

Operating fixed assets	410.5	355.3	42.4	36.7	44.7	74.5	64.2
Total assets	1,460.90	1,439.10	23	2.7	5.2	17.6	26.7
Long-term debt (excluding current maturity)	38	59.2	28.9	35.2	40.9	30.3	41.5
Short-term debt (including current maturity of long-term debt)	100.6	80.2	87.6	170	83.6	89.7	5.3
Shareholders' equity	1,162.10	789.7	73.1	66.6	-79.3	237.6	171.5
Break-up value per share (Rupees)	57.9	39.3	18.3	-23.4	-103.1	-1.3	39.5
Financial Ratios			54.8	90	23.8	238.8	131.9
Current assets to current liabilities	3.7	1.8					
Long term debt to equity (%)	3.3	7.5	2.7	4.5	1.2	11.9	6.6
Total debt to total assets (%)	20.4	44.7	6.7	74.3	72.1	20.2	13.3
Interest coverage (times)	23.7	9.4	9.3	8.4	-9.4	26.9	22.5
Average collection period (days)	8.7	39.5	6.7	11.6	3.5	35.9	26.6
Inventory turnover (times)	4.4	3.7	7.6	13	3.7	38.2	30.2
Fixed assets turnover (times)	4.2	3.6	5	18	5	25	20
Total assets turnover (times)	1.19	0.9	-	-	-	-	15
Other Data (Rupees in million)			24-12	26-12	20-12	25-20	44-25
Depreciation/Amortisation	82.9	63.6					
Capital expenditure (including leased assets)	130	101.6	776.5	474.9	473.9	520	797.2
Common Shares (million)	20.1	20.1	382.3	136.8	105.8	166.2	575.6

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.

- 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 and the Board met once in every quarter during the year ended June 30, 2003. Written notices of the Board meetings, alongwith agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

- The Board has arranged an orientation course for its directors during the year to apprise them of their duties and responsibilities.

- 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 CEO.

- The Directors' Report for the year ended June 30, 2003 has been prepared in compliance with the requirements of the Code and it fully describes the salient matters required to be disclosed.

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

- 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.

- The company has complied with all the corporate and financial reporting requirements of the Code.

- The Board has formed an audit committee. It comprises of three

	1,181.30	894.6	756.8	832.4	1,085.90
	68.5	64.7	11.7	21.7	40.3
	151.7	41.4	20.8	18.3	24.2
	717.7	693.1	639.2	625.4	436.9
	35.7	34.5	31.8	31.1	25
	2	3.5	4.5	3.1	1.4
	9.6	9.3	1.8	3.5	9.2
	38.2	22.5	15.5	22.6	56.7
	4.2	25.6	-14.3	14.5	7.4
	49.7	3.9	129.3	34.6	49.3
	8.1	3.6	2	4.5	2.7
	2.2	0.3	0.2	5.1	4.1
	0.7	0.1	0.1	1.5	0.9
	52.7	32.4	33.9	35.9	35.3
	8.4	211.9	11.8	29.5	38.6
	20.1	20.1	20.1	20.1	17.5

members, all of whom are non-executive directors including the Chairman of the Committee. The Audit Charter of the company requires that atleast two members of the Audit Committee must be financially literate.

- The meetings of the audit committee were held at least once every

This statement is being presented to comply with the Code of Corporate Governance as contained in Regulation No. 37 of the Listing Regulations of the Karachi Stock Exchange and Chapter XIII of Listing Regulations of Lahore Stock exchange and Chapter XI of Listing Regulations of Islamabad Stock Exchange 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:

- The company encourages representation of independent non-executive directors. At present the Board has one independent non-executive director.
- The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.
- 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 DEI or an NBFIs. None of them is a member of a stock exchange.
- No casual vacancy occurred during the year ended June 30, 2003.
- The company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the company.
- The Board has developed a vision/ mission statement, overall corporate strategy, 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 company is in process of getting significant policies formally approved by the Board
- All the powers of the Board have been duly exercised and

EQUITY AND LIABILITIES

Share capital and reserves

Authorised capital

30,000,000 (2002: 30,000,000) ordinary shares

ofRs 10 each

Issued, subscribed and paid-up capital

Reserves

Assets subject to finance leases	249,714	160,420	13,905	174,325
Capital work-in-progress	182,466	64,738	3,669	68,407
	432,180	225,158	17,574	242,732
Intangible assets	16,828	-	23,748	23,748
Long-term investments	26,094	19,426	861	20,287
Long-term deposits				
Staff retirement benefits	7,883	-	-	-
Deferred taxation	50,805	19,426	24,609	44,035
Current assets	381,375	205,732	-7,035	198,697
Stores, spares and loose tools	97,219			60,464
Stock-in-trade	284,156			138,233
Trade debts	Rs. 14.15			Rs. 6.88
Short-term advances	Rs. 5.00			Rs. 3.00
Short-term deposits and prepayments				
Current maturity of long-term investments	Note	2003	002	
		Rupees in thousand		
Investments				
Other receivables				
Taxation				
Cash and bank balances				
	13	318,056	280,864	
	14	75,036	65,044	
	15	17,397	9,382	
		410,489	355,290	
	16	415	760	
Cash flow from operating activities	17	70,329	39,374	
Cash generated from operations	18	5,289	7,649	
Taxes paid	19	6,368	1,345	
Financial charges paid	9	1,078	-	
Contributions to pension and gratuity fund				
Payment for the Workers' Welfare Fund	20	21,303	40,451	
Long-term deposits and prepayments	21	205,021	432,904	
Net cash inflow from operating activities	22	26,023	56,692	
Cash flow from investing activities	23	7,248	2,203	
Fixed capital expenditure	24	5,598	2,017	
Purchase of intangible assets	25	3,332	5,844	
Sale proceeds of fixed assets	26	626,692	307,400	
Investments made	27	18,187	78,755	
Dividends received	28	-	6,613	
Interest income received	29	53,154	101,839	
Net cash outflow from investing activities		966,918	1,034,718	
Cash flow from financing activities		1,460,886	1,439,136	
Short-term loans				
Repayments of:	Note	2003	2002	
		Rupees in thousand		
- long term loans				
- liabilities against assets subject to finance leases				
Dividends paid	39	349,470	369,959	
Net cash outflow from financing activities		-93,321	-4,526	

Net (decrease) / increase in cash and cash equivalents				-17,480	-26,399	
Cash and cash equivalents at the beginning of the year				-12,169	-3,329	
Cash and cash equivalents at the end of the year				-3,638	-	
				2,360	-2,255	
	Issued, subscribed and paid-up capital	General reserve		225,222	333,450	
				-139,281	-33,799	
				-53	-1,140	
				1,502	22,371	
				-61,747	-146,986	
Balance as at July 1, 2001				37,751	28,618	
- as previously reported	200,849	471,000		21,042	17,802	
- effect of adopting International Accounting Standard 39	-	-		-140,786	-113,134	
	200,849	471,000		-20,000	-46,000	
Profit for the year	-	-		-	-	
Transfer to general reserve	-	110,000		-40,020	-23,557	
Proposed dividend (30%)	-	-		-18,080	-12,426	
Balance as at June 30,2002	200,849	581,000		-111,972	-26,641	
Balance as at July 1, 2002	200,849	581,000		-190,072	-108,624	
Profit for the year	-	-		-105,636	111,692	
Fair value gain on available- for-sale investments			40	85,665	-26,027	
- for the year ended June 30,2003	-	-		-19,971	85,665	
- for the year ended June 30,2002	-	-	Reserve	Fair value	Unappropri-	Total
First interim dividend (10%)	-	-	for issue	reserve on	ated profit	
Second interim dividend (10%)	-	-	of bonus	available-		
Third interim dividend (10%)	-	-	shares	for-sale		
Proposed final dividend (20%)	-	-		investments		
Transfer to general reserve	-	165,000	— Rupees in thousand	—		
Transfer to reserve for issue of bonus si lares	-	-				
Balane as at June 30, 2003	200,849	746,000	2,278	-	43,566	717,693
2.4 Employee benefits				-	-5,933	-5,933
2.4.1 Compensated absences			2,278	-	37,633	711,760
Compensated absences (leave) of employees are accounted for in the perio			.	-	138,233	138,233
2.4.2 Post retirement benefits			-	-	-110,000	-
2.4.2.1 Defined contribution plan			-	-	-60,255	-60,255
Provident fund			2,278	-	5,611	789,738
The company operates a provident fund scheme for its permanent employee by the company and its employees.			2,278	-	5,611	789,738
Steel division			-	-	284,156	284,156
Contributions are made at the rate of 8.33 percent of basic pay for those employees who have served the company for a period less than five years. For employees who have completed five ye made at the rate of 10 percent.			-	180,727	-	180,727
			-	7,883	-	7,883
Cotton division			-	-	-20,085	-20,085
The company makes a provision at the rate of 6.25 percent of the basic pay shall eventually be transferred to a provident fund, which is yet to be establis			-	-	-20,085	-20,085
			-	-	-20,085	-20,085

2.4.2.2 Defined benefit plans	-	-	-40,170	-40,170
Pension and gratuity fund	-	-	-165,000	-
The company has also established pension and gratuity fund schemes for it	20,085	-	-20,085	-
The pension scheme provides lifetime pension to retired employees or 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 pension obligations and the fair value of plan assets are amortised over the expected average remaining working lives of the eligible employees. Past service cost is recognised immediately to the extent that the benefits are already vested. For non-vested benefits past service cost is amortised on a straight line basis over the average period until the amended benefits become vested. Amounts recognised in the balance sheet represent the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost and as reduced by the fair value of plan	22,363	188,610	4,257	1,162,079

Legal status and operations

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

The company acquired a running spinning unit of 14,400 spindles at Jaranwala (District Faisalabad) on June 30, 2000 from Crescent Jute Products Limited (CJPL). The cotton spinning activity is carried out by the company under the name and title of "Crescent Cotton Products a division of Crescent Steel and Allied Products Limited" (the cotton division). A basic sale and purchase agreement has been entered into, however, the transfer of legal title is in the process of being completed.

The activities of the company have been grouped into two segments of related products. The steel division comprises manufacturing and coating of steel pipes whereas the cotton division is involved in yarn manufacturing activity. The steel division charges certain percentage of the common administrative expenditure to the cotton division. In addition, the funds utilised by inter division are charged a mark-up of 7.5 percent (2002: 10 percent) subject to financial charges incurred by the steel division.

Significant accounting policies

Accounting convention

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

Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance), and the International Accounting Standards (IASs) issued by the International Accounting Standards Committee (IASC) and interpretations issued by the Standing Interpretations Committee of the IASC (the interpretations), as adopted in Pakistan. However, the requirements of the Ordinance have been followed in case where its requirements are not consistent with the requirements of the IASs and the interpretations.

Bank borrowings

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

Consistent with prior years, items of fixed assets costing Rs. 5000 or less are not capitalised and are charged off in the year of purchase.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired. Gains and losses on disposals are determined by

comparing sales proceeds with carrying amount and are included in income currently.

Assets subject to finance lease

These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of assets acquired on lease. Aggregate amount of obligations relating to assets subject to finance lease is accounted for at net present value of liabilities. Assets so acquired are amortised over their respective useful lives. Finance charge is allocated to accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

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

Intangible assets

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

Investments

Investments are being categorised as follows:

Held for trading

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

Held to maturity

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

Available-for-sale

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

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

Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, or the minimum tax at the rate of 0.5 percent of the turnover, whichever is higher.

Deferred

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

Provisions

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

Creditors, accrued expenses and other liabilities

Liabilities for trade and other amounts payable are stated at their nominal values.

Tangible fixed assets and depreciation

Operating assets are stated at cost less accumulated depreciation and impairment loss. Leasehold land is amortised

over the period of the lease. Capital work-in-progress is stated at cost.

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

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

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

Scrap stocks are valued at their estimated realisable value.

Trade debts

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

Cash and cash equivalents

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

Revenue recognition

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

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

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

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

Foreign currencies

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

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

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

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

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

Effective July 1, 2002 any unrealised gains and losses on available-for-sale investments are taken directly in equity.

Previously the gains and losses arising on investments classified as 'available-for-sale' were included in the net profit or loss for the period in which they arise. The reason and effect of this change in accounting policy are stated in note 3.1 below.

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

Derivative financial instruments

The company enters into derivative financial instruments which include future contracts in stock market. Derivatives are initially recorded at cost and are remeasured to fair value on subsequent reporting dates. The fair value of a derivative is the equivalent of the unrealised gain or loss from marking to market the derivative using prevailing market rates.

Derivatives with positive market values (unrealised gains) are included in other receivables and derivatives with negative market values (unrealised losses) are included in other liabilities in the balance sheet. The resultant gains and losses from derivatives held for trading purposes are included in income currently.

Stores and spares

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

Effective July 1, 2002 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. The reason and effect of this change in accounting policy are stated in note 3.2 below.

Stocks

Stock-in-trade is valued at the lower of cost and net realisable value. Cost is arrived at on a weighted average basis.

Cost of work-in-process and finished goods include cost of materials and appropriate portion of production overheads. Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred to make the sale. Goods-in-transit are valued at actual cost accumulated to the balance sheet date.

Restated pro-forma information

Extracts of the profit and loss account

Profit after taxation

Cumulative effects of changes in accounting policies

with respect to:

- capitalisation of stores and spares
- fair value gain on investments classified as available-for-sale
- deferred taxation on changes in accounting policies relating to capitalisation of stores and spares

Profit after taxation as restated

Statement of unappropriated profit (accumulated loss)

Opening unappropriated profit as previously reported

Cumulative effects of changes in accounting policies with respect to:

- capitalisation of stores and spares
- fair value gain on investments classified as available-for-sale

Opening (accumulated loss) / unappropriated profit as restated

Net profit as restated

Transfer to general reserves

Transfer to reserve for issue of bonus shares

Dividend

Closing unappropriated profit / (accumulated loss)

Offsetting of financial assets and financial liabilities

Consistent with prior years a financial asset and a financial liability is set off and the net amount is reported in the balance sheet if the company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

	PERFORMA	
	2003	2002
	Rupees in thousand	
	284,156	138,233
	17,847	1,587

Segment (division)	7,883	-7,883
A segment (division) is a distinguished component within a company that is engaged in providing products (business segment), which is subject to risks and rewards which are different from those of other segments	-6,247	-555
Reasons and Effects of Change in Accounting Policies	303,639	131,382
Effective July 1, 2002 the company has changed its accounting policy of recording unrealised gains and losses arising from changes in fair values of available-for-sale investments. Previously gains and losses were taken to profit and loss account in the period in which they arose. In accordance with the allowable treatment of IAS 39 "Financial Instruments - Recognition and Measurement" unrealised gains and losses on disposal are transferred to profit and loss account. This change is considered prudent in presenting the results of the company's operations appropriately. The company has changed this policy on grounds of prudence in order to recognize gains and losses on disposal of available-for-sale investments on actual realisation. If the company's accounting policy had not been changed, the balance in 'fair value reserve on available-for-sale investments' would have been lower by Rs. 188.610 million as at June 30, 2003 and the profit after taxation for the year ended June 30, 2003 would have been higher by Rs. 188.610 million.	5,611	37,633
	-11,600	-12,632
	-7,883	-
	-13,872	25,001
	303,639	131,382
	-165,000	-110,000
	-20,085	-
	-60,255	-60,255
	4,257	-13,872

The company has classified spare parts that are machinery specific as operating fixed assets under 'plant and machinery' category in accordance with the requirements of IAS 16 'Property, Plant and Equipment'. Depreciation is charged on these parts over a time period not exceeding the useful life of the related assets. Previously, the spare parts of capital nature were included in stores, spares and loose tools. Had this accounting policy not been changed, the carrying amount of fixed assets would have been lower by Rs. 3.769 million, stores, spares and loose tools would have been higher by an amount of Rs. 22.450 million, accumulated depreciation as at June 30, 2003 would have been lower by Rs. 22.364 million and provision for slow moving stores spares and loose tools would have been higher by Rs. 3.683 million, depreciation charge for the year ended June 30, 2003 would have been lower by Rs. 22.364 million and profit for the year would have been higher by 12.143 million.

As a result of aforementioned changes in accounting policies, the restated pro-forma information has been presented in notes 3.4.1 and 3.4.2 in accordance with the allowed alternative treatment stated in IAS 8 'Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies'.

Long-term loans

Cotton division

Secured

From Pakistan Industrial Credit and Investment Corporation (PICIC), an associated undertaking
at 14 percent
at 16 percent

Less: Current maturity shown under current liabilities

Liabilities against assets subject to finance leases

	Steel division	— 2003 - Cotton division
Long-term - notes 8.1 and 8.2	20,66	17,346

	9		
Current maturity - notes 8.1 and 8.2		4,228	22,859
	7	24,89	40,205

	2003	2002
	Rupees in thousand	
Reserves		
General Reserve		22,575
At the beginning of the year		17,445
Transfer from profit and loss account		40,020
Reserve for issue of bonus shares	-	26,127
At the beginning of the year	-	13,893
Transfer from profit and loss account	-	
	-	
Fair value reserve on available-for-sale investments	-	

	Total	Steel division	— 2002 - Cotton division	Total
	Rupees in thousand			
Deferred credit / (debit) balance arising on account of Accelerated tax depreciation / amortisation	38,015	4,913	40,417	45,330
Finance lease arrangements	27,087	802	17,050	17,852
Employee benefits	65,102	5,715	57,467	63,182
Provisions against assets		581,000	471,000	
PICIC Commercial Bank Limited		165,000	110,000	
The facility for running finance available amounts to Rs. 40 million (2002: Rs. 40 million) subject the company will carry out export business upto two to three times of the facility with the bank.		746,000	581,000	
is 16 percent per annum (2002: 16 percent per annum). The above facility is secured against pl with 25 percent margin and hypothecation charge of Rs. 40 million on stocks and receivables of		2,278	2,278	
The facility for opening letters of credit and guarantees as at June 30, 2003 amounted to Rs. 80 million) of which amount remaining unutilised at the year end was Rs. 59.777 million (2002: Rs. 15.56 million).		20,085	-	
National Bank of Pakistan		22,363	2,278	
The facilities have expired, however, a guarantee in the favor of Sui Northern Gas Pipelines Limited amounted to Rs. 10.947 million has not been released.		768,363	583,278	
Saudi Pak Industrial and Agricultural Investment Company (Private) Limited		956,973	583,278	
The short-term loan facility for cotton purchases available amounts to Rs. 50 million (2002: Rs. 30 million). The rate of mark-up is 9.5 percent per annum (2002: 14 percent per annum). The purchase price is repa months effective from the date of disbursement. The above facility is secured against pledge of margin as per prudential regulations.				

	2003	2002
	Rupees in thousand	
	16,274	
		1,612
	3,319	
		02
Short-term finances	-940	
	-19,731	
		16,914
	Steel	
	-1,078	
		,100

division

Secured

Running finances under mark-up arrangements

Meezan Bank Limited	10.1	50,000
Union Bank Limited	10.2	23,459
PICIC Commercial Bank Limited	10.3	-
National Bank of Pakistan	10.4	-
Short-term loans		
Saudi Pak Industrial and Agricultural Investment Company (Private) Limited	10.5	-
		73,459

Meezan Bank Limited

The facility of Murabaha finance available amounts to Rs. 100 million (2002: Rs. 75 million) from Meezan Bank Limited. The rate of profit is variable. This facility is available upto June 30, 2004 and is secured against hypothecation charge over stocks and book debts ranking pari passu with other banks.

The facility for opening letters of credit and guarantees as at June 30, 2003 405 million from Meezan Bank Limited of which amount remaining unutilised (2002: Rs. 191.48 million).

Union Bank Limited

The facilities for running finance available amounts to Rs. 125 million (2002: Rs. 25 million). The rate of mark-up is 7.25 percent per annum (2002: 12.5 percent per annum). The purchase prices are repayable on March 31, 2004. The above facilities are secured against pledge of shares of public limited companies to the extent of Rs. 41.67 million with 40 percent margin for Rs. 25 million facility and pledge on stocks of raw extent of Rs. 133.34 million for Rs. 100 million facility.

The facility for opening letters of credit and guarantees as at June 30, 2003 Rs. 588.08 million) of which amount remaining unutilised at the year end wa

- 2003 -
Cotton
division

Total

Steel
division

---- 2002
Cotton
division

Total

**Rupees in
thousand**

	-	50,000	53 -		53
	26	23,485	16,096 -		16,096
	-	-		25	25
	-	-	-	-	-
	-	-	-	20,000	20,000
	26	73,485	16,149	20,025	36,174

The sales tax authorities had issued a show cause notice relating to sales tax of Rs. 2.482 million by disallowing input tax claimed on certain items and spare parts imported during the period from company had filed an appeal with the Customs, Excise and Sales Tax Appellate Authority for a Collector Sales Tax (Appeals) for fresh assessment. Based on the advice of legal advisor the management is confident that the matter will be decided in favour of the company. Accordingly, no provision has been made in these financial statements for the aforementioned amount.

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

The company filed a suit in the High Court of Sindh for recovery of retention money amounting to Rs. 3.265 million from Indus Steel Pipes Limited against supply of pipes. The High Court has decided the case in the company's favour, however, pending a formal judgement the gain has not been recognised in these financial statements.

Aggregate amount of guarantees given by the banks on behalf of the company in respect of the performance of various contracts aggregated Rs. 117.52 million (2002: Rs. 221.577 million).

Commitments in respect of capital expenditure contracted for as at June 30, 2003 amounted to Rs. 0.663 million

2001 to November 18, 2004. Interest earned thereon is receivable on a half- yearly basis.

Redeemable capital - Term finance Certificates (TFCs)

Saudi Pak Leasing Company Limited

(100 TFCs of Rs.100,000 each)

Less: Redeemed during the year

Less: Current maturity shown under current assets - note 25

Shakarganj Mills Limited- note 17.7.1

(2,000 TFCs of Rs. 5,000 each)

Less: Current maturity shown under current assets - note 25

	2003	2002
Loans and advances originated by the enterprise - Islamic Republic of Pakistan bonds	Rupees in thousand	
	9,003	9,656
These bonds were issued by the Government of Pakistan on December 13, 1999 in exchange of eurobonds and exchangeable notes.	-345	-653
	8,658	9,003

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

The IROP bond carries interest rate of 10 percent payable semi-annually. Principal is repayable in four equal yearly installments commenced from December 2002.

	2003	2002
		Rupees in thousand
		5,040
		-2,528
		-2,512
Face value US\$ 376,250 (2002: US\$ 1,035,000)		
Cost US\$ 237,038 (2002: US\$ 652,050)	6,664	9,996
Adjustment arising on adoption of IAS 39	-3,332	-3,332
Disposals of bonds	3,332	6,664
Redemption of bonds	3,332	6,664
Amortisation of discount on acquisition of bonds		
Exchange loss		

ICI Pakistan Limited

Kohinoor Raiwind Mills Limited

Pakistan Telecommunication Company Limited

Nestle Milkpak Limited

Nishat Mills Limited

Nishat (Chunian) Mills Limited

National Bank of Pakistan

Packages Limited

2003	2002
-------------	-------------

Pakistan Industrial Credit and Investment Corporation Limited	Rupees in thousand	
PICIC Commercial Bank Limited	49,414	51,300
Pakistan State Oil Company Limited	-	-3,772
Pakistan Tobacco Company Limited	-23,283	-
Sui Northern Gas Pipelines Limited	-8,573	-
Sui Southern Gas Company Limited	2,131	4,888
Shell Pakistan Limited	-1,402	-3,002
Tripack Films Limited	18,287	49,414
Hub Power Company Limited		

		2003	2002
		Rupees in thousand	
Staff retirement benefits		-	3,000
	Pension	-	1,000
	2003	-	1,000
		-	1,000
Current service cost	916	-	3,000
Interest cost	784	-	1,000
Expected return on plan assets	-582	-	1,000
Acturial loss	-		500
		00	
Past service cost	182	2,500	4,500
	1,300	-	13,000
		750	2,350
Cost of sales - coating of pipes		-	1,000
		6,000	35,000
		-	3,500
Materials consumed		100	
Stores and spares consumed		500	500
Fuel and power		-	3,000
Salaries, wages and other benefits - note 31.5		10,350	74,350
Insurance			
Repairs and maintenance			
Depreciation			
Other expenses			
Cost of goods manufactured		Gratuity 2003	Pension 2002
Opening stock of finished goods		Gratuity 2002	
Closing stock of finished goods		- Rupees in thousand -	
		341	458
		231	730
		-186	-482
		-	-
		42	175
		428	881
		366	
Cost of sales - bare pipes			
Raw materials consumed			
Pipe fittings			
Store and spares consumed		2003	2002
Fuel, power and electricity		Rupees in thousand	
		19,459	32,691
		7,511	5,451

Salaries, wages and other benefits - note 31.2	8,125	3,598
Insurance	10,852	7,642
Repairs and maintenance	921	975
Depreciation	993	656
Other expenses	12,281	14,952
	2,656	1,773
Opening stock of work-in-process	62,798	67,738
Closing stock of work-in-process	362	1,073
	-426	-362
Cost of goods manufactured	-64	711
Opening stock of finished goods	62,734	68,449
Closing stock of finished goods		

2003 **2002**
Rupees in thousand

	764,332	471,795
Detail of salaries, wages and other benefits	-	1,522
Salaries, wages and other benefits	13,019	8,127
Provident fund contributions	10,460	7,215
Pension fund - note 31.3	22,698	15,811
Gratuity - note 31.3	1,163	1,231
	1,458	730
	28,928	13,274
Cost of sales-cotton	4,467	5,135
	846,525	524,840
	6,147	2,514
Raw materials consumed	-758	-6,147
Packing materials consumed	5,389	-3,633
Raw cotton sold	851,914	521,207
Stores and spares consumed	22,613	21,765
Fuel and power	-36,201	-22,613
Salaries, wages and other benefits - note 31.8	-13,588	-848
Insurance	838,326	520,359
Repairs and maintenance		
Depreciation		
Amortisation of intangible assets		
Other expenses	20,239	13,989
	731	575
Opening stock of work-in-process	1,300	881
Closing stock of work-in-process	428	366
	22,698	15,811
Cost of goods manufactured		
Opening stock of finished goods		
Closing stock of finished goods		

2003 **2002**
Rupees in thousand

Detail of salaries, wages and other benefits	357,451	341,468
--	---------	---------

Salaries, wages and other benefits		5,463	4,927
Provident fund contributions		7,476	9,482
Pension fund - note 31.9		8,106	10,213
		54,433	47,743
		25,537	24,048

Detail of salaries, wages and benefits		1,286	1,575
		1,255	572
		33,088	27,447

Salaries, wages and other benefits		41	41
Provident fund contributions		2,493	2,550
Pension fund - note 31.6		496,629	470,066
Gratuity - note 31.6		2,465	3,650
		-2,777	-2,465
		-312	1,185

Staff retirement benefits		496,317	471,251
	Pension	7,681	2,822
	2003	-7,018	-7,681
		663	-4,859
Current service cost	440	496,980	466,392
Interest cost	376		
Expected return on plan assets	-279	24,539	23,180
Actuarial loss	-	530	501
Past service cost	87	468	367
	624	25,537	24,048

Staff retirement benefits		2003	2002
	Pension	Rupees in thousand	
	2003		
		9,658	6,734
Current service cost	293	356	271
Interest cost	251	624	440
Expected return on plan assets	-186	214	197
Actuarial loss	-	Total	10,852
Past service cost	58		7,642
	416		

Staff retirement benefits		Gratuity	Pension	Gratuity
		2003	2002	2002
		- Rupees in thousand -		
		171	229	123
Current service cost		115	365	141
Interest cost		-93	-242	-99
Expected return on plan assets	-	-		5
Past service cost		21	88	27
		214	440	197

Chief Executives		Director		
2003	2002	2003	Gratuity	Pension
			2003	2002
				Gratuity
				2002

	2003	2002	- Rupees in thousand —		
Managerial remuneration	3,224	2,931			
House rent	1,451	1,319	124	147	68
Utilities	322	293	84	234	78
Traveling expenses	89	138	-67	-154	-55
Others	868	942	-		3
Medical	79	36	15	56	15
Contribution to:			156	283	109
-Provident fund	322	293			
-Gratuity fund	234	190			
-Pension fund	532	463			
Club subscription and expenses	248	274		330	91
Entertainment	-	-		282	04
Conveyance	-	-		-209	-201
Telephone	-	-		65	3
				468	
Number of persons	7,369	6,879			67
	1	1			

	Executives		Total		
	2002	2003	2002	2003	2002
The aggregate amount charged in the account in respect of directors' fees p Rs. 77,500 (2002: Rs. 52,500).					
The chief executive, a director and eight executives are provided with free us according to their entitlements.	1,320	1,172	15,246	11,714	19,790 15,8
The chief executive, a director, executives and their families are also covere insurance.	594	526	6,757	5,097	8,802 6,9
Transactions with associated undertakings	132	117	1,523	1,163	1,977 1,5
Transactions between the company and its related parties are at arm's lengt	110	110	17	393	216 6
The company enters into transactions with related parties for purchase and sale of goods and services. Prices for these transactions are determined on the basis of comparable uncontrollable price to comparable goods sold in a economically comparable market to a buyer	-	-	103	253	971 1,1
	59	57	601	444	739 8
	132	112	1,294	958	1,748 1,6
	96	77	805	532	1,135
	218	186	2,057	1,467	2,807 2

PATTERN OF SHAREHOLDERS

No. of Shareholders	Shareholding	Total Shares held	2002	2003	2002	2003	2002	2003	
	From	To	36	36	150	150	186		
200	1	100	-	-	2	73	2		
548	101	500	12	12	31	31	43		
115	501	1,000	2,723	2,416	28,591	22,284	38,683	31	
197	1,001	5,000	1	1	64	50	66		
83	5,001	10,000							
34	10,001	15,000							
26	15,001	20,000							
16	20,001	25,000							
4	25,001	30,000							
9	30,001	35,000							

4	35,001	40,000	153,994
2	40,001	45,000	84,701
6	45,001	50,000	286,346
4	50,001	55,000	215,613
3	55,001	60,000	170,262
1	60,001	65,000	62,152
1	70,001	75,000	74,843
3	75,001	80,000	234,086
3	80,001	85,000	249,140
1	85,001	90,000	89,600
2	90,001	95,000	186,950
2	95,001	100,000	191,299
1	100,001	105,000	101,213
1	105,001	110,000	109,500
1	140,001	145,000	144,500
1	150,001	155,000	151,700
1	160,001	165,000	161,590
2	175,001	180,000	354,000
1	195,001	200,000	195,873
1	215,001	220,000	219,500
1	235,001	240,000	239,280
1	265,001	270,000	267,500
1	305,001	310,000	307,000
1	390,001	395,000	391,500
1	400,001	405,000	401,587
1	410,001	415,000	412,525
1	425,001	430,000	430,000
1	510,001	515,000	514,823
1	545,001	550,000	549,500
1	705,001	710,000	707,182
1	840,001	845,000	840,222
1	895,001	900,000	900,000
1	1,075,001	1,080,000	1,075,617
2	1,225,001	1,230,000	2,457,283
1	1,365,001	1,370,000	1,368,787
1	2,805,001	2,810,000	2,805,259
1,290			20,084,863

Modaraba and Mutual Funds
Modaraba and Mutual Funds

Other Companies
Other Companies

Non Resident
Bankers Trust Company
Baring Brothers (Guernsey) Limited
Exchange Trading Limited

HSBC International Trustee Limited
 Hong Kong Bank International Trustee Limited
 Islamic Development Bank Limited
 Midland Bank Trust Corporation (Jersey) Limited
 Royal Trust Corporation of Canada
 The Northern Trust Company

General Public
 A. Local

	284,583	1.42
Shareholders More Than 10%	284,583	1.42
National Bank of Pakistan, Trustee Deptt.		
	1,020,031	5.08
Catagories of Shareholders	Shares Held Percentage	1,020,031 5.08

a) Directors, Chief Executive Officer, Their Spouse And Minor Children

Chief Executive\Director	98	0
Mr. Ahsan M. Saleem	25	0
Directors	7,603	0.04
Mr. Ahsan M. Saleem	18	0
Mr. Javed Aslam Callea	145	0
Mr. Mazhar Karim	1,227,345	6.11
Mr. Nasir Shafi	517	0
Mr. S.M.Ehtishamullah	12	0
Mr. Zahid Bashir	310	0
Director's Spouse and Their Minor Children	1,236,073	6.15
Mrs. Abida Mazhar		
Mrs. Shehnaz A. Saleem		
Executives	5,063,718	25.21
Kh. Muhammad Shrif	5,063,718	25.21
Mr. Muhammad Amin		
Syed Ali Nazir Kazmi	20,084,863	100
	2,805,252	13.97

i) Associated Companies, Undertaking & Related Parties

Crescent Foundation		
Crescent Jute Products Limited		
Crescent Sugar Mills and Distillery Limited		
Crescent Powertec Limited	6,149	0.03
Jubilee Energy (Pvt) Limited		
Jubilee Spinning and Weaving Mills Limited	53,628	0.27
MashreqBank Pakistan Limited	500	0
Muhammad Amin Muhammad Bashir Limited	500	0
Paramount Leasing Limited	13,688	0.07
Safeway Mutual Fund Limited	500	0
Shakarganj Mills Limited	67	0
The Crescent Textile Mills Limited		
The Premier Insurance Company of Pakistan Limited	7,103	0.04

Trust Investment Bank Limited				22,812	0.11			
i NIT & ICP (Name Wise Detail)				15,208	0.08			
Investment Corporation of Pakistan				1,899	0.01			
National Bank of Pakistan, Trustee Deptt.				6,083	0.03			
				128,137	0.64			
1 Banks, DFI's, NBFIs								
Banks, DFI's, NBFIs				95,054	0.47			
				80,000	0.4			
Insurance Companies				707,182	3.52			
Insurance Companies				4,000	0.02			
				96,245	0.48			
				100	0			
	2003	2002		1,076,646	5.36			
Operating Results (Rupees in million)				3,230	0.02			
Net Sales	1,738.90	1,291.10		430,000	2.14			
Cost of Sales	1,398.00	1,055.20		391,551	1.95			
Selling and Administrative expenses	91.2	61.5		680,025	3.39			
Financial expenses	16.8	23.7		2,209,009	11			
Other charges	26.1	20.3		30,000	0.15			
Other income, Net	182.5	68.4		807	0			
Fair value adj. on available-for-sale investment	-7.9	-		5,803,849	28.9			
Pre tax profit/(loss)	381.4	198.7						
Income tax	97.2	60.5		5,266	0.03			
Net income	284.2	138.2		2,805,259	13.97			
Per Share Results and Returns				2,810,525	13.99			
Earning per share (Rupees)	14.2	6.9						
Net income to sales (%)	16.3	10.7		3,192,270	15.89			
Return on average assets (%)	27.5	17		3,192,270	15.89			
Return on capital employed (%)	23.2	15.5						
Return on equity (%)	24.5	17.5		545,677	2.72			
Dividend per share (%)	50	30		545,677	2.72			
Bonus Shares (%)	10	-						
Stock price range	90-30	32-14	2001	2000	1999	1998	1997	
Financial Position (Rupees in million)								
Current Assets	966.9	1,034.70	820.9	121.2	32.9	1,184.20	991.6	
Current liability	260.3	584.4	741.1	150	105	913.9	693.1	
Operating fixed assets	410.5	355.3	42.4	36.7	44.7	74.5	64.2	
Total assets	1,460.90	1,439.10	23	2.7	5.2	17.6	26.7	
Long-term debt (excluding current maturity)	38	59.2	28.9	35.2	40.9	30.3	41.5	
Short-term debt (including current maturity of long-term debt)	100.6	80.2	-	-	-	-	-	
Shareholders' equity	1,162.10	789.7	73.1	66.6	-79.3	237.6	171.5	
Break-up value per share (Rupees)	57.9	39.3	18.3	-23.4	-103.1	-1.3	39.5	
Financial Ratios			54.8	90	23.8	238.8	131.9	
Current assets to current liabilities	3.7	1.8						
Long term debt to equity (%)	3.3	7.5	2.7	4.5	1.2	11.9	6.6	
Total debt to total assets (%)	20.4	44.7	6.7	74.3	72.1	20.2	13.3	

Interest coverage (times)	23.7	9.4	9.3	8.4	-9.4	26.9	22.5
Average collection period (days)	8.7	39.5	6.7	11.6	3.5	35.9	26.6
Inventory turnover (times)	4.4	3.7	7.6	13	3.7	38.2	30.2
Fixed assets turnover (times)	4.2	3.6	5	18	5	25	20
Total assets turnover (times)	1.19	0.9	-	-	-	-	15
Other Data (Rupees in million)			24-12	26-12	20-12	25-20	44-25
Depreciation/ Amortisation	82.9	63.6					
Capital expenditure (including leased assets)	130	101.6	776.5	474.9	473.9	520	797.2
Common Shares (million)	20.1	20.1	382.3	136.8	105.8	166.2	575.6

Financial Results

The financial results of the Company are summarised below:

			1,181.30	894.6	756.8	832.4	1,085.90
			68.5	64.7	11.7	21.7	40.3
			151.7	41.4	20.8	18.3	24.2
Profit for the year			717.7	693.1	639.2	625.4	436.9
Taxation			35.7	34.5	31.8	31.1	25
Profit after taxation							
Unappropriated profit brought forward			2	3.5	4.5	3.1	1.4
Effect of adopting IAS-39			9.6	9.3	1.8	3.5	9.2
Profit available for appropriation			38.2	22.5	15.5	22.6	56.7
Appropriations:			4.2	25.6	-14.3	14.5	7.4
- First interim dividend @ 10% (2002: Nil)			49.7	3.9	129.3	34.6	49.3
- Second interim dividend @ 10% (2002: Nil)			8.1	3.6	2	4.5	2.7
- Third interim dividend @ 10% (2002: Nil)			2.2	0.3	0.2	5.1	4.1
- Proposed final dividend @ 20% (2002: 30%)			0.7	0.1	0.1	1.5	0.9
- Transfer to reserve for issue of bonus shares							
- General Reserve			52.7	32.4	33.9	35.9	35.3
			8.4	211.9	11.8	29.5	38.6
Unappropriated profit carried forward			20.1	20.1	20.1	20.1	17.5

Earning per share

Board of Directors

Chairman

Chief Executive

Mazhar Karim

Ahsan M. Saleem

Javed Iqbal

Javed A. Callea

Mohammad Anwar

Nasir Shafi

S.M. Ehtishamullah

Zahid Bashir

Tariq Aleem

Corporate Secretary

Audit Committee

Chairman

Human Resource Committee

Chairman

Javed A. Callea

Javed Iqbal

Nasir Shafi

Ahsan M. Saleem

Javed Iqbal

Nasir Shafi

2003 **2002**
Rupees in thousand

381,375 198,697

97,219 60,464

284,156 138,233

5,611 43,566

- -5,933

289,767 175,866

-20,085 -

-20,085 -

-20,085 -

-40,170 -60,255

-20,085 -

-165,000 -110,000

-285,510 -170,255

The Management			
Chief Executive and Managing Director	Ahsan M. Saleem, 50 1983*	4,257 Rs.14.15	5,611 Rs.6.88
Advisor to CEO (Technical)	Mohammad Sharif, 7 1 1984*		
Advisor to CEO (Corporate)	Dr. Wasim Azhar, 50 2001*		
Finance Director	S.M. Ehtishamullah, 64 1996*		
Executive Vice President	S.A.N. Kazmi, 61 1986*		
Marketing and Sales	Mohammad Amin, 56 1992*		
Senior Vice President			
Head of Internal Audit	Nadir Mazhar, 56 1993*		
Senior Vice President			
Head of Buying	Abdul Rouf, 44 2000*		
General Manager (Technical)			
Cotton Division	Arif Raza, 42 1985*		
Vice President (Manufacturing)			
Steel Division			

Stock Exchange Listing

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

Public Information

Financial analysts, stock brokers, interested investors and financial media desiring information about 'Crescent Steel' should contact Farrukh Hussain at Company's Principal Office, Karachi.
Telephone: 021-5674881-5
E-mail: farrukh.hussain@crecsent.com.pk

Shareholder Information

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

Telephone: 042-5712036, 5877087

E-mail: crescent_business@yahoo.com

Registered Office

Unit No. 6, Happy Homes, 38-A-3, Main Gulberg,
Lahore

Telephone : 042- 5712036, 5877087

Fax : 042- 5877325

E-mail : crescenLbusiness@yahoo.com

Liaison Office Lahore

14-C, Main Gulberg, Jail Road, Lahore.
Telephone : 042-5870346
E-mail : ejazahmed@fsibl.com

Principal Office

9th Floor, Sidco Avenue Centre, 264 R.A. Lines,
Karachi-74200.

Telephone: 021 -5674881 -5

Fax : 021 -5680476

E-mail : mail@crescent.com.pk

URL : www.crescent.com.pk

Factory - Steel Division

A/25, S.I.T.E., Nooriabad, District Dadu, Sindh.

Telephone : 02202-660021 , 660022, 660163

E-mail : mail@nra.crescent.com.pk

Mills -Cotton Division

Crescent Cotton Products (Spinning Unit)

1st Mile, Lahore Road, Jaranwala.

Telephone : 0468- 313799, 312899, 311741

Fax : 0468- 31 5475

E-mail : mail@jrn.crescent.com.pk