وَأَنْزَلْنَا الْحَدِيدَ فِيهِ بَأْسٌ
شَدِيدٌ وَمَنَافِعُ لِلنَّاسِ

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

"Quran 57:25"

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

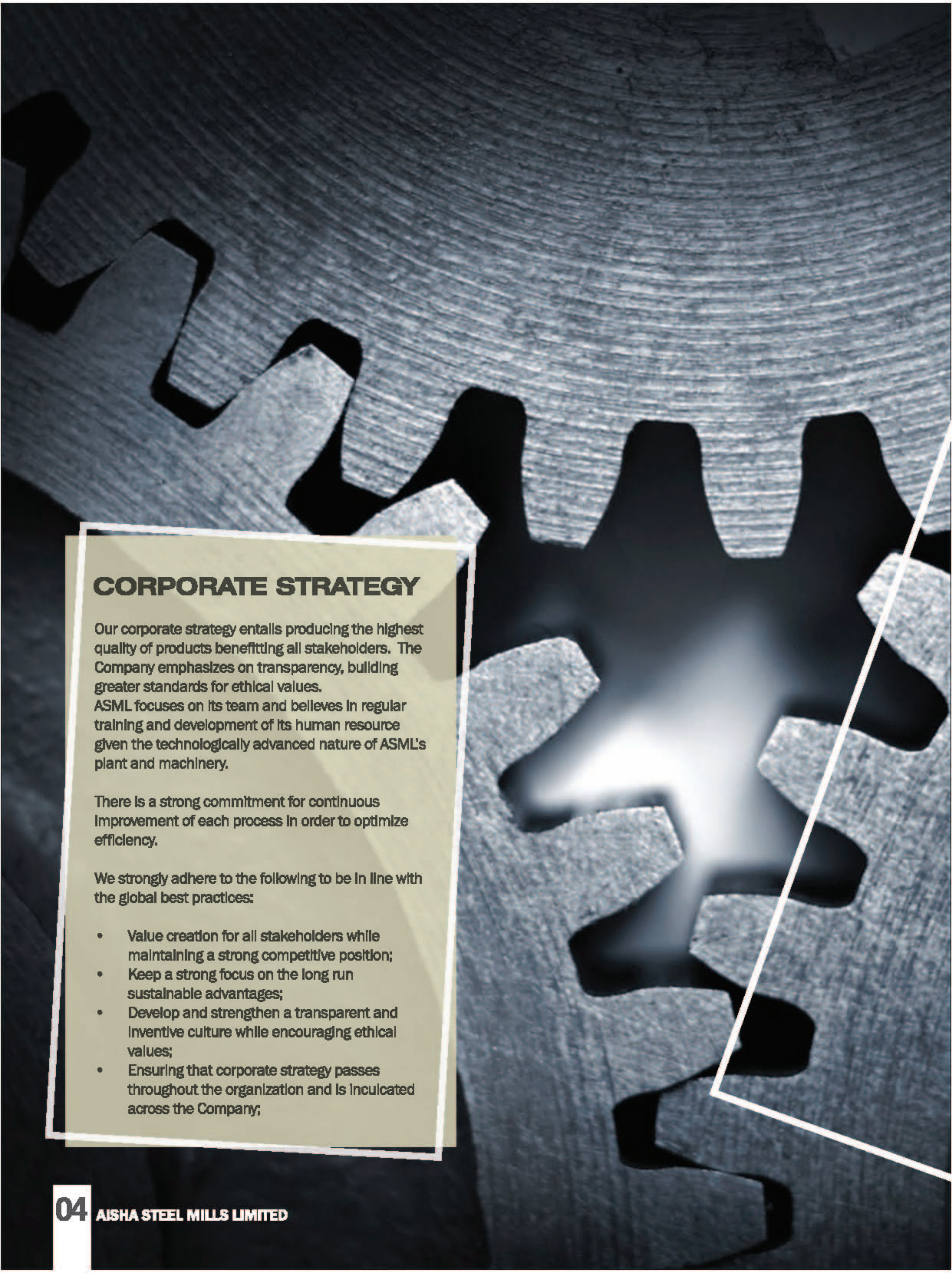
To be a world class manufacturer of Cold Rolled Steel.

MISSION

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

ASML COLD ROLLING COMPLEX

"THE FINEST STEEL HAS TO GO THROUGH THE HOTTEST FIRE"
-Richard Nixon



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.

Regulatory Compliance & Corporate Governance

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

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.

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 Mill 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 effect 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 of 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 himself / herself 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

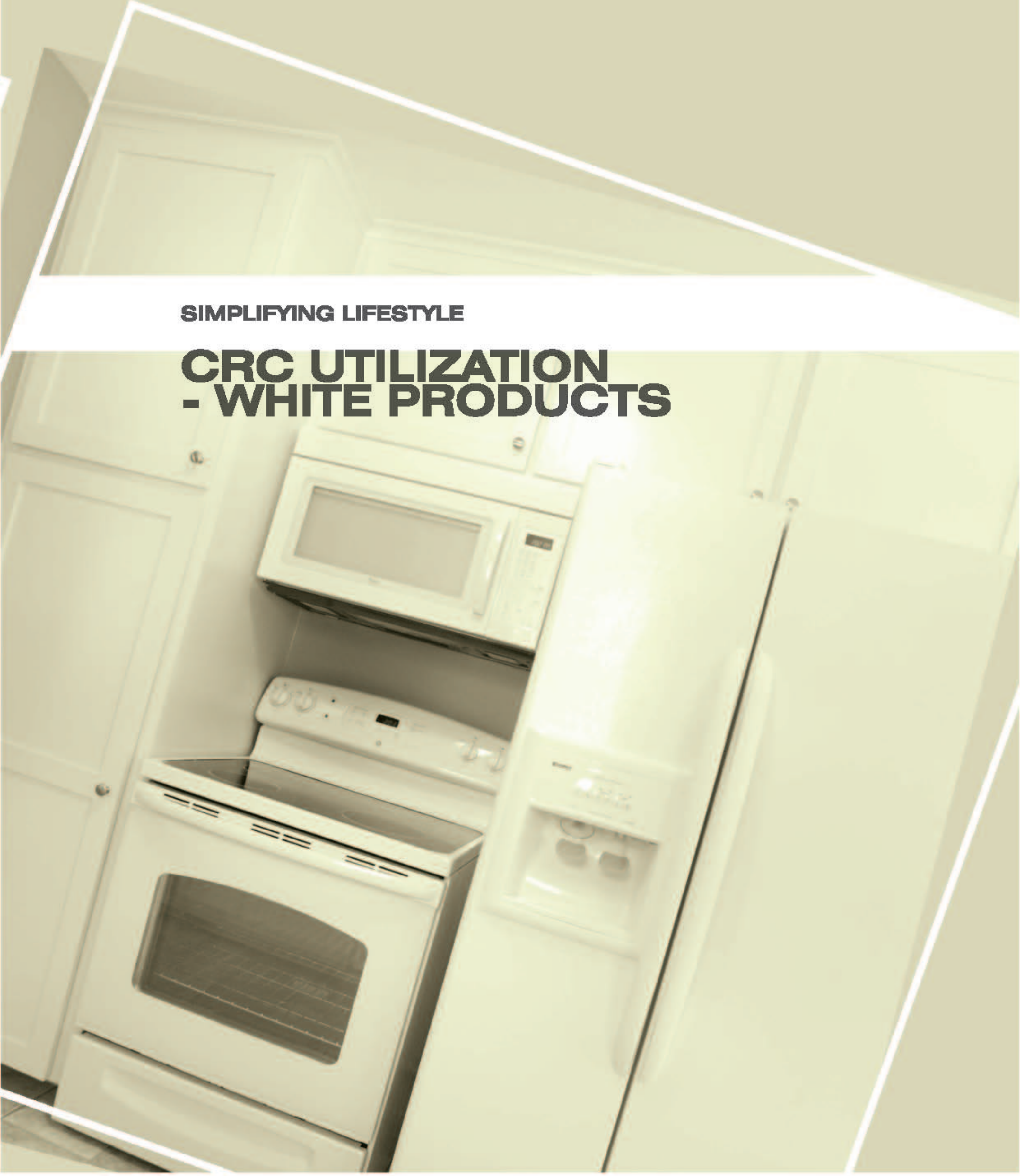
It is essential that a staff member, who becomes involved in legal proceedings, whether civil or criminal, should immediately inform his superior with a copy to the CEO in writing.

HARVESTING OUR AGRARIAN BASED ECONOMY

CRC UTILIZATION - AUTOMOTIVE

SIMPLIFYING LIFESTYLE

CRC UTILIZATION - WHITE PRODUCTS



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 Group, 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.

HISTORY

Incorporated
May 2005

Commencement of
Erection

Completion
of Erection – February 2012

Commencement
of trial run – June 2012

Listing
on KSE – August 2012

Commercial
Operations Date - October 2012

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 INFORMATION

Board of Directors

Mr. Mikio Kinoshita	Chairman
Mr. Arif Habib	
Mr. Hasib Rehman	
Mr. Yoshikazu Uda	
Mr. Kashif Habib	
Mr. Muhammad Ejaz	
Mr. Ali Akhtar Khan	
Mr. Kashif Shah	Chief Executive Officer

Audit Committee

Mr. Kashif Habib	Chairman
Mr. Mikio Kinoshita	Member
Mr. Hasib Rehman	Member
Mr. Muhammad Ejaz	Member

Registered Office Address:
Arif Habib Centre, 23 - MT Khan Road, Karachi – Pakistan
website : www.aishasteel.com

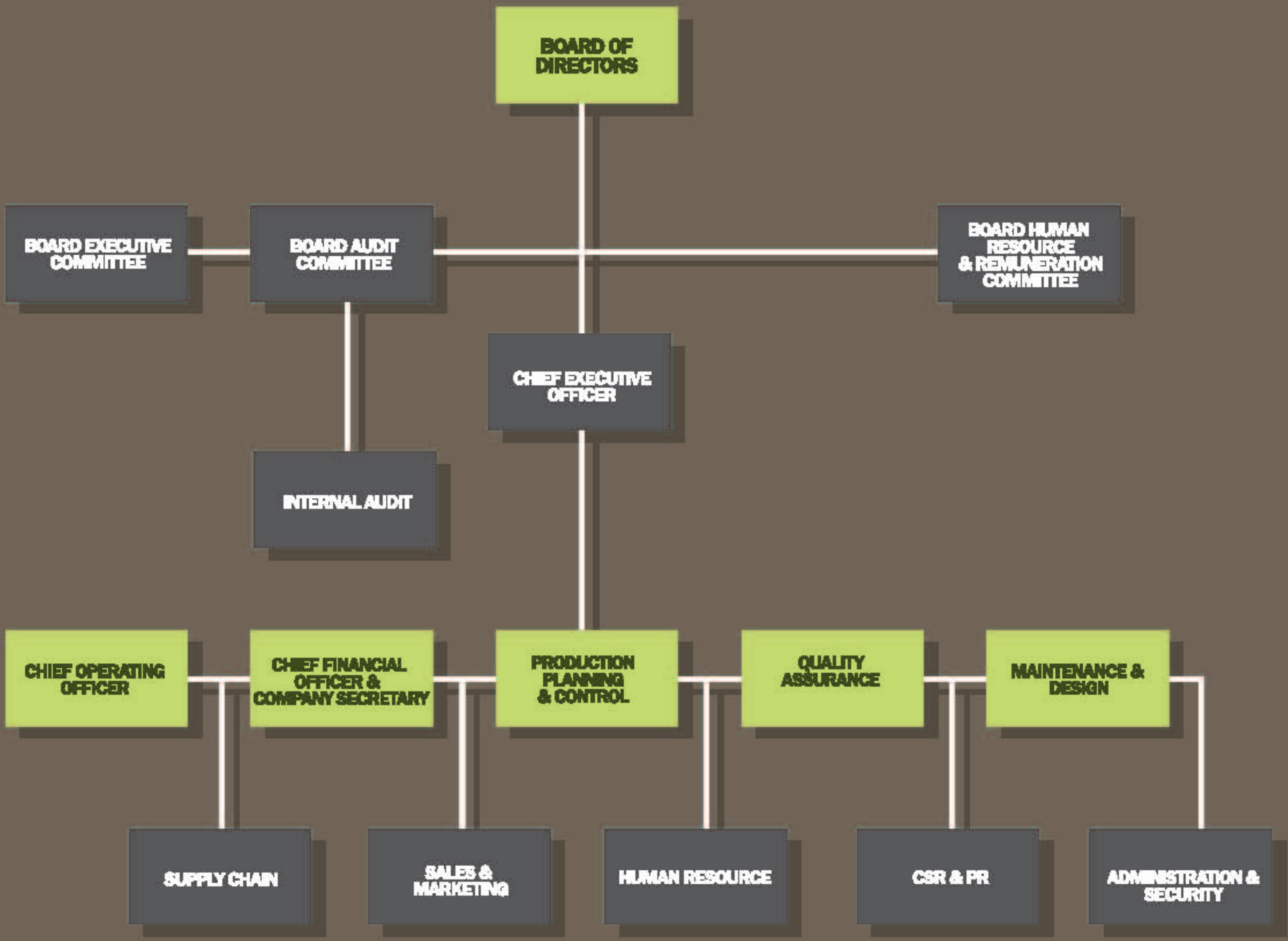
Plant Address:
DSU - 45, Pakistan Steel
Down Stream Industrial Estate
Bin Qasim, Karachi, Pakistan

Auditors
A.F. Ferguson & Co., Chartered Accountants
State Life Building No:1-C
I.I Chundrigar Road, Karachi

Share Registrar
Central Depository Company of Pakistan
CDC House, 99-B, SMCHS Shahrae Faisal, Karachi
Phone: 92-21-111-111-500

Bankers & Financing Institutions
Askari Bank Ltd
Bank Alfalah Ltd
Bank Al Habib Ltd
Faysal Bank Ltd
Habib Metropolitan Bank Ltd
KASB Bank Ktd
MCB Bank Ltd
National Bank of Pakistan
NIB Bank Ltd
Pak China Investment Company Ltd
Saudi Pak Industrial & Agricultural
Investment Company Pvt Ltd.
Silk Bank Ltd
Sindh Bank Ltd
Summit Bank Ltd
The Bank of Khyber
The Bank of Punjab

COMPANY ORGANOGRAM



BOARD OF DIRECTORS

The Board of Directors of ASML in their individual capacity bring with them extensive experience and expertise. The Board comprises of the following individuals:

MR. MIKIO KINOSHITA
Chairman & Non - Executive Director

Mr. Kinoshita has over 38 years of relevant experience. He has been with Metal One Corporation since 2003, and has held various executive positions. Prior to joining Metal One, Mr. Kinoshita was associated with Nishho Iwai Corporation, where his last assignment was as Managing Director. He is a graduate from the Keio Gijyuku University, Japan.

MR. ARIF HABIB
Non - Executive Director

Mr. Arif Habib is the Chairman & 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 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. Presently he is a director of Sui Northern Gas Pipelines Company Limited.

Other Corporate Engagement

As Chairman
Arif Habib Foundation
Pakistan Private Equity Management Ltd
Arif Habib DMCC
Safemix Concrete Product Ltd
Real Estate Modaraba Management Company Ltd
Thatta Cement Company 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. HASIB REHMAN
Non - Executive Director

Mr.Hasib Rehman is the President / CEO of Universal Metal Corporation Japan. His experience in the steel industry spans a period over 20 years both in the local as well as the international arena. Mr. Rehman is 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 Engagement

As Director
UMC Pakistan (Pvt) Ltd

MR.YOSHIKAZU UDA,
Executive Director

Mr. Uda has over 35 years of experience in steel trading and project management. He holds the position of Executive Director at ASML. 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. KASHIF HABIB
Non - Executive Director

Mr. Kashif Habib is a member of the Institute of Chartered Accountants of Pakistan (ICAP). He has completed his Articleship from A.F. Ferguson & Co. (a member firm of Price Waterhouse Coopers), where he gained experience of a diverse set of clients spanning the Financial, Manufacturing and Services sectors. He has at his credit experience of three years Internship in Arif Habib Corporation Limited and three years' experience of Executive Director in cement and fertilizer companies of the group.

Presently Mr. Kashif Habib is Executive Director at Pak Arab Fertilizers Limited and Chief Executive of Al-Abbas Cement Industries Limited.

Other Corporate Engagement

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

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 Engagement

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
Al Abbas Cement Industries Ltd

MR. ALI AKHTAR KHAN
Independent &
Non - Executive Director

Mr. Ali Akhtar Khan holds over 35 years of experience in the Iron and Steel Industry, including 26 years at Pakistan Steel Mills where his last assignment was as GM Operations. He is currently associated with Tuwairqi Steel Mills Limited as Advisor Business Development. During his tenure in the steel sector, Mr. Khan has attended workshops in several countries including Austria, Sweden, Russia, Germany and USA giving him exposure of the global steel sector. Mr. Khan is also a part time professor at Dawood College of Engineering and Technology.He has a Master's degree in Economics and Finance from University of Karachi, along with Bachelors in Metallurgy.

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 Engagement

As Director
Arif Habib Corporation Ltd

MANAGEMENT PROFILE

MIRZA TARIQ BEGG
Chief Operating Officer

Mr.Begg has done his Bachelor of Engineering in Metallurgy in 1969 from Dawood College of Engineering and Technology Karachi, and possesses over 40 years of experience in the Iron and Steel Sector with Pakistan Steel. As a steel technologist, Mr.Begg has acquired extensive experience in various aspects of steel making and maintenance in plant and machinery.

TAHIR IQBAL
Chief Financial Officer &
Company Secretary

Mr. Iqbal is an Associate Member of ICMAP, having nine 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 Real Estate Modaraba Management Company Ltd and S.K.M Lanka Holdings (Pvt.) Ltd (Arif Habib Group Company incorporated in Sri Lanka).

BOARD AND 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	Remarks
Mr. Kashif Habib – Chairman	4	-	Appointed on 3rd July,2012
Mr. Mikio Kinoshita - Member	4	3	-
Mr. Hasib Rehman - Member	4	3	-
Mr. Muhammad Ejaz - Member	4	3	-

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(HR&R) Commitee

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 recommend 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 meeting held during the year	Meetings attended	Remarks
Mr. Arif Habib - Chairman	1	1	-
Mr. Yoshikazu Uda - Member	1	1	-
Mr. Hasib Rehman - Member	1	1	Alternate Director Mr Liaquat Ali attended the Meeting
Mr. Muhammad Ejaz - 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 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	Remarks
Mr. Arif Habib - Chairman	1	1	-
Mr. Hasib Rehman - Member	1	1	Alternate Director Mr Liaquat Ali attended the Meeting
Mr. Yoshikazu Uda - Member	1	1	-
Mr. Muhammad Ejaz - Member	1	1	-

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

MANAGEMENT COMMITTEES

Management Executive Committee (MANCOM)

Mr. Kashif Shah - Chairman
Mr. Tariq Begg - Member
Mr. Tahir Iqbal - Member
Ms. Hina Akhtar – Member
Mr. Shafique Ahmed – Member
Mr. Waseem Saeed – Member
Mr. Shaikh Nazeer – Member
Ms. Mehreen Aamir – Member

Committee Members

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 meetings are held bi-monthly to discuss and review the ongoing business operations.

Committee formed: December 2011
No of meetings held till Year end 14:

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. Tariq Begg - Member
Mr. Tahir Iqbal - Member
Ms. Hina Akhtar - Member

Committee Members

The objective of management HR committee is to review, monitor and make recommendations to the Board through the Board 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;

SHAREHOLDERS' INFORMATION

Registered and Corporate Office
Arif Habib Centre
23, M.T. Khan Road
Karahi-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
ASMLL equity shares are listed on the Karachi Stock Exchange (KSE) of Pakistan.

Stock Code
The stock code for dealing in equity shares of the Company at the stock exchanges is ASL.

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 and has been servicing nearly 9,000 shareholders. The 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 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. Zain Haqqi
Tel: (021) 34740160 -7
Email: zain.haqqi@aishasteel.com

Mr. Mohsin Rajab Ali
Tel: (021) 111-111-500
Email: mohsin_rajabali@cdcpak.com

Statutory Compliance
During the year the Company has complied 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 24th October, 2012 to 31st October 2012 (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 Thursday, 23rd October 2012, 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.

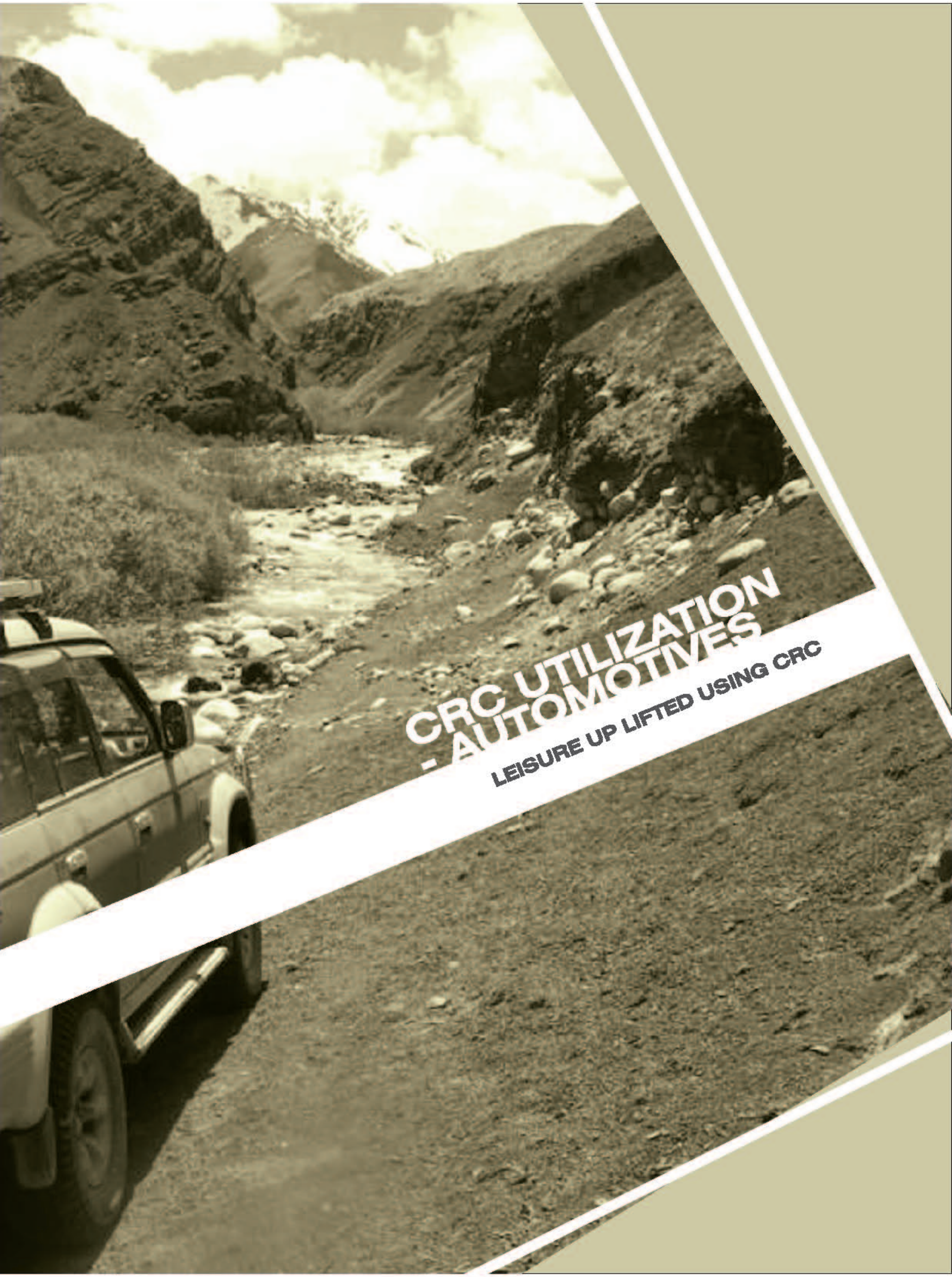
General Meetings & Voting Rights
Pursuant to Section 158 of the Companies Ordinance, 1984, ASML holds a General Meeting of Shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before 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.

The instrument appointing proxy, duly signed by the shareholder should be deposited at the office of the Share Registrar of the Company not less than 48 hours before the meeting.

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

Shareholding Pattern
The shareholding pattern of the equity share capital of the Company as on 30th June 2012 alongwith categories of shareholders are given on page 79 to 84 of this report.



CRC UTILIZATION - AUTOMOTIVES

LEISURE UP LIFTED USING CRC

DIRECTORS' REPORT

Dear Fellow Shareholders

The Directors have great pleasure in presenting the Annual Report of your Company along with the audited financial statements for the financial year ended on 30th June 2012 together with auditors' report thereon.

Global Macroeconomic Scenario

The global economy remains fragile with risks to global economic stability tilted towards the downside. The Euro Zone Crisis remains the biggest concern for the global economy which if escalates will lead to turmoil in the financial markets and a contraction in global economic activity. According to official IMF World Economic Outlook figures, the world economy is expected to grow at a reduced rate of 3.5% in Calendar Year (CY) 2012 after registering a growth rate of 3.9% in CY 2011. Economic activity is, however, expected to pick up in 2013 on the back of forecasted GDP growth rate of 4.1%.

Economic Indicators suggest that the above trend will be reflected in the economies of both developed and emerging nations.

Global Steel Scenario

The global steel industry has witnessed a marked shift in geographical production and consumption patterns during the past decade. Chinese production of finished steel products, which accounted for 20% of world production in 2001, now stands at 48%. In effect, Asian nations, led by China, have captured significant market share from their European, American and Japanese counterparts.

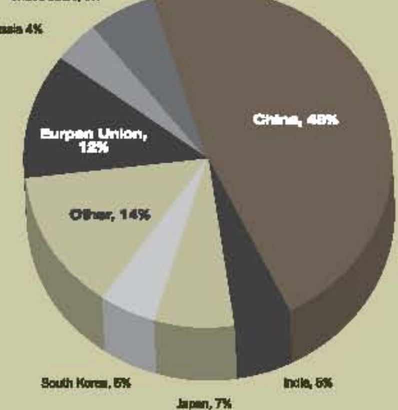
This shift in production patterns became more pronounced after the financial meltdown of 2008-09 and the ensuing economic slump. OECD countries and Euro Zone nations in particular, have been the slowest to recover from the crises as a result of fiscal austerity measures, ballooning public and private debt levels due to worsening economic conditions in Greece, Spain.

With consumption patterns of finished steel products following a similar trend, the developing world now acts as a key driver for sustaining growth in the global steel industry. Steel consumption in Asian and Middle East markets are below 50kgs per capita indicating huge potential for growth in demand in these regions.

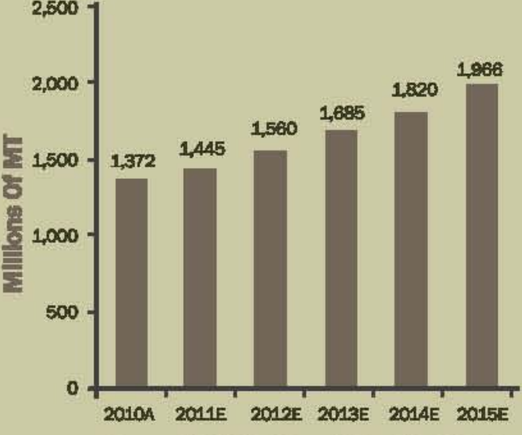
However, systemic risks remain and, in the short run at least, growth in China and other developing nations will not be spared from any negative developments emanating from the Euro Zone.

Current demand for finished steel products remains relatively flat as a result of the Chinese central bank's efforts to contain property price inflation throughout 2011 along with growing fears about the fate of the Euro Zone.Going forward, the global steel demand is expected to rise on account of increasing population and industrialization. Growth forecast for 2011 is estimated at 5.3%; however, long term demand growth is expected to revive at higher levels. Hot Rolled Steel prices have remained at the lower end of the spectrum after peaking at USD730 per ton in July 2011 which have now come down to less than USD600 per ton. It is unlikely that HRC prices will firm up in near future and shall remain under pressure.

Share of World Crude Steel Production - July 2012



Global Steel Demand Forecast



Source: World Steel Association, World Bank

Global Cold Rolled Sheet Industry

Cold Rolled Coil (CRC) remains an important part of the global steel industry, accounting for 10% of the world's steel production.

Major CRC consumers include industries such as automobile, construction, home appliances, engineering and pipe manufacturing. Consequently, growth in demand for CRC is directly linked to activity in the aforementioned industries.

Domestic Economy

The fiscal year under review proved to be a mixed year for Pakistan's economy. On the positive side home remittances and FBR revenue grew at the healthy rate of 17.7% and 17.8% respectively. Inflation dropped to single figures in July 2012 reaching 9.3%,allowing the SBP to reduce the discount rate to 10.5% in August 2012 from 12% in November 2011. On the negative side, trade deficit increased to USD 21 billion as compared to USD 15 billion in previous year recording a current account deficit of USD 4.5 billion as compared to surplus of USD 0.2 billion in previous year. Fiscal deficit was substantial owing to higher than budgeted subsidies on power and fertilizers. Foreign investment was dismal with a net inflow of USD742 million for FDI and portfolio. The country has been plagued by a crippling power crisis and a deteriorating law and order situation that results in lower productive activities. Higher international oil prices, lower cotton prices and excessive subsidies incurred by the Government on Power and Fertilizers were other major factors for negatives in Pakistan economy.

Industrial Highlights

The demand for steel in Pakistan has constantly been on rise as the economy exhibits economic growth. Domestic supply however, continues to lag and is evident by an average shortfall of 3.3 million tons per annum. Total steel production in 2011 was estimated at 0.4 million tons while demand was close to 6 million tons. This shortfall has been compensated by imports that continue to increase Pakistan's trade deficit. Pakistan's per capita steel consumption is among the lowest globally at c.27kgs in comparison to a regional average of 207.8kgs and a global average of 181.5 kgs.

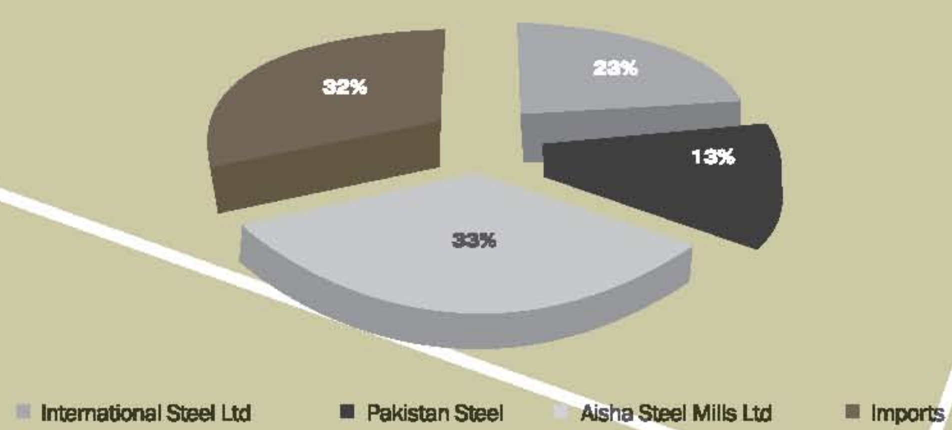
However, given that there is significant growth in the country's local demand for steel in both the short and long run, there exists a huge growth opportunity for your Company and the Pakistani steel industry in general.

Currently the annual demand for CRC is between 450,000-500,000 metric tons per annum. With start of production from your Company, the local manufacturers of CRC namely, Aisha Steel Mills Limited, Pakistan Steel Mills and International Steel Limited can fulfill substantially all of this demand. However, there are a number of regulatory and tariff related issues which would seriously hamper the ability of local manufacturers of CRC to operate at optimum capacities. These are:

1.The difference between valuation of Prime CRC and Secondary CRC is taken at 25% by Customs Department. This regime supports commercial importers and is stacked against local manufacturers. All the three manufacturers of CRC have quoted various international examples and have requested Customs Department to set the discount of Secondary CRC at 4-5% of Prime CRC price. This is inline with what all the three local and international CRC producers offer on their respective Secondary CRC.

2.Uptill recently, Pakistan did not have the local CRC capacity to meet demand of CRC users in Pakistan. However, with the start-up of state of the art CRC Complex of Aisha Steel, the three local producers can meet the local CRC demand. However, as CRC was not locally available in the past therefore, certain users of CRC were given concessionary import tariff under SRO 565. In most of the cases, this concession is being abused by the users of CRC who are importing CRC more than their consumption and selling additional CRC in the market to enjoy this duty benefit. As CRC is now locally made and the three producers of CRC are capable to meet domestic requirements, therefore tariff concessions to CRC importers in Pakistan under SRO 565 should be eliminated to give a level playing field to CRC manufacturers of Pakistan.

CRC Supply in Pakistan - Year 2012-13



3.Pakistan and China signed Free Trade Agreement (FTA) in 2006 to promote goods being manufactured in one country and required in other country to promote trade between our two brotherly countries. When FTA was signed there was only one producer of CRC in Pakistan. Presently, there are three CRC manufacturers namely Pakistan Steel, Aisha Steel, and International Steel which can meet all the local CRC demand. However, under FTA Chinese CRC producers are allowed to sell CRC to Pakistani importers at only 5% duty as against to paying full 10% duty. Government of Pakistan needs to promote and protect local industry and therefore, CRC should be taken out from FTA with China, otherwise import from China will continue to hamper Pakistani importers to operate at their full capacities..

4.Ever since economic and banking sanctions have been imposed on Iran, there has been a substantial increase in smuggled CRC from Iran via Taftan all the way to Multan, Lahore and Gujranwalla. As CRC steel coil are heavy (more than 20 metric tons), therefore, it cannot be hidden or transported via non-metallic road. According to one estimate between 10-15 trucks carrying smuggled CRC from Iran cross the border and ply Pakistan's main road all the way upcountry. Smuggling of a bulky product in such a large quantity cannot be possible in a secret manner and therefore, we would like to request the relevant law enforcing agencies and Customs to take steps to protect local CRC industry by enforcing the applicable law of the land and also protect exchequer which is losing out on duties and taxes worth billions of rupees.

Market Share

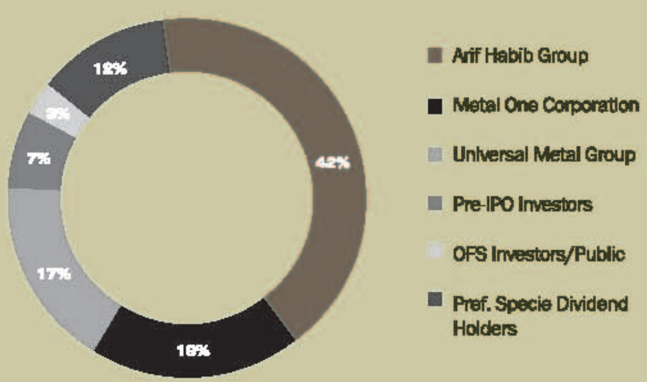
Your Company will be the largest supplier of CRC in the market and will have competitive advantage over other producers in Pakistan due to superior Japanese technology machinery. However, other producers do not pose any direct competition risk as domestic demand is more than sufficient to absorb 100%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

The Project & Company

To meet the rising demand of steel in the engineering, automobile, construction, home appliances, engineering and pipe industries the concept of your Company was conceived in the year 2005 by one of its founder sponsor Mr. Hasib Rehman, the President of Universal Metal Group Japan, and for this purpose he established and got incorporated ASML on May 30, 2005 as a public limited company.

Shareholding Structure



After incorporation of ASML, Mr. Hasib Rehman invited Metal One Corporation Japan and Arif Habib Group to join Universal Metal Group in this project as Joint Venture Partners. The cold rolling project has a name plate capacity of 220,000 tons per annum located at plot of 50 acres in Downstream Industrial Area of Pakistan Steel Mills, Bin Qasim, Karachi. The project includes Pickling Line, 4-High Cold Rolling & Skin-pass Mill, Batch Annealing Furnaces, and Recoiling Line. Additionally to be the foremost value added producer of CRC to cater to high-end customers, ASML has installed Electrolytic Cleaning Line giving it a competitive edge in value added CRC segment.

However, in Year 2008 – 09 due to the financial meltdown in the Country and sudden devaluation in Rupee-Dollar parity, the Project faced huge cost overruns and went on halt. To face and accept this challenge, one of the aforesaid Joint Venture Partners i.e. Arif Habib Group (AHG) on the request of other two Partners came forward and took the management of the Project under the esteemed leadership of its Group Chairman Mr. Arif Habib. AHG injected further capital of Rs. 759 million and arranged cost overruns financing of Rs.1,900 million from the syndicate of banks.With Metal One Corporation providing full technical support, the Project was completed by June 30, 2012 and there after started its trial run production.

Even though there have been ups and downs in our Project, the steadfastness of Arif Habib Group, MOC/Mitsubishi Group, Universal Metal Group and all our lenders has enabled us to come this far.

ASML has achieved a complete turnaround due to the support of all its stakeholders and is now the largest investment in steel sector achieving production since Pakistan Steel in 1970s.

Listing of Company

During the year under review, the Board approved the listing of Company 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 issuance at par.

After obtaining all regulatory approvals the Pre-IPO Portion was successfully completed in April 2012 and listing of Company at the KSE was completed in the manner that subscription of ordinary shares was held on 3rd and 4th July 2012, balloting was held on 27th July 2012 and ASML shares commenced trading on August 6, 2012. .
The public subscription has been oversubscribed by 2.7 times making it the most successful public offering of the past three financial years. The Pre-IPO portion of this transaction amounting to Rs.234 million achieved a successful financial close in April 2012 following an overwhelming response from the financial sector in the country. 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

The year under review was landmark for Aisha Steel Mills Ltd as the Company has successfully completed the construction phase of the Project and started its hot run in May 2012 after being energized a few weeks earlier. The Company commenced technical commercial operations in June 2012 by initiating trial production in line with Japanese standards, to ensure prime quality CRC supply to the commercial market. ASML commenced sale of CRC in August 2012.

We are pleased to share that the response received from the market for our product has been overwhelming. We are grateful to our 18 exclusive dealer-partners for this success.

Confidence of our Dealer Partners can be further gauged from the fact that our dealers have placed security deposit with ASML to become part of this exclusive ASML Dealers' Club.

Uptill September 15, 2012 our sales figure has crossed c. PKR 220 M (3,000 MT). As we are in a step up phase therefore our monthly sales will increase accordingly for us to achieve our yearly target.

Besides sales through our exclusive dealer partners, we have also initiated direct sale to end customers, which will build on as we progress forward.

Your Company is fortunate to be part of Mitsubishi Group. Metal One Corporation (majority owned by Mitsubishi Corporation), one of the largest steel trading Corporation in the world,provide ASML an edge in procurement of our raw material Hot Rolled Coils (HRC). Thanks to Metal One Corporation, ASML has been able to develop a strong relationship with Nippon Steel Corporation, a premier supplier of HRC. In addition to this, your Company has also developed direct relationship with another renowned HRC supplier; POSCO, South Korea.

As of September 2012 ASML has procured 38,600 MT HRC (c.17,000 MT HRC has reached ASML) ensuring sufficient raw material supply for smooth operations for the next couple of months.

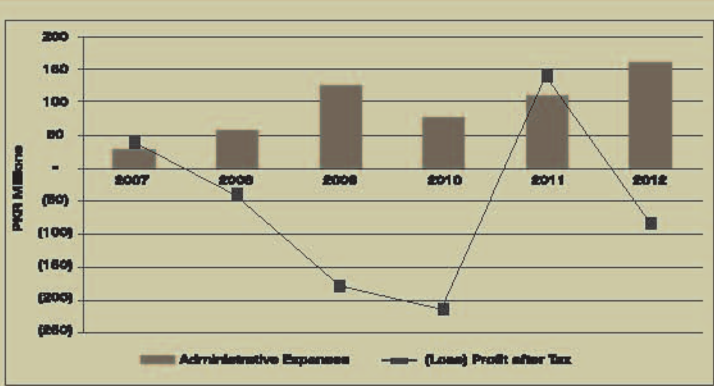
ASML is currently operating in two shifts with its third shift is expected to start in November 2012.

The Company is in the process of building is technical base further. Besides Japanese and Austrian Supervisor (s) are constantly training the existing work force and ensuring prime quality CRC, ASML has also inducted 9 Bangladeshi experienced engineers and technicians to supplement lack of experience professionals in CRC sector.

The Company's Results

The summary of financial results is as follows:-

(PKR 000s except EPS)	2012	2011
Loss before tax	(132,435)	(51,590)
Taxation – Deferred	46,352	190,029
Loss / profit after tax	(86,083)	139,339
Appropriations	-	-
Accumulated losses – carried forward	(440,664)	(354,581)
Earnings per share - Rupee	(0.82)	0.39



During the year under review, your Company incurred a net loss before tax of Rs. 132.44 million and loss after tax of Rs. 86.08 million as compared to loss before tax of Rs. 51.60 million and a profit after tax of Rs.139.34 million in the corresponding year ended on 30 June 2011. There are certain factors which resulted in such a large positive variance between the loss before tax for the current and last year. The administrative expenses have increased as compared to corresponding year on account of substantial increase in the human resource, extensive local and international traveling & training for the purposes of project completion, and listing expenses which was initiated during the year.

Also, 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.46.35 million as compared to Rs.190.29 million in the corresponding year.

Future Outlook

Going forward, ASML intends to become not only the largest seller of CRC in Pakistan but also the best quality producer by offering all grades of CRC. ASML plans to achieve this objective by increasing its capacity utilization, leveraging the extensive dealers network while simultaneously initiating direct sale to customers, improving operational safety and continuously improving our human capital. All through these thrusts, the Company will aim to uphold the highest standards of corporate governance, clean environment and create a reputation of integrity. The Company has prepared an achievable budget for 2012-13, backed by robust business planning and is confident of delivering on these goals. As is the case with most company's in start-up phase, due to high fixed costs and ramping up affect of capacity utilization, first year of production always remains the most challenging, however, we are confident to face these chanllenges. Moreover, we are expecting that the Government will provide a level playing field to local manufacturers of CRC by removing anomalies in regulatory and tariff regimes and make CRC sector inline with other sectors.

To achieve the above stated future outlook the Board of Directors of your Company has resolved in its today's meeting to declare October 1, 2012 as the Commercial Operation Date of ASML.

Risk Management

The risk management system of the 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 analyze the 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

Risk	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. ASML has a three year sales and distribution agreement with Mitsubshi Corporation for ensuring 100% sales.
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. 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.
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	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 2011-12 the weighted average cost of borrowings, including exchange losses, was 15.47% per annum as against last year average borrowing rate of 16.52%.

The long term debt equity ratio of the Company on 30th June 2012 was 68:32 as against 64:36 as on 30th June 2011.

We are pleased to share with you that your Company has been given long term and short term entity rating of ASML "A-" (Single A minus) and "A2" (A Two), respectively by the JCR-VIS Credit Rating Co. Ltd. (JCR-VIS). These ratings denote good quality credit with good certainty of timely payment along with liquidity factors and sound company fundamentals.

CORPORATE SUSTAINABILITY

Corporate Social Responsibility

ASML is committed towards fulfilling its Corporate Social Responsibility and has plans to actively discharge its Corporate Social Responsibility with special focus on healthcare, education, environment, community welfare, sports and relief work aiming to enhance its scope and contribution over time. During the year the Company has also commissioned its Effluent Treatment Plant (ETP) to have a greener environment by treating the waste water of the Mill thus ensuring sustainable operations. The items which pose potential hazard for the humans and environment are banned in ASML premises. Smoking is only allowed in designated areas.

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 plans 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 - 15 minute 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 all 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 during year under review 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 is scheduled to go live in October 2012. 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. 332.3 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 ASML has 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 with their 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 funded 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 Directors including the Chief Executive, Chief Financial Officer, and Executives of the Company made any trade as the Company's ordinary and preference share were listed subsequent to the balance sheet date. Furthermore, it is informed to all above 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 shares of the Company have been listed on Karachi Stock Exchange subsequent to the balance sheet date. There were 14 ordinary shareholders and 7150 preference shareholders of the Company (being unquoted) as of 30 June 2012. The detailed pattern of shareholding and categories of shareholding of the Company including shares held by directors and executives, if any, are given in Page No.79 to 84.

Financial and Business Highlights

The key operating and financial data has been given in summarized form under the caption "Financial Indicators" Page No. 42 and graphic presentation of the important statistics is presented on Page No. 46.

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 31st October 2012 and being eligible, have offered themselves for reappointment for the year ending on 30th June 2013. 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 30th June 2013 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 31st October 2012.

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 27th October 2011 will be completed on 26th October 2014.

Post Balance Sheet Events

There have been no material changes since 30th June 2012 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 28 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

Mikio Kinoshita
Chairman

Kashif Shah
Chief Executive Officer

Karachi: 29th September 2012

ANNEXURE I

Statement of Attendance of Board of Directors - July 1, 2011 to June 30, 2012

	No of meetings held during the year	Meetings attended	Remarks
Mr. Satoru Oki*	7	5	Outgoing Chairman & Director
Mr. Miko Kinoshita**	7	2	In Coming Chairman & Director
Mr. Arif Habib	7	7	-
Mr. Hasib Rehman	7	-	Remained out of country and appointed alternate directors
Mr. Yoshikazu Uda	7	7	-
Mr. Muhammad Ejaz	7	7	-
Mr. Ali Akhtar Khan	7	4	Elected as director in the election held on 27 october 2011
Mr. Muhammad Murtaza Chinoy***	7	1	Alternate Director of Mr. Hasib Rehman (Deceased)
Mr. Liaquat Ali	7	1	Alternate Director of Mr. Hasib Rehman
Mr. Kashif Shah	7	6	-

ANNEXURE II

Statement showing shares bought and sold by Directors, CEO, CFO, Company Secretary and their Spouses and Minor Children from July 1, 2011 to June 30, 2012

Name of Directors	Designation	Ordinary Shares		Preference Shares	
		Shares Bought	Shares Sold	Shares Bought	Shares sold
Mr. Satoru Oki*	Chairman	-	-	-	-
Mr. Miko Kinoshita**	Chairman	-	-	-	-
Mr. Arif Habib	Director	-	-	-	-
Mr. Hasib Rehman	Director	-	-	-	-
Mr. Yoshikazu Uda	Director	-	-	-	-
Mr. Muhammad Ejaz	Director	-	-	-	-
Mr. Ali Akhtar Khan	Director	-	-	-	-
Mr. Mohammad Chinoy***	Alternate Director of Mr. Hasib Rehman	-	-	-	-
Mr. Liaquat Ali***	Alternate Director of Mr. Hasib Rehman	-	-	-	-
Mr. Kashif Shah	Chief Executive	-	-	-	-
Mr. Tahir Iqbal	CFO & Company Secretary	-	-	-	-

***Newly appointed Chairman**
****Outgoing Chairman**
*****Alternate Director / UMC Group**

Evaluation of Board Performance and Criteria Used

As the Board of Directors acts as the custodian of the shareholders' money and is responsible to over see its translation into objectives for the Company, the Board has put in place a mechanism for performance evalution by setting specific, measurable, achievable and realistic goals for the year and evaluating the performance of each member against these 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 Stakeholder for 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 highly qualified professional from all disciplines to ensure effective and efficient decision making. The Board includes professionals from the steel, finance and engineering sectors forming 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 on July 26, 2011 and he resumed his office effective August 1, 2011.

The Board has observed that under his esteemed leadership the management team has successfully completed the Project (construction phase), commencement and completion of trial operations, arrangement of requisite working capital financing and subscription of Pre IPO of PKR 234 M coupled with listing of the Company on the Karachi Stock Exchange by way of Offer of Sale of 10 M shares, while operating within the policy guidelines of the Board and ensuring compliance with all regulatory framework.

NOTICE OF EIGHT ANNUAL GENERAL MEETING

Notice is hereby given that the Eight Annual General Meeting of the Shareholders of Aisha Steel Mills Limited ("The Company") will be held on Wednesday 31st October 2012 at 4:30 pm at the Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi to transact the following business:

1) To confirm minutes of the Seventh Annual General Meeting held on 27th October 2011.

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 2012.

3) To appoint the Auditors for the year ending 30th June 2013 and fix their remuneration. The Board of Directors have recommended 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
Chief Financial Officer &
Company Secretary

Karachi; 9th October 2012

Notes:

1. Share transfer books of the company will remain closed from 24th October to 31st October 2012 (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 Tuesday 23rd October 2012 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 proxy form.

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

CORPORATE EVENTS

Analyst Conference/ Investor Presentation - KSE:
ASML conducted an Investor Presentation at KSE on June 26, 2012 and an Analyst Briefing on June 27, 2012 at the Arabian Sea Country Club for their Offer for Sale of 10 (M) ordinary shares. Both the events were attended by various senior representatives of Banks/DFIs, Brokerages Houses, KSE members and HNW Individuals. Mr. Arif Habib Group Chairman, Arif Habib Group ,Mr Kimihide Aando, Country Manager Mitsubishi Corporation and Mr. Kashif Shah, CEO – Aisha Steel Mills Ltd addressed these briefings.

Listing of Aisha Steel Mills Ltd
Both Ordinary as well as Preference shares of Aisha Steel Mills were listed as of August 6, 2012.

The Gong Ceremony on the occasion of formal listing of both securities was held which was attended by Mr. Arif Habib, Chairman Arif Habib Group, Mr. Yoshikazu Uda, Director Metal One Corporation Japan, and Mr. Kashif Shah, CEO ASML. Mr. Nadeem Naqvi, MD KSE, Mr. Haroon Askari, DMD KSE and Mr. Muhammad Ghufran, DGM Company Affairs was present.

ASML common shares opened up 10% at the start of trading.

Dealers' Conference:
Aisha Steel Mills Ltd conducted its first Dealer Conference on March 20, 2012 to promote knowledge base and cohesiveness amongst the Pakistan CRC industry.

ASML has selected 18 reputable dealers mapping out the entire CRC market in Pakistan. A grand ceremony was held on March 20, 2012 to ink in the distribution network. Mitsubishi Corporation played a critical role in selection, short listing and finalization of these 18 exclusive dealer partners of ASML.

SAP (Phase I) Go Live
ASML has not only become the first Company in the local steel industry to implement SAP, but is also the first company in Pakistan to have SAP completely virtualized on VM Ware.To stream line processes and to enable real time decision making, ASML has implemented SAP.

Commencement of Trial Production
ASML successfully commenced trial production in June 2012. This marks a proud achievement for the Project Team. Commercial Operations Date was achieved on October 1, 2012.

KEY FINANCIAL HIGHLIGHTS

(Rs. in million)

Balance Sheet	2012	2011	2010	2009	2008	2007
Non-Current Assets	9,792	7,170	5,592	3,748	1,734	243
Current Assets	1,155	1,306	226	370	72	5
Total Assets	10,947	8,476	5,819	4,118	1,807	248
Non-Current Liabilities	5,930	4,992	3,477	2,242	106	-
Current Liabilities	2,020	634	847	168	60	27
Total Liabilities	7,950	5,627	4,323	2,409	166	27
Paid up Capital	3,438	3,200	1,989	1,989	-	-
Total Equity	2,998	2,849	1,495	1,709	1,641	221

Income Statement	2012	2011	2010	2009	2008	2007
Administrative Expenses	158	107	75	124	57	28
Financial Cost	15	5	159	69	0	10
(Loss)/Profit after Tax	(86)	139	(214)	(179)	(39)	38

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

The financial highlights and key performance indicators are until June 30, 2012, which is before the start of ASML's operations. Further, your Company's Board resolved in the meeting dated September 29, 2012 to announce the Commercial Operations Date as October 1, 2012.

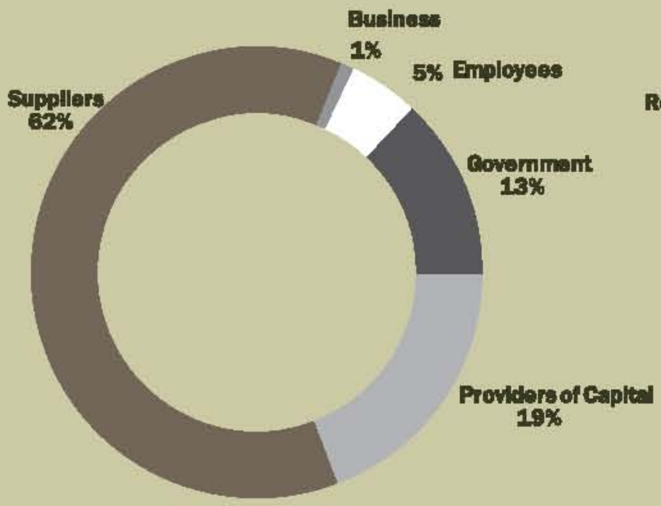
Key Performance Indicators	2012	2011	2010	2009	2008	2007
Return on Equity	-2.9%	4.9%	-14.3%	-10.5%	-2.4%	-17.0%
Basic EPS	(0.82)	0.39	(1.08)	(0.94)	(0.34)	(4.48)
Breakup value per share	8.72	8.89	7.52	8.59	9.42	10.00
Financial leverage rato	2.16	1.79	2.59	1.31	0.07	-
Debt to Equity ratio	1.98	1.75	2.51	1.31	0.06	-

STATEMENT OF VALUE ADDITION AND DISTRIBUTION

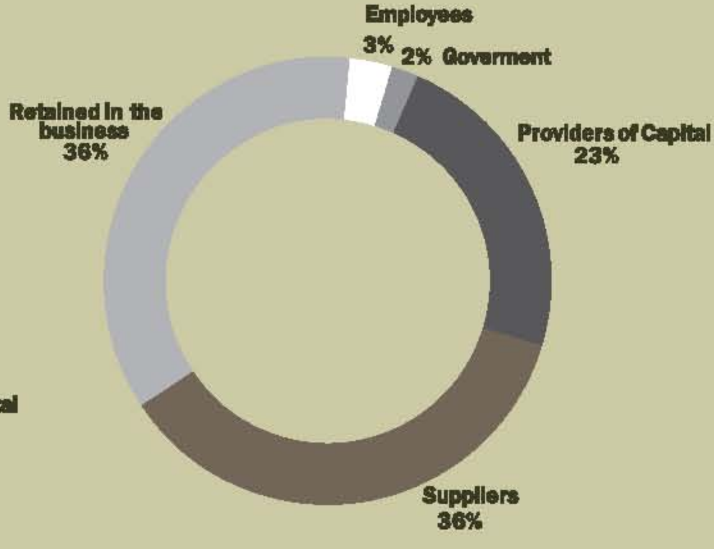
(Rs. in million)

	2012	2011
WEALTH CREATED		
Total Revenue	-	-
Other Income	38,874	59,148
Cash & Bank - Opening	938,540	109,617
Share capital	234,294	1,214,907
Short term finance	529,386	-
Long term finance	827,120	1,215,799
	2,568,214	**2,599,471**
DISTRIBUTED AS FOLLOWS		
To Employees		
Salaries, wages and other benefits including retirement benefits	118,795	64,417
To Government		
Income tax, sales tax, excise duty and custom duty	332,342	48,986
WPPF and WWF	-	-
To Society		
Donations and welfare activities	-	-
To providers of Capital		
Dividend to shareholders	-	-
Finance Cost of borrowed funds	495,898	602,696
To Suppliers		
To Suppliers for capital goods	1,556,668	897,421
To other Suppliers	27,228	47,411
Retained in the business		
Closing Cash balances	37,283	938,540
	2,568,214	**2,599,471**

Distribution of Wealth - 2012



Distribution of Wealth - 2011



VERTICAL ANALYSIS

(Rs. in million)

	2012	%	2011	%	2010	%	2009	%	2008	%	2007	%
BALANCE SHEET												
Non-Current Assets												
Property plant and equipment	9,492	87%	6,927	82%	5,544	95%	3,702	90%	1,678	93%	9	4%
Intangible assets	11	0%	0	0%	1	0%	0	0%	0	0%	0	0%
Long Term Loans	4	0%	3	0%	-		-					
Long term deposits and prepayments	48	0%	48	1%	48	1%	46	1%	56	3%	234	94%
Deferred tax asset	237	2%	191	2%	-	0%	-	0%		0%		0%
	9,792	89%	7,170	85%	5,592	96%	3,748	91%	1,734	96%	243	98%
Current Assets												
Stores and spares	137	1%	92	1%	92	2%	50	1%	-	0%	-	0%
Stock in Trade - Raw Material	490	4%	-	0%	-		-		-		-	0%
Advances, deposits and prepayments	20	0%	7	0%	20	0%	12	0%	3	0%	0	0%
Other Recievables	139	1%	238	3%	-		-		-		-	0%
Tax Refund Due from Government - Sales Tax	285	3%	22	0%	0		0		-		-	0%
Accrued mark-up	0	0%	2	0%	1	0%	1	0%	0	0%	-	0%
Taxation - Payment Less Provision	46	0%	7	0%	4	0%	2	0%	1	0%	-	0%
Term Deposits	0	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Cash and bank balances	37	0%	939	11%	110	2%	305	7%	68	4%	5	2%
	1,155	11%	1,306	15%	226	4%	370	9%	72	4%	5	2%
Total Assets	**10,947**	**100%**	**8,476**	**100%**	**5,819**	**100%**	**4,118**	**100%**	**1,807**	**100%**	**248**	**100%**
Shareholders' Equity												
Share Capital: Ordinary Shares	2,680	24%	2,446	29%	1,989	34%	1,989	48%	0	0%	0	0%
Preference Shares	758	7%	755	9%	-	0%	-	0%	-	0%	-	0%
Share Deposit Money	-	0%	4	0%	-	0%	-	0%	1,742	96%	221	89%
Accumulated losses	(441)	-4%	(355)	-4%	(494)	-8%	(280)	-7%	(101)	-6%	-	0%
Total Equity	2,998	27%	2,849	34%	1,495	26%	1,709	42%	1,641	91%	221	89%
Non-Current Liabilities												
Long-term finance	5,912	74%	4,985	59%	3,470	60%	2,238	54%	98	5%	-	0%
Liabilities against assets subject to finance lease	11	0%	5	0%	7	0%	3	0%	8	0%	-	0%
Staff retirements benefits	6	0%	3	0%	-	0%	-	0%	-	0%	-	0%
Short-term loan	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
	5,930	75%	4,992	59%	3,477	60%	2,242	54%	106	6%	-	0%
Current Liabilities												
Current maturity of long-term loan	30	0%	-	0%	289	5%	-	0%	-	0%	-	0%
Current maturity of liab. against assets subject to fin. lease	4	0%	2	0%	2	0%	1	0%	2	0%	-	0%
Short Term Borrowings	529	7%	100	1%	110	2%	-	0%	-	0%	-	0%
Creditors, accrued expenses and other liabilities	592	7%	41	0%	64	1%	152	4%	22	1%	5	2%
Accrued mark-up	865	11%	492	6%	382	7%	14	0%	2	0%	10	4%
Due to Associated Company	-	0%	-	0%	-	0%	-	0%	25	1%	11	5%
Due to Director	-	0%	-	0%	-	0%	-	0%	10	1%	-	0%
	2,020	25%	634	7%	847	15%	168	4%	60	3%	27	11%
Total Liabilities	7,950	73%	5,627	66%	4,323	74%	2,409	58%	166	9%	27	11%
Total Equity and Liabilities	**10,947**	**100%**	**8,476**	**100%**	**5,819**	**100%**	**4,118**	**100%**	**1,807**	**100%**	**248**	**100%**

HORIZONTAL ANALYSIS

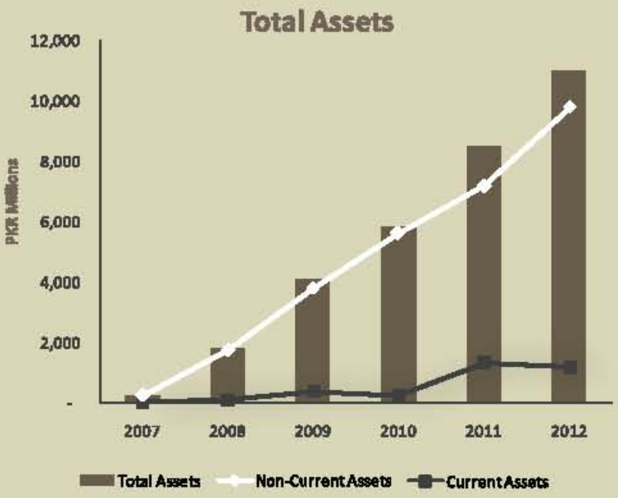
(Rs. in million)

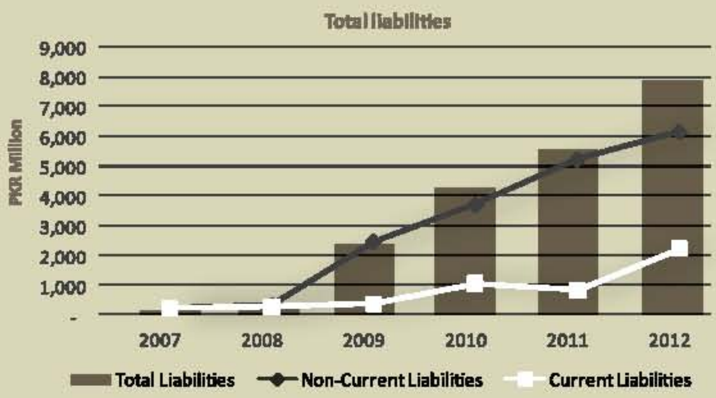
	2012	%	2011	%	2010	%	2009	%	2008	%	2007
BALANCE SHEET											
Non-Current Assets											
Property plant and equipment	9,492	37%	6,927	25%	5,544	50%	3,702	121%	1,678	18476%	9
Intangible assets	11	2319%	0	-13%	1	126%	0	-34%	0	0%	0
Long Term Loans	4	39%	3	100%	0	0%	-	0%	-	0%	-
Long term deposits and prepayments	48	-1%	48	1%	48	4%	46	-18%	56	-76%	234
Deferred tax asset	237	24%	191	100%	0	0%	-	0%	-	0%	-
	9,792	37%	7,170	28%	5,592	49%	3,748	116%	1,734	614%	243
Current Assets											
Stores and spares	137	49%	92	0%	92	82%	50	100%	-	0%	-
Stock in Trade - Raw Material	490	100%	-	0%	0	0%	-	0%	-	0%	-
Advances, deposits and prepayments	20	188%	7	-64%	20	65%	12	277%	3	100%	0
Other Recievables	139	-42%	238	100%	0	0%	-	0%	-	0%	-
Tax Refund Due from Government - Sales Tax	285	1222%	22	8167%	0	5%	0	0%	-	0%	-
Accrued mark-up	0	-73%	2	125%	1	-18%	1	122%	0	100%	-
Taxation - Payment Less Provision	46	555%	7	80%	4	91%	2	179%	1	100%	-
Term Deposits	-	0%	-	0%	0	0%	-	0%	-	0%	-
Cash and bank balances	37	-96%	939	756%	110	-64%	305	348%	68	1148%	5
	1,155	-12%	1,306	478%	226	-39%	370	412%	72	1222%	5
Total Assets	**10,947**	**28%**	**8,476**	**46%**	**5,619**	**41%**	**4,118**	**128%**	**1,807**	**627%**	**248**
Shareholders' Equity											
Share Capital: Ordinary Shares	2,680	10%	2,446	23%	1,989	0%	1,989	100%	0	0%	0
Preference Shares	758	0%	755	100%	-	0%	-	0%	-	0%	-
Share Deposit Money	-	-100%	4	100%	-	0%	-	-100%	1,742	687%	221
Accumulated losses	(441)	24%	(355)	-28%	(494)	77%	(280)	177%	(101)	100%	-
Total Equity	2,998	5%	2,849	91%	1,495	-13%	1,709	4%	1,641	641%	221
Non-Current Liabilities											
Long-term finance	5,912	19%	4,985	44%	3,470	55%	2,238	2196%	98	100%	-
Liabilities against assets subject to finance lease	11	142%	5	-29%	7	109%	3	-62%	8	100%	-
Staff retirements benefits	6	121%	3	100%	-	0%	-	0%	-	0%	-
Short-term loan	-	0%	-	0%	-	0%	-	0%	-	0%	-
	5,930	19%	4,992	44%	3,477	55%	2,242	2018%	106	100%	-
Current Liabilities											
Current maturity of long-term loan	30	100%	-	-100%	289	100%	-	0%	-	0%	-
Current maturity of liabilities against assets subject to finance lease	4	93%	2	16%	2	133%	1	-58%	2	100%	-
Short Term Borrowings	529	429%	100	-9%	110	100%	-	0%	-	0%	-
Creditors, accrued expenses and other liabilities	592	1357%	41	-36%	64	-58%	152	591%	22	316%	5
Accrued mark-up	865	76%	492	29%	382	2565%	14	635%	2	-80%	10
Due to Associated Company	-	0%	-	0%	-	0%	-	-100%	25	115%	11
Due to Director	-	0%	-	0%	-	0%	-	-100%	10	100%	-
	2,020	219%	634	-25%	847	406%	168	177%	60	127%	27
Total Liabilities	7,950	41%	5,627	30%	4,323	79%	2,409	1349%	166	525%	27
Total Equity and Liabilities	10,947	29%	8,476	46%	5,619	41%	4,116	128%	1,807	628%	248

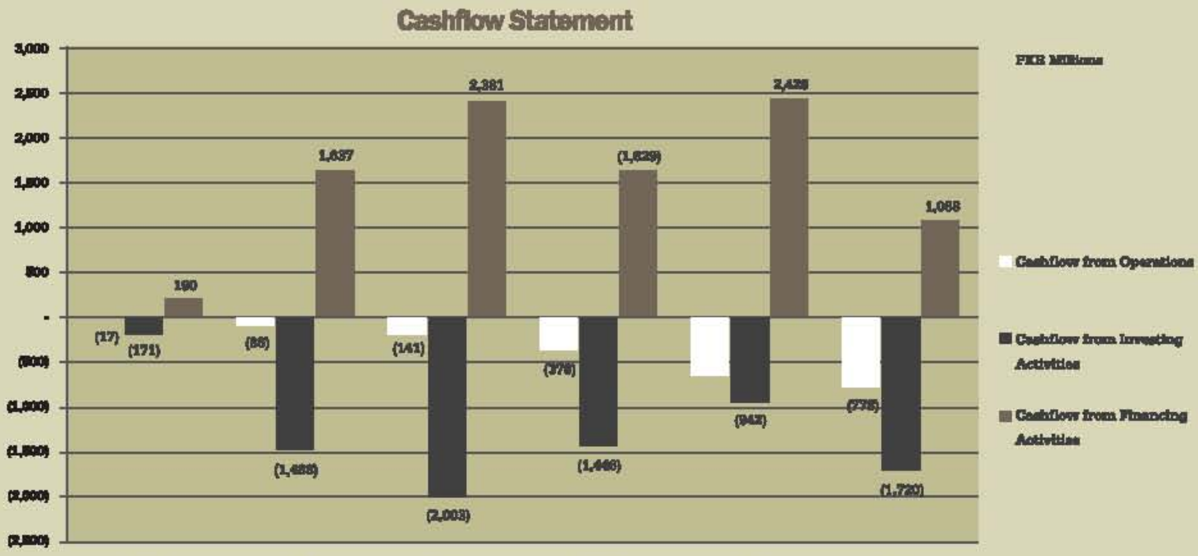
INCOME STATEMENT

HORIZONTAL ANALYSIS	2012	%	2011	%	2010	%	2009	%	2008	%	2007
Administrative expenses	(158)	48%	(107)	44%	(75)	-40%	(124)	119%	(57)	101%	(28)
Other operating income	40	-33%	60	208%	19	32%	15	-16%	17	3167%	1
Finance cost	(15)	229%	(5)	-97%	(159)	130%	(69)	43923%	(0)	-98%	(10)
Loss before taxation	(132)	157%	(52)	-76%	(214)	20%	(179)	353%	(39)	5%	(38)
Taxation - deferred	46	-76%	191	100%	-	0%	-	0%	-	0%	-
(Loss) / Profit for the year after tax	(86)	-162%	139	-165%	(214)	20%	(179)	353%	(39)	5%	(38)
(Loss) / earning per share	(0.82)	-310%	0.39	-136%	(1.06)	15%	(0.94)	176%	(0.34)	-92%	(4.48)

GRAPHICAL PRESENTATION







STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

Having the status of an Unquoted Company till 30 June 2012 the Code of Corporate Governance (CCG) was not applicable during the year on the Company however the Company has voluntarily taken measures to comply with the CCG in the following manner:

1. As at 30 June 2012 the board constitutes the following directors:

Category	Names
Independent Directors	Mr. Ali Akhtar Khan
Executive Directors	Mr. Yoshikazu Uda Mr. Kashif Shah
Non-Executive Directors	Mr Satoru Oki (retired w.e.f. April 27,2012) Mr. Mikio Kinoshita (w.e.f. April 27, 2012) Mr. Arif Habib Mr. Hasib Rehman 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 (excluding the listed subsidiaries of listed holding companies where applicable).

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. A casual vacancy occurring on the board at the end of board meeting held on April 27, 2012 which was filled up by the directors during the same meeting effecting the appointment of new nominee Director and Chairman of Mr. Mikio Kinoshita from April 27, 2012 in replacement of outgoing nominee Director and Chairman Mr. Satoru Oki.

5. There was no Code of Conduct issued by the Company during the year. However subsequent to the year ended 30 June 2012 the Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it through out the Company along with its supporting policies and procedures and has also uploaded on the website of the Company.

6. There were no vision / mission statements, and overall corporate strategy of the Company. However, subsequent to the year end the board has approved vision / mission statements and overall corporate strategy. A complete record of particulars of significant policies along with 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 non-executive 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. There was no orientation course conducted for the directors during the year.

10. No new appointment of CFO and Company Secretary has been made after the revised CCG has taken effect and the board has already approved their remuneration and terms and conditions of employment. However, Head of Internal Audit was appointed on 2nd July 2012 subsequent to the balance sheet date and his remuneration and terms and conditions of employment were approved by the board subsequent to year end.

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-executive directors.

16. Four meetings of the Audit Committee were held during the year 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 of 4 members, of whom 3 are non-executive directors and the chairman of the committee is a non-executive director.

18. There was no internal audit function during the year.

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

22. As stated above all other material principles enshrined in the CCG have been complied with except those which cannot be applied on unlisted company.

For and on behalf of Board of DirectorS

Mikio Kinoshita
Chairman

Kashif Shah
Chief Executive Officer

Karachi, 29th September 2012

pwc

A. F. FERGUSON & CO.

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Statement), issued by the Securities and Exchange Commission of Pakistan and included in listing regulations of the Karachi Stock Exchange, prepared by the Board of Directors of Aisha Steel Mills Limited. The responsibility of following the Code of Corporate Governance (CCG) 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, CCG require 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 does not appropriately reflect the company's compliance in all material respects with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2012.

As mentioned in the Statement, following (reference to the Statement included thereagainst) have been complied with, or are in the process of compliance subsequent to the year end i.e. June 30, 2012:

i) There was no Code of Conduct (point reference 5 of the Statement);
ii) There were no vision/mission statements and overall corporate strategy of the company (point reference 6 of the Statement);
iii) No orientation course was conducted (point reference 9 of the Statement);
iv) Head of internal Audit has not been appointed by the Company (point reference 18 of the Statement);

Chartered Accountants
Karachi
Dated: September 29, 2012
Name of the engagement partner: Farrukh Rehman

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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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, 2012 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 misstatements. 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, 2012 and of the loss, its cash flows and changes in equity for the year then ended; and

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

Chartered Accountants
Karachi
Dated: September, 29.2012
Name of the engagement partner: Farrukh Rehman

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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BALANCE SHEET

As at 30 June 2012

	Note	2012	2011
		Rupees '000	
ASSETS			
Non-current assets			
Property, plant and equipment	3	9,491,653	6,927,051
Intangibles	4	11,343	469
Long-term loans	5	4,032	2,899
Long-term deposits and prepayments	6	47,634	48,312
Deferred tax	7	237,281	190,929
		9,791,943	7,169,660
Current assets			
Stores and spares		137,089	92,238
Stock-in-trade - raw material		489,519	-
Advances, deposits and prepayments	8	20,294	7,042
Other receivables	9	138,854	238,186
Tax refunds due from Government - Sales tax		285,274	21,578
Accrued mark-up		424	1,589
Taxation - payments less provision		46,394	7,079
Cash and bank balances	10	37,283	938,540
		1,155,131	1,306,252
Total assets		10,947,074	8,475,912
EQUITY AND LIABILITIES			
Equity			
Share capital	11		
Ordinary shares		2,680,000	2,445,706
Cumulative preference shares		758,201	754,630
Share deposit money		-	3,571
Accumulated losses		(440,664)	(354,581)
		2,997,537	2,849,326
Liabilities			
Non-current liabilities			
Long-term finance	12	5,912,032	4,984,912
Liabilities against assets subject to finance leases	13	11,375	4,705
Staff retirement benefit	14	6,125	2,771
		5,929,532	4,992,388
Current liabilities			
Trade and other payables	15	592,131	40,631
Accrued mark-up	16	864,809	491,660
Short-term borrowings	17	529,386	100,000
Current maturity of long-term finance	12	30,000	-
Current maturity of liabilities against assets subject to finance leases	13	3,679	1,907
		2,020,005	634,198
Contingencies and commitments	18		
Total equity and liabilities		10,947,074	8,475,912

The annexed notes 1 to 33 form an integral part of these financial statements.

Chairman | Chief Executive Officer | Chief Financial Officer

PROFIT & LOSS ACCOUNT

For the year ended 30 June 2012

	Note	2012	2011
		Rupees '000	
Administrative expenses	20	(157,992)	(107,109)
Other operating income	21	40,394	60,032
Finance cost	22	(14,837)	(4,513)
Loss before taxation		(132,435)	(51,590)
Taxation - deferred		46,352	190,929
(Loss) / Profit for the year after tax		(86,083)	139,339
Other comprehensive income		-	-
Total comprehensive (loss) / income		(86,083)	139,339
		(Rupees)	
(Loss) / earning per share	24	(0.82)	0.39

The annexed notes 1 to 33 form an integral part of these financial statements.

Chairman

Chief Executive Officer

Chief Financial Officer

CASH FLOW STATEMENT

For the year ended 30 June 2012

	Note	2012	2011
		Rupees '000	
CASH USED IN OPERATING ACTIVITIES			
Cash used in operations	25	(278,731)	(105,783)
Income tax paid		(39,315)	(3,145)
Mark-up on loans paid		(495,898)	(602,969)
Return on bank deposits received		38,874	59,148
Staff retirement benefits paid		(2,341)	(827)
Increase in long-term employee loans		(1,133)	(2,899)
Decrease / (increase) in long-term deposits and prepayments		678	(518)
Net cash used in operating activities		(777,866)	(656,993)
CASH USED IN INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,709,476)	(941,773)
Acquisition of intangible assets		(11,135)	(272)
Sale proceeds on disposal of property, plant and equipment		237	-
Net cash used in investing activities		(1,720,374)	(942,045)
CASH FLOWS FROM FINANCING ACTIVITIES			
Share capital issued		234,294	1,211,336
Share deposit money received		-	3,571
Long-term finance obtained		927,120	1,225,799
Settlement of short-term finance		(100,000)	(10,000)
Increase / (decrease) in liabilities against assets subject to finance leases		6,183	(2,745)
Net cash inflow from financing activities		1,067,597	2,427,961
Net (decrease) / increase in cash and cash equivalents		(1,430,643)	828,923
Cash and cash equivalents at beginning of the year		938,540	109,617
Cash and cash equivalents at end of the year	26	(492,103)	938,540

Cashflow statement based on direct method has also been included in the financial statements in note 27.

The annexed notes 1 to 33 form an integral part of these financial statements.

Chairman

Chief Executive Officer

Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2012

	Share Capital	Share deposit money	Accumulated losses	Total
	Rupees '000			
Balance as at July 1, 2010	1,989,000	-	(493,920)	1,495,080
Share deposit money received	-	1,214,907	-	1,214,907
Shares issued	1,211,336	(1,211,336)	-	-
Total comprehensive income for the year ended June 30, 2011	-	-	139,339	139,339
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	-	-	(86,083)	(86,083)
Balance as at June 30, 2012	**3,438,201**	**-**	**(440,664)**	**2,997,537**

The annexed notes 1 to 33 form an integral part of these financial statements.

Chairman | Chief Executive Officer | Chief Financial Officer

Notes to the Financial Statements

For the year ended 30 June 2012

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 registered office of the Company is situated at Arif Habib Centre, 23 M.T. Khan Road, Karachi.

The Company is setting up a cold rolling mill complex in the Downstream Industrial Estate, Pakistan Steel, Bin Qasim, Karachi. The production capacity of the plant is 220,000 metric tons. The Plant is near completion and trial production commenced from the month of April 2012. Commercial production date is expected in first quarter of the financial year ending June 30, 2013.

In June 2012 an offer for sale of shares was made by Metal One Corporation, Japan, Arif Habib Equity (Private) Limited and Mr. Hasib Rehman, the existing sponsors of Aisha Steel Mills Limited. 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. Therefore, as at June 30, 2012 the Company's legal status was that of an unquoted company. However, for the purpose of better disclosures the Company have voluntarily follow Forth Schedule of Companies Ordinance, 1984 in the preparation of these financial statements.

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 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 Critcal 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

There are no IFRSs or International Financial Reporting Interpretation Committee (IFRIC) interpretations that are effective for the first time for the financial year beginning on or after July 1, 2011 that would be expected to have a material impact on the Company.

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

Following amendments to existing standards and interpretations have been published that are mandatory for accounting periods beginning on the dates mentioned below:

IAS 19 (Amendment) - 'Employee benefits' is applicable for the periods beginning on or after January 1, 2013. It eliminates the corridor approach and recognises all actuarial gains and losses in other comprehensive income as they occur, immediately recognises all past service costs and replaces interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability / asset. The change is not expected to have any material effect on the Company.

IAS 1 (Amendment), 'Presentation of Financial Statements', is effective for the accounting periods beginning on or after July 1, 2012. It entails the requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment is however, not expected to have a material impact on the Company's financial statements.

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 Basis of measurement

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, except capital work-in-progress which is 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.

Notes to the Financial Statements

For the year ended 30 June 2012

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.

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 carried at cost which is the fair value of the consideration to be paid for goods and services.

Notes to the Financial Statements

For the year ended 30 June 2012

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 Interest income

Return on bank deposits is recognised on accrual basis.

2.20 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.

		Note	2012	2011
			Rupees '000	
3.	**PROPERTY, PLANT AND EQUIPMENT**			
	Operating assets	3.1	270,155	252,112
	Capital work in progress - at cost	3.2	9,221,498	6,674,939
			9,491,653	6,927,051

3.1 Operating assets

	Leasehold land	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, 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**
Net carrying value basis						
Year ended June 30, 2011						
Opening net book value (NBV)	238,807	4,504	1,180	609	7,978	253,078
Additions (at cost)	-	6,038	4,530	-	-	10,568
Disposals (at NBV)	-	(25)	-	-	-	(25)
Depreciation charge	(4,165)	(3,410)	(1,530)	(267)	(2,137)	(11,509)
Closing net book value (NBV)	**234,642**	**7,107**	**4,180**	**342**	**5,841**	**252,112**
Gross carrying value basis						
At June 30, 2011						
Cost	249,915	12,919	6,846	2,701	10,286	282,667
Accumulated depreciation	(15,273)	(5,812)	(2,666)	(2,359)	(4,445)	(30,555)
Net book value (NBV)	**234,642**	**7,107**	**4,180**	**342**	**5,841**	**252,112**
Useful lives in years	**60**	**3 to 5**	**5**	**5**	**5**	

Notes to the Financial Statements

For the year ended 30 June 2012

		2012	2011
		Rupees '000	
3.2	**Capital work in progress**		
	Civil works and prefabricated building	807,711	595,762
	Plant and machinery	5,134,568	4,211,448
	Electrical works	554,521	141,581
	Advances to suppliers - civil works	10,625	36,542
	- plant and machinery	2,742	131,365
	- electrical works	115	74,765
	Borrowing costs - note 3.2.1 & 3.2.2	2,033,893	1,164,846
	Others - note 3.2.3	677,323	318,630
		9,221,498	6,674,939

3.2.1 The rate used to determine the amount of borrowing costs eligible for capitalisation ranges from 2% above six months KIBOR to 3.28% above six months KIBOR (June 30, 2011: 2% above six months KIBOR to 4% above six months KIBOR).

3.2.2 Mark-up on loan from related party capitalised during the year amounts to Rs 8.91 million (June 30, 2011: Rs. 2.06 million).

3.2.3 This includes raw material amounting to Rs. 169.54 million (2011: Rs. nil) issued during the year for trial production.

		2012	2011
		Rupees '000	
4.	**INTANGIBLES**		
	Computer Software - note 4.1 & 4.2	357	469
	Intangible asset under development - note 4.3	10,986	-
		11,343	469

		2012	2011
		Rupees '000	
4.1	**Computer Software**		
	Gross carrying value basis		
	Cost	1,257	1,108
	Accumulated amortisation	(900)	(639)
	Net book value	357	469
	Net carrying value basis		
	Opening net book value	469	538
	Additions during the year	149	272
	Amortisation for the year	(261)	(341)
	Closing net book value	357	469

4.2 Amortisation is charged at the rate of 33.33% (June 30, 2011: 33.33%) per annum.

4.3 This represents license and support server fee for the implementation of SAP Enterprise Resource Planning (ERP) System Solution.

		2012	2011
		Rupees '000	
5.	**LONG-TERM LOANS - considered good**		
	- opening balances	2,899	-
	- disbursements	1,133	2,899
		4,032	2,899

5.1 All the loans have been given to executives of the Company. There have been no repayments during the current year.

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. Loans to employees are interest free.

5.3 The maximum aggregate amount of loans due from executives at the end of any month during the year was Rs 4.03 million (June 30, 2011: Rs 2.9 million).

	2012	2011
	Rupees '000	
6. LONG-TERM DEPOSITS AND PREPAYMENTS		
Security deposits		
- Energy, power and fuel sector	34,196	33,494
- Financial Institutions, banking and leasing companies	2,842	3,577
- Hotels and clubs	2,000	2,000
- Steel sector	1,299	1,299
- Others	1,309	1,421
	41,646	41,791
Prepayments		
- Energy, power and fuel sector	5,988	6,521
	47,634	48,312

7. DEFERRED TAX

Deferred tax asset has been recognised on accumulated losses of the Company, which will be claimed as pre-commencement expenditure, in five years from the date of commencement of commercial production. It is expected that future profits will be available against which the expenditure will be utilised.

	2012	2011
	Rupees '000	
8. ADVANCES, DEPOSITS AND PREPAYMENTS		
Advances - considered good		
- executives	1,536	1,196
- other employees	1,434	198
- suppliers and others - note 8.1	15,375	3,412
Advances to suppliers - considered doubtful	-	637
Deposits	1,208	-
Prepayments	741	2,236
	20,294	7,679
Provision for doubtful advances to supplier	-	(637)
	20,294	7,042

8.1 This includes Rs 0.88 million given to related parties.

		2012	2011
		Rupees '000	
9.	**OTHER RECEIVABLES**		
	Receivable from Etimaad Engineering (Private) Limited - note 9.1	138,485	237,855
	Others - note 9.2	369	331
		138,854	238,186

9.1 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 Honorable 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.

Subsequent to balance sheet date the arbitration proceedings have initiated in which the Company has 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 realized. A further sum of Rs.20 million has 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 is reviewing the submitted claims of both parties.

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.

9.2 This includes Rs 313 thousand (June 30, 2011: Rs 313 thousand) receivable from Metal One Corporation - Japan, a related party.

Notes to the Financial Statements

For the year ended 30 June 2012

		2012	2011
		Rupees '000	
10.	**CASH AND BANK BALANCES**		
	With banks on		
	- Current accounts	3,913	840
	- PLS savings accounts - note 10.1	33,358	937,567
	Cash in hand	12	133
		37,283	938,540

10.1 At June 30, 2012 the rates of mark up on PLS savings accounts ranged from 5% to 10.5% per annum (June 30, 2011: 5% to 12%).

11. SHARE CAPITAL

Authorised share capital

2012	2011		2012	2011
(Number of shares)			Rupees '000	
450,000,000	250,000,000	Ordinary Shares of Rs 10 each	4,500,000	2,500,000
100,000,000	100,000,000	Cumulative Preference Shares of Rs 10 each	1,000,000	1,000,000
550,000,000	350,000,000		5,500,000	3,500,000

Issued, subscribed and paid-up capital

Ordinary shares

2012	2011			
(Number of shares)				
268,000,000	244,570,612	Shares issued of Rs 10 each fully paid in cash - note 11.1	2,680,000	2,445,706
268,000,000	244,570,612			

Cumulative Preference Shares

2012	2011			
(Number of shares)				
75,820,058	75,463,000	Shares issued of Rs 10 each fully paid in cash - note 11.2	758,201	754,630
75,820,058	75,463,000		3,438,201	3,200,336

		2012	2011
		(Number of shares)	
11.1	The reconciliation of ordinary shares is as follows:		
	Opening balance	244,570,612	198,900,000
	Add: Shares issued during the year	23,429,388	45,670,612
	Closing balance	268,000,000	244,570,612
11.2	The reconciliation of cumulative preference shares is as follows:		
	Opening balance	75,463,000	-
	Add: Shares issued during the year	357,058	75,463,000
	Closing balance	75,820,058	75,463,000

11.3 As at June 30, 2012 34,570,058 Cumulative Preference Shares of Rs 10 each are held by Arif Habib Corporation Limited (2011: 75,463,000 Cumulative Preference Shares of Rs. 10 each). During the year Arif Habib Corporation Limited declared specie dividend of Company's 41,250,000 Cumulative Preference Shares of Rs 10 each and therefore now held by shareholders of Arif Habib Corporation Limited. Voting rights of preference shareholders are equivalent to the voting rights of Ordinary Shareholders.

11.4 The rate of dividend on 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 for which the Company shall issue the appropriate number of Ordinary Shares.

11.5 Preference Shares are non-redeemable but convertible into Ordinary Shares at face value at any time after Commercial Operation Date as may be decided by the Board of Directors of the Company. 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.

11.6 Dividend is only payable when Company has accumulated profits. Therefore, cumulative dividend on Preference Shares amounting to Rs 166.56 million is not accounted for in these financial statements.

11.7 During the year, the Company offered Ordinary Share of Rs 10 each as right share to existing shareholders amounting to Rs 305 million (30.5 million Ordinary Shares). The shares were declined by the existing shareholder and were offered to certain Pre-IPO investors. Out of total offer of 30.5 million shares, 23,429,388 shares amounting to Rs 234 million have been subscribed and are fully paid in cash.

		2012	2011
		Rupees '000	
12.	**LONG-TERM FINANCE – SECURED**		
	Syndicate Term Finance from banks and financial institutions		
	- Facility 1 - note 12.1	3,000,031	3,000,031
	- Facility 2 - note 12.2	1,075,351	984,881
	- Facility 3 - note 12.3	866,650	-
	Murabaha finance from a bank and a financial institution - note 12.4	1,000,000	1,000,000
		5,942,032	4,984,912
	Less: Current maturity shown under current liabilities	(30,000)	-
		5,912,032	4,984,912

12.1 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 (June 30, 2011: 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.

12.2 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 (June 30, 2011: 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.

12.3 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 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.

12.4 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, 2011: 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.

12.5 Out of the total unutilised finance facilities Company has letter of credit and guarantee commitments amounting to Rs 5.03 million and Rs 116.45 million (June 30, 2011: Rs 65.4 million and Rs 33.05 million) respectively.

		2012	2011
		Rupees '000	
13.	**LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES**		
	Payable during:		
	2011-12	-	2,772
	2012-13	6,586	3,205
	2013-14	4,587	1,254
	2014-15	4,604	1,167
	2015-16	2,662	-
	Minimum Lease payments - note 13.1	18,439	8,398
	Less: Finance charges not due	3,385	1,786
		15,054	6,612
	Less: Current portion shown under current liabilities	3,679	1,907
		11,375	4,705
	Present value of finance lease liabilities		
	Not later than one year	3,679	1,907
	Later than one year and not later than 5 years	11,375	4,705
		15,054	6,612

13.1 These represent liabilities for vehicles acquired on lease. Finance charge ranging from 10.89% to 20.30% (June 30, 2011: 11.61% to 17.70%) per annum have been used as discounting factor.

		2012	2011
		Rupees '000	
14.	**STAFF RETIREMENT BENEFIT - Gratuity**		
14.1	**Movement in obligation**		
	Opening balance	2,771	-
	Charge for the year	5,695	3,598
	Benefits paid	(2,341)	(827)
	Closing balance	6,125	2,771
14.2	**Movement in the defined benefit obligation**		
	Opening balance	5,576	-
	Transitional liability	-	2,930
	Service cost	4,361	2,602
	Interest cost	748	410
	Actuarial (gain) / loss	(1,806)	461
	Benefits paid	(2,341)	(827)
	Closing balance	6,538	5,576

Notes to the Financial Statements

For the year ended 30 June 2012

		2012	2011
		Rupees '000	
14.3	**Balance sheet reconciliation as at June 30**		
	Present value of obligation	6,538	5,576
	Unrecognised actuarial loss	1,345	(461)
	Unrecognised transitional liability	(1,758)	(2,344)
		6,125	2,771
14.4	**Charge for the year**		
	Service cost	4,361	2,602
	Interest cost	748	410
	Recognition of transitional liability	586	586
		5,695	3,598
14.5	**Key actuarial assumptions used are as follows:**		
	Expected rate of increase in salaries	12%	13%
	Discount factor used	13%	14%
	Retirement age (years)	60	60

14.6 As per actuarial advice, the expected charge for the year 2013 is Rs 8.34 million.

14.7 The information in note 14 is based on actuarial valuation.

		2012	2011
		Rupees '000	
15.	**TRADE AND OTHER PAYABLES**		
	Creditors	68,194	23,051
	Bills payable - note 15.1	450,508	-
	Accrued liabilities	11,919	10,507
	Retention money	51,557	5,723
	Security deposit - cum - advance from dealers	9,000	-
	Taxes deducted at source and payable to statutory authorities	953	1,350
		592,131	40,631

15.1 This includes Rs 383.12 million payable to Metal One Corporation - a related party under 120 days usance letter of credit.

16. ACCRUED MARK-UP

This represents mark-up payable of Rs 595.64 million and Rs 68.3 million in respect of Syndicate Term Finance Facility 1 and 3 respectively.

Mark-up of Rs 595.64 million payable on Syndicate Term Finance Facility 1 was due for payment on April 23, 2012. Subsequent to balance sheet date the Company has obtained additional financing facility of Rs 590 million from syndicate banks and paid the mark-up. 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. Hasib Rehman.

		2012	2011
		Rupees '000	
17.	**SHORT-TERM BORROWINGS - secured**		
	Short-term borrowing	-	100,000
	Short-term running finance - note 17.1	529,386	-
		529,386	100,000

17.1 This represents finance arranged on mark-up with various banks. Facilities for running finance available from these banks amount to Rs 1 billion. The rates of mark-up range between 3 months KIBOR + 2.5% to 3 months KIBOR + 3% (2011: nil). The balance is secured against ranking hypothecation charge over plant, machinery and equipment.

18. CONTINGENCIES AND COMMITMENTS

18.1 CONTINGENCIES

18.1.1 The matter relating to dispute with Etimaad Engineering (Private) Limited is explained in note 9.1.

18.1.2 Contingency relating to an invoice raised by Universal Metal Corporation - a related party, amounting to Rs 24.05 million (2011: 21.68 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.

18.2 COMMITMENTS

18.2.1 Commitments for capital expenditure outstanding as at June 30, 2012 amounted to Rs 450.50 million (June 30, 2011: Rs 826.78 million).

18.2.2 Commitments for rentals under Ijarah arrangements amounted to Rs 1.38 million (2011: nil) payable as follows:

	2012	2011
	Rupees '000	
Not later than 1 year	377	-
Later than 1 year but not later than 5 years	1,004	-
	1,381	-

19. SEGMENT INFORMATION

These financial statements do not include disclosure relating to IFRS 8 'Operating Segments' as Company has not commenced its commercial production as at June 30, 2012 and information related to revenue is therefore not available for its reporting segments.

Notes to the Financial Statements

For the year ended 30 June 2012

		2012	2011
		Rupees '000	
20.	**ADMINISTRATIVE EXPENSES**		
	Salaries, allowances and benefits	59,270	37,590
	Rent, rates and taxes	12,475	13,602
	Staff training and development	7,511	-
	Depreciation / amortisation	13,962	11,850
	Repairs and maintenance	3,198	4,759
	Travelling and entertainment	27,792	16,717
	Communication	2,843	1,657
	Legal and professional charges	8,495	3,056
	Managerial and advisory fee	3,191	12,807
	Auditors' remuneration - note 20.1	1,156	300
	Listing fee	4,234	-
	Security charges	8,628	2,207
	Others	5,237	2,564
		157,992	107,109
20.1	**Auditors' remuneration**		
	Audit fee	250	250
	Fee for half year audit and other certifications	850	-
	Out-of-pocket expenses	56	50
		1,156	300
21.	**OTHER OPERATING INCOME**		
	Income from financial assets		
	Return on PLS savings accounts	23,722	20,528
	Return on funds placed under repo arrangement	7,896	31,124
	Return on term deposits	6,091	8,380
		37,709	60,032
	Income from non-financial assets		
	Gain on disposal of fixed assets	17	-
	Scrap sales	1,808	-
	Others		
	Provision for doubtful advances written back	637	-
	Liabilities no longer required written back	223	-
		40,394	60,032
22.	**FINANCE COST**		
	Guarantee commission	1,979	1,379
	Finance lease charges	2,259	1,068
	Exchange loss	4,409	1,138
	Bank and other charges	6,190	928
		14,837	4,513

		2012	2011
		Rupees '000	
23.	**TAX RECONCILIATION**		
	Accounting loss before tax	(132,435)	(51,590)
	Tax at applicable tax rate of 35%	46,352	18,057
	Tax effect of prior periods	-	172,872
	Tax for the year - recognition of deferred tax on loss carried forward	46,352	190,929
24.	**(LOSS) / EARNING PER SHARE**		
	(Loss) / profit after taxation attributable to ordinary shareholders	(86,083)	139,339
	Adjustment for cumulative preference share dividend	119,782	46,779
	(Loss) / profit after taxation for calculation of basic earnings per share	(205,865)	92,560
	Weighted average number of ordinary shares		
	outstanding at the end of the year (in thousand) Ordinary shares in issue	249,706	239,065
	Basic (loss) / earning per share - Rupee	(0.82)	0.39

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

		2012	2011
		Rupees '000	
25.	**CASH GENERATED FROM / (USED IN) OPERATIONS**		
	Loss before taxation	(132,435)	(51,590)
	Add / (Less): Adjustments for non-cash charges and other items		
	Depreciation / amortisation	13,962	11,850
	Finance lease charges	2,259	1,068
	Provision for staff retirement benefits	5,695	3,598
	Return on PLS savings accounts	(23,722)	(20,528)
	Return on funds placed under repo arrangement	(7,896)	(31,124)
	Return on term deposits	(6,091)	(8,380)
	(Gain) / loss on disposal of fixed assets	(17)	25
		(15,810)	(43,491)
	Loss before working capital changes	(148,245)	(95,081)
	Effect on cash flow due to working capital changes		
	(Increase) / Decrease in current assets		
	Stores and spares	(44,851)	(433)
	Stock-in-trade - raw material	(489,519)	-
	Advances, deposit and prepayments	(13,252)	12,256
	Other receivables	99,332	145
	Tax refunds due from Government - Sales tax	(263,696)	(21,317)
		(711,986)	(9,349)
	Increase / (Decrease) in current liabilities		
	Trade and other payables	551,500	(1,353)
	Current maturity of long-term loan	30,000	-
		(130,486)	(10,702)
	Cash used in operations	(278,731)	(105,783)
26.	**CASH AND CASH EQUIVALENTS**		
	Cash and bank balances	37,263	938,540
	Short-term borrowings - running finance under mark-up arrangements	(529,366)	-
		(492,103)	938,540

	2012	2011
	Rupees '000	
27. CASH FLOW STATEMENT - DIRECT METHOD		
CASH USED IN OPERATING ACTIVITIES		
Cash paid to suppliers / service providers and employees	(278,731)	(105,783)
Income tax paid	(39,315)	(3,145)
Mark-up on loans paid	(495,898)	(602,969)
Return on bank deposits received	38,874	59,148
Staff retirement benefits paid	(2,341)	(827)
Increase in long-term employee loans	(1,133)	(2,899)
Decrease / (increase) in long-term deposits and prepayments"	678	(518)
Net cash used in operating activities	(777,866)	(656,993)
CASH USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,709,476)	(941,773)
Acquisition of intangible assets	(11,135)	(272)
Sale proceeds on disposal of property, plant and equipment	237	-
Net cash used in investing activities	(1,720,374)	(942,045)
CASH FLOWS FROM FINANCING ACTIVITIES		
Share capital issued	234,294	1,211,336
Share deposit money received	-	3,571
Long-term finance obtained	927,120	1,225,799
Settlement of short-term finance	(100,000)	(10,000)
Increase / (decrease) in liabilities against assets subject to finance leases	6,183	(2,745)
Net cash inflow from financing activities	1,067,597	2,427,961
Net (decrease) / increase in cash and cash equivalents	(1,430,643)	828,923
Cash and cash equivalents at beginning of the year	938,540	109,617
Cash and cash equivalents at end of the year - note 26	(492,103)	938,540

28. TRANSACTIONS WITH RELATED PARTIES

28.1 Disclosure of transactions with related parties during the year were as follows:

Relationship	Nature of Transaction	2012 (Rupees '000)	2011 (Rupees '000)
Associated companies:	- Purchase of construction materials	20,853	21,153
	- Purchase of raw material	579,884	-
	- Consultancy charges paid	-	3,318
	- Managerial and advisory fee	3,191	12,807
	- Share capital issued	3,571	1,211,336
	- Share deposit money received	-	3,571
	- Re-imbursement of expenses	-	649
	- Recovery of expenses	744	855
Other related parties:	- Rent expense	-	825
	- Advances given	877	-
Key management			
Compensation	- Salaries and other short-term employee benefits	16,609	14,639
	- Post retirement benefits	900	1,540
	- Director - non executive payment on account of fuel and rented vehicle	267	-

28.2 The status of outstanding balances with related parties as at June 30, 2012 is included in the respective notes to the financial statements.

29. 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	
	2012	2011	2012	2011	2012	2011
	Rupees '000					
Managerial remuneration	11,284	6,600	4,261	3,882	45,936	36,478
Retirement benefits	615	805	285	735	3,068	1,387
Reimbursable expenses	1,025	633	1,180	2,514	3,503	1,012
Club subscription	148	41	130	34	282	42
Others	-	935	-	-	4,004	541
	13,072	9,014	5,856	7,165	56,793	39,460
Number of persons	2	1	1	1	75	35

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.

30. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

30.1 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 during the plant erection phase.

30.2 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 Rupees'000'	"Maturity after one year	Total	
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	33,359	-	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
On balance sheet date gap	2012	(529,707)	(5,923,407)	(6,453,114)	(1,312,529)	87,324	(1,225,205)	(7,678,319)
FINANCIAL ASSETS								
Loans and receivables								
Deposits		-	-	-	-	41,791	41,791	41,791
Loans to employees		-	-	-	-	2,899	2,899	2,899
Other receivables		-	-	-	238,186	-	238,186	238,186
Accrued mark-up		-	-	-	1,589	-	1,589	1,589
Cash and bank balances		937,567	-	937,567	973	-	973	938,540
	2011	937,587	-	937,587	240,748	44,690	285,438	1,223,005
FINANCIAL LIABILITIES								
At amortised cost								
Long-term finance		-	4,964,912	4,964,912	-	-	-	4,964,912
Short-term finance		100,000	-	100,000	-	-	-	100,000
Liabilities against assets								-
subject to finance leases		1,907	4,705	6,612	-	-	-	6,612
Trade and other payables		-	-	-	40,631	-	40,631	40,631
Accrued mark-up		-	-	-	491,660	-	491,660	491,660
	2011	101,907	4,969,617	5,071,524	532,291	-	532,291	5,603,815
On balance sheet date gap	2011	835,680	(4,969,617)	(4,153,937)	(291,543)	44,690	(246,853)	(4,400,810)

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, 2012, the Company have variable interest bearing financial liabilities of Rs 6.49 billion (2011: 5.09 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 0.3 million (2011: 0.13 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, 2012 trade and other payables exposed to foreign currency risk amount to Rs 14.02 million (June 30, 2011: Rs 15.26 million). Further, as at balance sheet date, the Company has capital commitments of Rs nil (June 30, 2011: Rs 150.64 million) and exposure against open letters of credit of Rs 4.61 million (June 30, 2011: Rs 65.4 million) denominated in foreign currencies.

As at June 30, 2012, if the Pakistani Rupee had weakened / strengthened by 20% against Japanese Yen with all other variables held constant, loss before tax for the year would have been lower / higher by Rs. 2.82 million (2011: Rs. 3.05 million) mainly as a result of foreign exchange losses / gains on translation of Japanese Yen denominated as financial assets or a 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 223.45 million (June 30, 2011: Rs 1.22 billion) the financial assets exposed to the credit risk amounts to Rs 223.44 million (June 30, 2011: Rs 1.22 billion). The carrying values of financial assets which are neither past due nor impaired are as under:

	2012	2011
	Rupees '000	
Deposits	84,500	41,791
Other receivables	369	331
Loans to employees	4,032	2,899
Accrued mark-up	424	1,589
Cash and Bank balances	37,283	938,540
	126,608	985,150

Deposits are not exposed to any material credit risk as deposits of Rs 33 million (June 30, 2011: 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 (2011: Rs 237.9 million) receivable from Etimaad Engineering (Private) Limited, which is past due and is considered good.

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

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 reflects the Company's inability in raising funds to meet commitments. The Company manages liquidity risk through equity contributions by the shareholders and availability of financing through banking and non-banking arrangements.

d) **Fair values of the financial instruments**

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

31. 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.

The debt to capital ratios at June 30, 2012 and at June 30, 2011 were as follows:

	2012	2011
	Rupees '000	
Total borrowings	6,471,418	5,084,912
Cash and bank - note 10	(37,283)	(938,540)
Net debt	6,434,135	4,146,372
Equity	2,997,537	2,849,326
Total capital	9,431,672	6,995,698
Debt to capital ratio	0.68	0.59

32. CAPACITY

The production capacity of the plant is 220,000 metric tons.

33. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorised for issue by the Board of Directors of the Company on September 29, 2012.

Chairman | Chief Executive Officer | Chief Financial Officer

Pattern of Shareholding Report as of June 30, 2012
Ordinary Shares

# Of Shareholders	Shareholdings' Slab			Total Shares Held	Shareholding %
1	295001	to	300000	300,000	0.11%
1	995001	to	1000000	1,000,000	0.37%
1	1995001	to	2000000	2,000,000	0.75%
1	2125001	to	2130000	2,129,388	0.79%
1	2995001	to	3000000	3,000,000	1.12%
1	4995001	to	5000000	5,000,000	1.87%
1	5905001	to	5910000	5,910,000	2.21%
1	9995001	to	10000000	10,000,000	3.73%
1	10750001	to	10755000	10,752,000	4.01%
1	16365001	to	16370000	16,365,171	6.11%
1	26640001	to	26645000	26,642,829	9.94%
1	35275001	to	35280000	35,277,362	13.16%
1	69610001	to	69615000	69,615,000	25.98%
1	80005001	to	80010000	80,008,250	29.85%
14				**268,000,000**	**100.00%**

Pattern of Shareholding Report as of June 30, 2012
Ordinary Shares

Description	Number of Shareholders	Number of shares held	Holding %
Directors, Chief Executive, and their spouses and minor children	1	16,365,171	6.11
Executives	-	-	-
Associated Companies, Undertakings and Related parties	6	228,205,441	85.15
Banks, Development Finance Institutions, Non-Banking Financial institutions	3	17,129,388	6.39
General Public – Local	-	-	-
General Public – Foreign	-	-	-
Others	4	6,300,000	2.35
TOTAL	**14**	**268,000,000**	**100.00**

Shareholders holding 5% or More Voting Interest		
Arif Habib Corporation Limited	80,008,250	29.85
Metal one Corporation, Japan	69,615,000	25.98
Universal Metal Corporation, Japan	37,394,829	13.95
Arif Habib Equity (Pvt) Limited	35,277,362	13.16
Mr. Hasib Rehman	16,365,171	6.11

Pattern of Shareholding Report as of June 30, 2012
Ordinary Shares

S.No.	Name of shareholder	No. of Shareholders	No.of shares held	Holding %
Directors, Chief Executive Officers and their				
Spouses and minor children				
1	Mr. Hasib Rehman		16,365,171	6.11
		1	16,365,171	6.11
Associated Companies, Undertakings and Related Parties				
1	Universal Metal Corporation, Japan	1	37,394,829	13.95
2	Metal One Corporation	1	69,615,000	25.98
3	Arif Habib Corporation Limited	1	80,008,250	29.85
4	Arif Habib Equity (Pvt) Limited	1	35,277,362	13.16
5	UMC Pakistan (Pvt) Limited	1	5,910,000	2.21
		5	228,205,441	85.15
Executives				
	NIL			-
		-	-	-
Banks, Development Financial Institutions,				
Non Banking Financial Institutions				
1	National Bank Of Pakistan	1	10,000,000	3.73
2	Sindh Bank Limited	1	5,000,000	1.87
		2	15,000,000	5.60
NIT and ICP				
1	National Bank Of Pakistan - Trustee Department NI(U)T Fund	1	2,129,388	0.79
		1	2,129,388	0.79
Mutual Fund				
1	CDC - Trustee PICIC Investment Fund	1	2,000,000	0.75
2	CDC - Trustee PICIC Growth Fund	1	3,000,000	1.12
3	CDC - Trustee NIT-Equity Market Opportunity Fund	1	1,000,000	0.37
4	CDC - Trustee ABL Stock Fund	1	300,000	0.11
		4	6,300,000	2.35
TOTAL		**13**	**268,000,000**	**100.00**

Pattern of Shareholding Report as of June 30, 2012
Preference Shares

# Of Shareholders	Shareholdings' Slab			Total Shares Held	Shareholding %
3242	1	to	100	131,942	0.17%
2439	101	to	500	564,379	0.74%
551	501	to	1000	401,032	0.53%
663	1001	to	5000	1,477,495	1.95%
107	5001	to	10000	813,091	1.07%
48	10001	to	15000	597,486	0.79%
18	15001	to	20000	332,745	0.44%
15	20001	to	25000	335,128	0.44%
7	25001	to	30000	199,580	0.26%
7	30001	to	35000	222,967	0.29%
2	35001	to	40000	77,444	0.10%
5	40001	to	45000	213,759	0.28%
5	45001	to	50000	241,495	0.32%
2	50001	to	55000	105,447	0.14%
1	55001	to	60000	58,000	0.08%
1	60001	to	65000	60,500	0.08%
5	65001	to	70000	339,816	0.45%
2	70001	to	75000	146,000	0.19%
2	75001	to	80000	153,044	0.20%
1	80001	to	85000	80,310	0.11%
4	85001	to	90000	353,227	0.47%
2	90001	to	95000	186,337	0.25%
1	105001	to	110000	106,055	0.14%
1	110001	to	115000	114,315	0.15%
3	120001	to	125000	369,258	0.49%
1	125001	to	130000	130,000	0.17%
1	145001	to	150000	148,806	0.20%
1	150001	to	155000	152,627	0.20%
1	165001	to	170000	168,286	0.22%
1	200001	to	205000	202,500	0.27%
1	210001	to	215000	212,022	0.28%
1	215001	to	220000	220,000	0.29%
1	235001	to	240000	235,338	0.31%
1	240001	to	245000	244,300	0.32%
1	245001	to	250000	250,000	0.33%
1	255001	to	260000	257,327	0.34%
1	405001	to	410000	409,950	0.54%
1	730001	to	735000	732,950	0.97%
1	6405001	to	6410000	6,407,500	8.45%
1	23795001	to	23800000	23,797,542	31.39%
1	34570001	to	34575000	34,570,058	45.59%
7,150				**75,820,058**	**100.00%**

Pattern of Shareholding Report as of June 30, 2012
Preference Shares

Description	Number of Shareholders	Number of shares held	Holding %
Directors, Chief Executive, and their spouses and minor children	5	30,208,272	39.84
Executives	1	13	0.00
Associated Companies, Undertakings and Related parties	1	34,570,058	45.59
Banks, Development Finance Institutions, Non-Banking Financial institutions	16	1,132,743	1.49
General Public – Local	6,967	6,470,337	8.53
General Public – Foreign	14	909,419	1.20
Others	146	2,529,216	3.34
TOTAL	**7,150**	**75,820,058**	**100.00**

Shareholders holding 5% or More Voting Interest		
Arif Habib Corporation Limited	34,570,058	45.59
Mr. Arif Habib	23,797,542	31.39
Mrs. Zetun Arif	6,407,500	8.45

Pattern of Shareholding Report as of June 30, 2012
Preference Shares

S.No.	Name of shareholder	No. of Shareholders	No.of shares held	Holding %
Directors, Chief Executive Officers and their Spouses and minor children				
1	Mr. Arif Habib	1	23,797,542	31.39
2	Mr. Muhammad Ejaz	1	11	0.00
3	Mr. Kashif Habib	1	3,208	0.00
4	Mr. Kashif Shah	1	11	0.00
5	Mrs. Zetun Arif	1	6,407,500	8.45
		5	30,208,272	39.84
Associated Companies, Undertakings and Related Parties				
1	Arif Habib Corporation Limited	1	34,570,058	45.59
		1	34,570,058	45.59
Executives				
1	Mr. Tahir Iqbal	1	13	0.00
		1	13	0.00
Banks, Development Financial Institutions, Non Banking Financial Institutions				
1	Innovative Investment Bank Limited	1	687	0.00
2	Prudential Stocks Fund Ltd (03360)	1	1,650	0.00
3	Prudentail Discount & Guarantee House Lt	1	13	0.00
4	Faysal Bank Limited	1	200	0.00
5	Pak Libya Holding Company (Pvt.) Limited	1	71,500	0.09
6	Bank Alfalah Limited	1	1,240	0.00
7	National Bank of Pakistan	1	250,000	0.33
8	National Bank of Pakistan	1	23,699	0.03
9	Investforum (SMC-Pvt) Limited	1	1,673	0.00
10	MCB Bank Limited - Treasury	1	168,286	0.22
11	Saudi Pak Industrial & Agricultural Investment Co. Ltd.- PMD	1	35,000	0.05
12	Summit Bank Limited	1	409,950	0.54
13	First Credit & Investment Bank Limited	1	5,500	0.01
14	Escorts Investment Bank Limited	1	49	0.00
15	Escorts Investment Bank Limited	1	42,088	0.06
		15	1,011,535	1.33
NIT and ICP				
1	National Bank of Pakistan-Trustee Department NI(U)T Fund	1	121,208	0.16
		1	121,208	0.16
Modarabas				
1	First Equity Modaraba	1	1,443	0.00
2	First UDL Modaraba	1	11,000	0.01
3	First Al Noor Modaraba	1	275	0.00
		3	12,718	0.02
Mutual Funds				
1	CDC - Trustee PICIC Investment Fund	1	130,000	0.17
2	CDC - Trustee PICIC Growth Fund	1	257,327	0.34
3	CDC - Trustee AKD Index Tracker Fund	1	2,418	0.00
4	MC FSL - Trustee JS KSE-30 Index Fund	1	1,059	0.00
5	CDC - Trustee NAFA Stock Fund	1	550	0.00
6	First Capital Mutual Fund Limited	1	9,500	0.01
7	CDC - Trustee PICIC Stock Fund	1	20,000	0.03
		7	420,854	0.56
Others		136	2,095,644	2.76
General Public				
1	Foreign	14	909,419	1.20
2	Local	6,967	6,470,337	8.53
TOTAL		**7,144**	**75,820,058**	**60.18**

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, 2012	Last week of October, 2012
2nd quarter ending December 31, 2012	Last week of January, 2013
3rd quarter ending March 31, 2013	Last week of April, 2013
Year ending June 30, 2013	Last week of July, 2013

Issuance of Annual Report

21 days before AGM i.e. on or before October 9, 2012.

8th Annual General Meeting

The 8th Annual General Meeting of the Shareholders of Aisha Steel Mills Limited ("the Company") will be held on Wednesday, October 31, 2012 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, 2012 and/or any adjournment thereof.

Signed this ____________ day of ____________ 2012.

Witnesses:

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

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

Signature on Rs. 5/- Revenue Stamp

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.

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