

Joint Venture of:



Arif Habib

Metal One

UNIVERSAL METAL CORPORATION



Striving to LEAD

The Steel Industry

Aisha Steel

Half Yearly Report
December 31, 2015

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Financial Statements

Company Information

Board of Directors

Mr. Arif Habib, Chairman
 Mr. Shinpei Asada
 Mr. Hasib Rehman
 Mr. Nasim Beg
 Mr. Kashif A.Habib
 Mr. Muhammad Ejaz
 Mr. Ahsan Ashraf
 Mr. Bilal Asghar
 Dr. Munir Ahmed, Chief Executive Officer

Audit Committee

Mr. Kashif A.Habib - Chairman
 Mr. Hasib Rehman - Member
 Mr. Nasim Beg - Member
 Mr. Bilal Asghar - Member
 Mr. Tahir Iqbal - CFO & Company Secretary

Registered Address

Arif Habib Centre, 23 - M.T. Khan Road,
 Karachi – Pakistan.
 Tel: (92-21) 32470217 / Fax (92-21) 32468316

website: www.aishasteel.com

Plant Address

DSU - 45, Pakistan Steel
 Down Stream Industrial Estate,
 Bin Qasim, Karachi - Pakistan.
 Tel: (92-21) 34740160-7 / Fax (92-21) 34740156

Auditors

A.F. Ferguson & Co., Chartered
 Accountants, State Life Building No.1-C, I.I
 Chundrigar Road, Karachi.
 Share Registrar Department
 Central Depository Company of Pakistan, CDC,
 House,
 99-B, SMCHS, Shahrae Faisal, Karachi.
 Phone: 92-21-111-111-500

Legal Advisor

- Mr. Ajmal Awan (Sattar & Sattar Advocates)
 - Bawaney & Partners

Bankers

Allied Bank Ltd.
 Askari Bank Ltd.
 Bank Alfalah Ltd.
 Bank Islami Pakistan Ltd.
 Faysal Bank Ltd.
 JS Bank Ltd.
 Habib Metropolitan Bank Ltd.
 Habib Bank Ltd.
 MCB Bank Ltd.
 National Bank of Pakistan
 NIB Bank Ltd.
 Pak China Investment Company Ltd.
 Saudi Pak Ind. & Agr. Inv. Co. Ltd.
 Silk Bank Ltd.
 Summit Bank Ltd.
 Sindh Bank Ltd.
 Standard Chartered Bank (Pakistan) Ltd.
 The Bank of Khyber
 The Bank of Punjab

Directors' Review Report

The Directors of Aisha Steel Mills Limited (ASML) present herewith Directors' Review Report together with condensed interim financial statements (unaudited) of the Company for the second quarter ended December 31, 2015.

Steel Market Review

The steel prices continued to exhibit declining trend during the second quarter of the current financial year. In addition to the general decline in prices, the price differential between the imported Hot Rolled Coil (HRC), the raw material of CRC, and the imported finished product (CRC) has come down to about 30 US\$. The standard price differential between the two has historically been around 70 US\$, clearly depicting that the CRC is being preferentially dumped in Pakistan. During the period under review an average monthly quantity of 20,000 tons of CRC was imported under various heads. This affected the sales and margins of locally produced CRC.

The National Tariff Commission of Pakistan (NTC) has finally given favourable verdict on the application filed by your company in which it pleaded that an Anti-Dumping Duty of around 36% should be enforced to protect CRC manufacturers of the Country. NTC, after due diligence has imposed anti-dumping duty in the range of 8 to 19% on various manufacturers of China and Ukraine. The imposition is lower than the suggested 36%, but nevertheless a positive development which will go a long way in providing a level playing field to the local manufacturers of CRC.

Operational Review

During the period under review production has increased to an average of 15000 metric tons per month, compared to 7600 metric tons in the same period of the last financial year, showing a growth of about 97%. Sales quantity has increased from an average of 8,769 to 17,921 metric tons. The revenue during the period has increased by 51%. The Company, however, suffered inventory losses due to the continuous decline in prices. The Company also suffered an exchange loss of Rs.77 million due to depreciation of Pak Rupee viz-a-viz US Dollar.

A brief summary of the financial results for the quarter ended December 31, 2015 is as follows:

All figures in PKR Million	Quarter ended September 2015	Quarter ended September 2014
Net Sales	2,763.284	1,829.887
Gross Profit	(15.269)	(99.709)
Loss before tax	(352.209)	(519.157)
Loss after tax	(207.266)	(367.407)

Future Outlook:

Second quarter of current financial year has witnessed improved capacity utilization with an average monthly production of 15000 metric tons as compared to 7600 metric tons of corresponding period. Going forward, the capacity utilization is expected to increase further from the current 80% to above 90%. Additionally, conversion cost of HRC to CRC has been optimized. It is hoped that with the imposition of Anti-Dumping Duty by NTC (National Tariff Commission) on import of CRC from China and Ukraine vide their ruling dated 13th January 2016, will result in achieving desired primary margins in the months ahead. The above factors are expected to help turnaround the Company.

Acknowledgement:

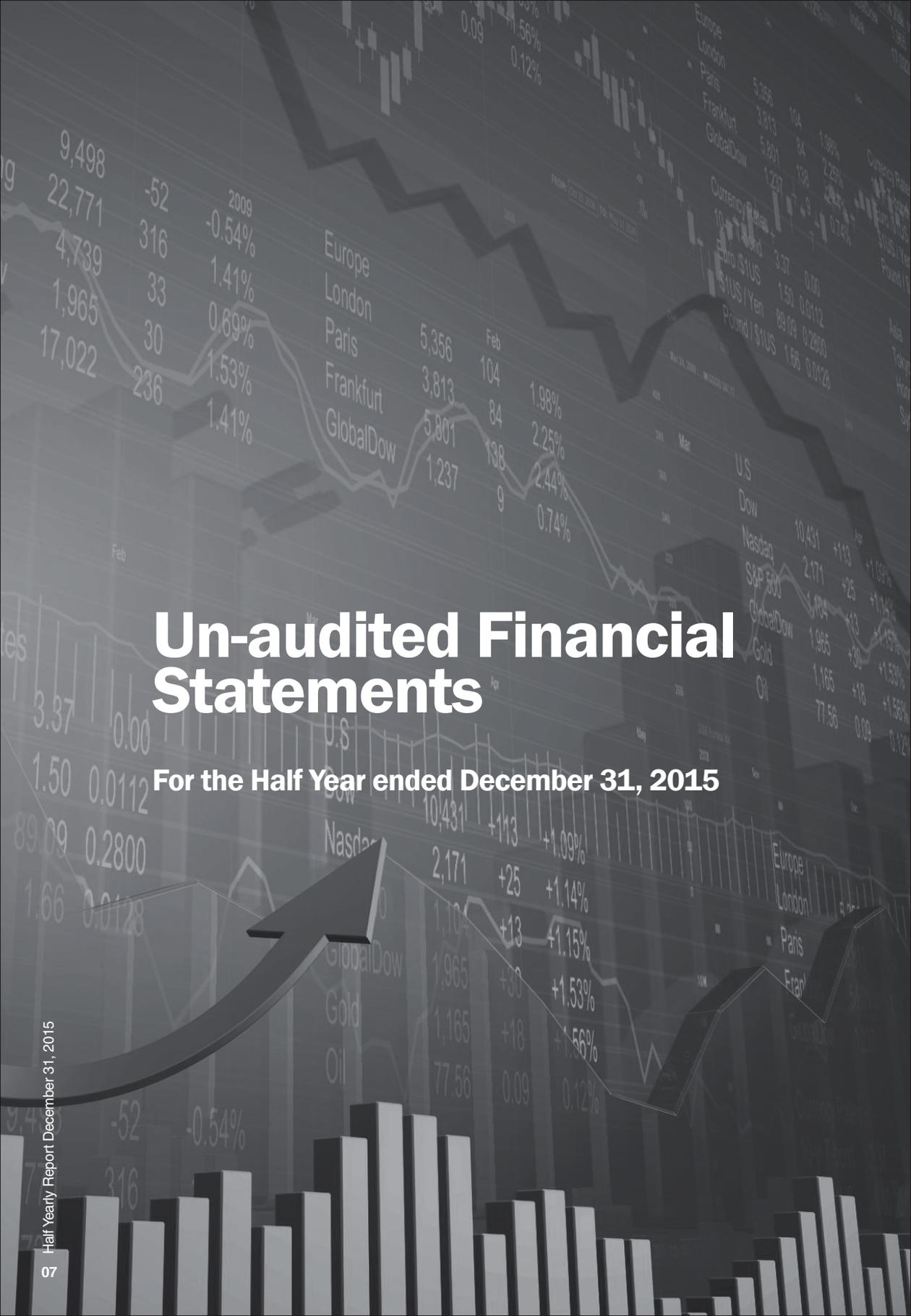
We would like to record our appreciation to all stakeholders for their patronage and look forward towards their continued support.

For and on behalf of the Board



Dr. Munir Ahmed
Chief Executive

Karachi
February 18, 2016

The background features a complex overlay of financial data. It includes several line graphs with fluctuating lines, a prominent 3D bar chart at the bottom, and various numerical values and percentages scattered throughout. Some of the visible data points include: 9,498, 22,771, 4,739, 1,965, 17,022, -52, 316, 33, 30, 236, 2009, -0.54%, 1.41%, 0.69%, 1.53%, 1.41%, Europe, London, Paris, Frankfurt, GlobalDow, 5,356, 3,813, 5,801, 1,237, Feb, 104, 84, 138, 9, 1.98%, 2.25%, 2.44%, 0.74%, US, Dow, Nasdaq, S&P 500, GlobalDow, Gold, Oil, 10,431, 2,171, 1,104, 1,965, 1,165, 77.56, +113, +25, +13, +30, +18, +1.09%, +1.14%, +1.15%, +1.53%, +1.56%, 0.12%, 0.09, 1.56%, 0.12%, Europe, London, Paris, Frankfurt, GlobalDow, 5,356, 3,813, 5,801, 1,237, Currency, Euro/USD, Euro/GBP, Euro/JPY, Pound/USD, 3.37, 0.00, 1.50, 0.0112, 89.09, 0.2800, 1.66, 0.0128, 10,431, +113, +1.09%, 2,171, +25, +1.14%, 1,104, +13, +1.15%, 1,965, +30, +1.53%, 1,165, +18, +1.56%, 77.56, 0.09, 0.12%, 1.56%, 0.12%, Europe, London, Paris, Frankfurt, GlobalDow, 5,356, 3,813, 5,801, 1,237, Currency, Euro/USD, Euro/GBP, Euro/JPY, Pound/USD, 3.37, 0.00, 1.50, 0.0112, 89.09, 0.2800, 1.66, 0.0128, 10,431, +113, +1.09%, 2,171, +25, +1.14%, 1,104, +13, +1.15%, 1,965, +30, +1.53%, 1,165, +18, +1.56%, 77.56, 0.09, 0.12%, 1.56%, 0.12%.

Un-audited Financial Statements

For the Half Year ended December 31, 2015



A. F. FERGUSON & CO.

**AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF
INTERIM FINANCIAL INFORMATION**

Introduction

We have reviewed the accompanying condensed interim balance sheet of Aisha Steel Mills Limited as at 31 December 2015 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended 31 December 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 December 2015.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended 31 December 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants
Karachi

Dated: February 18, 2016

Engagement Partner: Farrukh Rehman

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Balance Sheet

As at December 31, 2015

	Note	(Unaudited) December 31, 2015	(Audited) June 30, 2015
(Rupees in thousand)			
ASSETS			
Non-current assets			
Property, plant and equipment	5	9,888,051	9,995,626
Intangibles - Computer Software		12,006	13,267
Long-term loans and advances		3,261	2,958
Long-term deposits and prepayments		47,927	47,799
Deferred tax	6	1,320,894	1,109,909
		<u>11,272,139</u>	<u>11,169,559</u>
Current assets			
Stores and spares		170,896	163,383
Stock-in-trade	7	2,334,570	2,433,460
Trade debts - considered good		166,762	76,261
Advances, deposits and prepayments		331,684	309,342
Other receivables		158,803	227,670
Tax refunds due from Government - Sales tax		471,333	493,301
Taxation - payments less provision		209,846	331,613
Cash and bank balances		146,390	132,273
		<u>3,990,284</u>	<u>4,167,303</u>
Total assets		<u><u>15,262,423</u></u>	<u><u>15,336,862</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	8		
Ordinary shares		2,712,837	2,711,327
Cumulative preference shares		2,444,464	2,445,974
		<u>5,157,301</u>	<u>5,157,301</u>
Accumulated loss		<u>(3,286,168)</u>	<u>(2,737,365)</u>
		<u>1,871,133</u>	<u>2,419,936</u>
Surplus on revaluation of fixed assets		<u>386,317</u>	<u>390,812</u>
Liabilities			
Non-current Liabilities			
Long-term finance	9	5,501,934	5,597,138
Liabilities against assets subject to finance leases		7,313	7,516
Staff retirement benefit		23,672	22,962
		<u>5,532,919</u>	<u>5,627,616</u>
Current liabilities			
Trade and other payables		2,773,009	2,744,429
Accrued mark-up		228,020	264,857
Short-term borrowings	10	4,212,702	3,876,224
Current maturity of long-term finance		255,000	10,000
Current maturity of liabilities against assets subject to finance leases		3,323	2,988
		<u>7,472,054</u>	<u>6,898,498</u>
Total Liabilities		<u>13,004,973</u>	<u>12,526,114</u>
Contingencies and commitments	11		
Total equity and liabilities		<u><u>15,262,423</u></u>	<u><u>15,336,862</u></u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.


Chief Executive


Director

Profit and Loss Account

For the Half Year ended December 31, 2015 (UNAUDITED)

	Note	Quarter ended		Half year ended	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
		← (Rupees in thousand) →			
Revenue	12	2,763,284	1,829,887	4,638,161	4,012,149
Cost of Sales		(2,778,553)	(1,929,596)	(4,625,106)	(4,006,592)
Gross profit / (loss)		<u>(15,269)</u>	<u>(99,709)</u>	<u>13,055</u>	<u>5,557</u>
Selling and distribution cost		(3,145)	(7,346)	(11,445)	(15,789)
Administrative expenses		(34,863)	(27,565)	(69,159)	(61,781)
Other income		822	1,735	1,490	4,573
Loss from operations		<u>(52,455)</u>	<u>(132,885)</u>	<u>(66,059)</u>	<u>(67,440)</u>
Finance costs		(299,754)	(386,272)	(650,874)	(880,541)
Loss before taxation		<u>(352,209)</u>	<u>(519,157)</u>	<u>(716,933)</u>	<u>(947,981)</u>
Taxation		144,243	151,750	162,863	295,288
Loss for the period		<u>(207,966)</u>	<u>(367,407)</u>	<u>(554,070)</u>	<u>(652,693)</u>
Other comprehensive income		-	-	-	-
Total comprehensive loss		<u>(207,966)</u>	<u>(367,407)</u>	<u>(554,070)</u>	<u>(652,693)</u>
Basic earnings per share - (loss) - Rupees	13	<u>(0.77)</u>	<u>(1.36)</u>	<u>(2.51)</u>	<u>(2.53)</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



Chief Executive



Director

Cash Flow Statement

For The Half Year Ended December 31, 2015 – (Unaudited)

	Note	December 31, 2015 (Rupees in thousand)	December 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	14	128,709	(1,677,004)
Income tax refunded - net		74,417	71,285
Mark-up on loans paid		(448,060)	(339,144)
Return received on deposits		1,052	3,689
Staff retirement benefits paid		(4,724)	(2,392)
(Increase) / decrease in long term employee loans		(303)	424
Increase in long-term deposits and prepayments		(128)	(729)
Net cash outflows from operating activities		(249,037)	(1,943,871)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(68,025)	(94,964)
Acquisition of intangible assets		-	(1,034)
Sale proceeds on disposal of property, plant and equipment		-	5,083
Net cash outflows from investing activities		(68,025)	(90,915)
CASH FLOWS FROM FINANCING ACTIVITIES			
Right issue subscription money received		-	645,115
Repayment of long-term finance		(5,000)	-
Increase in short term borrowings		853,870	1,385,149
Repayment of sponsor's loan		(4,574)	(35,354)
Decrease in liabilities against assets subject to finance leases		(299)	(3,392)
Net cash inflows from financing activities		843,997	1,991,518
Net increase / (decrease) in cash and cash equivalents		526,935	(43,268)
Cash and cash equivalents at beginning of the half year		(3,475,551)	(3,072,182)
Cash and cash equivalents at end of the half year		(2,948,616)	(3,115,450)

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.


Chief Executive


Director

Statement of Changes in Equity

For the Half Year ended December 31, 2015 (UNAUDITED)

	Share Capital	Accumulated loss	Shares to be issued	Total
	← (Rupees in thousand) →			
Balance as at July 1, 2014	3,438,201	(1,532,979)	-	1,905,222
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	5,267	-	5,267
Right issue subscription money received	-	-	882,039	882,039
Total comprehensive loss for the half year ended December 31, 2014				
- Loss for the half year ended December 31, 2014	-	(652,693)	-	(652,693)
- Other comprehensive income for the half year ended December 31, 2014	-	-	-	-
	-	(652,693)	-	(652,693)
Balance as at December 31, 2014	3,438,201	(2,180,405)	882,039	2,139,835
Balance as at July 1, 2015	5,157,301	(2,737,365)	-	2,419,936
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	5,267	-	5,267
Total comprehensive loss for the half year ended December 31, 2015				
- Loss for the half year ended December 31, 2015	-	(554,070)	-	(554,070)
- Other comprehensive income for the half year ended December 31, 2015	-	-	-	-
	-	(554,070)	-	(554,070)
Balance as at December 31, 2015	5,157,301	(3,286,168)	-	1,871,133

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.


Chief Executive


Director

Notes to and forming part of the Financial Statements

For the Half Year ended December 31, 2015 (UNAUDITED)

1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan on May 30, 2005 as a public limited company under the Companies Ordinance, 1984. The Company's shares are listed on the Pakistan Stock Exchange (PSE) since August 2012. The registered office of the Company is situated at Arif Habib Centre, 23 - M.T. Khan Road, Karachi.

The Company has set up a cold rolling mill complex in the downstream Industrial Estate, Pakistan Steel, Bin Qasim, Karachi, to carry out its principal business of manufacturing and selling cold rolled steel in coils and sheets. The Company started trial production from July 2012 and declared October 1, 2012 as its Commercial Operations Date.

2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the half year ended December 31, 2015 has been prepared in accordance with the requirements of the International Accounting Standard 34 - "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information does not include all the information required for full financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2015.

2.1 Changes in accounting standards, interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

Following amendments to existing standards and interpretations have been published and are mandatory for accounting periods beginning on or after January 1, 2015 and are considered to be relevant to the Company's operations.

IFRS 10, 'Consolidated financial statement' replaces all of the guidance on control and consolidation in IAS 27, 'Consolidation and separate financial statement', and SIC-12, 'Consolidation - special purpose entities'. IAS 27 is renamed 'Separate financial statement', it continue to be a standard dealing solely with separate financial statements. IFRS 10 has the potential to affect all reporting entities (investors) that control one or more investees under the revised definition of control. The standard may not have impact on future consolidated financial statement of the Company.

Notes to and forming part of the Financial Statements

For the Half Year ended December 31, 2015 (UNAUDITED)

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangement, associates, structured entities and other off balance sheet vehicles. The standard will affect the disclosures in the financial statements of the Company.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirement for use across IFRSs. The requirement do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard will affect the determination of fair value and its related disclosures in the financial statements of the Company.

b) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

Except as stated above, the new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2015 are considered not to be relevant for Company's financial statements and hence have not been detailed here.

c) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2016 are considered not to be relevant for Company's financial statements and hence have not been detailed here.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2015.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Notes to and forming part of the Financial Statements

For the Half Year ended December 31, 2015 (UNAUDITED)

Judgements and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to financial statements as at and for the year ended June 30, 2015.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2015.

	(Unaudited) December, 31 2015	(Audited) June, 30 2015
	(Rupees in thousand)	
5. PROPERTY, PLANT AND EQUIPMENT		
Operating assets	8,421,784	8,582,863
Capital work in progress - at cost	1,125,966	1,104,194
Major spare parts and stand-by equipment	340,301	308,569
	<u>9,888,051</u>	<u>9,995,626</u>

5.1 Additions to operating assets during the period are as follows:

	Additions (at cost)	
	December 31, 2015	December 31, 2014
	(Rupees in thousand)	
Owned		
Building and other civil work on leasehold land	4,167	5,680
Plant and machinery	7,352	84,987
Electrical installations	-	337
Office Equipment	1,246	1,396
Furniture and fittings	64	1,357
Assets held under finance leases		
Motor vehicles	1,693	5,080
	<u>14,522</u>	<u>98,837</u>

5.2 Disposals of property, plant and equipment during the period are as follows:

	Disposals (at NBV)	
	December 31, 2015	December 31, 2014
	(Rupees in thousand)	
Owned		
Office Equipment	-	160
Assets held under finance leases		
Motor vehicles	-	5,475
	<u>-</u>	<u>5,635</u>

Notes to and forming part of the Financial Statements

For the Half Year ended December 31, 2015 (UNAUDITED)

6. DEFERRED TAXATION

The Company has an aggregate amount of Rs 9.81 billion (June 30, 2015: Rs 9.14 billion) in respect of tax losses as at December 31, 2015. The management carries periodic assessment to assess the benefit of these losses as the Company would be able to set off the profit earned in future years against these carry forward losses. Based on the assessment management has recognised deferred tax debit balance on losses amounting to Rs 2.94 billion (June 30, 2015: Rs 2.74 billion) including an amount of Rs 1.81 billion (June 30, 2015: Rs 1.75 billion) on unabsorbed tax depreciation and initial allowance of Rs 6.04 billion (June 30, 2015: Rs 5.82 billion). The amount of this benefit has been determined based on the projected financial statement of the Company for future years. The determination of future taxable profit is most sensitive to certain key assumptions such as capacity utilisation, gross margin percentage, inflation and KIBOR rates. Any significant change in the key assumptions may have an effect on the realisability of the deferred tax asset.

7. STOCK IN TRADE

As at December 31, 2015 stock in trade has been written down by Rs. 4.77 million (June 30, 2015: Nil) to arrive at its net realisable value.

8. SHARE CAPITAL

8.1 During the period, the Company has allotted 151,013 ordinary shares against conversion of 151,013 preference shares of the Company in accordance with the terms of the issue of preference shares.

8.2 Dividend in respect of preference shares is only payable when Company has accumulated profits. Therefore, cumulative dividend on Preference Shares (ASLPS) and Preference Shares (ASLPCS) amounting to Rs 477.22 million (June 30, 2015: Rs. 440.08 million) and Rs. 135.02 million (June 30, 2015: Rs. 45.61 million) respectively is not accounted for in these condensed interim financial statements.

	(Unaudited) December 31, 2015	(Audited) June 30, 2015
	(Rupees in thousand)	
9. LONG-TERM FINANCE		
Balance as at July 1, 2015	5,607,138	5,483,867
Principal paid during the year	(5,000)	-
Impact of unwinding - Finance Cost	154,796	123,271
	<u>5,756,934</u>	<u>5,607,138</u>
Less: Current maturity shown under current liabilities	(255,000)	(10,000)
	<u>5,501,934</u>	<u>5,597,138</u>

Notes to and forming part of the Financial Statements

For the Half Year ended December 31, 2015 (UNAUDITED)

10. SHORT-TERM BORROWINGS

10.1 During the period, the Company obtained an additional finance facility on markup basis from International Complex Projects Limited (a related party) with a maximum limit of Rs. 750 million. It has been obtained to finance the Company's working capital needs and for any other business as may be mutually agreed between the parties. The rate of markup on such facility is 3 months KIBOR plus 2% and is unsecured. It is payable within thirty business days of notice of demand, duly served by the lender.

10.2 The lender wise balance of short term loan and running finance facilities obtained by the Company are as follows:

	(Unaudited) December 31, 2015	(Audited) June 30, 2015
	(Rupees in thousand)	
National Bank of Pakistan	1,215,397	556,145
International Complex Projects Limited	750,000	-
Allied Bank Limited	649,878	649,959
Bank Islami Pakistan Limited	574,814	274,897
Sindh Bank Limited	488,741	988,312
Arif Habib Corporation Limited	353,972	250,102
The Bank of Punjab	107,847	121,147
Summit Bank Limited	58,329	881,718
Habib Metropolitan Bank Limited	-	135,646
Sponsor's Loan (Mr. Haseeb Rehman)	13,724	18,298
	<u>4,212,702</u>	<u>3,876,224</u>

11. CONTINGENCIES AND COMMITMENT

11.1 Contingencies

There has been no change in status of contingencies reported in the financial statements for the year ended June 30, 2015.

11.2 Commitments

11.2.1 Commitments for capital expenditure outstanding as at December 31, 2015 amounted to Rs 24.24 million (June 30, 2015: Rs 19.53 million).

Notes to and forming part of the Financial Statements

For the Half Year ended December 31, 2015 (UNAUDITED)

- 11.2.2 Commitments for rentals under ijarah arrangements amounted to Rs 11.34 million (June 30, 2015: Rs 9.34 million) payable as follows:

	(Unaudited) December 31, 2015 (Rupees in thousand)	(Audited) June 30, 2015
Not later than 1 year	4,895	4,041
Later than 1 year but not later than 5 years	6,444	5,300
	<u>11,339</u>	<u>9,341</u>

12. REVENUE

	December 31, 2015 (Rupees in thousand)	December 31, 2014
Gross Revenue	5,539,544	4,810,320
Less: Sales tax	(804,499)	(698,935)
Rebates and Discounts	(36,221)	(43,175)
Dealer Commission	(60,663)	(56,061)
	<u>4,638,161</u>	<u>4,012,149</u>

13. BASIC EARNINGS PER SHARE

Loss after taxation attributable to ordinary shareholders	(554,070)	(652,693)
Adjustment for cumulative preference share dividend	(127,463)	(61,141)
Loss after taxation for calculation of basic earnings per share	<u>(681,533)</u>	<u>(713,834)</u>

Weighted average number of ordinary shares outstanding at the end of period (in thousand)

Ordinary shares in issue	<u>271,175</u>	<u>271,040</u>
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Rupees

Basic earnings per share - (loss)	<u>(2.51)</u>	<u>(2.63)</u>
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- 13.1 A diluted earnings per share has not been presented as it has anti-dilutive effect on the earnings per share.

Notes to and forming part of the Financial Statements

For the Half Year ended December 31, 2015 (UNAUDITED)

	December 31, 2015	December 31, 2014
	(Rupees in thousand)	
14. CASH GENERATED FROM / (USED IN) OPERATIONS		
Loss before taxation	(716,933)	(947,981)
Add / (Less): Adjustment for non-cash charges and other items		
Depreciation and amortisation	176,861	178,854
Finance lease charges	431	489
Provision for staff retirement benefits	5,434	5,377
Return on deposits	(1,052)	(3,689)
Loss on disposal of fixed assets	-	552
Mark-up charges	566,019	794,460
	<u>747,693</u>	<u>976,043</u>
Profit before working capital changes	30,760	28,062
Effect on cash flows due to working capital changes		
(Increase) / decrease in current assets		
Stores and spares	(7,513)	(32,154)
Stock-in-trade	98,890	198,047
Trade debts	(90,501)	128,703
Advances, deposits and prepayments	(22,342)	(136,418)
Other receivables	68,867	328,945
Tax refunds due from Government - Sales tax	21,968	(24,756)
	<u>69,369</u>	<u>462,367</u>
Increase / (decrease) in current liabilities		
Trade and other payables	28,580	(2,167,433)
Cash generated from / (used in) operations	<u><u>128,709</u></u>	<u><u>(1,677,004)</u></u>

Notes to and forming part of the Financial Statements

For the Half Year ended December 31, 2015 (UNAUDITED)

15. TRANSACTIONS WITH RELATED PARTIES

Disclosure of transactions with related parties during the period are as follows:

Relationship	Nature of transaction	December 31,	December 31,
		2015	2014
		(Rupees in thousand)	
Associated companies:	- Purchase of raw material	1,157,671	-
	- Right shares subscription money received	-	645,115
	- Finance facilities utilised	2,027,170	2,765,000
	- Repayment of finance facilities utilised	1,173,490	1,379,852
	- Markup on finance facilities paid	29,428	22,694
	- Sponsor's loan repaid	4,575	35,353
Other related parties:	- Rent and maintenance expense	1,096	2,461
	- Commission on sales	5,643	12,140
Key management compensation	- Salaries and other short-term employee benefits	6,562	5,329
	- Post retirement benefits	135	179

16. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on February 18, 2016.



Chief Executive



Director



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