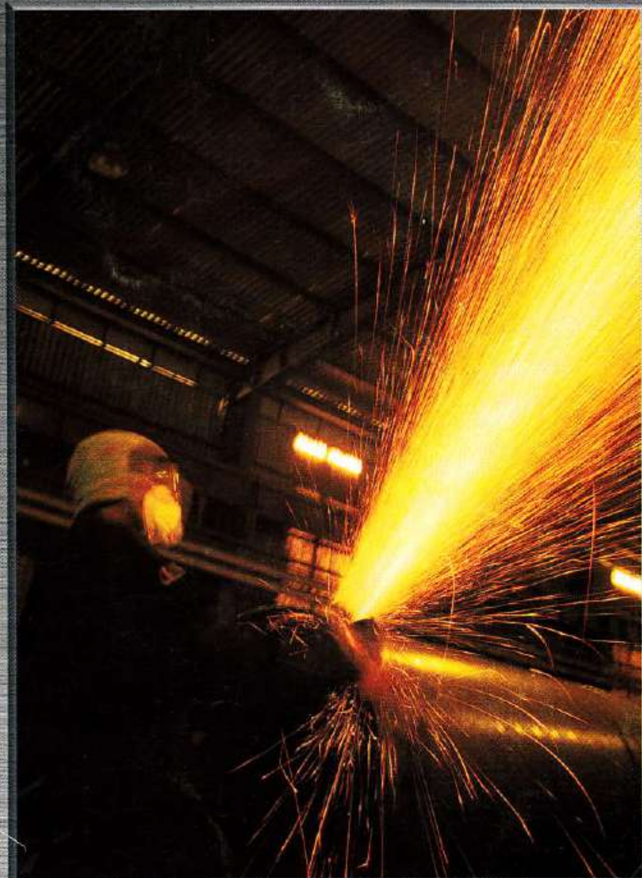


ANNUAL REPORT 2002

Crescent Steel &
Allied Products Ltd.

CONTENTS

Crescent Steel & Allied Products Ltd.

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

Audit Committee

Chairman	Javed A. Callea Fiyaz Ahmed Longi Nasir Shafi

The Management

Chief Executive and Managing Director	Ahsan M. Saleem, 49 1983*
Advisor to CEO (Technical)	Mohammad Sharif, 70 1984*
Advisor to CEO (Corporate)	Dr. Wasim Azhar, 49 2001*
Finance Director/Secretary	S.M. Ehtishamullah, 63 1996*
Executive Vice President Marketing and Sales	S.A.N. Kazmi, 60 1986*
Senior Vice President Head of Internal Audit	Mohammad Amin, 55 1992*
Senior Vice President Head of Buying	Nadir Mazhar, 55 1993*
General Manager (Technical) Cotton Division	Abdul Rouf, 43 2000*
Vice President (Manufacturing) Steel Division	Arif Raza, 41 1985*

* Year joined Company

Crescent Steel & Allied Products Ltd.

Stock Exchange Listing
Crescent Steel and Allied Products Limited is a listed company and its shares are traded on all the three stock exchanges in Pakistan.

The Company's shares are quoted in leading dailies under the Engineering Sector.

Public Information
Financial analysts, stock brokers, interested investors and financial media desiring information about 'Crescent Steel' should contact Farrukh Hussain at Company's Principal Office, Karachi. Telephone: 021-5674881-5.

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 polyolefin coating conforming to international standards.

Cotton Division

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

Annual Meeting
Eighteenth Annual General Meeting of Crescent Steel and Allied Products Limited will be held on Wednesday, October 23, 2002 at 3:00 p.m. at Pearl Continental, Lahore.

Auditors
A.F. Ferguson & Co.
Chartered Accountants

Legal Advisor
Hassan & Hassan

Bankers
Societe Generale The French and
Faysal Bank Limited
Meezan Bank Limited
International Bank
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
14-C, Main Gulberg, Jail Road, Lahore.
Telephone: 042-5870346
E-mail: cs-lhr@cyber.net.pk

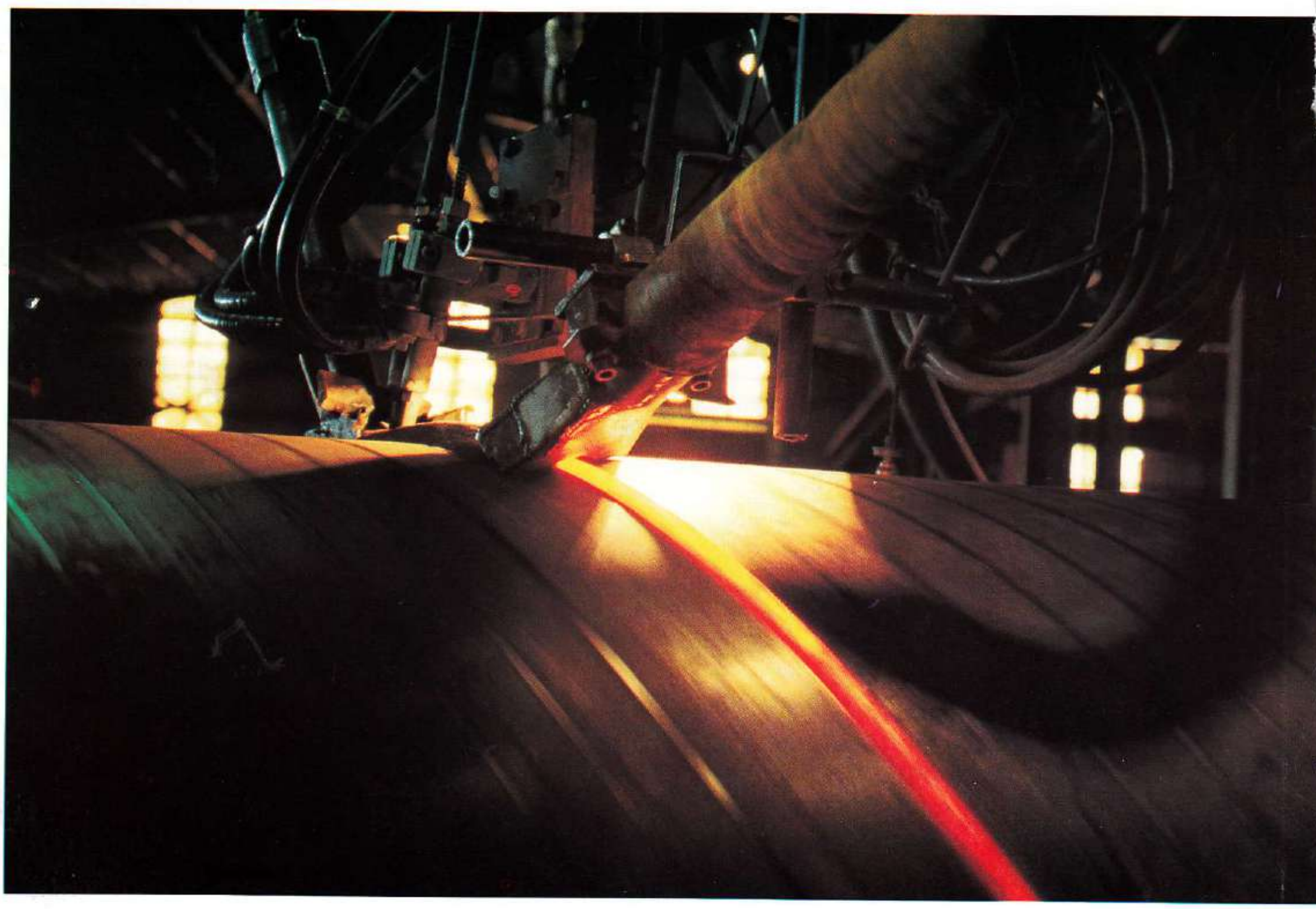
Principal Office
9th Floor, Sidco Avenue Centre, 264 R.A. Lines, Karachi-74400.
Telephone : 021 - 5674881-5
Fax : 021 - 5680476
E-mail: mail@crescent.com.pk
URL : www.crescent.com.pk

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

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.



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 5L 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 88,000 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 6-5/8" (168 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.

CSAPL conducts its business in a responsible manner and with honesty, and integrity. We also have the same expectations from all those with whom we have relationships. We insist on doing what is right and this sets the tone for all our actions and the actions of all our employees. We also insist that all transactions be open and transparent, and this extends to our responsibilities for financial reporting. We understand our responsibilities to the shareholders and ensure that all transactions not only comply with all laws but are also fairly and accurately reflected in the accounts.

Integrity: CSAPL does not use bribe as an instrument for any business or financial gain. Employees are not authorized to give or receive any gift or payment which may be construed as such. Employees are also required to avoid engaging in any personal activity or financial interests which would conflict with their responsibility to the Company.

Role of the Board of Directors: The Board has a fiduciary responsibility for the proper direction and control of the activities of the Company. This responsibility includes such areas of stewardship as the identification and control of the Company's business risks, the integrity of management information systems and clear, transparent reporting to shareholders. The Board accepts its primary responsibility for the overall control architecture of the Company. However, it recognizes that the internal control system has to be cost effective and that no cost effective system will preclude all errors or irregularities. The system is based upon written procedures, policies, guidelines, an organogram that provides an appropriate division of responsibility, a programme of internal audit, manning of all key functions by qualified personnel and constant training.

Code of Conduct: The Board has adopted a code of conduct for its members, executives and staff, specifying the business standards and ethical considerations in conducting its business. The code includes:

- Corporate Governance
- Relationship with employees, customers and regulators.
- Confidentiality of Information
- Trading in Company's shares.
- Environmental responsibilities

Board Committees: The Board has constituted an Audit Committee and is considering constitution of a committee to review the human resource architecture.

Audit Committee: The Audit Committee operates under a charter approved by the Board. The governing charter of the Audit Committee addresses the requirement of the code of corporate governance issued by the SECP and includes the requirements of best practices. The Committee is accountable to the Board for the recommendation of appointment of external auditors, directing and monitoring the audit function and reviewing the adequacy and quality of the audit process. CEO and the CFO are responsible for the accuracy of financial information for inclusion in the annual report; the Committee provides the Board with additional assurance.

The Committee also ensures that the Company has an effective internal control framework. These controls include safeguarding of assets, maintaining of proper accounting records complying with legislation and ensuring the reliability of financial information.

Management Structure: The Company has two distinct business units a Steel Division and a Cotton Division. The accounting for these units is done separately in an arms length manner to arrive at the true profit before tax for each unit. The five key functional areas as defined in the system manuals, with clear responsibility and authority matrix have direct reporting lines to the Chief Executive Officer. The control manual, however, is being updated to fix fresh limits of authority. The Internal Audit function is responsible to monitor compliance with the manual.

Responsibility to Stakeholders: Our primary purpose is to run our business efficiently and profitably to enhance shareholder value but we do it with responsibility to all stakeholders. Profitability is essential to discharge this responsibility and the corporate resources are primarily deployed towards achievement of this end. However the Company does not operate in isolation with its environment and accordingly feels responsible to its other stakeholders which are:

- Our shareholders
- Our Customers
- Our People
- Our Business Partners
- Our Society

Service to Society: We are increasingly conscious of the role we have to play as responsible corporate citizens in fulfilling a wide variety of community needs. We believe in "giving something back" by helping address issues such as education, healthcare, public safety, environmental health etc. This is also arising from our basic belief that individual entities when they work together can create powerful synergies and help to improve the lot of the society in which they are operating.

These principles are not just put forth on paper but we have over the years actively strived to promote issues of education, health and environment. Major portion of our budget for philanthropy and sponsorship is allocated to primary and secondary schooling for less privileged children.

Health and Safety: Maintenance of health and safety standards at our plants and offices is a serious issue at CSAP. We are committed to actively managing health and safety risks associated with our business and are actively working towards improving our procedures to reduce, remove or control the risk of fires, accidents or injuries to employees and visitors. We also ensure that our products are shipped in a safe manner complying with the safety standards and legal requirements.

Role of Shareholders: The Board aims to ensure that shareholders are informed of all major developments affecting the company's state of affairs. Information is communicated to the shareholders in the annual report and the interim quarterly reports. The Board encourages the shareholders' participation at the annual general meetings to ensure a high level of accountability. The Company's financial statements are available on the Company's website and an officer is designated to answer all shareholder inquires.

The directors of the Company have the pleasure in submitting their report together with audited accounts of the Company for the year ended June 30, 2002.

Financial Results

The financial results of the Company are summarised below:

	2002	2001
	Rupees in thousand	
Profit for the year	198,697	73,101
Taxation	60,464	18,332
Profit after taxation	138,233	54,769
Unappropriated profit brought forward	43,566	18,924
Effect of adopting IAS-39	(5,933)	–
Profit available for appropriation	175,866	73,693
Appropriations:		
– Proposed Dividend @ 30% (2001: 15%)	(60,255)	(30,127)
– General Reserve	(110,000)	–
	(170,255)	(30,127)
Unappropriated profit carried forward	5,611	43,566
Earning per share	Rs. 6.88	Rs. 2.73

Statement on Corporate and financial reporting framework

- The financial statements, prepared by the management of the Company, present fairly it's state of affairs, the result of it's operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements except for the changes as explained in notes 2.20.1 and 2.20.2 to the accounts, and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control, which was in place, is being continuously reviewed by internal audit and other such procedures. The process of review will continue and any weaknesses in controls will be removed.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Details of significant improvements in the company's operations during the current year are stated in the Chief Executive's Review.
- Key operating and financial data for last six years in summarized form is annexed.
- The following is the value of investments based on audited accounts for the year ended December 31, 1999:

Provident fund	Rs.	23,726,245
Gratuity fund	Rs.	5,342,478
Pension fund	Rs.	13,420,750

- Information regarding the number of meetings of directors held and their attendance is attached separately.

Pattern of Shareholding

The Pattern of shareholding as per section 236 of the Companies Ordinance 1984 is attached separately.

No trade in the shares of the Company were carried out by CEO, CFO and Company Secretary, their spouses and minor children.

Directors

Since the last report in November 2001, no change in directorship has taken place.

The present term of the 7 elected directors will expire on January 29, 2003 but it is intended that election of directors for the period commencing January 30, 2003 be held in the forthcoming Annual General Meeting scheduled to be held on October 23, 2002 and appropriate notice to this effect is being sent out to the shareholders individually as well as through the press.

Auditors

The auditors M/s. A. F. Ferguson & Co., Chartered Accountants, retire and being eligible offer themselves for re-appointment. The Audit Committee of the Board has recommended the reappointment of the retiring auditors.

By order of the Board

Ahsan M. Saleem
Chief Executive
September 23, 2002

DEAR SHAREHOLDER,

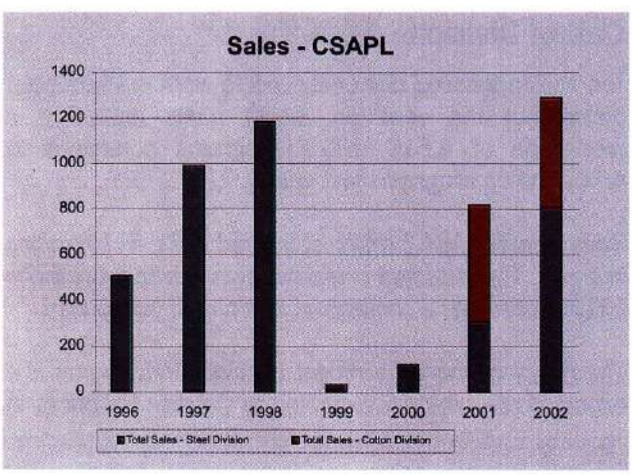
By the Grace of Allah, the financial year 2002 was a good one for the Company. As indicated in my report last year, the revival of activity in the pipe plant; partly due to the Industry cycle coming out of its ebb coupled with improved economic conditions resulted in a rewarding year.

OVERALL PROFITABILITY

The earnings for the year before tax were Rs. 198.7 million as against Rs. 73.1 million last year representing an increase of 172%, while the net surplus after tax stood at Rs. 138.2 million (2001: Rs. 54.8 million). The total sales were Rs.1,291.1 million and posted a growth of 57% over Rs. 820.9 million last year.

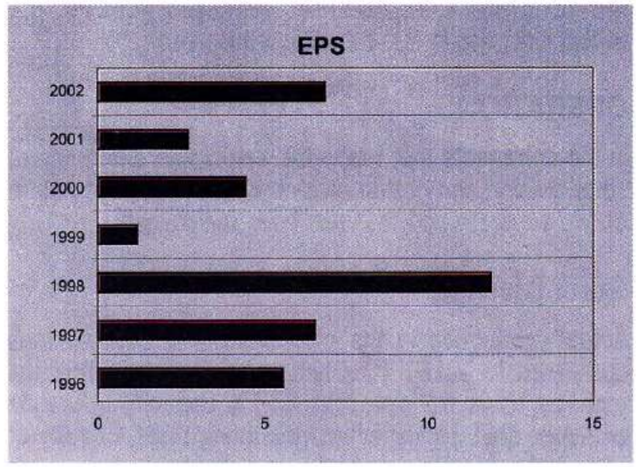
The earning per share has gone up to Rs.6.88 compared to Rs.2.73 last year.

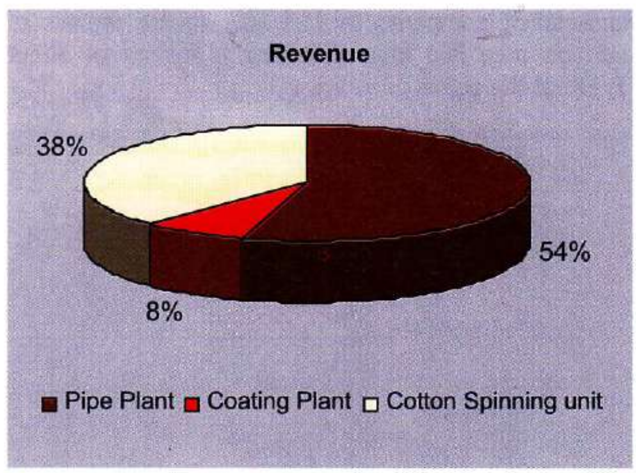
Recommendations about the appropriation of profit are contained in the Directors' Report.



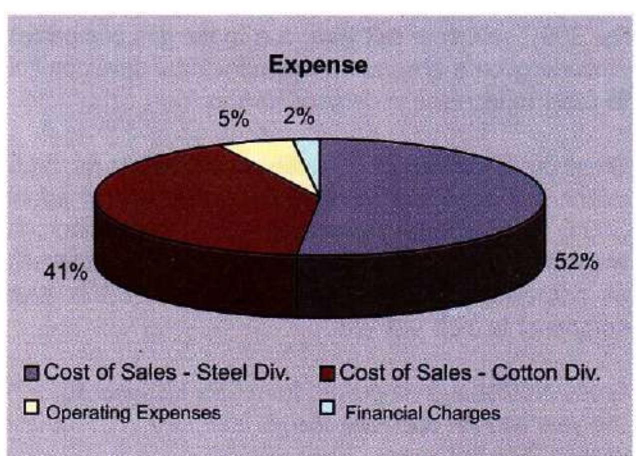
Of the total turnover of Rs. 1291.1 million this year, the steel division revenues at Rs. 806.7 million contributed 62% towards the total; with 87.3% contributed by the pipe plant and 12.7% by the coating plant. The revenues for the cotton division stood at Rs. 484.3 million (2001: 511.8 million).

The total operating expenses of the Company increased from Rs. 42.4 million to Rs. 61.5 million this year. This increase was in line with the increase in business in the steel division. However on a percentage of sales basis expenses have gone down from 5.2% to 4.7% this year.





Administration expenses increased from Rs. 37.2 million of last year to Rs. 53.9 million this year. This increase comprised mainly of an increase in salaries, depreciation and a greater allocation for donation.



Crescent Steel & Allied Products Ltd.

Marketing and sales expenses increased from Rs. 5.2 million last year to Rs. 7.6 million this year.

OPERATIONS

In the comments that follow the segmental difference of steel division and cotton division which are in the nature of two separate activities has been maintained.

Steel Division

Actual production in the pipe plant was 22,033 tons compared to 7,161 tons last year. This on a notional tonnage basis translates to 83.1% capacity utilisation on single shift. However in the coating plant, coating of 105,790 square meters of surface area was undertaken compared to 128,203 square meters of surface area last year reflecting utilisation of about 1/6th of the actual capacity.

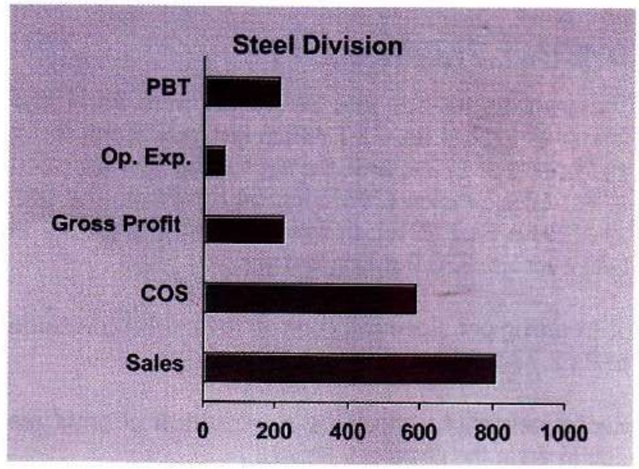
Sales at Rs. 806.7 million show a 161% growth from the Rs. 309.1 million of last year, due to the gas companies embarking on a program of infrastructural development to cater to increase in demand for gas.

Gross profit was Rs. 217.9 million compared to Rs. 54.6 million last year and marks an improvement of about 300%. Total expenses increased by Rs. 21.0 million, in line with picking up of production activity. Total expenses as percentage of sales however, were 7% this year compared to 12% last year.

Gross profit margin improved from 18% last year to 27% this year and the operating margin improved from 6% last year to 20% this year.

Financial charges were not incurred due to availability of usance facility from the suppliers of raw material.

The Steel Division posted a profit before tax of Rs. 205.7 million against Rs. 75.3 million last year, a reflection of the increased activity this year.

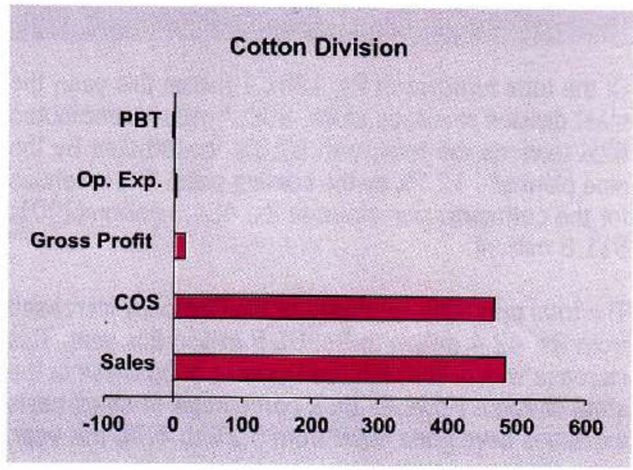


Cotton Division

The cotton-spinning unit continued to work uninterrupted throughout the year on 3-shift basis achieving a production of 4.619 million kilograms compared to 4.302 million kilograms last year.

Sales were Rs. 484.3 million compared to Rs. 511.8 million last year. The reduction in revenue was due to a decline in cotton prices and a consequent lowering of yarn prices.

The policy of the government to allow both import and export of raw cotton is expected to stabilise the prices in



the future. With some kind of stability in cotton prices it would hopefully be possible for local manufacturers to plan better rather than depend on "chance".

Gross profit achieved was Rs.17.9 million with the margin at 3.7% compared to Rs. 25.2 million or 4.9% last year. The rather subdued margin was mainly due to the fact that prices of cotton declined more slowly compared to reduction in yarn prices. Expenses at Rs. 4.0 million represented 0.8% of sales.

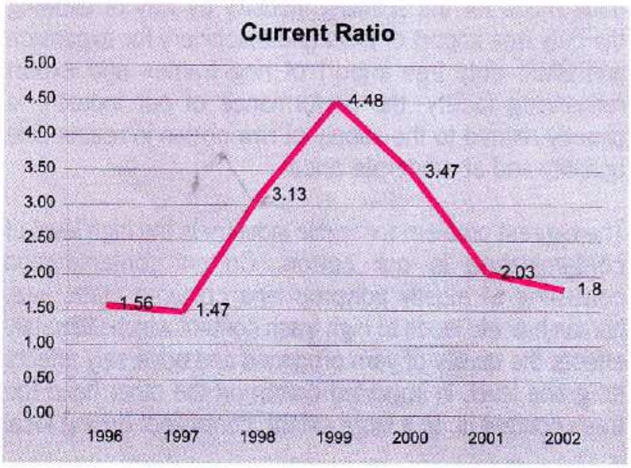
The cotton division posted a loss before tax of Rs. 7.0 million due to high financial charges amounting to Rs. 23.7 million for running finance and long-term loans. Funds generated by the cotton unit, however, service debts and provide fixed working capital for the unit.

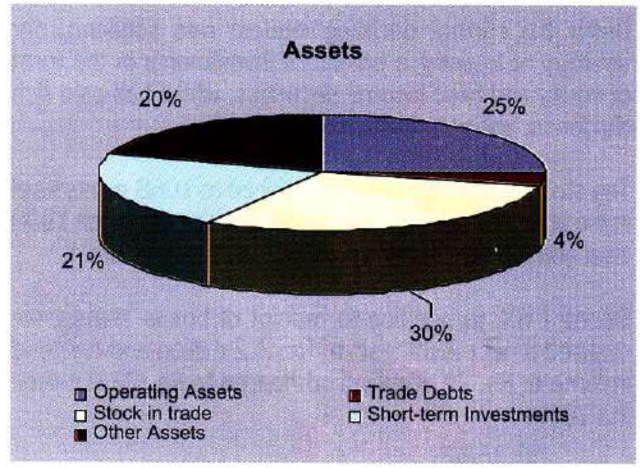
TAXATION

Taxation is computed on overall company basis. Taxation charge of Rs. 60.4 million this year, includes Rs. 9.2 million relating to prior year and write back of Rs. 7.7 million in deferred tax amount. It may be of interest to mention that even the reduced determined refund of Rs. 36 million was adjusted by the department against which appeals have been filed and the tax consultants are confident that ultimately the decision will be in the Company's favour.

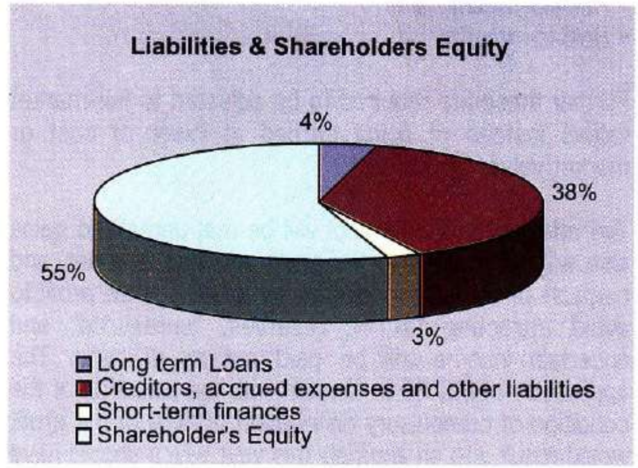
BALANCE SHEET

A review of the balance sheet shows that the current ratio continues to remain healthy at 1.8:1, at about the same level as last year. Other ratios also continue to remain robust. The break up value of share has gone up from Rs. 35.7 to Rs. 39.3 this fiscal.





Decrease in trade debtors is mainly due to entering into an agreement with our buyers and their bankers for a less cumbersome mode of payment and accounting for sales contemporaneously with risks and rewards transfer.



The profitability ratios have improved with basic earning power ratio moving from 10.5% of last year to 16.9% this year. The return on assets has grown from 4.6% last year to 9.6% this year.

Fixed asset turnover has gone up to 3.6 times this year compared to 2.2 last year.

INVESTMENTS

The investments appear under the classification of short-term and long-term and together with bank balances, which are shown separately in the balance sheet, aggregate to Rs.454.4 million. Out of these, marketable securities are 62%, fixed income securities 14% and cash and bank balances 24%.

Under the current declining interest rate scenario, our strategy of keeping a basket of investments in the form of equity and fixed income securities, which has paid rich dividends, will be maintained.

The stock market index which crashed to 1068 points level in the aftermath of 9/11, recouped its losses to reach 1900 level and remains range bound with shrinking volumes.

During FY02 in addition to receipt of bonus shares, we realised a net capital gain of Rs. 3.2 million and dividend income of Rs. 27.3 million compared to Rs. 22.0 million in FY01.

Consequent to the implementation of IAS 39, the investments have been reclassified basically into the categories of:

- Available-for-sale,
- Held-for-trading, and
- Held-to-maturity.

Further these are required to be adjusted to fair market values instead of being carried at lower of cost or market value.

The effect of this treatment will be that unrealized gains also will be credited to the profit and loss account, and because of compulsory distribution of 40% of the profit to avoid attracting tax on reserves, "unrealized" and uncertain income will be paid out as dividend. The application of IAS 39 in tandem with the retention of the condition of compulsory distribution of 40% of the profit would result into an anomaly this year which should have been looked into by the regulators.

INDUSTRY PROBLEMS

As we have reiterated previously also the import friendly attitude of our industry continues to hamper our progress. Oil and Exploration & Petroleum Companies' attitude remain import friendly and alien to the local industry. Although Engineering Development Board and Ministry of Industries have been providing the much needed support, yet E&P Companies have been importing dutiable pipes under concessionary regime disregarding CGO 17. The facility of expeditious clearance of dutiable pipes against corporate guarantees has been abused and need to be curbed to protect the local 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, Ministry of Petroleum and Pipe Engineering Industry 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 manner 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 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 Corporation (PASMIC) they have to depend on whatever PASMIC claims to be within their manufacturing range. The industry is thus 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 and export refinancing facility, the performance of our industry is directly related to the supply of raw cotton in reasonable quantity and at moderate price.

The biggest problem for 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 price is an issue that needs urgent correction.

QUALITY PROGRAM

Excellence in quality continues to remain important for us in all aspects of our operations. As our product competes not just with local manufacturers but also international manufacturers 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. Presently the Company is accredited with the APIQ1 and ISO 9001 certification for the Steel Division and ISO 9002 certification for the Cotton Division, however I may mention that both units are currently updating their procedures and moving towards attaining the ISO 9001:2000 certification which is a requirement for fiscal 04 but earlier certification will further ensure that we are at par with international standards.

SOCIAL RESPONSIBILITY

CSAPL has always remained conscious of its responsibilities towards society in line with its guiding principle to act as good corporate citizens. It has in particular always been at the forefront to promote the cause of education and this is where a major portion of our budget for philanthropy and sponsorship is allocated. As our shareholders are aware the company in the past few years has been experiencing a cyclical downturn in its industry but even then it has never shirked from its responsibility to serve society in any way possible. CSAPL over the past years has sponsored six schools under the umbrella of The Citizens Foundation, a professionally managed not-for-profit organization working to provide quality education to the lesser privileged children of the country. It has also committed to one more school in the next fiscal 2003. In addition to improving the standards of primary education in the country CSAPL also supports the advancement of higher education and has from time to time donated generously to the Lahore University of Management Sciences. The Board of CSAPL also has representation on the Pakistan Centre for Philanthropy, an autonomous, not-for-profit support organization whose main aim is to undertake a range of activities to enhance philanthropy.

Other than its focus towards education CSAPL has also been a generous donor in helping to improve health standards and has this year, also donated to the Aga Khan Medical Hospital.

In addition to our efforts to promote education among the lesser privileged, we have also embarked on an adult literacy program for the uneducated staff at the factory. They will be provided with formal class room education after work where initially they will be taught primary level education and then will be moved on up to middle and secondary levels. Our aim is to have all workers reach at least the secondary level standards.

FUTURE OUTLOOK

Fresh order intake in the Steel Division in the first quarter of FY 03 is encouraging and order book for the second quarter is also full, with spill over in to the third quarter. It seems relevant to point out over here that the order intake for FY03 is close to our budgeted estimates for the entire year.

Continuity in Government's Policy of indigenization and self sufficiency in energy has helped increase large diameter pipe demand. More gas is being made available to the two gas companies i.e. Sui Southern Gas Company Limited and Sui Northern Gas Pipelines Limited. Work on system augmentation continues by the gas companies to be able to receive additional quantity of gas from Miano and Sawan fields. After completion of SNGPL Project VII in 2002 work on project VIII is likely to be undertaken thus creating sufficient demand in the year beyond 2003.

Activities on long awaited White Oil Pipeline Project has also geared up and pipeline construction is expected to commence in January 2003. We expect a reasonable share of this business

As a result of increasing energy demand the gap between gas supply and gas demand is likely to exceed 1bcf by the year 2006 - 2007. This has made the requirement of import of gas through a dedicated pipeline urgent. The Government is likely to decide fairly soon as to which option will be preferred.

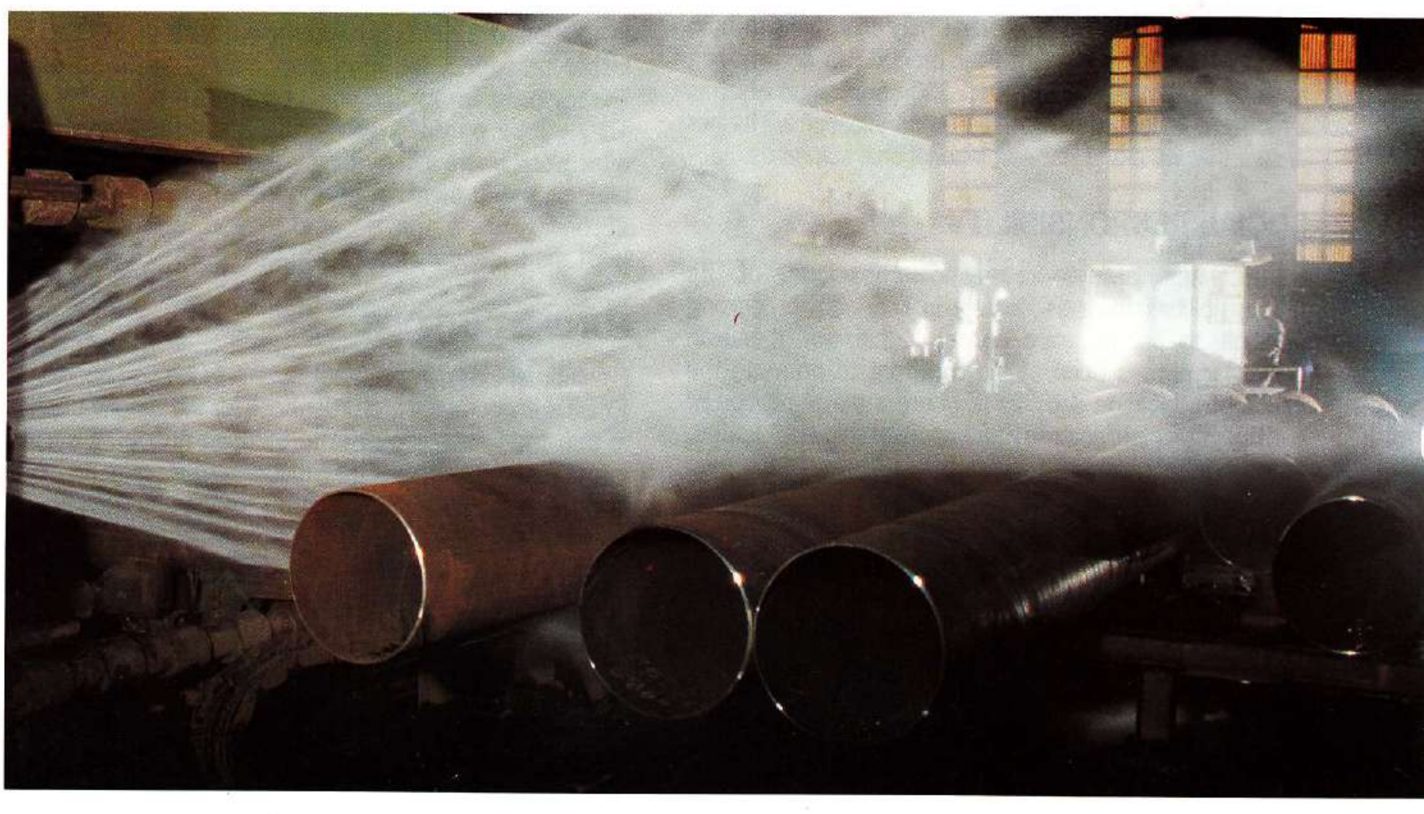
Annual pipeline expansion in Water Supply Sector in Islamabad, Faisalabad, and Karachi is envisaged offering good prospects. Government has approved water supply plans for Balochistan. Water will be transported to the province of Balochistan through large diameter long distance pipeline.

As we foresee an increasing demand for line pipes in next 3-4 years CSAP's share is estimated between 30,000 - 40,000 tons/year.

In the cotton sector in FY03 a good sized crop is expected despite a reduction in cultivated area by about 13%. It is reported that the plants are healthier and yield would be better than last year. Preliminary estimates are 11 million bales compared to 10.3 million last year. As the 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.

The cotton unit having completed the first phase of its Balancing Modernization Replacement exercise has embarked on the second phase to increase efficiency, sustain the quality of its product and to ensure its continuity to bag premium prices in the market. This exercise is likely to be completed in the fourth quarter of FY03 and will further enhance export potential. In this period the capacity will increase from 14,400 spindles to 19,536 spindles.

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.

It is expected that the production and revenue for the FY03 will be at levels similar to FY02 for Steel Division and will be maintained for the Cotton Division.

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.

23rd September 2002.

On Behalf of the Board,

Ahsan. M. Saleem
Chief Executive.

Crescent Steel & Allied Products Ltd.

	Year ended June 30, 2002	Year ended June 30, 2001	+ –	Percentage Change Increase Decrease
Operating Results (Rupees in million)				
Sales revenue	1,291.0	820.9	+	470.1
Profit from operations	174.3	37.4	+	136.9
Net income	138.2	54.8	+	83.4
Data per common Share (Rs.)				
Earnings per share	6.9	2.7	+	4.2
Break-up value per share	39.3	35.7	+	3.6
Financial Position at June 30 (Rupees in million)				
Total assets	1,439.1	1,181.3	+	257.8
Long-term debts (including current maturity)	40.0	63.6	–	23.6
Lease obligations	63.2	37.3	+	25.9
Shareholders equity	789.7	717.7	+	72.0
Current liabilities	584.4	382.3	+	202.1
Other Statistics				
Return on average equity	17.5	7.6	+	9.9
Common Shares (Nos.)	20,084,863	20,084,863		–

Crescent Steel & Allied Products Ltd.

	2002	2001	2000	1999	1998	1997	1996*
Operating Results (Rupees in million)							
Net sales	1,291.1	820.9	121.2	32.9	1,184.2	991.6	506.8
Cost of sales	1,055.2	741.1	150.0	105.0	913.9	693.1	261.6
Selling and administrative expenses	61.5	42.4	36.7	44.7	74.5	64.2	34.6
Financial charges	23.7	23.0	2.7	5.2	17.6	26.7	23.6
Other charges	20.3	28.9	35.2	40.9	30.3	41.5	41.9
Other income	68.4	87.6	170.0	83.6	89.7	5.3	2.7
Pre tax profit/(loss)	198.7	73.1	66.6	(79.3)	237.6	171.5	147.9
Income tax	60.5	18.3	(23.4)	(103.1)	(1.3)	39.5	50.2
Net income	138.2	54.8	90.0	23.8	238.8	131.9	97.8
Per Share Results and Returns							
Earnings per share (Rupees)	6.9	2.7	4.5	1.2	11.9	6.6	5.6
Net income to sales (%)	10.7	6.7	74.3	72.3	20.2	13.3	19.3
Return on average assets (%)	17.0	9.3	8.4	(9.4)	26.9	22.5	27.0
Return on average equity (%)	17.5	7.6	13.0	3.7	38.2	30.2	28.8
Financial Position (Rupees in million)							
Current assets	1,034.7	776.5	474.9	473.9	520.0	797.2	382.2
Current liabilities	584.4	382.3	136.8	105.8	166.2	575.6	267.9
Operating fixed assets	355.3	366.7	382.1	202.7	230.4	240.2	247.5
Total assets	1,439.1	1,181.3	894.6	756.8	813.3	1,085.9	677.0
Long-term debts (excluding current maturity)	59.2	68.5	64.7	11.7	21.7	40.3	53.6
Short-term debts (including current maturity of long-term debts)	80.2	151.7	41.4	20.8	18.3	24.2	65.7
Shareholders' equity	789.7	717.7	693.1	639.2	625.4	436.9	339.9
Break-up value per share (Rupees)	39.3	35.7	34.5	31.8	31.1	25.0	22.4
Financial Ratios							
Current assets to current liabilities	1.8	2.0	3.5	4.5	3.1	1.4	1.4
Long term debt to equity (%)	7.5	9.6	9.3	1.8	3.5	9.2	15.8
Total debt to total assets (%)	44.7	38.2	22.5	15.5	23.1	56.7	47.5
Interest coverage (times)	9.4	4.2	25.6	(14.2)	14.5	7.4	7.3
Average collection period (days)	39.5	49.7	3.9	129.3	34.6	49.3	42.4
Inventory turnover (times)	3.7	8.1	3.6	2.0	4.5	2.7	2.0
Fixed assets turnover (times)	3.6	2.2	0.3	0.2	5.1	4.1	2.0
Total assets turnover (times)	0.9	0.7	0.1	0.1	1.5	0.9	0.7
Other Data (Rupees in million)							
Depreciation/(Amortization)	63.6	52.7	32.4	33.9	35.9	35.3	48.5
Capital expenditure (including leased assets)	101.6	8.4	211.9	11.8	29.5	38.6	31.6

(*) 1996 figures for eighteen months annualised.

The Company is in the process of implementing all facets of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan and adopted by the Stock Exchanges. The Board feel pleasure in stating that provisions of the code, relevant for the year ended June 30,2002, have been duly complied with by the Company.

Ahsan M.Saleem
Chief Executive
Karachi: September 23, 2002

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Crescent Steel and Allied Products Limited to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange, chapter XIII of Listing Regulations of Lahore Stock Exchange and chapter XI of Listing Regulations of the Islamabad Stock Exchange where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the company personnel and review of various documents prepared by the company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the company's status of compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2002.

A.F. Ferguson & Co.

Chartered Accountants
Karachi: September 27, 2002

A.F. FERGUSON & CO.

A member firm of

PRICEWATERHOUSECOOPERS

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, 2002 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 account 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 except for the changes as stated in notes 2.20.1 and 2.20.2 to the accounts with which we concur;

   (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, 2002 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.

AF Ferguson & Co.

Chartered Accountants

September 27, 2002

As at June 30, 2002

	Note	2002	2001
		Rupees in thousand	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital 30,000,000 (2001: 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	583,278	473,278
Unappropriated profit		5,611	43,566
		789,738	717,693
Deferred Income	5	715	-
Non-current liabilities			
Long-term loans	6	13,893	40,993
Liabilities against assets subject to finance leases	7	45,330	27,555
Deferred taxation	8	5,100	12,832
Current liabilities			
Current maturity of long-term loans	6	26,127	22,584
Current maturity of liabilities against assets subject to finance leases	7	17,852	9,762
Short-term finances	9	36,174	119,377
Creditors, accrued expenses and other liabilities	10	443,952	200,409
Proposed dividend		60,255	30,127
		584,360	382,259
Contingencies and commitments	11		
		1,439,136	1,181,332

	Note	2002	2001
		Rupees in thousand	
ASSETS			
Non-current assets			
Tangible fixed assets			
Operating fixed assets	12	280,864	321,218
Assets subject to finance leases	13	65,044	6,436
Capital work-in-progress	14	9,382	39,092
		355,290	366,746
Intangible assets	15	760	–
Long-term investments	16	39,374	29,640
Long-term deposits	17	7,649	5,394
Staff retirement benefits	18	1,345	3,092
Current assets			
Stores, spares and loose tools	19	40,451	41,762
Stock-in-trade	20	432,904	145,100
Trade debts	21	56,692	249,306
Short-term advances	22	2,203	2,286
Short-term deposits and prepayments	23	2,017	3,994
Current maturity of long-term investments	24	5,844	14,175
Investments	25	307,400	197,077
Other receivables	26	78,755	25,127
Taxation	27	6,613	70,283
Cash and bank balances	28	101,839	27,350
		1,034,718	776,460
		1,439,136	1,181,332

The annexed notes form an integral part of these accounts.

Chairman

Chief Executive

For the year ended June 30, 2002

	Note	2002 Steel division	2002 Cotton division	2002 Total	2001 Steel division	2001 Cotton division	2001 Total
		Rupees in thousand					
Sales	29	806,708	484,351	1,291,059	309,089	511,848	820,937
Cost of sales	30	588,808	466,392	1,055,200	254,486	486,592	741,078
Gross profit		217,900	17,959	235,859	54,603	25,256	79,859
Selling expenses	31	6,262	1,365	7,627	4,429	815	5,244
Administration expenses	32	51,218	2,689	53,907	32,026	5,141	37,167
		57,480	4,054	61,534	36,455	5,956	42,411
Operating profit		160,420	13,905	174,325	18,148	19,300	37,448
Other income	33	64,738	3,669	68,407	86,379	1,225	87,604
		225,158	17,574	242,732	104,527	20,525	125,052
Financial charges	34	–	23,748	23,748	352	22,692	23,044
Other charges	35	19,426	861	20,287	28,907	–	28,907
		19,426	24,609	44,035	29,259	22,692	51,951
Profit/(loss) before taxation		205,732	(7,035)	198,697	75,268	(2,167)	73,101
Taxation	36			60,464			18,332
Profit after taxation				138,233			54,769
Basic earnings per share	37			Rs. 6.88			Rs. 2.73
Dividend per share				Rs. 3.00			Rs. 1.5

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, 2002

	Issued, subscribed and paid-up capital	General reserve	Reserve for issue of bonus shares	Unappro-priated profit	Total
	Rupees in thousand				
Balance as at July 1, 2000	200,849	471,000	2,278	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	471,000	2,278	43,566	717,693
Balance as at July 1, 2001					
– as previously reported	200,849	471,000	2,278	43,566	717,693
– effect of adopting International Accounting Standard 39	–	–	–	(5,933)	(5,933)
	200,849	471,000	2,278	37,633	711,760
Profit for the year	–	–	–	138,233	138,233
Transfer to general reserve	–	110,000	–	(110,000)	–
Proposed dividend (30%)	–	–	–	(60,255)	(60,255)
Balance as at June 30, 2002	200,849	581,000	2,278	5,611	789,738

The annexed notes form an integral part of these accounts.

Chairman

Chief Executive

For the year ended June 30, 2002

	Note	2002	2001
		Rupees in thousand	
Cash flow from operating activities			
Cash generated from operations/(used in operations)	38	369,959	(99,979)
Taxes paid		(4,526)	(3,263)
Financial charges paid		(26,399)	(18,656)
Contributions to pension and gratuity fund		(3,329)	(2,568)
Increase in long-term deposits and prepayments		(2,255)	(3,692)
Net cash inflow/(outflow) from operating activities		333,450	(128,158)
Cash flow from investing activities			
Fixed capital expenditure		(33,799)	(8,215)
Purchase of intangible assets		(1,140)	–
Sale proceeds of fixed assets		22,371	5,947
Investments (made)/disposed off		(146,986)	53,985
Dividends received		28,618	22,576
Interest income received		17,802	8,703
Net cash (outflow)/inflow from investing activities		(113,134)	82,996
Cash flow from financing activities			
Short-term loans		(46,000)	66,000
Repayments of			
- a long term loans		(23,557)	(21,062)
- liabilities against assets subject to finance lease		(12,426)	(1,133)
Dividends paid		(26,641)	(35,614)
Net cash (outflow)/inflow from financing activities		(108,624)	8,191
Net increase/(decrease) in cash and cash equivalents		111,692	(36,971)
Cash and cash equivalents at the beginning of the year		(26,027)	10,944
Cash and cash equivalents at the end of the year	39	85,665	(26,027)

The annexed notes form an integral part of these accounts.

Chairman

Chief Executive

Notes to and forming part of the accounts for the year ended June 30, 2002

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 three 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" (the cotton division). 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 charged a mark-up of 10 percent (2001: 15 percent) subject to financial charges incurred by the steel division.

2. Significant accounting policies

2.1 Accounting convention

These accounts have been prepared under the historical cost convention, except certain investments which are carried at fair value.

2.2 Statement of compliance

These accounts have been prepared in accordance with accounting standards issued by the International Accounting Standards Committee (IASC) and interpretations issued by the Standing Interpretations Committee of the IASC as applicable in Pakistan, and the requirements of the Companies Ordinance, 1984.

2.3 Bank borrowings

Mark-up bearing loans and overdrafts are recorded at the proceeds received, net of direct issue cost. Financial charges are accounted for on an accrual basis.

2.4 Employee benefits

2.4.1 Compensated absences

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

2.4.2 Post retirement benefits

2.4.2.1 Defined contribution plan

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 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 percent.

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.

2.4.2.2 Defined benefit plans

Pension and gratuity fund
The company has also established pension and gratuity fund schemes for its permanent management employees. The pension scheme provides lifetime pension to retired employees or to their spouses. Contributions are paid to the pension and gratuity funds on the basis of actuarial recommendations. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Consistent with prior years actuarial gains and losses which exceed 10 percent of the greater of the present value of the company's pension obligations and the fair value of plan assets are amortised over the expected average remaining working lives of the eligible employees. Past service cost is recognised immediately to the extent that the benefits are already vested. For non-vested benefits past service cost is amortised on a straight line basis over the average period until the amended benefits become vested.

Consistent with prior years the amount recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost and as reduced by the fair value of plan assets.

Consistent with prior years any assets resulting from this calculation is limited to the unrecognised actuarial losses and unrecognised past service cost plus the present value of available refunds and reduction in future contributions to the plan.

2.5 Taxation

Current
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
Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and their tax base. Deferred tax liabilities are generally recognised for all taxable temporary differences. With effect from July 1, 2001 the company also recognises deferred tax assets on all deductible temporary differences to the extent that it is probable that taxable profits will be available against which these deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Previously the company accounted for deferred tax arising on temporary differences, if any, by using the liability method, but the net debit balances were recognised only if they were likely to reverse in the foreseeable future. The reason and effect of this change in accounting policy are stated in note 2.20.2 below.

2.6 Provisions

Consistent with prior years provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be used of the amount of obligation.

2.7 Creditors, accrued expenses and other liabilities

Consistent with prior years these are stated at their nominal values.

2.8 Tangible fixed assets and depreciation

Operating assets are stated at cost less accumulated depreciation and impairment loss. Leasehold land is amortised over the period of the lease. Capital work-in-progress is stated at cost.

Where the carrying amount of assets exceeds its estimated recoverable amount it is written down immediately to its recoverable amount.

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 a 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. Gains and losses on disposals are determined by comparing sales proceeds with carrying amount and are included in income currently.

2.9 Assets subject to finance leases

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.

2.10 Intangible assets

Expenditure incurred to acquire software licences is capitalised as intangible assets and stated at cost less accumulated amortisation and impairment loss. Intangible assets are amortised using the straight line method over a period of three years. Where the carrying amount of assets exceeds its estimated recoverable amount it is written down immediately to its recoverable amount.

2.11 Investments

Effective July 1, 2001 investments are being categorised as follows:

Held for trading
These are investments acquired principally for the purpose of generating profit from short-term fluctuations in prices or dealers' margins, or are securities included in a portfolio in which a pattern of short-term profit taking exists.

Held to maturity
These are investments with fixed or determinable payments and fixed maturity and the company has the positive intent and ability to hold such investments to maturity.

Available for sale
These are investments that do not fall under the 'held for trading', 'held to maturity' or 'loan and advances originated by the enterprise' categories.

Investments are initially stated at cost inclusive of transaction costs. Cost of investment portfolio is determined on a moving average basis. The market value refers to the closing quotations of stock exchanges on the last working day of the accounting year which are considered as their fair values.

Held for trading and available-for-sale investments are subsequently carried at fair market value on an individual basis, whilst loans and advances originated by the enterprise and held to maturity investments are carried at amortised cost using the effective yield method. Realised and unrealised gains and losses arising from changes in the fair value of held for trading investments and of available for sale investments are taken to income statement in the period in which they arise.

The company follows trade date accounting for purchase and sales of investments.

Previously the accounting policy of the company was to record long-term investments at cost less provision for permanent diminution in the value of investments whereas short-term investments were stated at the lower of cost and market value determined on an aggregate portfolio basis.

The reason and effect of this change in accounting policy are stated in note 2.20.1 below.

2.12 Derivative financial instruments

The company enters into derivative financial instruments which include future contracts in stock market. Derivatives are initially recorded at cost and are remeasured to fair value on subsequent reporting dates. The fair value of a derivative is the equivalent of the unrealised gain or loss from marking to market the derivative using prevailing market rates. Derivatives with positive market values (unrealised gains) are included in other receivables and derivatives with negative market values (unrealised losses) are included in other liabilities in the balance sheet. The resultant gains and losses from derivatives held for trading purposes are included in income currently.

2.13 Stores and Spares

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

2.14 Stocks

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 costs necessarily to be incurred to make the sale. Goods-in-transit are valued at actual cost accumulated to the balance sheet date.

The cost of finished goods of steel division is measured on the specific identification method.

Scrap stocks are valued at their estimated realisable value.

2.15 Trade debts

Consistent with prior years trade debts are carried at original invoice amount less provision made for doubtful receivables based on a review of all outstanding amounts at the year end. Debts considered irrecoverable are written off.

2.16 Cash and cash equivalents

Consistent with prior years cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held with banks and running finances. In the balance sheet, running finances are included in short-term finances.

2.17 Revenue recognition

Revenue from sales is recognised on despatch of goods to customers. Consistent with prior years the company also recognises sales when it specifically appropriates deliverable goods against such confirmed orders where the payments are secure and significant risks and rewards of ownership are transferred to the buyer.

Interest income is accrued on a time basis, by reference to the principal outstanding at an effective rate of interest.

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

Gains and losses on sale of investments are recognised on an accrual basis.

2.18 Foreign currencies

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

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.

2.19 Segment (division)

Consistent with prior years a segment (division) is a distinguished component within a company that is engaged in providing products (business segment), which is subject to risks and rewards which are different from those of other segments.

2.20 Reasons and effects of change in accounting policies

2.20.1 Effective July 1, 2001 International Accounting Standard 39 has become applicable to the company. Consequently, the company has classified its investments as 'held for trading', 'held to maturity', 'available for sale' and 'loans and advances originated by the enterprise'. The investments classified as 'held for trading' and 'available for sale' are stated at their fair values whereas those classified as 'loans and advances originated by the enterprise' are stated at the amortised cost. Unrealised gains and losses on 'held for trading' and 'available for sale' investments are taken to the profit and loss account.

Previously the accounting policy of the company was to record long-term investments at cost less provision for permanent diminution in the value of investments whereas short-term investments were stated at the lower of cost and market value determined on an aggregate portfolio basis. Provision for diminution in the value of investments was taken to the profit and loss account.

Had this accounting policy not been changed the investments would have been stated at a value higher by Rs 18.480 million, retained earnings would have been higher by Rs 5.933 million, capital gains would have been lower by Rs 26.264 million, further, there would have been no fair value adjustment in profit and loss account which at present amounts to Rs 10.339 million, premium amortisation would have been lower by Rs 4.888 million, provision for diminution in the value of investments would have reversed by Rs 35.551 million and exchange loss would have been lower by Rs 13.699 million. The resultant effect would have been increase in profit by Rs 7.759 million.

2.20.2 The Institute of Chartered Accountants of Pakistan through its circular no. 01/2002 dated February 12, 2002 has made International Accounting Standard 12 'Income taxes' (revised 1998) applicable for accounting periods beginning on or after July 1, 2002.

Consequently, the company has changed its accounting policy for accounting for deferred taxation and now shall also recognise net debit balance arising on temporary differences.

There is no effect of this change in accounting policy.

3. Issued, subscribed and paid-up capital

2002	2001		2002	2001
Number of shares			Rupees in thousand	
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
20,084,863	20,084,863		200,849	200,849

4. Reserves

	2002	2001
General Reserve		
At the beginning of the year	471,000	471,000
Transfer from profit and loss account	110,000	-
	581,000	471,000
Reserve for issue of bonus shares	2,278	2,278
	583,278	473,278

5. Deferred income

The company has entered into sale and lease back arrangements resulting in deferred income of Rs 0.980 million. Deferred income represents the excess of the sales proceeds over the net book value of plant and machinery under sale and leaseback arrangements which have resulted in finance leases. The deferred income is being amortised each year over the respective periods of the lease terms. The amount credited to the profit and loss account during the year was Rs 0.265 million.

6. Long-term loans

	2002	2001
	Rupees in thousand	
Cotton division		
Secured		
From Pakistan Industrial Credit and Investment Corporation (PICIC), an associated undertaking		
at 14% - note 6.2	22,575	35,272
at 16% - note 6.3	17,445	28,305
	40,020	63,577
Less: Current maturity shown under current liabilities	26,127	22,584
	13,893	40,993

6.1 The above loans relate to the cotton division and were obtained by CJPL from Pakistan Industrial Credit and Investment Corporation. These loans have been taken over by the company effective June 30, 2000 as part of the purchase consideration for the cotton division. An agreement in this regard is in the process of formalisation.

6.2 This loan is repayable in half-yearly installments and will be fully repaid by December 2003.

6.3 This loan is repayable in monthly installments and will be fully repaid by November 2003.

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

7. Liabilities against assets subject to finance leases

	2002			2001		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
	Rupees in thousand					
Long-term – notes 7.1 and 7.2	4,913	40,417	45,330	–	27,555	27,555
Current maturity - notes 7.1 and 7.2	802	17,050	17,852	219	9,543	9,762
	5,715	57,467	63,182	219	37,098	37,317

7.1 Steel division

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

	2002	2001	2002	2001	2002	2001
	Minimum lease payments		Financial charges		Present value of minimum lease payments	
	Rupees in thousand					
Year to June 30, 2002	–	237	–	18	–	219
2003	1,689	–	887	–	802	–
2004	1,689	–	728	–	961	–
2005	1,689	–	537	–	1,152	–
2006	1,689	–	309	–	1,380	–
2007	1,475	–	55	–	1,420	–
Total	8,231	237	2,516	18	5,715	219
Less: Current maturity shown under current liabilities					802	219
					4,913	–

The present values of minimum lease payments have been discounted at an effective mark up rate of 18.50% per annum (2001: 16.23% to 18.4% per annum). Repairs and insurance costs are to be borne by the lessee. The company intends to exercise its option to purchase the leased asset for Rs.0.640 million on completion of the lease period.

7.2 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:

	2002	2001	2002	2001	2002	2001
	Minimum lease payments		Financial charges		Present value of minimum lease payments	
			Rupees in thousand			
Year to June 30, 2002		14,527		4,984		9,543
2003	23,440	14,527	6,391	3,288	17,049	11,239
2004	26,636	17,606	3,782	1,290	22,854	16,316
2005	9,250	–	1,731	–	7,519	–
2006	10,750	–	705	–	10,045	–
Total	70,076	46,660	12,609	9,562	57,467	37,098
Less: Current maturity shown under current liabilities					17,050	9,543
					40,417	27,555

The present values of minimum lease payments have been discounted at an effective mark up rates ranging from 13.0% to 18.40% per annum (2001: 16.25% to 18.40%). 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. 5.280 million on completion of the lease periods.

8. Deferred taxation

	2002	2001
	Rupees in thousand	
Deferred credit/(debit) balance arising from		
Tax losses	–	(6,828)
Accelerated tax depreciation allowances	21,612	24,282
Finance lease arrangements	402	(203)
Provisions against assets	(16,914)	(4,419)
	5,100	12,832

9. Short-term finances

		2002 Steel division	2002 Cotton division	2002 Total	2001 Steel division	2001 Cotton division	2001 Total
		Rupees in thousand					
Secured							
Running finances under mark-up arrangements							
National Bank of Pakistan	9.1	–	–	–	5,112	–	5,112
Meezan Bank Limited	9.2	53	–	53	48,265	–	48,265
Union Bank Limited	9.3	16,096	–	16,096	–	–	–
PICIC Commercial Bank Limited	9.4	–	25	25	–	–	–
Short-term loans							
Saudi Pak Industrial and Agricultural Investment Company (Private) Limited	9.5	–	20,000	20,000	–	25,000	25,000
Meezan Bank Limited		–	–	–	–	15,000	15,000
First Crescent Modaraba		–	–	–	10,000	–	10,000
Bank of Khyber		–	–	–	16,000	–	16,000
		16,149	20,025	36,174	79,377	40,000	119,377

9.1 National Bank of Pakistan

The facility for running finance available amounts to Rs. 20 million (2001 Rs. 20 million). The rate of mark-up is 16% per annum (2001: 16% per annum). The purchase price is repayable on December 31, 2002. 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 ranking pari passu on the fixed assets of the company.

The facility for opening letters of credit and guarantees as at June 30, 2002 amounted to Rs. 83 million (2001: Rs. 83 million) of which amount remaining unutilised at the year end was Rs. 72.05 million. (2001: Rs. 37 million).

9.2 Meezan Bank Limited

The facility of murabaha finance available amounts to Rs. 75 million (2001: Rs. 50 million from Societe Generale, The French and International Bank). The rate of profit is variable. 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, 2002 amounted to Rs 405 million (2001: Rs. 110 million from Societe Generale, The French and International Bank) of which amount remaining unutilised at the year end was Rs. 191.48 million (2001: Rs. 82.81 million).

9.3 Union Bank Limited

The facility for running finance available amounts to Rs. 25 million (2001: Nil). The rate of mark up is 12.5% per annum. The purchase price is repayable on March 31, 2003. The above facility is secured against pledge of shares of quoted companies, first pari passu charge over stocks and book debts.

The facility for opening letters of credit and guarantees as at June 30, 2002 amounted to Rs 588.08 million (2001: Rs. 225 million) of which amount remaining unutilised at the year end was Rs. Nil (2001: Rs. 43.94 million).

9.4 PICIC Commercial Bank Limited

The facility for running finance available amounts to Rs. 40 million (2001: Nil) subject to condition that the company will carry out export business upto two to three times of the facility with the bank. The rate of mark-up is 16% per annum. The above facility is secured against pledge of cotton stock.

Crescent Steel & Allied Products Ltd.

The facility for opening letters of credit and guarantees as at June 30, 2002 amounted to Rs. 50 million (2001: Nil) of which amount remaining unutlised at the year end was Rs. 15.56 million (2001: Nil).

9.5 Saudi Pak Industrial and Agricultural Investment Company (Private) Limited

The short-term loan facility for cotton purchases available amounts to Rs 30 million (2001: Rs 25 million). The rate of mark-up is 14% per annum (2001: 15% per annum). The purchase price is repayable on November 15, 2002. The above facility is secured against pledge of cotton stock.

10. Creditors, accrued expenses and other liabilities

	2002			2001		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
	Rupees in thousand					
Creditors	7,767	771	8,538	3,402	5,359	8,761
Excise duty payable	3,133	-	3,133	3,133	-	3,133
Sales tax payable	–	1,574	1,574	3,030	2,991	6,021
Bills payable	383,949	1,847	385,796	144,024	–	144,024
Accrued liabilities	14,930	6,699	21,629	15,411	3,618	19,029
Interest accrued on a secured loan	-	804	804	–	411	411
Accrued mark-up	144	847	991	2,911	1,124	4,035
Advances from customers	4,688	416	5,104	4,159	3,980	8,139
Retention money	93	–	93	318	–	318
Due to associated undertakings	429	333	762	979	10	989
Payable to provident fund	495	1,633	2,128	465	804	1,269
Unclaimed dividend	4,977	–	4,977	1,491	–	1,491
Others	7,367	1,056	8,423	1,893	896	2,789
	427,972	15,980	443,952	181,216	19,193	200,409

10.1 Maximum amount due to associated undertakings at the end of any month during the year was Rs. 1.476 million (2001: Rs. 0.991 million).

11. Contingencies

11.1 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 is made 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, 2002 (2001: Rs. 1.515 million).

11.2 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.

11.3 Aggregate amount of guarantees given by the banks on behalf of the company in respect of the performance of various contracts as at June 30, 2002 aggregated Rs. 221.577 million (2001: Rs. 79.195 million).

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12. Operating fixed assets

12.1 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, 2001	Additions/ * transfers/ (disposals) during the year	Cost as at June 30, 2002	Accumulated depreciation as at July 1, 2001	Depreciation charge for the year/*transfers / (on disposals)	Accumulated depreciation as at June 30, 2002	Net book value as at June 30, 2002	Rate of depreciation as a % of cost
					Rupees in thousand			
Leasehold land	8,054	-	8,054	847	81	928	7,126	1
Improvements to leasehold land	106	-	106	19	1	20	86	1
Building on leasehold land	59,167	-	59,167	33,191	2,957	36,148	23,019	5
Plant and machinery	196,600	4,568	201,168	142,261	9,104	151,365	49,803	5 to 20
Office premises	14,292	-	14,292	9,884	1,294	11,178	3,114	10
Furniture and fixtures	15,812	172	15,984	9,151	1,514	10,665	5,319	10
Office and other equipments	5,099	240	5,339	4,764	275	5,039	300	20
Computers – note 12.1.1	8,944	7,738 (4,328)	12,354	8,354	2,972 (4,328)	6,998	5,356	33.33
Vehicles – note 12.1.2	18,204	7,871 (1,986)	24,089	15,115	3,131 (1,595)	16,651	7,438	20
Workshop equipments	3,173	777	3,950	3,117	113	3,230	720	5 to 20
2002	329,451	21,366 (6,314)	344,503	226,703	21,442 (5,923)	242,222	102,281	
2001	330,935	716 *619 (2,819)	329,451	210,569	18,166 *495 (2,527)	226,703	102,748	

12.1.1 During the year the company has reclassified computers as a seperate category which were previously shown in the office and other equipments.

Crescent Steel & Allied Products Ltd.

12.2 Coating plant

Description	Cost as at July 1, 2001	Additions/ (disposals) during the year	Cost as at June 30, 2002	Accumulated depreciation as at July 1, 2001	Depreciation charge for the year/(on disposals)	Accumulated depreciation as at June 30, 2002	Net book value as at June 30, 2002	Rate of depreciation as a % of cost
					Rupees in thousand			
Building on leasehold land	8,528	-	8,528	3,279	427	3,706	4,822	5
Plant and machinery	137,693	-	137,693	112,854	12,656	125,510	12,183	5 to 20
Office and other equipments	78	-	78	78	-	78	-	20
Furniture and fixtures	48	-	48	40	3	43	5	10
2002	146,347	-	146,347	116,251	13,086	129,337	17,010	
2001	146,347	-	146,347	102,911	13,340	116,251	30,096	

12.3 Cotton spinning unit

Description	Cost as at July 1, 2001	Additions/ (disposals) * transfers/ during the year	Cost as at June 30, 2002	Accumulated depreciation as at July 1, 2001	Depreciation charge for the year/*transfers / (on disposals)	Accumulated depreciation as at June 30, 2002	Net book value as at June 30, 2002	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	1,547	1,543	3,090	12,343	10
Plant and machinery	174,546	10,422 (20,597)	164,371	17,502	17,156 (2,065)	32,593	131,778	10 to 20
Electric installation	11,707		11,707	1,174	1,171	2,345	9,362	10
Office and other equipments	18	48	66	4	11	15	51	10 to 20
Computers	–	1,963	1,963	–	655	655	1,308	33.33
Furniture and fixtures	152	-	152	15	15	30	122	10
Vehicles	757	-	757	152	151	303	454	20
2002	208,768	12,433 (20,597)	200,604	20,394	20,702 (2,065)	39,031	161,573	
2001	211,007	565 (2,804)	208,768	56	20,339 (1)	20,394	188,374	
Total operating fixed assets as at June 30, 2002	684,566	33,799 (26,911)	691,454	363,348	55,230 (7,988)	410,590	280,864	
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	

12.3.1 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.

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

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Sold to/insurance company
	Rupees in thousand					
Steel division						
Vehicle	349	209	140	140	Company Scheme	Mr. Qamar ul Haq Former Executive
-do-	60	48	12	24	-do-	Mr. Mohammad Asim Former Executive
-do-	619	619	-	186	-do-	Mr. S.M. Ehtishamullah Director
-do-	63	38	25	31	-do-	Mr. Ejaz Ahmed
-do-	333	201	132	172	-do-	Mr. Naseer Ahmed Former Executive
-do-	61	48	13	24	-do-	Mr. Bukht Husain
-do-	63	63	-	22	-do-	Mr. Abdul Qadir Executive
-do-	60	60	-	22	-do-	Mr. Ismdad Khan
-do-	69	69	-	27	-do-	Mr. Fahim Karo
-do-	60	60	-	20	-do-	Mr. Mohammad Ali
-do-	60	60	-	22	-do-	Mr. Naseem Khan
-do-	60	60	-	22	-do-	Mr. Mohammad Muslim
-do-	60	60	-	22	-do-	Mr. Mohib Ali
-do-	69	-	69	68	Insurance claim	The Premier Insurance Company Limited
-do-	642	642	-	-	Negotiation	Crescent Jute Products Limited
Computers	2,275	2,275	-	10	-do-	Hi Density Automation
-do-	1,750	1,750	-	-	Donation	The Citizens Foundation
-do-	78	78	-	3	Negotiation	Mr. Abdul Qadir Executive
-do-	140	140	-	3	-do-	Mr. Yasir Ahmed
-do-	85	85	-	3	-do-	Mr. Mohammad Yaqoob
	6,956	6,565	391	821		
Cotton division						
Plant and machinery	8,239	826	7,413	9,700	Negotiation	Rafiq Spinning Mills Limited
-do-	4,119	413	3,706	3,950	-do-	Kohat Textile Mills Limited
-do-	4,119	413	3,706	3,950	-do-	Khawaja Spinning Mills Limited
-do-	4,120	413	3,707	3,950	-do-	Sargodha Spinning Mills Limited
	20,597	2,065	18,532	21,550		
Total disposals during the year	27,553	8,630	18,923	22,371		

13. Assets subject to finance leases

Description	Cost as at July 1, 2001	Additions/ * transfers/ (disposals) during the year	Cost as at June 30, 2002	Accumulated depreciation as at July 1, 2001	Depreciation charge for the year/*transfers/ (on disposals)	Accumulated depreciation as at June 30, 2002	Net book value as at June 30, 2002	Rate of depreciation as a % of cost
					Rupees in thousand			
Steel division								
Vehicles	642	6,316 (642)	6,316	642	1,263 (642)	1,263	5,053	20
2002	642	6,316 (642)	6,316	642	1,263 (642)	1,263	5,053	
2001	1,639	- *(619) (378)	642	1,311	128 *(495) (302)	642	-	
Cotton division								
Plant and machinery	7,151	60,300	67,451	715	6,745	7,460	59,991	10
2002	7,151	60,300	67,451	715	6,745	7,460	59,991	
2001	–	7,151	7,151	-	715	715	6,436	
Total assets subject to finance leases as at June 30, 2002	7,793	66,616 (642)	73,767	1,357	8,008 (642)	8,723	65,044	
Total assets subject to finance leases as at June 30, 2001	1,639	7,151 *(619) (378)	7,793	1,311	843 *(495) (302)	1,357	6,436	

14. Capital work-in-progress

	2002 Steel division	2002 Cotton division	2002 Total	2001 Steel division	2001 Cotton division	2001 Total
	Rupees in thousand					
Owned						
Plant and machinery	-	-	-	1,509	389	1,898
Civil work	9,382	-	9,382	7,893	-	7,893
Subject to finance lease						
Plant and machinery	-	-	-	-	29,301	29,301
	9,382	-	9,382	9,402	29,690	39,092

14.1 Expenditure incurred on an item of plant and machinery aggregating Rs. 1.509 million have been written off during the year (note 35).

15. Intangible assets

Description	Additions	Cost as at June 30, 2002	Amortisation charge	Accumulated amortisation as at June 30, 2002	Net book value as at June 30, 2002	Amortisation as a % of cost
	Rupees in thousand					
Software licences						
Steel division	1,016	1,016	339	339	677	33.33
Cotton division	124	124	41	41	83	33.33
2002	1,140	1,140	380	380	760	

16. Long-term investments

	2002 Steel division	2002 Cotton division	2002 Total	2001 Steel division	2001 Cotton division	2001 Total
	Rupees in thousand					
Available-for-sale investments – note 16.1	23,707	–	23,707	17,132	–	17,132
Government of Pakistan US $ Bonds - note 16.7	9,003	-	9,003	-	-	-
Redeemable capital - note 16.8	6,664	-	6,664	12,508	-	12,508
	39,374	-	39,374	29,640	-	29,640

16.1 Available-for-sale Investments

Unless stated otherwise the holdings are in ordinary share certificates of Rs. 10 each.

2002	2001		2002	2001
Number of shares			Rupees in thousand	
		Quoted - Associated undertakings	Carrying values/cost	
585,000	585,000	Crescent Investment Bank Limited	7,020	7,178
1,062,000	1,062,000	Pakistan Industrial Leasing Corporation Limited	5,204	9,229
952,380	-	Shakarganj Mills Limited	10,000	-
464,900	422,637	Crescent Leasing Corporation Limited	2,747	2,520
			24,971	18,927
		Less: Adjustment arising from measurement to fair values/provision for diminution in the value of investments	1,264	1,795
			23,707	17,132
		Unquoted - Associated undertakings		
2,403,725	2,403,725	Crescent Greenwood Limited - note 16.4	24,037	24,037
1,047,000	1,047,000	Crescent Industrial Chemicals Limited - note 16.5	10,470	10,470
		Less: Adjustment arising from measurement to fair values/provision for diminution in the value of investments	34,507	34,507
			-	-
		Unquoted - Subsidiary company		
2	2	Crescent Continental Gas Pipelines Limited (US$ 1 each) - note 16.6	-	-
6,515,007	5,520,364		23,707	17,132

16.2 Aggregate market value of investments in shares quoted on the Karachi Stock Exchange as at June 30, 2002 was Rs. 23.707 million (2001: Rs. 14.971 million).

16.3 The following investments having an aggregate face value of Rs. Nil (2001: Rs. 10.070 million) were deposited as security with a commercial bank.

	2002	2001
	Rupees in thousand	
Crescent Investment Bank Limited	-	5,850
Crescent Leasing Corporation Limited	-	4,226
	-	10,076

16.4 The chief executive of Crescent Greenwood Limited is Mr. Nasir Shafi. 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.

16.5 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 thereafter are not available.

16.6 The investment in a subsidiary is Rs 90 only. The subsidiary has not commenced operations and accordingly no accounts have been prepared.

	2002	2001
	Rupees in thousand	
16.7 Government of Pakistan US dollar bonds	9,656	7,845
Exchange (loss) / gain	(653)	1,811
	9,003	9,656
Current maturity shown under current assets - note 24	-	(9,656)
	9,003	-

These bonds were issued by the Government of Pakistan for a period of 3 years commencing from November 18, 2001 to November 18, 2004. Interest earned thereon is receivable on a half- yearly basis.

	2002	2001
	Rupees in thousand	
16.8 Redeemable capital - Term Finance Certificates (TFCs)		
ICI Pakistan Limited		
(150 TFCs of Rs. 100,000 each and 600 TFCs of Rs. 5,000 each)	-	7,025
Less: Redeemed during the year	-	(5,038)
Less: Current maturity shown under current assets	-	(1,987)
	-	-
Saudi Pak Leasing Company Limited - note 16.8.1		
(100 TFCs of Rs. 100,000 each)	5,040	7,584
Less: Redeemed during the year	(2,528)	(2,544)
Less: Current maturity shown under current assets	(2,512)	(2,528)
	-	2,512
Shakarganj Mills Limited - note 16.8.2		
(2,000 TFCs of Rs 5,000 each)	9,996	10,000
Less: Current maturity shown under current assets	(3,332)	(4)
	6,664	9,996
	6,664	12,508

16.8.1 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.

16.8.2 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.

17. Long term deposits

	2002 Steel division	2002 Cotton division	2002 Total	2001 Steel division	2001 Cotton division	2001 Total
	Rupees in thousand					
	1,540	6,109	7,649	909	4,485	5,394

18. Staff retirement benefits

	2002 Pension	2002 Gratuity	2002 Total	2001 Pension	2001 Gratuity	2001 Total
	Rupees in thousand					
18.1 Movement						
Opening prepayments as at July 1	1,523	1,569	3,092	2,517	1,678	4,195
Expense	(3,669)	(1,407)	(5,076)	(2,807)	(864)	(3,671)
Company's contributions	2,418	911	3,329	1,813	755	2,568
	272	1,073	1,345	1,523	1,569	3,092
18.2 Balance sheet reconciliation at June 30						
Defined benefits obligations	(28,506)	(9,545)	(38,051)	(25,328)	(8,412)	(33,740)
Fair value of plan assets	21,156	7,676	28,832	16,714	5,900	22,614
Past service cost	7,286	2,665	9,951	8,014	2,856	10,870
Actuarial loss	336	277	613	2,123	1,225	3,348
	272	1,073	1,345	1,523	1,569	3,092

18.3 The actuarial valuation has been conducted in accordance with IAS 19 as of June 30, 2002. The projected unit credit method based on the following significant assumptions is used for valuation of schemes mentioned above:

	2002	2001
	Percentage per annum	
• discount rate	11	12
• expected rate of increase in salaries	10	10
• expected rate of return on plan assets	12	12

18.4 The actual return on plan assets of pension and gratuity funds aggregated Rs 2.812 million (2001: Rs. 1.938 million) and Rs. 0.981 million (2001: Rs. 0.022 million) respectively.

18.5 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.

19. Stores, spares and loose tools

	2002			2001		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
	Rupees in thousand					
Stores	2,275	-	2,275	2,032	-	2,032
Spare parts - note 19.1	30,835	-	30,835	26,837	-	26,837
Loose tools	372	-	372	339	-	339
Stores and spares - note - 19.2	-	11,704	11,704	-	12,554	12,554
Less: Provision for slow moving items	(4,735)	-	(4,735)	-	-	-
	28,747	11,704	40,451	29,208	12,554	41,762

19.1 Spare parts include items in-transit as at June 30, 2002 of Rs. 0.277 million (2001: Rs. 0.302 million).

19.2 Includes items in-transit as at June 30, 2002 of Rs. 2.070 million (2001: Rs. 3.034 million).

20. Stock-in-trade

	2002			2001		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
	Rupees in thousand					
Raw materials						
Hot rolled steel coils	40,443	-	40,443	34,591	-	34,591
Coating materials	10,918	-	10,918	21,152	-	21,152
Others - Pipe plant	10,343	-	10,343	3,147	-	3,147
Raw Cotton	-	69,571	69,571	-	57,978	57,978
Stock-in-transit	257,848	16,129	273,977	8,550	104	8,654
	319,552	85,700	405,252	67,440	58,082	125,522
Provision for obsolescence						
- hot rolled steel coils	(2,499)	-	(2,499)	(1,980)	-	(1,980)
- coating materail	(2,738)	-	(2,738)	(7,028)	-	(7,028)
- others pipe plant	(229)	-	(229)	-	-	-
	(5,466)	-	(5,466)	(9,008)	-	(9,008)
	314,086	85,700	399,786	58,432	58,082	116,514
Work-in-process	6,147	2,465	8,612	2,514	3,650	6,164
Finished goods	22,807	7,681	30,488	22,838	2,822	25,660
Scrap/cotton waste	168	434	602	-	381	381
Provision for obsolescence - finished bare pipes	(6,584)	-	(6,584)	(3,619)	-	(3,619)
	22,538	10,580	33,118	21,733	6,853	28,586
	336,624	96,280	432,904	80,165	64,935	145,100

20.1 Stock-in-trade of the cotton division amounting to Rs. 26.669 million (2001: Rs. 49.515 million) was pledged as security with a financial institution.

21. Trade Debts

	2002 Steel division	2002 Cotton division	2002 Total	2001 Steel division	2001 Cotton division	2001 Total
	Rupees in thousand					
Secured						
Considered good	54,536	-	54,536	236,941	-	236,941
Unsecured						
Considered good	528	1,628	2,156	11,460	905	12,365
Considered doubtful	485	-	485	-	-	-
	1,013	1,628	2,641	11,460	905	12,365
Provision for doubtful trade debts	(485)	-	(485)	-	-	-
	55,064	1,628	56,692	248,401	905	249,306

21.1 This includes amount due from an associated undertaking of Rs 0.169 million (2001: Rs Nil). The maximum amount due from associated undertakings at the end of any month during the year was Rs.0.883 million (2001: Rs. 0.283 million).

21.2 Unbilled sales amounts to Rs. Nil (2001: Rs. 22.994 million).

22. Short-term advances

	2002 Steel division	2002 Cotton division	2002 Total	2001 Steel division	2001 Cotton division	2001 Total
	Rupees in thousand					
Considered good						
Executives	96	-	96	60	-	60
Other staff	21	-	21	47	-	47
	117	-	117	107	-	107
Suppliers for goods and services	2,484	139	2,623	1,352	827	2,179
Provision thereagainst	(537)	-	(537)	-	-	-
	1,947	139	2,086	1,352	827	2,179
	2,064	139	2,203	1,459	827	2,286

22.1 The maximum amount due at the end of any month during the year from executives was Rs. 0.425 million (2001: Rs. 0.090 million) representing unadjusted travelling and other advances.

23. Short-term deposits and prepayments

	2002 Steel division	2002 Cotton division	2002 Total	2001 Steel division	2001 Cotton division	2001 Total
	Rupees in thousand					
Security deposits	2,408	400	2,808	3,175	250	3,425
Provision thereagainst	(1,516)	-	(1,516)	-	-	-
	892	400	1,292	3,175	250	3,425
Prepayments	644	81	725	494	75	569
	1,536	481	2,017	3,669	325	3,994

24. Current maturity of long-term investments

	2002 Steel division	2002 Cotton division	2002 Total	2001 Steel division	2001 Cotton division	2001 Total
Government of Pakistan US $ Bonds - note 16.7	-	-	-	9,656	-	9,656
Redeemable capital - note 16.8						
ICI Pakistan Limited	-	-	-	1,987	-	1,987
Saudi Pak Leasing Company Limited	2,512	-	2,512	2,528	-	2,528
Shakarganj Mills Limited	3,332	-	3,332	4	-	4
	5,844	-	5,844	14,175	-	14,175

25. Investments

	2002 Steel division	2002 Cotton division	2002 Total	2001 Steel division	2001 Cotton division	2001 Total
Available for sale investments/marketable securities - note 25.1	81,851	-	81,851	145,777	-	145,777
Held for trading - note 25.2	176,135	-	176,135	-	-	-
Loans and advances originated by the enterprise - Islamic Republic of Pakistan Bond 10% - note 25.3	49,414	-	49,414	51,300	-	51,300
	307,400	-	307,400	197,077	-	197,077

25.1 Available-for-sale investments

The company hold investments in ordinary shares of Rs. 10/- each, unless stated otherwise, in the following listed investee companies.

2002	2001		2002	2001
Number of shares		Name of investee company	Rupees in thousand	
		Quoted - Associated undertakings	Carrying values/cost	
839,044	1,321,044	Crescent Investment Bank Limited	10,023	20,935
373,868	422,635	Crescent Textile Mills Limited (note - 25.5)	5,907	5,200
91,300	91,300	Crescent Jute Products Limited (note - 25.6)	137	539
42,269	422,695	Crescent Leasing Corporation Limited (note - 25.5)	262	2,583
26,490	26,490	Jubilee Spinning and Weaving Mills Limited	79	247
784,340	844,840	Pakistan Industrial Leasing Corporation Limited	3,843	9,165
877,718	360,075	Pakistan Industrial Credit and Investment Corporation Limited	14,816	3,876
508,135	919,854	Shakarganj Mills Limited	5,316	8,803
		Quoted - Others	40387	
-	30,500	American Life Insurance Company Ltd.	-	626
40,000	40,000	Cherat Cement Limited (note - 25.5)	660	686
-	622,000	Commercial Union Life Assurance Company (Pakistan) Limited (note - 25.6)	-	7,657
-	225,000	Dewan Salman Fibre Limited	-	8,535
-	30,861	Engro Chemicals Pakistan Limited	-	1,615
-	50,000	Faisal Spinning Mills Limited	-	1,326
133,075	133,075	First Crescent Modaraba	496	430
-	20,000	Fauji Fertilizer Company Limited	-	895
-	124,500	Hub Power Company Limited	-	2,552
-	30,000	Ibrahim Energy Limited	-	369
-	270,000	Ibrahim Fibres Limited	-	4,350
-	183,000	ICI Pakistan Limited	-	1,711
-	177,000	ICP S.E.M.F	-	3,154
-	120,800	Javed Omer Vohra & Company Limited	-	6,742
100,000	30,000	Kohinoor Raiwind Mills Limited	2,007	755
1,000	780	Lever Brothers Pakistan Limited (Rs. 50 each)	797	578
-	50,000	Maple Leaf Cement Factory Limited	-	283
-	25,000	Mari Gas Company Limited	-	527
-	30,000	Millat Tractors Limited	-	3,703
-	170,500	Muslim Commercial Bank Limited	-	5,054
4,738	-	National Refinery Limited	258	-
125,025	125,025	National Development Leasing Corporation Limited	594	682
250,300	407,300	Nishat Chunian Mills Limited	4,393	4,201
-	265,000	Nishat Mills Limited	-	7,286
-	739,000	Pakistan Telecomunication Company Limited	-	16,053
64,680	64,680	Packages Limited	3,687	3,608
475,600	405,500	Pak Datacom Limited	4,456	11,938
109,500	200,000	Pakistan Tobacco Company Limited	1,287	2,026

2002	2001		2002	2001
Number of shares		Name of investee company	Rupees in thousand Carrying values/cost	
525,000	-	Safeway Mutual Funds (note - 25.5)	1,391	-
-	406,500	Samin Textile Mills Limited	-	4,275
877,718	360,075	Pakistan Industrial Credit		
25,000	8,000	Shell Pakistan Limited	5,816	2,168
5,300	5,300	Siemens (Pakistan) Engineering Company Limited	557	579
-	20,000	Sitara Energy Limited	-	481
-	882,570	Sui Northern Gas Pipelines Limited	-	9,328
-	903,539	Sui Southern Gas Company Limited	-	11,715
50,000	-	The Pakistan Stock Market Fund	2,500	-
60,000	50,000	Tri Pack Films Limited (note - 25.5)	1,851	1,568
400,000	100,000	Trust Investment Bank Limited	2,835	850
-	56,500	Umer Fabrics Limited	-	1,123
-	57,500	Zainab Textile Mills Limited	-	557
			73,968	181,328
Less : Provision for diminution in the value of investments			-	(35,551)
Add : Adjustment arising from measurement to fair values			7,883	-
			81,851	145,777

25.2 Held for trading investments

The company holds investments in ordinary shares of Rs. 10/- each, unless stated otherwise, in the following listed investee companies:

2002	2001	Name of investee company	2002	2001
Number of shares			Rupees in thousand Carrying values/cost	
600,000	-	Commercial Union Life Assurance Company (Pakistan) Limited (note - 25.6)	3,702	-
50,000	-	Dewan Farooque Motors Limited	413	-
25,861	-	Engro Chemicals Pakistan Limited	1,643	-
20,000	-	Fauji Fertilizer Company Limited	936	-
25,000	-	FFC Jordan Fertilizer Company Limited	167	-
28,800	-	First Equity Modaraba	219	-
400,000	-	Hub Power Company Limited	8,946	-
200	-	Ibrahim Fibres Limited (note - 25.5)	3	-
985	-	ICI Pakistan Limited	24	-
306,500	-	ICP S.E.M.F	4,663	-
300	-	Javed Omer Vohra & Company Limited	11	-
604,500	-	JDW Sugar Mills Limited	5,552	-
200,000	-	Karachi Electricity Supply Corporation Limited	1,489	-
75,000	-	Kohinoor Energy Limited	919	-
18,140	-	Maple Leaf Cement Factory Limited	147	-
25,000	-	Mari Gas Company limited	550	-
10,100	-	Nestle Milkpak Limited	1,890	-
143,757	-	National Bank of Pakistan	2,967	-
526,000	-	Nishat Mills Limited (note - 25.5)	8,741	-
50,000	-	Pak Suzuki Motor Company Limited	913	-
807,500	-	PICIC Commercial Bank Limited	14,052	-
267,000	-	Pakistan State Oil Company Limited	35,775	-
49,050	-	Pakistan PTA Limited	231	-
1,150,500	-	Pakistan Telecomunication Company Limited (note - 25.5)	18,647	-
3,795,208	-	Sui Northern Gas Pipelines Limited (note - 25.5)	47,134	-
381,006	-	Sui Southern Gas Company Limited	4,244	-
25,000	-	Samin Textile Mills Limited	145	-
100,000	-	Southern Electrical Power Company Limited	905	-
300,000	-	Suraj Cotton Mills Liimited	6,206	-
82,500	-	Umer Fabrics Limited	1,181	-
		Ordinary shares of listed companies	172,415	
Add : Adjustment arising from measurement to fair values			3,720	-
			176,135	-

25.3 Islamic Republic of Pakistan Bond

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 swaped its 6 percent 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 four equal yearly installments commencing from December 2002.

	2002	2001
	Rupees in thousand	
Face value US$ 1,035,000 (2001: US$ 1,035,000)		
Cost US$ 652,050 (2001: US$ 652,050)	51,300	34,101
Adjustment arising on adoption of IAS 39	(3,772)	-
Amortisation of discount on acquisition of bonds	4,888	-
Exchange (loss) / gain	(3,002)	17,199
	49,414	51,300

These bonds are not in the name of the company and are held by Crescent Investment Bank Limited, an associated undertaking, on behalf of the company. These bonds carry an interest rate of 10%.

25.4 The following investments having an aggregate face value of Rs 74.350 million (2001: Rs. 35.707 million) are deposited as security with some commercial banks.

	2002	2001
	Rupees in thousand	
Commercial Union Life Assurance Limited	-	885
Crescent Investment Bank Limited	-	2,841
Crescent Leasing Corporation Limited	-	764
Dewan Salman Fibres Limited	-	1,667
Engro Chemicals Pakistan Limited	-	250
Fauji Fertilizer Company Limited	-	200
ICI Pakistan Limited	3,000	1,500
Ibrahim Fibre Limited	-	2,000
Kohinoor Raiwind Mills Limited	1,000	-
Pakistan Telecommunication Company Limited	1,000	8,200
Millat Tractors Limited	-	300
Nestle MilkPak Limited	1,000	-
Muslim Commercial Bank Limited	-	1,100
Nishat Mills Limited	3,000	1,750
Nishat (Chunian) Mills Limited	1,000	4,000
National Bank of Pakistan	1,000	-
Packages Limited	500	250
Pakistan Industrial Credit and Investment Corporation Limited	4,500	-
PICIC Commercial Bank	13,000	-
Pakistan State Oil Company Limited	2,350	-
Pakistan Tobacco Company Limited	1,000	-
Sui Northern Gas Pipelines Limited	35,000	4,500
Sui Southern Gas Company Limited	3,500	5,000
Tripack Films Limited	500	500
Hub Power Company Limited	3,000	-
	74,350	35,707

25.5 These included 1,890,300 shares (2001: Nil) having market value of Rs 22.316 million which are held in the CDC account of First Crescent Modaraba, an associated undertaking.

25.6 The company has not transferred these shares in its name.

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26. Other receivables

	2002 Steel division	2002 Cotton division	2002 Total	2001 Steel division	2001 Cotton division	2001 Total
			Rupees in thousand			
Considered good						
Mark-up accrued on						
- deposits	1,715	118	1,833	13	1	14
- others	817	-	817	1,694	-	1,694
Margin on letters of credit and guarantee	1,095	-	1,095	1,192	-	1,192
Less: Provision thereagainst	(1,095)	-	(1,095)	-	-	-
	-	-	-	1,192	-	1,192
Dividend receivables	1,416	-	1,416	2,776	-	2,776
Less: Provision thereagainst	(48)	-	(48)	-	-	-
	1,368	-	1,368	2,776	-	2,776
Receivable on account of sale of shares	48,142	-	48,142	5,921	-	5,921
Due from associated undertakings - note 26.2	368	350	718	726	80	806
Sales tax refundable	21,542	741	22,283	3,634	741	4,375
Less: Provision thereagainst	(1,981)	-	(1,981)	(930)	-	(930)
	19,561	741	20,302	2,704	741	3,445
Receivabe against deposit for building - note – 26.3	5,461		5,461	5,461	-	5,461
Against sale of plant and machinery	-	-	-	-	3,800	3,800
Others	-	114	114	18	-	18
	77,432	1,323	78,755	20,505	4,622	25,127

26.1 Maximum amount due from associated undertakings at the end of any month during the year was Rs. 1.589 million (2001: Rs. 1.797 million).

26.2 Due from associated undertakings

	2002			2001		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
	Rupees in thousand					
Shakarganj Mills Limited	48	-	48	468	-	468
Premier Insurance Company of Pakistan Limited	-	168	168	258	80	338
Crescent Jute Products Limited	257	182	439	-	-	-
Jubilee Spining Mills Limited	34	-	34	-	-	-
Crescent Textile Mills Limited	18	-	18			
Sujaj Cotton Mills	11	-	11	-	-	-
	368	350	718	726	80	806

27. Taxation

27.1 The Deputy Commissioner of Income Tax (DCIT) while finalising the assessments for the assessment years 1994-95 to 1999-2000 has issued demands for additional liabilities aggregating Rs. 32.867 million. The DCIT has also disallowed credit for taxes paid aggregating Rs. 8.141 million in respect of the assessment years 1996-1997 and 1998-1999. The company has filed appeals with the CIT (Appeals) which are pending except for the assessment year 1994-95 which appeal is pending with the Income Tax Appellate Tribunal. The management is being confident that the ultimate decision will be in the company's favour and has, therefore, not made provision in these accounts for the aforementioned amounts of Rs. 32.867 million and Rs. 8.141 million.

27.2 The DCIT has issued orders under section 52 and 86 of the Income Tax Ordinance, 1979, on account of failure to deduct withholding tax from certain payments during the assessment years 1996-1997 and 1997-1998. The company has filed appeals with the CIT (Appeals) and the management is confident that the ultimate outcome would be in the company's favour and has, therefore, not made provision for the demands of Rs. 11.624 million and Rs. 2.805 million raised by the DCIT in respect of the assessment years 1996-1997 and 1997-1998 respectively.

28. Cash and bank balances

	2002			2001		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
	Rupees in thousand					
With banks - in deposit accounts						
- in local currency - note 28.1	82,395	10,355	92,750	183	17	200
- in foreign currency	7,458	–	7,458	4,607	–	4,607
	89,853	10,355	100,208	4,790	17	4,807
- in current accounts	1,242	155	1,397	15,115	7,198	22,313
Cash in hand	117	117	234	111	119	230
	91,212	10,627	101,839	20,016	7,334	27,350

28.1 Included in a deposit account with a commercial bank is an amount of Rs. 81.176 million held for payment against an open letter of credit and its withdrawal is restricted.

29. Sales

	2002 Steel division	2002 Cotton division	2002 Total	2001 Steel division	2001 Cotton division	2001 Total
	Rupees in thousand					
Bare Pipes (own product excluding coating revenue)	685,834	–	685,834	230,025	–	230,025
Revenue from conversion	7,438	–	7,438	–	–	–
Coating of pipes	100,845	–	100,845	76,960	–	76,960
Sale of pipe fittings	1,769	–	1,769	–	–	–
Cotton yarn [net of commission Rs. 2.738 million (2001: Rs 2.162 million)]	–	460,838	460,838	–	499,968	499,968
Raw cotton	–	11,592	11,592	–	–	–
Scrap/waste	10,822	11,921	22,743	2,104	11,880	13,984
	806,708	484,351	1,291,059	309,089	511,848	820,937

30. Cost of sales

	2002 Steel division	2002 Cotton division	2002 Total	2001 Steel division	2001 Cotton division	2001 Total
Bare Pipes-note 30.1	520,359	–	520,359	196,045	–	196,045
Coating of Pipes - note 30.4	68,449	–	68,449	58,441	–	58,441
Cotton - note 30.7	–	466,392	466,392	–	486,592	486,592
	588,808	466,392	1,055,200	254,486	486,592	741,078

30.1 Cost of sales - bare pipes

	2002	2001
	Rupees in thousand	
Raw materials consumed	471,795	162,181
Pipe fittings	1,522	–
Stores and spares consumed	8,127	3,943
Fuel, power and electricity	7,215	5,498
Salaries, wages and other benefits - note 30.2	15,811	13,320
Insurance	1,231	1,224
Repairs and maintenance	730	450
Depreciation	13,274	11,691
Other expenses	5,135	1,702
	524,840	200,009
Opening stock of work-in-process	2,514	99
Closing stock of work-in-process	(6,147)	(2,514)
	(3,633)	(2,415)
Cost of goods manufactured	521,207	197,594
Opening stock of finished goods	21,765	20,216
Closing stock of finished goods	(22,613)	(21,765)
	(848)	(1,549)
	520,359	196,045

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	2002	2001
	Rupees in thousand	
30.2 Detail of salaries, wages and other benefits		
Salaries, wages and other benefits	13,989	12,265
Provident fund contributions	575	156
Pension fund - note 30.3	881	674
Gratuity - note 30.3	366	225
	15,811	13,320

30.3 Staff retirement benefits

	Pension 2002	Gratuity 2002	Pension 2001	Gratuity 2001
	Rupees in thousand			
Current service cost	458	229	340	165
Interest cost	730	263	551	177
Expected return on plan assets	(482)	(184)	(392)	(161)
Actuarial loss/(gain)	–	9	–	(5)
Past service cost	175	49	175	49
	881	366	674	225

	2002	2001
	Rupees in thousand	
30.4 Cost of sales - coating of pipes		
Materials consumed	32,691	28,748
Stores and spares consumed	5,451	3,489
Fuel and power	3,598	3,637
Salaries, wages and other benefits - note 30.5	7,642	6,312
Insurance	975	967
Repairs and maintenance	656	734
Depreciation	14,952	14,465
Other expenses	1,773	913
Cost of goods manufactured	67,738	59,265
Opening stock of finished goods	1,073	249
Closing stock of finished goods	(362)	(1,073)
	711	(824)
	68,449	58,441
30.5 Detail of salaries, wages and other benefits		
Salaries, wages and other benefits	6,734	5,815
Provident fund contributions	271	39
Pension fund - note 30.6	440	337
Gratuity - note 30.6	197	121
	7,642	6,312

30.6 Staff retirement benefits

	Pension 2002	Gratuity 2002	Pension 2001	Gratuity 2001
	Rupees in thousand			
Current service cost	229	123	170	89
Interest cost	365	141	276	95
Expected return on plan assets	(242)	(99)	(196)	(87)
Actuarial loss/(gain)	–	5	–	(3)
Past service cost	88	27	87	27
	440	197	337	121

30.7 Cost of sales - cotton

	2002	2001
	Rupees in thousand	
Raw materials consumed	341,468	381,506
Packing materials consumed	4,927	4,328
Raw cotton sold	9,482	-
Stores and spares consumed	10,213	10,914
Fuel and power	47,743	45,552
Salaries, wages and other benefits - note 30.8	24,048	21,458
Insurance	1,575	1,494
Repairs and maintenance	572	620
Depreciation	27,447	21,054
Amortisation of intangible assets	41	-
Other expenses	2,550	2,542
	470,066	489,468
Opening stock of work-in-process	3,650	2,511
Closing stock of work-in-process	(2,465)	(3,650)
	1,185	(1,139)
Cost of goods manufactured	471,251	488,329
Opening stock of finished goods	2,822	1,085
Closing stock of finished goods	(7,681)	(2,822)
	(4,859)	(1,737)
	466,392	486,592

30.8 Detail of salaries, wages and other benefits

	2002	2001
Salaries, wages and other benefits	23,180	20,783
Provident fund contributions	501	394
Pension fund - note 30.9	367	281
	24,048	21,458

30.9 Staff retirement benefits

	Pension 2002	Pension 2001
Current service cost	191	142
Interest cost	304	230
Expected return on plan assets	(201)	(164)
Past service cost	73	73
	367	281

31. Selling expenses

	2002			2001		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
	Rupees in thousand					
Salaries, wages and other benefits - note 31.1	3,013	-	3,013	2,497	-	2,497
Traveling and conveyance	809	-	809	521	37	558
Depreciation	427	-	427	-	-	-
Insurance	84	-	84	-	-	-
Postage, telephone and telegram	-	223	223	-	160	160
Advertisement	96	-	96	594	-	594
Bid bond expenses	398	-	398	206	-	206
Bad debts written off	-	-	-	3	-	3
Provision for doubtful debts	485	-	485	-	-	-
Transportation	25	500	525	10	165	175
Legal and professional charges	329	-	329		88	88
Others	596	642	1,238	598	365	963
	6,262	1,365	7,627	4,429	815	5,244

31.1 Details of salaries, wages and other benefits

Salaries, wages and other benefits	2,481	-	2,481	2,093	-	2,093
Provident fund contributions	140	-	140	121	-	121
Pension fund - note 31.2	283	-	283	216	-	216
Gratuity - note 31.2	109	-	109	67	-	67
	3,013	-	3,013	2,497	-	2,497

	2002 Pension	2002 Gratuity	2001 Pension	2001 Gratuity
	Rupees in thousand			
31.2 Staff retirement benefits				
Current service cost	147	68	109	49
Interest cost	234	78	177	53
Expected return on plan assets	(154)	(55)	(126)	(48)
Actuarial loss / (gain)	-	3	-	(2)
Past service cost	56	15	56	15
	283	109	216	67

32. Administration expenses

	2002	2001
	Rupees in thousand	
Salaries, wages and other benefits - note 32.1	20,417	16,470
Rent, rates and taxes	683	370
Traveling, conveyance and entertainment	3,506	2,757
Fuel and power	2,242	1,968
Postage, telephone and telegram	1,552	1,338
Insurance	673	501
Repairs and maintenance	1,134	794
Auditors' remuneration - note 32.3	1,320	1,053
Legal and professional and corporate service charges	2,940	1,474
Advertisement	63	–
Donations - note 32.4	10,251	3,465
Depreciation	7,138	5,478
Amortisation of intangible assets	339	–
Printing, stationery and office supplies	613	342
Newspapers, subscriptions and periodicals	443	441
Others	593	716
	53,907	37,167
Charges allocated to the cotton division	2,689	5,141
	51,218	32,026

32.1 Detail of salaries, wages and other benefits

	2002	2001
Salaries, wages and other benefits	17,185	14,035
Provident fund contributions	799	685
Pension fund – note 32.2	1,698	1,299
Gratuity – note 32.2	735	451
	20,417	16,470

	Pension 2002	Gratuity 2002	Pension 2001	Gratuity 2001
	Rupees in thousand			
32.2 Staff retirement benefits				
Current service cost	883	460	655	332
Interest cost	1,406	527	1,064	354
Expected return on plan assets	(928)	(369)	(757)	(324)
Actuarial loss / (gain)	-	18	-	(10)
Past service cost	337	99	337	99
	1,698	735	1,299	451

32.3 Auditors' remuneration

	2002	2001
	Rupees in thousand	
Audit fee	450	450
Audit fee for funds' accounts and special reports	190	–
Taxation	612	415
	1,252	865
Out of pocket expenses	68	188
	1,320	1,053

32.4 Donations

32.4.1 Donations include the following in whom a director is interested:

Name of the director	Interest in donee	Name and address of the donee	Amount donated 2002	2001
			Rupees in thousand	
Mr. Ahsan M. Saleem	Chairman	The Citizens Foundation 9th Floor, NIC Building, Karachi	3,610	2,579
-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	25
			3,635	3,104

32.4.2 Donations other than mentioned above were not made to any donee in whom a director or his spouse had any interest any time during the year.

Crescent Steel & Allied Products Ltd.

33. Other income

	2002			2001		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
	Rupees in thousand					
Liabilities written-back						
- workers' welfare fund	–	–	–	4,282	–	4,282
- others	1,154		1,154	19,040	–	19,040
Provision written back for stock-in-trade	577	–	577	5,740	–	5,740
Return on deposits, advances and investments	14,794	234	15,028	7,870	1	7,871
Profit on redeemable capital certificates	1,297	–	1,297	3,802	–	3,802
Mark-up recovered from:						
- associated undertakings	2,419	–	2,419	361	–	361
Gain on disposals of fixed assets	430	3,018	3,448	1,566	1,210	2,776
Deferred income – note 5	–	265	265	–	–	–
Gain on sale of investments						
- Available for sale	3,208	–	3,208	–	–	–
- Held for trading	–	–	–	–	–	–
Rentals from an associated undertaking	172	–	172	188	–	188
Dividend income - note 33.1	27,258	–	27,258	21,996	–	21,996
Exchange gain	–	–	–	19,906	–	19,906
Fair value adjustment – note 25.1 and 25.2	11,603	–	11,603	–	–	–
Insurance commission	1,047	89	1,136	1,628	–	1,628
Others	779	63	842	–	14	14
	64,738	3,669	68,407	86,379	1,225	87,604

33.1 Dividend income

From associated undertakings

	Steel division 2002	Cotton division 2002	Total 2002	Steel division 2001	Cotton division 2001	Total 2001
Pakistan Industrial Leasing Corporation Limited	1,914	–	1,914	1,430	–	1,430
Crescent Investment Bank Limited	–	–	–	7,878	–	7,878
Shakarganj Mills Limited	1,404	–	1,404	–	–	–
Crescent Textile Mills Limited	1,190	–	1,190	1,162	–	1,162
	4,508	–	4,508	10,470	–	10,470
Others	22,750	–	22,750	11,526		11,526
	27,258	–	27,258	21,996	–	21,996

34. Financial charges

	2002 Steel division	2002 Cotton division	2002 Total	2001 Steel division	2001 Cotton division	2001 Total
	Rupees in thousand					
Interest on a long-term loan	–	8,116	8,116	–	11,338	11,338
Interest on provident fund	–	–	–	–	44	44
Mark-up on:						
Running finances	2,160	–	2,160	1,551	7,019	8,570
Short-term loans	251	7,080	7,331	1,934	–	1,934
Assets subject to finance lease	309	4,990	5,299	53	–	53
Bank charges	113	729	842	457	648	1,105
	2,833	20,915	23,748	3,995	19,049	23,044
Financial charges allocated to the cotton division	(2,833)	2,833	–	(3,643)	3,643	–
	–	23,748	23,748	352	22,692	23,044

35. Other charges

	2002 Steel division	2002 Cotton division	2002 Total	2001 Steel division	2001 Cotton division	2001 Total
Provision against sales tax refundable	1,051		1,051	930	–	930
Bad debts written off against amount due from associated undertakings	18	–	18	901	–	901
Fair value adjustment - note 16.1/ Provision for diminution in the value of long-term investments	1,264	–	1,264	20,072	–	20,072
Provision for slow moving stores and spares	4,735	–	4,735	–	–	–
Loss on sale and leaseback	–	856	856	–	–	–
Provision for workers welfare fund	4,209	–	4,209	–	–	–
Expenditure included in capital work-in-progress written off - note 14.1	1,509	–	1,509	–	–	–
Provision for other receivables, prepayments and others	3,196	–	3,196	–	–	–
Exchange loss	3,444	5	3,449	–	–	–
Loss on sale of investments	–	–	–	7,004	–	7,004
	19,426	861	20,287	28,907	–	28,907

36. Taxation

	2002	2001
	Rupees in thousand	
Current		
- for the year	58,991	5,500
- for a prior year	9,205	–
	68,196	5,500
Deferred	(7,732)	12,832
	60,464	18,332

	2002 Rupees in thousand
36.1. Relationship between tax expense and accounting profit	
Profit before taxation	198,697
Tax at the applicable rate of 35%	69,544
Net tax effect of income not subject to tax and expenses that are not allowable in determining taxable income	(5,975)
Tax credit under section 107AA of the Income Tax Ordinance, 1979	(1,577)
Tax effect of dividend income taxed at different rate	(8,177)
Net effect of deferred tax relating to prior years recognised currently	(2,556)
	51,259
Tax charge for the year	
- current	58,991
- deferred	(7,732)
	51,259

37. Basic earnings per share

	2002	2001
	Rupees in thousand	
Net profit after taxation	138,233	54,769
	Number of shares	
Average number of ordinary shares in issue during the year	20,084,863	20,084,863
Basic earnings per share	Rs 6.88	Rs 2.73

Crescent Steel & Allied Products Ltd.

	2002	2001
	Rupees in thousand	
38. Cash generated from operations		
Profit before taxation	198,697	73,101
Depreciation	63,238	52,688
Amortisation	380	
Capital work-in-progress written off	1,509	-
Fair value adjustment / provision for diminution in the value of short-term investments	(10,339)	20,072
Provision against dividend receivable	48	-
Provision against stores and spares	4,735	-
Reversal of provision against stock-in-trade	(577)	-
Provision for workers welfare fund	4,209	
Provision against bad debts	485	-
Provision against short term advances	537	-
Provision against short term deposits and prepayments	1,516	-
Provision against other receivables	2,146	
Exchange gain / (loss)	653	(19,010)
(Gain) / loss on sale of investments	(3,208)	7,004
Pension and gratuity expense	5,076	3,671
Financial charges	23,748	23,044
Gain on disposal of fixed assets	(3,448)	(2,776)
Dividend income	(27,258)	(21,996)
Return on deposits, advances and investments	(18,744)	(8,232)
Net loss on sale and leaseback	591	-
Working capital changes – note 38.1	125,965	(227,545)
	369,959	(99,979)

38.1 Working capital changes

	2002	2001
(Increase)/decrease in current assets		
Stores, spares and loose tools	(3,424)	(3,833)
Stock-in-trade	(287,227)	(106,616)
Trade debts	192,129	(249,086)
Short-term advances	(454)	(680)
Short-term deposits and prepayments	461	1,081
Other receivables (net)	(14,019)	(4,348)
	(112,534)	(363,482)
Increase/(decrease) in current liabilities		
Creditors, accrued expenses and other liabilities (net)	238,499	135,937
	125,965	(227,545)

39. Cash and cash equivalents

	2002	2001
Short-term finances – note 9	(16,174)	(53,377)
Cash and bank balances - note 28	101,839	27,350
	85,665	(26,027)

Crescent Steel & Allied Products Ltd.

40. Financial assets and liabilities

	Interest/mark-up bearing			Non-interest/mark-up bearing				
	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	Total 2002	Total 2001
	Rupees in thousand							
Financial assets								
Investments	55,258	15,667	70,925	257,986	23,707	281,693	352,618	240,892
Long-term deposits	-	-	-	-	7,649	7,649	7,649	5,394
Trade debts	-	-	-	56,692	-	56,692	56,692	249,306
Short-term advances	-	-	-	117	-	117	117	107
Short-term deposits	-	-	-	1,292	-	1,292	1,292	3,425
Other receivables	-	-	-	58,453	-	58,453	58,453	21,682
Cash and bank balances	100,208	-	100,208	1,631	-	1,631	101,839	27,350
2002	155,466	15,667	171,133	376,171	31,356	407,527	578,660	548,156
2001	70,282	12,508	82,790	442,840	22,526	465,366	548,156	
Financial liabilities								
Long-term loans	26,127	13,893	40,020	-	-	-	40,020	63,577
Liabilities against assets subject to finance leases	17,852	45,330	63,182	-	-	-	63,182	37,317
Short-term finances	36,174	-	36,174	-	-	-	36,174	119,377
Creditors, accrued expenses and other liabilities	-	-	-	417,298	-	417,298	417,298	171,708
Proposed dividends	-	-	-	60,255	-	60,255	60,255	30,127
2002	80,153	59,223	139,376	477,553	-	477,553	616,929	422,106
2001	151,723	68,548	220,271	201,835	-	201,835	422,106	-
Off balance sheet items - financial commitments								
Outstanding letters of credit	-	-	-	609,018	-	609,018	609,018	79,650

40.1 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.

40.2 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The company incurs foreign currency risk on sales and purchases that are entered in a currency other than Pak Rupees. The company uses forward foreign exchange contracts to hedge its foreign currency risk, when considered appropriate. As at the year end the company had liabilities in foreign currencies aggregating Rs 386 million against which no forward exchange contracts were obtained.

40.3 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.

41. Remuneration to the chief executive, director and executives

	Chief Executive		Director		Executives		Total	
	2002	2001	2002	2001	2002	2001	2002	2001
	Rupees in thousand							
Managerial renumeration	2,931	2,798	1,172	963	11,714	7,676	15,817	11,437
House rent	1,319	1,259	526	432	5,097	3,407	6,942	5,098
Utilities	293	280	117	96	1,163	757	1,573	1,133
Travelling expenses	138	156	110	49	393	–	641	205
Others	942	1,517	–	252	253	1,630	1,195	3,399
Medical	36	76	57	35	444	348	537	459
Contribution to								
- Provident fund	293	280	112	80	958	659	1,363	1,019
- Gratuity fund	190	168	77	58	532	405	799	631
- Pension fund	463	420	186	144	1,467	1,013	2,116	1,577
Clubs subscription and expenses	274	180	11	–	9	–	294	180
Entertainment	–	–	36	36	150	132	186	168
Conveyance	–	–	–	–	73	83	73	83
Telephone	–	–	12	12	31	31	43	43
	6,879	7,134	2,416	2,157	22,284	16,141	31,579	25,432
Number of persons	1	1	1	1	50	33	52	35

41.1 The aggregate amount charged in the account in respect of directors' fees paid to six directors (2001: eight) was Rs. 52,500 (2001: Rs. 22,500).

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

41.3 The chief executive, a director and executives and their families are also covered under group and hospitalisation insurance.

42. Transactions with associated undertakings

	2002			2001		
	Steel division	Cotton division	Total	Steel division	Cotton division	Total
	Rupees in thousand					
Insurance premium paid	6,909	1,654	8,563	4,218	1,089	5,307
Sale of pipes / yarn	1,006	501	1,507	246	623	869
Purchases	–	13,734	13,734	–	30,454	30,454
Sale of raw cotton	–	11,592	11,592	–	–	–
Return on deposits	2,419	–	2,419	361	–	361
Rentals from an associated undertaking	172	–	172	188	–	188
Dividends received	4,508	–	4,508	10,470	–	10,470
Insurance commission	1,047	89	1,136	1,223	405	1,628
Interest on long term loan	–	8,116	8,116	–	11,338	11,338
Service charges	–	2,328	2,328	–	2,483	2,483

43. Plant capacity and production

43.1 Steel division

Pipe plant

The plant's installed/rated capacity for production based on single shift is 26,500 tons (2001: 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 22,033 tons (2001: 7,161 tons) line pipes of varied sizes and thicknesses, which is equivalent to 38,958 tons (2001: 15,344 tons) if actual production is translated to the notional pipe size of 30" diameter.

Coating plant

The coating plant has a capacity of externally shot blasting 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 mm 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 65,585 metres of different dia pipes (105,790 square metres surface area) was achieved during the year (2001: 128,203 square metres surface area).

43.2 Cotton division

Spinning unit

The plant capacity converted to 20s count based on three shifts per day for 1,080 shifts is 4,645,411 kilograms. Actual production converted into 20s count for one day was 12,689 kilograms.

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

44. Date of authorization for issue

These financial statements were authorised for issue on September 23, 2002 by the board of directors of the company.

45. Corresponding figures

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

Chairman

Chief Executive

For the year ended June 30, 2002

During the year four meetings of the directors were scheduled but only three could be held as one meeting had to be adjourned for lack of quorum of the board.

Attendance by each director was as follows:

Name of Director	No. of meetings attended
Mr. Mazhar Karim	2
Mr. Ahsan M. Saleem	3
Mr. Fiyaz Ahmed Longi	1
Mr. Javed A. Callea	3
Mr. Mohammad Anwar	1
Mr. Nasir Shafi	3
Mr. S.M. Ehtishamullah	3
Mr. Zahid Bashir	3

Held by Shareholders as at June 30, 2002

SHAREHOLDERS	FROM	TO	TOTAL SHARES
193	1	100	9,061
558	101	500	134,011
125	501	1,000	97,727
197	1,001	5,000	505,311
76	5,001	10,000	583,906
31	10,001	15,000	373,972
24	15,001	20,000	406,282
11	20,001	25,000	245,509
5	25,001	30,000	140,707
6	30,001	35,000	190,268
3	35,001	40,000	116,343
2	40,001	45,000	84,701
6	45,001	50,000	288,346
1	50,001	55,000	53,231
4	55,001	60,000	228,011
3	60,001	65,000	190,090
2	65,001	70,000	134,509
3	75,001	80,000	234,086
2	80,001	85,000	166,140
1	85,001	90,000	89,600
2	90,001	95,000	186,950
2	95,001	100,000	191,299
3	100,001	105,000	309,213
1	110,001	115,000	111,751
1	125,001	130,000	126,900
1	130,001	135,000	131,000
2	150,001	155,000	303,787
1	160,001	165,000	161,590
1	170,001	175,000	173,018
1	185,001	190,000	185,500
2	195,001	200,000	395,873
1	215,001	220,000	219,500
1	305,001	310,000	307,000
1	410,001	415,000	412,525
1	465,001	470,000	467,361
1	495,001	500,000	500,000
1	500,001	505,000	502,000
1	510,001	515,000	514,823
1	705,001	710,000	707,182
1	895,001	900,000	900,000
1	1,225,001	1,230,000	1,227,345
1	1,365,001	1,370,000	1,368,787
1	1,640,001	1,645,000	1,643,351
1	1,980,001	1,985,000	1,980,438
1	2,785,001	2,790,000	2,785,859
1,284			20,084,863

FORM '34' PATTERN OF HOLDING OF SHARES

Categories of Shareholders	Numbers	Shares Held	Percentage
Financial Institution	20	6,482,883	32.28
Individual	1,189	4,752,448	23.66
Insurance Companies	4	550,677	2.74
Investment Companies	2	694	0.00
Joint Stock Companies	51	5,980,971	29.78
Modarabas	7	1,073,617	5.35
Non-Resident	9	1,236,073	6.15
Other	2	7,500	0.04
	1,284	**20,084,863**	**100.00**

Held by Shareholders as at June 30, 2002

Categories of Shareholders		Number of shares held
a) Directors, Chief Executive Officer, Their Spouse And Minor Children		
Chief Executive\Director		
Mr. Ahsan M. Saleem	69,587	
Directors		
Mr. Javed Aslam Callea	500	
Mr. Mazhar Karim	53,731	
Mr. Nasir Shafi	13,688	
Mr. S.M.Ehtishamullah	500	
Mr. Zahid Bashir	5,552	
Director's Spouse and Their Minor Children		
Mrs. Abida Mazhar	7,103	
Mrs. Shehnaz A. Saleem	22,812	
		173,473
b) Associated Companies, Undertaking & Related Parties		
Crescent Investment Bank Limited	468,390	
Crescent Jute Products Limited	80,000	
Crescent Powertec Limited	4,000	
Crescent Sugar Mills and Distillery Limited	707,182	
Crescent Ujala Limited	14,103	
First Crescent Modaraba	995,054	
First Equity Modaraba	8,480	
Jubilee Spinning and Weaving Mills Limited	96,345	
Mohd. Amin Mohd Bashir Limited	3,230	
Shakarganj Mills Limited	912,525	
The Crescent Textile Mills Limited	1,368,787	
Trust Investment Bank Limited	145	
		4,658,241
c) NIT & ICP		
Investment Corporation of Pakistan	250,549	
National Bank of Pakistan, Trustee Deptt.	2,785,859	
		3,036,408
d) Banks, DFI'S, NBFI'S		3,082,809
e) Insurance Companies		550,677
f) Modarabas and Mutual Funds		50,083
g) Other Companies (Public Sector Co. & Corporations)		2,854,946
h) Non Residents		1,236,073
i) General Public		
A. Local	4,436,070	
B. Foreign	–	
		4.436,070
j) Executives		6,083
		20,084,863
Shareholders More Than 10%		
National Bank of Pakistan, Trustee Deptt.		2,785,859

Crescent Steel & Allied Products Ltd.

NOTICE is hereby given that the 18th Annual General Meeting of the shareholders of CRESCENT STEEL AND ALLIED PRODUCTS LIMITED will be held on Wednesday, October 23,2002 at 3 p.m. at Pearl Continental Hotel, Shahrah-e-Quaid-e-Azam, Lahore to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' and Auditors' reports and Audited Accounts for the year ended June 30,2002.
2. To declare dividend. The directors have recommended the payment of cash dividend @ Rs. 3 per share (i.e @ 30%)
3. To appoint auditors and fix their remuneration. The retiring auditors M/s A.F. Ferguson and Co. have offered themselves for reappointment.
4. To elect seven Directors of the company, as fixed by the board, for a period of three years commencing from January 30,2003 in accordance with the provisions of the Companies Ordinace, 1984 in place of retiring directors namely, (1) Mr. Mazhar Karim, (2) Mr. Ahsan M. Saleem, (3) Mr. Fiyaz Ahmed Longi, (4) Mr. Javed Callea, (5) Mr. Nasir Shafi, (6) Mr. S.M. Ehtishamullah and (7) Mr. Zahid Bashir whose terms expire on January 29,2003.

SPECIAL BUSINESS:

To amend the Article 58 of the Articles of Association of the Company and for this purpose to consider and if thought fit pass the following resolution as special resolution:

"RESOLVED THAT Article 58 of the Articles of Association of the Company is amended in the following manner:

Article 58, line two, the sentence "Such number of Directors as constitutes a majority of the Directors shall constitute a quorum" is substituted by the sentence "The quorum for a meeting of Directors shall not be less than one third of their number or four whichever is greater" so that the revised Article 58 read as follows:

"The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meeting, as they think fit. The quorum for a meeting of Directors shall not be less than one third of their number or four whichever is greater. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes, the chairman shall have and exercise a second or casting vote. A Director may, and the secretary on the requisition of a Director shall, at any time, summon a meeting of Directors. It shall not be necessary to give notice of meeting of Directors to any Director for the time being absent from Pakistan"

STATEMENT UNDER SECTION 160(1)(B) OF THE COMPANIES ORDINANCE, 1984.

- Alteration in the Article 58 of the Article of Association is required to bring it in line with the Companies Ordinance, 1984.

BY ORDER OF THE BOARD

S.M. Ehtishamullah
Company Secretary

Lahore, September 27th 2002.

PARTICIPATION IN THE ANNUAL GENERAL MEETING

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

2. 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.

3. Members, who have deposited their shares into Central Depository Company of Pakistan Limited, are being advised to bring their National Identity Card alongwith 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.

NOTE

Any person who is interested to contest the election to the office of a director is required to file with the company at the Registered Office not later than fourteen days before the date of the meeting, an affidavit in the prescribed format alongwith notice of intention to contest for the election. The Performa can be obtained from the Registered Office of the Company.

BOOK CLOSURE

The Share Transfer Books of the Company will remain closed from October 15,2002 to October 23,2002 (both days inclusive). Transfers received in order at the Registered Office of the company upto the close of business on October 14,2002, will be considered in time to be eligible for payment of Final Dividend to the transferees.

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 18th Annual General Meeting of the Company to be held on Wednesday, October 23, 2002 at 3:00 p.m. at Pearl Continental Hotel, Shahrah-e-Quaid-e-Azam, Lahore and at any adjournment thereof.

As witness my/our hand this____________________ day of ____________________2002.

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.