _____ shares do hereby appoint
_____ of _____ or failing him/her
_____ of _____ who is also a member of the
Company, vide Registered Folio No. _____ as my/our proxy to attend, speak
and vote for me/us and on my/our behalf at the 17th Annual General Meeting of the Company to be held on Monday, 31 December, 2001 at
3:00 p.m. at Avari Hotel, Lahore and at any adjournment thereof.

As witness my/our hand this _____ day of _____ 2001.

Signature on
Five-Rupees Revenue
Stamp

The signature should agree
with the specimen registered
with the Company.

Dated:

Place:

Notes:

1. The Proxy Form should be deposited at our Registered Office, 2nd Floor, 131, A-E/1, Main Boulevard, Gulberg-III, Lahore, as soon as possible but not less than 48 hours before the time of holding the meeting and in default, the Proxy Form will not be treated as valid.
2. No person shall act as proxy unless he/she is a member of the company except a corporation being a member may appoint as its proxy any officer of such corporation whether a member of the company or not.

