Aisha Steel

Joint Venture of:

Metal One

UNIVERSAL METAL CORPORATION

Converting Challenges into Opportunities

Annual Report 2013

وَأَنزَلْنَا الْحَدِيدَ فِيهِ بَأْسٌ
شَدِيدٌ وَمَنَافِعُ لِلنَّاسِ

He revealed iron, wherein is mighty power and (many) uses for mankind.

"Quran 57:25"

Inception

Operational

WHO WE ARE

State of the art Cold Rolling Complex based on latest Japanese and Austrian technology, backed by premier Pakistani & Japanese conglomerates.

CONTENTS

Vision

To be a world class manufacturer of Cold Rolled Steel.

Mission

To become an efficient producer of Cold Rolled Steel while serving interests of all stakeholders.

Overall Corporate Strategy

Our corporate strategy entails producing the highest quality of products benefitting all stakeholders. The company emphasizes on transparency, building greater standards for ethical values. ASML focuses on its team and believes in regular training and development of its human resource given the technologically advanced nature of ASML's plant and machinery.

There is a strong commitment for continuous improvement of each process in order to optimize efficiency.

We strongly adhere to the following to be in line with the global best practices:

- Value creation for all stakeholders while maintaining a strong competitive position;
- Keep a strong focus on the long run sustainable advantages;
- Develop and strengthen a transparent and inventive culture while encouraging ethical values;
- Ensuring that corporate strategy passes throughout the organization and is inculcated across the Company;

Core Values

Our People

We are an equal opportunity employer. Discrimination on any grounds is fundamentally unacceptable.

Health, Safety & Environment

The Company strongly endorses and emphasizes on managing resources ensuring safety within and beyond its own facilities.

ASML stands committed to carry out its business in a sustainable manner to promote preservation of the environment.

Regulatory Compliance & Corporate Governance

The Company remains committed to high standards of corporate governance, while adhering to the applicable laws and regulations.

Integrity

Key success for any business fosters in a transparent environment based on ethical values.

Our values are based on highest integrity, which determines the way we work, leading to our well-founded reputation.

Excellence & Efficiency

Efficiencies, appropriate risk management measures and pricing strategies should enable profitable operations and good shareholder returns in all market scenarios.

At ASML, our conviction for excellence emerges with a passion to provide our customers with CRC comparable with international standards.

Code Of Conduct

Being a highly responsible corporate, Aisha Steel Mills Ltd. expects its employees to uphold and enhance the reputation of the company by:

- Maintaining an unimpeachable standard of integrity in all their business relationships both inside and outside the company.
- Fostering the highest standard of conduct and competence amongst those for whom they are responsible.
- Ensuring transparency in business transactions, and rejecting any business practice, which might be deemed to be improper.
- Promoting fair business practices and ensuring compliance with legal and regulatory requirements.

In applying these rules, employees should use the following guidelines:

1. Conflict of Interest

- Any personal interest, which may affect or might reasonably be deemed by others to affect an employee's impartiality, should be declared up front in writing.
- The company property must not be used for personal work unless specific permission is obtained.
- Each staff member is employed in the company on a full time basis and therefore, they should not be involved, directly or indirectly, in any vocation, business or commercial activity. Any departure from this can only be made with the written permission the Chief Executive Officer.

2. Confidentiality and Accuracy of Information

The confidentiality of information received in the course of business must be respected and never be used for personal gain; information given in the course of business must be honest and never designed to mislead. Further, all company affairs are to be treated as confidential and should not be discussed with third parties not only during service with the company, but even after departing from service. Interaction with competitors beyond the approved level will be regarded as gross misconduct.

3. Gifts

All members are forbidden to accept gifts or borrow money from another member of the company or from Showroom Dealers, Vendors or a customer of ASML.

4. Proper Recording of Funds, Assets, Receipts and Disbursements

i. All funds, assets, receipts and disbursements should be properly recorded in the books of the company. In particular, no funds or accounts should be established or maintained for purposes that are not fully and accurately reflected in the books and records of the company.

ii. In principle, all resources and supplies - telephone, printers, internet, office van, stationery, other supplies and most importantly your office time etc. are for official use.

5. Health & Safety

Every staff member should take reasonable care to ensure the health and safety of him / her and others who may be affected by his / her acts at work.

6. Environment

To preserve and protect the environment, all staff members should:

- Design and operate the company's facilities and processes so as to ensure the trust of adjoining communities.
- Promote conservation of resources and waste minimization.
- Strive continuously to improve environment awareness and protection.
- Help assist in ensuring minimum wastage of resources.

7. Work Place Harassment

The staff will maintain an environment that is free from harassment and in which all employees are equally respected.

8. Legal Proceedings

It is essential that a staff member, who becomes involved in legal proceedings, whether civil or criminal, should immediately inform his superior with a copy to the CEO in writing.


Hoisting our relations

Company Information

Board of Directors

Mr. Arif Habib, Chairman
Mr. Shinpei Asada
Mr. Hasib Rehman
Mr. Nasim Beg
Mr. Samad A.Habib
Mr. Kashif A.Habib
Mr. Muhammad Ejaz
Mr. Kashif Shah,Chief Executive Officer

Audit Committee

Mr. Kashif A.Habib - Chairman
Mr. Hasib Rehman - Member
Mr. Muhammad Ejaz- Member

Registered Address

Arif Habib Centre, 23 - M.T. Khan Road,
Karachi – Pakistan
website: www.aishasteel.com

Plant Address

DSU - 45, Pakistan Steel
Down Stream Industrial Estate,
Bin Qasim, Karachi - Pakistan

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

Bankers

Askari Bank Ltd.
Bank Alfalah Ltd.
Bank Islami Pakistan Ltd.
Barclays Bank Plc.
Faysal Bank Ltd.
JS Bank Ltd.
Habib Metropolitan Bank Ltd.
KASB 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

Company Profile

Aisha Steel Mills Limited (ASML) is a state of the art cold rolling complex with a nameplate capacity of 220,000 metric tons per year. ASML is one of the largest private sector investments in the value added flat-rolled steel industry in Pakistan.

It is the only Cold Rolled Coil (CRC) manufacturer in the country which is using brand new Japanese and Austrian machinery for all of its main processes, ensuring best quality production of CRC in the country.

ASML is a business venture between premier Pakistani and Japanese business groups namely:

- Arif Habib Group, one of the largest conglomerates in Pakistan;

- Metal One Corporation, majority owned subsidiary of Mitsubishi Group, Japan

- Universal Metal Corporation,Japan;

ASML was incorporated in 2005, and is set to become the largest supplier of cold rolled steel coils in the Country. ASML has also entered into a strategic tie-up with Mitsubishi Corporation to assist in and ensure seamless marketing, sales, and distribution of its products.

Evolution of ASML

Incorporated May 2005

Commencement of Erection

Completion of Erection – February 2012

Commencement of trial run – June 2012

Listing on KSE – August 2012

COD - October 2012

1st Year of Operations

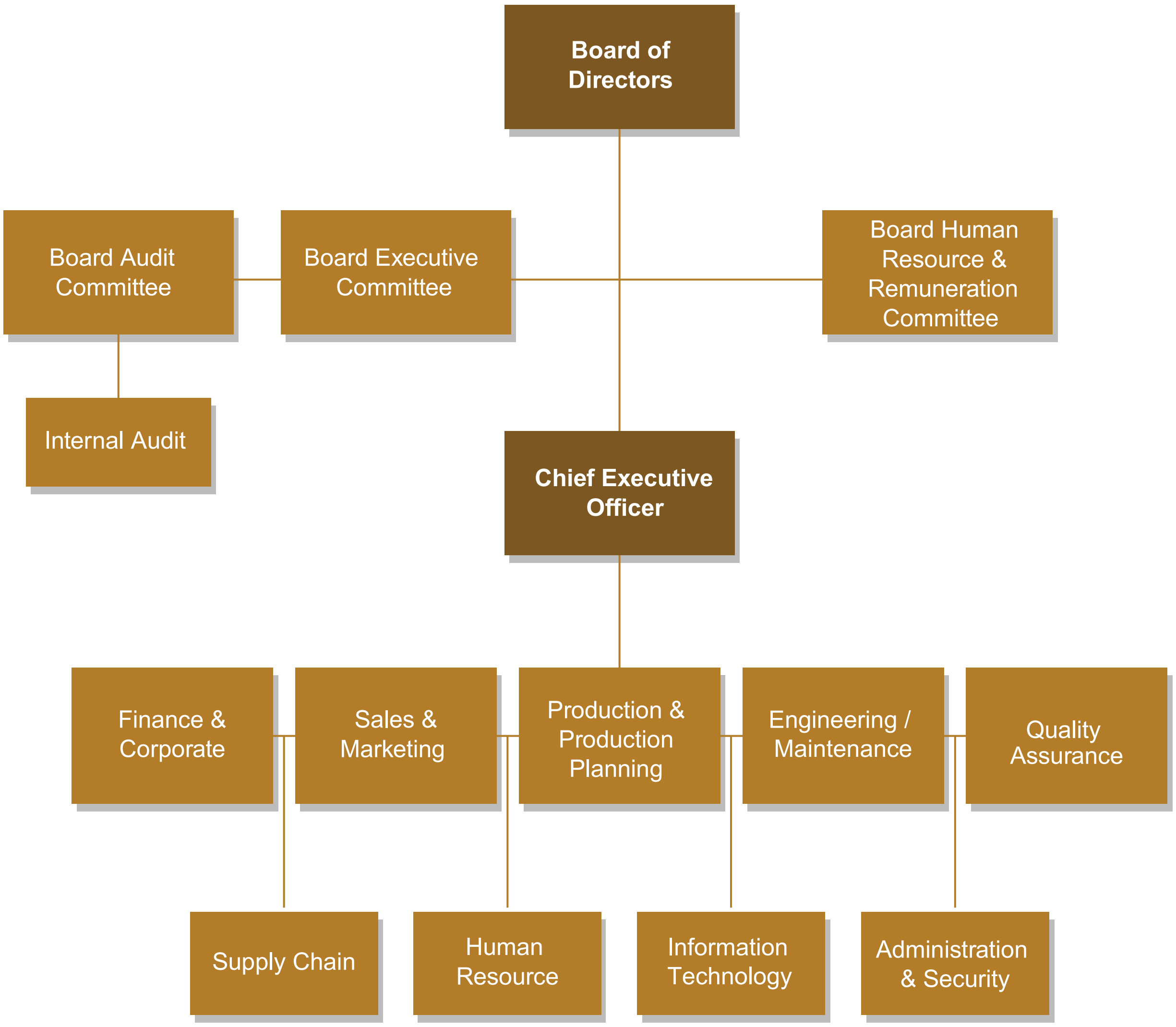
Product

ASML produces Cold Rolled Coils (CRC) of international standards from imported Hot Rolled Coils (HRC).

The CRC products will be offered to the industrial, engineering and manufacturing industry as a premium raw material for transformation into any number of value-added products for the domestic and export markets.

ASML is the only CRC plant in Pakistan with an Electrolytic Cleaning Line ("ECL") which substantially improves the product quality, removing all impurities making ASML one of the most valuable CRC producers meeting the highest quality standards.

Company Organogram



Directors' Profile

Mr. Arif Habib
Chairman & Non - Executive Director

Mr. Arif Habib is the Chief Executive of Arif Habib Corporation Limited. He is also the Chairman of Pakarab Fertilizers Limited, Fatima Fertilizer Company Limited, Javedan Corporation Limited and Memon Health and Education Foundation.

Mr. Arif Habib has remained the elected President/Chairman of Karachi Stock Exchange for six times in the past. He is the Founding Member and Former Chairman of the Central Depository Company of Pakistan Limited. He has served as a Member of the Privatization Commission, Board of Investment, Tariff Reforms Commission and Securities & Exchange Ordinance Review Committee. Over the years he has been nominated on the Board of Directors of a number of companies by the Government of Pakistan.

Other Corporate Responsibilities

As Chairman
Arif Habib Foundation
Pakistan Private Equity Management Ltd.
Arif Habib DMCC
Safemix Concrete Product Ltd.
Real Estate Modaraba Management CompanyLtd.
Pakarab Fertilizers Ltd.
Fatima Fertilizer Company Ltd.
Sachal Energy Development (Pvt.) Ltd.

As Director
Pakistan Engineering Company Ltd.
Pakistan Centre for Philanthropy
International Complex Projects Ltd.
Sui Northern Gas Pipelines Ltd.

As Honorary Trustee / Director
Fatimid Foundation
Karachi Education Initiative
Pakistan Veterans Cricket Association

Mr. Shinpei Asada
Non - Executive Director

Mr. Shinpei Asada has over 30 years of experience in steel related projects. Currently he is Division COO of Metal One Corporation, Japan. Before that he was associated with Nissho Iwai Corporation for 20 years. Mr. Asada graduated from department of Economics, Chuo University, Japan.

Mr. Asada has been appointed on the Aisha's Board as the new nominee director of Metal One in the replacement of outgoing nominee director
Mr. Yoshikazu Uda who resigned on October 1, 2013 subsequent to balance sheet date.

Mr.Hasib Rehman
Non - Executive Director

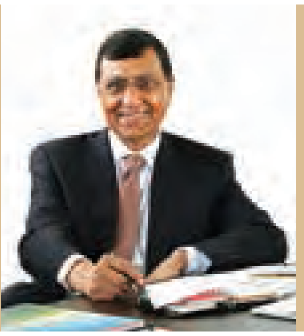
Mr. Hasib Rehman is the Chairman of Universal Metal Corporation Japan. His experience in the steel industry spans a period of over 20 years both in the local as well as the international arena. Mr. Hasib Rehman is also a director of Japan–Pakistan Association and a member of Japan–Pakistan business co-operation. He is also a member of Tokyo Chamber of Commerce and Industry.

Other Corporate Responsibilities

As Chairman
Universal Metal Corporation Japan

As Chief Executive
UMC Pakistan (Pvt.) Ltd

As Director
Japan Pakistan Association



Mr. Nasim Beg
Non - Executive Director

Mr. Nasim Beg, a Fellow Member of the Institute of Chartered Accountants of Pakistan, is currently the Chief Executive Officer of Arif Habib Consultancy (Pvt.) Limited along with being the Executive Vice Chairman of MCB-Arif Habib Savings & Investments Limited, an Asset Management Company that was conceived and set up by him and which he headed as Chief Executive till June 2011.

With over forty years of experience in the business world including industry and the financial services (in and outside the country), Mr. Nasim Beg is one of the most highly respected professionals of the country.

Before joining the Arif Habib Group, Mr. Beg served as the Deputy Chief Executive of NIT, which he joined during its troubled period and played an instrumental role in its modernization and turn around. He also served as the acting Chief Executive of NIT for a few months. He has also been associated at top-level positions with other asset management and investment advisory companies.

Mr. Beg has also held senior level responsibilities in the automobile industry. During his tenure as the Chief Executive of Allied Precision (a subsidiary of the Allied Engineering Group), he set up a green field project for the manufacture of sophisticated indigenous components for the automotive industry under transfer of technology licenses with Japanese and European manufacturers. His initiation to the financial services business was with the Abu Dubai Investment Company, UAE, where he was a part of the team that set up the company in 1977. He was also a member of the Prime Minister's Economic Advisory Council (EAC).

Other Corporate Responsibilities

MCB-Arif Habib Savings & Investments Ltd. (Executive Vice Chairman)
Arif Habib Consultancy (Pvt.) Ltd.(Chief Executive)

As Director
Arif Habib REIT Management Ltd. (non-executive Chairman)
Pakarab Fertilizers Ltd.
Pakistan Private Equity Management Ltd.
Power Cement Ltd. (non-executive Chairman)
Safemix Concrete Products Ltd.
Serendib Stock Brokers (Pvt.) Ltd. (non-executive Chairman)
Summit Bank Ltd.
Thatta Cement Company Ltd.

Mr. Samad A. Habib
Non - Executive Director

Mr. Samad A.Habib is currently the Chief Executive of Javedan Corporation Limited. Mr. Samad A. Habib has more than 15 years of experience, including 9 years of working in the financial services industry in various senior management roles. He began his career with Arif Habib Corporation Limited (the holding company of Arif Habib group) as an Investment Analyst, following which he served the company in various executive positions including Executive Sales and Business Promotions, Company Secretary, Head of Marketing, etc.

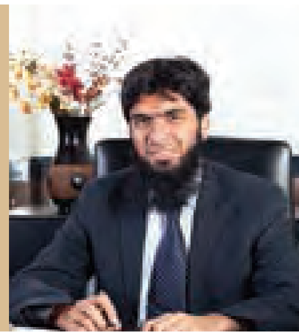
In September 2004, he was appointed the Chairman and Chief Executive of Arif Habib Limited. As Chairman he was responsible for the strategic direction of the company and was actively involved in capital market operations and corporate finance activities such as serving corporate clients, institutional clients, high net worth individuals, and raising funds for clients through IPO's, private placements etc. He resigned from that position in January 2011.

Mr. Samad A. Habib holds a Master's degree in Business Administration from the Institute of Business Management (IoBM).

Other Corporate Responsibilities

As Chief Executive
Javedan Coporation Ltd.

As Director
Arif Habib Equity (Pvt.) Ltd.
Arif Habib REIT Management Ltd.
MCB-Arif Habib Savings & Investments Ltd.
International Complex Projects Ltd.
Nooriabad Spinning Mills (Pvt.) Ltd.
Pakarab Fertilizers Ltd.
Pakistan Private Equity Management Ltd.
Power Cement Ltd.
Real Estate Modaraba Management Company Ltd.
Rotocast Engineering (Pvt.) Ltd.
Safemix Concrete Products Ltd.



Mr. Kashif A. Habib
Non - Executive Director

Mr. Kashif A.Habib is currently the Chief Executive of Power Cement Limited. Being a member of the Institute of Chartered Accountants of Pakistan (ICAP) he completed his Articleship from A.F. Ferguson & Co. (a member firm of Price Waterhouse Coopers), where he gained experience of diverse sectors, serving clients spanning the Financial, Manufacturing and Services Industries.

He has to his credit three years of experience in Arif Habib Corporation Limited as well as three years' experience as an Executive Director in cement and fertilizer companies of the group.

Other Corporate Responsibilities

As Chief Executive
Power Cement Ltd.

As Director
Arif Habib Foundation
Arif Habib Real Estate Services (Pvt.) Ltd.
Arif Habib REIT Management Ltd.
Fatima Fertilizers Company Ltd.
Javedan Corporation Ltd.
Memon Health and Education Foundation
Pakarab Fertilizers Ltd.
Real Estate Modaraba Management Co. Ltd.
Rotocast Engineering Company (Pvt.) Ltd.

Mr.Muhammad Ejaz
Non - Executive Director

Mr. Ejaz is a certified Financial Risk Manager and holds an MBA from the Institute of Business Administration, Karachi. He has over 15 years of experience in the fields of Treasury, Corporate Finance and Investment Banking. Mr. Ejaz has served in senior positions at leading local and international banks including Faysal Bank, Union Bank and Emirates Bank International. His key accreditation includes a number of successful large-ticket syndication transactions. He is also a regular visiting faculty member at IBA, Karachi and NIBAF, Islamabad.

Other Corporate Responsibilities

As Chief Executive
Arif Habib REIT Management Ltd.

As Director
Arif Habib Corporation Ltd.
Arif Habib REIT Management Ltd.
Sachal Energy Development (Pvt.) Ltd.
Javedan Corporation Ltd.
Arif Habib Real Estate Services (Pvt.) Ltd.
Power Cement Ltd.

Mr. Yoshikazu Uda
Executive Director
(Resigned subsequent to balance sheet date)

Mr. Uda has over 35 years of experience in steel trading and project management. He is also part of the Global Marketing Department of Metal One Corporation, Japan; and his last assignment outside Japan was as Vice President of Metal One Asia, Singapore. He has also served as Head of Steel Department of Nissho Iwai Corporation, Pakistan from 1986 to 1990, and is well versed with the local environment. Mr. Uda graduated from the faculty of Economics of Keio Gijyuku University, Japan.

Mr. Uda remained on the Board of Aisha Steel from 2008 till October 1, 2013 thereafter, another nomiee of Metal One has co-opted as director of Aisha Steel.

Mr. Kashif Shah
Chief Executive Officer

Mr. Shah is a seasoned professional with a successful track record of working with top tier industrial and financial institutions in Pakistan. He was appointed Chief Executive of ASML in August 2011. Prior to that he was responsible to protect and further the interests of Byco Group's majority shareholders in the capacity of Sponsors' Advisor. Mr. Shah has been associated with Habib Bank Limited and United Bank Limited as Head of Investment Banking between 2001 and 2009. Before that, Mr. Shah was associated with JP Morgan based in Hong Kong looking after Mergers and Acquisitions for a number of South Asian countries. Mr. Shah holds an MBA from Lahore University of Management Sciences.

Other Corporate Responsibilities

As Director
Arif Habib Corporation Ltd.

Key Executives' Profile

Mr. Tahir Iqbal

Chief Financial Officer &
Company Secretary

Mr.Tahir is an Associate Member of ICMAP, having ten years of experience in finance, accounting, taxation, corporate affairs, risk management, audit/assurance coupled with general management experience. Prior to joining ASML, he was working as the CFO & Company Secretary of Arif Habib Corporation Ltd for six years. He also serves on the boards of Realestate Modaraba Management Company Ltd., and Serendib Stock Brokers (Pvt.) Ltd., (Arif Habib Group Company incorporated in Sri Lanka).

Other Corporate Responsibilities

As Director
Realestate Modaraba Management Company Ltd.
Serendib Stock Brokers (Pvt.) Ltd.

Lt. Col (R)
Mr. Syed Sikander Ahmed

Head of Production &
Production Planning

Mr. Sikander holds 31 years of rich experience in the field of Production Management. He holds M.S. (Engineering) from E.N.S.I.C.A. Toulouse, France. He was associated with the Pakistan Armed Forces for about 17 years and holds Military Subjects Medal for securing First Position in military subjects and was also awarded "Chief of Army Staff Cane" for outstanding achievements at Pakistan Military Academy. He is also associated with number of professional bodies like Pakistan Engineering Council & Institute of Engineers Pakistan & etc.

Mr.Sartaj Ahmed Khan

Head of Maintenance
& Development

Mr. Sartaj has 24 years of rich experience in the field of Maintenance & Development. He holds a BS Degree in Mechanical Engineering from International University of Missouri (USA); and has also completed his MBA degree in Project Management. He is affiliated with a number of professional bodies like; American Society of Mechanical Engineer's (New York, USA), Institute of Engineers & Technicians (London, U.K) etc. He has worked with Far East Ship Management – Hong Kong and renowned companies like Indus Motors, Al Ghazi Tractors, Magna Steel Pvt. Ltd, Mehran Metal Containers for 20+ years. This is further reiterated by the very fact that Mr. Sartaj is a certified IQCS Lead Auditor for ISO 14000 System (Environmental Management).

Board & Management Committees

Based on the listing requirements and to ensure good corporate governance for our stakeholders, various committees have been formed at both the Board and Management level. Majority members of the board are non executive directors.

Board Committees

Board Audit Committee
The audit committee remains responsible for recommending to the Board of Directors the appointment of external auditors by the Company's shareholders and considers any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the Company in addition to audit its financial statements.

Name	No of meetings held during the year	Meetings attended
Mr. Kashif A. Habib – Chairman	4	4
Mr. Hasib Rehman - Member	4	3
Mr. Muhammad Ejaz - Member	4	4

In the absence of strong grounds to proceed otherwise, the Board of Directors acts in accordance with the recommendations of the Audit Committee in the following matters:

i. To determine appropriate measures to safeguard Company assets;
ii. Review of preliminary announcements of results prior to publication;
iii. Review of financial statements (quarterly, half yearly and yearly) prior to the approval by the Board of Directors with major emphasis on :
   a. Significant adjustments resulting from the audit;
   b. Major judgment areas;
   c. Going concern assumption;
   d. Any change in accounting policies and practices;
   e. Compliance with applicable accounting standards, and
   f. Compliance with listing regulations and other statutory and regulatory requirements;
iv. Facilitating the external audit and discussion with external auditors of major observations arising from the interim and final audits and any matter that the auditors may wish to highlight (in the absence of Management, where necessary);
v. Review of Management Letter issued by external auditors letter and management's response thereto;
vi. Ensuring coordination between the internal and external auditors of the Company;
vii. Review of the scope and extent of the internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
viii. Consideration of major findings of internal investigations and Management's response thereto;
ix. Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;
x. Instituting special projects value for money studies or other investigations or any matter specified by the Board of Directors in consultation with the CEO and to consider remittance of any matter to the external auditors or to any external body;
xi. Determination of compliance with the relevant statutory requirements;
xii. Monitoring compliance with the best practice of corporate governance and identification of significant violations thereof;
xiii. Consideration of any other issue of matter as may be assigned by the Board of Directors;

Board Human Resource & Remuneration Committee

The role of the HR & R committee is to assist the directors in its oversight of the evaluation and approval of the employee benefit plans, welfare projects and retirement involvement.

The committee will recommends any adjustments which are fair and required to attract/retain high caliber staff for consideration and approval. The committee has the following responsibilities, powers, authorities and discretion:

i. Conduct periodic reviews of the good performance awards, bonuses, long term service award policy and safety awards for safe plant operations.

ii. Conduct periodic reviews of amount and forms of reimbursement for terminal benefits in case of retirement and death of any employee in relation to current norms.

Name	No of meetings held during the year	Meetings attended
Mr. Arif Habib – Chairman	1	1
Mr. Hasib Rehman - Member	1	1
Mr. Muhammad Ejaz - Member	1	Leave of Absence
Mr. Yoshikazu Uda - Member	1	1

iii. Consider any changes to the company's retirement benefit plans including gratuity, pension, post-retirement medical treatment, based on actuarial report, assumptions and funding recommendations.

iv. Review organizational policies concerning housing/welfare schemes, scholarships and incentives for outstanding performance.

v. Ensure in consultation with the CEO that succession plans are in place and review such plans at regular intervals for those executives whose appointment requires board approval (under code of corporate governance), namely the CFO, the Company Secretary and the Head of Internal Audit including the terms of appointment and remuneration package in accordance with the market positioning.

vi. Review and recommend compensation/benefits for the Chief Executive Officer.

The committee meets on as required basis or when directed by the board of directors. The secretary sets the agenda, time, date and venue of the meeting in consultation with the chairman of the committee. The head of HR acts as secretary of the committee and submit its minutes of the meeting duly signed by the chairman. These minutes are then circulated to the board of directors.

Board Executive Committee

This Committee consists of four members of the Board and meets at the start of every financial year to formulate and approve the yearly budget and envisaged yearly plans for the Company.

Name	No of meetings held during the year	Meetings attended
Mr. Arif Habib – Chairman	1	1
Mr. Hasib Rehman - Member	1	1
Mr. Muhammad Ejaz - Member	1	1
Mr. Yoshikazu Uda - Member	1	1

The Committee also evaluates and discusses feasibilities for project diversifications and any expansion plans to be conducted during the year. The Committee is also responsible for developing any strategic goals to be implemented during the year.

Management Committees

Management Executive Committee (MANCOM)

Mr. Kashif Shah - Chairman
Mr. Tahir Iqbal - Member
Mr. Tanvir Aslam-Member
Mr. Sikander Ahmed- Member
Mr. Sartaj Ahmad-Member
Mr. Khurram Abbas-Member
Mr. Mahir Abbas-Member
Ms. Hina Akhtar– Member
Mr. Waseem Saeed – Member

MANCOM conducts its business under the guidance of the CEO. The Committee is represented by the heads of all the department of the Company. MANCOM meeting is held bi-monthly to discuss and review the ongoing business operations.

Committee formed: December 2011
No of meetings held till Year end: 12

The Committee is responsible for the formulation of the business strategy based on the corporate objectives of the Company as set by the Board of Directors. The terms of reference of the committee are as follows

- To develop and approve medium term plan(s) to meet the interim objectives and milestones in accordance with the long term plan as approved by the Board;
- Update regarding the progress of the various segments of the Company;
- Discuss new ideas regarding business/ product lines, new markets/refer opportunities and feasibility for onward submission to the Board;
- Identify any potential risk factors and manage them accordingly;
- Timely decision making with regard to business and employee related issues;
- Review the adequacy of operational, administration and financial control;
- To improve performance and efficiency of the Company;

Management HR Committee

Mr. Kashif Shah - Chairman
Mr. Tahir Iqbal - Member
Ms. Hina Akhtar - Member

The objective of management HR committee is to review, monitor and make recommendations to the Board through the Human Resource & Remuneration Committee for the following:

Committee formed: December 2011
No of meetings held till Year end: 2

- Effective Employee Development Program;
- Sound Compensation and benefits plans, policies and practices designed to attract and retain the caliber of personnel required to manage the business effectively.
- Review organization structure to evaluate and recommend changes in the various functions for effective management of the business operations;
- Establish plans and procedures that provide an effective basis for management basis over Company manpower;
- Determine appropriate limits of authority and approval procedures for delegating authority to facilitate decision making at various management levels.

Evaluation of Board's Performance and Criteria Used

As the Board of Directors act as the custodian of the shareholders' money and is responsible to oversee its translation into objectives for the Company, the Board has put in place a mechanism for performance evaluation by setting specific, measurable, achievable and realistic goals. The Directors have set the following evaluation criteria to judge its performance:

- Corporate Governance
- Compliance with regulatory requirement of legal framework,
- Value addition for all Stakeholders of the Company
- Financial performance of the Company
- Attendance of directors in meetings;
- Frequency of meeting during the year;
- Participation and application of collective wisdom in pursuing Company's corporate objectives , vision and mission statement while adhering to the principles of core values/ code of conduct and ensuring compliance with the regulatory frame work.

The Board remains satisfied that during the year it truly strived for the above.

Core Competencies

The Board comprises of highly qualified professionals from all disciplines to ensure effective and efficient decision making. The Board comprises of Finance and Engineering Professionals to form an excellent combination of highly experienced professionals to run the affairs of the Company.

CEO's Performance Review

Amongst the key responsibilities of the Board of Directors is to warrant success of the Company by way of effective management. CEO is empowered by the Board to efficiently run the organization leading it towards progression and contributing value to its stakeholders.

Mr. Kashif Shah, the present CEO of the Company was appointed by the Board in July 26, 2011 and he resumed his office effective August 1, 2011.

The Board has observed that under his esteemed leadership his team during the year has been successful in Completion of the project (Construction Phase), Commencement of Trial Operations, Arrangement of requisite working capital and subscription of Pre IPO of PKR 234 M coupled with listing of the Company on the Karachi Stock Exchange by way of Offer for Sale of 10 M shares, while operating within the policy guidelines of the Board and ensuring compliance with all regulatory framework.

SWOT Analysis

Strengths

- Sixteen exclusive Dealer Partner(s) supplying CRC allover Pakistan ;
- Experienced Management;
- Successful track record of envisaging and executing projects
- State of the art plant;
- Quality equivalent to international standards;

Weaknesses

- Highly Leveraged;
- Limited Product (s);
- Risk of Reduction in Import Tariff;
- Strapped Cashflows due to infancy stage of ASML;

Opportunities

- High Domestic Demand;
- Internationally Competitive Price;
- Growth in various segments to accelerate steel sector growth;

Threats

- Adverse foreign exchange movement may affect imports and operational profitability
- Business Risk / Off-take Risk;
- Competition from other new organized and unorganized market players;

DIRECTORS' REPORT

Dear Fellow Shareholders

The Directors of Aisha Steel Mills Limited (ASML) are pleased to present the Annual Report of the Company and the audited financial statements for the year ended June 30, 2013 together with auditors' report thereon and a brief overview of financial and operational performance of the Company.

Pakistan Economy

Despite chronic hurdles facing the economy, Pakistan's economy achieved 3.6% growth (4.4% last year), led by the services sector (3.7%) and followed by industrial sector (3.5%) and agricultural sector (3.3%). Inflation also mapped a diminishing trend throughout 2012-13 averaging at 7.4% vis-à-vis 10.8% recorded in 2011-12. This was the major factor that led to a 300 basis points decline in interest rates to 9.0% by the financial year's end, which was increased to 9.5% in September 2013. However, this decline in last financial year was not sufficient enough to spur private sector credit offtake as supply-side constraints such as severe energy-related issues, soaring energy sector's inter-corporate debt and testing law & order situation kept challenging economic growth.

With the new government determined to tackle issues such as the power sector reforms including the inter-corporate debt issue, highest ever PSDP allocation for 2013-14 for rebuilding the economy and support growth, and entering into a long-term IMF program with ensuring discipline in economic policies, the economy is expected to bear fruits going forward.

Regulatory Issues Faced by Domestic CRC Producers

The biggest challenge being faced by domestic CRC manufacturers is coming from unscrupulous importers and inter-country Free Trade Agreement (FTA) signed by Government of Pakistan before two of the three domestic CRC producers started production. Both of these are seriously jeopardizing level playing field for domestic CRC industry. The domestic CRC industry is engaged with Ministry of Industries, Federal Bureau of Revenue, Engineering Development Board, Ministry of Commerce to resolve these matters, however, not much progress has been made on any of the issues faced by domestic CRC industry.

Three main producer of CRC in Pakistan along with their capacities are as follows:

CRC Steel Producers	Installed + Achievable Capacity
Pakistan Steel Mill	100,000 MT p.a.
International Steels Limited	250,000 MT p.a.*
Aisha Steel Mills Limited	220,000 MT p.a.
Total	570,000 MT p.a.

* includes production capacity for Full Hard CRC.

Pakistan's total estimated CRC Steel market is 500,000 MT p.a. and the Installed Capacity in Pakistan (including Aisha Steel) is 570,000 MT p.a. which exceeds the current market demand of 500,000 MT p.a.

There is a 10% custom duty of CRC on import of CRC Steel; however the local CRC manufacturers are unable to get this advantage for a variety of reasons. Details of issues faced by Local CRC manufacturers are as follows:

1) **Unfair Competition from CRC manufacturers of China under China-Pak Free Trade Agreement (FTA).**

   a) Under Pak-China FTA there is a concessionary custom duty of 5% for all types of importers thereby adversely affecting the local CRC Steel manufacturers. China-Pak FTA when executed in 2006, there was only one CRC Steel manufacturer namely Pakistan Steel Mills. Since then two brand new CRC Steel manufacturers have come into production thereby having potential of meeting entire demand of Pakistan. China-Pak FTA clearly stipulates that it is to provide incentive for one country into the other country market provided the other country does not have that industry. Now that Pakistan has the developed CRC steel industry therefore CRC should be excluded from China-Pak FTA.

   b) It is well considered policy of the Government of Pakistan that where a product is locally produced or manufactured a tariff protection shall be given to the said product and all concessions especially under China-Pak FTA shall be withdrawn.

2) **Gross misuse of CRC Steel import by Pipe Mills and Perforated manufacturers under SRO 565.**

   a) Pipe mills in Pakistan are importing CRC Steel under SRO-565 Clause 88, Sub-clause 3a and 3b, whereby these pipe mills are allowed to import CRC Steel by paying 0-5% custom duty instead of 10% custom duty. The purpose of this concessionary import was given, because there was only one CRC manufacturer when this concession was given to Pipe Mills. In addition to this, almost all of these pipe Mills sells CRC in the local market without any value addition and simply to enjoy concessional import under 5% Custom Duty. This practice results in massive loss to national exchequers and also hurts the interest of local CRC Steel Manufacturers. Therefore, this concession to pipe mills should be withdrawn immediately to protect national exchequer and also to provide level playing field to local CRC manufacturers.

   b) Similarly, under the same SRO-565, Clause 115 allows import of perforated steel products (used in door frames), which is being misused by importer mafia to import CRC steel by paying 5% custom duty and selling the same CRC steel in the market without any value addition. The local CRC manufacturers are fully capable to meet 100% requirements of perforated steel products manufacturers as well.

3) **Gross Misuse of Duty and Tax Remission for Re-export (DTRE) scheme for CRC.**

   a) A number of pipe mills are importing CRC Steel under DTRE Scheme and on papers showing that they are converting this CRC Steel into pipes for re-export usage in home appliances, motorcycle and bicycle industry etc. Mostly these Pipe Mills claim to re-export such material to Afghanistan. The reality is completely different and almost all the importers of CRC Steel under DTRE Scheme sell it in the local market without any value-addition to take advantage of paying no sales tax of 17% or Custom Duty of 10% thereby looping the national exchequer of Billions of Rupees. As it is a general knowledge that there is no home appliance industry in Afghanistan nor do they have any motorcycle/bicycle industry. This is blatant and unabashed misuse of import of CRC under DTRE Scheme.

4) **Gross misuse of CRC import by mis-declaring it as Alloy Steel and/or Silicon Steel.**

   a) Alloy Steel enjoys 0% Custom Duty at the moment and therefore unscrupulous importer mafia has started importing CRC Steel by mis-declaring it as Alloy Steel to avoid paying any Custom Duty. It is evident from the fact that in Jan–Mar 2012 Quarter only 9,000 MT of Alloy Steel was imported. During Jan–Mar 2013 more than 30,000 MT has been imported as Alloy Steel. A similar trend can be seen in Silicon Steel which only attracts 5% Custom Duty. Despite of fact that there has been no investment in any industry which is a consumer of Alloy Steel or Silicon Steel. In order to end this abuse it is recommended that Alloy Steel and Silicon Steel should also attract 10% custom duty for all commercial importers thus making it equivalent to CRC Steel Custom Duty.

5) **Protection to Local CRC Manufacturers to offset increase in Cost of Production due to increase in Electricity Prices.**

a) With increase of 50% in electricity tariff, local CRC manufacturers have become uncompetitive against imported CRC from China, Taiwan, Korea, Japan etc. because the electricity prices in these countries have not been increased. The cost of production of local CRC producers has increased by PKR 1,500/MT or 2.5% of CRC import price.

b) In order to provide a level playing field to local CRC manufacturers, it is suggested that some form of duty, whether Regulatory Duty or FED or some other mechanism should be imposed on imported CRC (prime as well as secondary quality) at 2.5% of the landed price. Without this equality, local manufacturers of CRC would not be able to compete against imported CRC resulting in damaging domestic CRC industry of Pakistan.

6) **Determination of discount on Secondary CRC Steel from Prime CRC Steel.**

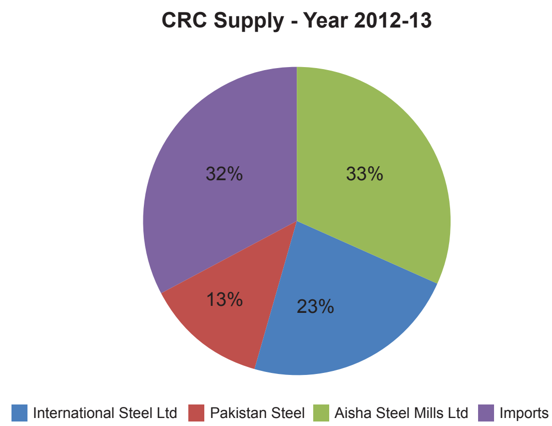
a) Currently traders are importing secondary quality CRC Steel with a discount of 15-38% or more on Prime Quality CRC Steel price. Globally a discount of 2-4% is given on secondary materials. Pakistan Steel has recommended a discount of 1–2% on secondary CRC steel from Prime CRC Steel price. Aisha Steel Mills Limited is also selling its secondary CRC at around 1% discount. There is precedence by Customs Valuation Department whereby in another similar Steel Product namely, Electrolytic Tin Plate (ETP) secondary quality product is allowed 5% discount from Prime Quality. It is recommended that price of Secondary CRC Steel should also be set at 5% discount from CRC Steel Prime Price as per London Metal Exchange (LME).

7) **Inclusion of CRC in sensitive list with respect to Most Favoured Nation (India).**

a) Cold Rolled Coils (CRC) should be added to sensitive list from Most Favored Nations (MFNs) to protect local manufacturers.
b) There are many non-tariff barriers on Indian side thus making it almost impossible for Pakistani exporters to export to India. Until and unless those Non-Tariff barriers are removed, Pakistan should not allow trade with India under MFN Regime.
c) Similarly, there are HS code mis-match between Pakistan and India. Therefore, an exercise to match HS codes should be done so that Pakistani CRC producers' interests are properly protected.
d) Lastly, India has a number of integrated steel mills which enjoy subsidized iron ore and therefore, CRC produced by such integrated mills has an unfair advantage of Pakistani CRC producer. Similarly, India enjoys a much lower financing cost as Prime rate in India is 5%, while in Pakistan our Prime Rate is 9%.

Market Share

Your Company will be the largest supplier of CRC in the market and will have competitive advantage over other producers in Pakistan due to superior Japanese technology machinery. However, other producers does not pose any direct competition risk as domestic demand is more than sufficient to absorb 100% domestic supply.



In view of the above your Company foresees to be a major participant in the leading manufacturers of CRC in the domestic market. In addition, the management is confident in the Company's ability to produce high quality of CRC that can be used in the automobile sector in Pakistan.This ability will make further inroads into the relatively emerging cut-to-size high end users' CRC.

Listing of Company

During the year under review, the Company listed at the Karachi Stock Exchange by Offer for Sale of 10 million shares at par value of PKR10/share by existing shareholders (three JV Partners) alongwith a Pre-IPO by way of new 23.4 million shares at par.

ASML's OFS also has the privilege of being the first public offering using e-subscription, as well as subscription using mobile phones.

One of the major shareholder and JV Partners of the Company M/s. Arif Habib Corporation Limited have also distributed 41.25 million convertible preference shares of ASML having a face value of Rs. 412.5 million as interim specie dividend to its shareholders for the nine months period ended 31st March 2012. Consequently, your Company also listed its Convertible Preference Shares at the Karachi Stock Exchange.

Company's Operations

ASML declared its Commercial Operations on 1st October 2012 and completed its nine months of production by 30th June 2013. As is the case with commissioning of a large scale industrial project, ASML faced teething problems in these initial months which were easily managed. As CRC sector in Pakistan is in its infancy stage, therefore, the first challenge was to make arrangements for trained manpower to operate Pakistan's state of the art CRC complex. For this purpose, a team of ASML engineers were sent abroad for training in a Taiwanese CRC mill. In addition to that two Japanese experts for Cold Rolling & Skin Pass mill (CRSM) and Push Pull Pickling Line (PPPL) was hired to supervise and train Pakistani engineers and technicians. To further supplement the dearth of experience CRC hands in Pakistan, nine experienced personnel were hired from Bangladesh, where CRC industry is a mature and well established. For long term sustainability and reliability, ASML has hired dynamic team of engineers and technicians which over a very short period of time have gained knowhow of operations of CRC mill with the result that ASML's CRC is now widely considered the best quality CRC in Pakistan. This also results in ASML charging higher selling price than other domestic CRC producers.

One of the start-up issues which is yet to be completely resolved is downtime in production due to less than expected performance of overhead cranes. In order for coils to move from one process to another, overhead cranes are used to lift and transport these coils and with frequent breakdowns in the overhead cranes, the production downtime is substantial and is severely hampering capacity utilization of ASML. The management of ASML has identified solution to this problem and it is expected that majority of the solution to fix this problem shall be implemented before the end of current financial year.

All Plant & Machinery, other than overhead cranes, is functioning as per standards and it is expected that as soon as overhead cranes problem is rectified ASML would be able to achieve its 100% capacity utilization of 220,000MT p.a. When the overhead cranes are working, some of our processes have exceeded 100% capacity which is a healthy sign that in future ASML may be able to operate above and beyond its 100% capacity.

With the passage of time our engineers and technicians have improved the product quality with the result that ASML has been able to become approved CRC supplier of a number of blue chip customers which were previously importing CRC and this includes Atlas Honda Limited. ASML is the only local CRC producer which has been able to achieve this feat and is a testament of superior production quality matching imported CRC from Japan, Taiwan, Korea, etc. In times to come, ASML would like to add more blue chip customers in its portfolio. ASML would continue to endeavor to improve its product quality in times to come.

ASML started production of CRC in the month of Oct 2012 and by the end of financial year, the total production of CRC was 70,916 MT due to the factors mentioned above. ASML achieved 10,000 MT in the month of June 2013 (this milestone has been improved to more than 12,000 MT production in the month of July 2013). Nameplate capacity of ASML if 18,333 MT per month and hence in July 66% production capacity was achieved.

Sales & Marketing

ASML has a Sales & Distribution Agreement with Mitsubishi Pakistan to sell 100% of ASML's product within Pakistan via two channels namely: Direct Sales, and Sales via Dealers. At ASML, we believe that CRC is a specialized product and therefore requires commitment and dedication throughout the distribution channel. Keeping this in mind, ASML decided to have exclusive ASML Dealers to sell CRC in Pakistan and as this requires commitment from both ASML as well as our Dealers therefore, they are called Dealer-Partner. ASML has presently 18 Dealer-Partners across Pakistan which are covering all major demand centers of CRC consumption. These Dealer-Partners are managed by Mitsubishi Pakistan's three offices in Karachi, Lahore, and Islamabad.

ASML also started its direct sales to End Users and has been able to consistently add well established and blue chips customers. Some of these End Users have very stringent CRC producer approval criteria and it gives us great pleasure to share with you that ASML has been able to get approved with all End Users it has approached. The last such milestone was achieved when one of the leading motorcycle manufacturers approved ASML's CRC for its use. ASML intends to approach other such blue chip End User in time to come.

Sales & Marketing team has played a vital role in product development and in designing best-selling practices (fastest and round the clock), awareness about the product in the market helped in switching customers from other sources to ASML's product. Continuous marketing and direct consumer visits with push sale strategy helped in boosting up the sales, customer engagement and retention in competitive market environment where Imports were dominating. ASML believes that its CRC's main competition is with imported CRC and with increase in ASML sales in domestic market, imports of CRC have declined. However, due to immoral practices of importer mafia, ASML has not been able to get the benefit of 10% custom duty with the result that margins remained under pressure.

Sales & Marketing's strong team work has resulted in making ASML largest seller of CRC in Pakistan, amongst the local producer. In the month of July 2013, ASML sold over 13,000MT of its various products which is equivalent to 71% of plant capacity.

Raw Material Procurement

ASML used Hot Rolled Coils (HRC) as raw material and due to unavailability of HRC in Pakistan, therefore ASML has to import HRC. ASML has been able to add a number of world renowned HRC producers as its suppliers, however, majority of raw material purchased is from Nippon Steel and Sumitomo Corporation (NSSC), which is world's second largest steel producer and is widely considered gold standard in steel production. In addition to NSSC, ASML has buying relationships with CSC Taiwan, POSCO South Korea, Arcelor-Mittal S. Africa, and Hadith Saudi Arabia. In the next financial year, ASML intends to initiate relationships with Chinese HRC mills as well. With this diversified HRC supplier base, ASML is expected to benefit from regional pricing movements.

FINANCIAL REVIEW

The summary of financial results is as follows:-

	Rupees in '000'	
	2013	2012
Loss before tax	(1,114,802)	(132,435)
Taxation - Deferred	368,965	46,352
Loss after tax	(745,837)	(86,083)
Appropriations	-	-
Accumulated losses – carried forward	(1,186,501)	(440,664)
Basic earnings per share(loss) - Rupees	(3.15)	(0.82)

During the year under review, your Company incurred a net loss before tax of Rs. 1,114,802 million and loss after tax of Rs. 745,837 million as compared to loss before tax of Rs. 132,435 million and loss after tax of Rs.86,083million in the corresponding year ended on 30 June 2012. There are certain factors which resulted in such a large variance between the loss before tax for the current and last year. Among the main reasons there was a gross loss of Rs. 67.86 million (2012: Nil) due to lower productivity level in the first year of operations. Secondly the selling expenses of Rs. 17.75 million (2012: Nil) consequent to commencement of sales. The major reason for the significant loss for the year is non-capitalization of borrowing cost amounting to Rs. 891.223 million which is charged to the profit & loss account consequent to announcement of commercial operations. Previously borrowing cost was qualifying to be capitalized during the completion of project phase. However, the Company has been successful to manage its administrative expenses which were remain on the same scale despite the commencement of commercial operations.

During the current year the Company also recorded deferred tax asset according to the requirements of International Accounting Standard -12 “Income Taxes” to the extent of future probable profits which resulted in recording of corresponding income of Rs. 390.142 million as compared to Rs. 46.35 million in the corresponding year.

In view of aforesaid after tax loss for the year, the board has not recommended any cash or stocked dividend.

Future Outlook

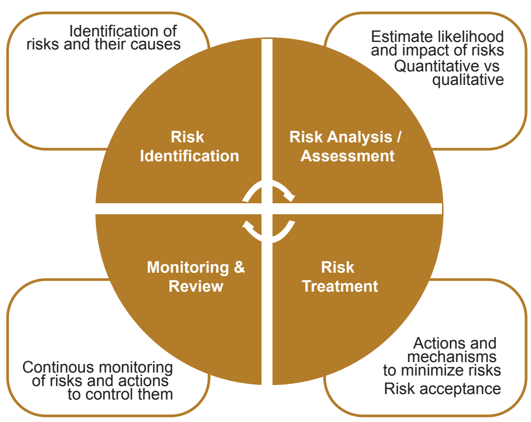
ASML’s first and foremost priority is to fix all issues of the overhead cranes at the earliest so that we can achieve full production capacity. This would require incremental Capital Expenditure.

ASML is in its final stages of completing Electrolytic Cleaning Line (ECL) and Japanese supervisors are expected to come in early November 2013 to initiate commissioning process of ECL. With the commissioning of ECL, ASML would become the only CRC producer in Pakistan with ECL processed CRC manufacturer in Pakistan. ECL processed CRC is used in outer skin bodies of cars, etc. In addition to this, ASML would be able to produce very thin gauges of 0.2 to 0.4 mm thickness as its quality standards require ECL cleaning. This would open packaging market for ASML’s CRC which has an annual demand of more than 80,000MT.

In order to increase available market for sale, ASML is planning on leasing a Cut to Length machine which would cut coils into sheets. This would enable ASML to tap into sheet market as well. In addition to this, baby coils are typically sold at a discount and by converting baby coils into sheets, ASML would be able to get full price for these sheets.

Risk Management

The risk management system of company established by the Board comprises of a wide range of finely tuned organizational and procedural components and is capable of identifying events and developments impairing the going-concern status of the Company. The risk management system is designed; to promote a balanced approach to risks at all organizational levels,identify and analyzethe opportunities and risks at an early stage, their measurement and the use of suitable instruments to manage and monitor risks.



With the Company’s key business being that of a manufacturing concern, it has evolved its risk management system as its production & sales strategy has evolved. Starting with raw material procurement, the Company has always followed a policy of diversification between sources and quality and at the same time basing decisions regarding product mix requirements of the market on fundamental customers demand and market analysis and following the golden rule of value investing.

The Company manages its risk by applying caution with respect to the stock selection and inventory levels; avoiding concentration risk, ensuring credit/receipt of clean funds from the buyer dealers and continuously assessing the capacity of the counterparty. In addition, the Company has played a continuing role through its representatives in the development of sector on both ends of manufacturers & customers’ awareness and simplification of customs and tariff matters.

For operational risk management, the starting point has always been carrying out an in depth analysis before making investment in inventory procurement globally, and supplementing that with hiring of qualified and experienced professionals, applying budgetary and other internal controls, continuing review of performance of the procurement, production, sales and corporate governance segments and taking corrective measures as and when needed.

The detailed Qualitative Reports and Quantitative analysis on Risk management is presented in note no. 30 to the financial statements.

Risk Factors and Mitigants

	Criticality	Mitigant
Foreign Exchange Risk: Adverse foreign exchange movement can increase the price of input and reduce profitability.	Medium	Foreign exchange risk is contained to a minimum level as the product will act as an import substitute. The price of finished goods, namely CRC, is linked to prices in the international market, which are quoted in USD, thus protecting the Company from any adverse exchange fluctuations.
Business Risk / Off-take Risk Decrease in demand for products may have an adverse impact on the business	Medium	Currently the demand for CRC exceeds domestic production by a significant amount.
Business Cycle Risk Steel is a cyclical industry thus exposing ASML to adverse price fluctuations during business cycle movements.	Medium	Demand is expected to increase due to multiple factors including economic growth of the country, rising population leading to increased consumption of finished steel goods, change in consumption pattern as a result of increased affluence, and increase in post flood re-construction activities.
Credit Risk There is a risk that the Company will be unable to meet its financial obligations and hence will default on its commitment to repay the debt.	Low	Despite the cyclical nature of steel industry, margins between CRC and HRC are relatively stable in the long run. Based on historic averages margin of USD 88/ MT exists between HRC and CRC prices. In addition to that tariff protection provides additional cushion to the margin. Backed by leading Arif Habib Group and world renowned Mitsubishi Group (having revenue greater than Pakistan's GDP) provides assurance of the financial muscle ASML possesses in terms of Sponsors' Support.

Capital Management and Liquidity

The Company's cash flows management system projects cash inflows and outflows on a regular basis as well as monitoring cash position on a daily basis. Keeping in view the saving in financial cost owing to a declining trend in KIBOR, the Company manages its working capital requirements through KIBOR based funded and non-funded lines with different banks and financial institutions. As part of long-term strategy the fixed assets are maintained out of long term borrowings.

During the financial year 2012-13 the cost of borrowings, including exchange losses of PKR 91.34 million (2012 PKR 4.40 million), remains at Rs. 891.22 millions (2012 : Rs. 14.83 million).

The long term debt equity ratio of the Company on 30th June 2013 was 72:28 as against 66:34 as on 30th June 2012.

CORPORATE SUSTAINABILITY

Corporate Social Responsibility

ASML's CSR Footprint: In today's day and age the new buzzword for the corporate sector besides a strong financial standing is a company's CSR footprint. What is CSR? In layman terms it is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives ("Triple-Bottom-Line- Approach"). Bearing this in mind at ASML we believe in exploring multiple avenues when it comes to developing our CSR portfolio; and as part of its on-going initiatives recently celebrated multiple events details of which are as follows.

Celebrating the Aisha's of ASML (International Women's Day 2013)

At ASML we believe in equal employment opportunity and also strive to ensure that our women workforce are provided an apt working environment and are equally rewarded for their efforts in making ASML a grand success story. Therefore to appreciate the efforts put in by our female employees the management at ASML celebrated for the first time ever "International Women's Day on the 08th of March 2013."

The event was a hi-tea event which was hosted at the ASML plant in Port Qasim and was well received by all the attendees; namely the entire female workforce of ASML along with members of the senior management. The event was fittingly titled as "Celebrating the Aisha's of ASML" since it provided the female workforce a forum to speak of their experience for working with ASML; and subsequently also provided a medium for them to hear from the senior management on how the addition of women to the workforce has both been a challenge and opportunity for all concerned which no doubt left all the attendees thoroughly motivated and inspired. The highlight of the evening was keeping in line with the theme of the year and a short Pakistani documentary styled movie was showcased titled "Saving Face." The movie highlighted the hardships faced by Pakistani women who were acid/fuel burn victims and how they overcame it all. And the purpose of showcasing the movie was to appreciate and highlight the strength of a Pakistani woman and subsequently learn from their sufferings.

ASML Goes Green (International Earth Day 2013)

What is Earth Day? It is an annual day to demonstrate support for environmental protection and is observed each year on the 22nd April. Each year more than one billion people in more than 192 countries take part in the drive; and across the globe, individuals, communities, organizations, and governments acknowledge the amazing planet we call home and take action to protect it. This year it was celebrated with the theme of "The Face of Climate Change." Therefore, as part of our CSR initiatives the management of ASML wanted to ensure that everyone at ASML not only understood the concept of Earth Day but also within their own domains played a role in returning back to the environment. And since our employees have never shied away from achieving any objective therefore it came as no surprise when on Monday 22nd of April 2013 the employees at ASML rolled up their sleeves and got their hands dirty! A total of 200 Corno-Corpus plants were planted by ASML employees across the board. The initiative was an all-day activity wherein employees were invited to visit the location at the ASML plant where the plant beds had been marked out. Each employee was then asked to dig the bed for the plant; pot it in the marked area and water it; but the activity does not stop at just planting the plants.

Each employee who took the initiative to bed the plants; has his/her name tagged with the said plant and is encouraged to coordinate with the relevant personnel of the Civil department to ensure that his/her plant is healthy and growing. This activity is ASML's way of giving back to our wonderful Country.

ASML Donates (World Blood Donor Day)

ASML celebrated World Blood Donor Day a very noble cause which is celebrated worldwide every year on the 14th of June. The world-wide acknowledgement and celebration of the day serves to raise awareness of the need for safe blood & blood products and to thank voluntary unpaid blood donors for their life-saving gifts of blood. This was the first ever blood drive (in conjunction with Fatimid Foundation) conducted at the plant and the response by the employees to the drive itself was remarkable which made it a resounding success. The donations as per Fatimid would be further used for various medical treatments ranging from transfusions to helping in increasing the platelet counts. The support shown by the management and employees alike towards this noble cause, regardless of the fact that it was a full working day or the hot weather condition was greatly appreciated by the representatives of Fatimid Foundation.

Energy Conservation

We at ASML are conscious of the wellbeing of our employees as well as community at large.The Company focuses on energy conservation and all departments and employees adhere to the power conservation measures. Furthermore, the Company also has planned to install a Reverse Osmosis Plant which will fulfill all additional purified water requirements at the mill.

Human Resource Management

Your Company takes great pride in the commitment, competence and vigour shown by its workforce in all realms of business. The Company continues to take new initiatives to further align its HR policies to meet the growing needs of its business. People development continues to be a key focus area in your Company.

At ASML Human Resource, in its business partner role, enacts strategies to raise the performance of each team member to its maximum potential. The primary reason for our success is that our organization is not built solely around machines, it is also built around people.

Our continuous improvement philosophy and benchmarking with the best in class will help in making ASML a high performance organization.

Environment, Health& Safety (EHS)

ASML is aiming to get certified for Integrated Management System of OHSAS 18001:2007 & ISO 14001:2004. We have a fully committed and communicated HSE policy in place. We are working on building the management systems required to achieve our goal.

So, far the following systems are being implemented and followed within ASML:

1. Emergency Response Plan
2. Incidents Reporting, Recording and Management
3. Hazardous Material Storage and Handling
4. Permit to Work System
5. Corrective and Preventive Actions
6. Safe Food Handling in Canteen
7. Lock Out & Tag Out System

Apart from the above mentioned systems the EHS team has also implemented the daily safety talks culture onsite and a daily 10-15minute safety talk is delivered on a selected topic in a selected area. For all incidents analysis and investigation a well know method of TRIPOD BETA is used and mitigation measures are being taken on priority.

In the coming months “Fire Fighting Training” & “Certified First Aid Training” is planned to be conducted in ASML premises to equip the employees with necessary skills to meet any emergency needs.

Industrial Relations

Your Company believes in providing an equitable, fair and merit based environment. We believe that if permanent and contracted employees are treated fairly and with respect then that would result in high motivation of workforce thus resulting in peaceful and continuous operations. We intend to maintain this approach in years to come.

Gratuity Scheme as Retirement Benefit

The Company maintains plan that provide retirement benefits to its employees. This includes a non-contributory and unfunded gratuity scheme for elegible permanent employees.

Equal Opportunity Employer and Employment of Special Persons

Your Company takes pride in equal opportunity and therefore provides employment opportunities on merit irrespective of sex, creed, religion or any other affiliation. On a relative basis, ASML hired most number of female engineers and is pleased to share that these female engineers are contributing significantly towards progress of your Company. In addition to equality, your Company also plans to give employment opportunities to persons with special needs.

Information Systems and Re-Engineering

SAP – ERP Business Suite is being implemented in the company and during the transitional period the whole data of twelve months operations have been entered into the system which has helped out our people in their speedy learning curve and now focusing to be live in its utilization during the current operational year. The introduction of SAP will bring about considerable improvements in the areas of functional integration, record management, internal controls, process efficiencies and adoption of best practices. This will facilitate the generation of real time information for the management and enhance effective and optimal decision making.

Contribution to the National Exchequer

Your Company takes its contribution towards national economy seriously and has always discharged its obligations in a transparent, accurate and timely manner.The Company has contributed over Rs. 412.95 million during the year towards National Exchequer comprising of income tax, sales tax, duties and other taxes.

Corporate Governance

Subsequent to the Balance Sheet Date the ASMLhas been listed at the Karachi Stock Exchange. The Company's Board and Management are committed to observe the Code of Corporate Governance prescribed for listed Companies and are familiar withtheir responsibilities and monitor the operations and performance to enhance the accuracy, comprehensiveness and transparency of financial and non-financial information.

The Board is pleased to state that:

- The financial statements, prepared by the Management of the Company , present fairly its state of affairs , the results 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 the financial statements and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are no significant doubts regarding the Company's ability to continue as going concern;
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
- Information regarding outstanding taxes and levies as required by the listing regulations is disclosed in the notes to the financial statements.
- The company has no outstanding obligations under gratuity, pension or provident fund.

In compliance with the Code, the Board hereby reaffirm that there is no doubt whatsoever about the Company's ability to continue as a going concern and that there has been no material departure from the best practices of corporate governance as detailed in the listing regulations and transfer pricing.

One director has participated in four parts of Corporate Governance Leadership Skills Program during the year. The Company has planned to hold training sessions for its directors in the current year. It has always been the Company's endeavor to excel through better Corporate Governance and fair and transparent practices, many of which have already been in place even before they were mandated by law or ASML got listed.

Trading in Company's Share by Directors and Executives

During the year no trade in the shares of the Company was carried out by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and other Executives of the Company and their spouses and minor children except as detailed in Annexure – II.

Furthermore, it is informed to all the concerned persons to deliver written notices to the Company Secretary to immediately inform in writing any trading in the Company's shares by themselves or by their spouses and to deliver a written record of the price, number of shares and CDC statement within 4 days of such transaction.

Attendance at Board Meetings

A statement showing attendance at Board meetings is annexed as Annexure-I.

Pattern of Shareholding

The ordinary and preference shares of the Company have been listed on Karachi Stock Exchange during the year. There were 1408 (2012: 14) ordinary shareholders and 5113 (2012: 7150) preference shareholders of the Company (being unquoted) as of 30 June 2013. The detailed pattern of shareholding and categories of shareholding of the Company including shares held by directors and executives, if any, are annexed as Annexure III.

Financial and Business Highlights

The key operating and financial data has been given in summarized form under the caption “Financial & Business Highlights – Six years at a glance” at page no 55 and graphical representation of the important statistics is presented on page no 57.

Audit Committee

As required under the Code of Corporate Governance, the Audit Committee continued to perform as per its terms of reference duly approved by the Board. The Committee composition and its terms of reference are also attached with this report. The composition of Audit Committee will be made in line with requirements of ‘Code of Corporate Governance 2012’ at the time of next election of directors in accordance with the ‘Implementation deadlines of Code of Corporate Governance 2012’.

Auditors

The present external auditors M/s. A. F. Ferguson & Co., Chartered Accountants, shall retire at the conclusion of annual general meeting on October 31, 2013 and being eligible, have offered themselves for reappointment for the year ending on 30th June 2014. The external auditors hold satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) as required under their Quality Control Review Program. As suggested by the Audit Committee, the Board recommends reappointment of M/s. A. F. Ferguson & Co., Chartered Accountants, as auditors of the Company for the financial year ending on June 30, 2014 at a fee to be mutually agreed. Approval to this effect will be sought from the shareholders at the forthcoming annual general meeting scheduled on October 31, 2013.

Compliance with Secretarial Practices

The Company Secretary furnished a Secretarial Compliance Certificate, in the prescribed form, as required under prevalent listing regulation 35(xxv) of Karachi Stock Exchange, as part of the annual return filed with the Registrar of Companies to certify the secretarial and corporate requirements of the Companies Ordinance, 1984 and listing regulations have been duly complied with.

Election of Directors

In accordance with the provisions of Section 180 of the Companies Ordinance, 1984 the three years term of directors elected in the annual general meeting of October 27, 2011 will be completed on October 26, 2014.

Post Balance Sheet Events

There have been no material changes since 30thJune 2013 to the date of this report.

Related Party Transactions

In order to comply with the requirements of listing regulations, the Company presented all related party transactions before the Audit Committee and Board for their review and approval. These transactions have been approved by the Audit Committee and Board of Directors in their respective meetings. The details of related party transactions have been provided in note 33 of the annexed audited financial statements.

Acknowledgement

The Directors are grateful to the Company's stakeholders for their continuing confidence and patronage. We wish to place on record our appreciation and thanks for the faith and trust reposed by our Business Partners, Bankers& Financial Institutions.We thank the Ministry of Finance, Ministry of Industries & Production, the Securities & Exchange Commission of Pakistan, the State Bank of Pakistan, the Competition Commission of Pakistan, Central Depository Company of Pakistan and the Managements of Karachi Stock Exchange for their continued support and guidance which has gone a long way in giving present shape to the company.

The results of an organization are greatly reflective of the efforts put in by the people who work for and with the company. The Directors fully recognize the collective contribution made by the employees of the company for successful completion of project during the year and start of trial operations of the company. We also appreciate the valuable contribution and active role of the members of the audit and other committees in supporting and guiding the management on matters of great importance.

For and on behalf of the Board

Kashif Shah
Chief Executive

Karachi:October 1, 2013

ANNEXURE I

Statement of Attendance of Board of Directors

From July 1, 2012 to June 30, 2013

Name	No Of Meetings Held during the year	Meetings Attended	Leaves Granted	Remarks
Mr. Arif Habib	7	7	-	-
Mr. Miko Kinoshita	7	1	-	Outgoing Chairman and Director
Mr. Hasib Rehman	7	5	2	-
Mr. Yoshikazu Uda	7	6	1	-
Mr. Nasim Beg	7	4	-	Newly appointed Director
Mr. Samad A. Habib	7	4	-	Newly appointed Director
Mr. Kashif A. Habib	7	6	1	-
Mr. Muhammad Ejaz	7	6	1	-
Mr. Ali Akhtar Khan	7	2	-	Outgoing Director
Mr. Kashif Shah	7	6	1	-

ANNEXURE II

Statement showing shares bought and sold by directors, CEO, CFO, Company Secretary and their spouses and Minor Children

From July 1, 2012 to June 30, 2013

Name of Directors	Designation	Ordinary Shares		Preference Shares		Remarks
		Shares Sold	Shares Bought	Shares Sold	Shares Bought	
Mr. Hasib Rehman	Director	2,439,786	-	-	-	Through Offer for Sale – For Listing of Company
Mr. Yoshikazu Uda	Director	-	80,000	-	-	Through Offer for Sale – For Listing of Company
Mr. Kashif A. Habib	Director	-	-	3,208	-	-
Mr. Kashif Shah	Chief Executive	-	80,000	-	64,500	Through Offer for Sale – For Listing of Company
Mr. Tahir Iqbal	CFO & Company Secretary	-	45,000	-	-	Through Offer for Sale – For Listing of Company
Mrs. Zetun Arif	Spouse of Mr. Arif Habib	-	-	6,407,500	-	-

ANNEXURE III

Pattern of Shareholding of Ordinary Shares

As of June 30, 2013

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
MR. HASIB UR REHMAN	1	13,925,385	5.15
MR. YOSHIKAZU UDA	1	80,000	0.03
MR. KASHIF SHAH	1	80,000	0.03
Associated Companies, undertakings and related parties			
ARIF HABIB CORPORATION LIMITED	2	80,008,250	29.59
ARIF HABIB EQUITY (PVT) LIMITED	2	30,563,565	11.30
UNIVERSAL METAL CORPORATION, JAPAN	2	37,394,829	13.83
METAL ONE CORPORATION	1	66,768,583	24.69
UMC PAKISTAN (PVT) LIMITED	1	5,910,000	2.19
Executives	15	175,760	0.06
Public Sector Companies and Corporations	1	10,000,000	3.70
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	2	9,950,000	3.68
Mutual Funds			
NATIONAL BANK OF PAKISTAN-TRUSTEE DEPARTMENT NI(U)T FUND	1	2,129,388	0.79
CDC - TRUSTEE PICIC INVESTMENT FUND	1	2,000,000	0.74
CDC - TRUSTEE PICIC GROWTH FUND	1	3,000,000	1.11
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	1,000,000	0.37
General Public			
a. Local	1347	6,055,451	2.24
b. Foreign	1	500	0.00
Others	28	1,375,588	0.51
Total	**1409**	**270,417,299**	**100.00**

Share holders holding 5% or more	Shares Held	Percentage
ARIF HABIB CORPORATION LIMITED	80,008,250	29.59
METAL ONE CORPORATION	66,768,583	24.69
UNIVERSAL METAL CORPORATION, JAPAN	37,394,829	13.83
ARIF HABIB EQUITY (PVT) LIMITED	30,563,565	11.30
MR. HASIB UR REHMAN	13,925,385	5.15

Pattern of Shareholding of Ordinary Shares

Categories of Shareholders as of June 30, 2013

S.No.	Name of shareholder	Number of shares	per %
Directors and their spouse(s) and minor children			
1	MR. HASIB UR REHMAN	13,925,385	5.15
2	MR. YOSHIKAZU UDA	80,000	0.03
3	MR. KASHIF SHAH	80,000	0.03
	3	**14,085,385**	**5.21**
Associated companies, undertakings and related parties			
1	ARIF HABIB CORPORATION LIMITED	65,786,900	24.33
2	ARIF HABIB CORPORATION LIMITED	14,221,350	5.26
3	ARIF HABIB EQUITY (PVT) LIMITED	24,347,362	9.01
4	ARIF HABIB EQUITY (PVT) LTD	6,216,203	2.30
5	UNIVERSAL METAL CORPORATION, JAPAN	26,642,829	9.85
6	UNIVERSAL METAL CORPORATION	10,752,000	3.98
7	METAL ONE CORPORATION	66,768,583	24.70
8	UMC PAKISTAN (PVT) LIMITED	5,910,000	2.19
	8	**220,645,227**	**81.62**
Executive			
1	MR. BADAR-US-SALAM	500	0.00
2	MR. GULFISHAN SHAIKH MUHAMMAD RAFI	500	0.00
3	MR. MUHAMMAD IQBAL	1,000	0.00
4	MR. WASEEM SAEED	1,000	0.00
5	MR. MOHSIN ALI ARAIN	1,000	0.00
6	MR. SIKANDER MIRZA BAIG	1,000	0.00
7	MR. HINA AKHTAR	1,000	0.00
8	MR. SYED MUHAMMAD TAJUDDIN	3,000	0.00
9	MR. KHALID GHANI	5,000	0.00
10	MR. FAISAL SOHAIL KHAN	10,000	0.00
11	MR. FAIZA TARIQ QURESHI	5,000	0.00
12	MR. TAHIR IQBAL	45,000	0.02
13	MR. MUHAMMAD AAMIR SHAIKH	500	0.00
14	MR. KIMIHIDE ANDO	89,760	0.03
15	MR. FAISAL SUHAIL KHAN	11,500	0.00
	15	**175,760**	**0.05**
Public sector companies and corporations			
1	NATIONAL BANK OF PAKISTAN	10,000,000	3.70
	1	**10,000,000**	**3.70**
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds			
1	UNITED BANK LIMITED - TRADING PORTFOLIO	4,950,000	1.83
2	SINDH BANK LIMITED	5,000,000	1.85
	2	**9,950,000**	**3.68**

Pattern of Shareholding of Ordinary Shares

Categories of Shareholders as of June 30, 2013

S.No.	Name of shareholder	Number of shares	per %
Mutual Funds			
1	NATIONAL BANK OF PAKISTAN-TRUSTEE DEPARTMENT NI(U)T FUND	2,129,388	0.79
2	CDC - TRUSTEE PICIC INVESTMENT FUND	2,000,000	0.74
3	CDC - TRUSTEE PICIC GROWTH FUND	3,000,000	1.11
4	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1,000,000	0.37
	4	**8,129,388**	**3.01**
General Public			
	Foreign	500	0.00
	Local	**6,076,451**	**2.23**
	1347	**6,076,951**	**2.23**
Others			
1	M/S LUCKY COMPOSERS PRINTER	500	0.00
2	AL-MADINA SUPER STORE & COMMUN	1,000	0.00
3	M/S EDUSOFT SYSTEM SOLUTIONS	3,000	0.00
4	SAPPHIRE TEXTILE MILLS LIMITED	74,800	0.03
5	AMER COTTON MILLS (PVT) LIMITED	74,800	0.03
6	YUNUS TEXTILE MILLS LIMITED	350,000	0.13
7	M/S RANG COMMODITIES (PVT) LTD	300,000	0.11
8	ACE SECURITIES (PVT.) LIMITED	1,610	0.00
9	HIGHLINK CAPITAL (PVT) LTD	7,500	0.00
10	EXCEL SECURITIES (PRIVATE) LIMITED	500	0.00
11	AZEE SECURITIES (PRIVATE) LIMITED	6,500	0.00
12	MULTILINE SECURITIES (PVT) LIMITED	29,920	0.01
13	FDM CAPITAL SECURITIES (PVT) LIMITED	2,340	0.00
14	SHAKIL EXPRESS (PVT) LTD	14,960	0.01
15	DJM SECURITIES (PRIVATE) LIMITED	100,000	0.04
16	TIME SECURITIES (PVT.) LTD.	28,500	0.01
17	SINDH GAS (PVT) LIMITED	26,500	0.01
18	MAAN SECURITIES (PRIVATE) LIMITED	500	0.00
19	HH MISBAH SECURITIES (PRIVATE) LIMITED	6,000	0.00
20	GROWTH SECURITIES (PVT) LTD.	42,000	0.02
21	AXIS GLOBAL LIMITED	18	0.00
22	HORIZON SECURITIES (SMC-PVT) LIMITED	135,000	0.05
23	SINDH GAS (PVT) LIMITED	37,000	0.01
24	AWJ SECURITIES (SMC-PRIVATE) LIMITED.	500	0.00
25	MUHAMMAD SALIM KASMANI SECURITIES (PVT.) LTD.	15,000	0.01
26	SINDH GAS (PRIVATE) LIMITED	20,000	0.01
27	HORIZON SECURITIES LIMITED	65,000	0.02
28	SALIM SOZER SECURITIES (PVT.) LTD.	11,140	0.00
	28	**1,354,588**	**0.49**

Pattern of Shareholding of Ordinary Shares

Categories of Shareholders as of June 30, 2013

# Of Shareholders	Shareholdings'Slab			Total Shares Held
80	1	to	100	1,224
526	101	to	500	259,224
309	501	to	1000	306,530
314	1001	to	5000	1,044,953
72	5001	to	10000	611,680
23	10001	to	15000	312,980
11	15001	to	20000	221,000
6	20001	to	25000	162,444
9	25001	to	30000	256,034
3	30001	to	35000	100,000
2	35001	to	40000	77,000
6	40001	to	45000	262,000
1	45001	to	50000	50,000
2	50001	to	55000	106,500
2	55001	to	60000	116,000
1	60001	to	65000	65,000
1	65001	to	70000	69,500
2	70001	to	75000	149,600
2	75001	to	80000	160,000
1	85001	to	90000	89,760
8	95001	to	100000	797,500
2	115001	to	120000	235,898
1	130001	to	135000	135,000
1	135001	to	140000	140,000
1	145001	to	150000	150,000
1	160001	to	165000	161,972
1	165001	to	170000	166,500
2	195001	to	200000	400,000
1	295001	to	300000	300,000
1	345001	to	350000	350,000
1	505001	to	510000	509,000
1	995001	to	1000000	1,000,000
1	1995001	to	2000000	2,000,000
1	2125001	to	2130000	2,129,388
1	2995001	to	3000000	3,000,000
1	4945001	to	4950000	4,950,000
1	4995001	to	5000000	5,000,000
1	5905001	to	5910000	5,910,000
1	6215001	to	6220000	6,216,203
1	9995001	to	10000000	10,000,000
1	10750001	to	10755000	10,752,000
1	13925001	to	13930000	13,925,385
1	14220001	to	14225000	14,221,350
1	24345001	to	24350000	24,347,362
1	26640001	to	26645000	26,642,829
1	65785001	to	65790000	65,786,900
1	66765001	to	66770000	66,768,583
1,409				**270,417,299**

Pattern of Shareholding of Preference Shares

As of June 30, 2013

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
MR. ALI AKHTAR KHAN (KHI)	1	50	0.00
MR. ARIF HABIB	1	23,797,542	32.42
MR. KASHIF SHAH	1	64,511	0.09
MR. MUHAMMAD EJAZ	1	11	0.00
Associated Companies, undertakings and related parties			
ARIF HABIB CORPORATION LIMITED	2	43,625,707	59.43
Executives	1	13	0.00
Public Sector Companies and Corporations	3	360,141	0.49
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	14	975,569	1.33
Mutual Funds			
PRUDENTIAL STOCKS FUND LTD (03360)	1	1,650	0.00
NATIONAL BANK OF PAKISTAN-TRUSTEE DEPARTMENT NI(U)T FUND	1	121,208	0.17
CDC - TRUSTEE PICIC INVESTMENT FUND	1	130,000	0.18
CDC - TRUSTEE PICIC GROWTH FUND	1	257,327	0.35
FIRST CAPITAL MUTUAL FUND LIMITED	1	9,500	0.01
CDC - TRUSTEE PICIC STOCK FUND	1	20,000	0.03
General Public			
a. Local	4965	3,093,282	4.21
b. Foreign	4	13,006	0.02
Foreign Companies	3	319,280	0.43
Others	108	613,962	0.84
Total	**5110**	**73,402,759**	**100.00**

Share holders holding 5% or more	Shares Held	Percentage
ARIF HABIB CORPORATION LIMITED	43,625,707	59.43
MR. ARIF HABIB	23,797,542	32.42

Pattern of Shareholding of Preference Shares

Categories of Shareholders as of June 30, 2013

S.No.	Name of shareholder	Number of shares	Per %
Directors and their spouse(s) and minor children			
1	MR. ALI AKHTAR KHAN (KHI)	50	0.00
2	MR. ARIF HABIB	23,797,542	32.40
3	MR. KASHIF SHAH	64,511	0.09
4	MR. MUHAMMAD EJAZ	11	0.00
	4	**23,862,114**	**32.49**
Associated companies, undertakings and related parties			
1	ARIF HABIB CORPORATION LIMITED	34,570,058	47.06
2	ARIF HABIB CORPORATION LIMITED	9,055,649	12.33
	2	**43,625,707**	**59.39**
Executive			
1	MR. TAHIR IQBAL	13	0.00
	1	**13**	**0.00**
Public sector companies and corporations			
1	NATIONAL BANK OF PAKISTAN	250,000	0.34
2	NATIONAL BANK OF PAKISTAN	23,699	0.03
3	STATE LIFE INSURANCE CORP. OF PAKISTAN	86,442	0.12
	3	**360,141**	**0.49**
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds			
1	INNOVATIVE INVESTMENT BANK LIMITED	687	0.00
2	BANK ALFALAH LIMITED	1,240	0.00
3	MCB BANK LIMITED - TREASURY	168,286	0.23
4	SUMMIT BANK LIMITED	409,950	0.56
5	ESCORTS INVESTMENT BANK LIMITED	49	0.00
6	ESCORTS INVESTMENT BANK LIMITED	42,088	0.06
7	EFU LIFE ASSURANCE LTD	343	0.00
8	NATIONAL INSURANCE COMPANY LIMITED	235,338	0.32
9	ALLIANZ EFU HEALTH INSURANCE LIMITED	22,000	0.03
10	ADAMJEE LIFE ASSURANCE COMPANY LIMITED	3,300	0.00
11	ASKARI GENERAL INSURANCE CO. LTD.	2,257	0.00
12	PICIC INSURANCE LIMITED	1,031	0.00
13	ADAMJEE INSURANCE COMPANY LIMITED	88,000	0.12
14	FIRST EQUITY MODARABA	1,000	0.00
	14	**975,569**	**1.32**

Pattern of Shareholding of Preference Shares

Categories of Shareholders as of June 30, 2013

S.No.	Name of shareholder	Number of shares	Per %
Mutual Funds			
1	PRUDENTIAL STOCKS FUND LTD (03360)	1,650	0.00
2	NATIONAL BANK OF PAKISTAN-TRUSTEE DEPARTMENT NI(U)T FUND	121,208	0.17
3	CDC - TRUSTEE PICIC INVESTMENT FUND	130,000	0.18
4	CDC - TRUSTEE PICIC GROWTH FUND	257,327	0.35
5	FIRST CAPITAL MUTUAL FUND LIMITED	9,500	0.01
6	CDC - TRUSTEE PICIC STOCK FUND	20,000	0.03
	6	**539,685**	**0.74**
General Public			
	Foreign	13,006	0.02
	Local	3,072,282	4.26
	4971	**3,085,288**	**4.28**
Foreign Companies			
1	CLASSICAL INSIGHTS FUND LP	48,400	0.07
2	TUNDRA PAKISTAN FOND	244,300	0.33
3	Habib Bank AG Zurich, Zurich,Switzerland	26,580	0.04
	3	**319,280**	**0.44**

Pattern of Shareholding of Preference Shares

Categories of Shareholders as of June 30, 2013

S.No.	Name of shareholder	Number of shares	per %
Others			
1	PRUDENTAIL DISCOUNT & GUARANTEE HOUSE LT	13	0.00
2	INVESTFORUM (SMC-PVT) LIMITED	516	0.00
3	M/S SHAFFI SECURITIES (PVT) LIMITED	1,000	0.00
4	THE KARACHI STOCK EXCHANGE (G) LIMITED	5	0.00
5	PRUDENTIAL SECURITIES LIMITED	13	0.00
6	PRUDENTIAL SECURITIES LIMITED	8	0.00
7	H.H.K. SECURITIES (PVT) LTD.	1,100	0.00
8	NCC-RETRIEVAL ACCOUNT	2,353	0.00
9	NCC-SQUARING-UP ACCOUNT	980	0.00
10	STOCK MASTER SECURITIES (PRIVATE) LTD.	1,305	0.00
11	BAGASRA SECURITIES (PRIVATE) LIMITED	10	0.00
12	MUHAMMAD AHMED NADEEM SECURITIES (SMC-PVT) LIMITED	12	0.00
13	MUHAMMAD AHMAD NADEEM SECURITIES (SMC-PVT.) LIMITED	1,210	0.00
14	INFINITE SECURITIES (PVT.) LIMITED	1,485	0.00
15	MOOSA,NOOR MOHAMMAD,SHAHZADA&CO.PVT.LTD	385	0.00
16	ELIXIR SECURITIES PAKISTAN (PVT.) LTD.	41	0.00
17	KAIZEN CONSTRUCTION (PVT) LIMITED	7,500	0.01
18	SHAFFI SECURITIES (PVT) LIMITED	1,271	0.00
19	(S1) SINDH GAS (PVT) LTD	3,000	0.00
20	SWITCH SECURITIES (PVT) LIMITED	385	0.00
21	SAPPHIRE FIBRES LIMITED	3,093	0.00
22	AMER COTTON MILLS (PVT) LIMITED	45,833	0.06
23	PAKISTAN MEMON EDUCATIONAL & WELFARE SOC	5,912	0.01
24	TRUSTEES MOOSA LAWAI FOUNDATION	2,310	0.00
25	BULK MANAGEMENT PAKISTAN (PVT.) LTD.	114,315	0.16
26	TRUSTEES ARTAL RESTAURANTS INT'L EMP P.F	563	0.00
27	SULTAN TEXTILE MILLS (K) LTD	236	0.00
28	PREMIER MERCANTILE SERVICES (PRIVATE) LIMITED	1,375	0.00
29	MARINE SERVICES (PVT.) LIMITED	1,650	0.00
30	M/S RANG COMMODITIES (PVT) LTD	3,500	0.00
31	DOSSA COTTON & GENERAL TRADING (PVT) LIMITED	137	0.00
32	URBAN PROPERTIES (PVT.) LIMITED	13,000	0.02
33	GOOD HOMES (PVT) LTD	8,000	0.01
34	RELIANCE SECURITIES LIMITED	550	0.00
35	NOMAN ABID & CO. LTD.	69	0.00
36	SARGODHA JUTE MILLS LIMITED	14,300	0.02
37	TRUSTEES D.G.KHAN CEMENT CO.LTD.EMP. P.F	2,062	0.00
38	SARFRAZ MAHMOOD (PRIVATE) LTD	55	0.00
39	CONTINENTAL CAPITAL MANAGEMENT (PVT) LTD	444	0.00
40	EXCEL SECURITIES (PVT.) LTD.	53	0.00
41	HIGHLINK CAPITAL (PVT) LTD	27,004	0.04
42	CAPITAL VISION SECURITIES PVT LIMITED	296	0.00

Pattern of Shareholding of Preference Shares

Categories of Shareholders as of June 30, 2013

S.No.	Name of shareholder	Number of shares	per %
43	EXCEL SECURITIES (PRIVATE) LIMITED	112	0.00
44	TRUSTEE-KARACHI SHERATON HOTEL EMPLOYEES PROVIDENT FUND	52	0.00
45	BAWA SECURITIES (PVT) LTD.	3,520	0.00
46	AZEE SECURITIES (PRIVATE) LIMITED	1,415	0.00
47	MULTILINE SECURITIES (PVT) LIMITED	2,000	0.00
48	SAKARWALA CAPITAL SECURITIES (PVT)LTD.	412	0.00
49	FDM CAPITAL SECURITIES (PVT) LIMITED	5,000	0.01
50	FDM CAPITAL SECURITIES (PVT) LIMITED	5,000	0.01
51	DOSSLANI'S SECURITIES (PVT) LIMITED	478	0.00
52	CAPITAL VISION SECURITIES (PVT) LTD.	5,376	0.01
53	AMCAP SECURITIES (PVT) LTD	66	0.00
54	STOCK VISION (PVT.) LTD.	220	0.00
55	DJM SECURITIES (PRIVATE) LIMITED	1,870	0.00
56	PROGRESSIVE SECURITIES (PVT) LTD	5	0.00
57	LIVE SECURITIES LIMITED	3,987	0.01
58	FIRST PAKISTAN SECURITIES LIMITED	2,750	0.00
59	TIME SECURITIES (PVT.) LTD.	225	0.00
60	SINDH GAS (PVT) LIMITED	1,500	0.00
61	KAIZEN CONSTRUCTION (PVT) LIMITED	1,000	0.00
62	MAAN SECURITIES (PRIVATE) LIMITED	1,578	0.00
63	INVESTFORUM (SMC-PVT) LIMITED	500	0.00
64	HH MISBAH SECURITIES (PRIVATE) LIMITED	2,750	0.00
65	GENERAL INVEST. & SECURITIES (PVT) LTD.	2	0.00
66	B & B SECURITIES (PRIVATE) LIMITED	2,942	0.00
67	ABM SECURITIES (PVT) LIMITED	522	0.00
68	AAA SECURITIES (PRIVATE) LIMITED	1,883	0.00
69	HUM SECURITIES LIMITED	59	0.00
70	GROWTH SECURITIES (PVT) LTD.	21,000	0.03
71	DARSON SECURITIES (PVT) LIMITED	2,216	0.00
72	STOCK STREET (PVT) lIMITED.	16	0.00
74	ASGHARI BEG MEMORIAL TRUST	1,626	0.00
75	AL HABIB CAPITAL MARKETS (PRIVATE) LIMITED	3,595	0.00
76	SINDH GAS (PVT) LIMITED	1,704	0.00
77	MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PVT.) LTD.	3,331	0.00
78	MONEY LINE SECURITIES (PVT.) LIMITED	3,229	0.00
79	BLACK STONE EQUITIES (PRIVATE) LIMITED	700	0.00
80	MILLENNIUM BROKERAGE (SMC-PVT.) LTD.	412	0.00
81	RYK MILLS LIMITED	10	0.00
82	AWJ SECURITIES (SMC-PRIVATE) LIMITED.	7	0.00
83	FAIR DEAL SECURITIES (PVT) LTD.	19	0.00
84	MAM SECURITIES (PVT) LIMITED	2	0.00
85	MAHA SECURITIES (PVT.) LIMITED	1,889	0.00
86	ZHV SECURITIES (PVT) LIMITED	85	0.00

Pattern of Shareholding of Preference Shares

Categories of Shareholders as of June 30, 2013

S.No.	Name of shareholder	Number of shares	per %
87	DR. ARSLAN RAZAQUE SECURITIES (SMC-PVT) LTD.	5	0.00
88	AL-HAQ SECURITIES (PVT) LTD.	2	0.00
89	DAWOOD EQUITIES LTD.	220	0.00
90	HUM SECURITIES LIMITED	1,402	0.00
91	VALUE STOCK SECURITIES PRIVATE LIMITED	1,288	0.00
92	KSR STOCK BROKERAGE (PVT) LTD.	440	0.00
93	SNM SECURITIES (PVT) LTD.	371	0.00
94	PATEL SECURITIES (PVT) LTD.	307	0.00
95	HORIZON SECURITIES LIMITED	2,000	0.00
96	MAK SECURITIES (PVT.) LTD.	22	0.00
97	TRUSTEE KARACHI PARSI ANJUMAN TRUST FUND	1,540	0.00
98	IMPERIAL INVESTMENTS (PVT) LIMITED	10	0.00
99	AL-HAQ SECURITIES (Pvt) Lld.	2,200	0.00
100	TRUSTEE KAUKAB MIR MEMORIAL WELFARE TRUST	1,000	0.00
101	GHANI OSMAN SECURITIES (PRIVATE) LIMITED	275	0.00
102	PROSPERITY SECURITIES (SMC-RVT.) LTD	6,000	0.01
103	KAIZEN CONSTRUCTION (PVT) LIMITED	255,000	0.35
104	INVEST CAPITAL MARKETS LIMITED	2,895	0.00
105	MEGA SECURITY (PVT) LIMITED.	48	0.00
106	IMPERIAL INVESTMENT (PVT) LTD.	9	0.00
107	CANTEEN STORE DEPARTMENT	1,541	0.00
108	Pearl Capital Management (Private) Limited	223	0.00
109	FIKREE'S (SMC-PVT) LTD.	5,650	0.01
110	MUHAMMAD AMER RIAZ SECURITIES (PVT) LTD.	100	0.00
	109	**634,962**	**0.77**

Pattern of Shareholding of Preference Shares

Categories of Shareholders as of June 30, 2013

# Of Shareholders	Shareholdings'Slab			Total Shares Held
2451	1	to	100	94,409
1756	101	to	500	394,634
382	501	to	1000	274,955
399	1001	to	5000	846,087
51	5001	to	10000	359,519
25	10001	to	15000	307,542
6	15001	to	20000	114,189
4	20001	to	25000	66,324
3	25001	to	30000	83,584
4	30001	to	35000	125,387
3	40001	to	45000	128,570
4	45001	to	50000	190,733
1	60001	to	65000	64,511
1	70001	to	75000	74,500
2	75001	to	80000	157,000
2	85001	to	90000	174,442
1	95001	to	100000	100,000
1	110001	to	115000	114,315
1	115001	to	120000	117,000
2	120001	to	125000	241,608
1	125001	to	130000	130,000
1	165001	to	170000	168,286
1	235001	to	240000	235,338
1	240001	to	245000	244,300
1	245001	to	250000	250,000
1	250001	to	255000	255,000
1	255001	to	260000	257,327
1	405001	to	410000	409,950
1	9055001	to	9060000	9,055,649
1	23795001	to	23800000	23,797,542
1	34570001	to	34575000	34,570,058
5,110				**73,402,759**


Aisha Steel
Welcomes You

Notice of Ninth Annual General Meeting

Notice is hereby given that the Ninth Annual General Meeting of the Shareholders of Aisha Steel Mills Limited ("the Company") will be held on Thursday October 31, 2013 at 4:30 pm at the Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi to transact the following business:

Ordinary Business

1) To confirm minutes of the Eight Annual General Meeting held on 31st October 2012.

2) To receive, consider and adopt annual audited financial statements of the Company together with the Directors' and the Auditors' Reports thereon for the year ended 30th June 2013.

3) To appoint the Auditors for the year ending 30th June 2014 and fix their remuneration. The Board of Directors have recommended of M/s. A. F. Ferguson & Co., Chartered Accountants for reappointment as external auditors.

4) To consider any other business with the permission of the Chair.

By order of the Board

Tahir Iqbal
Company Secretary

Karachi; October 9, 2013

Notes:

1. Share transfer books of the Company will remain closed from 24th October to 31st October 2013 (both days inclusive). Transfers received in order at the office of our registrar, M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi, by the close of business on Wednesday 23rd October 2013 will be treated 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 the meeting may appoint another member as his / her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.

3. Procedure including the guidelines as laid down in Circular No. I- Reference No. 3(5-A) Misc/ARO/LES/96 dated 26th January 2000 issued by Securities & Exchange Commission of Pakistan:

(i) Members, proxies or nominees shall authenticate their identity by showing their original national identity card or original passport and bring their folio numbers at the time of attending the meeting.

(ii) In the case of corporate entity, Board of Directors' resolution/power of attorney and attested copy of the CNIC or passport of the nominee shall also be produced (unless provided earlier) at the time of meeting.

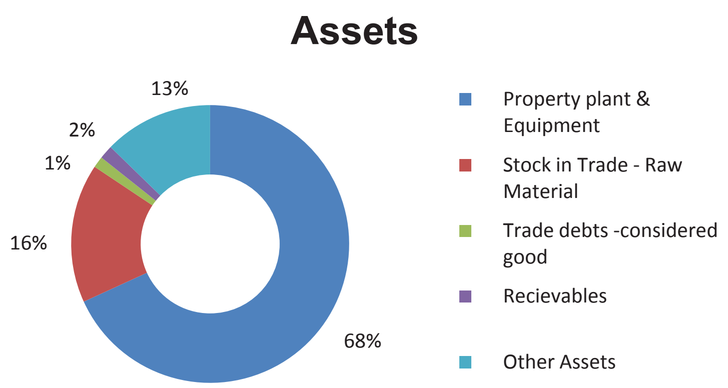
(iii) In order to be effective, the proxy forms must be received at the office of our registrar not later than 48 hours before the meeting, duly signed and stamped and witnessed by two persons with their names, address, NIC numbers and signatures.

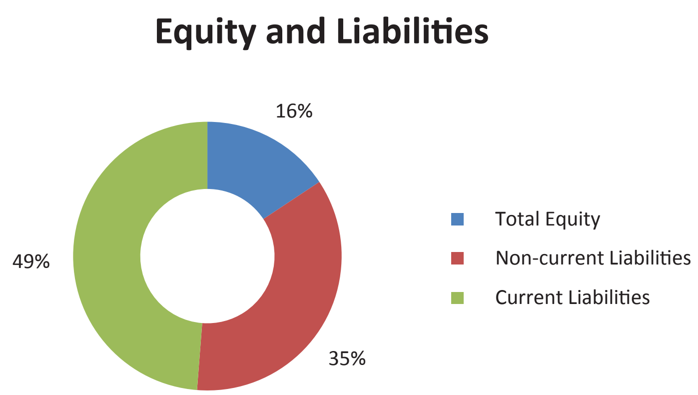
(iv) In the case of individuals, attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.

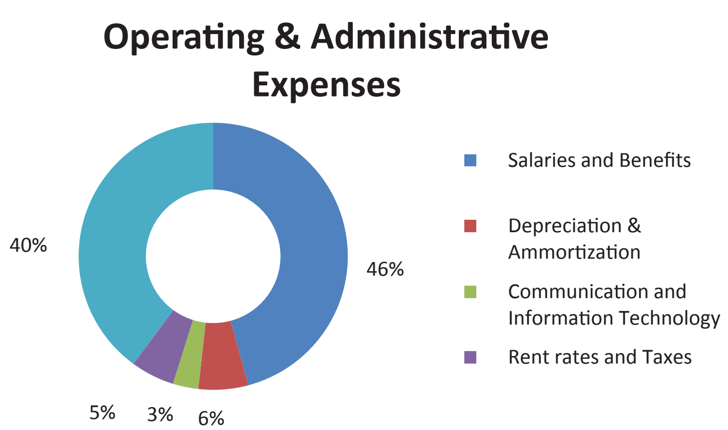
(v) In the case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted alongwith form of proxy.

4. Members are requested to promptly notify any change in address by writing to the office of the registrar.

Aisha Steel at a Glance



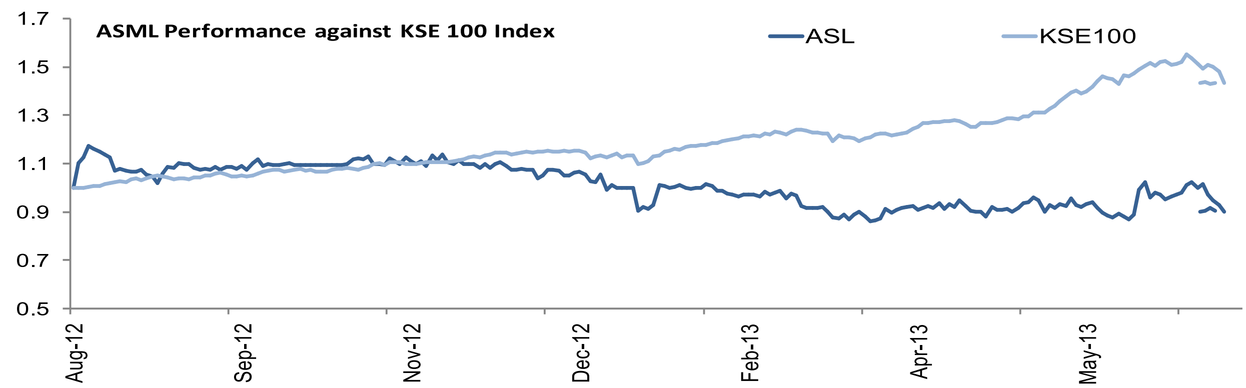




Financial & Business Highlights

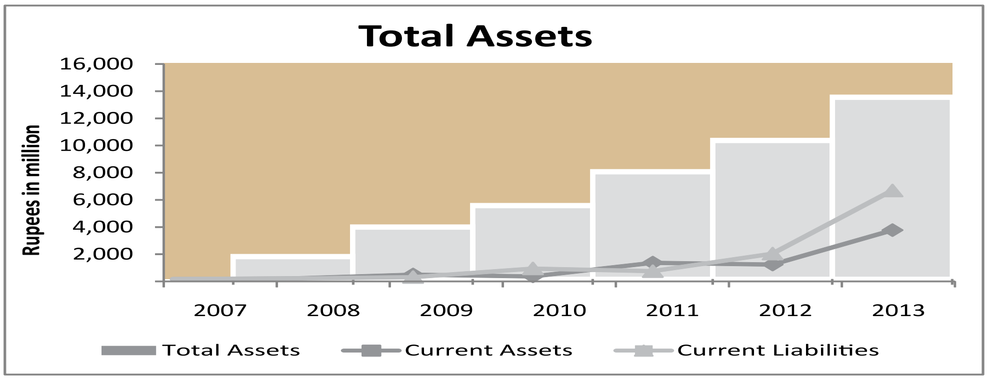
Rupees '000

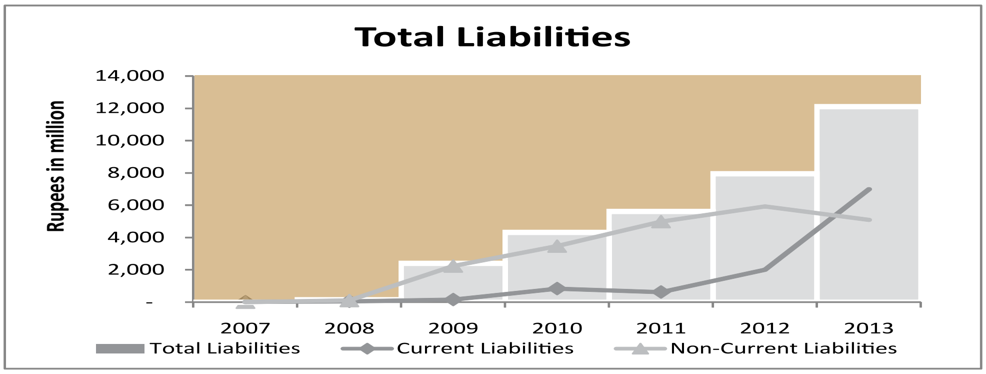
Balance Sheet	2013	2012	2011	2010	2009	2008
Non-Current Assets	10,486	9,792	7,170	5,592	3,748	1,734
Current Assets	3,864	1,155	1,306	226	370	72
Total Assets	**14,351**	**10,947**	**8,476**	**5,819**	**4,118**	**1,807**
Non-Current Liabilities	5,100	5,930	4,992	3,477	2,242	106
Current Liabilities	6,998	2,020	634	847	168	60
Total Liabilities	12,099	7,950	5,627	4,323	2,409	166
Paid up Capital	3,438	3,438	3,200	1,989	1,989	-
Total Equity	2,252	2,998	2,849	1,495	1,709	1,641
Profit and Loss Account						
Sales	4,342	-	-	-	-	-
Finance Cost	(891)	15	5	159	69	-
(Loss)/Profit after tax	(746)	(86)	139	(214)	(179)	(39)
Ratios						
Performance						
Return on Equity (%)	(33.1%)	(2.9%)	4.9%	(14.3%)	(10.5%)	(2.4%)
Return on Assets (%)	(5.20%)	(0.79%)	1.64%	(3.68%)	(4.34%)	(2.18%)
Return on Capital Employed (%)	(9.6%)	(1.5%)	3.1%	(7.0%)	(15.2%)	(73.4%)
Dividend payout ratio	-	-	-	-	-	-
Leverage						
Financial Leverage Ratio (%)	4.00%	2.16%	1.79%	2.59%	1.31%	0.07%
Debt/ Equity (times)	2.65	1.98	1.75	2.51	1.31	0.06
Interest Coverage Ratio (times)	(0.25)	(7.93)	(10.43)	(0.35)	(1.58)	(250.31)
Liquidity						
Current Ratio (times)	0.55	0.57	2.06	0.27	2.21	1.20
Quick/Acid test Ratio (times)	0.22	0.33	2.06	0.27	2.21	1.20
Cash to Current Liabilities (times)	0.03	0.02	1.48	0.13	1.82	1.12
Valuation						
Basic EPS (Rupees)	(3.15)	(0.82)	0.39	(1.08)	(0.94)	(0.34)
Breakup Value per Share (Rupees)	6.55	8.72	8.89	7.52	8.59	9.42
Dividend Payout Ratio	-	-	-	-	-	-
Market Value Per Share (Rupees)	9.04	-	-	-	-	-
High (Rupees)	11.74	-	-	-	-	-
Low (Rupees)	8.6	-	-	-	-	-
Shareholders' Return						
ASML Annual Total Return (%)	(9.60%)	0.00%	0.00%	0.00%	0.00%	0.00%
KSE-100 Annual Total Return (%)	43.10%	22.41%	28.53%	35.74%	(37.97%)	(10.00%)
Shareholders' Return Differential: ASML - KSE -100 Index (%)	(52.70%)	(22.41%)	(28.53%)	(35.74%)	37.97%	10.00%

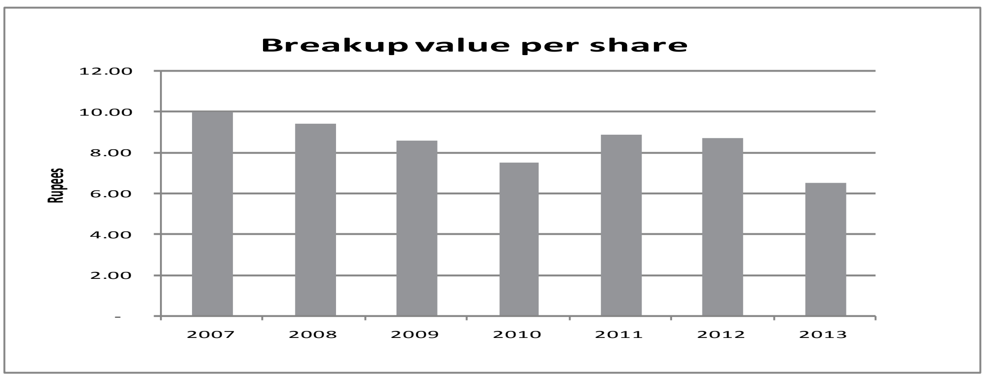


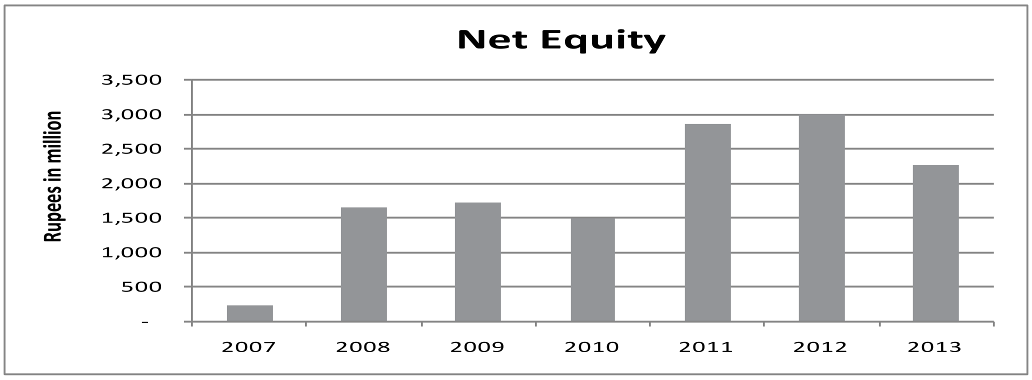
Source: Bloomberg, Arif Habib Limited, Equity Research Division

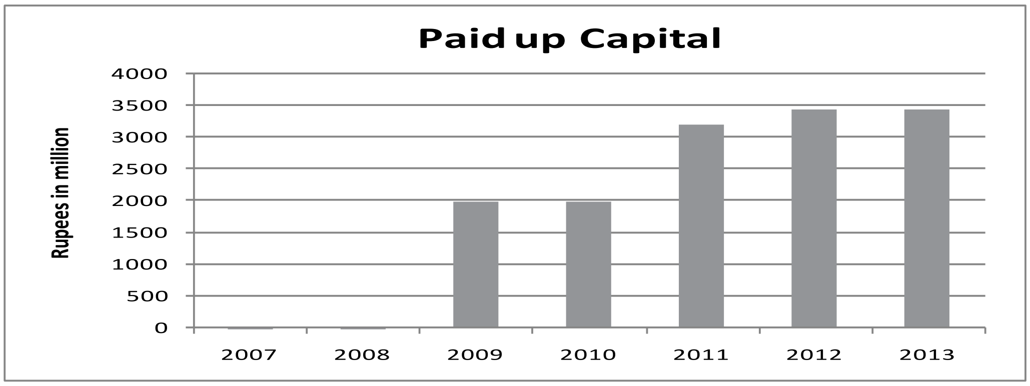
Graphical Representation

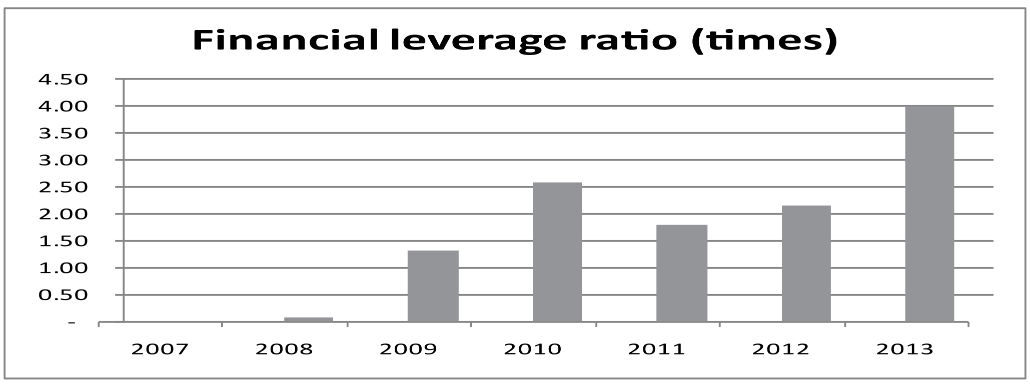


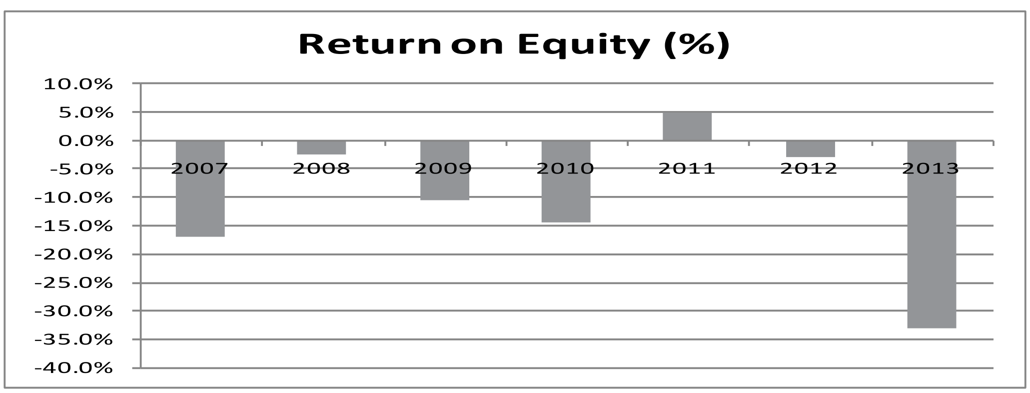





Net Equity
Rupees in million
3,500
3,000
2,500
2,000
1,500
1,000
500
-
2007
2008
2009
2010
2011
2012
2013


Paid up Capital
Rupees in million
4000
3500
3000
2500
2000
1500
1000
500
0
2007
2008
2009
2010
2011
2012
2013


Financial leverage ratio (times)
4.50
4.00
3.50
3.00
2.50
2.00
1.50
1.00
0.50
-
2007
2008
2009
2010
2011
2012
2013


Return on Equity (%)
10.0%
5.0%
0.0%
-5.0%
-10.0%
-15.0%
-20.0%
-25.0%
-30.0%
-35.0%
-40.0%
2007
2008
2009
2010
2011
2012
2013

Horizontal Analysis of Financial Statements

Balance Sheet

(Rupees in million)

	2013	%	2012	%	2011	%
Non-Current Assets						
Property plant and equipment	9,785	3%	9,492	37%	6,927	25%
Intangible assets	20	80%	11	2319%	-	(13%)
Long Term Loans	4	10%	4	39%	3	100%
Long term deposits and prepayments	49	3%	48	(1%)	48	1%
Deferred tax asset	627	164%	237	24%	191	100%
	10,486	7%	9,792	37%	7,170	28%
Current Assets						
Stores and spares	145	6%	137	49%	92	0%
Stock in Trade - Raw Material	2,323	100%	490	100%	-	0%
Trade debts -considered good	191					
Advances, deposits and prepayments	70	246%	20	188%	7	(64%)
Other Recievables	227	64%	139	(42%)	238	100%
Financial asset held to maturity investment	20					
Tax Refund Due from Government - Sales Tax	423	48%	285	1222%	22	8167%
Accrued mark-up	1	25%	0	(73%)	2	125%
Taxation - Payment Less Provision	259	457%	46	555%	7	80%
Term Deposits	-	0%	-	0%	-	0%
Cash and bank balances	206	452%	37	(96%)	939	756%
	3,864	235%	1,155	(12%)	1,306	478%
TOTAL ASSETS	**14,351**	**31%**	**10,947**	**29%**	**8,476**	**46%**
Shareholders' Equity						
Share Capital: Ordinary Shares	2,704	1%	2,680	10%	2,446	23%
Preference Shares	734	(3%)	758	0%	755	100%
Share Deposit Money	-	0%	-	(100%)	4	100%
Accumulated losses	(1,187)	169%	(441)	24%	(355)	(28%)
Total Equity	**2,252**	**(25%)**	**2,998**	**5%**	**2,849**	**91%**
Non-Current Liabilities						
Long-term finance	5,077	(14%)	5,912	19%	4,985	44%
Liabilities against assets subject to finance lease	8	(30%)	11	142%	5	(29%)
Staff retirements benefits	15	148%	6	121%	3	100%
Short-term loan	-	0%	-	0%	-	0%
	5,100	(14%)	5,930	19%	4,992	44%
Current Liabilities						
Current maturity of long-term loan	888	100%	30	100%	-	(100%)
Current maturity of liabilities against assets subject to finance lease	4	21%	4	93%	2	16%
Short Term Borrowings	3,030	472%	529	429%	100	(9%)
Creditors, accrued expenses and other liabilities	2,492	321%	592	1357%	41	(36%)
Accrued mark-up	584	(32%)	865	76%	492	29%
Due to Associated Company	-	0%	-	0%	-	0%
Due to Director	-	0%	-	0%	-	0%
	6,998	246%	2,020	219%	634	(25%)
Total Liabilities	**12,099**	**52%**	**7,950**	**41%**	**5,627**	**30%**
Total Equity and Liabilities	**14,351**	**31%**	**10,947**	**29%**	**8,476**	**46%**

	2010	%	2009	%	2008
Non-Current Assets					
Property plant and equipment	5,544	50%	3,702	121%	1,678
Intangible assets	1	126%	-	(34%)	-
Long Term Loans	-	0%	-	0%	-
Long term deposits and prepayments	48	4%	46	(18%)	56
Deferred tax asset	-	0%	-	0%	-
	5,592	49%	3,748	116%	1,734
Current Assets					
Stores and spares	92	82%	50	100%	-
Stock in Trade - Raw Material	-	0%	-	0%	-
Trade debts -considered good					
Advances, deposits and prepayments	20	65%	12	277%	3
Other Recievables	-	0%	-	0%	-
Financial asset held to maturity investment					
Tax Refund Due from Government - Sales Tax	-	5%	-	0%	-
Accrued mark-up	1	(18%)	1	122%	-
Taxation - Payment Less Provision	4	91%	2	179%	1
Term Deposits	-	0%	-	0%	-
Cash and bank balances	110	(64%)	305	348%	68
TOTAL ASSETS	**5,819**	**41%**	**4,118**	**128%**	**1,807**
Shareholders' Equity					
Share Capital: Ordinary Shares	1,989	0%	1,989	1988900%	-
Preference Shares	-	0%	-	0%	-
Share Deposit Money	-	0%	-	(100%)	1,742
Accumulated losses	(494)	77%	(280)	177%	(101)
Total Equity	**1,495**	**(13%)**	**1,709**	**4%**	**1,641**
Non-Current Liabilities					
Long-term finance	3,470	55%	2,238	2196%	98
Liabilities against assets subject to finance lease	7	109%	3	(62%)	8
Staff retirements benefits	-	0%	-	0%	-
Short-term loan	-	0%	-	0%	-
	3,477	55%	2,242	2018%	106
Current Liabilities					
Current maturity of long-term loan	289	100%	-	0%	-
Current maturity of liabilities against assets subject to finance lease	2	133%	1	(58%)	2
Short Term Borrowings	110	100%	-	0%	-
Creditors, accrued expenses and other liabilities	64	(58%)	152	591%	22
Accrued mark-up	382	2565%	14	635%	2
Due to Associated Company	-	0%	-	(100%)	25
Due to Director	-	0%	-	(100%)	10
	847	406%	168	177%	60
Total Liabilities	**4,323**	**79%**	**2,409**	**1349%**	**166**
Total Equity and Liabilities	**5,819**	**41%**	**4,118**	**128%**	**1,807**

Horizontal Analysis of Financial Statements

Profit and Loss Account

(Rupees in million)

	2013	%	2012	%	2011	%
Sales	4,342	100%	-	0%	-	0%
Cost Of Sales	(4,409)	100%	-	0%	-	0%
Gross Loss	(68)	100%	-	0%	-	0%
Selling and distribution cost	(18)	100%	-	0%	-	0%
Administrative expenses	(157)	(1%)	(158)	48%	(107)	44%
Other Income	19	(54%)	40	(33%)	60	208%
Loss from operation	(224)	90%	(118)	150%	(47)	(14%)
Finance cost	(891)	5907%	(15)	229%	(5)	(97%)
Loss before taxation	**(1,115)**	**742%**	**(132)**	**157%**	**(52)**	**(76%)**
Taxation - deferred	369	696%	46	(76%)	191	100%
(Loss) / Profit for the year after tax	**(746)**	**766%**	**(86)**	**(162%)**	**139**	**(165%)**

	2010	%	2009	%	2008
Sales	-	0%	-	0%	-
Cost Of Sales	-	0%	-	0%	-
Gross Loss	-	0%	-	0%	-
Selling and distribution cost	-	0%	-	0%	-
Administrative expenses	(75)	(40%)	(124)	119%	(57)
Other Income	19	32%	15	(16%)	17
Loss from operation	**(55)**	**(50%)**	**(110)**	**179%**	**(39)**
Finance cost	(159)	130%	(69)	43923%	-
Loss before taxation	**(214)**	**20%**	**(179)**	**353%**	**(39)**
Taxation - deferred	-	0%	-	0%	-
(Loss) / Profit for the year after tax	**(214)**	**20%**	**(179)**	**353%**	**(39)**

Vertical Analysis of Financial Statements

Balance Sheet
(Rupees in million)

	2013	%	2012	%	2011	%
Non-Current Assets						
Property plant and equipment	9,785	68%	9,492	87%	6,927	82%
Intangible assets	20	0%	11	0%	-	0%
Long Term Loans	4	0%	4	0%	3	0%
Long term deposits and prepayments	49	0%	48	0%	48	1%
Deferred tax asset	627	4%	237	2%	191	2%
	10,486	73%	9,792	89%	7,170	85%
Current Assets						
Stores and spares	145	1%	137	1%	92	1%
Stock in Trade - Raw Material	2323	16%	490	4%	-	0%
Trade debts -considered good	191	1%	-	0%	-	0%
Advances, deposits and prepayments	70	0%	20	0%	7	0%
Other Recievables	227	2%	139	1%	238	3%
Financial asset held to maturity investment	20	0%				
Tax Refund Due from Government - Sales Tax	423	3%	285	3%	22	0%
Accrued mark-up	1	0%	-	0%	2	0%
Taxation - Payment Less Provision	259	2%	46	0%	7	0%
Term Deposits	-	0%	-	0%	-	0%
Cash and bank balances	206	1%	37	0%	939	11%
	3,864	27%	1,155	11%	1,306	15%
TOTAL ASSETS	**14,351**	**100%**	**10,947**	**100%**	**8,476**	**100%**
Shareholders' Equity						
Share Capital: Ordinary Shares	2,704	19%	2,680	24%	2,446	29%
Preference Shares	734	5%	758	7%	755	9%
Share Deposit Money	-	0%	-	0%	4	0%
Accumulated losses	(1,187)	(8%)	(441)	(4%)	(355)	(4%)
Total Equity	**2,252**	**16%**	**2,998**	**27%**	**2,849**	**34%**
Non-Current Liabilities						
Long-term finance	5,077	42%	5,912	74%	4,985	59%
Liabilities against assets subject to finance lease	8	0%	11	0%	5	0%
Staff retirements benefits	15	0%	6	0%	3	0%
Short-term loan	-	0%	-	0%	-	0%
	5,100	42%	5,930	75%	4,992	59%
Current Liabilities						
Current maturity of long-term loan	888	7%	30	0%	-	0%
Current maturity of liabilities against assets subject to finance lease	4	0%	4	0%	2	0%
Short Term Borrowings	3,030	25%	529	7%	100	1%
Creditors, accrued expenses and other liabilities	2,492	21%	592	7%	41	0%
Accrued mark-up	584	5%	865	11%	492	6%
Due to Associated Company	-	0%	-	0%	-	0%
Due to Director	-	0%	-	0%	-	0%
	6,998	58%	2,020	25%	634	7%
Total Liabilities	**12,099**	**84%**	**7,950**	**73%**	**5,627**	**66%**
Total Equity and Liabilities	**14,351**	**100%**	**10,947**	**100%**	**8,476**	**100%**

	2010	%	2009	%	2008
Non-Current Assets					
Property plant and equipment	5,544	95%	3,702	90%	1,678
Intangible assets	1	0%	-	0%	-
Long Term Loans	-		-		
Long term deposits and prepayments	48	1%	46	1%	56
Deferred tax asset	-	0%	-	0%	
	5,592	96%	3,748	91%	1,734
Current Assets					
Stores and spares	92	2%	50	1%	-
Stock in Trade - Raw Material	-		-		-
Trade debts -considered good					
Advances, deposits and prepayments	20	0%	12	0%	3
Other Recievables	-	0%	-	0%	-
Financial asset held to maturity investment					
Tax Refund Due from Government - Sales Tax	-		-		-
Accrued mark-up	1	0%	1	0%	-
Taxation - Payment Less Provision	4	0%	2	0%	1
Term Deposits	-	0%	-	0%	-
Cash and bank balances	110	2%	305	7%	68
	226	4%	370	9%	72
TOTAL ASSETS	**5,819**	**100%**	**4,118**	**100%**	**1,807**
Shareholders' Equity					
Share Capital: Ordinary Shares	1,989	34%	1,989	48%	-
Preference Shares	-	0%	-	0%	-
Share Deposit Money	-	0%	-	0%	1,742
Accumulated losses	(494)	(8%)	(280)	(7%)	(101)
Total Equity	**1,495**	**26%**	**1,709**	**42%**	**1,641**
Non-Current Liabilities					
Long-term finance	3,470	60%	2,238	54%	98
Liabilities against assets subject to finance lease	7	0%	3	0%	8
Staff retirements benefits	-	0%	-	0%	-
Short-term loan	-	0%	-	0%	-
	3,477	60%	2,242	54%	106
Current Liabilities					
Current maturity of long-term loan	289	5%	-	0%	-
Current maturity of liabilities against assets subject to finance lease	2	0%	1	0%	2
Short Term Borrowings	110	2%	-	0%	-
Creditors, accrued expenses and other liabilities	64	1%	152	4%	22
Accrued mark-up	382	7%	14	0%	2
Due to Associated Company	-	0%	-	0%	25
Due to Director	-	0%	-	0%	10
	847	15%	168	4%	60
Total Liabilities	**4,323**	**74%**	**2,409**	**58%**	**166**
Total Equity and Liabilities	**5,819**	**100%**	**4,118**	**100%**	**1,807**

Vertical Analysis of Financial Statements

Profit and Loss Account

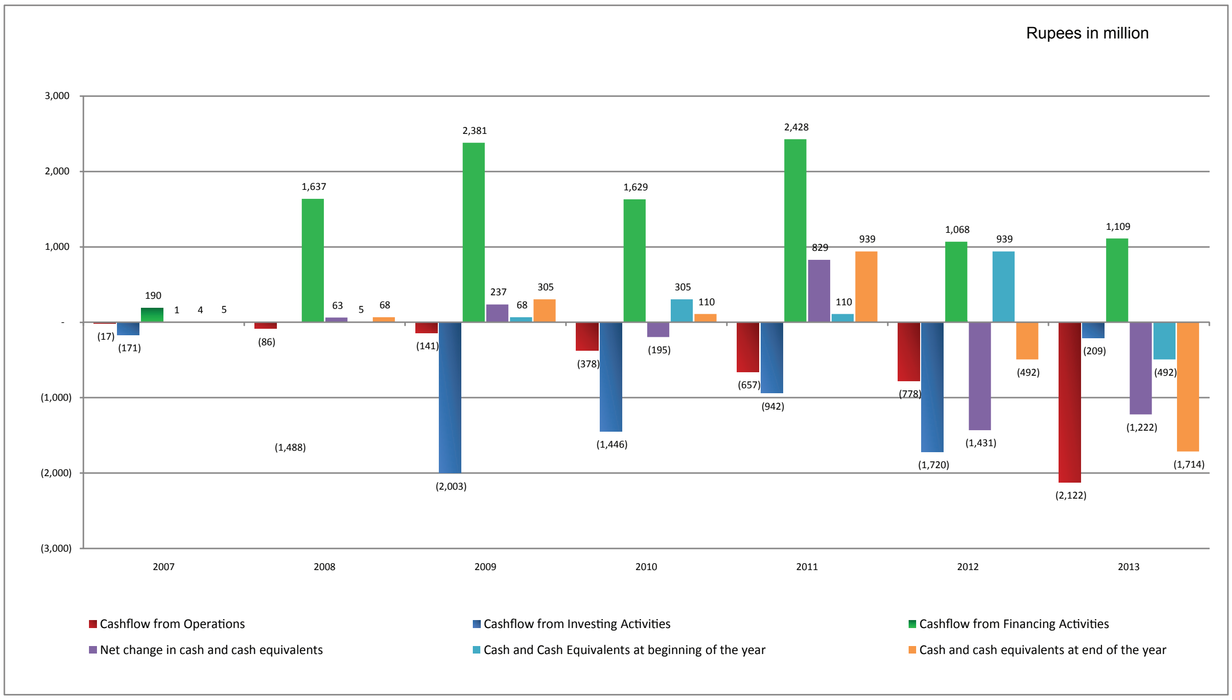
	2013	%	2012	%	2011	%
Sales	4,342	100%	-	-	-	-
Cost Of Sales	(4,409)	(102%)	-	-	-	-
Gross Loss	(68)	(2%)	-	-	-	-
Selling and distribution cost	(18)	0%	-	-	-	-
Administrative expenses	(157)	(4%)	(158)	-	(107)	-
Other Income	19	0%	40	-	60	-
Loss from operation	**(224)**	**(5%)**	**(118)**	**-**	**(47)**	**-**
Finance cost	(891)	(21%)	(15)	-	(5)	-
Loss before taxation	**(1,115)**	**(26%)**	**(132)**	**-**	**(52)**	**-**
Taxation - deferred	369	8%	46	-	191	-
(Loss) / Profit for the year after tax	**(746)**	**(17%)**	**(86)**	**-**	**139**	**-**

	2010	%	2009	%	2008
Sales	-	-	-	-	-
Cost Of Sales	-	-	-	-	-
Gross Loss	-	-	-	-	-
Selling and distribution cost	-	-	-	-	-
Administrative expenses	(75)	-	(124)	-	(57)
Other Income	19	-	15	-	17
Loss from operation	**(55)**	**-**	**(110)**	**-**	**(39)**
Finance cost	(159)	-	(69)	-	-
Loss before taxation	**(214)**	**-**	**(179)**	**-**	**(39)**
Taxation - deferred	-	-	-	-	-
(Loss) / Profit for the year after tax	**(214)**	**-**	**(179)**	**-**	**(39)**

Summary of Cash Flow Statement

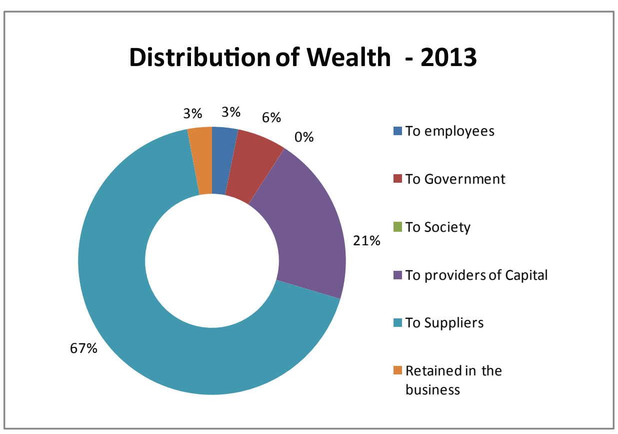
(Rupees in million)

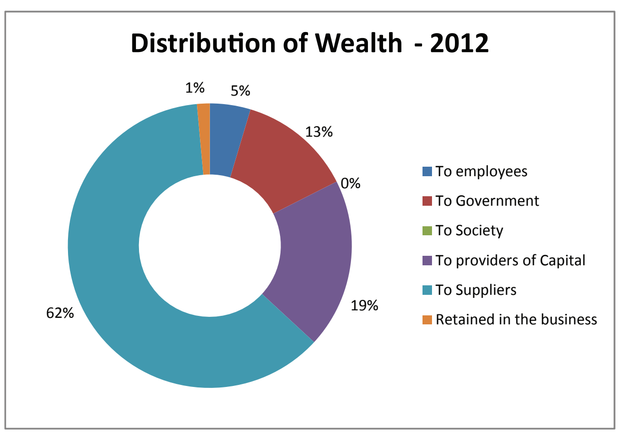
	2013	2012	2011	2010	2009	2008	2007
Cash Flow from Operations	(2,122)	(778)	(657)	(378)	(141)	(86)	(17)
Cash Flow from Investing Activities	(209)	(1,720)	(942)	(1,446)	(2,003)	(1,488)	(171)
Cash Flow from Financing Activities	1,109	1,068	2,428	1,629	2,381	1,637	190
Net change in cash and cash equivalents	(1,222)	(1,431)	829	(195)	237	63	1
Cash and cash equivalents at beginning of the year	(492)	939	110	305	68	5	4
Cash and cash equivalents at end of the year	(1,714)	(492)	939	110	305	68	5



Statement of Value Addition and Distribution
(Rs. In thousands)

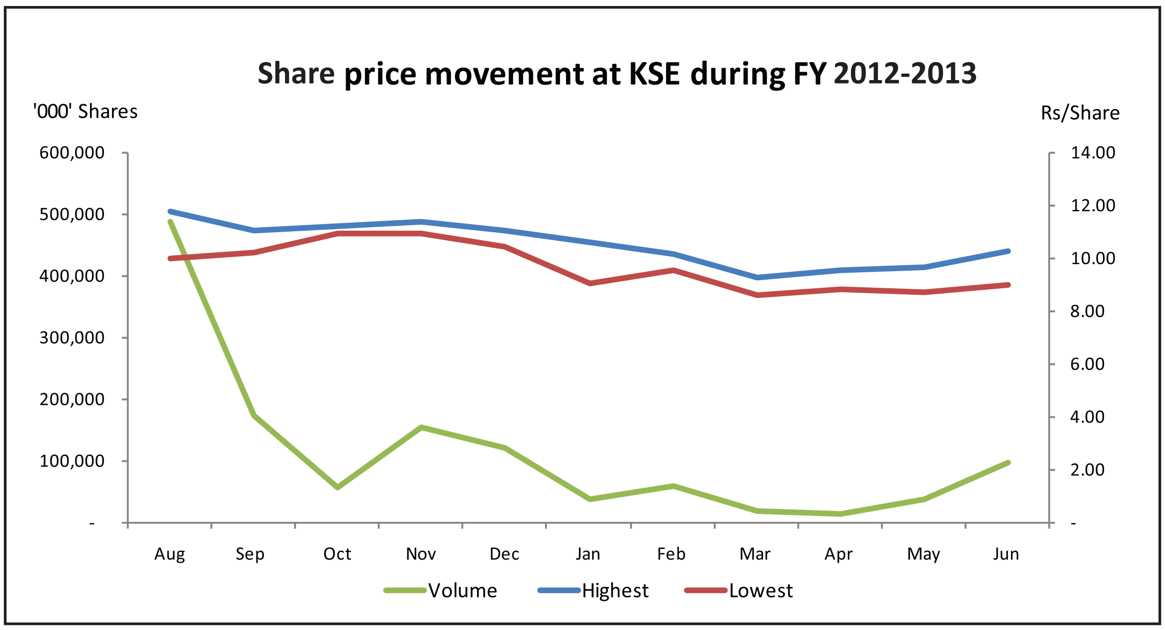
	2013	2012
Value Added		
Total Revenue	4,341,602	-
Other Income	18,712	38,874
Cash & Bank - Opening	37,283	938,540
Share Capital	-	234,294
Short term finance	2,470,787	529,386
Long term finance	53,652	827,120
	6,922,036	2,568,214
Distributed as Follows		
To employees		
Salaries, wages and other benefits including retirement benefits	217,923	118,795
To Government		
Income tax, sales tax, excise duty and custom duty	412,952	332,342
WPPF and WWF	-	-
To Society		
Charity and welfare activities	353	-
To providers of Capital		
Dividend to shareholders	-	-
Finance cost of borrowed funds	1,417,292	495,898
To Suppliers		
To Suppliers for capital goods	212,196	1,556,668
To Raw material and other suppliers	4,455,460	27,228
Retained in the business		
Closing Cash Balances	205,860	37,283
	6,922,036	2,568,214





Share Price / Volume Analysis

Month	Highest	Lowest	Volume
ASML'S price on KSE during the financial year 2012-2013			
Aug - 2012	11.74	10.00	488,033
Sep - 2012	11.03	10.20	173,553
Oct - 2012	11.20	10.90	55,119
Nov - 2012	11.36	10.92	154,310
Dec - 2012	11.04	10.40	119,525
Jan - 2013	10.56	9.04	36,571
Feb - 2013	10.14	9.56	58,184
Mar - 2013	9.25	8.60	18,200
Apr - 2013	9.50	8.82	12,725
May - 2013	9.61	8.70	36,114
Jun - 2013	10.24	9.00	96,525



Shareholders' Information

Registered Office
Arif Habib Centre
23, M.T. Khan Road
Karachi-74000
Tel: (021)32470217, 34740160
Fax No: (021)34740151
Email: info@aishasteel.com
Website: www.aishasteel.com

Share Registrar Office
Central Depository Company of Pakistan
Share Registrar Department
CDC House, 99-B, Block-B, S.M.C.H.S. Main
Shahrah-e-Faisal, Karachi
Tel: (021)111-111-500 Toll Free:0800-23275
Fax: (021) 34326053
URL: www.cdcpakistan.com
Email: info@cdcpak.com

Listing on Stock Exchanges
ASML Ordinary and Preferece shares are listed on the Karachi Stock Exchange (KSE).

Stock Code
The stock code for dealing in Ordinary and Preferece shares of the Company at the KSE are ASL and ASLPS.

Investor Service Centre
ASML share department is operated by Central Depository Company of Pakistan (CDC), Registrar Services. It also functions as an Investor Service Centre is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function. Team is headed by Mr. Abdus Samad at the Registrar Office and Company Secretary at ASML Registered Office.
For assistance, shareholders may contact either the Registered Office or the Share Registrar Office.

Contact Persons:
Mr. Jawwad Zamir
Tel: (021) 32470217
Email: jawwad.zamir@aishasteel.com
Mr. Mohsin Rajab Ali
Tel: (021) 111-111-500
Email:mohsin_rajabali@cdcpak.com

Statutory Compliance
During the year the company has compiled with all applicable provisions, filled all returns/forms and furnished all the relevant information as required under the Companies Ordinance, 1984 and allied laws and rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the Listing Regulations, wherever applicable.

Book Closure Dates
The Share Transfer Books of the Company will be closed from the 24th October, 2013 to 31st October 2013(both days inclusive). Transfers received in order at the office of our Share Registrar M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi at the close of the business on Wednesday, 23rd October 2013, will be considered in time for the determination of entitlement of shareholders to attend and vote at the meeting

Legal Proceedings
No case has ever been filed by shareholders against the Company for non-receipt of share/dividend.

General Meetings & Voting Rights
Pursuant to Section 158 of Companies Ordinance, 1984 ASML holds a General Meeting of shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all shareholders at least 21 days before the meeting and will also published in at least one English and one Urdu newspaper having circulation in Sindh province after listing of Company at KSE.

Proxies
Pursuant to Section 161 of the Companies Ordinance, 1984 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote a General Meeting of the Company can appoint another member as his/ her proxy to attend and vote at the meeting. Every notice calling a General Meeting of the Company contains a statement that shareholder entitled to attend and vote is entitled to appoint a proxy.

Web Presence
During the year the website has been redesigned to give an investor friendly look. Further the website has been updated in accordance with SRO 25(I)/2012 of SECP dated 16th January 2012. Updated information about the company and its affiliates can be accessed at ASML website, www.aishasteel.com

Shareholding Pattern
The shareholding pattern of the equity share capital of the company as on 30th June 2013 along with categories of shareholders are given on page 42 to 52.

Report of the Audit Committee

Report of the Audit Committee on Adherence to the Best Practices of Code of Corporate Governance

The audit committee has concluded its annual review of the conduct and operations of the Company during financial year ended on 30th June 2013, and reports that:

- The Company has adhered in full, without any material departure, with provisions of the listing regulation of Karachi Stock Exchange, Company's statement of ethics and values and the international best practices of Governance throughout the year.

- Compliance has been confirmed from the members of the Board, the Management and employees of the Company individually. Equitable treatment of shareholders has also been endured.

- The Company has issued a "Statement of Compliance with the Best Practices of Code of Corporate Governance" which has also been reviewed by the auditors of the Company.

- Appropriate accounting policies have been consistently applied. Applicable accounting standards were followed in preparation of financial statements of the Company on a going concern assumption basis, for the financial year ended 30th June 2013, which present fairly the state of affairs, results of operations, loss, cash flows and changes in equitiy of the Company for the year under review.

- The Chief Executive Officer and the Chief Financial Officer have reviewed the financial statements of the Company, and the Directors' Report and presented the financial statements, duly endorsed under their respective signatures, for consideration and approval of the Board of Directors. They acknowledge their responsibility for true and fair presentation of the financial statements, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and system of the Company.

- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with Companies Ordinance, 1984.

- The financial statements comply with the requirements of the Fourth Schedule to the Companies Ordinance, 1984 and applicable "International Accounting Standards (IAS) / International Financial Reporting Standards (IFRS)" notified by SECP.

- All direct and indirect trading and holdings of the Company's shares by Directors & Executives or their spouse were notified in writing to the Company Secretary along with the price, number of shares, form of share certificate and nature of transaction which were notified by the Company Secretary to the Board with in the stipulated time. All such holdings have been disclosed in the pattern of Shareholdings.

- **INTERNAL AUDIT**

- The internal control framework has been effectively implemented through an independent in-house Internal Audit function established by the Board.

- The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.

- The Audit Committee has ensured the achievements of operational, compliance and financial reporting objectives, safeguarding of the assets of the Company and the shareholders wealth through effective financial operational and compliance controls and risk management at all levels within the Company.

- The Head of Internal Audit has direct access to the Chairman of the Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen.

- Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

EXTERNAL AUDITORS

- The statutory Auditors of the Company, M/s. A. F. Ferguson & Co., Chartered Accountants, have completed their audit assignments of the "Company's Financial Statements", and the "Statement of Compliance with the Code of Corporate Governance" for the financial year ended 30th June 2013 and shall retire on the conclusion of the 9th Annual General Meeting.

- The Audit Committee has reviewed and discussed Audit observation and Draft Audit Management Letter with the External Auditors. Final Management Letter is required to be submitted within 45 days of the date of Auditors' Report on financial statements under the listing regulations and shall thereof accordingly be discussed in the next Audit Committee Meeting.

- The Audit Firm has been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully complaint with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by the ICAP. The Auditors attended the general meetings of the Company during the year and have confirmed attendance of the Annual General Meeting scheduled on 31st October 2013.

- Being eligible for re-appointment as Auditors of the Company, the Audit Committee recommends reappointment of M/s. A. F. Ferguson & Co., Chartered Accountants for the financial year ending on 30th June 2014.

Karachi: October 1, 2013

Chairman – Audit Committee

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No.35 (xl) of listing regulations of Karachi Stock Exchange Limited 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 CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Executive Directors	Mr. Yoshikazu Uda
	Mr. Kashif Shah -CEO
Non-Executive	Mr. Arif Habib
Directors	Mr. Hasib Rehman
	Mr. Nasim Beg
	Mr. Samad A. Habib
	Mr. Kashif A. Habib
	Mr. Muhammad Ejaz

2. The Directors have confirmed that none of them is serving as a director on more than seven 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 or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. Casual vacancies occurring on the board on October 31, 2012 and February 28, 2013 were filled up on November 1, 2012 and February 28, 2013 respectively.

5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures and has also uploaded on the website of the company.

6. The board has approved vision and mission statements, 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.

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 CEO, other executive and nonexecutive directors, have been taken by the board.

8. 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 at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. During the year one of the directors Mr. Kashif A. Habib has obtained Certification of Pakistan from the Institute of Corporate Governance.

10. The board has approved the terms of appointment and remuneration of Chief Financial Officer and Company Secretary. Head of Internal Audit was appointed during the year and his remuneration and terms and conditions of employment were also approved by the board.

11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were endorsed by CEO and CFO before approval of 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 relevant corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee. It comprises 3 non-executives directors and Chairman of the committee is a non-executive director.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and annual financial statements of the Company. The terms of reference of the Committee were formed and advised to the committee for compliance.

17. The Board has formed a Human Resource and Remuneration (HR&R) Committee. It comprises 4 members, of whom 3 are non-executive directors and the chairman of the committee is a non-executive director.

18. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, 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 ICAP.

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 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

23. The related party transactions have been placed before the audit committee and approved by the Board of Directors.

24. We confirm that all other material principles enshrined in the CCG have been complied with.

Kashif Shah
Chief Executive

Karachi, October 1, 2013

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A. F. FERGUSON & CO.

Review Report to the Members on Statement of Compliance with the 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 Aisha Steel Mills Limited to comply with the Listing Regulation No. 35 of the Karachi Stock Exchange where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company's 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 controls covers all controls and the effectiveness of such internal controls.

Further, Listing Regulations of the Karachi Stock Exchange 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 undertaken at arm's length price or not.

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 for the year ended June 30, 2013.

A.F.Ferguson & Co.
Chartered Accountants
Karachi
Dated: October 4, 2013

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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Kabul: House No. 1916, Street No. 1, Behind Cinema Bariqot, Nahar-e-Darsan, Karte-4, Kabul, Afghanistan; Tel: +93 (779) 315320, +93 (799) 315320

Audited Financial Statements

Aisha Steel Mills Limited

for the year ended June 30, 2013

pwc

A. F. FERGUSON & CO.

Auditors' Report to the Members

We have audited the annexed balance sheet of Aisha Steel Mills Limited as at June 30, 2013 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 June 30, 2013 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).

Chartered Accountants
Karachi
Dated: 04 October 2013
Name of the engagement partner: Farrukh Rehman

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
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Kabul: House No. 1916, Street No. 1, Behind Cinema Bariqot, Nahar-e-Darsan, Karte-4, Kabul, Afghanistan; Tel: +93 (779) 315320, +93 (799) 315320

Balance Sheet
As at June 30, 2013

	Note	2013	2012
		Rupees '000	
ASSETS			
Non-current assets			
Property, plant and equipment	3	9,784,826	9,491,653
Intangibles	4	20,439	11,343
Long-term loans and advances	5	4,429	4,032
Long-term deposits and prepayments	6	48,978	47,634
Deferred tax	7	627,424	237,281
		10,486,096	9,791,943
Current assets			
Stores and spares		145,175	137,089
Stock-in-trade	8	2,323,306	489,519
Trade debts - considered good		191,020	-
Advances, deposits and prepayments	9	70,151	20,294
Accrued mark-up	10	528	424
Other receivables	11	227,263	138,854
Financial asset - held to maturity investment	12	20,000	-
Tax refunds due from Government - Sales tax		422,543	285,274
Taxation - payments less provision		258,591	46,394
Cash and bank balances	13	205,860	37,283
		3,864,437	1,155,131
Total assets		14,350,533	10,947,074
EQUITY AND LIABILITIES			
Equity			
Share capital			
Ordinary shares	14	2,704,173	2,680,000
Cumulative preference shares		734,028	758,201
		3,438,201	3,438,201
Accumulated losses		(1,186,501)	(440,664)
		2,251,700	2,997,537
Liabilities			
Non-current liabilities			
Long-term finance	15	5,077,297	5,912,032
Liabilities against assets subject to finance leases	16	7,910	11,375
Staff retirement benefit	17	15,203	6,125
		5,100,410	5,929,532
Current liabilities			
Trade and other payables	18	2,491,654	592,131
Accrued mark-up	19	583,755	864,809
Short-term borrowings	20	3,030,158	529,386
Current maturity of long-term finance	15	888,401	30,000
Current maturity of liabilities against assets subject to finance leases	16	4,455	3,679
		6,998,423	2,020,005
Contingencies and commitments	21		
Total equity and liabilities		14,350,533	10,947,074

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Executive **Director**

Profit & Loss Account

For the year ended June 30, 2013

	Note	2013	2012
		Rupees '000	
Sales	22	**4,341,602**	-
Cost of sales	23	**(4,409,457)**	-
Gross loss		**(67,855)**	-
Selling and distribution cost	24	**(17,753)**	-
Administrative expenses	25	**(156,683)**	(157,992)
Other income	26	**18,712**	40,394
Loss from operations		**(223,579)**	(117,598)
Finance cost	27	**(891,223)**	(14,837)
Loss before taxation		**(1,114,802)**	(132,435)
Taxation	28	**368,965**	46,352
Loss for the year after tax		**(745,837)**	(86,083)
Other comprehensive loss		**-**	-
Total comprehensive loss		**(745,837)**	(86,083)
		Rupees	
Basic earnings per share - (loss)	29	**(3.15)**	(0.82)

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Executive

Director

Cash Flow Statement

For the year ended June 30, 2013

	Note	2013	2012
		Rupees '000	
CASH USED IN OPERATING ACTIVITIES			
Cash used in operations	30	**(481,652)**	(278,731)
Income taxes paid		**(233,374)**	(39,315)
Mark-up on loans paid		**(1,417,292)**	(495,898)
Return on bank deposits received		**13,661**	38,874
Staff retirement benefits paid		**(1,518)**	(2,341)
Increase in long-term employee loans		**(397)**	(1,133)
(Increase) / decrease in long-term deposits and prepayments		**(1,344)**	678
Net cash used in operating activities		**(2,121,916)**	(777,866)
CASH USED IN INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(201,602)**	(1,709,476)
Acquisition of intangible assets		**(10,594)**	(11,135)
Sale proceeds on disposal of property, plant and equipment		**1,693**	237
Investment made in open ended mutual funds units		**(40,000)**	-
Proceeds from disposal of open ended mutual funds units		**41,064**	-
Net cash used in investing activities		**(209,439)**	(1,720,374)
CASH FLOWS FROM FINANCING ACTIVITIES			
Share capital issued		**-**	234,294
Long-term finance obtained		**53,666**	927,120
Repayment of long-term finance		**(30,000)**	-
Syndicate running finance obtained		**590,060**	-
Short-term borrowing obtained		**500,000**	
Repayment of short-term finance		**-**	(100,000)
(Decrease) / increase in liabilities against assets subject to finance leases		**(4,506)**	6,183
Net cash inflow from financing activities		**1,109,220**	1,067,597
Net decrease in cash and cash equivalents		**(1,222,135)**	(1,430,643)
Cash and cash equivalents at beginning of the year		**(492,103)**	938,540
Cash and cash equivalents at end of the year	31	**(1,714,238)**	(492,103)

Cashflow statement based on direct method has also been included in the financial statements in note 32.

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Executive **Director**

Statement of Changes in Equity

For the year ended June 30, 2013

	Share Capital	Share deposit money	Accumulated losses	Total
	Rupees '000			
Balance as at July 1, 2011	3,200,336	3,571	(354,581)	2,849,326
Shares issued	237,865	(3,571)	-	234,294
Total comprehensive loss for the year ended June 30, 2012				
- Loss for the year ended June 30, 2012	-	-	(86,083)	(86,083)
- Other comprehensive loss for the year ended June 30, 2012	-	-	-	-
	-	-	(86,083)	(86,083)
Balance as at July 1, 2012	3,438,201	-	(440,664)	2,997,537
Total comprehensive loss for the year ended June 30, 2013				
- Loss for the year ended June 30, 2013	-	-	(745,837)	(745,837)
- Other comprehensive loss for the year ended June 30, 2013	-	-	-	-
	-	-	(745,837)	(745,837)
Balance as at June 30, 2013	**3,438,201**	-	**(1,186,501)**	**2,251,700**

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Executive | **Director**

Notes to the Financial Statements

For the year ended June 30, 2013

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 Karachi Stock Exchange (KSE). The registered office of the Company is situated at Arif Habib Centre, 23 M.T. Khan Road, Karachi.

In June 2012 an offer for sale of shares was made by Metal One Corporation, Japan, Arif Habib Equity (Private) Limited and Mr.Haseeb Rehman, existing sponsors of the Company. The principal purpose of the offer for sale of shares was to list the Company on the Karachi Stock Exchange (KSE). The subscription of these shares was made on 3rd and 4th July 2012. After the fulfillment of other formalities relating to listing, trading of Company's shares in KSE started on 6th August 2012.

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 coils. The production capacity of the plant is 220,000 metric tons. The Company started trial production from July 2012 and declared October 1, 2012 as its Commercial Operations Date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The matter involving a higher degree of judgment or complexity, or area where assumptions and estimates are significant to the financial statements is deferred taxation which is dependent on future profitability of the Company.

2.1.1 Critical accounting estimates and judgements

There have been no critical judgments made by the Company's management in applying the accounting policies that would have significant effect on the amounts recognised in the financial statements.

2.2 New and amended standards adopted by the Company

New standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2012 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

2.3 New standards, interpretations and amendments to published approved accounting standards that are considered relevant, but not yet effective

Following amendment to existing standard and interpretation have been published that are mandatory for accounting periods beginning on the dates mentioned below:

IAS 19 (amendment) - 'Employee Benefits', is effective for accounting periods beginning on or after January 1, 2013. It eliminates the corridor approach and recognises all actuarial gains and losses in the other comprehensive income as they occur, immediately recognises all past service cost and replaces interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year. The application of these amendments would result in the recognition of cumulative unrecognised actuarial gains / losses and unrecognised transitional liability as at July 1, 2013 as disclosed in note 17 in other comprehensive income in the financial statements for the year ending June 30, 2014.

2.4 There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

2.5 Overall valuation policy

These financial statements have been prepared under the historical cost convention unless specifically disclosed in the accounting policies below.

2.6 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment loss, if any, and capital work-in-progress which are stated at cost.

Depreciation is charged to profit and loss account by applying straight-line method where by the cost less residual value is written off over its estimated useful life. Depreciation on acquisition is charged from the month of addition whereas no depreciation is charged in the month of disposal.

The Company accounts for impairment, where indication exist, by reducing its carrying value to the assessed recoverable amount.

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.

2.7 Intangibles

Intangibles are stated at cost less amortisation. Carrying amounts of intangibles are subject to impairment review at each balance sheet date and where conditions exist, impairment is recognised. Computer software licenses are capitalised on the basis of cost incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life using the straight line method.

2.8 Stores and spares

Stores and spares are valued at cost comprising invoice value plus other charges incurred thereon.

2.9 Stock-in-trade

This is stated at the lower of cost or net realisable value. Cost is determined using the weighted average method except for those in transit where it represents invoice value and other charges thereon.

2.10 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any.

Deferred

Deferred tax is accounted for using the balance sheet liability method on all temporary differences arising between tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is generally recognised for all taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

2.11 Borrowings and their cost

Borrowings are recognised initially at fair value and subsequently at amortised cost using the effective interest method. Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which are assets that necessarily take a substantial period of time to get ready for their intended use and are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Such borrowing costs are capitalised as part of the cost of that asset.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

2.12 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date the Company becomes a party to a derivative contract and are subsequently re-measured at their fair value. The Company enters into derivative transactions mainly to hedge foreign currency liabilities or firm commitments and these are designated as fair value hedge.

Changes in the fair value of derivatives used as hedging instruments in hedging relationships that are designated and qualify as fair value hedges are recorded in the profit and loss account, together with any changes in the fair value of the hedged liability that are attributable as the hedged risk.

Notes to the Financial Statements

For the year ended June 30, 2013

2.13 Finance lease

Leases that transfer substantially all the risks and rewards incidental to ownership of an asset are classified as finance leases. Assets on finance lease are capitalised at the commencement of the lease term at the lower of the fair value of leased assets and the present value of minimum lease payments, each determined at the inception of the lease. Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate of balance outstanding. The finance cost is charged to profit and loss account and is included under finance costs.

2.14 Trade and other payables

Trade and other payables are obligation to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Foreign currencies

Transactions in foreign currencies are recorded in rupees at the rates of exchange approximating those prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into rupees using the exchange rates approximating those prevailing at the balance sheet date. Exchange differences are taken to income currently.

The financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency.

2.16 Financial assets and liabilities

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be.

2.17 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, balances with banks on current, savings and deposit accounts with three months maturity, and short-term running finance.

2.18 Staff retirement benefits - defined benefit plan

The company operates an unfunded gratuity scheme for all its permanent employees. The scheme defines an amount of gratuity benefit that an employee will receive on retirement subject to a minimum qualifying period of service under the scheme. The amount of gratuity is dependant on years of service completed and last drawn salary.

The liability recognised in respect of gratuity scheme is the present value of the Company's gratuity obligation at the balance sheet date less adjustments for unrecognised actuarial gain or losses and unrecognised transitional liability.

Transitional liability arising from introduction of the scheme is amortised over a period of five years.

The gratuity obligation is calculated by independent actuary using projected unit credit method. The present value of the gratuity obligation is determined by discounting the estimated future cash outflows using interest rates of high quality government securities and that have terms to maturity approximating to the terms of the related gratuity liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the 10% of the gratuity obligation are charged or credited to profit and loss account over the employees' expected average remaining working lives.

2.19 Ijarah

In ijarah transactions significant portion of the risks and rewards of ownership are retained by the lessor. Islamic Financial Accounting Standard 2 - 'Ijrah' requires the recognition of 'Ujrah payments' (lease rentals) against ijarah financing as an expense in the profit and loss account on a straight line basis over the ijarah term.

2.20 Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, and is recognised on the following basis:

- sale is recognised when the product is despatched to customer; and
- return on saving accounts is recognised on accrual basis.

2.21 Investments

Held to maturity investments

These represent investments with fixed or determinable payments and fixed maturity where the Company has positive intent and ability to hold such investments to maturity.

Investments are initially recognised at cost. Held to maturity investments have been valued at amortised cost using the effective interest rate method. The difference between the initial cost and the amortised cost in case of held to maturity investments is recognised in the profit and loss account.

Fair value through profit and loss

These are measured at fair value which is reassessed at each reporting date. In case of investments in open ended mutual funds, fair value is determined on the basis of period end Net Assets Value (NAV) as announced by Asset Management Company. Changes in fair value are recognised in profit and loss account.

Available for sale

Investments classified as available for sale are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are remeasured at fair value, unless fair value cannot be reliably measured. The investments for which a quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. Unrealised gains and losses arising from the changes in fair value are included in fair value reserves in the period in which they arise.

Notes to the Financial Statements

For the year ended June 30, 2013

	Note	2013	2012
		Rupees '000	
3. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	3.1	**8,624,421**	270,155
Capital work in progress - at cost	3.2	**907,853**	9,221,498
Major spare parts and stand-by equipment		**252,552**	-
		9,784,826	9,491,653

3.1 Operating assets

	Leasehold land	Building and civil works on leasehold land	Plant and machinery	Electrical equipments	Office equipments	Furniture and fixtures	Motor vehicles Owned	Motor vehicles Held under finance leases	Total
					Rupees '000				
Net carrying value basis									
Year ended June 30, 2013									
Opening net book value (NBV)	230,477	-	-	-	18,435	6,381	50	14,812	270,155
Transfers from Capital work in progress (at cos	-	-	-	-	-	-	-	-	-
Additions (at cost) - note 3.1.1	-	972,175	6,786,434	824,231	17,976	2,331	-	5,184	8,608,331
Disposals (at NBV)	-	-	-	-	(98)	-	-	(24)	(122)
Depreciation charge	(4,165)	(22,114)	(171,982)	(40,005)	(8,914)	(2,117)	(48)	(4,598)	(253,943)
Closing net book value (NBV)	226,312	950,061	6,614,452	784,226	27,399	6,595	2	15,374	8,624,421
Gross carrying value basis									
At June 30, 2013									
Cost	249,915	972,175	6,786,434	824,231	45,719	12,720	79	27,841	8,919,114
Accumulated depreciation	(23,603)	(22,114)	(171,982)	(40,005)	(18,320)	(6,125)	(77)	(12,467)	(294,693)
Net book value (NBV)	226,312	950,061	6,614,452	784,226	27,399	6,595	2	15,374	8,624,421
Net carrying value basis									
Year ended June 30, 2012									
Opening net book value (NBV)	234,642	-	-	-	7,107	4,180	342	5,841	252,112
Additions (at cost)	-	-	-	-	15,351	3,543	-	13,070	31,964
Disposals (at NBV)	-	-	-	-	(110)	-	(110)	-	(220)
Depreciation charge	(4,165)	-	-	-	(3,913)	(1,342)	(182)	(4,099)	(13,701)
Closing net book value (NBV)	230,477	-	-	-	18,435	6,381	50	14,812	270,155
Gross carrying value basis									
At June 30, 2012									
Cost	249,915	-	-	-	28,039	10,389	1,512	23,356	313,211
Accumulated depreciation	(19,438)	-	-	-	(9,604)	(4,008)	(1,462)	(8,544)	(43,056)
Net book value (NBV)	230,477	-	-	-	18,435	6,381	50	14,812	270,155
Useful lives in years	60	20 - 33	3 - 33	10 - 33	3 - 5	5	5	5	

3.1.1 This includes transferred from capital work in progress amounting to Rs 8.4 billion (2012: Nil) - note 3.2.

Notes to the Financial Statements

For the year ended June 30, 2013

3.1.2 The details of operating assets sold, having net book value in excess of Rs 50,000 each are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceed	Mode of disposal	Particulars of purchaser
	Rupees '000					
Office equipment	110	53	57	60	Trade in for new machine	Hascombe Business Solution (Private) Limited
	110	53	57	60		
Assets having book value of less than Rs.50,000 each						
Office equipments	186	145	41	96		
Motor Vehicles	2,132	2,108	24	1,537		
	2,318	2,253	65	1,633		

3.2 Capital work in progress

	2013					2012				
	Balance as at July 1, 2012	Additions during the year	Allocations	Transfers to operating assets - note 3.2.1	Balance as at June 30, 2013	Balance as at July 1, 2011	Additions during the year	Allocations	Transfers to operating assets	Balance as at June 30, 2012
	Rupees '000									
Civil Works & Prefabricated Building	807,711	12,934	170,944	(969,666)	21,923	595,762	186,032	25,917	-	807,711
Plant and Machinery - note 3.2.2	5,134,568	8,349	2,290,151	(6,850,918)	582,150	4,211,448	794,497	128,623	-	5,134,568
Electrical Works	554,521	10,597	247,775	(812,893)	-	141,581	338,290	74,650	-	554,521
Advances to suppliers	13,482	8,935	(19,074)	-	3,343	242,672	-	(229,190)	-	13,482
Other ancilliary cost - note 3.2.3, 3.2.4 & 3.2.5	2,711,216	284,694	(2,689,796)	(5,677)	300,437	1,483,476	1,227,740	-	-	2,711,216
Total	9,221,498	325,509	-	(8,639,154)	907,853	6,674,939	2,546,559	-	-	9,221,498

3.2.1 The Company declared October 1, 2012 as its Commercial Operation Date and accordingly transferred cost amounting to Rs 8.4 billion to operating assets.

3.2.2 This includes major spare parts and stand-by equipments transferred from capital work in progress amounting to Rs 225.8 million (2012: Nil).

3.2.3 Other ancilliary costs allocated during the year includes borrowing cost amounting to Rs 2.1 billion (2012: Nil). Borrowing cost capitalised during the year amounts to Rs 345.63 million (2012: Rs 869.1 million) and includes Rs 15.1 million (2012: Rs 8.91 million) mark-up on loan from related party.

3.2.4 The rate used to determine the amount of borrowing costs eligible for capitalisation ranges from 1% above six months KIBOR to 3.5% above six months KIBOR (2012: 2% above six months KIBOR to 3.28% above six months KIBOR).

3.2.5 This includes difference of trial production sales amounting to Rs 521.96 million (2012: Nil) and related cost of Rs 631 million (2012: Nil) which have been charged to the cost of plant.

Notes to the Financial Statements

For the year ended June 30, 2013

		2013	2012
		Rupees '000	
4.	**INTANGIBLES**		
	Computer Software - note 4.1 & 4.2	20,439	357
	Intangible asset under development	-	10,986
		20,439	11,343
4.1	**Computer Software**		
	Gross carrying value basis		
	Cost	22,837	1,257
	Accumulated amortisation	(2,398)	(900)
	Net book value	20,439	357
	Net carrying value basis		
	Opening net book value	357	469
	Additions during the year	21,580	149
	Amortisation for the year	(1,498)	(261)
	Closing net book value	20,439	357

4.2 Amortisation is charged at the rate of 10% to 33.33% (2012: 33.33%) per annum.

5. LONG-TERM LOANS AND ADVANCES - considered good

	2013			2012
	Motor vehicles	Shares	Total	Total
	Rupees '000			
Due from chief executive - note 5.1	-	5	5	
Due from executives - note 5.1	3,416	233	3,649	4,032
Due from employees	-	775	775	-
	3,416	1,013	4,429	4,032

Notes to the Financial Statements

For the year ended June 30, 2013

5.1 Reconciliation of carrying amount of loans to Chief Executive and executives

	2013				2012
	Chief Executive	Executives	Employees	Total	
	Rupees '000				
Balance at 1 July	-	4,032	-	4,032	2,899
Disbursements	5	233	1,085	1,323	1,133
Repayments	-	(672)	(254)	(926)	-
Balance as at 30 June	5	3,593	831	4,429	4,032

5.2 Loans to employees have been provided to facilitate purchase of vehicles in accordance with the Company's policy and are repayable after a period of four to five years. Further, advance to employees have been provided to facilitate purchase of shares of the Company allotted to employees at the time of offer for sale for listing of the Company. Loans and advances to employees are interest free.

5.3 The maximum aggregate amount of loans and advances due from executives and employees at the end of any month during the year was Rs 5.35 million (2012: Rs 4.03 million).

6. LONG-TERM DEPOSITS AND PREPAYMENTS

	2013	2012
	Rupees '000	
Security deposits		
- Energy, power and fuel sector	34,998	34,196
- Financial Institutions, banking and leasing companies	4,524	2,842
- Hotels and clubs	2,000	2,000
- Steel sector	1,299	1,299
- Others	1,622	1,309
	44,443	41,646
Prepayments		
- Energy, power and fuel sector	4,535	5,988
	48,978	47,634

		2013	2012
		Rupees '000	
7.	**DEFERRED TAX**		
	(Credit) balance arising in respect of:		
	- property, plant and equipment	**(1,520,295)**	-
	- liability against assets subject to finance lease	**(1,023)**	-
	Debit balance arising in respect of:		
	- intangibles	**38**	-
	- provision for staff retirement benefit	**5,169**	-
	- pre-commencement expenditure	**197,920**	237,281
	- carried forward losses - note 7.1	**1,945,615**	-
		627,424	237,281

7.1 The management believes, based on future projections, that the Company would earn sufficient taxable profits in the future years to set off its carried forward losses.

		2013	2012
		Rupees '000	
8.	**STOCK-IN-TRADE**		
	Raw material (including in transit Rs 985.2 million; 2012: Nil)	**1,564,032**	489,519
	Work in process	**286,246**	-
	Finished goods (including coil end sheets Rs 11.2 million; 2012: Nil)	**470,217**	-
	Packing and other material	**2,811**	-
		2,323,306	489,519
9.	**ADVANCES, DEPOSITS AND PREPAYMENTS**		
	Advances - considered good		
	- executives	**399**	1,536
	- other employees	**942**	1,434
	- suppliers and others - note 9.1	**48,676**	15,375
	Deposits	**25**	1,208
	Prepayments - note 9.2	**20,109**	741
		70,151	20,294

9.1 This includes Rs 0.63 million (2012: Rs 0.88 million) given to a related party on account of purchase of construction material.

9.2 This includes Rs 7.9 million (2012: Nil) paid to a related party on account of rent of head office.

		2013	2012
10.	**ACCRUED MARK-UP**	Rupees '000	
	Income accrued on:		
	- PLS savings accounts	**160**	424
	- Certificate of investment	**368**	-
		528	424
11.	**OTHER RECEIVABLES**		
	Receivable from Etimaad Engineering (Private) Limited - note 11.1	**138,485**	138,485
	Margin on import letter of credit	**85,200**	-
	Others - note 11.2	**3,578**	369
		227,263	138,854

11.1 This represents balance of advances given to civil contractor Etimaad Engineering (Pvt.) Limited (Etimaad) for mobilisation and procurements. The Company awarded this contract to Etimaad on December 1, 2007 for certain civil, mechanical and electrical works. However, Etimaad did not complete the work and discontinued the contract. Out of the total outstanding book balance of Rs 237.86 million the Company during the year has recovered Rs 99.37 million from Etimaad on January 5, 2012 through encashment of its advance payment bank guarantee which was taken at the time of award of contract.

At present the Company is in dispute with the contractor in respect of the outstanding balance of advances. Initially Etimaad had filed a winding up petition against the Company in the Sindh High Court alleging that the Company has failed to clear its unpaid invoices of Rs 230 million with 30 days of the Demand Notice which stands due and payable according to the petitioner. Whereas to the contrary a sum of Rs 237 million, before recovery of aforesaid amount, was receivable from the petitioner as per books of accounts of the Company. However, for an early resolution of this dispute the Company had filed a Suit before the Sindh High Court for appointment of an Arbitrator in terms of the contract and u/s 20 of Arbitration Act, 1940, for resolution of the dispute/difference between the parties upon their respective claims to be submitted before the Arbitrator. Accordingly, the Honourable High Court upheld the Company's contention and disposed of the said Suit and the matter was referred to be resolved through Arbitrator appointed by consent of both parties.

During the year arbitration proceedings have been initiated which the Company had filed a claim for recovery of the aforesaid over payments made to Etimaad alongwith consequential damages aggregating to sum of Rs 1,109 million together with markup at the KIBOR notified by the State Bank of Pakistan from the date the amount became payable till the same is realised. A further sum of Rs 20 million had also been claimed in lieu of costs. The above claim is net of Rs 99.37 million which have already been recovered from Etimaad. Etimaad has made a capricious counterclaim of Rs 820 million which is a mere retort to Aisha Steel Mills Limited's bona fide claim. Currently the sole arbitrator has completed the evidence of Etimaad as well as of the Company and the matter is now posted for re-examination of Company's witness.

The Company, based on legal advice, considers that it has a good case on merits and there is no likelihood of unfavourable outcome or any potential loss on account of the above litigations. Accordingly the Company has made no provision in this respect.

11.2 This includes Rs 225 thousand (2012: Rs 313 thousand) receivable from Metal One Corporation - Japan, a related party.

Notes to the Financial Statements

For the year ended June 30, 2013

		2013	2012
		Rupees '000	
12.	**FINANCIAL ASSET**		
	Held to maturity investment		
	3 months Certificate of Investment - at amortised cost - note 12.1	**20,000**	-

12.1 This represents investment made in Certificate of Investment (COI) of Pak Libya holding Company to obtain participation from the same institution of Rs 40 million in the Sukuk issued by the Company. The COI have maturity of three months and are maturing on 22 July 2013. The profit rate on the COI is 9.6% per annum.

		2013	2012
		Rupees '000	
13.	**CASH AND BANK BALANCES**		
	With banks on		
	- Current accounts	**7,706**	3,913
	- PLS savings accounts - note 13.1	**197,819**	33,358
	Cash in hand	**335**	12
		205,860	37,283

13.1 At June 30, 2013 the rates of mark up on PLS savings accounts ranged from 6% to 9.25% per annum (2012: 5% to 10.5%).

14. SHARE CAPITAL

Authorised share capital

(Number of shares)		2013	2012
		Rupees '000	
450,000,000	Ordinary Shares of Rs 10 each	**4,500,000**	4,500,000
100,000,000	Cumulative Preference Shares of Rs 10 each	**1,000,000**	1,000,000
550,000,000		**5,500,000**	5,500,000

Issued, subscribed and paid-up capital

Ordinary shares 2013	2012		2013	2012
(Number of shares)			Rupees '000	
268,000,000	244,570,612	Opening	2,680,000	2,445,706
-	23,429,388	Shares issued during the year	-	234,294
2,417,299	-	Shares converted from preference shares during the year	24,173	-
270,417,299	268,000,000		**2,704,173**	2,680,000

Cumulative Preference Shares 2013	2012		2013	2012
(Number of shares)			Rupees '000	
75,820,058	75,463,000	Opening	**758,201**	754,630
-	357,058	Shares issued during the year	**-**	3,571
(2,417,299)	-	Shares converted to ordinary shares during the year	**(24,173)**	-
73,402,759	75,820,058		**734,028**	758,201

Notes to the Financial Statements
For the year ended June 30, 2013

14.1 34,570,058 Cumulative Preference Shares of Rs 10 each as at June 30, 2013 are held by Arif Habib Corporation Limited - one of the sponsor.

14.2 The rate of dividend on 73,402,759 (2012: 75,820,058) Cumulative Preference Shares of Rs 10 each is 3% above six months KIBOR (reset every six months) which shall be converted into Ordinary Shares / Preference Shares.

14.3 Preference Shares are non-redeemable but convertible into Ordinary Shares at face value at any time after Commercial Operation Date. The conversion price shall be Rs 10 per Ordinary Share and for the purpose of conversion accumulated dividend not paid to the Preference Shareholders, if any accrued upto the date of announcement of conversion by the Company shall be taken into account for determining the number of the Ordinary Shares to be issued upon conversion and therefore the number of Ordinary Shares to be issued to the Preference Shareholders shall be based in the ratio 1:1, plus unpaid preferential dividends, if any.

14.4 In case the preferential dividend or any part thereof is not paid in any year, due to loss or inadequate profits, then such unpaid dividend will accumulate and will be paid in the subsequent year(s) before any dividend is paid to the ordinary shareholders. As the Company currently has accumulated losses, cumulative dividend on Preference Shares amounting to Rs 266.16 million (2012: Rs 166.56 million) is not accounted for in these financial statements.

15. LONG-TERM FINANCE – secured

	2013	2012
	Rupees '000	
Syndicate Term Finance from banks and financial institutions		
- Facility 1 - note 15.1	**2,977,541**	3,000,031
- Facility 2 - note 15.2	**1,075,351**	1,075,351
- Facility 3 - note 15.3	**866,650**	866,650
- Sponsors' loan - note 15.4	**53,652**	-
Murabaha finance from a bank and a financial institution - note 15.5	**992,504**	1,000,000
	5,965,698	5,942,032
Less: Current maturity shown under current liabilities	**(888,401)**	(30,000)
	5,077,297	5,912,032

Notes to the Financial Statements

For the year ended June 30, 2013

15.1 This represents term finance obtained from various banks and a financial institution under a syndicated term finance agreement of Rs 3 billion. It is repayable in 11 consecutive semi-annual installments from April 2013 to April 2018. The term finance carries mark up ranging from 2% above six months KIBOR to 3.28% above six months KIBOR (2012: 2% above six months KIBOR to 3.28% above six months KIBOR) to be determined on semi-annual basis. It is secured against first charge on all present and future Company's fixed assets, accounts receivables, interest in any insurance claim and equitable mortgage over land and building.

15.2 This represents term finance obtained from various banks and a financial institution under a syndicated term finance agreement of Rs 1.08 billion. It is repayable in 10 equal consecutive semi-annual installments from August 2013 to February 2018. The term finance carries mark up at the rate of 3.25% above six months KIBOR (2012: 3.25% above six months KIBOR) to be determined on semi-annual basis. It is secured against first charge on all present and future Company's fixed assets, accounts receivables, interest in any insurance claim and equitable mortgage over land and building.

15.3 This represents term finance obtained from various banks and a financial institution under a syndicated term finance agreement of Rs 866.7 million including Rs 16.7 million from Arif Habib Corporation Limited - a related party. It is repayable in 10 equal consecutive semi-annual installments from December 2013 to June 2018. The term finance carries mark up at the rate of 3.25% above six months KIBOR (2012: 3.25% above six months KIBOR) to be determined on semi-annual basis. It is secured against first charge on all present and future Company's fixed assets, accounts receivables, interest in any insurance claim and equitable mortgage over land and building.

15.4 This represents finance obtained from Sponsors' (Arif Habib Equity (Private) Limited and Haseeb Rehman) as approved by Board amounting to Rs 53.6 million (2012: Nil) out of money received against shares offered for sale to general public, carrying mark-up rate of 3.25% above 6 months KIBOR (2012: Nil).

15.5 This represents murabaha finance obtained under murabaha finance agreement with a bank and a financial institution of Rs 1 billion. It is repayable in 11 consecutive semi-annual installments from April 2013 to April 2018. The term finance carries mark up ranging from 2% above six months KIBOR to 3.28% above six months KIBOR (June 30, 2012: 2% above six months KIBOR to 3.28% above six months KIBOR) to be determined on semi-annual basis. It is secured against first charge on all present and future Company's fixed assets, accounts receivables, interest in any insurance claim and equitable mortgage over land and building.

15.6 The facilities for opening letter of credit and guarantees as at 30 June 2013 amounted to Rs 3,479 million (2012: Rs 3,257 million) of which the amount remained unutilised at year end was Rs 58 million (2012: Rs 121.57 million).

	2013	2012
	Rupees '000	
16. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES		
Payable during:		
2012-13	-	6,586
2013-14	6,039	4,587
2014-15	5,765	4,604
2015-16	1,607	2,662
2016-17	969	-
2017-18	804	-
Minimum Lease payments - note 16.1	15,184	18,439
Less: Finance charges not due	2,819	3,385
	12,365	15,054
Less: Current portion shown under current liabilities	4,455	3,679
	7,910	11,375
Present value of finance lease liabilities		
Not later than one year	4,455	3,679
Later than one year and not later than 5 years	7,910	11,375
	12,365	15,054

16.1 These represent liabilities for vehicles acquired on lease. Finance charge ranging from 9.72% to 18.30% (2012: 10.89% to 20.30%) per annum have been used as discounting factor.

	2013	2012
	Rupees '000	
17. STAFF RETIREMENT BENEFIT - Gratuity		
17.1 Movement in obligation		
Opening balance	6,125	2,771
Charge for the year	10,596	5,695
Benefits paid	(1,518)	(2,341)
Closing balance	15,203	6,125

Notes to the Financial Statements

For the year ended June 30, 2013

		2013	2012
		Rupees '000	
17.2	**Movement in the defined benefit obligation**		
	Opening balance	6,538	5,576
	Service cost	9,213	4,361
	Interest cost	850	748
	Actuarial loss / (gain)	2,514	(1,806)
	Benefits paid	(1,518)	(2,341)
	Closing balance	17,597	6,538
17.3	**Balance sheet reconciliation as at June 30**		
	Present value of obligation	17,597	6,538
	Unrecognised actuarial (gains) / loss	(1,222)	1,345
	Unrecognised transitional liability	(1,172)	(1,758)
		15,203	6,125
17.4	**Charge for the year**		
	Service cost	9,213	4,361
	Interest cost	850	748
	Actuarial gain	(53)	-
	Recognition of transitional liability	586	586
		10,596	5,695
17.5	Key actuarial assumptions used are as follows:		
	Expected rate of increase in salaries	9.50%	12%
	Discount factor used	10.50%	13%
	Retirement age (years)	60	60

17.6 As per actuarial advice, the expected charge for the year 2013-14 is Rs 14.51 million.

17.7 The information in note 17 is based on actuarial valuation.

Notes to the Financial Statements
For the year ended June 30, 2013

		2013	2012
18.	**TRADE AND OTHER PAYABLES**	Rupees '000	
	Creditors	**76,507**	68,194
	Bills payable - note 18.1	**2,305,331**	450,508
	Accrued liabilities	**64,631**	11,919
	Retention money	**10,917**	51,557
	Advance from dealers	**13,625**	-
	Security deposit from dealers	**9,500**	9,000
	Taxes deducted at source and payable to statutory authorities	**11,143**	953
		2,491,654	592,131

18.1 This includes Rs 1.5 billion (2012: Rs 383.12 million) payable to Metal One Corporation - a related party.

19. ACCRUED MARK-UP

Out of total accrued mark-up of Rs 583.75 million, mark-up amounting to Rs 260 million and Rs 54.8 million was due as at June 30, 2013 against Syndicate Term Finance Facility I and III respectively. Subsequent to the balance sheet date, the Company has paid the mark-up payable on Syndicate Term Finance Facility I and III amounting to Rs 260 million and Rs 54.8 million which was due on April 21, 2013 and June 25, 2013 respectively.

		2013	2012
20.	**SHORT-TERM BORROWINGS - secured**	Rupees '000	
	Short-term borrowing - note 20.1	**500,000**	-
	Syndicate running finance - note 20.2	**590,060**	-
	Short-term running finance - note 20.3	**1,940,098**	529,386
		3,030,158	529,386

20.1 This represents finance obtained as on January 9, 2013 from various banks under Sukuk financing arrangement carrying mark-up at the rate of six month KIBOR + 2.15%. It is repayable on July 11, 2013. The balance is secured against ranking hypothecation charge over fixed assets, accounts receivable and equitable mortgage over property.

20.2 This represents syndicate running finance obtained from various banks and a financial institution under a syndicate term running finance agreement of Rs 590 million, carrying mark-up rate of 1% above 6 months KIBOR. This facility is principally secured by pari passu over fixed assets with 25% margin coupled with additional security of pledge of shares from shareholders of the Company namely, Arif Habib Corporation Limited, Arif Habib Equity (Private) Limited, Metal One Corporation - Japan and Mr. Haseeb Rehman.

20.3 This represents finance arranged on mark-up with various banks. Facilities for running finance available from these banks amount to Rs 1.94 billion (2012: Rs 1 billion). The rates of mark-up range between 3 months KIBOR + 2.25% to 3 months KIBOR + 3.5% (2012: 3 months KIBOR + 2.5% to 3 months KIBOR + 3%). The balance is secured against ranking hypothecation charge over plant, machinery and equipment.

21. CONTINGENCIES AND COMMITMENTS

21.1 CONTINGENCIES

21.1.1 The matter relating to dispute with Etimaad Engineering (Private) Limited is explained in note 11.1.

21.1.2 Contingency relating to an invoice raised by Universal Metal Corporation - a related party, amounting to Rs 19.98 million (2012: Rs 24.05 million) against consultancy services which had to be provided to the Company in relation to the Company's project, has not been recognised pending verification, by its technical team, of the services delivered to the Company.

21.2 COMMITMENTS

21.2.1 Commitments for capital expenditure outstanding as at June 30, 2013 amounted to Rs 40.1 million (2012: Rs 450.50 million).

21.2.2 Commitments for rentals under ijarah arrangements amounted to Rs 21.14 million (2012: Rs 1.38 million) payable as follows:

	2013	2012
	Rupees '000	
Not later than 1 year	**5,115**	377
Later than 1 year but not later than 5 years	**16,029**	1,004
	21,144	1,381

22. SALES

Gross sales - note 22.1	**5,117,576**	-
Less: Sales tax	**(714,620)**	-
Dealers commission	**(61,354)**	-
Net Sales	**4,341,602**	-

22.1 This includes sales of coil end sheets - scrap amounting to Rs 199.36 million (2012: Nil).

22.2 Sales to three dealers exceed 10 percent of the net sales during the year, amounting to Rs 1.8 billion (2012: Nil).

22.3 These financial statements do not include disclosure relating to IFRS 8 "Operating Segments" as Company is considered to be a single operating segment.

23. COST OF SALES

	2013	2012
	Rupees '000	
Raw material consumed	4,414,159	-
Salaries, wages & benefits - note 23.1	138,051	-
Rent, rates and taxes	16,857	-
Utilities	162,242	-
Packing charges	28,293	-
Stores, spares and consumables	66,761	-
Consultancy charges	5,269	-
Depreciation	244,460	-
Repairs & maintenance	25,851	-
Travelling & conveyance	24,185	-
Material handling charges	4,749	-
Communication	1,425	-
Insurance	24,103	-
Security charges	5,383	-
Ujrah payments	2,508	-
Others	1,624	-
	5,165,920	-
Work in process - closing	(286,246)	-
	4,879,674	-
Finished goods - closing	(470,217)	-
	4,409,457	-

23.1 Salaries, wages and benefits include Rs 5.7 million (2012: Nil) in respect of defined benefit plan.

Notes to the Financial Statements

For the year ended June 30, 2013

		2013	2012
		Rupees '000	
24.	**SELLING AND DISTRIBUTION COST**		
	Salaries and benefits - note 24.1	**2,504**	-
	Commission	**13,202**	-
	Rent, rates and taxes	**496**	-
	Travelling & conveyance	**381**	-
	Utilities	**85**	-
	Insurance	**90**	-
	Sales communication	**128**	-
	Depreciation & amortisation	**549**	-
	Printing, stationery and office supplies	**143**	-
	Ujrah Payments	**126**	-
	Others	**49**	-
		17,753	-

24.1 Salaries and benefits include Rs 0.11 million (2012: Nil) in respect of defined benefit plan.

		2013	2012
		Rupees '000	
25.	**ADMINISTRATIVE EXPENSES**		
	Salaries, allowances and benefits - note 25.1	**77,368**	66,781
	Rent, rates and taxes	**9,202**	12,475
	Depreciation / amortisation	**10,432**	13,962
	Repairs and maintenance	**8,707**	3,198
	Travelling & conveyance	**21,288**	27,792
	Utilities	**1,612**	93
	Communication and information technology	**5,356**	2,843
	Printing and stationery	**2,721**	1,065
	Insurance	**1,702**	650
	Legal and professional charges	**4,910**	8,495
	Managerial and advisory fee	**4,001**	3,191
	Auditors' remuneration - note 25.2	**1,000**	1,156
	Listing fee	**-**	4,234
	Ujrah payments	**1,403**	126
	Security charges	**4,149**	8,628
	Others	**2,832**	3,303
		156,683	157,992

25.1 Salaries, allowances and benefits include Rs 3.2 million (2012: Rs 3 million) in respect of defined benefit plan.

Notes to the Financial Statements
For the year ended June 30, 2013

		2013	2012
		Rupees '000	
25.2	Auditors' remuneration		
	Audit fee	500	250
	Fee for half year audit and other certifications	400	850
	Out-of-pocket expenses	100	56
		1,000	1,156
26.	**OTHER INCOME**		
	Income from financial assets		
	Return on PLS savings accounts	13,765	23,722
	Return on funds placed under repo arrangement	-	7,896
	Return on term deposits	-	6,091
	Gain on sale of units of open ended mutual funds	1,064	-
		14,829	37,709
	Income from non-financial assets		
	Gain on disposal of property, plant and equipment	1,571	17
	Scrap sales	2,312	1,808
	Others		
	Provision for doubtful advances written back	-	637
	Liabilities no longer required written back	-	223
		18,712	40,394
27.	**FINANCE COST**		
	Mark up expense:		
	- On long-term finance	592,906	-
	- On short-term borrowings	145,291	-
	- Others	52,405	-
	Guarantee commission	1,884	1,979
	Finance lease charges	1,816	2,259
	Exchange loss	91,358	4,409
	Bank and other charges	5,563	6,190
		891,223	14,837
28.	**TAXATION**		
	Current - for the year	21,177	-
	Deferred	(390,142)	(46,352)
		(368,965)	(46,352)

Notes to the Financial Statements

For the year ended June 30, 2013

28.1 The tax charge for the year is based on the minimum turnover tax.

Reconciliation between tax expense and accounting loss

		2013	2012
		Rupees '000	
28.2	Accounting loss before tax	**(1,114,802)**	(132,435)
	Tax at applicable tax rate of 35%	**(390,181)**	(46,352)
	Tax effect of permanent differences	**1,093**	-
	Minimum tax	**21,177**	-
	Effect of change in tax rate	**(1,054)**	-
	Tax for the year - recognition of deferred tax on loss carried forward	**(368,965)**	(46,352)

29. EARNINGS PER SHARE

	2013	2012
	Rupees '000	
Loss after taxation attributable to ordinary shareholders	**(745,837)**	(86,083)
Adjustment for cumulative preference share dividend	**99,596**	119,782
Loss after taxation for calculation of basic earnings per share	**(845,433)**	(205,865)
Weighted average number of ordinary shares outstanding at the end of the year (in thousand) Ordinary shares in issue	**268,771**	249,706
	Rupees	
Basic earnings per share - (loss)	**(3.15)**	(0.82)

29.1 A diluted earnings per share has not been presented as it had anti-dilutive effect on the earnings per share.

		2013	2012
30.	**CASH USED IN OPERATIONS**	Rupees '000	
	Loss before taxation	**(1,114,802)**	(132,435)
	Add / (Less): Adjustments for non-cash charges and other items		
	Depreciation / amortisation	**255,441**	13,962
	Finance lease charges	**1,816**	2,259
	Mark up charges	**790,602**	-
	Provision for staff retirement benefits	**10,596**	5,695
	Return on PLS savings accounts	**(13,765)**	(23,722)
	Return on funds placed under repo arrangement	**-**	(7,896)
	Return on term deposits	**-**	(6,091)
	Gain on sale of units of open ended mutual funds	**(1,064)**	-
	Gain on disposal of fixed assets	**(1,571)**	(17)
		1,042,055	(15,810)
	Loss before working capital changes	**(72,747)**	(148,245)
	Effect on cash flow due to working capital changes		
	(Increase) / decrease in current assets		
	Stores and spares	**(8,086)**	(44,851)
	Stock-in-trade	**(1,833,787)**	(489,519)
	Trade debts	**(191,020)**	-
	Advances, deposit and prepayments	**(49,857)**	(13,252)
	Other receivables	**(88,409)**	99,332
	Tax refunds due from Government - Sales tax	**(137,269)**	(263,696)
		(2,308,428)	(711,986)
	Increase in current liabilities		
	Trade and other payables	**1,899,523**	551,500
		(408,905)	(160,486)
	Cash used in operations	**(481,652)**	(308,731)

		2013	2012
		Rupees '000	
31.	**CASH AND CASH EQUIVALENTS**		
	Cash and bank balances	**205,860**	37,283
	Financial asset - held to maturity investment	**20,000**	-
	Short-term running finance	**(1,940,098)**	(529,386)
		(1,714,238)	(492,103)

Notes to the Financial Statements

For the year ended June 30, 2013

		2013	2012
		Rupees '000	
32.	**CASH FLOW STATEMENT - DIRECT METHOD**		
	CASH USED IN OPERATING ACTIVITIES		
	Cash paid to suppliers / service providers and employees	**(4,633,975)**	(279,186)
	Cash received from customers	**4,150,582**	-
	Income taxes paid	**(233,374)**	(39,315)
	Mark-up on loans paid	**(1,417,292)**	(495,898)
	Return on bank deposits received	**13,661**	38,874
	Staff retirement benefits paid	**(1,518)**	(2,341)
	Net cash used in operating activities	**(2,121,916)**	(777,866)
	CASH USED IN INVESTING ACTIVITIES		
	Purchase of property, plant and equipment	**(201,602)**	(1,709,476)
	Acquisition of intangible assets	**(10,594)**	(11,135)
	Sale proceeds on disposal of property, plant and equipment	**1,693**	237
	Investments made in mutual funds units	**(40,000)**	-
	Proceeds from disposal of mutual funds units	**41,064**	-
	Net cash used in investing activities	**(209,439)**	(1,720,374)
	CASH FLOWS FROM FINANCING ACTIVITIES		
	Share capital issued	**-**	234,294
	Long-term finance obtained	**53,666**	927,120
	Repayment of long-term finance	**(30,000)**	-
	Syndicate running finance obtained	**590,060**	-
	Short-term borrowing obtained	**500,000**	-
	Repayment of short-term finance	**-**	(100,000)
	(Decrease) / increase in liabilities against assets subject to finance leases	**(4,506)**	6,183
	Net cash inflow from financing activities	**1,109,220**	1,067,597
	Net decrease in cash and cash equivalents	**(1,222,135)**	(1,430,643)
	Cash and cash equivalents at beginning of the year	**(492,103)**	938,540
	Cash and cash equivalents at end of the year - note 31	**(1,714,238)**	(492,103)

Notes to the Financial Statements

For the year ended June 30, 2013

33. TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of transaction	2013	2012
		Rupees '000	
Associated companies:	- Purchase of construction materials	4,841	20,853
	- Purchase of raw material	3,535,238	579,884
	- Managerial and advisory fee	4,001	3,191
	- Share capital issued	-	3,571
	- Re-imbursement of expenses	556	-
	- Recovery of expenses	-	744
Other related parties:	- Rent expense	5,191	-
	- Commission on sales	14,789	-
	- Sponsors' loan	53,652	-
Key management compensation:	- Salaries and other short-term employee benefits	17,936	16,609
	- Post retirement benefits	2,001	900

33.2 Raw material is purchased from Metal One Corporation, Japan - an associate, based on negotiated terms and conditions.

33.3 The status of outstanding balances with related parties as at June 30, 2013 is included in the respective notes to the financial statements. These are settled in ordinary course of business.

34. REMUNERATION TO CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

The aggregate amounts charged in these financial statements for remuneration to the Chief Executive Officer, Director and Executives of the Company are as follows:

	Chief Executive		Executive Director		Executives	
	2013	2012	2013	2012	2013	2012
	Rupees '000					
Managerial remuneration	11,700	11,284	4,108	4,261	90,187	45,936
Retirement benefits	972	615	1,029	285	5,618	3,068
Reimbursable expenses	1,048	1,025	1,080	1,180	6,077	3,503
Club subscription	-	148	-	130	-	282
Lease rentals	-	-	-	-	4,727	4,004
	13,720	13,072	6,217	5,856	106,609	56,793
Number of persons	1	1	1	1	112	75

In addition to the above, the Chief Executive Officer, Executive Director and certain Executives are also provided with the Company maintained vehicles, security guards, mobile phone, hospitalisation and life insurance in accordance with the Company's policy.

35. NUMBER OF EMPLOYEES

	2013	2012
Number of employees at June 30		
- Regular	319	180
- Contractual	43	88
Average number of employees during the year		
- Regular	250	112
- Contractual	66	66

36. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

36.1 Financial risk factors

The Company's activities expose it to variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost effective funding as well as manage financial risk to minimise earnings volatility and provide maximum return to shareholders.

Notes to the Financial Statements

For the year ended June 30, 2013

36.2 Financial assets and liabilities by category and their respective maturities

	Interest bearing			Non-interest bearing			Total
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total	
	Rupees '000						
FINANCIAL ASSETS							
Loans and receivables							
Deposits	-	-	-	25	44,443	44,468	44,468
Loans to employees	-	-	-	-	4,429	4,429	4,429
Trade debtors	-	-	-	191,020	-	191,020	191,020
Other receivables	-	-	-	227,263	-	227,263	227,263
Short-term investment	20,000	-	20,000	-	-	-	20,000
Accrued mark-up	-	-	-	528	-	528	528
Cash and bank balances	197,819	-	197,819	8,041	-	8,041	205,860
2013	217,819	-	217,819	426,877	48,872	475,749	693,568
FINANCIAL LIABILITIES							
At amortised cost							
Long-term finance	888,401	5,077,297	5,965,698	-	-	-	5,965,698
Short-term finance	3,030,158	-	3,030,158	-	-	-	3,030,158
Liabilities against assets subject to finance leases	4,455	7,910	12,365	-	-	-	12,365
Trade and other payables	-	-	-	2,491,654	-	2,491,654	2,491,654
Accrued mark-up	-	-	-	583,755	-	583,755	583,755
2013	3,923,014	5,085,207	9,008,221	3,075,409	-	3,075,409	12,083,630
FINANCIAL ASSETS							
Loans and receivables							
Deposits	-	-	-	1,208	83,292	84,500	84,500
Loans to employees	-	-	-	-	4,032	4,032	4,032
Other receivables	-	-	-	138,854	-	138,854	138,854
Accrued mark-up	-	-	-	424	-	424	424
Cash and bank balances	33,358	-	33,358	3,925	-	3,925	37,283
2012	33,358	-	33,358	144,411	87,324	231,735	265,093
FINANCIAL LIABILITIES							
At amortised cost							
Long-term finance	30,000	5,912,032	5,942,032	-	-	-	5,942,032
Short-term finance	529,386	-	529,386	-	-	-	529,386
Liabilities against assets subject to finance leases	3,679	11,375	15,054	-	-	-	15,054
Trade and other payables	-	-	-	592,131	-	592,131	592,131
Accrued mark-up	-	-	-	864,809	-	864,809	864,809
2012	563,065	5,923,407	6,486,472	1,456,940	-	1,456,940	7,943,412

a) Market Risk

i. Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. As per market practices Company borrowings are on variable interest rate exposing company to interest rate risk.

At June 30, 2013, the Company have variable interest bearing financial liabilities of Rs 9 billion (2012: Rs 6.49 billion), and had the interest rate varied by 200 basis points with all the other variables held constant, loss before tax for the year would have been approximately Rs 135.1 million (2012: Rs 0.3 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

ii. Foreign exchange risk

Foreign currency risk arises mainly where payables and receivables exist due to transactions in foreign currencies. At June 30, 2013 trade and other payables exposed to foreign currency risk amount to Rs 2.3 billion (2012: Rs 14.02 million). Further, as at balance sheet date, the Company has exposure against open letters of credit of Rs 1.8 billion (2012: Rs 4.61 million) denominated in foreign currencies.

As at June 30, 2013, if the Pakistani Rupee had weakened / strengthened by 11% against Japanese Yen with all other variables held constant, loss before tax for the year would have been lower / higher by Rs. 1.21 million (2012: Rs. 2.82 million) mainly as a result of foreign exchange losses / gains on translation of Japanese Yen denominated as financial assets or liabilities.

As at June 30, 2013, if the Pakistani Rupee had weakened / strengthened by 8% against US Dollar with all other variables held constant, loss before tax for the year would have been lower / higher by Rs. 182.83 million (2012: Nil) mainly as a result of foreign exchange losses / gains on translation of US Dollar denominated as financial assets or liabilities.

b) Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparties failed to perform as contracted. The maximum exposure to credit risk is equal to the carrying amount of financial assets. Out of the total financial assets of Rs 693.56 million (2012: Rs 265.09 million) the financial assets exposed to the credit risk amounts to Rs 373.97 million (2012: Rs 223.44 billion). The carrying values of financial assets which are neither past due nor impaired are as under:

	2013	2012
	Rupees '000	
Deposits	44,468	84,500
Other receivables	88,778	369
Loans to employees	4,429	4,032
Accrued mark-up	528	424
Trade debts	191,020	-
Cash and bank balances	205,860	37,283
	535,083	126,608

Deposits are not exposed to any material credit risk as deposits of Rs 33 million (2012: Rs 33 million) are maintained with the Karachi Electric Supply Company Limited (KESC). The other balances are also deposited with credit worthy parties.

Total other receivables include an amount of Rs 138.5 million (2012: Rs 138.5 million) receivable from Etimaad Engineering (Private) Limited, which is past due and is considered good. Further, other receivables includes Rs 85.2 million (2012: Nil) on account of margin on letter of credit issued by a bank having good credit rating assigned by credit rating agencies.

Loans to employees are not exposed to any material credit risk since these are secured against motor vehicles and shares for which these were granted.

For trade debts, internal risk assessment process determines the credit quality of the customers, taking into account their financial positions, past experiences and other factors. The carrying amount of trade debts relates to a number of independent customers, from whom there is no recent history of default.

Bank balances and accrued mark-up thereon represent low credit risk as they are placed with banks having good credit ratings assigned by credit rating agencies.

c) Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business, the Company maintains flexibility in funding by maintaining committed credit lines available.

The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

d) Fair values of the financial instruments

The carrying value of all the financial instruments reflected in the financial statements approximate their fair values.

37. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk.

Notes to the Financial Statements
For the year ended June 30, 2013

The debt to capital ratios at June 30, 2013 and at June 30, 2012 were as follows:

	2013	2012
	Rupees '000	
Total borrowings	8,995,856	6,471,418
Cash and bank - note 13	(205,860)	(37,283)
Net debt	8,789,996	6,434,135
Equity	2,251,700	2,997,537
Total capital	11,041,696	9,431,672
Debt to capital ratio	0.80	0.68

38. CAPACITY AND PRODUCTION - in metric tonnes

	2013	2012
Annual name plate capacity	220,000	-
Production	71,810	-

Current year is the first year of production for the Company. The Company started trial production from July 2012 and declared October 1, 2012 as its Commercial Operations Date.

39. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorised for issue by the Board of Directors of the Company on October 01, 2013

Chief Executive

Director

Corporate Calendar of Major Events

Results

The Company follows the period of July 1 to June 30 as the Financial Year.

For the Financial Year ending on June 30, 2013, Financial Results will be announced as per the following tentative schedule:

1st quarter ending September 30, 2013	Last week of October, 2013
2nd quarter ending December 31, 2013	Last week of January, 2014
3rd quarter ending March 31, 2014	Last week of April, 2014
Year ending June 30, 2014	Last week of July, 2014

Issuance of Annual Report

21 days before AGM i.e. on or before October 9, 2013.

9th Annual General Meeting

The 9th Annual General Meeting of the Shareholders of Aisha Steel Mills Limited ("the Company") will be held on Thursday October 31, 2013 at 4:30 pm at the Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi.

Form of Proxy

8th Annual General Meeting

The Company Secretary
Aisha Steel Mills Limited
Arif Habib Centre
23, M.T. Khan Road
Karachi.

I/ we ______________________________ of ______________________ being a member(s) of Aisha Steel Mills Limited holding _________________________________ Ordinary/Preference shares as per CDC A/c. No. __________ hereby appoint Mr./Mrs../Miss ____________________ ________________________ of (full address) __________________________________ ____ or failing him/her Mr./Mrs./Miss ____ of (full address) ____

(being member of the company) as my/our Proxy to attend, act vote for me/us and on my/our behalf at the Eighth Annual General Meeting of the Company to be held on October 31, 2013 and/or any adjournment thereof.

Signed this __________ day of __________ 2013.

Witnesses:

1. Name : ________________________
   Address : ________________________
   CNIC No. : ________________________
   Signature : ________________________

Signature on
Rs. 5/-
Revenue Stamp

2. Name : ________________________
   Address : ________________________
   CNIC No. : ________________________
   Signature : ________________________

NOTES:

1. A member entitled to attend and vote at the meeting may appoint another member as his / her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.

2. Proxy shall authenticate his/her identity by showing his/her identity by showing his/her original passport and bring folio number at the time of attending the meeting

3. In order to be effective, the proxy Form must be received at the office of our Registrar M/s. Central Depository Company of Pakistan, Share Registrar Department, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahra-e-Faisal, Karachi, not later than 48 hours before the meeting duly signed and stamped and witnessed by two persons with their signature, name, address and CNIC number given on the form.

4. In the case of individuals attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy Form.

5. In the case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted alongwith proxy Form.

AISHA STEEL MILLS LIMITED
SHAPING THE ECONOMY

AFFIX
CORRECT
POSTAGE

AISHA STEEL MILLS LIMITED

Registrar:
Central Depository Company of Pakistan,
Share Registrar Department, CDC
House, 99-B, Block-B, S.M.C.H.S, Main
Shahra-e-Faisal, Karachi.

Fold : Here

Fold : Here

AISHA STEEL MILLS LIMITED
SHAPING THE ECONOMY
Arif Habib Center 23, M.T Khan Road, Karachi-7400.
Tel: (021) 34740130-7 / Fax: (021) 34740151