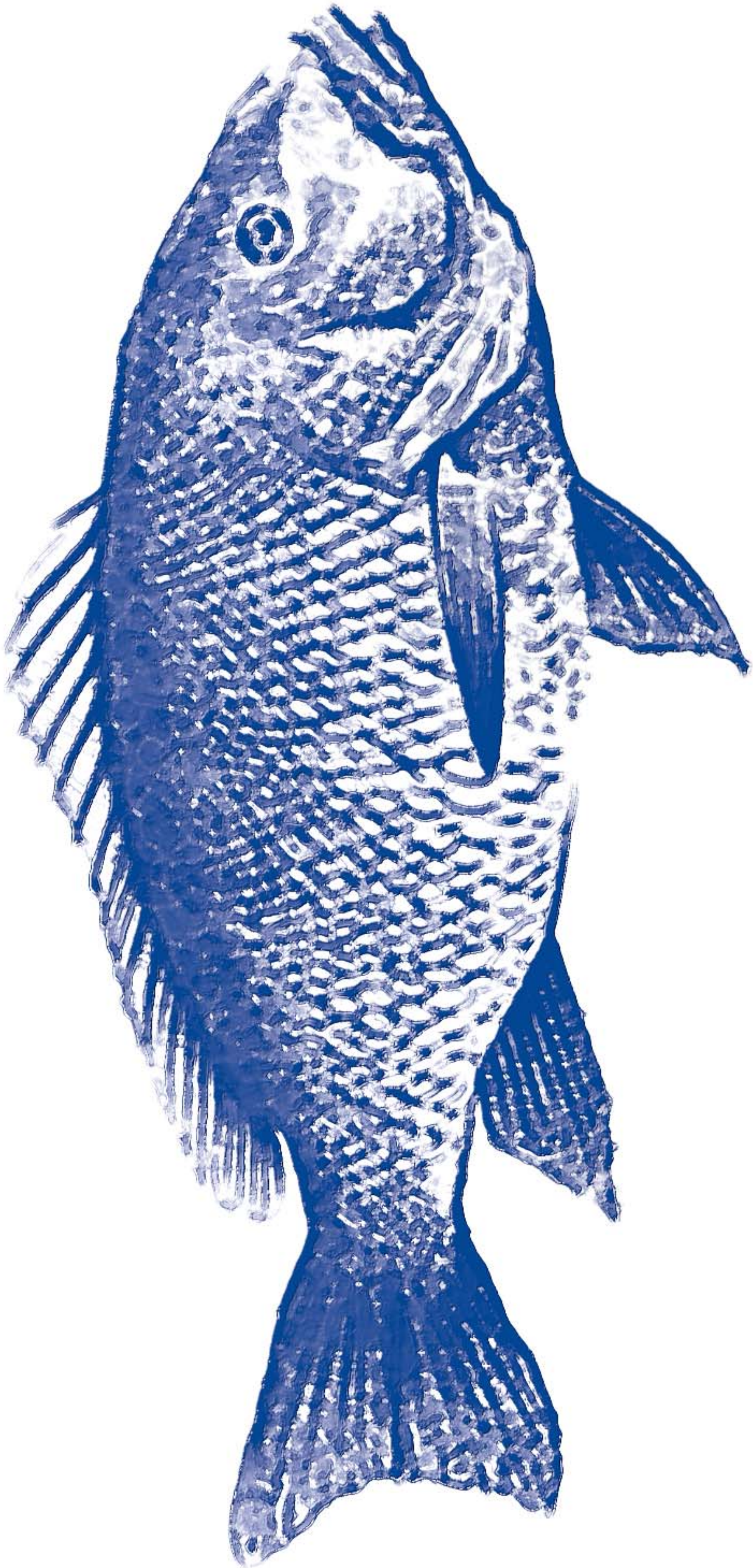


CONSERVING FOR THE FUTURE

ANNUAL REPORT 2009

Crescent Steel & Allied Products Ltd.

Pakistan is blessed with a coastline of over 1,000 kilometers along the Arabian Sea. The glorious coastal areas of diversely laid out beaches, natural harbors, deltas and wetlands are home to more than a 1,000 species of fish, some 700 marine species of invertebrates include crab, shrimp and prawn and another 300 species of shellfish.

This treasure, which Nature has provided us along our coast is a rich food source, and a source of livelihood to the many communities that inhabit our shores. They are of significant economic importance to Pakistan and a source for adding to our exports. Our reliance on marine food for export and local consumption puts the Arabian Sea under immense pressure.

Over fishing and pollution disrupts the marine ecosystem and disturbs both the physical as well as the biological environment. We need to protect our waters from indiscriminate fishing, and our shores from pollution to save and sustain this gift of Nature for our future generations. Crescent Steel takes responsibility for protecting the environment at all its campuses and actively supports conservation and environmental causes.

Mission, Vision, Values

To add value to shareholders and the economy by giving the best returns and reinvest sensibly in products and markets we compete in.

To gain and maintain cost and quality leadership in the international competitive environment, as world class manufacturers.

To promote best use and development of human talent in a safe environment; as an equal opportunity employer.

To conduct business as a responsible corporate citizen, and take constructive interest in supporting education and environmental causes.

Contents

Crescent Steel &
Allied Products Ltd.

Corporate Strategy

The financial crises have put the economy under a severe test and the pervasive uncertainty has resulted in up-ending tried and tested business models.

In the wake of the crises, there is a strong likelihood that a diversified company like CSAPL will be able to capitalize on opportunities which become available only in situations like this.

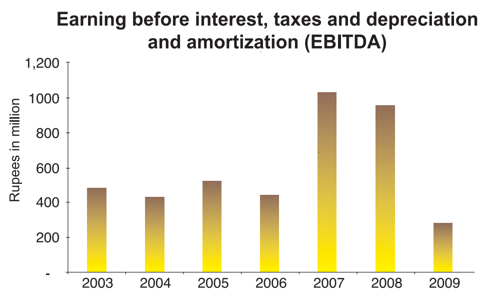
We continue to believe that the engine for growth in Pakistan is an expanded and efficient engineering sector. Our strategic thrust will be to expand in this area vertically as well as horizontally. We have strategic interest in the energy and food sectors. Our thrust is to expand and grow in these sectors as well.

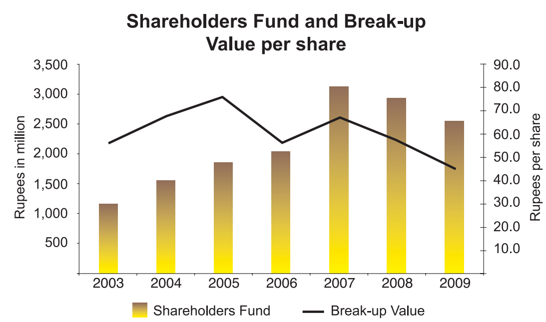
For our investment in the textile sector, the focus will be on consolidating our position by reducing costs and improving productivity.

In times like these, cost cutting is one of the first things companies focus on. This is also on our agenda priority for us. At the same time we see an opportunity to invest in talent, marketing and technology as all of these will cost less than they have in the past.

Our operational strategy is focused on:

- Customer-driven company that stay close to customers in each of its markets
- Strong capital and financial position
- Conservative, sound risk management
- Disciplined expense control
- Ethical behavior, observing the letter and the spirit of rules and regulations.





Company Infomation

BOARD OF DIRECTORS

Mazhar Karim	*Chairman, Non-Executive Director*
Ahsan M. Saleem	*Chief Executive & Managing Director*
Javed Iqbal	*Non-Executive Director (Independent)*
Muhammad Abdul Aleem	*Non-Executive Director (Independent)*
Mohammad Anwar	*Non-Executive Director*
Nasir Shafi	*Non-Executive Director*
S.M. Ehtishamullah	*Non-Executive Director*
Zahid Bashir	*Non-Executive Director*
M. Saad Thaniana	*Company Secretary*

AUDIT COMMITTEE

Muhammad Abdul Aleem	*Chairman*
Javed Iqbal	
Nasir Shafi	
Ford, Rhodes, Sidat, Hyder & Co. (Sharjeel Jamil Ahmed - Engagement Partner)	*Head of Internal Audit*

HUMAN RESOURCE COMMITTEE

Ahsan M. Saleem	*Chairman*
Javed Iqbal	
Nasir Shafi	

THE MANAGEMENT

Chief Executive &
Managing Director
Ahsan M. Saleem, 56
1983*

Chief Financial Officer
M. Saad Thaniana, 42
2007*

BU Head – Steel Division
Iqbal Zafar Siddiqui, 59
2008*

BU Head – Cotton Division
Abdul Rouf, 49
2000*

Chief Information Officer
Shahid H. Mir, 55
2006*

Head of Risk & Compliance
Shah Muhammad Chaudhry, 62
2008*

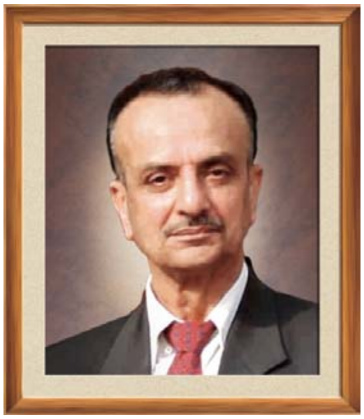
Human Resource Advisor
Ehsan Durrani
2008*

Head of Marketing
Steel Division
Arif Raza, 47
1985*

* *Year joined Company*

Crescent Steel & Allied Products Ltd.

Board of Directors



Mr. Mazhar Karim

Chairman (Non-Executive)

Joined Board
01 August 1983

Other Engagements

Chairman

- Crescent Jute Products Limited
- Crescent Sugar Mills & Distillery Limited
- Shakarganj Mills Limited

Mr. Ahsan M. Saleem

Chief Executive Officer

Joined Board
01 August 1983

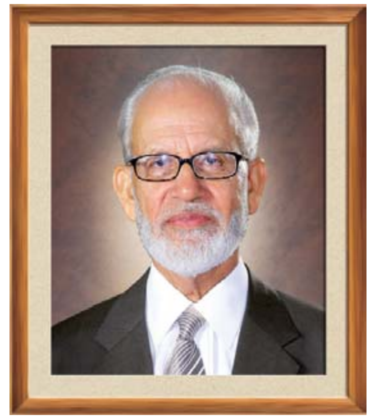
Other Engagements

Chief Executive Officer

- Shakarganj Mills Limited

Director

- Pakistan Centre for Philanthropy
- The Citizens Foundation



Mr. Javed Iqbal

FCMA (UK), FCMA (PAK)

Director (Non-Executive, Independent)

Joined Board
23 October 2002

Other Engagements

Chief Executive Officer

- THK Associates (Pvt) Limited

Director

- AZFAM Technologies (Pvt) Limited
- SAMBA Bank Limited
- Wyeth Pakistan Limited

Board of Directors

Mr. Muhammad Abdul Aleem

FCA, FCMA

Director (Non-Executive, Independent)

Joined Board

22 May 2009

Other Engagements

Chairman

- Faysal Asset Management Limited

Director

- Berger Paints Pakistan Limited

Mr. Mohammad Anwar

Director (Non-Executive)

Joined Board

17 September 2001

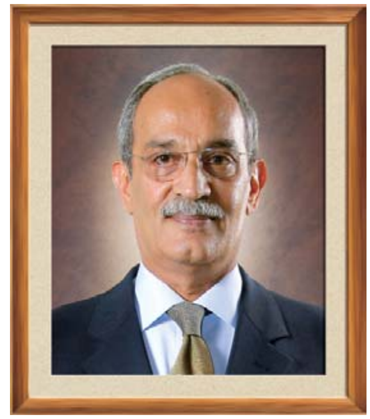
Other Engagements

Director

- Equity International Limited

Executive Vice President

- Saudi Pak Industrial and Agriculture Investment Company Limited



Mr. Nasir Shafi

Director (Non-Executive)

Joined Board

01 August 1983

Other Engagements

Chief Executive Officer

- Crescent Bahuman Limited

Director

- The Crescent Textile Mills Limited

Crescent Steel & Allied Products Ltd.

Board of Directors

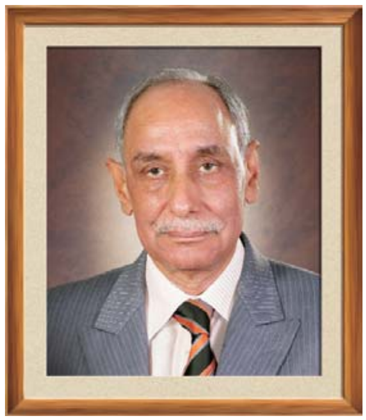
Mr. S.M. Ehtishamullah

FCA

Director (Non-Executive)

Joined Board

30 January 2000



Mr. Zahid Bashir

Director (Non-Executive)

Joined Board

01 August 1983

Other Engagements

Chaiman

- Equity Textile Mills Limited
- Mohammad Amin Mohammad Bashir Limited
- Premier Financial Services (Pvt) Limited
- Premier Insurance Co. of Pakistan Limited

Director

- Crescent Powertec Limited

Muhammad Saad Thaniana

FCA, ACMA

Company Secretary &
Chief Financial Officer

Joined Board

01 March 2008

Other Engagements

Director

- Safeway Fund Limited
- Shakarganj Food Products Limited

Board of Directors and its Committees

Board of Directors

The Board has formulated formal policies including risk management, procurement of fixed assets, goods and services, investments, borrowings, donations, charities and contributions, delegation of financial authority, transactions with related parties and transfer pricing, provision for slow moving store and spares and impairment of assets etc. which are implemented and monitored through delegation of duties to two standing committees of the Board i.e. the Audit and Human Resource Committees.

Audit Committee

The Committee comprises three members including the Chairman all of whom are Non-Executive Directors out of which two are Independent Directors of the Company.

The terms of reference of the Audit Committee was revised during the year to bring it in line with Global Best Practices. The purpose of the committee includes inter alia:

- To provide the Board of Directors ("the Board") with an independent and objective evaluation of the operations, policies, procedures and controls implemented within the Company,
- To provide supplemental assistance and resources to the internal audit department of the Company in order for them to provide the management and the Board of the Company with an independent, objective evaluation of their operations, policies, procedures and controls,
- To provide the Board with an oversight of the internal audit department in the Company to assure that an effective system-wide internal audit function is in place, which includes a risk based annual and long-range audit plan, a reporting mechanism and a quality control plan,
- To provide assistance to BOD in fulfilling their oversight responsibility relating to integrity of the financial statements and financial reporting, and
- To review and evaluate procedures established to comply with laws and regulations and to monitor compliance thereof.

Human Resource Committee

The Committee comprises three members including the Chief Executive as Chairman and other two Non-Executive Directors of the Board. The HR Committee has been constituted to address and improve the area of Human Resource Development. The main aim of the committee is to guide the management in formulating an overall strategic plan for HR and to provide the best working environment.

The terms of reference of the Committee includes the following:

- Guide and support the management in its HR initiatives and program direction.
- Guide and direct the management in the development and direction of new programs.
- Guide management in evaluation of reengineering initiatives.
- Guide management in setting goals and standards for maximum effectiveness of the total HR service delivery model and the whole HR Department.
- Provide guidance to management in HR strategic planning.
- Provide guidelines for formulation of policies in the areas of HR Management and HR Development including Compensation and Benefits and Performance Management etc.
- Guide management to devise strategic Human Resource plan.
- Ensure development of recruitment policy and procedures.

Management Committees

Executive Committee

Chairman	Ahsan M. Saleem
	Muhammad Saad Thaniana
	Iqbal Zafar Siddiqui

This Committee devises long term policies and visions for the Company with the sole objective for providing the best returns to shareholders by optimum allocation of existing resources. The Committee is also responsible for review of Company's operation on ongoing basis, establishing and ensuring adequacy of internal controls and monitoring compliance of key policies. Executive committee meets on quarterly basis. Terms of reference of the committee include the following:

- Prepare, approve and keep an updated long term plan
- Provide guidelines to the Business Strategy Committee for medium and short term tactics.
- Discuss new ideas and new business lines, new product lines, new markets, and / or refer new opportunities and feasible ideas to another committee for refinement.
- To analyze current market situation with a view to maintain sustainable competitive advantage.
- To discuss in detail the plans of the Group and accordingly adjust the policies of the company to avoid any conflict.
- Analyze any group investment opportunities and refer to investment committee if required.

Business Strategy Committee

Chairman	Ahsan M. Saleem
	Muhammad Saad Thaniana
	Abdul Rouf
	Iqbal Zafar Siddiqui
	Arif Raza

This Committee is responsible for formulation of business strategy, review of risks and their mitigation plan. Further, the Committee is also responsible for staying abreast of developments and trends in the Industry to assist the Board in planning for future capital intensive investments and growth of the Company. The committee meets at least twice a year. The terms of reference include the following:

- Prepare, approve and recommend to the Board a framework of business strategy.
- To develop and approve medium term plan(s) to meet interim objectives and milestone for any long term project approved by the Executive Committee.
- Review the progress of different new projects of the company.
- Approve short term goals which will be qualitative and quantitative for different segments of the company.
- Review periodically the targets achieved and revise the operational targets if required.
- Review allocation of resources to different segments such as investments, core business etc.
- Gather information of the competitors' business and prepare an updated SWOT analysis of the company, to be submitted to the Executive Committee.

Management Committees

System and Technology Committee

Chairman — Ahsan M. Saleem
Muhammad Saad Thaniana
Shahid H. Mir

The System and Technology Committee monitors the implementation of IT Strategy on a regular basis. It ensures that CSAPL stays current with the evolving new technologies and Information System Processes. The Committee prepares long term IT plan including fostering an IT culture at all levels. Terms of reference of the committee include the following:

- Guide the IS Department and Management in preparing the IT Strategy of the Company in a cost effective manner.
- Monitor the implementation of the IT Strategy on a regular basis.
- Ensure that CSAPL stays current with the evolving new technologies and the latest Information System Processes as applicable to the business and growth of CSAPL.
- Provide the basis for preparing long term IT plans while not losing sight of the immediate goals and objectives.
- Facilitate the promotion of IT Culture in the company at all levels. This has been done by traditional training interventions including company wide workshops at all levels.
- Assist the Board to ensure that the IT vision provided by the Board is manifested in the IT Strategy and its subsequent implementation

Investment Committee

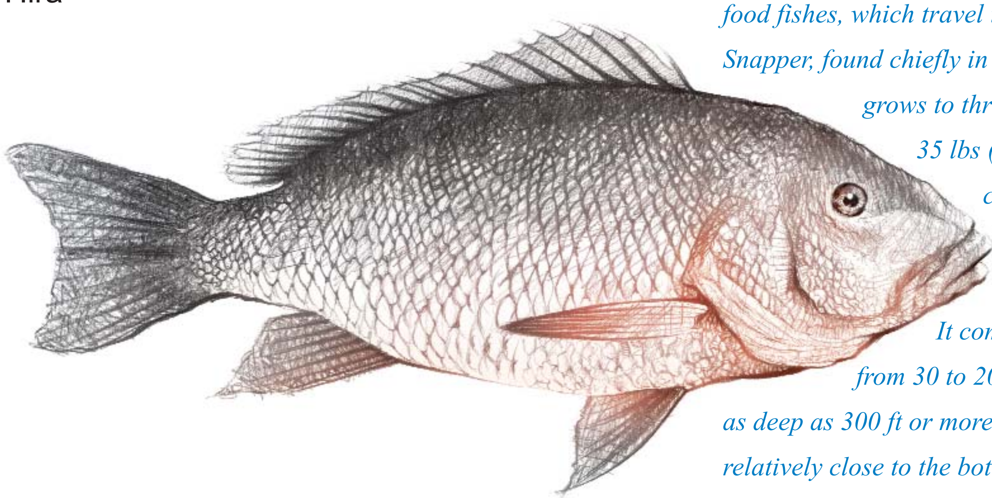
Chairman — Ahsan M. Saleem
Muhammad Saad Thaniana
Mohammad Yamin

This Committee helps to maintain a balanced portfolio of investments and maximize returns while keeping risk at a desirable level. Terms of reference of the committee include the following:

- Determine the sector wise weightage of the portfolio based on market condition.
- Assess and monitor the risk associated to the portfolio.
- Review the performance of the investment and take decision relating to scrip wise entry and exit.

RED SNAPPER

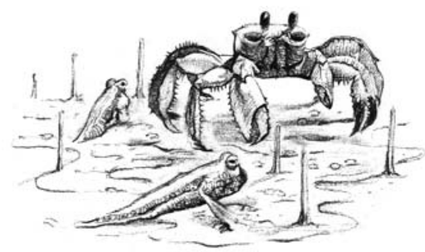
Hira



The Red Snapper is a beautiful deep rose-red colored fish. It belongs to a family of spiny-finned food fishes, which travel in dense schools. The Red Snapper, found chiefly in tropical coastal waters, grows to three feet and weighs up to 35 lbs (16 kg). The Snapper is carnivorous, active, and voracious, with a large mouth and sharp teeth. It commonly inhabits waters from 30 to 200 ft, but can be caught as deep as 300 ft or more on occasion. It stays relatively close to the bottom, and inhabits rocky bottoms, ledges, and ridges.

Family: Lutjanidae
Classification: Actinopterygii

Pakistan's mangroves are home to many sea creatures. Recently Pakistan made history by planting a record number of mangrove saplings to replenish the dwindling forests.

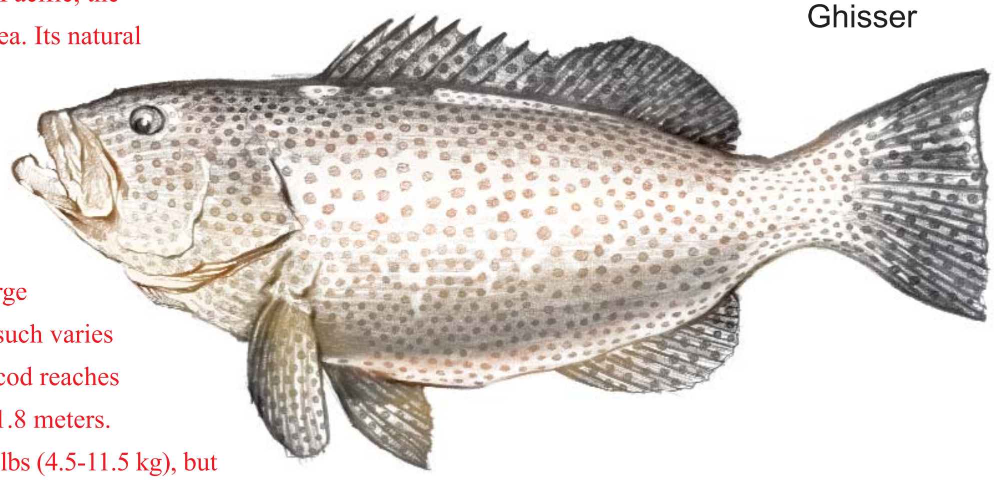


The mangroves are home to a multitude of fauna Mud skippers and crabs find a safe haven among these half-submerged forests. The confluence of freshwater from the rivers and seawater makes it the perfect environment for these and other such creatures.

GROUPER

Ghisser

The Grouper, also known as the Estuary Cod, is found in the western Pacific, the Indian Ocean, and the Red Sea. Its natural habitats are subtropical or tropical mangrove forests, open seas, mangrove swamps, coral reefs, sand bottoms, and coastal saline lagoons. The Grouper is a large group species of fish and as such varies in description. The size of a cod reaches a maximum length of about 1.8 meters. Its average weight is 10 to 25 lbs (4.5-11.5 kg), but is also found in much larger sizes.



Family: Serranidae
Classification: Epinephelus

Shareholders' Information

Stock Exchange Listing

Crescent Steel and Allied Products Limited is a listed Company and its shares are traded on all the three stock exchanges of Pakistan.

The Company's share is 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 Mohammad Yamin at the Company's Principal Office, Karachi.
Telephone: 021-35674881-5
E.mail: mohammad.yamin@crescent.com.pk

Shareholders' Information

Enquiries concerning lost share certificates, dividend payments, change of address, verification of transfer deeds and share transfers should be directed to the M/s CorpTec Associates (Private) Limited, 6th Floor, BOP Tower, 10-B, Block E-2, Gulberg-III, Lahore.
Telephone: 042-35783827-29 Fax: 042-35875916

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 80s.

Annual Meeting

The 25th Annual General Meeting of Crescent Steel and Allied Products Limited will be held on Monday, 31 August 2009 at 12:00 noon at Qasr-e-Noor, 9 E-2, Main Boulevard, Gulberg-III, Lahore.

Auditors

KPMG Taseer Hadi & Co.

Legal Advisor

Hassan & Hassan, Advocates, Lahore

Bankers

Standard Chartered Bank (Pakistan) Limited
MCB Bank Limited
Allied Bank Limited
Meezan Bank Limited
HSBC Bank Middle East Limited

Registered Office

BOP Tower, 10-B, Block E-2, Main Boulevard,
Gulberg-III, Lahore.
Telephone: 042-35783832

Liaison Office Lahore

10th Floor, Crescent Standard Tower, 10-B,
Block E-2, Main Boulevard, Gulberg-III, Lahore.
Telephone: 042-35783801-4 Fax: 042-35870357
E.mail: ejaz@shakarganj.com.pk

Principal Office

9th Floor, Sidco Avenue Centre,
264 R.A. Lines, Karachi-74200.
Telephone: 021-35674881-5 Fax: 021-35680476
E.mail: arif.raza@crescent.com.pk
URL: www.crescent.com.pk

Factory – Steel Division

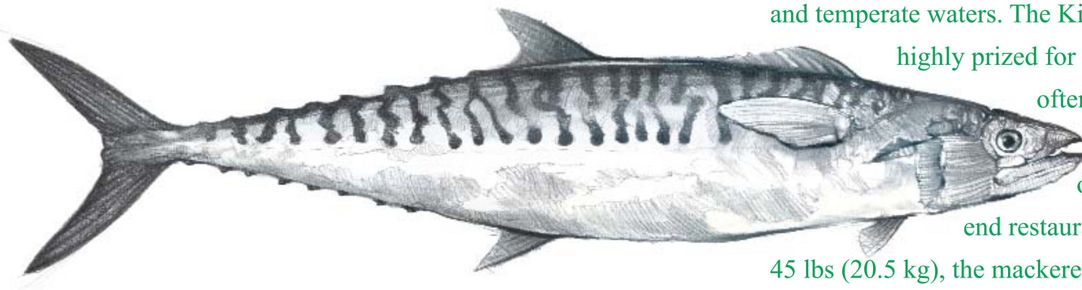
A/25, S.I.T.E., Nooriabad, District Jamshoro, Sindh.
Telephone: 025-4670020-2
E.mail: iqbal.siddiqui@crescent.com.pk

Mills – Cotton Division

Crescent Cotton Products (Spinning Unit)
1st Mile, Lahore Road, Jaranwala,
District Faisalabad, Punjab.
Telephone: 041-4313799, 4312899, 4311741
Fax: 041-4315475
E.mail: abdul.rouf@crescent.com.pk

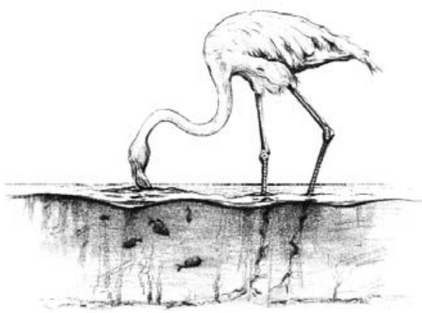
KING MACKEREL

Surmai



Found around the Indian Ocean and surrounding areas, the Mackerel is generally a predator of the open ocean, and is found worldwide in tropical and temperate waters. The King Mackerel is highly prized for its meat, which is often very oily. It has a distinct taste and is often served in higher end restaurants. Growing up to 45 lbs (20.5 kg), the mackerel is known for its fighting ability. It is a voracious, opportunistic carnivore and its prey depends on their sizes. Also depending on area and season, it favors sardine-like fish, cutlass fish, grunts, anchovies, and other smaller fish.

Family: Scombridae
Classification: Actinopterygii

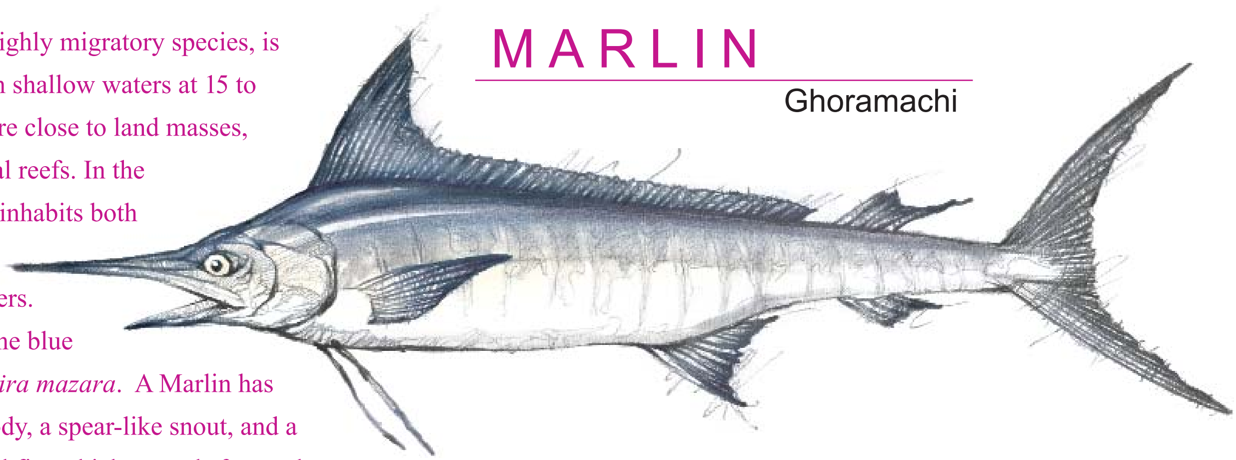


The flamingo undertakes long distance migrations to take advantage of global differences of temperatures, availability of food sources, and breeding habitats. Pakistan plays its role by providing this gregarious and flamboyant bird a sanctuary in the winters.

Pakistan's wetlands are a natural, centuries old migratory sanctuary for a large variety of birds flying south to escape the harsh Siberian winters.

MARLIN

Ghoramachi



The Marlin, a highly migratory species, is usually found in shallow waters at 15 to 30° C, near shore close to land masses, islands and coral reefs. In the Indo-Pacific, it inhabits both tropical and subtropical waters. It is known as the blue marlin or *Makaira mazara*. A Marlin has an elongated body, a spear-like snout, and a long rigid dorsal fin, which extends forwards to form a crest. Marlin males may reach a length of 4.65 m and weight of over 1500 lbs (750 kg), but females are generally much larger.

Family: Istiophoridae
Classification: Actinopterygii

Crescent Steel &
Allied Products Ltd.

Company Profile

Crescent Steel and Allied Products Limited is a Public Limited Company listed on all the Stock Exchanges of Pakistan. It started commercial production in March 1987. The manufacturing facilities consist of a Spiral Pipe Production line and a multi-layer Polyolefin and stand-alone Epoxy Coating line, both located side by side at the Sindh Industrial Trading Estate, Nooriabad in Jamshoro district of Sindh and a Cotton Spinning Unit of 19,680 spindles CCP-I and 25,344 spindles CCP-II at Jaranwala, Faisalabad.

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

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

Steel Division

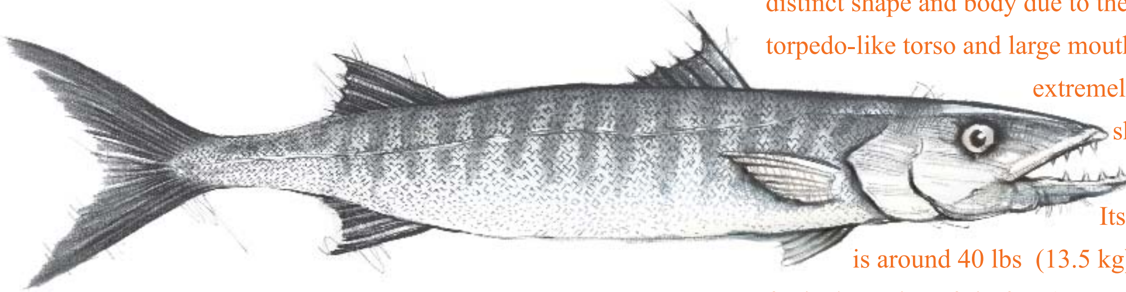
The Spiral Pipe Plant has a capability of manufacturing high quality steel pipes in the diameter range of 8" – 90" (219 mm – 2,286 mm) in wall thickness from 4 mm – 20 mm and material grades up to API 5L X-80. The Company has been gradually enhancing and upgrading the pipe production capacity which has increased from 80,000 tons initially to the present notional capacity of 90,000 tons extendable upto maximum 200,000 tons per annum. The Company has authorization to use API monogram of the American Petroleum Institute – the highest international standard accredited for quality of steel line pipe. It also has the ISO 9001 : 2000 certification. In addition, we have become the first Pakistani company to have acquired oil and gas industry specifics ISO/TS 29001, Quality Management System Certification from API. The Polyolefin Coating Plant was added adjacent to the pipe mills which is capable of applying single and multi-layer Coatings comprising of Fusion Bonded Epoxy, Co-Polymer Adhesive and High Density Polyethylene / Polypropylene and Polyethylene Tape Coating on steel pipes ranging from 4" – 56" (114 mm – 1,422 mm). Crescent Steel maintains high quality norms in all its products and has consistently exceeded the requirements of international standards both in steel line pipe and multi-layer coatings and will continue to remain at the cutting edge in terms of technology, quality control and quality assurance.

Cotton Division

In the year 2000, the Company acquired a running cotton spinning mill located at Jaranwala

BARRACUDA

Kund

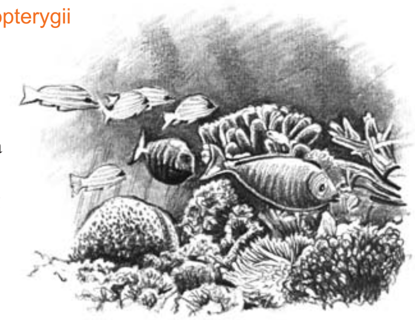


The Barracuda is a fierce looking predator that lives and hunts primarily alone. It has a very distinct shape and body due to the elongated torpedo-like torso and large mouth. It has extremely long and sharp teeth and a notched tail. Its maximum weight is around 40 lbs (13.5 kg) and it is notable for its long size of six feet (two meters). The Barracuda, a salt water fish, is found in tropical and subtropical oceans worldwide. Despite an unfavorable reputation as dangerous to humans who are scuba diving, snorkeling, or swimming in their waters, unprovoked attacks by barracudas on humans are rare.

Family: Sphyraenidae
Classification: Actinopterygii

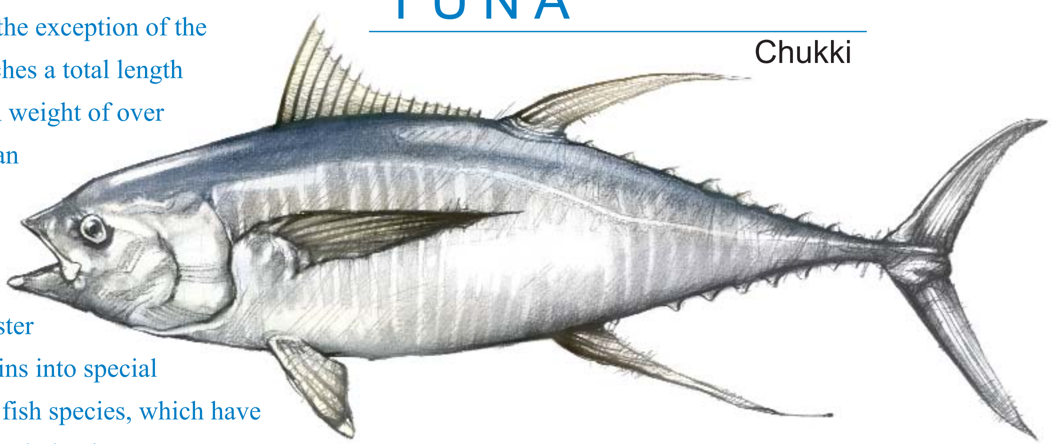
The Manora Lighthouse is a historically important landmark . Built of stone in 1889, on a clear day it is visible up to 20 nautical miles. The amazing thing about it is that its hyper radiant lens installed in 1909 is still operable; working as efficiently as the day it was installed!

Pakistan's coastline supports and plays host to a mind boggling variety of fauna, one thousand among them being fish.



TUNA

Chukki



The Tuna can be found worldwide in tropical and subtropical seas with the exception of the Mediterranean Sea. It reaches a total length of 2.08 m and a maximum weight of over 400 lbs (200 kg). Tuna is an extremely fast swimmer reaching speeds up to 80 kph. It is able to streamline its body for faster swimming by folding its fins into special indentations. Unlike most fish species, which have white flesh, the tuna has flesh that is pink to dark red, giving it the common name "the rose of the sea". The Tuna is popular seafood worldwide and is therefore at continual risk of over fishing.

Family: Scombridae
Classification: Actinopterygii

Four rare species of giant turtles call Pakistan's coastal waters home. Among them are the Ridley, the Leatherback, the Hawksbill, and the Green Turtle. Our heritage needs protection for future generations.

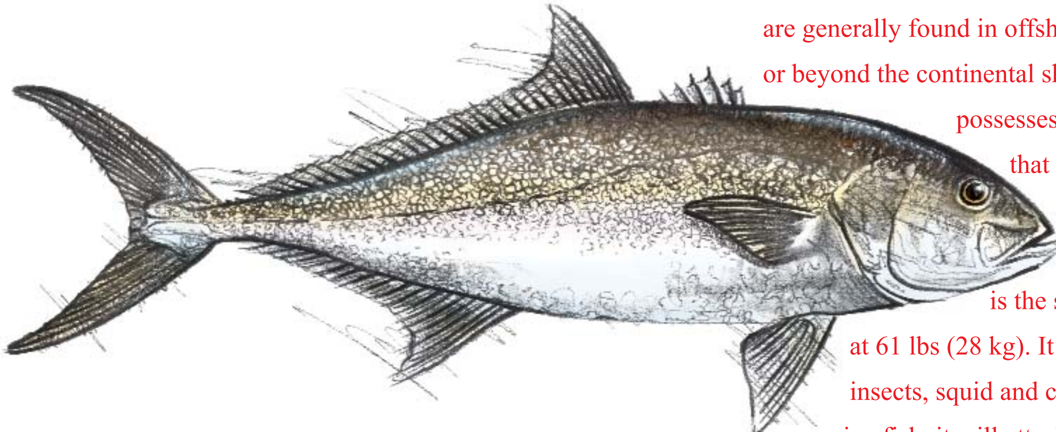
near Faisalabad, which is the hub of textile industry and carries out this activity under the name and title of "Crescent Cotton Products" (CCP) a division of Crescent Steel and Allied Products Limited. CCP is a division of the Company but its operating results are shown separately. CCP as a division holds ISO 9001 : 2000 Quality Management Credential. CCP produces good quality cotton yarn of various counts from 10s to 80s having a notional capacity based on 20s of 6.5 and 9.3 million kgs per annum in CCP-I and CCP-II respectively and its products are consistently in demand and generally sold at a premium.

Investment and Infrastructure Development Division

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

AMBERJACK

Kakkar

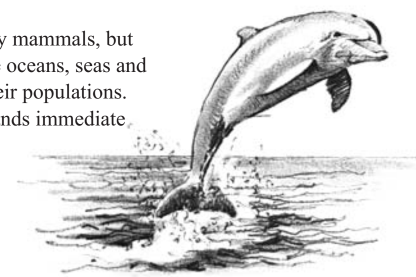


The Amberjack is found in the subtropical waters of Indo-West Pacific, in coastal and oceanic waters, off kelp beds and rocky areas. Schools of juveniles are generally found in offshore waters, often near or beyond the continental shelf. The amberjack possesses a series of dark stripes that extend from the nose to the front area of the dorsal fins. The *Kakkar* is the smallest of all Amberjacks at 61 lbs (28 kg). It feeds on small fish, insects, squid and crustaceans. Being an aggressive fish, it will attack its prey head on keeping up the battle until its quarry is subdued.

Family: Carangidae
Classification: Actinopterygii

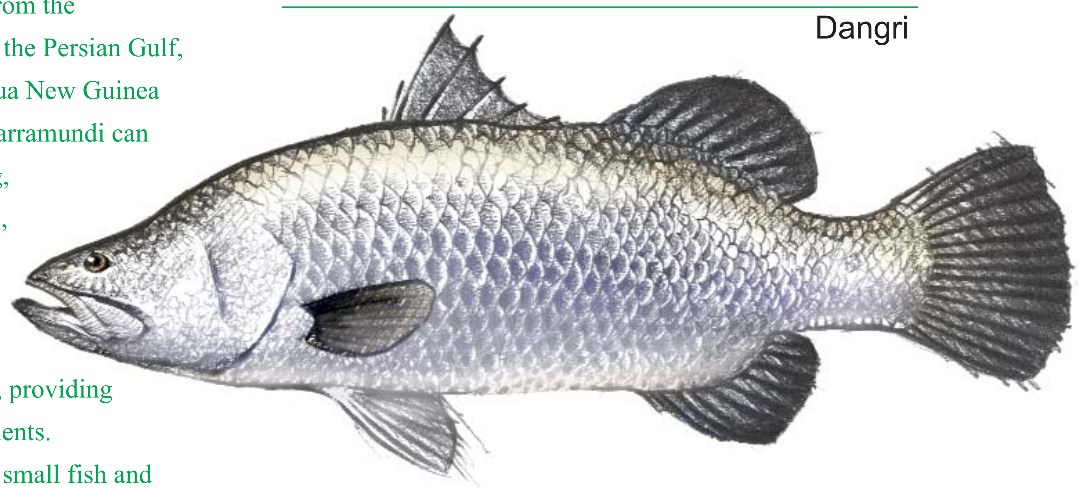
Gwadar is a sailor’s paradise. A natural deep sea port sitting squarely at the crossroads of strategic shipping routes of the future.

Dolphins are friendly mammals, but contamination of the oceans, seas and rivers is reducing their populations. A concern that demands immediate attention.



BARRAMUNDI

Dangri



The Barramundi is found in tropical and semitropical regions ranging from the Indo-West Pacific region from the Persian Gulf, through Southeast Asia to Papua New Guinea and Northern Australia. The Barramundi can get quite large, 1.8 meters long, weighing up to 132 lbs (60 kg), and is additionally quite strong. Underneath, the barramundi is silvery, while on top the fish is green to gray, providing camouflage for most environments. The fish is carnivorous, eating small fish and insects. It inhabits a wide variety of habitats in rivers, creeks and mangrove estuaries in clear to turbid water.

Family: Latidae
Classification: Actinopterygii

Our Governing Principles

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 which sets the tone of our actions and underpins the functioning of our employees. We also insist that all transactions be open, transparent and with in the legal framework culminating in responsible financial reporting.

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 a Human Resource Committee to review and improve the current human resource architecture.

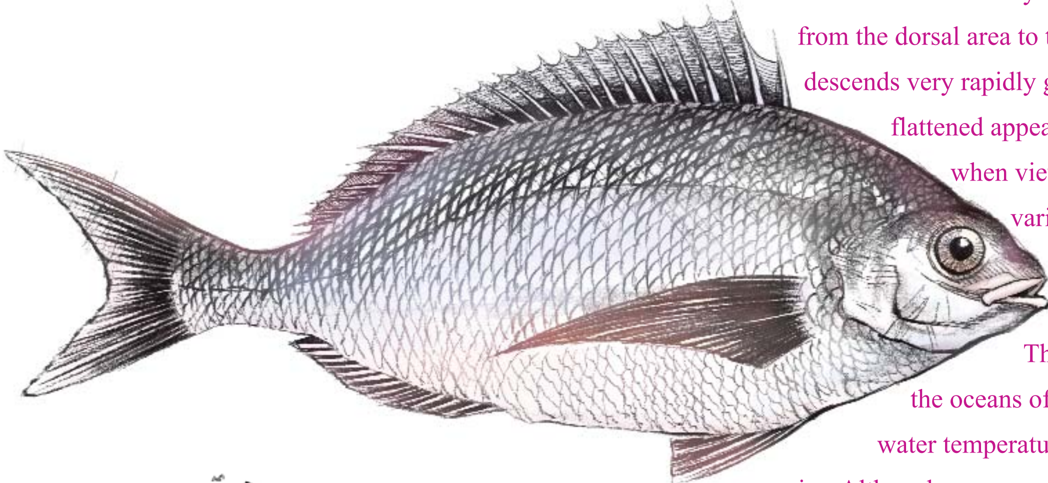
Audit Committee

The Audit Committee operates under a charter approved by the Board. The governing

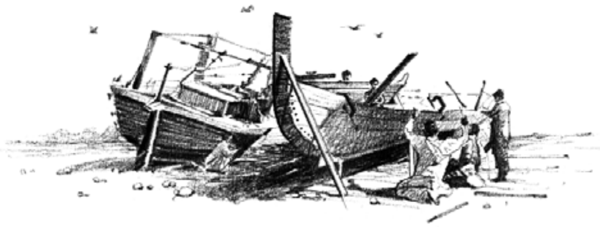
BREAM

Dandia

The Bream, also known as a porgy, is of many different varieties. It has certain distinctive features that make it easily identifiable. The line from the dorsal area to the front of the fish descends very rapidly giving the face a flattened appearance, especially when viewed in profile. Its color varies widely from species to species, mainly depending on its habitat. The Bream is found in all the oceans of the world in all types of water temperatures, depending on the species. Although some grow to 20 lbs (9.9kg), most fall into the ½- to 3-pound range.



Family: Cyprinidae
Classification: Actinopterygii



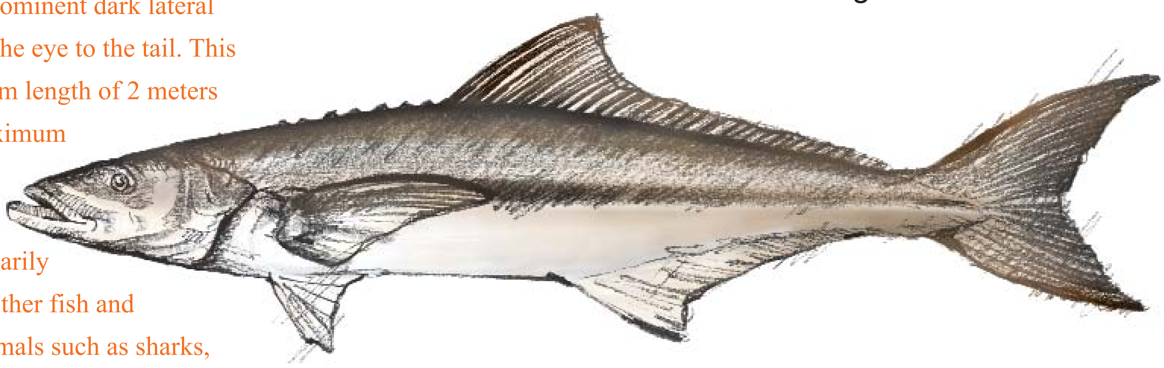
The ancient craft of boat making survives even today. These boats made with hand hewn wood are as, if not more, seaworthy than their machine-made counterparts, helping fishermen supplement their income and feed their families. As did their ancestors.

Poor fishermen, without boats, fish along the shoreline. To make sure the catch is a healthy one, and to conserve our fish, toxic and industrial waste should be treated before being let out to sea.

COBIA

Sanghra

The Cobia is a sleek and extremely strong fish found around the world. It is overall a dark brown color with a prominent dark lateral stripe that runs from the eye to the tail. This fish attains a maximum length of 2 meters (78 inches) and a maximum weight of 150 lbs (68 kg).
The Cobia feeds primarily on crabs, squid, and other fish and will follow larger animals such as sharks, turtles and manta rays in the hope of scavenging a meal. It inhabits the warm tropical waters in the winter and moves to more temperate waters in the spring, summer and fall.



Family: Rachycentridae
Classification: Actinopterygii

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 safe-guarding of assets, maintaining of proper accounting records complying with legislation and ensuring the reliability of financial information.

HR Committee

The HR Committee has been constituted to address and improve the crucial area of human resource development. The Committee has framed a terms of reference and its aim is to guide the management in formulating an overall strategic plan for HR, in developing new program initiatives and formulation of policies. In short to ensure the attainment of the maximum effectiveness from the overall HR service delivery system.

Management Structure

The Company has three distinct business units, a Steel Division, a Cotton Division and an Investment and Infrastructure Development 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. Three business unit heads and three corporate functional heads as defined in the management structure with clear responsibility and authority matrix have direct reporting lines to the Chief Executive Officer. Limits of authority at all levels are clearly defined in our control manual. The Internal Audit function is responsible to monitor compliance with the manual.

Responsibility to Stakeholders

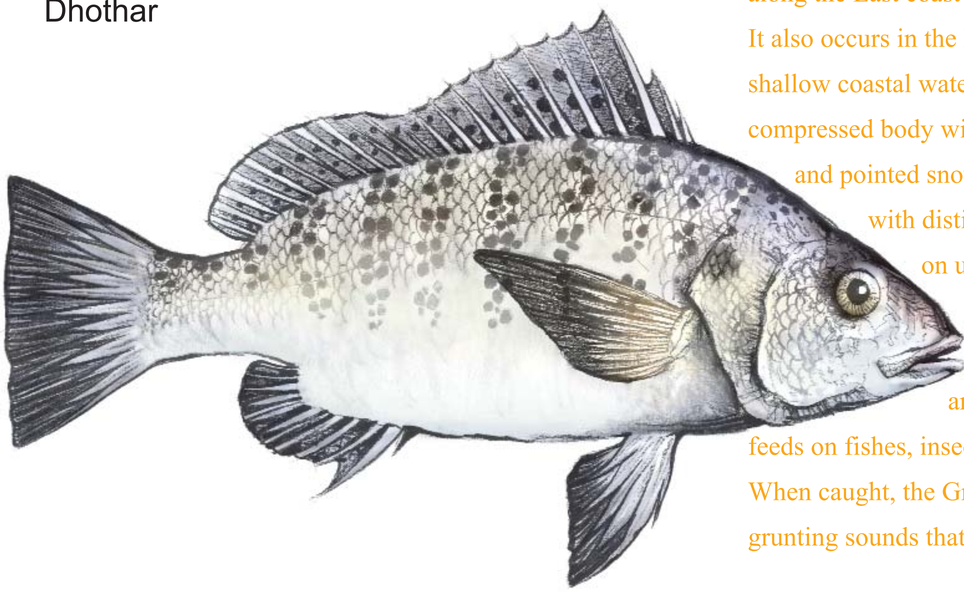
Our primary purpose is to run our business efficiently and profitably to enhance shareholders' value but we do it with responsibility to all stakeholders. Profitability is essential to discharge this responsibility and the corporate resources are primarily deployed in the achievement of this end.

However the Company does not operate in isolation with its environment and accordingly feels responsible to all stakeholders which are:

- Our Shareholders
- Our Customers
- Our People
- Our Business Partners
- Our Society

GRUNTER

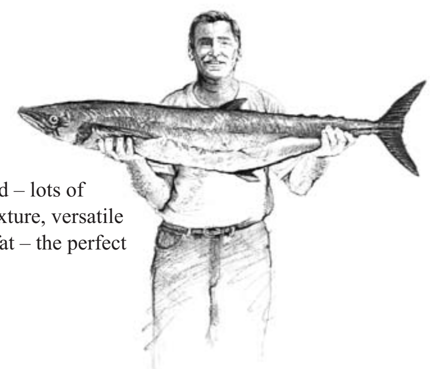
Dhothar



The Grunter is an Indian Ocean species extending along the East coast of Africa to Cape Agulhas. It also occurs in the Far East in warm, tropical shallow coastal waters. The Grunter has a long, compressed body with a long, sloping forehead and pointed snout. The body is silver-brown with distinct mother-of-pearl sheen on upper flanks covered in dark brown spots. It grows up to 80 cm in length and weighs in an average of 21 lbs (9.5 kg). It feeds on fishes, insects and other invertebrates. When caught, the Grunter makes the characteristic grunting sounds that gives it its name.

Family: Terapontidae
Classification: Actinopterygii

Indigenous boats of the local fishermen assist them in catching fish, a major export of Pakistan. However, with the increase in polluted waters, they have to venture further out to the deep sea to catch a good haul.

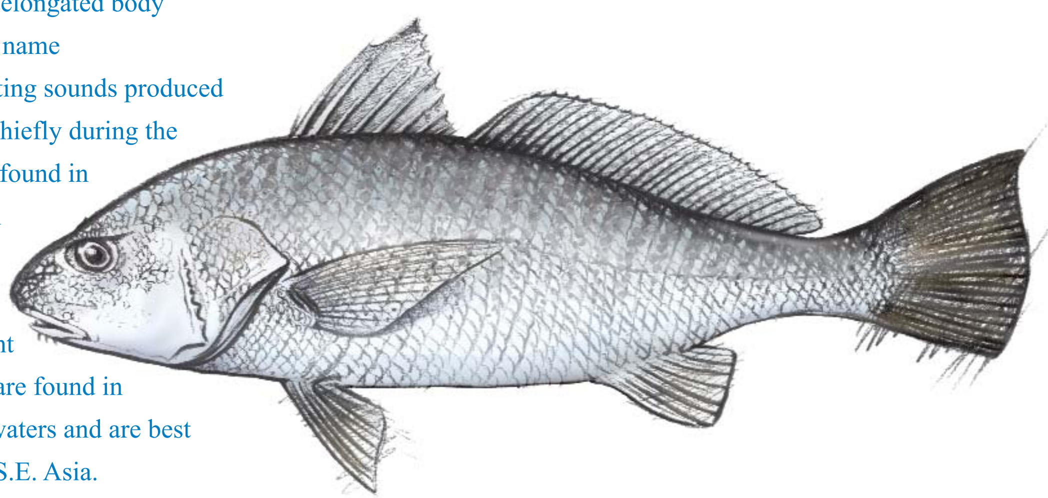


Fish is a fabulous food – lots of variety in taste and texture, versatile and low in saturated fat – the perfect healthy diet food.

CROAKER

Mushka

The Croaker is a carnivorous, spiny-finned fish including the weakfishes, the drums, and the whitings. It has a compressed, elongated body similar to that of the bass. The name describes the croaking or grunting sounds produced by members of most species, chiefly during the breeding season. Croakers are found in sandy shallows and are bottom feeders with sensitive chin barbels to aid in locating their prey. They range in weight from 1 to 3 lbs (0.5 – 1.3 kg), are found in warm-temperate and tropical waters and are best represented in major rivers in S.E. Asia.



Family: Sciaenidae
Classification: Actinopterygii

Our Governing Principles

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 conditions of the societies 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, Safety and Environment

Maintenance of health and safety standards at our plants and offices is a serious issue at CSAPL. 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 fire, 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.

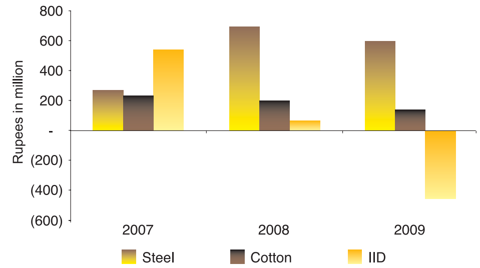
Role of Shareholders

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 enquiries.

Crescent Steel & Allied Products Ltd.

Year in Brief

- During the current year revenue from steel division amounted to Rs. 1,739.4 million and profit from operations amounted to Rs. 560.1 million.
- Coating production during the year was 382,902 sq meters an increase of 84%.
- Sales revenue and gross profit is Rs. 3.3 billion and Rs. 713.7 million respectively.
- The Oracle ERP system has been fully implemented during the record time of 15 months as per plan.
- The Company has secured the 2nd position in the Engineering Sector in the competition of Best Corporate Report Award 2008 from ICAP & ICMAP.
- During the year Company has donated Rs. 6.7 million to help community activity.



- This year we carried “Paint a TCF School” at two campuses.
- The Company has contributed Rs. 520.4 million towards the national exchequer on account of government levies and taxes.

KEY FIGURES

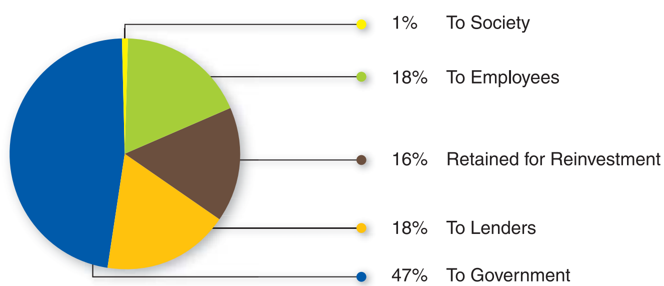
		2009	2008
Sales revenue	Rs. in million	3,311	4,200
(Loss) / profit after tax	Rs. in million	(240)	416
No. of Shares Outstanding	No. in million	56.5	51.3
(Loss) / earnings per share - Basic and diluted	Rs.	(4.2)	7.4
Dividend			
- cash	Rs./share	–	3.0
- bonus	(%)	–	–
Return on average capital employed	(%)	2.4	18.0
Current ratio		1.2	1.4
Debt : Equity ratio		2 : 98	5 : 95
Shareholders’ equity	Rs. in million	2,546	2,994
Total assets	Rs. in million	4,110	4,847
Capital expenditure	Rs. in million	169	153
Price earning ratio		–	7.6
Break-up value per share	Rs.	45.1	58.3
Employees		1,203	1,166

Crescent Steel & Allied Products Ltd.

Statement of Value Added
As at 30 June 2009

	2009 Rupees in '000	%	2008 Rupees in '000	%
WEALTH GENERATED				
Total revenue net of discount and allowances	3,310,366	100%	4,782,142	100%
Bought-in-material and services	(2,199,375)	66%	(3,315,683)	69%
	1,110,991	34%	1,466,459	31%
WEALTH DISTRIBUTED				
To Employees				
Salaries, benefits and other costs	200,872	18%	196,379	13%
To Government				
Income tax, sales tax, custom duty, WWF and WPPF	520,373	47%	712,281	49%
To Society				
Donation towards education, health and environment	6,667	1%	24,426	2%
To Providers of Capital				
Dividend to shareholders	–		205,308	14%
Mark-up/interest expenses on borrowed funds	203,571	18%	153,018	10%
Deperciation and amortization for reinvestment				
Depreciation, amortization	179,508	16%	175,047	12%
	1,110,991	100%	1,466,459	100%

WEALTH DISTRIBUTION 2009

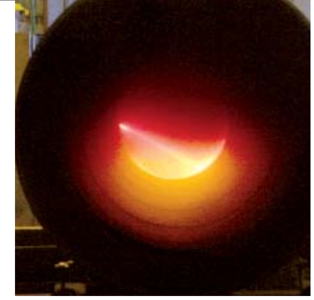


Crescent Steel & Allied Products Ltd.

Vertical Analysis

	2009	%	2008	%	2007	%	2006	%
Operating Results (Rupees in million)								
Net sales	3,311	100.0	4,200	100.0	2,950	100.0	1,707	100.0
Cost of sales	2,597	78.4	3,304	78.7	2,440	82.7	1,567	91.8
Gross profit	714	21.6	896	21.3	510	17.3	140	8.2
(Loss) on / income from investment - net	(339)	(10.2)	74	1.8	411	13.9	333	19.5
Distribution, selling and administrative expenses	144	4.3	151	3.6	147	5.0	119	6.9
Other operating expenses	175	5.3	110	2.6	126	4.3	22	1.3
Other operating income - net	39	1.2	20	0.5	107	3.6	25	1.4
Operating profit	95	2.9	729	17.4	757	25.6	357	20.9
Finance costs	204	6.1	153	3.6	128	4.4	83	4.9
Share of profit / (loss) in associates	4	0.1	51	1.2	99	3.4	(12)	(0.7)
(Loss) / profit before taxation	(105)	(3.2)	627	14.9	727	24.7	262	15.4
Income tax	135	4.1	211	5.0	64	2.2	3	0.2
Net (loss) / profit	(240)	(7.2)	416	9.9	663	22.5	260	15.2
Balance Sheet (Rupees in million)								
Property, plant and equipment	1,225	29.8	1,233	25.4	1,307	27.8	1,381	37.2
Investments including investment property	1,852	45.1	2,737	56.5	2,300	49.0	1,313	35.3
Other non current asstes	5	0.1	5	0.1	5	0.1	7	0.2
Current assets (excluding investments)	1,029	25.0	871	18.0	1,084	23.1	1,014	27.3
Total assets	4,110	100.0	4,847	100.0	4,696	100.0	3,715	100.0
Shareholders' equity	2,546	52.5	2,994	61.8	3,200	68.2	2,038	54.9
Long term debt (excluding current maturity)	56	1.4	168	3.5	354	7.5	548	14.8
Deferred liabilities	100	2.4	112	2.3	65	1.4	2	–
Short term debt (including current maturity of long term debt)	1,015	24.7	1,306	27.1	626	13.3	877	23.6
Other Current liability	393	9.6	267	5.4	451	9.6	250	6.7
Total equity and libilities	4,110	100.0	4,847	100.0	4,696	100.0	3,715	100.0
Cash Flows (Rupees in million)								
Cash generated from operations	751	406.1	906	106.0	630	350.0	30	16.3
Cash flows from / (used in) operating activities	336	181.7	566	66.2	486	270.0	(88)	(47.8)
Cash flows used in investing activities	71	38.4	(893)	(104.5)	(392)	(217.8)	(778)	(422.8)
Cash flows (used in) / from financing activities	(222)	(120.2)	(528)	(61.8)	86	47.8	682	370.7
Net increase / (decrease) in cash and cash equivalents	185	100.0	(855)	(100.0)	180	100.0	(184)	(100.0)

Crescent Steel & Allied Products Ltd.



Horizontal Analysis

	2009	Variance vs Last Year Increase / (Decrease) %	2008	Variance vs Last Year Increase / (Decrease) %	2007	Variance vs Last Year Increase / (Decrease) %	2006	Variance vs Last Year Increase / (Decrease) %
Operating Results (Rupees in million)								
Net sales	3,311	(21.2)	4,200	42.4	2,950	72.8	1,707	(36.5)
Cost of sales	2,597	(21.4)	3,304	35.4	2,440	55.7	1,567	(32.3)
Gross profit	714	(20.4)	896	75.6	510	263.8	140	(62.3)
(Loss) on / income from investments - net	(339)	(560.3)	74	(82.1)	411	23.6	333	88.7
Distribution, selling and administrative expenses	144	(4.8)	151	2.9	147	23.6	119	9.5
Other operating expenses	175	59.6	110	(12.6)	126	474.1	22	(68.8)
Other operating income - net	39	99.1	20	(81.7)	107	335.7	25	(72.0)
Operating profit	95	(87.0)	729	(3.7)	757	111.8	357	(21.9)
Finance costs	204	33.0	153	19.1	128	54.9	83	88.7
Share of profit / (loss) in associates	4	(92.7)	51	(48.8)	99	(931.5)	(12)	(38.9)
(Loss) / profit before taxtation	(105)	(116.8)	627	(13.8)	727	177.2	262	(33.4)
Income tax	135	(36.2)	211	228.9	64	2,199.1	3	(96.6)
Net (loss) / profit	(240)	(157.7)	416	(37.3)	663	155.4	260	(16.9)
Balance Sheet (Rupees in million)								
Property, plant and equipment	1,225	(0.7)	1,233	(5.6)	1,307	(5.4)	1,381	212.6
Investments including investment property	1,852	(32.4)	2,737	19.0	2,300	75.3	1,313	(12.6)
Other non current asstes	5	(5.1)	5	(4.1)	5	(26.0)	7	(26.3)
Current assets (excluding investments)	1,029	18.1	871	(19.6)	1,084	6.9	1,014	64.6
Total assets	4,110	(15.2)	4,847	3.2	4,696	26.4	3,715	44.6
Shareholders' equity	2,546	(15.0)	2,994	(6.4)	3,200	57.1	2,038	9.5
Long term debt (excluding current maturity)	56	(66.8)	168	(52.5)	354	(35.4)	548	132.2
Deferred liabilities	100	(10.5)	112	72.7	65	3,850.1	2	(57.9)
Short term debt (including current maturity of long term debt)	1,015	(22.3)	1,306	108.7	626	(28.6)	877	275.6
Other Current liability	393	47.3	267	(40.9)	451	80.4	250	6.3
Total equity and libilities	4,110	(15.2)	4,847	3.2	4,696	26.4	3,715	(44.6)
Cash Flows (Rupees in million)								
Cash generated from operations	751	(17.2)	906	43.8	630	2,000.0	30	(88.8)
Cash flows from operating activities	336	(40.6)	566	16.5	486	(646.1)	(89)	(147.6)
Cash flows (used in) / from investing activities	70	(107.9)	(893)	127.9	(392)	(49.6)	(778)	1,241.4
Cash flows (used in) / from financing activities	(222)	(57.9)	(528)	(714.0)	86	(87.4)	682	(795.9)
Net increase / (decrease) in cash and cash equivalents	184	(121.5)	(855)	(575.0)	180	(197.8)	(184)	(693.5)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Directors' Report

The directors of the company have the pleasure in submitting their report together with audited financial statements of the company for the year ended 30 June 2009.

Operating Results

The financial results of the Company are summarized below:

		2009	2008
		(Rupees in '000)	
(Loss) / Profit for the year		(105,071)	626,622
Taxation		134,678	210,941
(Loss) / Profit after taxation		(239,749)	415,681
Unappropriated profit brought forward		267,651	599,273
Profit available for appropriation		27,902	1,014,954
Appropriations:			
- First interim dividend	2008 - @10%	–	(51,327)
- Second interim dividend	2008 - @10%	–	(51,327)
- Third interim dividend	2008 - @10%	–	(51,327)
- Final dividend	2007 - @10%	–	(46,661)
- Bonus shares issued	2008 - @10%	(51,327)	–
- Bonus shares issued	2007 - @10%	–	(46,661)
- Transfer to General Reserve		–	(500,000)
		(51,327)	(747,303)
Unappropriated (loss) / profit carried forward		(23,425)	267,651
Basic and diluted earning per share		Rs.(4.25)	Rs.7.36

Statement on Corporate and financial reporting framework

- These financial statements, prepared by the management of the company, present fairly its state of affairs, the result of its 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 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.
- The Company has opted for the accounting treatment of the impairment loss in respect of its available for sale investments in accordance with SRO 150(I)/2009 issued by the Securities and Exchange Commission of Pakistan (SECP) on 13 February 2009 and recognized fifty percent of the impairment as at 31 December 2008 including any adjustment/effect for price movements

arising during the six months ended 30 June 2009 in the profit and loss account. Had the impairment loss been ransferred to profit and loss account, the unrealized gain on remeasurement of available for sale securities would have been higher by Rs.12.06 million with consequential effect on 'revenue reserve'. For the purpose of dividend distribution, such impairment loss is to be treated as a change to the profit and loss account.

- The system of internal control is sound in design. The system is being continuously monitored by Internal Audit and through other such monitoring procedures. The process of monitoring internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring improvements in the system.
- 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 changes in the company's operations during the current year as compared to last year and significant plans and decisions for the future porspects of profits are stated in the Chief Executive's Review.
- The Board has not declared any dividend or bonus shares during the year as the Company incurred net loss of Rs. 239.8 million mainly due to loss incurred in IID division as explained in the Chief Executive's Review.
- Key operating and financial data for last six years in summarized form is annexed.
- Information about taxes and levies is given in the notes to the financial statements.
- The number of employees at the end of year was 1,203 (2008:1,166).
- The following is the value of investments of the following funds based on the audited accounts for the year ended 31 December 2007:
  - Provident fund Rs. 87.06 million
  - Gratuity fund Rs. 33.39 million
  - Pension fund Rs.104.13 million
- During the year eleven board meetings were held and the attendance by each director is attached separately.

Pattern of Shareholding

The pattern of shareholding and additional information regarding pattern of shareholding is attached separately.

No trade in the shares of the company were carried out by CEO, CFO and Company Secretary and their spouses and minor children except those that have been duly reported as per the law.

Crescent Steel & Allied Products Ltd.

Directors' Report

Directors

Election of Directors was held on January 29, 2009 and out of eight Directors, the seven retiring Directors were elected unopposed whose term of office will expire on January 29, 2012.

Change in the Board of Directors

The Board would like to place on record its appreciation on the valuable contribution made by the outgoing director Mr. Javed A. Callea towards progress of the Company. The causal vacancy so occurred during the year was filled within 30 days of such vacancy.

The Board also welcomes Mr. Mohammad Abdul Aleem who joined the board as an independent director in place of the outgoing director. Mr. Aleem brings a vast and varied experience to the Board.

Change in the Audit Committee

Mr. Mohammad Abdul Aleem was also nominated by the Board on the Audit Committee as member and Chairman in place of Mr. Javed A. Callea.

Financial statements

As required under listing regulations 37(xxiv) of Karachi Stock Exchange the Chief Executive Officer and Chief Financial Officer present the financial statements, duly endorsed under their respective signatures, for consideration and approval of the board of directors and the board, after consideration and approval, authorize the signing of financial statements for issuance and circulation.

The financial statements of the Company have been duly audited and approved without qualification by the auditors of the Company, KPMG Taseer Hadi & Co., Chartered Accountants and their report is attached with the financial statements.

No material changes and commitments affecting the financial position of your Company have occurred between the end of the financial year to which this Balance Sheet relates and the date of the Directors' Report.

Auditors

The auditors, KPMG Taseer Hadi & Co. retire and offer themselves for re-appointment. The Board Audit Committee and the Board of Directors of the Company have endorsed their appointment for shareholders consideration at the forthcoming annual general meeting.

By order of the Board

Ahsan M. Saleem
Chief Executive Officer
31 July 2009


520 1 2 3 4 5 6

Chief Executive's Review

Dear Shareholders,

The results for the year reflect the unprecedented chaos in the economic landscape during the first half of the year under review. Price spiral, erosion of value of Rupee vs. Dollar, withdrawal of exchange risk cover by State Bank of Pakistan, steep rise in interest rate, severe liquidity crunch, energy crisis, closure of stock market, worsening law and order all added to the turmoil and resulted in an environment creating strategic discontinuity.

Economy

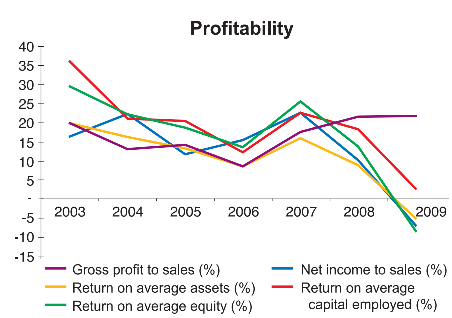
After years of substantial growth, Pakistan's economy lost its momentum last year, with many factors contributing towards the decline of the economic progress. The aftershocks continued to impact the economy in the year under review. The crisis hampered Pakistani exports and led to the uncertainty that followed the melt down coupled with devaluation and the closure of capital market not only slowed down the foreign direct investment (FDI) but also took it's toll on the capital market. GDP is estimated to have grown by 2.0 percent in FY2008-09, the worst since FY2001. The energy shortages, political instability and high interest rates have all contributed to weakening economic indicators. Overall manufacturing sector posted a negative growth rate of 3.3 percent during the last fiscal year against the target of 6.1 percent and 4.8 percent of FY07-08. Large scale manufacturing (LSM) witnessed a broad-based decline of 7.7 percent against the revised growth target of negative 5.0 percent during July-March 2008-09.

The economic indicators have improved, headline inflation has gone down and policy rate cut is on the cards. Weakening rupee and rising oil prices, however pose a threat. The economic management of the country will remain a challenge.

Financial and Operational Performance

During the year under review the Company sustained loss before tax of Rs. 105.1 million mainly due to loss of Rs. 509.2 million from IID division, and loss of Rs. 109 million from cotton division, which has partially set-off by profit of Rs. 513.2 million from steel division.

The loss after tax for FY09 amounted to Rs. 239.8 million as compared to earnings of Rs. 415.7 million for FY08 which was mainly due to the losses amounting to Rs. 587.3 million incurred in the first half of FY09 with IID being the major contributor to the bottom line loss. The dismal performance in the first half was mainly due to economic crises and political turmoil in the country which was further aggravated by closure of the capital market. This was set off against a healthy profit of Rs. 347.5 million in the second half including income from investment amounting to Rs. 162.4 million.



(Loss) / Earnings per share (EPS)

The basic and diluted loss per share for FY09 is Rs. 4.25 as compared to adjusted EPS of Rs. 7.36 for FY08. Loss per share in the 1st half of the current year was Rs. 10.4. A rebound in the 2nd half enable us to post pretax profit per share of Rs. 8.28 and an after tax profit of Rs. 6.15.

Steel Division

External environment is the driving force behind the performance of any business and our company is no exception to this fact. The operating performance for the year under review and the order intake was largely effected by non-materialization of several key projects which were put on hold due to an unprecedented price spiral in the steel cost, financial crises in the international market, rapid melt down of the local economy and severe liquidity crunch and disruptions in the supply chain.

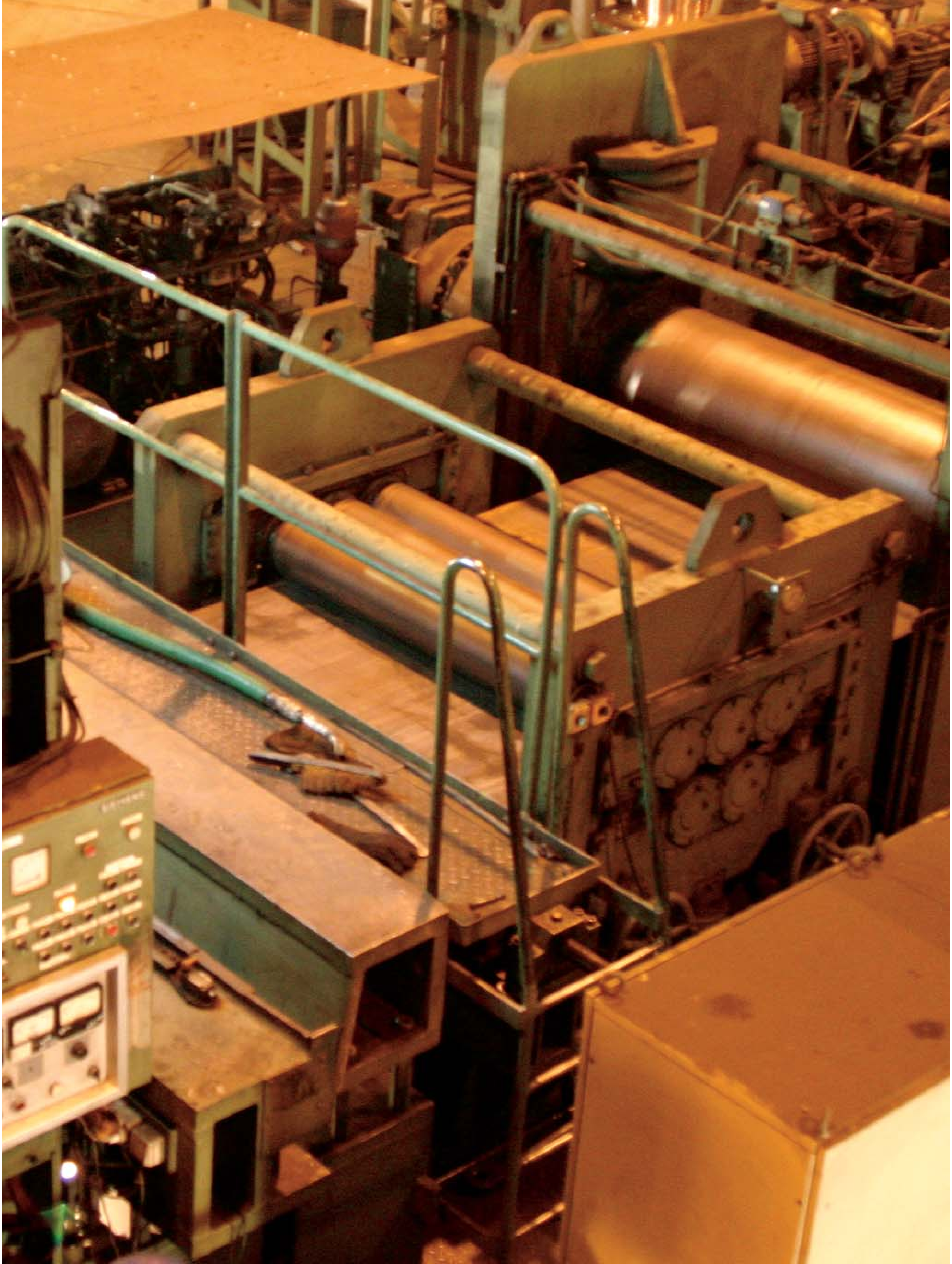
The company focused on shifting of production capacity from our traditional Oil and Gas market to other sectors like Water etc. so as to bring in a more diversified customer base. During the current year revenue from steel division amounted to Rs. 1,739.4 million and profit from operations amounted to Rs. 560.1 million. Although the revenue was down by 37.3% the gross profit and operating profit were down by only 15.5% and 13.9% respectively during the year as compared to last year.

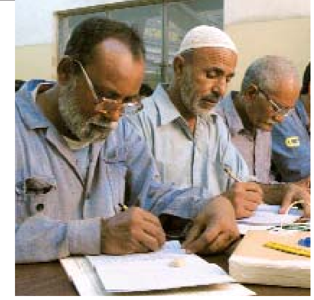
The actual mix dia bare pipe production during the year was 14,368 tons (notional 37,470 tons) as compared to 41,102 tons (notional 50,958 tons) during the corresponding period last year. During the year coating of 382,902 square metres of pipe was carried out as compared to 208,487 square metres in FY08.

Cotton Division

Cotton division incurred a loss of Rs. 109.1 million as compared to a loss of Rs. 46.6 million in the corresponding period last year (excluding depreciation expense cotton division earning were Rs. 30.7 million in FY09 as compared to Rs. 92.1 million in the corresponding period last year). This was consequent to economic crises, free fall of the market, energy shortages (plant shut down due to unavailability of gas resulting in stoppage cost approx. Rs. 19.1 million) and unfavorable prices of cotton and cotton yarn. During the year under review cost of cotton was 11.9% higher than last year without corresponding increase in selling rates of yarn (only 3% higher than last year).

Unit I and Unit II worked for only 324 days and 351 days respectively due to electricity and gas shutdown. Gross profit for the year under review amounted to Rs. 21.1 million as compared to Rs. 76.6 million in prior year – decreased by 72 percent. The underlying reason was higher cost of cotton and stoppage cost due to electricity and gas shutdown.





Investment and Infrastructure Development Division

Investment and Infrastructure development division incurred a loss amounting to Rs. 509.2 million (LBT) during the full year ended 30 June 2009. However, during the second half of FY09 IID division recovered some of the losses incurred during the first half of the year by showing a profit of pretax Rs. 123.7 million.

The FY09 was a roller coaster ride for the Equity market, with the market slumping to its lowest in the first half of the year starting with a dismal run which continued till the end of the first half. The political instability, rising interest rates, balance of payment deficits, depleting foreign exchange reserves and the failure on part of the government to resolve these issues impacted the market badly. This was further aggravated due to imposition of a floor and closure of market from 27 August 2008 at KSE-100 Index of 9,144 for 110 days. The purpose of the floor was to arrest the falling market which had begun to echo a systemic problem which might have spread to other areas of the financial services industry. However, this decision was detrimental to the Investment climate and resulted in deepening the crises. The market eventually opened on 15 December 2008.

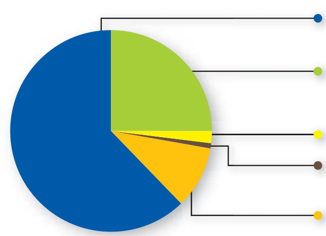
Post imposition of the floor market volumes fell to an average of 15.4 million shares per day as against 95 million shares per day for the eight weeks preceding the imposition of the floor. From the removal of the floor on December 15 to the end of the year, the KSE-100 Index shed 36% or 3,322 points, reflecting the selling pressure that was built-up during the period.

The market showed signs of recovery after reaching its lowest level on 26 January 2009 but was again hit by uncertainty and lack of interest and closed at an index level of 7,162. Based on these facts, the overall performance of the IID division remained dismal especially in the first half of the FY09 because of the negative outlook of the market.

The value of investments in marketable securities excluding equity accounted investment was Rs. 772.9 million (FY08: Rs. 1,464.4 million). During the period under review shares amounting to Rs. 634.2 million were purchased while shares amounting to Rs. 860.1 million were sold on account of trading and switching positions. The closing value of the portfolio as at 30 June 2009 was Rs. 1,804.4 million (FY08: Rs. 2,687.1 million) while loss for the year amounted to Rs. 345.6 million as compared to profit for Rs. 70.7 million in corresponding period last year including impairment of Rs. 71.3 million against equity accounted investment.

In addition to above, impairment of Rs. 31.5 million against available for sale investment has been transferred from equity to profit and loss

LIABILITES



account in accordance with IAS-39 and SRO No. 150 (I)/2009 dated 13 February 2009, which stipulated that significant and prolonged slump in fair values of investment that resulted in impairment had to be recognized in P&L account rather than in equity through adjustment in revaluation surplus.

Our portfolio investments have performed well in past years and are balanced to mitigate sectoral risks. We focus on the sectors possessing potential for future growth and where real investments are made.

Balance Sheet

Balance sheet footing has decreased to Rs. 4,109.7 million this year. Long term borrowing at the yearend reduced to Rs. 55.8 million (2008: Rs. 168.1 million). Gearing ratio (company's long term debt to equity ratio) was 2 : 98 at 30 June 2009 as compared to 5 : 95 at 30 June 2008. The liquidity position of the company is satisfactory with a current ratio of 1.2 : 1 at 30 June 2009. Return on average equity (ROE) for the whole year FY09 was negative 8.7% as compared to positive 13.4 percent for FY08. The ROE for the first half was negative 44% however, with improved performance in the second half reduced the overall negative ROE. Return on average capital employed (ROCE) for the current year was 2.4% as compared to 18 percent for FY08. This was also negative 20.6% in the 1st half whereas for the 2nd half it works out to 27.1%.

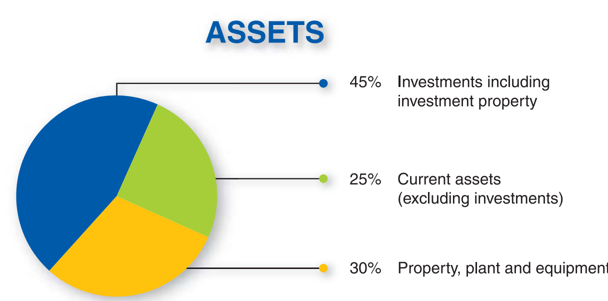
The total of shareholders' fund stood at Rs. 2.5 billion (2008: Rs. 3 billion). Reduction in the shareholders' funds is due to loss for the year and reduction in other reserve for investments in associates totaling to Rs. 144.7 million. Resultantly, the break-up value for shares decreased to Rs. 45.1 from Rs. 58.3 in last year.

Cash Flow Management

We at CSAPL place great importance at an effective cash flow management so as to ensure smooth running of the business and for this purpose cash inflows and outflows are projected on regular basis. Working capital requirements have been planned to be financed through internal cash generation and short term financing from external sources.

Cash generated from operations amounted to Rs. 750.6 million during the year as compared to Rs. 906.4 million. Net increase in cash and cash equivalents was Rs. 184.2 million as compared to net decrease of Rs. 855.2 million in 2008. It was mainly due to inflow from investing activities amounting to Rs. 70.4 million as against outflow of Rs. 893.4 million.

Borrowing rates which were 10 – 11% in the corresponding period last year increased and ranged between 15 – 20% during the current year, resultantly financing cost increased by 33



percent i.e. Rs. 50.6 million. Despite the liquidity crunch in the economy the Company has managed to meet all its commitments on timely basis.

Contribution to National Exchequer

The Company has contributed Rs. 520.4 million towards the national exchequer on account of government levies and taxes as compared to Rs. 712.3 million during last year.

Contribution to National Economy

CSAPL works out of two production campuses and three major offices. We ensure that wherever our production campuses are located, the local population gets the first opportunity for work. We also ensure that the local businessmen / vendor get an opportunity to supply goods and services, if available. In doing so it generates employment opportunities and also a market for small vendors.

We have an ongoing program of developing local vendors for substitution of imports. The products that we supply have provided import substitution in Steel Division and direct or indirect exports in Cotton Division resulting in foreign exchange savings / earnings for the country.

Quality

We at CSAPL give prime importance to our independent Quality Management System and are committed to provide quality products and services conforming to international standards and customer requirements. A quality culture has set in at our facilities where every team member endeavors to achieve the desired quality level. Our strategy is to have quality as cutting edge by acquiring modern technologies and enhancing skills set of manpower - ensuring customer satisfaction, maintaining cost and quality leadership. As a result CSAPL has established itself as "quality and market leader" in the country.

Our commitment to quality can be gauged with the fact that we are the only organization in the pipeline business to have acquired following license, certification of product and Quality Management system:

- API-5L PSL1&2
- API-Q1 Quality Management System
- ISO 9001-2008 Quality Management system
- ISO/TS29001 Petroleum, Petrochemical and Natural Gas Industries specific Quality Management System.

We will continue to retain and defend our quality leadership position in the industry.

Health, Safety and Environment

CSAPL is committed to provide a safe and healthy workplace for its employees and the other stake holders of the company such as customers, suppliers, contractors and visitors. We actively strive for eliminating all possible causes of accidents, preventing environmental

pollution, minimizing waste, energy conservation, safety awareness, training, emergency preparedness and managing environmental impact that can affect the surrounding communities and the environment at large.

Health, Safety and Environment (HSE) compliance at all time is a responsibility of everybody in the organization, we consults with our employees on matters affecting their health and safety. The company is committed to comply with all legal and regulatory requirements related to HSE and reviewing objectives and targets for the continual improvement in HSE management and performance. In CSAPL, a comprehensive HSE management system is in place while the policy is disseminated to all its stakeholders.

Corporate Social Responsibility

We consider CSR as a strategic management-driven initiative that integrates our business, environmental and citizenship activities to uphold our values for the Company and its stakeholders in an ethical manner.

At CSAPL corporate social responsibility is done, at work premises as well as outside, through a well crafted strategy rather than just being a yearend exercise. Strong emphasis is placed on making Pakistan more educated and for this purpose we define a clear strategy supporting The Citizens Foundation and other educational institutes.

We believe in giving back to the society where we live and operate, utmost importance is given to be a responsible corporate citizen. As per this policy the Company allocates 2% to 5% of pretax profit for education, health and social development sectors in the form of donations. The company contributed Rs. 6.7 million during the year (2008: Rs. 24.4 million) for various social causes and activities. CSAPL has always paid special attention to the education and has been supporting The Citizens Foundation, which provide quality education to less privileged children of rural and urban areas through its very effective network of 600 school units across Pakistan. The Company with its partnership with The Citizens Foundation has so far supported establishment of 16 school campuses across Pakistan.

To inculcate the sense of participation, staff members visit the schools sponsored by CSAPL to support the TCF activities. To boost a sense of responsibility towards the less privileged children among our staff members, we carry out "Paint a TCF School" activity each year and this year we carried this activity at two campuses. In addition we contributed to support running of schools, provision of vehicle, computers, laboratory equipment and books.

At CSAPL we also feel responsible towards our nation, the Company contributed to help the internally displaced people in the Northern areas.

We will continue our support towards the society in every aspect possible as it is an integral part of the Company’s strategy.

HR Initiatives

The company has a clear vision that our people and strong leadership practices are an important enabler of high productivity and sustainable competitive advantage of our company. With a human capital of over 1,100 we take pride in the fact that our employees are the ones who shape the future of our company. Our focus in HR is to unleash the organization’s intellectual energy through excellence in world class HR process and practices. We also continue to invest in training of our people.

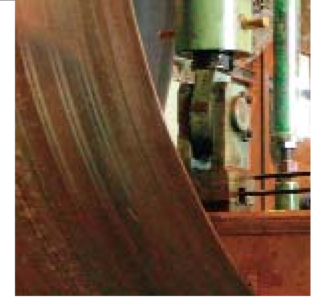
Good Governance

The Board gives utmost importance to the international and local best practices of good governance and ensures that its principles remain integral part of its operating, decision-making and monitoring process. The Company gives prime importance to clarity and objectivity of information for our valued stakeholders. For this purpose the Company follows an effective governance structure, processes and frameworks including “Core values”, “Standard of conduct for directors”, “Standard of conduct for employees” a “Policy statement for ethics and business practices” all these measures lead to accurate and reliable financial reporting, internal controls through which we manage the risks, set our targets and monitor company information.

Values and ethics encompass a trustworthy relationship between organizations and their business partners which paves the way towards a mutually beneficial relationship. These are, therefore, ingrained in CSAPL’s culture. These standards are regularly reviewed and updated to ensure effectiveness and relevance for achievement of long term objectives of the Company and are applicable to everybody in the Company. The Board acknowledges its responsibility for the overall strategy, management, identification and solution for risks and challenges, sustained business prosperity and safeguarding the rights of shareholders. It endorses the Best Practices of the Code of Corporate Governance as an effective tool in discharging these duties in addition to enhancing the timeliness, accuracy, comprehensiveness and transparency of financial and non-financial information through accountability and integrity.

Best Corporate Report

The Company has secured the 2nd position in the Engineering Sector in the competition of Best Corporate Report Award 2008 jointly organized by the Institute of Chartered Accountants of Pakistan and Institute of Cost and Management Accountants of Pakistan. We strive to excel in Corporate Governance and as transparency and timely reporting is a key element of Corporate Governance this clearly highlights our



achievement in terms of our mission regarding good Corporate Governance.

I will like to congratulate all employees of the Company as it was only possible to achieve this feat through there outstanding efforts.

Business Process Reengineering and Management Information System

To enhance efficiencies and as a part of business process reengineering for continuous improvement, the Company during the last year initiated implementation of Oracle application suite, an Enterprise Resource Planning system for its financial, supply chain, manufacturing, projects and Assets management to replace our legacy applications. The system has been fully implemented during the record time of 15 months as per plan. New ERP system is running smoothly and assisting to make our performance timely, efficient and accurate. In the year ahead our goal is to get the maximum leverage from this system.

Business Risks and Challenges

Doing business inherently involves taking risks, and by taking measured risks we strive to be a sustainable Company. Risk management is one of the essential elements of the Company's corporate governance. This calls for creating a proper balance between entrepreneurial attitude and risk levels associated with business opportunities. Through our risk management framework we want to provide reasonable assurance that our business objectives can be achieved and our obligations to customers, shareholders, employees, and society can be met. Risk Management is primarily the responsibility of the business managers. However, Head of Risk and Compliance has a responsibility for the oversight of the key risks and compliance of legal requirements. As a part of our policy to produce forward looking statements we are outlining the risks which may affect our business. This exercise also helps the management focus on a strategy to mitigate risk factors. With an explicit understanding that this is not an exhaustive enumeration, our major risk factors are listed below:

Raw Material Sourcing

Inability to access raw materials, growth in cost and expenses for raw materials and natural gas, may adversely influence the future results of the Company. The Company aims to use its purchasing power and long term relationships with suppliers to acquire raw materials and safeguard their constant delivery at the best conditions. Company is sensitive to price movements that may lead to erosion of margins and liquidated damages due to non-availability of raw material.

Investment Risk

Company has made significant investment in marketable securities. Adverse stock market developments may affect the profitability and assets of the Company. The Company follows

diversified investment policy and actively manages its investment portfolio to match the required risk profiles.

Currency Risk

Since significant parts of the Company's operations are based on imported raw material, exchange rate fluctuations can have an impact on the Company's financial results. As forward cover facility is no more available and the falling value of Pakistan Rupee, mitigation of adverse currency fluctuation has become more challenging. The company follows various available means to hedge against currency fluctuations to minimize losses.

Cost and availability of Funds

Significant portion of the working capital requirements of the Company is arranged through short term borrowings. The Company's financial condition and results of operations could be adversely affected if the Company does not successfully mitigate risks associated with availability of funds and interest rate changes. Further, the overall liquidity position in the economy may also adversely effect the business of our customers which may have an impact on company's operation.

Employee Retention and Recruitment

The Company's ambitious growth plans may not be achieved when we fail to attract and retain the right people. The Company puts emphasis on attracting, retaining, motivating, and educating staff, using Human Resources instruments.

Internal Controls

Without effective internal controls the Company may be exposed to financial irregularities and losses. This covers the areas ranging from safeguarding the assets, compliance with laws and regulations and accuracy and reliability of its records and financial reporting.

Technological Advantages

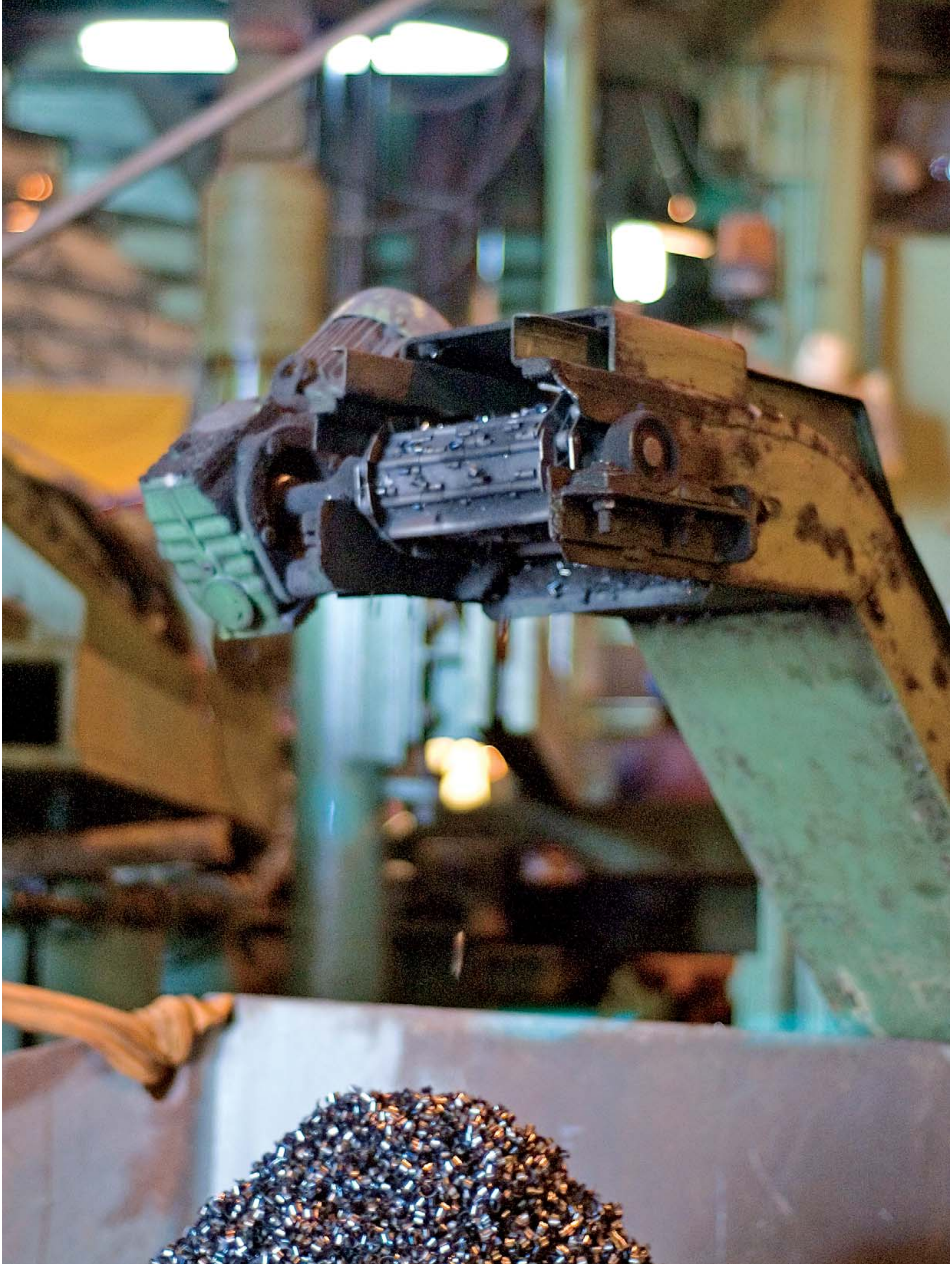
Our competitors may be able to identify and implement a major technological step change resulting in product substitution, improve their production efficiencies and lower costs. Our inability to implement similar steps may make us uncompetitive. Similarly we have to ensure that we match or exceed the quality and service performance of our competitors.

Power and Gas Outage

Power and gas shortage may have a negative impact particularly on cotton division as it runs on gas generators. Similarly the customers operation is also dependent on electricity and gas. Power and gas outage may result in stoppage.

Future Prospects and Outlook

Fresh order intake for pipes and pipe coatings is encouraging and the following factors will contribute to increased volumes in production and plant utilization.



- Record allocation in Budget 2009 for PSDP
- Increased oil and gas exploration expected to accelerate due to highly attractive petroleum policy

In the medium term we expect progress on Iran – Pakistan pipeline project which has become more compelling in wake of the current energy crises. We expect substantial progress and construction could start in the next fiscal. The pipe sizes all will within our range and we will be in absolute readiness to bid for supplier to this protect.

The cotton crop so far is in good condition. The area of cultivation has been increased by 8-10%, and more BT cotton has been sown. It is estimated that the overall production can reach 14 million bales. If supply remains very close to demand, then the price will continue to be under pressure. As the world economy will improve, Pakistan should be in a good position to reap some benefits, due to its competitive position. Major threat for Textile industry is power disruption due to shut down of Gas during winter.

The prospects of a cut in the policy discount rate by the SBP expected in the upcoming Monetary Policy, introduction of a new leverage product in the capital market and improved corporate earnings would help spawn another positive run in the equity market. CSAPL will benefit from all these factors.

General

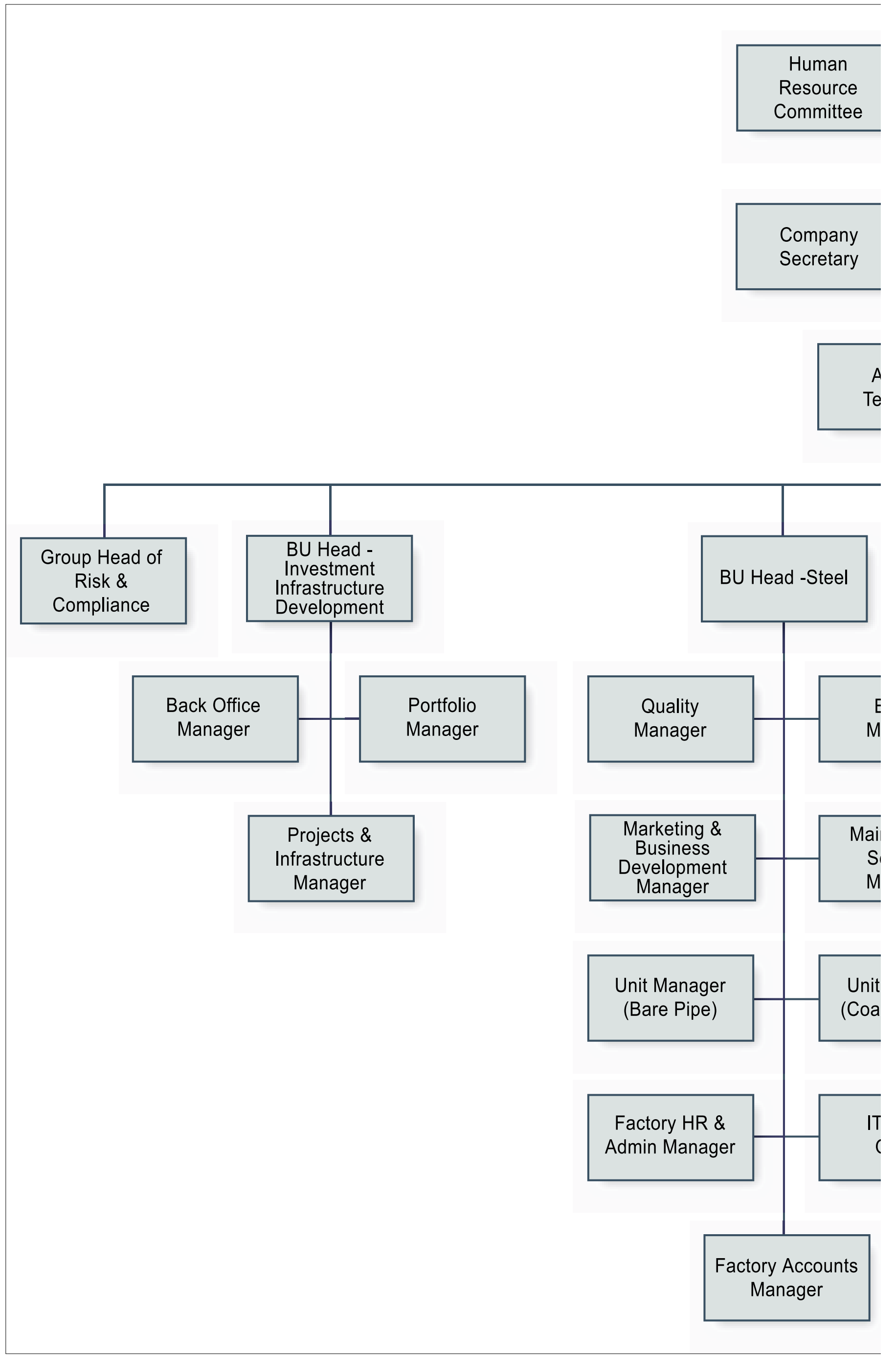
I would like to propose a warm vote of thanks for the proactive role of the Board and the Audit committee in guiding the management in these difficult times. Our employees also deserve a vote of thanks from their dedication and hard work which has made it possible to rebound from steep losses in the first half of the year.

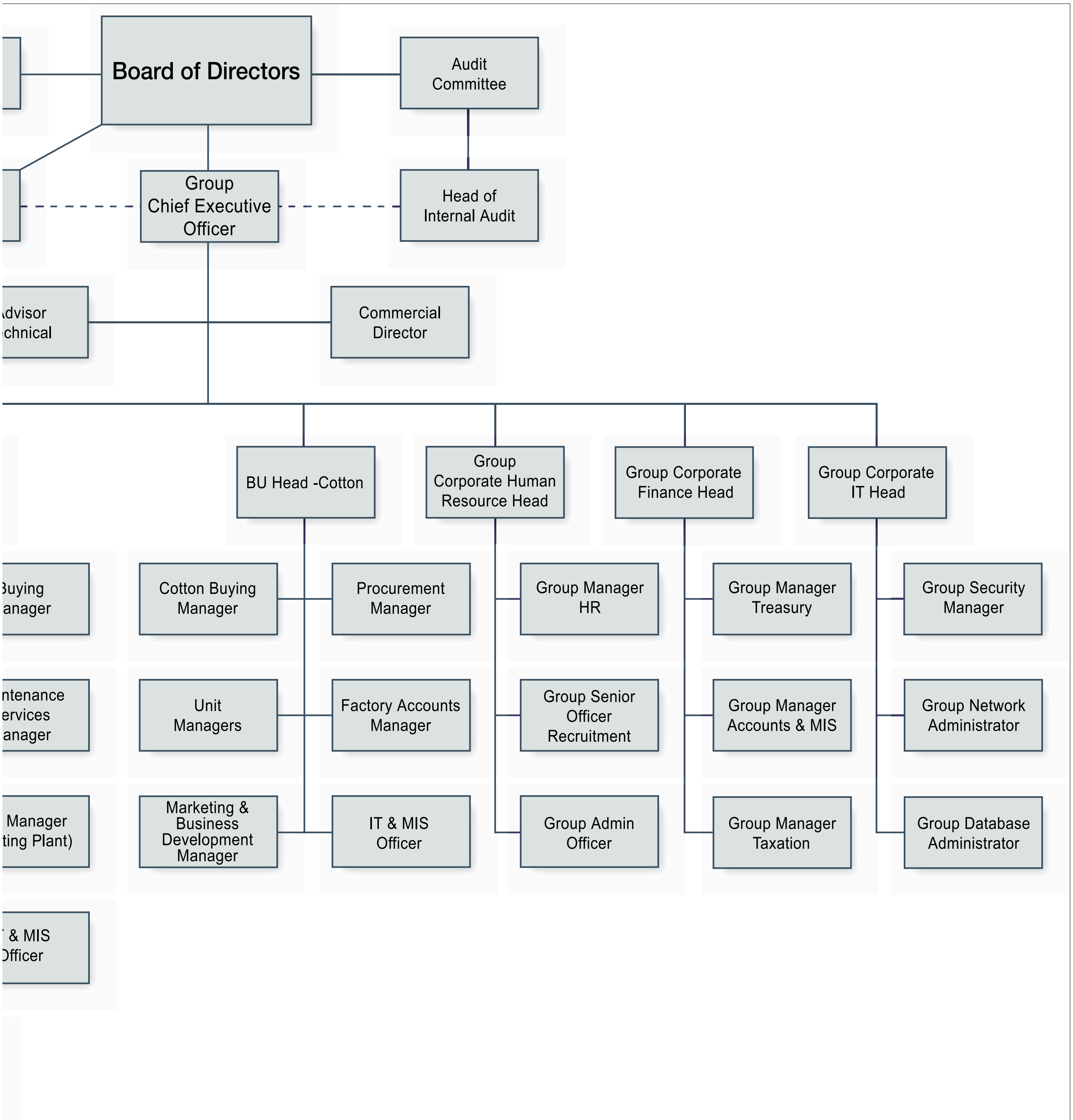
Whilst placing on record our thanks to all the stakeholders we look towards their continued support.

Ahsan M. Saleem
Chief Executive Officer
31 July 2009

Crescent Steel & Allied Products Ltd.

Management Structure




Board of Directors
Audit Committee
Group Chief Executive Officer
Head of Internal Audit
Commercial Director
BU Head -Cotton
Group Corporate Human Resource Head
Group Corporate Finance Head
Group Corporate IT Head
Cotton Buying Manager
Procurement Manager
Group Manager HR
Group Manager Treasury
Group Security Manager
Unit Managers
Factory Accounts Manager
Group Senior Officer Recruitment
Group Manager Accounts & MIS
Group Network Administrator
Marketing & Business Development Manager
IT & MIS Officer
Group Admin Officer
Group Manager Taxation
Group Database Administrator

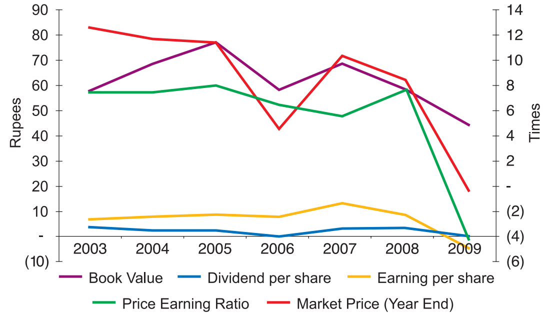
Financial Highlights

	2009	2008	2007	2006	2005	2004	2003
Operating Results (Rupees in million)							
Net sales	3310.9	4200.2	2950.1	1,707.1	2,686.6	1,348.1	1,738.9
Cost of sales	2597.2	3303.8	2439.7	1,566.8	2,314.7	1,173.9	1,398.0
Gross profit	713.7	896.4	510.5	140.3	371.9	174.3	340.9
(Loss) on / income from investment - net	(338.8)	73.6	411.4	332.9	176.4	221.2	113.5
Distribution, selling and administrative expenses	143.8	151.0	146.6	118.6	108.3	90.7	91.2
Other operating expenses	175.2	109.7	125.5	21.9	70.0	36.9	26.1
Other operating income - net	39.0	19.6	107.0	24.6	87.7	79.2	61.1
Operating profit before finance costs	94.9	728.9	756.7	357.3	457.7	347.1	398.2
Finance costs	203.6	153.0	128.5	82.9	43.9	20.4	16.8
Share of profit / (loss) in associates	3.7	50.8	99.1	(11.9)	(19.5)	–	–
(Loss) / profit before taxation	(105.0)	626.6	727.3	262.4	394.2	326.7	381.4
Income tax	134.7	210.9	64.1	2.8	81.8	30.8	97.2
Net (loss) / profit	(239.7)	415.7	663.2	259.6	312.4	295.9	284.2
Earning before interest, taxes and depreciation and amortization (EBITDA)	278.1	954.7	1029.3	444.8	522.7	431.4	481.1
Dividend	–	154.0	140.0	–	72.9	77.3	100.5
Per Share Results and Return							
(Loss) / earnings per share (Rupees)	(4.2)	7.4	12.1	6.1	7.3	6.9	6.7
Break-up value per share (Rupees)	45.1	58.3	68.6	58.2	76.6	68.8	57.8
Dividend per share - including final proposed (Rupees)	–	3.0	3.0	–	3.0	3.5	5.0
Dividend yield (%) - including final proposed	–	4.9	4.2	–	3.9	4.4	6.0
Dividend pay out (%) - including final proposed	–	37.0	21.1	–	23.3	26.1	35.4
Bonus shares (%) - including final proposed	–	10	10	20	20	10	10
Market value per share (Rupees)	18.0	61.7	71.0	43.5	77.0	78.9	83.0
Market value per share high-low (Rupees)	61-13	108-58	72-32	90-37	100-64	93-50	90-30
Price earning ratio (times)	–	7.6	5.0	5.9	6.0	5.9	5.9
Financial Position (Rupees in million)							
Current assets	1,716.2	2,279.1	2,124.8	1,841.6	1,779.5	1,541.1	973.3
Stock-in-trade	616.4	606.1	633.5	468.5	194.3	240.5	205.0
Trade debts	83.9	118.7	181.4	75.1	132.4	36.0	26.0
Current liability	1,408.2	1,573.1	1,077.1	1,127.1	468.9	370.9	260.3
Trade and other payables	373.9	240.8	435.1	229.9	221.9	174.5	114.2
Property, plant and equipment	1,224.6	1,233.2	1,306.6	1,381.1	441.8	467.8	410.5
Total assets	4,109.7	4,846.7	4,696.1	3,714.7	2,569.8	2,228.2	1,460.9
Long term debt (excluding current maturity)	55.9	168.1	354.0	548.3	236.1	326.5	38.0
Deferred liabilities	99.8	111.5	64.6	1.6	3.9	10.6	–
Short term debt (including current maturity of long term debt)	1,015.3	1,306.4	625.8	876.9	233.5	156.2	100.6
Reserves	1,981.2	2,480.7	2,733.8	1,687.7	1,617.5	1,298.5	961.2
Shareholders' equity	2,545.8	2,994.0	3,200.4	2,037.7	1,860.5	1,519.4	1,162.1
Financial Ratios							
Gross profit to sales (%)	21.6	21.3	17.3	8.2	13.8	12.9	19.6
Operating profit to sales (%)	2.9	17.4	25.6	20.9	17.0	25.7	22.9
Net (loss) / income to sales (%)	(7.2)	9.9	22.5	15.2	11.6	21.9	16.3
Return on average assets (%)	(5.4)	8.7	15.8	8.3	13.0	16.0	19.6
Return on average capital employed (%)	2.4	18.0	22.4	11.9	20.2	21.0	35.7
Return on average equity (%)	(8.7)	13.4	25.3	13.3	18.5	22.1	29.1
Quick/Acid ratio	0.8	1.1	1.4	1.2	3.4	3.5	3.0
Current assets to current liabilities	1.2	1.4	2.0	1.6	3.8	4.2	3.7
Net current assets (working capital)	308.0	706.1	1,047.7	714.5	1,310.6	1,170.2	712.9
Long term debt to equity (%)	2.2	5.6	11.1	26.9	12.7	21.5	3.3
Long term debt : Equity ratio	2 : 98	5 : 95	10 : 90	21 : 79	11 : 89	18 : 82	3 : 97
Total debt to total assets (%)	35.6	35.9	30.5	45.1	27.4	31.3	20.4
Interest coverage (times)	0.5	4.8	5.9	4.3	10.4	17.0	23.7
Debtors turnover (times)	32.7	28.0	23.0	16.5	31.9	43.5	42.0
Inventory turnover (times)	4.2	5.3	4.4	4.7	10.6	5.3	4.4
Average collection period (days)	11.2	13.0	15.9	22.2	11.4	8.4	8.7
Inventory turnover (days)	85.9	68.5	82.4	77.2	34.3	69.3	83.3
Creditors turnover (days)	43.2	37.3	49.7	52.6	31.3	44.9	72.6
Operating cycle (days)	53.9	44.2	48.6	46.8	14.5	32.8	19.3
Property, plant and equipment turnover (times)	2.7	3.4	2.3	1.2	6.1	2.9	4.2
Total assets turnover (times)	0.8	0.9	0.6	0.5	1.0	0.6	1.2
Other Data (Rupees in million)							
Depreciation / amortization	179.5	175.0	173.4	99.4	84.5	84.2	82.9
Capital expenditure (including leased assets)	169.1	153.5	126.9	996.5	66.3	163.2	130.0
Common shares (no. of shares in million)	56.5	51.3	46.7	35.0	24.3	22.1	20.1

Crescent Steel & Allied Products Ltd.

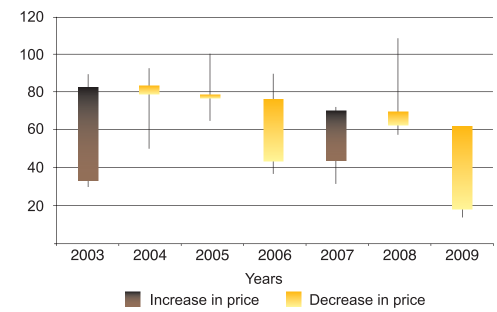
Financial Highlights

Market Value

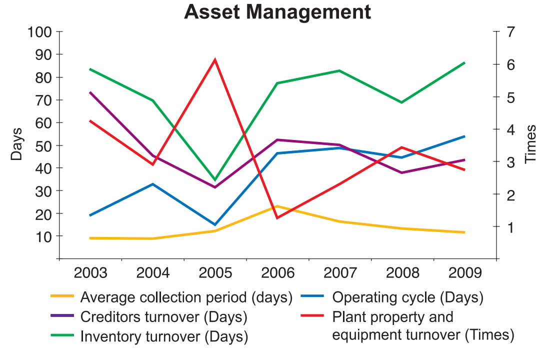


Stock Price

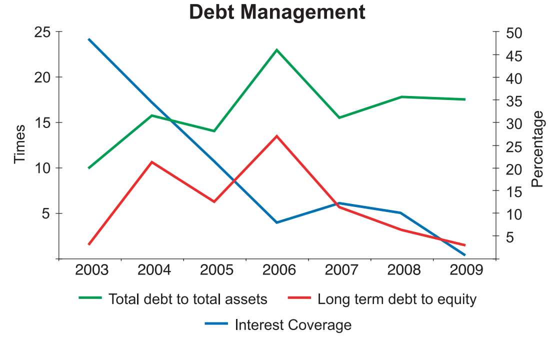
Rupees



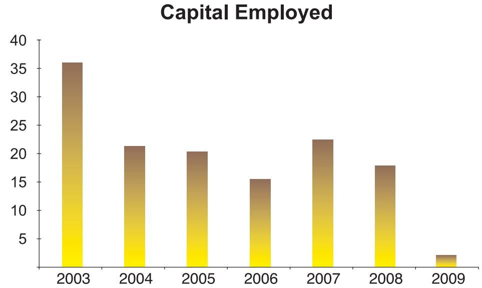
Asset Management



Debt Management

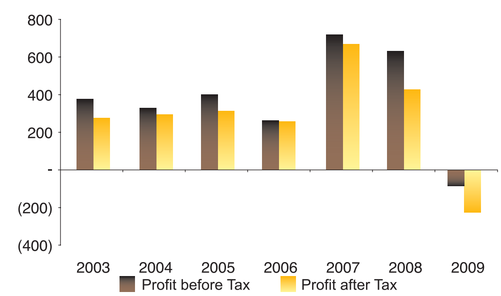


Return on Average Capital Employed



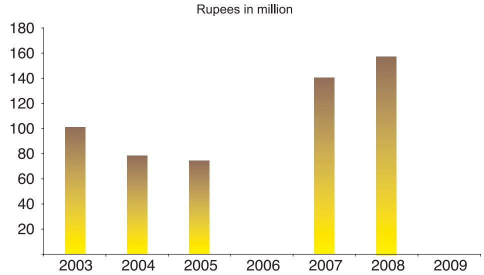
Profit before tax and after tax

Rupees in million

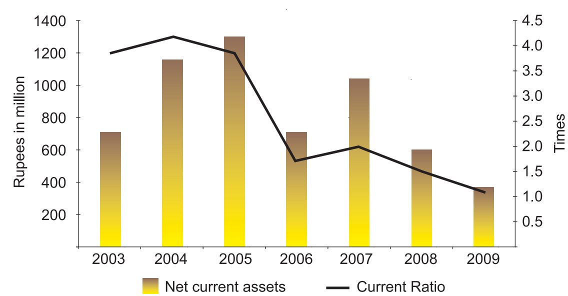


Dividend

Rupees in million



Liquidity



Board and Audit Committee Meetings
Attendance by the Directors / Members

Attendance at Board Meetings held during FY 08-09

Name	Category	Held	Eligible to attend	Attended
Existing Directors				
Mr. Mazhar Karim (Chairman)	Non Executive Director	11	11	2
Mr. Ahsan M. Saleem (Chief Executive Officer)	Executive Director	11	11	11
Mr. Javed Iqbal	Independent non executive director	11	11	10
Mr. Mohammad Abdul Aleem (Appointed w.e.f. 22-05-2009)	Independent non executive director	11	3	3
Mr. Muhammad Anwar	Non Executive Director	11	11	2
Mr. Nasir Shafi	Non Executive Director	11	11	6
Mr. S.M. Ehtishamullah	Non Executive Director (w.e.f. 01-06-2009)	11	11	8
Mr. Zahid Bashir	Non Executive Director	11	11	8
Outgoing Directors				
Mr. Javed A. Callea	Non Executive Director	11	8	7

Attendance at Audit Committee Meetings held during FY 08-09

Name	Category	Held	Eligible to attend	Attended
Existing Members				
Mr. Mohammad Abdul Aleem (Chairman) (Appointed w.e.f. 22-05-2009)	Independent non executive director	5	–	–
Mr. Javed Iqbal	Independent non executive director	5	5	5
Mr. Nasir Shafi	Non Executive Director	5	5	1
Outgoing Members				
Mr. Javed A. Callea	Non Executive Director	5	5	4

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance as contained in the Listing Regulations of the Stock Exchanges of Pakistan for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the Code in the following manner:

1. The Board comprises eight directors including the CEO. The company encourages representation of independent non-executive Directors. At present the Board has seven non-executive Directors out of which two are independent non-executive Directors.

2. The Directors have confirmed that none of them is serving as a Director in more than ten listed companies, including this company.

3. All the resident Directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a Banking Company, a DFI or an NBFI. None of them is a member of a Stock Exchange.

4. One casual vacancy occurred during the year, which was filled within thirty days.

5. The company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the Directors and employees of the Company.

6. The Board has developed a vision/ mission statement, and significant policies of the Company. A complete record of particulars of significant policies alongwith the dates on which they were approved or amended has been maintained. The corporate strategy of the Company is reviewed and approved by the Board alongwith the annual plan.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) and an Executive Director have been taken by the Board.

8. All the meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board met eleven times during the year ended 30 June 2009 including once in every quarter to approve the financial statements of the Company. Following the Best Practices of Corporate Governance, the Board met to discuss with the key members of the management team with out the Chief Executive to assess the adequacy of controls, alignment of key managers with overall objectives of the Company and to make an independent assessment of adequacy of succession. A separate meeting of the Board was held to approve the Annual plan/Budget. Written notices of the Board meetings, alongwith agenda and working papers, were circulated at least seven days prior to the meetings. The minutes of the meetings were appropriately recorded and circulated in time.

9. In-house orientations for the Directors were made, as and when required, to apprise them of their duties and responsibilities and to brief them regarding amendments in the Companies Ordinance / Corporate Laws.

10. The Board has approved appointment of CFO/ Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment, as recommended by the CEO.

11. The Directors' Report for the year ended 30 June 2009 has been prepared in compliance with the requirements of the Code and it fully describes

Statement of Compliance with the Code of Corporate Governance

12. The financial statements of the company were duly endorsed by the CEO and CFO before approval by the Board.

13. The Directors, CEO and Executives do not hold any interest in the shares of the Company, other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The related party transactions have been placed before the audit committee and aproved by the board of directors with necessary justifications for non arm's length transactions and pricing methods for transactions that were made on terms equivalent to those that prevail in the arm's length transactions only if such terms can be substantiated.

16. The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive Directors including the Chairman of the Committee. It requires that at least two members of the Audit Committee must be financially literate.

17. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been framed and advised to the Committee for compliance.

18. The Board has set-up an effective internal audit function. This function has been outsourced to Ford Rhodes Sidat Hyder & Co., Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company, and they (or their representatives) are involved in the internal audit function on a full time basis.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

20. The statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the Auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The Management of the Company is committed to good corporate governance, and appropriate steps are taken to comply with the best practices.

22. We confirm that all other material principles contained in the Code have been complied with.

By order of the Board

Ahsan M. Saleem
Chief Executive

31 July 2009

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

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

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** ("the Company") to comply with the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges.

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.

Further, Sub- Regulation (xiii a) of Listing Regulation No. 35 (previously Regulation No. 37) notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price.

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 compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company the year ended 30 June 2009.

KPMG Taseer Hadi & Co.
Chartered Accountants.
Moneeza Usman Butt

31 July 2009
Karachi

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

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Auditors' Report to the Members

We have audited the annexed balance sheet of **Crescent Steel and Allied Products Limited** ("the Company") as at 30 June 2009 and the related profit and loss account, cash flow statement and statement of changes in equity 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;

   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, cash flow statement and statement of changes in equity 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 30 June 2009 and of the loss, its cash flows and changes in equity for the year then ended; and

d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

KPMG Taseer Hadi & Co.
Chartered Accountants.
Moneeza Usman Butt

31 July 2009
Karachi

Crescent Steel & Allied Products Ltd.

Balance Sheet
As at 30 June 2009

	Note	2009	2008
		(Rupees in '000)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
100,000,000 ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid-up capital	6	564,600	513,273
Capital reserves		162,640	371,080
Revenue reserves		1,818,575	2,109,651
		2,545,815	2,994,004
Non-current liabilities			
Long term loan	7	55,880	168,117
Deferred taxation	8	99,787	111,505
		155,667	279,622
Current liabilities			
Trade and other payables	9	373,887	240,819
Interest and mark-up accrued	10	19,009	19,765
Short term borrowings	11	902,815	1,119,331
Current portion of long term loan	7	112,500	112,500
Current portion of redeemable capital		–	74,551
Taxation - net	27	–	6,098
		1,408,211	1,573,064
Total equity and liabilities		4,109,693	4,846,690
Contingencies and commitments	12		

Balance Sheet
As at 30 June 2009

	Note	2009	2008
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	13	1,224,588	1,233,231
Intangible assets	14	811	620
Investment property	15	47,169	50,003
Investment in equity accounted investees	16	1,031,453	1,222,695
Other long term investments	17	85,662	56,785
Long term loans and deposits	18	3,801	4,241
		2,393,484	2,567,575
Current assets			
Stores, spares and loose tools	19	83,763	77,385
Stock-in-trade	20	616,433	606,059
Trade debts	21	83,927	118,696
Advances	22	39,894	24,599
Trade deposits and short term prepayments	23	6,304	2,413
Investments	24	655,397	1,407,638
Current portion of long term investments		31,840	10
Mark-up accrued	25	813	812
Other receivables	26	165,273	33,304
Taxation - net	27	28,421	–
Cash and bank balances	28	4,144	8,199
		1,716,209	2,279,115
Total assets		4,109,693	4,846,690

The Company has opted for the accounting treatment of the impairment loss in respect of its available for sale investments in accordance with SRO 150(I) / 2009 issued by the Securities and Exchange Commission ofPakistan (SECP) on 13 February 2009 and recognized fifty percent of the impairment as at 31 December 2008 including any adjustment / effect for price movements arising during the six months ended 30 June 2009 in the profit and loss account. Had the impairment loss been transferred to profit and loss account, the unrealized gain on remeasurement of available for sale securities would have been higher by Rs. 12.06 million with consequential effect on 'revenue reserve'. For the purpose of dividend distribution, such impairment loss is to be treated as a charge to the profit and loss account as referred to in Note 24.3.1.1.

The annexed notes 1 to 50 form an integral part of these financial statements.

Chief Executive **Director**

Crescent Steel & Allied Products Ltd.

Profit and Loss Account

For the year ended 30 June 2009

	Note	2009	2008
		(Rupees in '000)	
Sales	29	3,310,869	4,200,205
Cost of sales	30	2,597,190	3,303,807
Gross profit		713,679	896,398
(Loss) on / income from investments	31	(338,847)	73,607
		374,832	970,005
Distribution and selling expenses	32	17,156	15,262
Administrative expenses	33	126,630	135,705
Other operating expenses	34	175,200	109,744
		318,986	260,711
		55,846	709,294
Other operating income	35	38,970	19,573
Operating profit before finance costs		94,816	728,867
Finance costs	36	203,571	153,018
Share of profit in equity accounted investees - net	37	3,684	50,773
(Loss) / profit before taxation		(105,071)	626,622
Taxation	38	134,678	210,941
(Loss) / profit for the year		(239,749)	415,681
		(Rupees)	
Basic and diluted (loss) / earnings per share	39	(4.25)	7.36

The Company has opted for the accounting treatment of the impairment loss in respect of its available for sale investments in accordance with SRO 150(I) / 2009 issued by the Securities and Exchange Commission of Pakistan (SECP) on 13 February 2009 and recognized fifty percent of the impairment as at 31 December 2008 including any adjustment / effect for price movements arising during the six months ended 30 June 2009 in the profit and loss account. Had the impairment loss been transferred to profit and loss account, the unrealized gain on remeasurement of available for sale securities would have been higher by Rs. 12.06 million with consequential effect on 'revenue reserve'. Consequently loss for the year would have been higher by Rs. 12.06 million and loss per share would have been higher by Re. 0.21. For the purpose of dividend distribution, such impairment loss is to be treated as a charge to the profit and loss account as referred to in Note 24.3.1.1.

The annexed notes 1 to 50 form an integral part of these financial statements.

Chief Executive **Director**

Cash Flow Statement

For the year ended 30 June 2009

	Note	2009	2008
		(Rupees in '000)	
Cash flows from operating activities			
Cash generated from operations	40	750,611	906,443
Taxes paid		(189,265)	(137,730)
Financial charges paid		(204,327)	(148,690)
Contribution to pension and gratuity fund		(18,111)	(9,771)
Contribution to workers' profit participation fund		(2,403)	(44,067)
Payment for 10-C bonus		(671)	(587)
Long term deposits and prepayments - net		89	326
Net cash from operating activities		335,923	565,924
Cash flows from investing activities			
Capital expenditure		(169,115)	(153,461)
Purchase of intangible assets		(583)	(456)
Proceeds from sale of property, plant and equipment		1,740	2,631
Investments - net		162,265	(820,361)
Dividends received		67,720	76,166
Interest received		8,384	2,121
Net cash generated / (used) in investing activities		70,411	(893,360)
Cash flows from financing activities			
Repayments against short term loans		(28,271)	(139,869)
Repayments against long term loan		(112,500)	(112,500)
Repayment of redeemable capital		(75,000)	(75,000)
Repayment of liabilities against assets subject to finance leases		–	(5,931)
Dividends paid		(6,373)	(194,465)
Net cash used in financing activities		(222,144)	(527,765)
Net increase / (decrease) in cash and cash equivalents		184,190	(855,201)
Cash and cash equivalents at beginning of the year		(828,926)	26,275
Cash and cash equivalents at end of the year	41	(644,736)	(828,926)

The annexed notes 1 to 50 form an integral part of these financial statements.

Chief Executive **Director**

Statement of Changes in Equity

For the year ended 30 June 2009

	Issued, subscribed and paid-up capital	Capital reserve: Share Premium	Capital reserve: Unrealized gain on re-measurement of available for sale investment securities	Capital reserve: Others*	Revenue reserves: General reserve	Revenue reserves: Unappro-priated profit	Total
	(Rupees in '000)						
Balance as at 1 July 2007	**466,612**	**349,959**	**294,218**	**148,341**	**1,342,000**	**599,273**	**3,200,403**
Changes in equity for the year ended 30 June 2008							
Unrealized gain on available for sale investment securities	–	–	854	–	–	–	854
Realized gain on sale of investments securities	–	–	(209,793)	–	–	–	(209,793)
Proportionate share of various reserves of associated undertakings	–	–	–	(249,466)	–	–	(249,466)
Reversal of proportionate share of reserve on disposal of shares	–	–	–	36,967	–	–	36,967
Profit for the year	–	–	–	–	–	415,681	415,681
Total recognized income and expense for the year	–	–	(208,939)	(212,499)	–	415,681	(5,757)
Transfer to general reserve	–	–	–	–	500,000	(500,000)	–
Dividend - Final 2007 @ 10% (i.e. Re. 1 per share)	–	–	–	–	–	(46,661)	(46,661)
Issuance of bonus shares Final 2007 (10%)	46,661	–	–	–	–	(46,661)	–
Dividend - First interim 2008 @ 10% (i.e. Re. 1 per share)	–	–	–	–	–	(51,327)	(51,327)
Dividend - Second interim 2008 @ 10% (i.e. Re. 1 per share)	–	–	–	–	–	(51,327)	(51,327)
Dividend - Third interim 2008 @ 10% (i.e. Re. 1 per share)	–	–	–	–	–	(51,327)	(51,327)
Balance as at 30 June 2008	**513,273**	**349,959**	**85,279**	**(64,158)**	**1,842,000**	**267,651**	**2,994,004**
Changes in equity for the year ended 30 June 2009							
Unrealized loss on available for sale investment securities	–	–	(76,655)	–	–	-	(76,655)
Realized gain on sale of investments securities	–	–	(18,599)	–	–	-	(18,599)
Proportionate share of various reserves of associated undertakings	–	–	–	(145,631)	–	-	(145,631)
Proportionate share of associate transferred to profit and loss account	–	–	–	916	–	–	916
Impairment loss on available for sale investment securities (Refer note 24.3.1.1)	–	–	31,529	–	–	–	31,529
Loss for the year	–	–	–	–		(239,749)	(239,749)
Total recognized income and expense for the year	–	–	(63,725)	(144,715)	–	(239,749)	(448,189)
Issuance of bonus shares Final 2008 (10%)	51,327	–	–	–	–	(51,327)	–
Balance as at 30 June 2009	**564,600**	**349,959**	**21,554**	**(208,873)**	**1,842,000**	**(23,425)**	**2,545,815**

*This represents various reserves maintained by the associated undertakings.

The annexed notes 1 to 50 form an integral part of these financial statements.

Chief Executive **Director**

1. The Company and its Operations

1.1 Crescent Steel and Allied Products Limited ("the Company") was incorporated on 1 August 1983 as a public limited company in Pakistan under Companies Act, 1913 (now Companies Ordinance, 1984) and is quoted on all stock exchanges of Pakistan. The registered office of the Company is located at 6th floor, BOP Tower, 10-B, Block E-2, Main Boulevard, Gulberg-III, Lahore.

1.2 The Company's steel segment is one of the down stream 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 16 November 1992.

1.3 The Company acquired a running spinning unit of 14,400 spindles (now 19,680 spindles) at Jaranwala (District Faisalabad) on 30 June 2000 from Crescent Jute Products Limited. Another spinning unit CCP-II was added with 25,344 spindles in 2006. 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".

2. Basis of Preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of and directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except for investments classified as held for trading and available for sale which are stated at fair value and obligations in respect of pension and gratuity schemes which are measured at present value.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand.

3. Use of Estimates and Judgements

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 48 to these financial statements.

4 Initial Application of a Standard, Amendment or an Interpretation to an Existing Standard and Forthcoming Requirements

4.1 Initial application

- IFRS 7 – Financial Instruments: Disclosures (effective for annual periods beginning on or after 28 April 2008) supersedes IAS 30 – Disclosures in the Financial Statements of Banks and Similar Financial Institutions and the disclosure requirements of IAS 32 – Financial Instruments: Disclosure and Presentation. The application of the standard did not have significant impact on the Company's financial statements other than increase in disclosures.

- IAS 29 – Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on or after 28 April 2008). The Company does not have any operations in Hyperinflationary Economies and therefore the application of the standard did not affect the Company's financial statements.

- IFRIC 13 – Customer Loyalty Programmes (effective for annual periods beginning on or after 01 July 2008) addresses the accounting by entities that operate or otherwise participate in customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. The application of IFRIC 13 did not affect the Company's financial statements.

- IFRIC 14 – IAS 19- The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective for annual periods beginning on or after 1 January 2008) clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on minimum funding requirements for such asset.

4.2 Forthcoming requirements

The following standards, amendments and interpretations of approved accounting standards are only effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than increased disclosures in certain cases:

- Revised IAS 1 - Presentation of financial statements (effective for annual periods beginning on or after 1 January 2009).
- Revised IAS 23 - Borrowing costs (effective for annual periods beginning on or after 1 January 2009).
- Amended IAS 27 - Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009).
- IAS 27 'Consolidated and separate financial statements (effective for annual periods beginning on or after 1 January 2009).
- Amendments to IAS 32 Financial instruments: Presentation and IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009).
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible hedged Items (effective for annual periods beginning on or after 1 July 2009).
- Amendments to IAS 39 and IFRIC 9 - Embedded derivatives (effective for annual periods beginning on or after 1 January 2009).
- Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations (effective for annual periods beginning on or after 1 January 2009).
- Amendment to IFRS 2 – Share-based Payment – Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2010).
- Revised IFRS 3 Business Combinations (applicable for annual periods beginning on or after 1 July 2009).
- IFRS 4 - Insurance Contracts (effective for annual periods beginning on or after 1 January 2009).
- Amendment to IFRS 7 - Improving disclosures about Financial Instruments (effective for annual periods beginning on or after 1 January 2009).
- IFRS 8 – Operating Segments (effective for annual periods beginning on or after 1 January 2009).
- IFRIC 15- Agreement for the Construction of Real Estate (effective for annual periods beginning on or after 1 October 2009).
- IFRIC 16- Hedge of Net Investment in a Foreign Operation (effective for annual periods beginning on or after 1 October 2008).
- IFRIC 17 - Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009).

- IFRIC 18 Transfers of Assets from Customers (to be applied prospectively to transfers of assets from customers received on or after 01 July 2009).
- The International Accounting Standards Board made certain amendments to existing standards as part of its first annual improvements project. The effective dates for these amendments vary by standard and most will be applicable to the Company's 2010 financial statements.
- The International Accounting Standards Board made certain amendments to existing standards as part of its Second annual improvements project. The effective dates for these amendments vary by standard and most will be applicable to the Company's 2010 financial statements.

5. Summary of Significant Accounting Policies

5.1 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at fair value, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

5.2 Employee benefits

5.2.1 Compensated absences

The Company accounts for all accumulated compensated absences when employees render services that increase their entitlement to future compensated absences.

5.2.2 Post retirement benefits

5.2.2.1 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. Obligation for contributions to the fund are recognized as an expense in profit or loss when they are due.

Cotton segment

Provision and collection from employees are made at the rate of 6.25 percent of the basic pay plus Cost Of Living Allowance (COLA) of cotton division employees. A trust has been established and its approval has been obtained from Commissioner of Income Tax.

All Employees except cotton segment

Contributions to the fund are made at the rate of 8.33 percent of basic pay plus Cost Of Living Allowance (COLA) for those employees who have served the Company for a period less than five years and after completion of five years, contributions are made at the rate of 10 percent.

5.2.2.2 Defined benefit plans

Pension and gratuity fund

The Company operates pension and gratuity fund schemes for its permanent management employees as per the terms of employment.

The pension scheme provides life time 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. Actuarial gains and losses which exceed 10 percent of the greater of the present value of the Company's obligations and the fair value of plan assets are amortized over the expected average remaining working lives of the eligible employees. Past service cost is recognized immediately to the extent that the benefits are already vested. For non-vested benefits past service cost is amortized on a straight line basis over the average period until the amended benefits become vested.

Amounts recognized in the balance sheet represent the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost and as reduced by the fair value of plan assets. Any assets resulting from this calculation is limited to the unrecognized actuarial losses and unrecognized past service cost plus the present value of available refunds and reductions in future contributions to the plan.

5.3 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.

Deferred

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted at the balance sheet date.

Deferred tax liabilities are recognized for all taxable temporary differences. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

5.4 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

5.5 Trade and other payables

Trade and other amounts payable are recognized initially at fair value and subsequently carried at amortized cost.

5.6 Proposed dividend and transfer between reserves

Dividend distributions to the Company's shareholders is recognized as a liability in the period in which dividends are approved. Transfer between reserves made subsequent to the balance sheet date is considered as non-adjusting event and is recognized in the financial statements in the period in which such transfers are made.

5.7 Property, plant and equipment and depreciation

Owned assets

Property, plant and equipment, except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land and capital work-in-progress are stated at cost.

Subsequent cost

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the part so replaced is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is charged to income on straight line basis at the rates specified in note 13.1 to these financial statements. Depreciation on additions to property, plant and equipment is charged from the month in which an item is acquired or capitalized while no depreciation is charged for the month in which the item is disposed off.

The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Impairment

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

Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Asset acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses, if any.

Depreciation is charged on the same basis as used for owned assets.

Financial charges are allocated to accounting period in a manner so as to provide a constant rate of charge on outstanding liability.

5.8 Investment property

Investment property, principally comprising land and buildings, is held for long term rental yields / capital appreciation. The investment properties of the Company comprise land and buildings and is valued using the cost method i.e. at cost less any accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit on the straight line method so as to write off the depreciable amount over its estimated useful life. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalized while no depreciation is charged for the month in which the property is disposed off.

The residual values and useful lives of investment property are reviewed at each financial year end and adjusted if impact on depreciation is significant.

The Company assesses at each balance sheet date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future period to allocate the asset's revised carrying amount over its estimated useful life.

The gain or loss on disposal of investment property represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as income or expense.

5.9 Intangible assets

Intangible assets acquired by the Company are stated at cost less accumulated amortization and impairment losses, if any.

Subsequent expenditures

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Amortization

Amortization is charged to the income statement on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. All intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Amortization on additions to intangible assets is charged from the month in which an item is acquired or capitalized while no amortization is charged for the month in which the item is disposed off.

Impairment

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

5.10 Investments

Investments are being categorized as follows:

Investment at fair value through profit or loss

A non-derivative financial asset is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Investments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction cost are recognized in profit or loss when incurred. Investments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

Held to maturity

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.

Investments classified as held to maturity are recognized initially at fair value, plus attributable transaction cost. Subsequent to initial recognition, these are stated at amortized cost with any difference between cost and redemption value being recognized in the profit and loss account over the period of the investments on an effective yield method.

Loans and receivables

Loans and receivables are recognized initially at fair value, plus attributable transaction cost. Subsequent to initial recognition, loans and receivables are stated at amortized cost with any difference between cost
and redemption value being recognized in the profit and loss account over the period of the investments on an effective yield method.

Investments in associate - equity method

Entities in which the Company has significant influence but not control and which are neither its subsidiaries nor joint ventures are associates and are accounted for by using the equity method of accounting.

These investments are initially recognized at cost, thereafter the carrying amount is increased or decreased to recognize the Company's share of profit or loss of associates. Share of post acquisition profit and loss of associates is accounted for in the Company's profit and loss account. Distribution received from investee, reduces the carrying amount of investment. The Company's share of changes in the associate's equity which have not been recognized in the associates' profit and loss account, are recognized directly in the equity of the Company.

Available-for-sale

Other investments not covered in any of the above categories including investments in associates in which the Company has no significant influence are classified as being available-for-sale and are initially recognized at fair value plus attributable transactions costs. Subsequent to initial recognition these are measured at fair value, with any resultant gain or loss being recognized directly in equity. Gains or losses on available-for-sale investments are recognized directly in equity until the investments are sold or disposed off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in the equity is included in current year's profit and loss account. The impairment in available for sale securities is detailed in note 24.3.1.1.

Fair value of listed securities are the quoted prices on stock exchange on the date it is valued. Unquoted securities are valued at cost.

The Company follows trade date accounting for regular way of purchase and sales of securities, except for sale and purchase of securities in future market, which are accounted for at settlement date.

Derivative financial instruments

The Company enters into derivative financial instruments, which include future contracts in stock market. Derivatives are initially recorded at fair value and are remeasured to fair value on subsequent reporting dates. The fair value of a derivative is the equivalent of the unrealized gain or loss from marking to market the derivative using prevailing market rates. Derivatives with positive market values (unrealized gains) are included in other receivables and derivatives with negative market values (unrealized 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. No derivative is designated as hedging instrument by the Company.

5.11 Stores and spares

Stores and spares are valued at lower of weighted average cost and net realizable value, less provision for impairment if any. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

Provision for obsolete and slow moving stores, spares and loose tools is determined based on management's estimate regarding their future usability.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to be incurred to make the sale.

Spare parts of capital nature which can be used only in connection with an item of property, plant and equipment are classified as tangible fixed assets under the 'plant and machinery' category and are depreciated over a time period not exceeding the useful life of the related assets.

5.12 Stock-in-trade

Stock-in-trade is stated at the lower of cost and net realizable value. Cost is arrived at on a weighted average basis. Cost of work-in-process and finished goods include cost of materials and appropriate portion of production overheads. Net realizable value is the estimated selling price in the ordinary course of business less costs of completion and selling expenses. The cost of finished goods of steel segment is measured on the specific identification method. Scrap stocks are valued at their estimated net realizable value.

5.13 Trade debts and other receivables

These are initially stated at fair value and subsequently measured at amortized cost using effective interest rate method less provisions for any uncollectible amounts. An estimate is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written off.

5.14 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

5.15 Revenue recognition

Revenue from sales is recognized when significant risks and rewards of ownership are transferred to the buyer.

Interest income is recognized on accrual basis using effective interest rate method.

Dividend income is recognized when the right to receive the same is established i.e. the book closure date of the investee company declaring the dividend.

Gains and losses on sale of investments are accounted for when the commitment (trade date) for sale of security is made.

Unrealized gains / (losses) arising on revaluation of securities classified as 'held for trading' are included in profit and loss account in the period in which they arise. Gains / (losses) arising on the revaluation of the derivatives to the fair value are taken to profit and loss account.

Rental income (net of any incentives given to lessees) from investment property is recognized on a straight line basis over the lease term.

Miscellaneous income is recognized on receipt basis.

5.16 Borrowing costs

Borrowing costs incurred on long term finances directly attributable for the construction / acquisition of qualifying assets are capitalized up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the profit and loss account currently.

5.17 Impairment

The carrying amount of the Company's assets is reviewed at each balance sheet date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account.

5.18 Foreign currency translation

Foreign currency transactions are translated into Pak Rupees at exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Exchange differences, if any, are taken to profit and loss account.

5.19 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amount and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

5.20 Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company's primary format for segment reporting is based on business segments.

6. Issued, Subscribed and Paid-up-Capital

2009	2008		2009	2008
(Number of shares)			(Rupees in '000)	
22,230,188	22,230,188	Ordinary shares of Rs. 10 each fully paid in cash	222,302	222,302
34,229,805	29,097,079	Ordinary shares of Rs. 10 each fully issued as bonus shares	342,298	290,971
56,459,993	51,327,267		564,600	513,273

6.1 During the current year, 5,132,726 shares of Rs. 10 each were issued as 10% bonus shares.

6.2 Ordinary shares of the Company held by associated undertakings as at year end are as follows:

	2009	2008
	(Number of shares)	
Shakarganj Mills Limited	2,820,062	2,563,693
Crescent Sugar Mills & Distillery Limited	1,019,968	965,062
Muhammad Amin Muhammad Bashir Limited	618	562
The Crescent Textile Mills Limited	6,209,676	5,645,160
Premier Insurance Limited	35,140	27,400

7. Long Term Loan

	2009	2008
	(Rupees in '000)	
Allied Bank Limited	280,617	392,854
Amortization of initial transaction cost	263	263
Repayment	(112,500)	(112,500)
	168,380	280,617
Current portion	(112,500)	(112,500)
	55,880	168,117

7.1 Mark-up rate on the above loan is 6 months KIBOR prevailing on the base rate setting date plus 1.9 percent per annum. Mark-up is payable on quarterly basis. The effective mark up charged during the year ranges from 14.94% to 17.55% (2008: 11.86% to 15.04%).

The tenor of the loan is five years. Principal is repayable on quarterly basis with one year grace period. The loan was disbursed on 17 December 2005.

This facility has been secured against first equitable mortgage pari passu charge on all present and future fixed assets including land and building with 25% margin.

8. Deferred Taxation

	2009	2008
	(Rupees in '000)	
Deferred tax credits / (debits) arising in respect of:		
Taxable temporary differences		
Accelerated tax depreciation / amortization	158,964	187,800
Finance lease arrangements	–	2,450
Share of profit from investments in equity accounted investees	–	886
	158,964	191,136
Deductible temporary differences		
Provisions for stock-in-trade and stores and spares	(22,162)	(23,365)
Provisions for doubtful debts, advances and other receivables	(27,957)	(47,208)
Provision for impairment in unquoted available for sale investment	(9,058)	(9,058)
	(59,177)	(79,631)
	99,787	111,505

9. Trade and other Payables

	Note	2009	2008
		(Rupees in '000)	
Trade creditors		26,000	24,963
Bills payable		129,031	–
Commission payable		4,461	2,804
Accrued liabilities	9.1	67,536	39,457
Provisions	9.2	73,934	52,421
Advance from customers		15,316	55,589
Retention money		754	2,901
Due to associated undertakings	9.3	338	3,395
Payable to provident fund		1	27
Unclaimed dividend		7,933	14,306
Sales tax payable		–	2,680
Special Excise Duty payable		–	180
Workers' Welfare Fund		9,781	27,964
Workers' Profit Participation Fund	9.4	27,524	2,403
Withholding tax payable		124	115
Customer's security deposit		3,400	2,050
Others		7,754	9,564
		373,887	240,819

9.1 Accrued liabilities

	2009	2008
Salaries, wages and other benefits	8,211	11,875
Accrual for 10-C bonus	820	750
Compensated absences	6,687	6,242
Accruals	51,818	20,590
	67,536	39,457

9.2 Movement of provisions

	Infrastructure fee	Sales Tax	Liquidated damages	Total
	(Rupees in '000)			
	(Note 9.2.1)	(Note 9.2.2)	(Note 9.2.3)	
Opening balance 1 July 2008	39,500	3,242	9,679	52,421
Provision for the year	9,919	–	11,594	21,513
Closing balance 30 June 2009	49,419	3,242	21,273	73,934

9.2.1 This has been made against infrastructure fee levied by Government of Sindh through Sindh Finance (Amendment) Ordinance, 2001. The Company has provided bank guarantees amounting to Rs. 55 million (2008: Rs. 50 million) in favour of Excise and Taxation Department. The Company is contested this issue in High Court. Current year charge has been calculated on the value of imports during the year. During the year the Company has filed an appeal in Supreme Court against the judgement of the High Court dated 15 September 2008 partly accepting the appeal by declaring that the levy and collection of infrastructure fee prior to 28 December 2006 was illegal and ultra virus and after that it was legal. Additionally Sindh government has also filed appeal against the part of judgement decided against them.

9.2.2 These have been made against sales tax claims long outstanding with the sales tax department.

9.2.3 The provision has been made on account of liquidated damages claimed by a customer on delayed supply of goods. The Company is in process of negotiating this matter and expects that this may be resolved. However, on a prudent basis full provision has been made.

9.3 This represents expenses incurred by associated undertakings on behalf of the Company and insurance premium payable to associated undertakings.

9.4 Workers' Profit Participation Fund

	Note	2009	2008
		(Rupees in '000)	
Balance at beginning of the year		2,403	11,741
Mark-up on funds utilized in the Company's business		89	326
Allocation for the year	34	27,524	34,403
		30,016	46,470
Amount paid to the trustees of the fund		(2,492)	(44,067)
Balance at end of the year		27,524	2,403

10. Interest and Mark-up Accrued

	2009	2008
- on Long Term Loan	1,037	1,738
- on Term Finance Certificates	–	3,218
- on Running Finance and Short term loans	17,972	14,809
	19,009	19,765

11. Short Term Borrowings

	Note	2009	2008
		(Rupees in '000)	
Secured from banking companies			
Running finances under mark-up arrangements	11.1	648,880	837,125
Short term loans / Murabaha	11.2	253,935	282,206
		902,815	1,119,331

11.1 Short term running finance available from various commercial banks under mark-up arrangements amounts to Rs. 1,450 million (30 June 2008: Rs. 2,350 million) out of which Rs. 1,150 million (30 June 2008: Rs. 1,450 million) is interchangeable with Term Finance / Demand Finance as given Note No.11.2 below. The rate of mark-up ranges between 12.52% to 18.50% (30 June 2008: 10.30% to 14.38%) per annum.

11.2 The Company has also borrowed short term loan / murabaha financing from various commercial banks under mark-up arrangements amount to Rs. 1,400 million (30 June 2008: Rs. 625 million). Mark-up rates are normally negotiated at the time of the transaction. During the year, the mark-up on such arrangement ranges between 13.22% to 18.09% (30 June 2008: 10.22% to 13.31%) per annum.

11.3 The facilities for opening letters of credit and guarantees as at 30 June 2009 aggregate Rs. 2,600 million and Rs. 800 million respectively (30 June 2008: Rs. 2,850 million and Rs. 1,300 million respectively) of which the amounts unutilized as at 30 June 2009 were Rs. 2,443 million and Rs. 546 million (30 June 2008: Rs. 2,587 million and Rs. 811 million).

11.4 The above facilities are secured by way of hypothecation of plant and machinery, stock-in-trade, trade debts and other current assets, pledge of shares and cotton/cotton yarn; and lien over import / export document.

12. Contingencies and Commitments

12.1 The Company has filed a suit in the Sindh High Court against Federation of Pakistan and others, for levy of import licence fee at 6% against import of coating plant in 1992. The Company contested that as per SRO 1317 (I)/94 dated 22 December 1990, being located in rural area, is only liable to pay 2% of import licence fee. The Company has provided bank guarantee of Rs. 3.42 million as directed by the Honourable Court. The petition was dismissed by High Court as having been incompetently filed. The Company has filed the appeal with Honourable Supreme Court and no hearing has taken place since then. No provision has been made in the financial statements as management considers that the case would be decided in Company's favour.

12.2 Sindh Industrial Trade Estate (SITE) has cancelled allotment of plot A-26 and A-27 and charged non-utilization fees of Rs. 0.285 million and Rs. 0.621 million respectively. The Company has challenged the cancellation and filed a suit in Sindh High Court. The High Court has restrained the SITE from taking any adverse action against the Company. Therefore, management considers that the case would be decided in Company's favour and no provision is required.

12.3 Aggregate amount of guarantees issued by the banks on behalf of the Company against various contracts aggregated Rs. 253.79 million (30 June 2008: Rs. 488.56 million).

12.4 The Company filed a suit in the High Court of Sindh for recovery of retention money amounting to Rs. 3.27 million (30 June 2008: Rs. 3.27 million) from Indus Steel Pipes Limited against supply of pipes. The High Court has decided the case in the Company's favour. During the year an appeal by Indus Steel Pipes Limited was also decided in favour of the Company. The Company has filed execution proceedings to enforce the said award. Enforcement process is in progress.

12.5 Commitments in respect of capital expenditure contracted for as at 30 June 2009 amounted to Rs. 24.56 million (30 June 2008: Rs. 58.60 million). This includes commitment in respect of capital expenditure to be incurred on leasehold land, which has been provisionally allotted to the Company in the downstream Industrial Estate of Pakistan Steel, Bin Qasim amounting to Rs. Nil (30 June 2008: Rs. 12.1 million). It also includes an amount of Rs. 18.83 million (30 June 2008: Rs. 25.66 million) payable over the period of four years in 16 quarterly installments representing office premises in Islamabad.

12.6 Commitments under letters of credit as at 30 June 2009 amounted to Rs. Nil (30 June 2008: Rs. 263.07 million).

13. Property, Plant and Equipment

		2009	2008
		(Rupees in '000)	
Operating fixed assets	13.1	1,092,889	1,126,448
Capital work-in-progress	13.3	131,699	106,783
		1,224,588	1,233,231

13.1 Operating fixed assets

Description	Note	Land		Buildings	
		Freehold	Leasehold including improvement	On freehold Land	On Leasehold Land
		(Rupees in '000)			
Net carrying value as at 1 July 2008					
Opening net book value (NBV)	13.1.1	69,242	4,236	209,612	12,020
Additions		53,333	–	42,913	–
Disposals (at NBV)	13.4	–	–	–	–
Depreciation charge		–	(53)	(27,251)	(1,674)
Balance as at 30 June 2009 (NBV)		122,575	4,183	225,274	10,346
Gross carrying value as at 30 June 2009					
Cost		122,575	5,646	310,758	70,027
Accumulated depreciation		–	(1,463)	(85,484)	(59,681)
Net book value		122,575	4,183	225,274	10,346
Net carrying value as at 1 July 2007					
Opening net book value (NBV)		69,242	6,804	210,790	12,634
Additions		–	–	24,472	1,020
Transfer (at NBV)		–	(2,514) *	–	–
Disposals / writeoff (at NBV)		–	–	–	–
Depreciation charge		–	(54)	(25,650)	(1,634)
Balance as at 30 June 2008 (NBV)		69,242	4,236	209,612	12,020
Gross carrying value as at 30 June 2008					
Cost		69,242	5,646	267,845	70,027
Accumulated depreciation		–	(1,410)	(58,233)	(58,007)
Net book value		69,242	4,236	209,612	12,020
Depreciation rate % per annum		–	1	–	5

* Transfer to investment property.

** Net book value of plant and machinery includes book value of Rs. 1.73 million (2008: Rs. 1.89 million) of capitalized spares.

Office premises	Plant and Machinery Owned **	Plant and Machinery Lease	Electrical / Office equipment and Installation	Furniture and fittings	Computers	Motor vehicles	TOTAL
(Rupees in '000)							
13,113	762,716	–	11,847	2,864	16,674	24,124	1,126,448
–	40,080	–	1,155	237	1,886	3,203	142,807
–	–	–	–	–	–	(1,474)	(1,474)
(2,620)	(121,418)	–	(2,677)	(433)	(11,716)	(7,050)	(174,892)
10,493	681,378	–	10,325	2,668	6,844	18,803	1,092,889
40,493	1,621,217	–	32,023	16,103	51,517	60,470	2,330,829
(30,000)	(939,839)	–	(21,698)	(13,435)	(44,673)	(41,667)	(1,237,940)
10,493	681,378	–	10,325	2,668	6,844	18,803	1,092,889
15,735	861,125	10,000	13,901	1,785	17,882	16,892	1,236,790
60	12,826	–	1,059	1,581	8,759	16,881	66,658
–	8,000	(8,000)	–	–	–	–	(2,514)
–	(830)	–	–	–	–	(1,320)	(2,150)
(2,682)	(118,405)	(2,000)	(3,113)	(502)	(9,967)	(8,329)	(172,336)
13,113	762,716	–	11,847	2,864	16,674	24,124	1,126,448
40,493	1,581,137	–	30,868	15,866	49,631	58,741	2,189,496
(27,380)	(818,421)	–	(19,021)	(13,002)	(32,957)	(34,617)	(1,063,048)
13,113	762,716	–	11,847	2,864	16,674	24,124	1,126,448
10	5 - 20	10	5 & 20	10	33.33	20	

13.1.1 This includes freehold land represents land measuring 1.976 acres (71,150 square feet) provisionally allotted to the Company in Woven Garment Zone Value Addition City by Faisalabad Industrial Estate Development Management Company (FIEDMC), which is owned by the Government of Punjab. Final sale deed execution in Company's name is subject to certain conditions which include installation of industrial unit and obtaining completion certificate from FIEDMC.

13.2 The depreciation charge for the year has been allocated as follows:

		2009	2008
		(Rupees in '000)	
Cost of sales	30.1	155,915	154,424
Distribution and selling costs	32	260	366
Administrative expenses	33	18,717	17,546
		174,892	172,336

13.3 Capital Work-in-Progress

		2009	2008
Plant and machinery		4,580	–
Civil work	13.3.1	100,662	90,059
Software	13.3.2	26,457	15,157
Advances to supplier		–	1,567
		131,699	106,783

13.3.1 This includes advance against purchase of land amounting to Rs. 40 million.

13.3.2 It includes expenditure incurred on acquiring licence and implementing Enterprise Resource Planning (ERP) software (Oracle).

13.4 The following assets were disposed off during the year:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particular of buyers
	(Rupees in '000)					
Motor vehicles	499	151	348	249	Company Scheme	Mr. Ejaz Hussain (ex-employee)
	58	58	–	23	Company Scheme	Mr. Ali Nawaz (ex-employee)
	54	13	41	43	Company Scheme	Mr. Ali Buksh (ex-employee)
	774	774	–	370	Negotiation	Sold to Anjum Motors
	612	73	539	489	Company Scheme	Mr. Farrukh Nadeem (ex-employee)
	59	59	–	20	Company Scheme	Mr. Shah Hussain (employee)
	1,006	503	503	503	Company Scheme	Mr. S.M. Ehtishamullah (executive director)
	879	850	29	29	Company Scheme	Mr. K.M. Sharif (ex-employee)
	879	865	14	14	Company Scheme	Mr. S.A.N. Kazmi (ex-employee)
Electrical equipment	18	18	–	–	Sold as scrap	
2009	**4,838**	**3,364**	**1,474**	**1,740**		
2008	9,492	7,342	2,150	2,631		

14. Intangible Assets

		2009	2008
		(Rupees in '000)	
Net carrying value as at 1 July			
Net book value at 01 July		620	503
Additions (at cost)		583	456
Amortization	14.1	(392)	(329)
Impairment charge	14.1	–	(10)
Net book value at 30 June		811	620
Gross carrying value at 30 June			
Cost		12,145	11,572
Accumulated amortization		(11,334)	(10,942)
Impairment charge		–	(10)
Net book value		811	620
Amortization rate % per annum		33.33	33.33

14.1 The amortization charge and impairment loss for the year has been allocated as follows:

		2009	2008
		(Rupees in '000)	
Cost of sales	30.1	119	262
Administrative expenses	33	273	67
Other operating expenses	34	–	10
		392	339

15. Investment Property

	Leasehold Land	Building on Lease-hold Land	Office Premises	Total
	(Rupees in '000)			
Net carrying value as at 1 July 2008				
Opening net book value (NBV)	2,485	21,256	26,262	50,003
Additions	–	–	1,392	1,392
Depreciation charge	(29)	(1,080)	(3,117)	(4,226)
Balance as at 30 June 2009 (NBV)	2,456	20,176	24,537	47,169
Gross carrying value as at 30 June 2009				
Cost	2,514	21,608	29,655	53,777
Accumulated depreciation	(58)	(1,432)	(5,118)	(6,608)
Net book value	2,456	20,176	24,537	47,169
Balance as at 1 July 2007	–	–	–	–
Additions / transfer from property, plant and equipment	2,514	21,608	28,263	52,385
Depreciation charge	(29)	(352)	(2,001)	(2,382)
Balance as at 30 June 2008 (NBV)	2,485	21,256	26,262	50,003
Depreciation rate % per annum	1	5	5 to 20	

15.1 Depreciation charged for the year has been allocated to administrative expenses.

15.2 Fair value of the investment property based on recent valuation is Rs. 93 million (2008: Rs. 59.5 million).

16. Investment in Equity Accounted Investees

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

2009	2008			2009	2008
(Number of shares)				(Rupees in '000)	
		Quoted			
60,475,416	60,475,416	Altern Energy Limited (Chief Executive Officer - Sheikh Muhammad Iqbal)	16.1	842,461	647,239
15,244,665	15,089,665	Shakarganj Mills Limited (Chief Executive Officer - Mr. Ahsan M. Saleem)		96,291	405,448
				938,752	1,052,687
		Unquoted			
–	528,937	Central Depository Company of Pakistan Limited (Chief Executive Officer - Mr. Mohammad Hanif Jakhura)	16.3	–	38,075
12,000,000	6,000,000	Shakarganj Food Products Limited (Chief Executive Officer - Mr. Anjum M.Saleem)		86,277	50,168
2,185,096	1,031,250	Safeway Fund Limited (Chief Executive Officer - Mr. Nihal Cassim)	16.4	77,739	42,117
–	2,250,000	Asian Capital Management Limited (Chief Executive Officer -Ms. Tehmeena Khan)	16.4	–	39,648
				1,102,768	1,222695
		Less: Provision for impairment in equity accounted investees		71,315	–
				1,031,453	1,222,695

16.1 The Company holds 17.65% shareholding in Altern Energy Limited and has no common directorship. However, only for the purpose of equity accounting as required under IAS - 28 “ Investment in Associates” it has been treated as an associate.

16.2 The above figures are based on unaudited condensed interim financial statements of these companies as at 31 March 2009. The latest financial statements of these companies as at 30 June 2009 are not presently available.

16.3 The investment in Central Depository Company of Pakistan Limited has been transferred to investment in available for sale securities as the Company considers that it no longer has significant influence over the investee company.

16.4 Due to amalgamation of Asian Capital Management Limited (ACMC) with and into Safeway Fund Limited (SFL), effective 1 January 2009, shareholding in ACML has been transferred to investment in the merged entity SFL, at the swap ratio of 1:1.95.

16.5 Market value / break-up of investments in associates are as follows:

	2009	2008
	(Rupees in '000)	
Quoted		
Altern Energy Limited	483,803	1,203,461
Shakarganj Mills Limited	77,748	288,514
	561,551	1,491,975
Unquoted*		
Central Depository Company of Pakistan Limited	–	24,027
Shakarganj Food Products Limited	39,814	22,947
Safeway Fund Limited	24,969	18,721
Asian Capital Management Limited	–	21,234
	64,783	86,929
	626,334	1,578,904

* Break-up value of shares is based on latest available unaudited condensed interim financial statements as at 31 March 2009.

16.6 Percentage holding of equity investments in associates are as follows:

	2009	2008
	%	
Quoted		
Altern Energy Limited	17.65	17.65
Shakarganj Mills Limited	21.93	21.70
Unquoted		
Central Depository Company of Pakistan Limited	–	1.75
Shakarganj Food Products Limited	9.33	9.44
Safeway Fund Limited	25.00	25.00
Asian Capital Management Limited	–	25.00

16.7 Summarized financial information of associated companies as at 31 March 2009 is as follows:

Name of investee company		Total Assets	Total Liabilities	Revenues	Profit / (loss)
		(Rupees in '000)			
2009					
Altern Energy Limited	16.7.1	33,169,741	25,006,232	11,358,307	1,506,153
Shakarganj Mills Limited	16.7.2	12,271,591	9,566,463	3,237,692	(508,905)
Shakarganj Food Products Limited	16.7.3	1,406,477	919,959	1,232,023	(74,098)
Safeway Fund Limited	16.7.3	142,904	678	1,972	(10,791)
2008					
Altern Energy Limited		27,756,403	21,509,307	8,185,347	227,035
Shakarganj Mills Limited		14,659,186	10,801,139	3,385,761	(577,413)
Central Depository Company of Pakistan Limited		1,628,718	255,751	761,312	344,208
Shakarganj Food Products Limited		1,228,028	984,960	561,982	(162,057)
Safeway Fund Limited		112,471	37,587	15,749	14,501
Asian Capital Management Limited		99,949	15,013	13,272	12,054

16.7.1 These figures are based on the latest available summarized consolidated condensed interim financial statements as at 31 March 2009 including its subsidiary company (Rousch (Pakistan) Power Limited).

16.7.2 These figures are based on the latest available summarized consolidated condensed interim financial statements as at 31 March 2009.

16.7.3 These figures are based on the latest available summarized condensed interim financial statements as at 31 March 2009.

17. Other Long Term Investments

		2009	2008
		(Rupees in '000)	
Related parties			
Held to maturity	17.1	29,994	29,994
Available for sale	17.2	–	–
Others			
Available for sale	17.3	60,717	–
Held to maturity	17.4	26,781	26,791
		117,492	56,785
Less: Current maturity of Maple Leaf Cement Limited (Preference Shares) and Shakarganj Mills Limited (Preference Shares)	17.1 & 17.4	31,830	–
		85,662	56,785

17.1 Held to maturity

This represents 2,999,400 preference shares of Rs. 10 each of Shakarganj Mills Limited, an associated undertaking, issued in October 2004. These shares carry dividend rate of 8.5% per annum payable annually. The preference shares will be redeemed after five years from the date of issue.

The preference shares are convertible into ordinary shares of Rs.10 each. The conversion option is exercisable at the end of every financial year of the investee company. Fair value of the preference shares as at 30 June 2009 amounted to Rs. 29.694 million (2008: Rs.30.594 million).

The investment amount has been transferred to current portion of long term investment.

17.2 Available-for-sale

2009	2008			2009	2008
(Number of shares)				(Rupees in '000)	
		Unquoted			
2,403,725	2,403,725	Crescent Bahuman Limited	17.2.1	24,037	24,037
1,047,000	1,047,000	Crescent Industrial Chemicals Limited	17.2.2	10,470	10,470
				34,507	34,507
		Provision for impairment loss		(34,507)	(34,507)
2	2	Crescent Continental Gas Pipelines Limited (US $ 1 each)	17.2.3	–	–
				–	–

17.2.1 The chief executive of Crescent Bahuman Limited is Mr. Nasir Shafi. The company's break up value of shares could not be ascertained as the financial statements of the company are not available.

17.2.2 The chief executive of Crescent Industrial Chemicals Limited is Mr. Tariq Shafi. The company's break up value of shares could not be ascertained as the financial statements of the company are not available.

17.2.3 The investment in a subsidiary is Rs. 90 only. The subsidiary company has not commenced operation and accordingly no financial statements have been prepared.

Other

17.3 Available-for-sale

2009	2008		2009	2008
(Number of shares)			(Rupees in '000)	
		Unquoted		
1,425,000	–	Central Depository Company of Pakistan Limited	60,717	–

17.4 Held to maturity

		2009	2008
		(Rupees in '000)	
Term Finance Certificates	17.4.1	24,945	24,955
Maple Leaf Cement Limited (Preference Shares)	17.4.2	1,836	1,836
		26,781	26,791
Less: Current maturity of Maple Leaf Cement Limited (Preference Shares)		1,836	–
		24,945	26,791

17.4.1 Term Finance Certificates (TFCs)

	2009	2008
United Bank Limited (5,000 TFCs of Rs. 5,000 each)	24,955	24,965
Current maturity shown under current assets	(10)	(10)
	24,945	24,955

This represents investments in TFCs issued on 10 February 2004 by United Bank Limited. The tenor of the TFCs are eight years with semi-annual installments comprising of principal and profit. The rate of profit is 8.45 percent per annum. Fair value of the TFCs as at 30 June 2009 amounted to Rs. 21.618 million (2008: Rs. 21.958 million).

17.4.2 Preference shares have a face value of Rs. 10 each and carry dividend rate of 9.75% per annum. These preference shares will mature after five years from the date of issuance i.e.14 December 2004. Fair value of the preference shares as at 30 June 2009 amounted to Rs. 1.359 million (2008: Rs. 1.550 million).

18. Long Term Loans and Deposits

		2009	2008
		(Rupees in '000)	
Security deposits		3,174	3,139
Long term loans	18.1	627	1,102
		3,801	4,241

18.1 This represents interest free house loans provided to employees for a period of 5 years.

19. Stores, Spares and Loose Tools

Stores - steel segment		8,474	9,640
Spare parts - steel segment	19.1	38,873	38,696
Loose tools - steel segment		954	961
Stores and spares - cotton segment	19.2	49,267	45,332
		97,568	94,629
Provision for slow moving items	19.3	(13,805)	(17,244)
		83,763	77,385

19.1 This includes items in-transit as at 30 June 2009 of Rs. Nil (2008: Rs. 3.09 million).

19.2 This includes items in-transit as at 30 June 2009 of Rs. 9.09 million (2008: Rs. 1.58 million).

19.3 Movement of provision for slow moving items

	2009	2008
	(Rupees in '000)	
Opening balance	17,244	12,161
(Reversal) / provision made during the year	(3,439)	5,083
Closing balance	13,805	17,244

20. Stock-in-Trade

	Note	2009	2008
Raw materials			
Hot rolled steel coils (HR Coil)		34,122	16,928
Coating materials		54,694	49,208
Others - pipe plant		25,021	27,544
Raw cotton	20.1	172,608	358,731
Stock-in-transit	20.2	199,699	421
		486,144	452,832
Provision for slow-moving and obsolescence			
Hot rolled steel coils	20.5	(10,310)	(8,813)
Coating materials	20.5	(84)	(84)
Others	20.5	(187)	(187)
		(10,581)	(9,084)
		475,563	443,748
Work-in-process	30.1	15,401	15,074
Finished goods	20.3 & 30.1	129,620	159,064
Scrap / cotton waste		10,702	4,521
Provision for slow-moving and obsolescence finished goods	20.6	(14,853)	(16,348)
		140,870	162,311
		616,433	606,059

20.1 This includes raw cotton amounting to Rs. 52.1 million (2008: Rs. 299.7 million) pledged as security with a financial institution.

20.2 This includes raw cotton amounting to Rs. 39.84 million (2008: Rs. 0.137 million).

20.3 This includes finished goods in transit amounting to Rs. 15.507 million.

20.4 Stock in trade at 30 June 2009 includes stock items valued at net realizable value as follows. The write down to NRV amounting to Rs. 8.291 million has been recognized in cost of goods sold.

	Cost	Net realizable value
	(Rupees in '000)	
Finished goods	42,387	37,952
Raw material - HR coil	8,731	4,875
	51,118	42,827

20.5 Movements of provision for slow-moving and obsolescence of raw material

	2009			2008		
	H.R. Coil	Coating / Others	Total	H.R. Coil	Coating / Others	Total
	(Rupees in '000)					
Opening balance	8,813	271	9,084	11,010	275	11,285
Provision / (reversal) during the year	1,497	–	1,497	(2,197)	(4)	(2,201)
Closing balance	10,310	271	10,581	8,813	271	9,084

20.6 Movements of provision for slow-moving and obsolescence of finished goods

	2009	2008
	(Rupees in '000)	
Opening balance	16,348	26,527
Reversal made during the year	(1,495)	(10,179)
Closing balance	14,853	16,348

21. Trade Debts

		2009	2008
Secured			
Considered good		52,849	84
Unsecured			
Considered good	21.1	31,078	118,612
Considered doubtful		1,547	148
Provision for doubtful trade debts		(1,547)	(148)
		31,078	118,612
		83,927	118,696

21.1 This includes amount of Rs. Nil (2008: Rs. 0.11 million) from Shakarganj Mills Limited, an associated undertaking.

22. Advances

		2009	2008
		(Rupees in '000)	
Considered good			
Advances to staff		679	844
Suppliers for goods and services		39,215	8,755
Related parties			
Advances against shares from Safeway Fund Limited	22.1	–	15,000
Considered doubtful			
Advances to others		3,000	3,000
Provision for doubtful advances to others		(3,000)	(3,000)
		–	–
Suppliers for goods and services		290	290
Provision for doubtful advances		(290)	(290)
		–	–
		39,894	24,599

22.1 This represents interest free advance given to Safeway Fund Limited, an associated company. During the year the advance has been refunded.

23. Trade Deposits and Short Term Prepayments

	2009	2008
	(Rupees in '000)	
Security deposits	3,776	787
Prepayments	2,528	1,626
	6,304	2,413

24. Investments

		2009	2008
		(Rupees in '000)	
Related parties			
Held to maturity	24.1	–	–
Available-for-sale	24.2	11,060	26,475
		11,060	26,475
Others			
Available-for-sale	24.3	141,965	231,048
Held for trading	24.4	502,372	1,150,115
		644,337	1,381,163
		655,397	1,407,638

Investment in related parties

24.1 Held to maturity

	2009	2008
Musharika arrangements - Crescent Standard Modaraba	–	42,000
Provision for impairment	–	(42,000)
Closing balance as at 30 June	–	–

During the year the Company has written off the amount due to Crescent Standard Modaraba against musharika arrangement.

24.2 Available-for-sale

The Company holds investments in ordinary shares of Rs. 10 each in the following listed investee companies:

2009	2008	Name of investee company		2009	2008
(Number of shares)				(Rupees in '000)	
		Quoted			
452,379	452,379	The Crescent Textile Mills Limited		11,060	26,475
91,300	91,300	Crescent Jute Products Limited	24.2.1	–	–
				11,060	26,475

24.2.1 Investments in Crescent Jute Products Limited is carried at their break up value, which is Nil per share, as this company is on the defaulters counter of Karachi Stock Exchange. The break up value has been calculated on the basis of the financial statements for the period ended 31 December 2004.

Investment in others

24.3 Available-for-sale

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

2009	2008	Name of investee company		2009	2008
(Number of shares)				(Rupees in '000)	
		Quoted			
9,060,000	6,435,000	Asian Stocks Fund Limited		37,599	56,806
–	9,500	Cherat Cement Company Limited		–	257
2,578	55,391	Fauji Fertilizer Company Limited		224	7,329
–	150,000	The Hub Power Company Limited		–	4,290
1,996	1,996	Innovative Investment Bank Limited		–	–
26,490	26,490	Jubilee Spinning and Weaving Mills Limited	24.3.1	–	–
–	9,892	National Bank of Pakistan		–	1,459
1,300	1,400	Nestle Pakistan Limited		1,494	2,296
3,252,500	3,310,500	Pakistan Strategic Allocation Fund		11,156	30,407
100,311	100,311	PICIC Growth Fund		843	2,384
175,000	175,000	PICIC Investment Fund		667	2,079
7,944,263	7,944,263	Safeway Mutual Fund Limited		85,401	103,275
4,500	4,500	Siemens (Pakistan) Engineering Company Limited		4,581	6,326
–	173,385	Pakistan Stock Market Fund *		–	14,140
				141,965	231,048

* Represents open ended fund with face value of Rs. 50 per unit.

24.3.1 Investments in Jubilee Spinning and Weaving Mills Limited is carried at break-up value of Nil per share. The Break up value has been calculated on the basis of the audited financial statements for the year ended 30 September 2006.

24.3.1.1 International Accounting Standard (IAS) 39-Financial Instruments: Recognition and Measurement requires that available for sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. Such impairment loss should be transferred from equity to profit and loss account. The SECP vide its S.R.O.150(I)/2009 dated 13 February 2009 has allowed all the Companies and Mutual Funds to show the impairment loss as at 31 December 2008 on their "available for sale investment" under "equity" in statement of changes in equity instead of charging it to the profit and loss account. The SRO further states that such impairment loss, however, shall be treated as a charge to the profit and loss account for the purposes of dividend distribution. Moreover, the amount of impairment loss taken to equity in the half yearly accounts shall be recorded, after adjustment of price movement if any, in the profit and loss account on a quarterly basis during the calendar year ending on 31 December 2009.

The Company opted for the accounting treatment allowed by SECP vide above referred SRO in respect of its available for sale investments and an impairment loss as at 31 December 2008 amounting to Rs. 33.308 million was shown in equity under the head "unrealized gain on remeasurement of available for sale investment securities". At 30 June 2009 the above impairment loss after adjustment of subsequent price movements amount to Rs. 43.59 million out of which Rs. 31.529 million has been taken to profit and loss account and the balance subject to price movements will be recognized in the remainder of the calendar year.

Had the impairment loss been transferred to profit and loss account, the unrealized gain on remeasurement of available for sale securities would have been higher by Rs. 12.06 million with consequential effect on profit and loss account.

24.3.1.2 The investments having an aggregate market value of Rs. 952.0 million (30 June 2008: Rs. 2,135.6 million) have been pledged with financial institutions as security against financing facilities (see note 11.4) out of which Rs. 561.551 million (30 June 2008: Rs. 1,203.5 million) relates to long term investments.

24.4 Held for trading

2009	2008	Name of investee company	2009	2008
(Number of shares/units)			(Rupees in '000)	
		Quoted		
70,000	65,000	Al Ghazi Tractors Limited **	11,340	17,703
215,960	200,800	Agriautos Industries Limited **	7,049	16,616
–	194,315	AKD Income Fund * / ***	–	10,000
–	5,506	Arif Habib Bank Limited	–	106
71,956	20,065	Arif Habib Securities Limited	1,989	3,240
–	67,250	Askari Bank Limited	–	2,702
39,700	55,500	Attock Cement Pakistan Limited	2,788	4,281
20,060	24,300	Attock Petroleum Limited	6,389	10,504
20,060	45,050	Attock Refinery Limited	2,503	11,257
–	6,500	Bank AL Habib Limited	–	274
183,375	214,200	Bank Alfalah Limited	1,935	8,795
–	15,500	Cherat Cement Company Limited	–	420
470,788	391,690	D.G. Khan Cement Company Limited	13,959	26,298
41,700	95,000	Engro Chemicals Pakistan Limited	5,356	26,677
217,422	235,425	Fauji Fertilizer Company Limited	18,905	31,151
20,000	20,000	First Habib Bank Modaraba	78	157
100,000	810,000	Fauji Fertilizer Bin Qasim Limited	1,769	29,136
247,500	220,000	Golden Arrow Selected Stocks Fund Limited **	559	1,478
3,000	–	Habib Bank Limited	258	–
500	500	Hinopak Motors Limited	77	280
805,000	1,520,000	The Hub Power Company Limited	21,807	43,472
1,350	1,350	Innovative Investment Bank Limited	–	–
–	25,000	JS Bank Limited	–	344
300,409	72,792	Jahangir Siddiqui and Company Limited	6,966	38,591

Notes to the Financial Statements
For the year ended 30 June 2009

2009	2008	Name of investee company	2009	2008
(Number of shares/units)			(Rupees in '000)	
		Quoted		
100,000	–	JS Growth Fund	382	–
100,000	–	JS Value Fund	445	–
99,750	100,000	Kohat Cement Company Limited	726	3,663
622,500	700,000	Kohinoor Energy Limited	18,053	19,005
341,400	341,400	Kot Addu Power Company Limited	14,428	16,046
426,000	500,000	Meezan Balanced Fund	2,462	4,775
410,869	334,021	National Bank of Pakistan	27,541	49,268
46,074	100,000	National Investment Trust	1,237	5,235
–	25,000	National Refinery Limited	–	7,437
–	10,000	Netsol Technologies Limited	–	973
–	15,000	New Jubilee Life Insurance Company Limited	–	861
–	149,550	NIB Bank Limited	–	1,700
–	95,200	Nishat Mills Limited	–	8,184
599,800	1,032,300	Oil & Gas Development Company Limited	47,168	128,376
27,374	27,374	Packages Limited	4,299	6,895
1,006,140	299,400	Pakistan Oilfields Limited	146,796	109,233
–	269,200	Pakistan Telecommunication Company Limited	–	10,402
246,500	230,000	Pakistan National Shipping Corporation	11,378	16,457
217,365	1,150,450	Pakistan Petroleum Limited	41,199	283,000
171,708	331,208	Pakistan Premier Fund Limited	704	4,428
97,500	55,500	Pakistan State Oil Company Limited	20,831	23,157
161,875	161,875	Pak Suzuki Motor Company Limited	10,991	19,391
5,000	–	PICIC Energy Fund	23	–
711,000	–	PICIC Growth Fund	5,972	–
569,634	651,134	PICIC Insurance Limited	3,412	11,297
6,056,456	6,267,956	Samba Bank Limited (Formerly Crescent Commercial Bank Ltd.)	18,048	66,127
–	211,000	Samin Textiles Limited	–	5,849
280,280	204,200	Thal Limited **	21,708	40,027
–	221,400	The Bank of Punjab	–	6,892
–	1,075,000	TRG Pakistan Limited	–	6,719
–	25,000	Standard Chartered Bank (Pakistan) Limited	–	588
22,000	101,250	United Bank Limited	842	8,615
–	140,000	Worldcall Telecom Limited	–	2,033
			502,372	1,150,115

* This is open ended funds.
** It has face value of Rs. 5 per share.
*** It has face value of Rs. 50 per unit.

24.5 The following investments are deposited as security with commercial banks.

Name of investee company	2009	2008
	(Rupees in '000)	
Altern Energy Limited	483,803	1,203,461
Agriauto Industries Limited	6,430	16,302
Al Ghazi Tractors Limited	10,530	13,073
Arif Habib Securities Limited	138	807
Attock Cement Pakistan Limited	2,317	–
Attock Petroleum Limited	6,389	8,646
Attock Refinery Limited	2,503	9,995
Bank Alfalah Limited	–	7,186
D.G. Khan Cement Limited	11,374	21,189
Engro Chemical Pakistan Limited	–	16,849
Fauji Fertilizer Bin Qasim Limited	1,521	28,236
Fauji Fertilizer Company Limited	5,027	36,388
The Hub Power Company Limited	16,985	45,337
Jahangir Siddiqui & Company Limited	3,349	–
Kohinoor Energy Limited	18,053	19,005
Kot Addu Power Company Limited	14,242	14,429
Kohat Cement Company Limited	673	3,663
Meezan Balanced Fund	2,312	4,775
National Bank of Pakistan	16,188	48,528
National Refinery Limited	–	5,949
Nishat Mills Limited	–	7,307
Oil and Gas Development Company Limited	25,318	122,432
Pak Suzuki Motor Company Limited	10,991	15,180
Packages Limited	2,356	–
Pakistan National Shipping Corporation	–	14,310
Pakistan Oilfields Limited	137,037	93,581
Pakistan Petroleum Limited	41,197	271,241
Pakistan Premier Fund Limited	–	4,011
Pakistan State Oil Company Limited	–	16,690
Pakistan Strategic Allocation Fund	11,149	29,937
Pakistan Telecommunication Company Limited	–	6,453
PICIC Growth Fund	55	2,296
PICIC Investment Fund	–	2,079
Samba Bank Limited (Formerly Crescent Commercial Bank Ltd.)	18,023	–
Shakarganj Mills Limited	77,748	–
Siemens (Pakistan) Engineering Company Limited	4,581	6,326
Thal Limited	21,708	39,939
	951,997	2,135,600

25. Mark-up Accrued

		2009	2008
		(Rupees in '000)	
Considered good			
- Others		813	812
Considered doubtful			
Related party			
Profit accrued on:			
- Musharika arrangement / deposits		–	4,936
- Provision thereagainst		–	(4,936)
		–	–
		813	812

26. Other Receivables

		2009	2008
Dividend receivable		7,097	17,155
Receivable against sale of shares		5,993	–
Claim receivable		3,428	2,226
Due from associated undertakings	26.1	5,448	593
Sales tax / special excise duty refundable		33,397	14,729
Provision thereagainst		(4,346)	(4,346)
		29,051	10,383
Margin on letter of credit		109,045	–
Receivable from staff retirement funds	43.2	5,107	2,602
Others		104	345
		165,273	33,304

26.1 Due from associated undertakings

	2009	2008
Crescent Textile Mills Limited	9	10
Shakarganj Mills Limited	3,016	479
Shakarganj Foods Products Limited	2,031	67
Crescent Jute Products Limited	347	37
Safeway Fund Limited	45	–
	5,448	593

27. Taxation - net

	2009	2008
Advance tax	669,117	488,203
Provision for taxation	(640,696)	(494,301)
	28,421	(6,098)

The income tax assessments of the Company have been finalized up to and including the assessment year 2002-2003. Tax returns of subsequent tax years are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 unless selected for an audit by the taxation authorities. The Commissioner of Income Tax (Appeals) has issued the orders in respect of the assessment years 2001-2002 and 2002-2003. The Company has filed appeals against above mention orders passed by Commissioner of Income Tax (Appeals) . The appeals in respect of assessment years 2000-2001, 2001-2002, 2002-2003 and Tax year 2003 are pending adjudication. Full provision has been made in these financial statements except short credit of taxes paid & deducted at source and adjustments of refunds in respect of assessment year 2001-2002, 2002-2003 and Tax year 2003. However, management is confident for favourable outcome of these appeals. Additional tax liability of Rs. 19.3 million may arise against the above mentioned assessments in case decisions are made against the Company.

Further, the department has also filed appeals against orders of Commissioner of Income Tax (Appeals) in respect of assessment years 1997-1998, 2000-2001 Tax year 2004. In case of adverse decisions, additional tax liability of Rs. 19.9 million may arise. However, no provision has been made in these financial statements as the management is confident for favourable outcome of these appeals.

28. Cash and Bank Balances

		2009	2008
		(Rupees in '000)	
With banks	- in deposit accounts:		
	- local currency	334	4,038
	- foreign currency	2	719
		336	4,757
	- in current accounts	3,205	2,700
Cash in hand		603	742
		4,144	8,199

29. Sales

	2009	2008
Bare pipes (own product excluding coating revenue)	1,259,483	2,691,760
Sales - pipes laboratory testing	21,198	–
Revenue from conversion	91,189	197,860
Coating of pipes	651,208	285,763
Cotton yarn	1,511,581	1,364,440
Scrap / waste	87,125	117,843
Sales returns	(15,225)	(19,477)
	3,606,559	4,638,189
Sales tax and special excise duty	(295,690)	(437,984)
	3,310,869	4,200,205

30. Cost of Sales

		2009	2008
Steel	30.1	1,046,861	1,954,376
Cotton	30.1	1,550,329	1,349,431
		2,597,190	3,303,807

30.1 Cost of sales

	Note	Steel Segment 2009	Steel Segment 2008	Cotton Segment 2009	Cotton Segment 2008	Total 2009	Total 2008
		(Rupees in '000)					
Raw materials consumed		921,676	1,762,122	1,056,791	1,038,036	1,978,467	2,800,158
Cost of raw cotton sold		–	–	14,847	–	14,847	–
Packing materials consumed		–	–	20,717	21,754	20,717	21,754
Store and spares consumed		28,058	29,856	34,240	35,431	62,298	65,287
Fuel, power and electricity		27,297	20,479	140,188	111,922	167,485	132,401
Salaries, wages and other benefits	30.2	57,317	58,487	76,662	78,380	133,979	136,867
Insurance		1,524	1,933	3,574	3,619	5,098	5,552
Repairs and maintenance		3,608	4,511	3,212	3,594	6,820	8,105
Depreciation	13.2	16,522	16,158	139,393	138,266	155,915	154,424
Amortization of intangible assets	14.1	–	–	119	262	119	262
Other expenses		14,942	12,291	7,386	6,716	22,328	19,007
		1,070,944	1,905,837	1,497,129	1,437,980	2,568,073	3,343,817
Opening stock of work-in-process		3,548	33,221	11,526	10,261	15,074	43,482
Closing stock of work-in-process		(2,776)	(3,548)	(12,625)	(11,526)	(15,401)	(15,074)
		772	29,673	(1,099)	(1,265)	(327)	28,408
Cost of goods manufactured		1,071,716	1,935,510	1,496,030	1,436,715	2,567,746	3,372,225
Opening stock of finished goods		45,504	64,370	113,560	25,920	159,064	90,290
Finished goods purchased		–	–	–	356	–	356
Closing stock of finished goods		(70,359)	(45,504)	(59,261)	(113,560)	(129,620)	(159,064)
		(24,855)	18,866	54,299	(87,284)	29,444	(68,418)
		1,046,861	1,954,376	1,550,329	1,349,431	2,597,190	3,303,807

30.2 Detail of salaries, wages and other benefits

	Note	Steel Segment 2009	Steel Segment 2008	Cotton Segment 2009	Cotton Segment 2008	Total 2009	Total 2008
Salaries, wages and other benefits		51,503	53,504	73,503	75,845	125,006	129,349
Provident fund contributions		1,503	1,465	1,608	1,686	3,111	3,151
Pension fund	30.3	3,484	2,998	1,410	849	4,894	3,847
Gratuity	30.3	827	520	141	–	968	520
		57,317	58,487	76,662	78,380	133,979	136,867

30.3 Staff retirement benefits

	2009		2008	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Current service cost	4,078	1,044	4,066	854
Interest cost	5,007	1,275	3,845	973
Expected return on plan assets	(4,465)	(1,422)	(4,346)	(1,373)
Past service cost	274	71	282	66
	4,894	968	3,847	520

31. (Loss) on / income from Investment

		2009	2008
		(Rupees in '000)	
Return on Term Finance Certificates		2,109	2,026
Dividend income	31.1	57,662	89,758
(Loss) / gain on sale of investments			
- Available-for-sale		13,597	125,028
- Held for trading		(211,230)	66,911
Unrealized loss on held for trading investments		(207,719)	(212,982)
Reclassification of share of equity of associate on loss of significant influence		(916)	–
Rent from investment properties	31.2	7,650	2,866
		(338,847)	73,607

31.1 This includes Rs. 3.078 million (2008: Rs. 2.549 million) dividend on preference shares from Shakarganj Mills Limited an associated company.

31.2 Direct operating expenses incurred against rent income from investment property amounted to Rs. 2.94 million (2008: Rs. 1.3 million). Further Rs. 1.92 million (2008: Rs. 0.8 million) were incurred against the non rented out area.

32. Distribution and Selling Expenses

		Steel Segment		Cotton Segment		Total	
		2009	2008	2009	2008	2009	2008
		(Rupees in '000)					
Salaries, wages and other benefits	32.1	5,084	5,272	1,834	1,278	6,918	6,550
Commission		–	–	6,019	4,346	6,019	4,346
Travelling, conveyance and entertainment		645	537	42	41	687	578
Depreciation	13.2	258	366	2	–	260	366
Insurance		102	51	–	–	102	51
Postage, telephone and telegram		91	81	35	47	126	128
Advertisement		386	794	–	–	386	794
Bid bond expenses		259	461	–	–	259	461
Transportation		–	–	–	567	–	567
Legal and professional charges		595	693	–	–	595	693
Others		397	422	1,407	306	1,804	728
		7,817	8,677	9,339	6,585	17,156	15,262

32.1 Detail of salaries, wages and other benefits

		Steel 2009	Steel 2008	Cotton 2009	Cotton 2008	Total 2009	Total 2008
Salaries, wages and other benefits		4,098	4,392	1,834	1,278	5,932	5,670
Provident fund contributions		169	182	–	–	169	182
Pension fund	32.2	668	601	–	–	668	601
Gratuity	32.2	149	97	–	–	149	97
		5,084	5,272	1,834	1,278	6,918	6,550

32.2 Staff retirement benefits

	2009		2008	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Current service cost	555	160	635	160
Interest cost	683	195	600	182
Expected return on plan assets	(608)	(217)	(678)	(257)
Past service cost	38	11	44	12
	668	149	601	97

33. Administrative Expenses

	Note	Steel Segment 2009	Steel Segment 2008	Cotton Segment 2009	Cotton Segment 2008	IID Segment 2009	IID Segment 2008	Total 2009	Total 2008
		(Rupees in '000)							
Salaries, wages and other benefits	33.1	43,118	39,716	5,569	3,318	5,429	3,928	54,116	46,962
Rents, rates and taxes		318	904	101	15	314	101	733	1,020
Travelling, conveyance and entertainment		4,668	6,052	704	814	536	672	5,908	7,538
Fuel and power		4,987	3,292	256	134	567	366	5,810	3,792
Postage, telephone and telegram		1,700	1,334	243	66	189	148	2,132	1,548
Insurance		713	767	75	59	147	85	935	911
Repairs and maintenance		2,496	4,339	193	104	351	482	3,040	4,925
Auditors' remuneration	33.3	1,005	1,284	158	159	109	143	1,272	1,586
Legal and professional and corporate service charges		11,030	15,986	1,330	3,370	4,102	1,776	16,462	21,132
Advertisement		332	151	–	–	37	17	369	168
Donations	33.4	4,241	21,980	1,955	4	471	2,442	6,667	24,426
Depreciation	13.2 & 15	16,498	17,074	385	472	6,060	2,382	22,943	19,928
Amortization of intangible assets	14.1	175	60	79	–	19	7	273	67
Printing, stationery and office supplies		1,660	1,151	226	114	184	128	2,070	1,393
Newspapers, subscriptions and periodicals		406	157	296	6	46	18	748	181
Others		2,194	113	685	2	273	13	3,152	128
		95,541	114,360	12,255	8,637	18,834	12,708	126,630	135,705

33.1 Salaries, wages and other benefits

	Note	Steel Segment 2009	Steel Segment 2008	Cotton Segment 2009	Cotton Segment 2008	IID Segment 2009	IID Segment 2008	Total 2009	Total 2008
Salaries, wages and other benefits		33,653	32,515	5,398	3,318	4,247	3,128	43,298	38,961
Provident fund contributions		1,528	1,480	171	–	192	164	1,891	1,644
Pension fund	33.2	6,628	4,933	–	–	825	548	7,453	5,481
Gratuity	33.2	1,309	788	–	–	165	88	1,474	876
		43,118	39,716	5,569	3,318	5,429	3,928	54,116	46,962

33.2 Staff retirement benefits

	2009 Pension	2009 Gratuity	2008 Pension	2008 Gratuity
	(Rupees in '000)			
Current service cost	6,209	1,590	5,794	1,440
Interest cost	7,624	1,939	5,477	1,639
Expected return on plan assets	(6,797)	(2,163)	(6,192)	(2,315)
Past service cost	417	108	402	112
	7,453	1,474	5,481	876

33.3 Auditors' remuneration

	2009	2008
	(Rupees in '000)	
Audit fee*	875	850
Fee for audit of funds' financial statements and other reports	209	459
Out of pocket expenses	188	277
	1,272	1.586

*Audit fee includes services for audit of annual financial statements, limited review of condensed interim financial statements for the six months period, review report on Statement of Compliance with best Practices Code of Corporate Governance and audit of reconciliation statement of Nominee Shareholding of Central Depository Company of Pakistan Limited (CDC).

33.4 Donations

Donations include the following in which a director is interested:

Name of the director	Interest in donee	Name and address of the donee	Amount donated 2009	2008
			(Rupees in '000)	
Mr. Ahsan M. Saleem	Director	The Citizens Foundation 9th Floor, NIC Building, Karachi.	5,073	20,278
	Director	Pakistan Centre for Philanthropy 1-A, Street 14, F-8/3, Islamabad.	600	873
	Member	Lyallpur Golf Club Race Course Club, Faisalabad.	714	–
			6,387	21,151

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

34. Other Operating Expenses

	2009	2008
	(Rupees in '000)	
Provision for slow moving stores, spares and tools	–	5,083
Provision for stock-in-trade	8,233	–
Provision for doubtful debts	1,399	–
Provision for workers welfare fund	9,780	13,114
Provision for workers profit participation fund (Steel Division)	27,524	34,403
Provision for infrastructure fee	5,826	7,200
Impairment of intangible asset	–	10
Provision for impairment in the value of investments	102,844	42,000
Fixed assets written off	–	830
Provision for liquidated damages	11,594	590
Exchange loss	8,000	6,514
	175,200	109,744

35. Other Operating Income

Income from financial assets		
Return on deposits	1,340	6
Income from non financial assets		
Liabilities written-back	4,270	565
Provision written back for stock-in-trade / stores and spares	11,670	12,381
Provision written back - workers welfare fund	19,613	–
Gain on disposal of fixed assets	266	1,312
Insurance commission	775	1,195
Others	1,036	4,114
	37,630	19,567
	38,970	19,573

36. Finance Costs

Mark-up on:		
Running finances	82,131	39,816
Short term loans	86,495	65,694
Long term loans	28,893	36,037
Redeemable capital	1,837	8,581
Assets subject to finance leases	–	347
Workers Profit Participation Fund	89	326
Bank charges	4,126	2,217
	203,571	153,018

37. Share of Profit in Equity Accounted Investees - net

	2009	2008
	(Rupees in '000)	
Share of profit / (loss) after taxation of:		
Altern Energy Limited	241,448	68,995
Shakarganj Mills Limited	(213,772)	(16,060)
Central Depository Company of Pakistan Limited	1,941	7,421
Shakarganj Food Products Limited	(23,891)	(9,832)
Safeway Fund Limited	(2,693)	88
Asian Capital Management Limited	651	161
	3,684	50,773

38. Taxation

	2009	2008
Current		
- for the year	172,791	164,021
- for prior years	(26,396)	–
	146,395	164,021
Deferred	(11,717)	46,920
	134,678	210,941

38.1 Relationship between tax expense and accounting (loss) / profit

	2009	2008
(Loss) / profit before taxation	(105,071)	626,622
Tax at the applicable rate of 35%	(36,775)	219,318
Tax effect of inadmissible expenses / losses	195,687	24,875
Tax effect of change in tax WDV of fixed assets	–	61
Tax effect of income taxed at different rate	(16,209)	(22,860)
Tax effect on share of profit of associates taxed at different rate	–	(17,109)
Prior year tax effect	(8,025)	6,656
	134,678	210,941

39. Basic and Diluted (Loss) / Earnings Per Share

		2009	2008
(Loss) / profit for the year		(239,749)	415,681
		(Number of shares)	
Average number of ordinary shares in issue during the year	39.1	56,459,993	56,459,993
		(Rupees)	
(Loss) / Earnings per share basic and diluted		(4.25)	7.36

39.1 Weighted average number of shares for the year ended 30 June 2008 have been adjusted for the effect of bonus shares issued during the year.

40. Cash Generated from Operations

		2009	2008
		(Rupees in '000)	
(Loss) / profit before taxation		(105,071)	626,622
Adjustments for non cash charges and other items:			
Depreciation on operating fixed assets and investment properties		179,118	174,718
Reclassification of share of equity of associate on loss of significant influence		916	–
Amortization of intangible assets		392	329
Amortization of advance to staff		351	561
Provision for impairment on intangibles		–	10
Unrealized loss on held-for-trading investments		207,719	212,982
Provision against stock-in-trade and stores and spares		8,233	5,083
Reversal of provision against stock-in-trade and stores and spares		(11,670)	(12,381)
Liabilities written back		(4,270)	(565)
Provision for workers profit participation fund		27,524	34,403
Provision for workers welfare fund		9,780	13,114
Provision written back against workers welfare fund		(19,613)	–
Fixed assets written off		–	830
Provision for diminution in the value of investments		–	42,000
Impairment in the value of investment		102,844	–
Provision for infrastructure fee		9,920	7,200
Provision for doubtful debts		1,399	–
Provision for 10-C bonus		741	675
Provision against liquidated damages		11,594	590
Loss / (gain) on sale of investments		197,633	(191,939)
Pension and gratuity expense		15,606	11,422
Finance costs		203,571	153,018
Gain on disposal of fixed assets		(266)	(1,312)
Dividend income		(57,662)	(89,758)
Return on deposits, advances and investments		(3,449)	(2,032)
Share of profit in equity accounted investees		(3,684)	(50,773)
Amortization of initial transaction cost		712	1,162
Working capital changes	40.1	(21,757)	(29,516)
		750,611	906,443

40.1 Working capital changes

		2009	2008
		(Rupees in '000)	
(Increase) / decrease in current assets			
Stores, spares and loose tools		(2,939)	(33,619)
Stock-in-trade		(10,376)	39,773
Trade debts		33,370	62,719
Short term advances		(15,295)	58,520
Short term deposits and prepayments		(3,891)	2,337
Other receivables (net)		(133,529)	52,847
		(132,660)	182,577
Increase / (decrease) in current liabilities			
Trade and other payables		110,903	(212,093)
		(21,757)	(29,516)

41. Cash and Cash Equivalents

Running finances under mark-up arrangements	11	(648,880)	(837,125)
Cash and bank balances	28	4,144	8,199
		(644,736)	(828,926)

42. Segment Reporting

42.1 The reporting format, business segment, is based on the Company's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis.

Segment assets consist primarily of property, plant and equipment, intangibles, store and spares, stock in trade and trade and other debts. Segment liabilities comprise operating liabilities and exclude items such as taxation and corporate.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

Business Segments
The Company comprises the following main business segments:

- Steel segment - It comprises manufacturing and coating of steel pipes (Note 1.2).
- Cotton segment - It comprises manufacturing of yarn (Note1.3).
- Investment and Infrastructure Development (IID) segment - To effectively manage the investment portfolio in shares and other securities (strategic as well as short term) and property investments (held for rentals as well as long term appreciation).

42.2 The steel segment allocates certain percentage of the common administrative expenditure to the cotton segment and IID. In addition, financial charges between steel and cotton segments are allocated at average mark-up rate on the basis of funds utilized. Financial charges between steel and IID segments are apportioned on the basis of their net assets.

42.3

	Steel Segment	Cotton Segment	IID Segment	Total
	(Rupees in '000)			
Segment results for the year ended 30 June 2009				
Sales	1,739,350	1,571,519	–	3,310,869
Cost of sales	1,046,861	1,550,329	–	2,597,190
Gross profit	**692,489**	**21,190**	**–**	**713,679**
Loss on investment	–	–	(338,847)	(338,847)
	692,489	21,190	(338,847)	374,832
Distribution and selling expenses	7,817	9,339	–	17,156
Administrative expenses	95,541	12,255	18,834	126,630
Other operating expenses	66,212	6,144	102,844	175,200
	169,570	27,738	121,678	318,986
	522,919	(6,548)	(460,525)	55,846
Other operating income	37,185	1,785	–	38,970
Operating profit / (loss) before finance costs	**560,104**	**(4,763)**	**(460,525)**	**94,816**
Finance costs	46,930	104,291	52,350	203,571
Share of profit in equity accounted investees - net	–	–	3,684	3,684
Profit / (loss) before taxation	**513,174**	**(109,054)**	**(509,191)**	**(105,071)**
Taxation				134,678
Loss for the year				**(239,749)**
Segment results for the year ended 30 June 2008				
Sales	2,774,227	1,425,978	–	4,200,205
Cost of sales	1,954,376	1,349,431	–	3,303,807
Gross profit	**819,851**	**76,547**	**–**	**896,398**
Income from investment	–	–	73,607	73,607
	819,851	76,547	73,607	970,005
Distribution and selling expenses	8,677	6,585	–	15,262
Administrative expenses	114,360	8,637	12,708	135,705
Other operating expenses	61,782	5,962	42,000	109,744
	184,819	21,184	54,708	260,711
	635,032	55,363	18,899	709,294
Other operating income	15,630	3,943	–	19,573
Operating profit before finance costs	**650,662**	**59,306**	**18,899**	**728,867**
Finance costs	9,354	105,989	37,675	153,018
Share of profit in equity accounted investees	–	–	50,773	50,773
Profit / (loss) before taxation	**641,308**	**(46,683)**	**31,997**	**626,622**
Taxation				210,941
Profit for the year				**415,681**

Segment Reporting - Continued

	Steel Segment	Cotton Segment	IID Segment	Total
	(Rupees in '000)			
Other segment information				
As at 30 June 2009				
Segment assets	617,276	1,329,629	911,959	2,858,864
Investment in equity accounted undertakings			1,031,453	1,031,453
Unallocated corporate assets				219,376
Total assets				4,109,693
Segment liabilities	244,579	268,172	1,598	514,349
Unallocated corporate liabilities				1,049,529
Total liabilities				1,563,878
For the year ended 30 June 2009				
Capital expenditure	136,340	14,538	18,237	169,115
Depreciation and amortization	33,453	139,978	6,079	179,510
As at 30 June 2008				
Segment assets	356,800	1,593,832	1,603,878	3,554,510
Investment in equity accounted undertakings			1,222,695	1,222,695
Unallocated corporate assets				69,485
Consolidated total assets				4,846,690
Segment liabilities	188,193	407,794	–	595,987
Unallocated corporate liabilities				1,256,699
Consolidated total liabilities				1,852,686
For the year ended 30 June 2008				
Capital expenditure	66,079	33,440	53,942	153,461
Depreciation and amortization	33,658	139,000	2,389	175,047

43. Staff Retirement Benefits

43.1 The actuarial valuation of both pension and gratuity schemes has been conducted in accordance with IAS 19 "Employee benefits" as at 30 June 2009. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation:

	2009	2008
- Discount rate	12%	12%
- Expected rate of increase in salaries	12% to 15%	12% to 15%
- Expected rate of return on plan assets	12%	12%
- Average working life of employee	10 years	10 years

43.2 The amounts recognized in balance sheet are as follows:

	2009			2008		
	Pension	Gratuity	Total	Pension	Gratuity	Total
	(Rupees in '000)					
Present value of defined benefit obligation	126,611	28,177	154,788	110,954	28,404	139,358
Fair value of plan assets	(93,612)	(23,254)	(116,866)	(98,915)	(31,684)	(130,599)
Unrecognized actuarial gains / (losses)	(31,463)	(8,047)	(39,510)	(6,970)	46	(6,924)
Unrecognized past service cost	(2,186)	(1,333)	(3,519)	(2,914)	(1,523)	(4,437)
Liability / (Asset) in balances	(650)	(4,457)	(5,107)	2,155	(4,757)	(2,602)
Present value of defined benefit obligation - 1 July	110,954	28,404	139,358	99,224	27,945	127,169
Current service cost	10,842	2,794	13,636	10,495	2,454	12,949
Interest cost	13,315	3,409	16,724	9,922	2,795	12,717
Benefits paid	(2,647)	(3,174)	(5,821)	(2,247)	(1,016)	(3,263)
Actuarial (gains) / losses	(5,853)	(3,256)	(9,109)	(6,440)	(3,774)	(10,214)
Present value of defined benefit obligation - 30 June	126,611	28,177	154,788	110,954	28,404	139,358
Fair value of plan assets - 1 July	98,914	31,684	130,598	93,474	32,877	126,351
Expected return on plan assets	11,870	3,802	15,672	11,217	3,945	15,162
Contribution to fund	15,821	2,290	18,111	7,825	1,947	9,772
Benefits paid	(2,647)	(3,174)	(5,821)	(2,247)	(1,016)	(3,263)
Actuarial gains / (losses)	(30,346)	(11,348)	(41,694)	(11,354)	(6,069)	(17,423)
Fair value of plan assets - 30 June	93,612	23,254	116,866	98,915	31,684	130,599

The following amounts have been charged in the profit and loss account in respect of these benefits:

	2009			2008		
	Pension	Gratuity	Total	Pension	Gratuity	Total
	(Rupees in '000)					
Current service cost	10,842	2,794	13,636	10,495	2,454	12,949
Interest cost	13,314	3,409	16,723	9,922	2,794	12,716
Expected return on plan assets	(11,870)	(3,802)	(15,672)	(11,217)	(3,945)	(15,162)
Past service cost	729	190	919	729	190	919
Expense recognized in profit or loss	13,015	2,591	15,606	9,929	1,493	11,422
Actual return on plan assets	(18,477)	(7,546)	(26,023)	(138)	(2,123)	(2,261)

Comparison for five years

	2009	2008	2007	2006	2005
	(Rupees in '000)				
Pension					
As at 30 June					
Present value of defined benefit obligation	126,611	110,954	99,224	71,422	65,735
Fair value of plan assets	93,612	98,915	93,474	68,194	60,744
Deficit	(32,999)	(12,039)	(5,750)	(3,228)	(4,991)
Experience adjustments					
(Gain) / loss on obligation	(5,853)	(6,440)	8,383	(2,502)	7,791
Gain / (loss) on plan asset	(30,346)	(11,355)	14,157	(1,512)	7,962
Gratuity					
As at 30 June					
Present value of defined benefit obligation	28,177	28,404	27,945	19,776	18,379
Fair value of plan assets	23,254	31,684	32,878	24,023	20,687
Deficit	(4,923)	3,280	4,933	4,247	2,308
Experience adjustments					
(Gain) / loss on obligation	(3,256)	(3,774)	708	1,113	2,514
Gain / (loss) on plan asset	(11,348)	(6,091)	4,298	17	2,501

44. Financial Instruments

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

44.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fail completely to perform as contracted and arises principally from trade receivables and investment in debt securities. Out of the total financial assets of Rs. 999.848 million (2008: Rs. 1,616.385 million), the financial assets which are subject to credit risk amounted to Rs. 283.131 million (2008: Rs. 208.005 million).

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Sales tenders and credit terms are approved by the tender approval committee. Where considered necessary, advance payments are obtained from certain parties. Sales made to major customers are secured through letters of credit. The management has set a maximum credit period of 15 days in respect of cotton division's sales to reduce the credit risk.

All investing transactions are settled / paid for upon delivery as per the advice of investment committee. The Company's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	2009	2008
	(Rupees in '000)	
Investments	56,785	56,795
Loans and deposits	6,950	3,926
Trade debts	83,927	118,696
Mark-up accrued	813	2,387
Other receivables	131,115	18,744
Bank balances	3,541	7,457
	283,131	208,005

Investments comprise of Term Finance Certificates and Preference Shares. The analysis below summarizes the credit quality of the Company's investments.

	2009	2008
Term Finance Certificates	AA	AA
Preference Shares		
- Maple Leaf Cement Factory Limited	A2	A
- Shakarganj Mills Limited	A2	BBB+

All the trade debtors at the balance sheet date represent domestic parties.

The maximum exposure to credit risk before any credit enhancements for trade receivables at the reporting date by type of customer was:

	2009	2008
	(Rupees in '000)	
Cotton division	33,411	58,792
Steel division	50,516	59,904
	83,927	118,696

The aging of trade receivable at the reporting date is:

Not past due	68,171	67,598
Past due 1-30 days	4,049	7,011
Past due 30-150 days	3,080	43,159
Past due 150 days	10,174	1,076
	85,474	118,844

One of the major customer accounts for Rs. 35.16 million of the trade receivables carrying amount at 30 June 2009 (2008: Rs. 48.44 million) that has a good track record with the Company.

The movement in the allowance for impairment in respect of trade receivables is as follows:

	2009	2008
	(Rupees in '000)	
Opening balance	148	155
Provision during the year	1,399	–
Written off	–	(7)
Closing balance	1,547	148

Based on past experience the management believes that no impairment allowance is necessary in respect of trade receivables past due as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time. Non past due amounts of Rs. 43.233 million and past due amounts of Rs. 9.616 million are secured through inland letters of credit.

44.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as substantially all obligations / commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company has obtained running finance facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
			(Rupees in '000)			
2009						
Financial Liabilities						
Loan	168,380	189,808	67,505	63,231	59,072	–
Trade and other payables	247,207	247,207	247,207	–	–	–
Interest and mark-up accrued	19,009	19,009	19,009	–	–	–
Short term borrowings	902,815	937,996	937,996	–	–	–
	1,337,411	**1,394,020**	**1,271,717**	**63,231**	**59,072**	**–**
2008						
Financial Liabilities						
Loan	280,617	338,811	76,183	72,819	130,736	59,073
Trade and other payables	99,440	99,440	99,440	–	–	–
Interest and mark-up accrued	19,765	19,765	19,765	–	–	–
Short term borrowings	1,119,331	1,189,887	1,189,887	–	–	–
Redeemable capital	74,551	76,830	39,265	37,565	–	–
	1,593,704	1,724,733	1,424,540	110,384	130,736	59,073

44.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

44.3.1 Currency risk

The Company is exposed to currency risk on import of raw materials and stores and spares and export of goods mainly denominated in US dollars and on foreign currency bank accounts. The Company's exposure to foreign currency risk for US Dollars is as follows:

	2009	2008
	(Rupees in '000)	
Foreign creditors	(129,031)	–
Foreign currency bank account	2	719
Gross balance sheet exposure	(129,029)	719
Outstanding letters of credit	–	(263,070)
Net exposure	(129,029)	(262,351)

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2009	2008	2009	2008
	(Rupees in '000)			
USD to PKR	78.89	62.77	81.30	68.20

Sensitivity analysis

At reporting date, if the PKR had strengthened by 10% against the US Dollar with all other variables held constant, post-tax loss / profit for the year would have been lower by the amount shown below, mainly as a result of net foreign exchange gain on translation of foreign currency bank account and foreign creditors.

Effect on profit or loss

	2009	2008
	(Rupees in '000)	
US Dollars	12,903	(72)

The weakening of the PKR against US Dollar would have had an equal but opposite impact on the post tax loss / profits.

The sensitivity analysis prepared is not necessarily indicative of the effects on (loss) / profit for the year and assets / liabilities of the Company.

44.3.2 Interest rate risk

At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2009	2008	2009	2008
Financial assets	**Effective rate (in Percent)**		**Carrying amount (Rupees in '000)**	
Fixed rate instruments				
Preference shares	8.5 & 9.75	8.5 & 9.75	31,830	31,830
Term finance certificates	8.45	8.45	24,955	24,965
Financial liabilities				
Variable rate instruments				
Loan	14.94 to 17.55	11.86 to 15.04	168,380	280,617
Short term borrowings	12.52 to 18.5	10.22 to 14.38	902,815	1,119,331

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2008.

	Profit and loss 100 bp	
	increase	**decrease**
	(Rupees in '000)	
As at 30 June 2009		
Cash flow sensitivity-Variable rate financial liabilities	(3,734)	3,734
As at 30 June 2008		
Cash flow sensitivity-Variable rate financial liabilities	(6,562)	6,562

The sensitivity analysis prepared is not necessarily indicative of the effects on loss for the year and assets / liabilities of the Company.

44.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk arises from the Company's investment in units of mutual funds and ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the Company diversifies its portfolio and continuously monitors developments in equity markets. In addition the Company actively monitors the key factors that affect stock price movement.

A 10% increase / decrease in redemption and share prices at year end would have decreased / increased the Company's loss in case of held for trading investments and increase / decrease surplus on re-measurement of investments in case of 'available for sale' investments as follows:

	2009	2008
	(Rupees in '000)	
Effect on profit or loss	50,237	115,012
Effect on equity	21,374	25,752
Effect on investments	71,611	140,764

The sensitivity analysis prepared is not necessarily indicative of the effects on loss / equity and assets of the Company.

44.4 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

45. Remuneration to the Chief Executive, Director and Executives

	Chief Executive		Director		Executives		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
	(Rupees in '000)							
Managerial remuneration	6,000	5,730	2,910	2,967	18,467	11,877	27,377	20,574
House rent	2,700	2,579	1,309	1,335	6,422	4,328	10,431	8,242
Utilities	600	573	291	297	1,475	1,009	2,366	1,879
Travelling expenses	1,152	893	317	296	309	–	1,778	1,189
Others	709	533	–	–	44	–	753	533
Medical	60	356	109	105	1,029	538	1,198	999
Contribution to:								
- Provident fund	600	573	291	297	922	633	1,813	1,503
- Gratuity fund	460	401	223	208	657	389	1,340	998
- Pension fund	1,200	1,105	582	573	2,008	1,481	3,790	3,159
Club subscription and expenses	447	337	10	9	46	15	503	361
Entertainment	–	–	33	36	121	126	154	162
Conveyance	–	–	–	–	971	604	971	604
Telephone	–	–	11	12	28	30	39	42
	13,928	13,080	6,086	6,135	32,499	21,030	52,513	40,245
Number of persons	**1**	**1**	**1**	**1**	**14**	**9**	**16**	**11**

45.1 The aggregate amount charged in the account in respect of directors' fees paid to seven (2008: six) directors was Rs. 0.305 million (2008: Rs. 0.155 million).

45.2 The chief executive, a director and five executives are provided with free use of Company maintained cars, according to their entitlements.

45.3 The chief executive, a director, executives and their families are also covered under group life and hospitalization insurance.

46. Transactions with Related Parties

Related parties include associated companies, directors of the company, companies where directors also hold directorship, related group companies, key management personnel and staff retirement funds. All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions, and at prices agreed based on inter company prices using admissible valuation modes, i.e. comparable uncontrolled price method except service charges received / paid on cost plus method. Assets purchased from associated concerns are based on valuation determined by independent valuers. There are no transactions with the key management personnel other than under their terms of employment / entitlements. Contributions to the employee retirement benefits are made in accordance with the terms of employee retirement benefit schemes and actuarial advice. Particulars of transactions with employee retirement benefit plans are disclosed in note 43 to these financial statements.

Transactions with related parties and associated undertakings, other than those disclosed elsewhere in these financial statements, are follows:

		2009	2008
		(Rupees in '000)	
Associated companies			
Sale of finished goods including waste		16,080	22,978
Purchase of yarn		–	385
Rendering of services		1,182	1,238
Receiving of services		4,743	5,132
Rental income		4,649	1,065
Advance against rental income		–	355
Dividends received		–	9,930
Purchase of shares		20,872	260,202
Purchase of operating fixed assets		120,510	–
Other related parties			
Donations	33.4	6,387	21,151
Contribution to provident fund		10,346	9,966
Contribution to pension fund	43.2	15,821	7,825
Contribution to gratuity fund	43.2	2,290	1,947
Dividends received		–	20,418
Remuneration to key management personnel		44,285	37,947

47. Plant Capacity and Production

47.1 Steel segment

Pipe plant

The plant's installed / rated capacity for production based on single shift is 30,000 tons (2008: 30,000 tons) annually on the basis of notional pipe size of 30" dia x 1/2" thickness. The actual production achieved during the year was 14,368 tons (2008: 41,102 tons) line pipes of varied sizes and thickness, which is equivalent to 37,470 tons (2008: 50,958 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 meters 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 meters outside surface of pipes based on notional size of 30" dia on single shift working. Coating of 585,651 meters of different dia pipes (382,902 square meters surface area) was achieved during the year (2008: 208,487 square meters surface area).

47.2 Cotton segment

Spinning unit 1

The plant capacity converted to 20s count based on three shifts per day for 1,080 shifts is 6,452,874 kilograms. Actual production converted into 20s count was 5,306,859 kilograms (2008: 4,424,849 kilograms).

Spinning unit 2

The plant capacity converted to 20s count based on three shifts per day for 1,080 shifts is 9,284,825 kilograms. Actual production converted into 20s count was 9,894,119 kilograms (2008: 11,181,265 kilograms).

47.3 The capacities of the plant were utilized to the extent of orders received.

48. Accounting Estimates and Judgements

Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

Held to maturity investment

The Company has classified certain investments as held to maturity. In this regard, judgement is involved in evaluating the intention and ability to hold these investments till their respective maturities.

Investment stated at fair value

Management has determined fair value of certain investments by using quotations from active market conditions and information about the financial instruments. These estimates are subjective in nature and involve some uncertainties and matters of judgment (e.g. valuation, interest rate, etc.) and therefore, cannot be determined with precision.

Property, plant and equipment

The Company reviews the rate of depreciation, useful life, residual value and value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipments with a corresponding affect on the depreciation charge and impairment.

Intangible assets

The Company reviews the rate of amortization and value of intangible assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of intangible assets with a corresponding affect on the amortization charge and impairment.

Stock-in-trade and stores and spares

The Company reviews the net realizable value of stock-in-trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade and stores and spares with a corresponding affect on the amortization charge and impairment. Net realizable value is determined with respect to estimated selling price less estimated expenditure to make the sale.

Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 43 to the financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Changes in these assumptions in future years may affect the liability under these schemes in those years.

49. Corresponding Figures

Previous year's figures of mark-up accrued amounting to Rs. 1.575 million has been reclassified to other receivables for the purpose of better presentation.

50. Date of Authorization for Issue

These financial statements were authorized for issue in the Board of Directors meeting held on 31 July 2009.

Chief Executive **Director**

Form “34” Pattern of Holding of Shares

Held by Shareholders as at 30 June 2009

No. of Shareholders	Shareholding From	Shareholding To	Total Shares held
509	1	100	22,524
781	101	500	223,719
583	501	1,000	419,077
839	1,001	5,000	1,881,882
186	5,001	10,000	1,306,808
78	10,001	15,000	930,058
58	15,001	20,000	1,022,644
35	20,001	25,000	782,498
21	25,001	30,000	581,952
18	30,001	35,000	587,770
12	35,001	40,000	448,554
9	40,001	45,000	389,885
10	45,001	50,000	466,695
8	50,001	55,000	424,733
5	55,001	60,000	296,503
2	60,001	65,000	122,100
2	65,001	70,000	135,739
2	70,001	75,000	143,023
1	75,001	80,000	78,262
4	85,001	90,000	352,097
1	90,001	95,000	94,845
2	95,001	100,000	195,800
2	100,001	105,000	206,353
3	105,001	110,000	330,000
1	110,001	115,000	111,290
2	115,001	120,000	231,175
2	120,001	125,000	245,850
4	125,001	130,000	508,349
3	130,001	135,000	401,774
3	135,001	140,000	408,169
1	140,001	145,000	140,500
2	145,001	150,000	296,525
3	150,001	155,000	453,717
4	160,001	165,000	658,000
4	165,001	170,000	669,269
2	175,001	180,000	352,600
1	180,001	185,000	180,005
2	195,001	200,000	395,066

Pattern of Holding of Shares

No. of Shareholders	Shareholding From	Shareholding To	Total Shares held
1	200,001	205,000	202,000
1	215,001	220,000	219,810
2	220,001	225,000	445,554
1	225,001	230,000	227,480
1	230,001	235,000	234,887
1	240,001	245,000	243,975
1	255,001	260,000	259,200
2	300,001	305,000	602,253
1	320,001	325,000	323,418
2	325,001	330,000	652,529
1	330,001	335,000	333,220
1	335,001	340,000	337,580
1	350,001	355,000	354,561
1	380,001	385,000	383,781
1	445,001	450,000	446,000
1	450,001	455,000	454,236
1	495,001	500,000	496,500
1	535,001	540,000	537,712
1	545,001	550,000	550,000
1	600,001	605,000	604,916
2	605,001	610,000	1,210,492
1	635,001	640,000	637,050
1	650,001	655,000	654,000
1	695,001	700,000	697,350
1	745,001	750,000	747,683
1	1,015,001	1,020,000	1,019,968
1	1,085,001	1,090,000	1,089,249
2	1,095,001	1,100,000	2,195,400
1	1,230,001	1,235,000	1,234,495
1	1,345,001	1,350,000	1,349,920
1	1,720,001	1,725,000	1,720,062
1	1,925,001	1,930,000	1,929,918
1	3,450,001	3,455,000	3,450,150
1	3,905,001	3,910,000	3,907,841
1	4,000,001	4,005,000	4,001,317
1	6,205,001	6,210,000	6,209,676
3,246			**56,459,993**

Crescent Steel & Allied Products Ltd.

Pattern of Holding of Shares

Held by Shareholders as at 30 June 2009

Categories of Shareholders	Shares Held	Percentage
a) Directors, Chief Executive Officer, Their Spouse and Children		
Chief Executive		
Mr. Ahsan M. Saleem	345,198	0.61
Directors		
Mr. Mazhar Karim	151,037	0.27
Mr. Muhammad Abdul Aleem	165,905	0.29
Mr. Nasir Shafi	34,433	0.06
Mr. Zahid Bashir	78,262	0.14
Syed Mahmood Ehtishamullah	1,997	0.00
Director's Spouse and Their Children		
Mrs. Abida Mazhar	19,961	0.04
Mrs. Shahnaz A. Saleem	245,656	0.44
Executives		
Mr. Arif Raza	11,304	0.02
Mr. Hameed Alam	2,200	0.00
Syed Ali Nazir Kazmi	4,273	0.01
	1,060,226	1.88
b) Associated Companies, Undertakings & Related Parties		
Asian Stock Fund Limited	1,089,249	1.93
Crescent Sugar Mills & Distillery Limited	1,019,968	1.81
Muhammad Amin Muhammad Bashir Limited	618	0.00
Premier Insurance Limited	35,140	0.06
Safeway Mutual Fund Limited	1,234,495	2.19
Shakarganj Mills Limited	2,820,062	4.99
The Crescent Textile Mills Limited	6,209,676	11.00
	12,409,208	21.98
c) NIT & ICP (Name Wise Detail)		
National Bank of Pakistan, Trustee Deptt.	3,907,841	6.92
NBP Trustee - NI(U)T (LOC) Fund	4,001,317	7.09
	7,909,158	14.01
d) Banks, DFI's, NBFI's		
Banks, DFI's, NBFI's	2,445	0.00
Banks, DFI's, NBFI's (CDC)	5,722,927	10.14
	5,725,372	10.14

Pattern of Holding of Shares

Categories of Shareholders	Shares Held	Percentage
e) Insurance Companies		
Insurance Companies (CDC)	2,223,178	3.94
	2,223,178	3.94
f) Modaraba and Mutual Funds		
Modaraba and Mutual Funds	173	0.00
Modaraba and Mutual Funds (CDC)	1,439,874	2.55
	1,440,047	2.55
g) Other Companies		
Other Companies	18,317	0.03
Other Companies (CDC)	3,597,483	6.37
	3,615,800	6.40
h) Non Resident		
Bankers Trust Company	202	0.00
Baring Brothers (Guernsey) Limited	48	0.00
Exchange Trading Limited	16,025	0.03
H. S. B. C. International Trustee Limited	33	0.00
Habib Bank AG Zurich, Deira Dubai	6,820	0.01
Hong Kong Bank International Trustee Limited	300	0.00
Islamic Development Bank	3,450,150	6.11
Midland Bank Trust Corporation (Jersey) Limited	1,084	0.00
Royal Trust Corporation of Canada	22	0.00
The Northern Trust Company	653	0.00
	3,475,337	6.15
i) General Public		
A. Local	938,396	1.66
A. Local (CDC)	17,663,271	31.28
	18,601,667	32.95
	56,459,993	100.00

Shareholders Holding More Than 10.00%		
The Crescent Textile Mills Limited	6,209,676	11.00

Notice of Annual General Meeting

Notice is hereby given that the 25th Annual General Meeting of shareholders of Crescent Steel and Allied Products Limited (the "Company") will be held on Monday, 31 August 2009 at 12:00 noon at Qasr-e-Noor, 9 E-2 Main Boulevard, Gulberg-III, Lahore to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Directors' and Auditors' reports and Audited Financial Statements for the year ended 30 June 2009.

2. To appoint Company's auditors and fix their remuneration

BY ORDER OF THE BOARD
Muhammad Saad Thaniana
Company Secretary
Lahore: 31 July 2009

Notes

1. The Share Transfer Books of the Company will remain closed from 25 August 2009 to 31 August 2009 (both days inclusive). Transfers received in order at the office of our Share Registrar upto the close of business on 24 August 2009, will be considered in time for the determination of entitlement of shareholders to attend and vote at the meeting.

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

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

4. Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting

a. In case of Individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.

b. In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

a. In case of individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.

b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.

c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.

d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.

e. In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

Statement under paragraph 3 of SRO 865(I)/ 2000 dated 6 December 2000.

In EOGM dated 27 December 2006, shareholders approved an additional investment of Rs.15.1 million in Crescent Textile Mills Limited. However, to date no investment has been made against the approval.

i. Reasons for not having investment made

Due to recession in the textile industry in Pakistan.

ii. Major change in financial position of investee company since the date of last resolution

There has been no major change in financial position of the Crescent Textile Mills Limited.

Crescent Steel &
Allied Products Ltd.

Form of Proxy

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 25th Annual General Meeting of the Company to be held on Monday, 31 August 2009 at 12:00 noon at Qasr-e-Noor, 9 E-2 Main Boulvard, Gulberg-III, Lahore and at any adjournment thereof.

As witness my / our hand this _________________________ day of __________________________ 2009.

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 Share Registrar, 6th Floor, BOP Tower, 10-B, Block E-2, 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.