Aisha Steel

Joint Venture of:

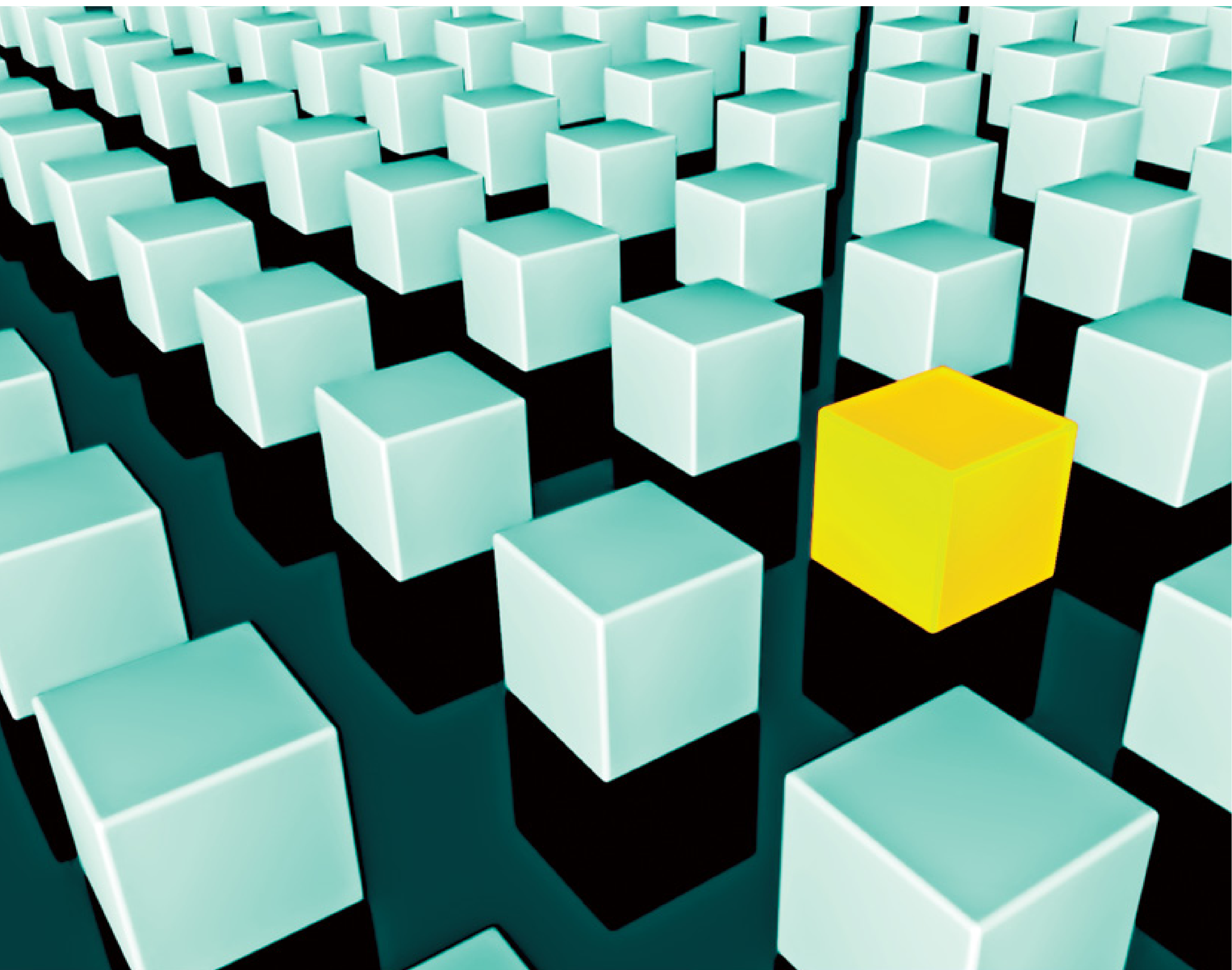
Arif Habib

Metal One

UNIVERSAL METAL CORPORATION

trust to build future

ANNUAL REPORT 2014



contents

vision statement

To be a world class manufacturer of Cold Rolled Steel.

mission statement

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

overall corporate strategy

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

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

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

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

core values

Our People

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

Health, Safety & Environment

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

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

Regulatory Compliance & Corporate Governance

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

Integrity

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

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

Excellence & Efficiency

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

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

code of conduct

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

- Maintaining an unimpeachable standard of integrity in all their business relationships both inside and outside the company.

- Fostering the highest standard of conduct and competence amongst those for whom they are responsible.

- Ensuring transparency in business transaction, and rejecting any business practice, which might be deemed to be improper.

- Promoting fair business practices and ensuring compliance with legal and regulatory requirements.

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

1. Conflict of Interest

- Any personal interest, which may affect or might reasonably be deemed by others to affect an employee's impartially, 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 vacation, business or commercial activity. Any departure from this can only be made with the written permission the Chief Executive Officer.

2. Confidentiality and Accuracy of Information

The confidentiality of information received in the course of business must be respected and never be used for personal gain; information given in the course of business must be honest and never designed to mislead.

Further, all company affairs are to be treated as confidential and should not be discussed with third parties not only during service with the company, but even after departing from service. Interaction with competitors beyond the approved level will be regarded as gross misconduct.

3. Gifts

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

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

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

II. In principle, all resources and supplies – telephone, printing, internet, office van, stationary, other supplies and most importantly your office time etc. are for official use.

5. Health & Safety

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

6. Environment

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

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

7. Work Place Harassment

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

8. Legal Proceedings

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

HOISTING OUR RELATIONS

company information

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

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

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

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

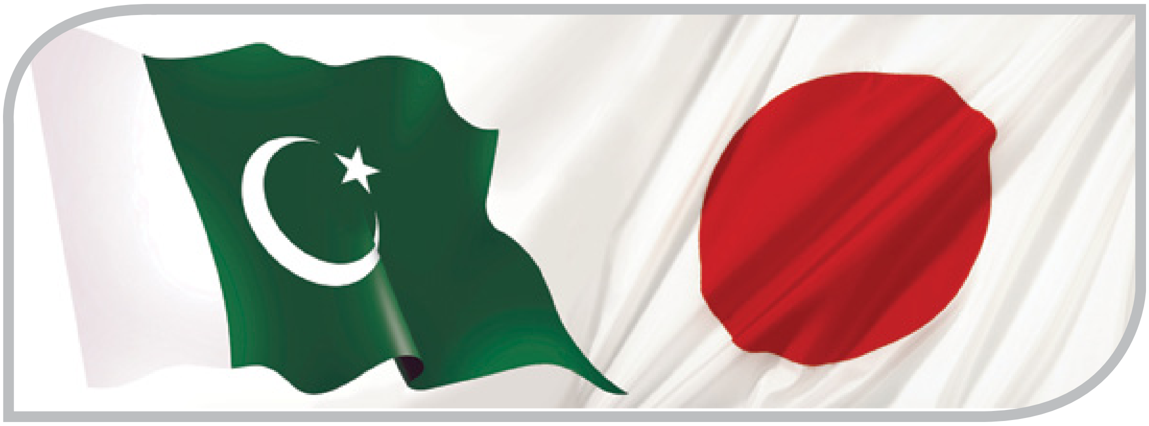
Auditors
A.F. Ferguson & Co., Chartered Accountants,
State Life Building No.1-C, I.I Chundrigar Road, Karachi.

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

Legal Advisor
- Mr. Ajmal Awan
  Sattar & Sattar Advocates
- Bawaney & Partners

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

company profile



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, major owned subsidiary of Mitsubishi Group, Japan

-Universal Metal Corporation, Japan;

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

EVOLUTION OF ASML

Incorporated (May 2005)

Commencement of Erection

Completion of Erection (February 2012)

Commencement of Trial Run (June 2012)

Listing on KSE (August 2012)

COD (October 2012)

1st Year of Operations

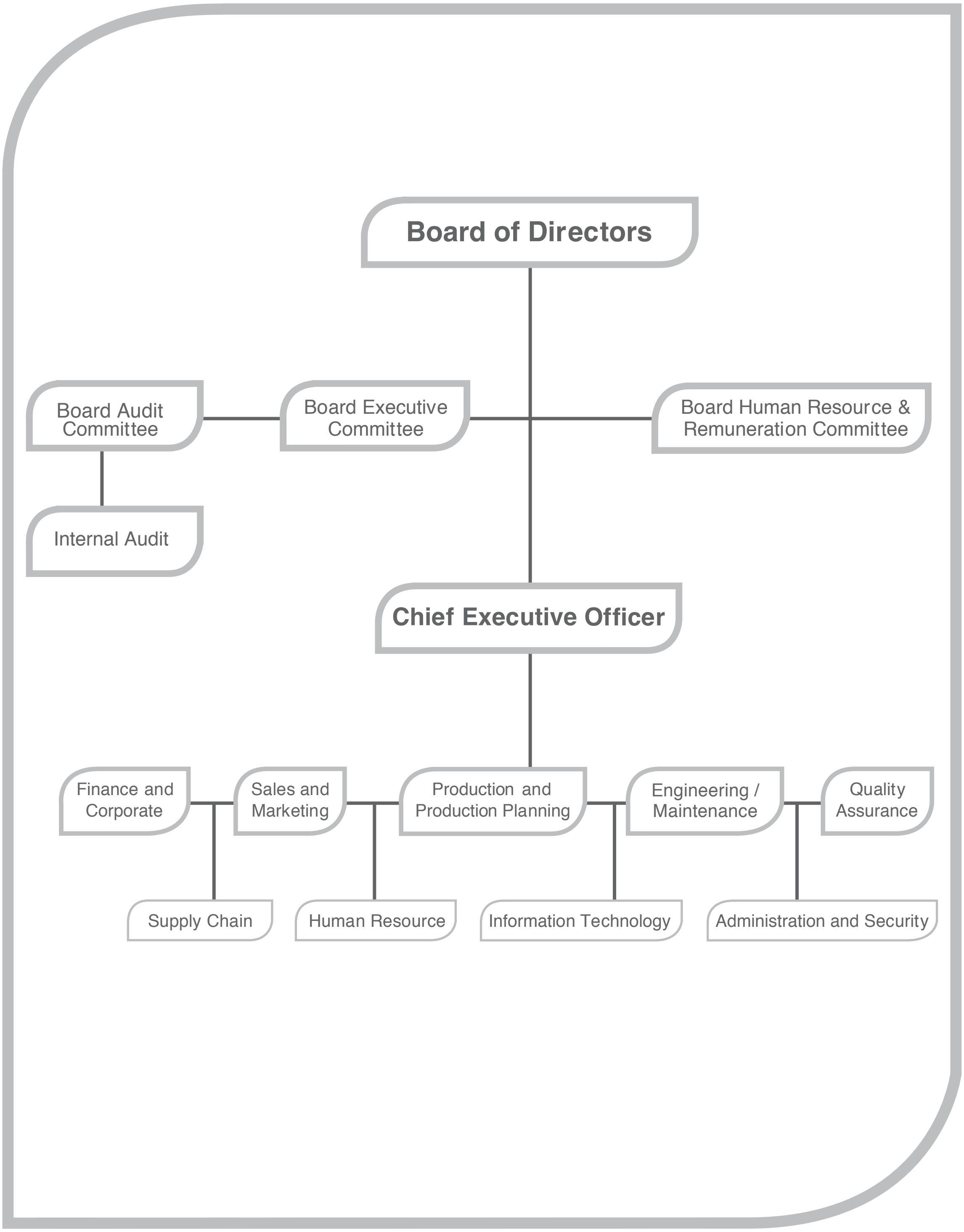
PRODUCT

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

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

company organogram



governance and management

directors' profile

Other Corporate Responsibilities

As Chairman
• Pakarab Fertilizers Limited
• Fatima Fertilizer Company Limited
• Arif Habib Foundation
• Arif Habib DMCC
• Sachal Energy Development (Pvt.) Limited
• Arif Habib Consultancy (Pvt.) Limitedv

As Director
• Pakistan Engineering Company Limited
• Sui Northern Gas Pipelines Limited
• Pakistan Centre for Philanthropy
• International Complex Projects Limited

As Honorary Trustee / Director
• Pakistan Veterans Cricket Association
• Fatimid Foundation
• Karachi Education Initiative
• Memon Health & Education Foundation

Mr. Arif Habib (Chairman & Non - Executive Director)
Mr. Arif Habib is the Chief Executive of Arif Habib Corporation Limited. He is also the Chairman of Pakarab Fertilizers Limited, Fatima Fertilizer Company Limited, and Arif Habib DMCC Dubai. He also serves as a Director in various companies including Sui Northern Gas Pipelines Limited.

Mr. Arif Habib remained the elected President/Chairman of Karachi Stock Exchange for six times in the past and was a Founding Member and 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.

Mr. Habib participates with significant dedication in welfare activities of different organizations. To quote a few, he remains one of the trustees of Fatimid Foundation and Memon Health & Education Foundation as well as a director of Pakistan Centre for Philanthropy and Karachi Education Initiative.

Mr. Shinpei Asada (Non - Executive Director)
Mr. Shinpei Asada has over 30 years of experience in steel related projects. Currently he is Division COO of Metal One Corporation, Japan. Before that he was associated with Nissho Iwai Corporation for 20 years. Mr. Asada graduated from department of Economics, Chuo University, Japan. Mr. Asada has been appointed on the Aisha's Board as the new nominee director of Metal One in the replacement of outgoing nominee director Mr. Yoshikazu Uda who resigned on October 1, 2013 subsequent to balance sheet date.

Other Corporate Responsibilities

As Chairman
• Universal Metal Corporation Japan

As Chief Executive
• UMC Pakistan (Pvt.) Ltd

As Director
• Japan Pakistan Association

Mr. Hasib Rehman (Non - Executive Director)

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

Other Corporate Responsibilities

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

As Director
• Arif Habib Dolmen REIT Management Limited (non-executive Chairman)
• Pakarab Fertilizers Limited
• Pakistan Private Equity Management Limited
• Power Cement Limited (non-executive Chairman)
• Safemix Concrete Products Limited (non-executive Chairman)
• Serendib Stock Brokers (Pvt.) Limited [Sri Lanka] (non-executive Chairman)
• Summit Bank Limited

Mr. Nasim Beg (Non - Executive Director)

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

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

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

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

Other Corporate Responsibilities

As Chief Executive
- Javedan Coporation Ltd.

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

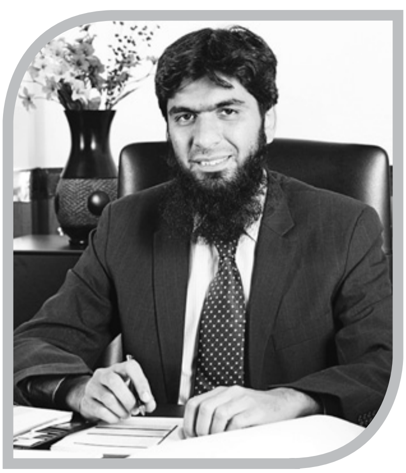
Mr. Samad A. Habib (Non - Executive Director)

Mr. Samad A. Habib is the Chief Executive of Javedan Corporation Limited. Mr. Samad A. Habib has more than 15 years of experience, including 9 years of working in the financial services industry in various senior management roles.

He began his career with Arif Habib Corporation Limited (the holding company of Arif Habib group) as an Investment Analyst, following which he served the company in various executive positions including Executive Sales and Business Promotions, Company Secretary, Head of Marketing, etc.

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

Mr. Samad A. Habib holds a Master's degree in Business Administration.



Other Corporate Responsibilities

As Chief Executive
- Power Cement Ltd.

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

Mr. Kashif A. Habib (Non - Executive Director)

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

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

Other Corporate Responsibilities

- Javedan Corporation Limited (Chairman)
- Arif Habib Dolmen REIT Management Limited (Chief Executive)

As Director
- Dolmen Arif Habib Real Estate Services (Pvt.) Limited
- Power Cement Limited
- Real Estate Modaraba Management Company Limited
- Sachal Energy Development (Pvt.) Limited

Mr.Muhammad Ejaz (Non - Executive Director)
Mr. Ejaz is the Chief Executive of Arif Habib Dolmen REIT Management Limited. He has over 20 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 NBD Bank.

He holds a Master's degree in Business Administration from the Institute of Business Administration where he is also a regular visiting faculty member. He is also a certified Financial Risk Manager.

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.

key executives' profile

Other Corporate Responsibilities

As Director
• Realestate Modaraba Management Company Ltd.

Mr. Tahir Iqbal (Chief Financial Officer & Company Secretary)

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

Mr. Sartaj Ahmed Khan (Head of Maintenance & Development)

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

Mohsin Jawed Lodhi (Head of Production & Production Planning Division)

Mohsin Jawed Lodhi is currently the Head of Production and Production Planning Division. He has more than 11 years of experience. Prior to joining ASML, Mohsin was associated with Toyota Indus Motors Limited for nine years; He worked in Japan also on Toyota Mother Plant named Motomachi Plant for 18 months as Project Leader. He joined ASML in August 2012 and his major contributions comprises of establishing operational policies and implementation of process improvements to ensure superior quality and outstanding output of Cold Roll Coils.

He managing more than 90 management and non-management employees. Mohsin also participated in designing and implementation of training programs to improve efficiency and performance to his team members. Further to this he also manages operational and capital expense budget for Production floor and ensure strict compliance of quality standards and control procedures. His major achievement includes the Highest Pickling , Rolling, Annealing and Skin Pass records in a day. In June 2014 under his leadership ASML Production Department achieved the Highest Production Record with 100% utilization of Plant Capacity.

His area of expertise also includes Lean Manufacturing, Resource Allocation, Strategic Production Analysis, Total Quality Management & Team Building & Training. He holds a B.E Degree in Mechanical from NED University of Engineering & Technology, Karachi.

Hina Akhtar (Deputy General Manager Human Resources)

Hina Akhtar holds 19 years of experience in the field of Human Resource Management. She is currently associated as Deputy General Manager Human Resources. She started her Professional Career from Hino Pak Motors in 1995 and in 2008 she got the opportunity to work as Director HR & Operations in Kalsoft Limited where she Managed broad range of HR functions including payroll administration (200 employees), HRMS administration personnel file management, employee hiring and orientation, updating employee handbook and HR manual (Pak and Gulf).

Hina joined ASML in 2012 and since then she is to able established HR set-up from scratch by taking various initiatives such as established compensation and benefit structure; Introduced employee retention strategies to attract and retain engineers Rolled out Value Roll Out program in line with Co. Values; Established HR Manual; Launched, trained and introduced Objective based Performance Appraisal System and Introduced Career & Succession Planning for key stars of ASML as a retention strategy.

She holds Master's Degree in Business Administration from Adamson University, Manila Philippines. Her academic achievement comprises of being awarded Gold Medal in Intermediate program.

Khurram Abbas (Head – Supply Chain)

Mr. Khurram holds an MBA degree from Institute of Business Administration, Karachi along with Bachelor of Engineering in Mechanical from N.E.D. University of Engineering & Technology, Karachi. He has thirteen years of proven track record working with top tier MNCs (Siemens and Standard Chartered Bank) in Pakistan and public entities namely Pakistan Industrial Credit & Investment Co. (PICIC) and Pakistan International Airlines (PIA). His work experience encompass; Supply Chain Management, Strategic Sourcing, Business Planning, Project Management, Corporate Planning and Project Finance.

He acquired Senior Professional in Supply Management (SPSM) Certification from Next Level Purchasing, Pennsylvania, USA in 2013. Also acquired project management related certification from Standard Chartered, Singapore in 2010.

Waseem Saeed (Head - Quality Assurance and Quality Control)

Mr. Waseem Saeed has 25 years' experience in the field of Quality Assurance. He holds M.E. (Manufacturing) and B.E. (Mechanical) from NED Engineering University, Karachi and also completed Diploma in Business Administration from Lahore University of Management Sciences (LUMS.). During his professional career, he served Crescent Steel and Allied Products Ltd for 22 years in different capacities i.e. Head of Quality, Head of Engineering Services and Head of Production. At present Mr. Waseem working in Aisha Steel as a Head of Quality Assurance and Quality Control.

board & management committees

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

Board Committees.

Board Audit Committee.

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

Name	No of meetings held during the year	Meetings attended
Mr. Kashif A. Habib – Chairman	4	4
Mr. Hasib Rehman - Member	4	1
Mr. Muhammad Ejaz - Member	4	4

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

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

Board Human Resource & Remuneration Committee

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

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

i. Conduct periodic reviews of the good performance awards, bonuses, long term service award policy and safety awards for safe plant operations.
ii. Conduct periodic reviews of amount and forms of reimbursement for terminal benefits in case of retirement and death of any employee in relation to current norms.

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

iii. Consider any changes to the company's retirement benefit plans including gratuity, pension, post-retirement medical treatment, based on actuarial report, assumptions and funding recommendations.
iv. Review organizational policies concerning housing/welfare schemes, scholarships and incentives for outstanding performance.
v. Ensure in consultation with the CEO that succession plans are in place and review such plans at regular intervals for those executives whose appointment requires board approval (under code of corporate governance), namely the CFO, the Company Secretary and the Head of Internal Audit including the terms of appointment and remuneration package in accordance with the market positioning.
vi. Review and recommend compensation/benefits for the Chief Executive Officer.

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

Board Executive Committee

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

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

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

MANAGEMENT COMMITTEES

MANAGEMENT EXECUTIVE COMMITTEE (MANCOM)

Mr. Kashif Shah-Chairman
Mr. Tahir Iqbal-Member
Mr. Noor Khan Afridi-Member
Mr. Mohsin Lodhi-Member
Mr. Sartaj Ahmad-Member
Mr. Khurram Abbas-Member
Mr. Mahir Abbas-Member
Ms. Hina Akhtar-Member
Mr. Waseem Saeed-Member

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

Committee formed: December 2011
No of meetings held till Year end: 9

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

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

MANAGEMENT HR COMMITTEE

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

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

Committee formed: December 2011
No of meetings held till Year end: 3

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

evaluation of board's performance and criteria used

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

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

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

CORE COMPETENCIES

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

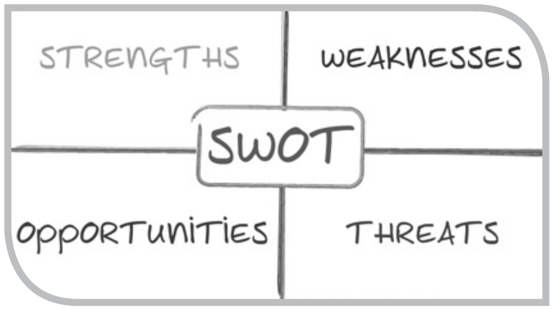
ceo's performance review

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

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

The Board has observed that though Company has not been able to start making profits, however it appreciated that during the year plant production capacity utilization has been increased, quality of finished goods has improved, financial cost of long term debt has been reduced resulting in substantial markup savings, and reduction in variable costs has been achieved. The Board is looking forward to turnaround of Company at the earliest.

swot analysis



S
STRENGTH

- Sixteen exclusive Dealer Partner(s) supplying CRC all-over Pakistan;
- Experienced Management;
- Successful track record of envisaging and executing projects;
- State of Art Plant;
- Quality equivalent to international standards;

W
WEAKNESS

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

O
OPPORTUNITIES

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

T
THREATS

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

directors' report

Dear Fellow Shareholders

The Directors of Aisha Steel Mills Limited (ASML) are pleased to present the Annual Report of the Company and the audited financial statements for the year ended June 30, 2014 together with auditors' report thereon and a brief overview of financial and operational performance of the Company.

Pakistan Economy

Pakistan saw its first democratic transition from one elected government to the next. This is a major positive for our Country as our democratic institutionalization has taken roots. The first budget of the newly elected Government resulted in a growth of 3.3% compared with 3.6% in previous year. Inflation remained range bound, however, sudden devaluation of our currency resulted in financial burden on import substitution businesses, like your Company, while presenting a boon for export oriented business. The Rupee devalued from 98.9 to a dollar on 1st July 2013 to 105.9 by December 2013 and then down to 97.8 by end of March 2014. Due to political uncertainty developing in the Country, Rupee started to slip again and closed the financial year at 98.65 Policy makers must find a way to avoid such shocks and build in a mechanism for slow and steady devaluation.

Law & order situation improved substantially with a very successful and clinical operation in North Waziristan Agency by our Armed Forces. The improved law and order situation in the Country should result in increased investor confidence leading to enhanced economic activity in our Country. The incumbent Government has embarked upon setting up power projects to meet chronic shortage of power in our Country and pursuing a correct policy of going for coal and hydroelectric based power plants. Pakistan's Current Account remained negative for the year under review, however, remittances from overseas Pakistanis continued to see a growing trend with total inflow in excess of USD 15 billion. Pakistan went back in IMF's program, which is good because it imposes a check on any sitting government and at the same time it is bad because multilaterals tend to pursue a policy of stabilization instead of growth which is required.

Regulatory Issues Faced by Domestic CRC Producers

While the domestic CRC manufacturers were suffering from China-Pak FTA and misdeclarations by importers, the Government imposed 5%, from 0%, Custom Duty on Hot Rolled Coils (HRC), which is the raw material for CRC manufacturers. This step was taken without consulting with the industry or any of the forums for industry. This is also against Government's commitment to the CRC manufacturers in FY2005-06, when Custom Duty for CRC manufacturers was reduced from 5% to 0% so that investment in CRC steel sector can take place. As a result two new CRC producers were set up namely, Aisha Steel Mills Limited and International Steel Limited. Domestic CRC manufacturers have taken up this reversal of commitment with all the relevant quarters and hoping for a correction in injudicious step.

On the sale of CRC, the biggest challenge being faced by domestic CRC manufacturers is coming from unscrupulous importers and inter-country Free Trade Agreement (FTA) signed by Government of Pakistan before two of the three domestic CRC producers started production. However, we are pleased to share with you that in the Federal Budget 2014-15, following measures were taken by the Government to curtail mis-declaration:

1. Before Budget: Silicon Steel was nil duty.
   After Budget: Silicon Steel duty imposed at 10%.
2. Before Budget: Alloy steel was nil duty.
   After Budget: Alloy steel duty imposed at 10%.
3. Before Budget: Pipe Mills allowed to import at 5% Concessionary Duty.
   After Budget: Pipe Mills concession withdrawn, now 10% custom duty.
4. Before Budget: Perforated Steel allowed to import at 5% Concessionary Duty.
   After Budget: Perforated Steel users concession withdrawn , now 10% custom duty.
5. Before Budget: Home Appliances allowed to import at 5% Concessionary Duty.
   After Budget: Home Appliances users' concession withdrawn , now 10% custom duty.

While the above measures will stop mis-declaration and increase tax/duty collection for the National Exchequer, the Government is yet to ensure a level playing field for domestic CRC manufacturers by removing CRC from all Free Trade

Agreements (FTAs)/Most Favoured Nations (MFN) agreements from various countries but most notable with China, which is world's largest producer of steel. Imports from China are levied at 5% only which is same as current duty on HRC, therefore, providing zero protection to domestic CRC industry, which is inline with the globally accepted principal of cascading tarrif protection. This is not a sustainable situation for domestic CRC industry for following reasons:

1. China enjoys economies of scale with many integrated steel mills with annual capacities running in millions of tons while Pakistan's total CRC demand is less than half a million ton with the result that it is not feasible to set up larger CRC plants.
2. Rate of financing in China is approximately half that of Pakistan and as steel is both capital intensive business with high requirements of working capital financing, Pakistani steel industry is at a significant disadvantage.

In short, unless the Government needs to provide at least a 10% duty protection to domestic CRC manufacturers which are currently exposed to Chinese imports at zero protection. It is worth mentioning that those countries which have provided due protection to their steel industry have been able to become net exporters while Pakistan remains net importer of steel. It is also a well established fact that those countries which have an established steel industry have been able to progress better and become self-sustainable as steel is a basic raw material for engineering industry as well as construction industry.

Market Share

Your Company became the largest supplier of CRC in the market resulting in reduced dependence of Pakistan on overseas CRC producers. Below table shows market share of three domestic CRC manufacturers:

CRC Manufacturer	2011-12	2012-13	2013-14	2013-14 (%)
Aisha Steel Mills Limited	Project Phase	71,810	127,384	49%
International Steel Limited	52,423	78,435	122,823	47%
Pakistan Steel Mills*	25,000	15,000	10,000	4%
Domestic production total	77,423	165,245	260,207	-

Note *: Pakistan Steel Mills data is based on market estimates.

As evident from above table that Pakistan's CRC production is growing thus making our Country more self-reliant on indigenous production. We welcome Government's plan to revitalize Pakistan Steel as it is a national asset and its revival will provide a good backbone to our Country. However, as long as Pakistan Steel does not modernize its old production technologies, it will remain an unfortunate fact that the two local private sector CRC manufacturers will not be able to use HRC of Pakistan Steel due to its inferior quality and adverse effect on productivity of more than 50%.

CRC market saw three major developments in the year under review. First one being start of construction of Yamaha motorcycle manufacturing plant at Port Qasim for producing 100cc and higher bikes for domestic sales as well as exports. Secondly, Marubeni and Dawood Engineering have finalized a plan to set-up a Coil Service Center at Port Qasim. This will be Pakistan's first Coil Service Center and will result in opening of high end OEM market which require high quality slitted CRC coils and cut-to-length sheets. Presently, these are largely being imported. Both these initiatives will result in increasing domestic consumption of CRC in coil shape by 10,000 to 30,000MT per annum. Lastly, International Steel Limited started work on increasing its Galvanized and CRC production capacity. This is a welcome move as it will provide stability against smuggling and other unscrupulous importers.

Rights Share Issue

During the year under review, in order to strengthen the balance sheet of your Company, the Board of Directors unanimously approved one for two Rights Issue in shape Cumulative Convertible Voting Preference Share which was subsequently unanimously approved in Extra Ordinary Shareholders Meeting. The structure of Rights Shares has been made lucrative. Each Preference Share can be convertible into Common Shares of ASML any time after one year from the date of issuance on the lower of i) Book Value of Common Share, or ii) Face Value of Common Share. Based on Book Value of Common Share as of 30 June 2014 which is PKR 4.34/share compared to Face Value of Common Share which is PKR 10/share, therefore, for conversion of Preference Shares into Common Shares, lower value i.e. Book Value of PKR 4.34/share shall be used. At this rate each Preference Share shall be converted into approximately 2.3 Common Shares of ASML which is expected to provide an upside to those shareholders who subscribe to Rights Issue.

Company's Operations

Financial year 2013-14 is the first full year of operations for your Company. During this period, ASML operated at 58% capacity utilization and produced 127,384 MT with total sales of 126,129 MT. In the month of June 2014, your Company's total output exceeded 100% production capacity. The challenge of consistently operating at high capacity utilization has been taken by the your management.

During the early few years of startup of heavy industry like ASML, focus was on bringing in stability of operations and production efficiencies. We are pleased to share with you that your management embarked upon various 'kaizen' activities which would improve plant's production efficiency or reduce cost or both. Your management has started a program to recognize those ASML team members which come up with such suggestions by recognizing them. This is resulting in building up of a culture of ownership throughout the hierarchy of the ASML management. As the cost of electricity has gone up by over 70% during the year under review, therefore, special emphasis was given on energy conversation initiatives. This included installation of energy metering system, VFD motors, optimization of production planning, setting up minimum air-conditioning at 26ºC, etc. These measures have resulted in curtailing our electricity cost substantially.

One of the large variable cost items for a large industrial project like ASML is its spares and maintenance cost. It is common practice for OEM to charge exorbitant rates for providing spare parts and in some cases price mark-ups are over 300%. In order to bring in efficiency in this area, three prong strategies were initiated by your management. Firstly, a workshop was established within ASML with the result that quality of repair work has improved, cost of repair has gone down, and turnaround time of repair has reduced substantially. Secondly, our Supply Chain Department was given the task to develop alternate international suppliers for supplying of complex spare parts. This strategy is in its on-going phase with a number of spare parts being procured at substantially lower rates from the same makers which OEM would use. Lastly, local vendors have been developed for those activities which are complex for in-house workshop. These vendors have been shortlisted after thorough due diligence of their work quality and are now providing satisfactory services at competitive costs.

As CRC industry is in its early stages, therefore, it is important to retain human resource which has learnt over period of time. In this regards, your Company is exposed to off-shore employers in Middle-East which have now started targeting Pakistan's CRC sector for poaching. We are striving to provide an exciting working environment for our employees in ASML with the result that turnover is minimal in domestic market and only real threat remains hiring of Middle-East steel-makers.

In order to increase our production efficiencies, our main impediment is unplanned downtimes. In the beginning of the year, overhead cranes constrained our ability to operate at higher capacity, however with diligent hard work by the employees, this problem has been largely overcome. This issue still persists at our Batch Annealing Furnaces and various options are being considered for rectification of this problem. Due to uncertainty posed in the beginning of the year by overhead cranes, it was difficult to efficiently plan HRC as its ordering cycle is over three months. This long lead time along with cautious approach of the management resulted in shortages in HRC during the year. However, with better efficiency levels, HRC ordering has now been streamlined. We are now better placed to operate at higher production efficiencies.

Sales & Marketing

ASML has a Sales & Distribution Agreement with Mitsubishi Pakistan to sell 100% of ASML's product within Pakistan via two channels namely: Direct Sales, and Sales via Dealers. At ASML, we believe that CRC is a specialized product and therefore requires commitment and dedication throughout the distribution channel. Keeping this in mind, ASML decided to have exclusive ASML Dealers to sell CRC in Pakistan and as this requires commitment from both ASML as well as our Dealers therefore, they are called Dealer-Partner. ASML has presently 16 Dealer-Partners across Pakistan which are covering all major demand centers of CRC consumption. These Dealer-Partners are managed by Mitsubishi Pakistan's three offices in Karachi, Lahore, and Islamabad.

ASML also started its direct sales to End Users and has been able to consistently add well established and blue chips customers. Some of these End Users have very stringent CRC producer approval criteria and it gives us great pleasure to share with you that ASML has been able to get approved with all End Users it has approached.

Sales & Marketing team has played a vital role in product development and in designing best-selling practices (fastest and round the clock), awareness about the product in the market helped in switching customers from other sources to ASML's product. Continuous marketing and direct consumer visits with push sale strategy helped in boosting up the sales, customer engagement and retention in competitive market environment where Imports were dominating. ASML believes that its CRC's main competition is with imported CRC and with increase in ASML sales in domestic market, imports of CRC have declined.

Sales & Marketing's challenge remained fluctuations in production quantities and competition from importers. As the production stabilizes further, it is expected that ASML's CRC create more space by displacing imported CRC.

Raw Material Procurement

ASML used Hot Rolled Coils (HRC) as raw material and due to unavailability of HRC in Pakistan, therefore ASML has to import HRC. During the year under review, ASML focused on reduction of cost of HRC by diversifying its supplier base further and cultivating relationships with more dealers. This strategy was successful and ASML's cost of HRC was reduced compared to other HRC importers in Pakistan. This however, does pose a challenge for producing quality CRC as each HRC producer has its peculiarities in HRC. As ASML is using multiple sources of HRC, therefore, frequent adjustments are to be made for producing quality CRC. This has resulted in lowering of Prime/Standard Grade CRC by 10%, however, the benefit of reducing HRC cost outweighs this loss. ASML will continue to pursue a policy of procuring from price competitive sources for commercial CRC market and better quality HRC for high end CRC customers which have potential to pay higher price as well.

ASML has been able to negotiate a USD 10 million credit facility with Cargill International, which is one of the largest USA based commodity trading company. Under this facility, your company can procure HRC without establishing letter of credit. The financial terms negotiated by your Company are far better than Government of Pakistan's borrowing rate from international markets granting it's a short term 120 days facility on a roll-over basis for a period of one year.

Restructuring of Long Term Debt

As disclosed in note 17.1 to the annexed annual audited financial statements that during the year the Company has successfully restructured its long term debt of Rs.6.3 billion with significantly favorable terms which includes extension of six years in repayment period, step-up installments payment plan and saving in markup rate of 6% during loss years and thereafter of 3.25% in the profitable years.

FINANCIAL REVIEW

The Company's Results

The summary of financial results is as follows:-

Rupees in '000'

	2013-14	2012-13
Loss before tax	(408,914)	(1,114,802)
Taxation – Deferred	62,247	368,965
Loss after tax	(346,667)	(745,837)
Appropriations	-	-
Accumulated losses – carried forward	(1,532,979)	(1,186,501)
Basic earnings per share (loss) - Rupees	(1.62)	(3.15)

Future Outlook

ASML's is working with Government so that the promise made by the Government of 10% tarrif differential between raw material and finished goods is restored, as that was the basis for investment by the Sponsers of ASML. The 10% tarrif differential to cover imports of finished goods from all countries, inclding China. This is important so that domestic CRC manufacturers can get sustainable margins. Simultaneously, in order to increase productivity at Batch Annealing Furnaces due to unplanned downtimes of overhead cranes, it is required that the two cranes feeding this production stage be fixed at the earliest so that we can achieve full production capacity. This would require incremental Capital Expenditure for which Rights' Issue has been announced.

Our CRC production quality needs to improve further so that high-end OEMs can be tapped into as customers. This will require better product quality for which ASML would like to enter into technical affiliation with renowned international CRC manufacturer.

In order to increase available market for sale to match increased productivity, aggressive marketing would be required to displace imported CRC. ASML firmly believes that its competition is with imports of CRC and not with other domestic CRC manufacturers.

Risk Management

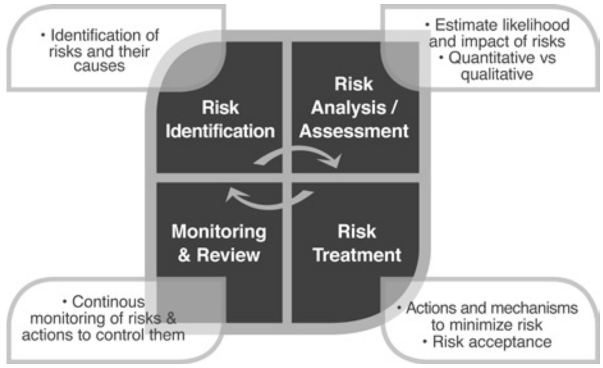
The risk management system of company established by the Board comprises of a wide range of finely tuned organizational and procedural components and is capable of identifying events and developments impairing the going-concern status of the Company. The risk management system is designed; to promote a balanced approach to risks at all organizational levels, identify and 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. 38 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. 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 reconstruction activities.
Business Cycle Risk Steel is a cyclical industry thus exposing ASML to adverse price fluctuations during business cycle movements.	Medium	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 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 the weighted average cost of borrowings, including exchange losses of PKR 48.786 million (2013: PKR 91.34 million), was remains at PKR 1,299.141 million (2013: PKR 891.22 million).

The debt equity ratio of the Company on 30th June 2014 was 82:18 as against 79:21 as on 30th June 2013.

CORPORATE SUSTAINABILITY

Corporate Social Responsibility (CSR)

Aisha Steel Mills Limited as an organization believes that the highest standards of corporate behavior are essential to long term success. To achieve our sustainability targets ASML Management has always been keen to contribute to improve peoples' health and well-being and, in turn, create a sustainable future with all business partners.

During 2013-14, our main initiatives included:

I. ENERGY CONSERVATION DAY

(National Cut You Energy Cost Day)

"National Cut You Energy Cost Day" was Celebrated on January 10th, 2014 by giving tips to save energy and money, intra department competition was held and the top 3 departments namely IT, Production Planning & Control and Administration were found contributing best towards cutting the Energy cost were awarded certificates.

Additionally a number of initiatives have been taken at the mill to conserve energy. Some of these are:

- Use of eco-efficient lighting in admin block.
- Department wise energy measurement.

II. ENVIRONMENTAL PROTECTION MEASURES:

ASML has been a key enabler for pursuing Company's growth ambition in an environmentally responsible manner. The key environmental protection initiatives include:

a. Using the 'right sized' vehicles for each route for picking employees scattered across the city.
b. Optimization of vehicle routes as per vehicle load.
c. Reducing travel related environmental footprint by using technology e.g. live meetings & Skype etc.
d. Recycling treated water for watering factory green belts & wash rooms.

III. EARTH DAY – APRIL 24, 2014

(The Face of Climate Change)

This year it was celebrated with the theme of **"The Face of Climate Change."** As part of our CSR initiatives the management of ASML wanted to ensure that everyone at ASML not only understood the concept of Earth Day but also within their own domains played a role in returning back to the environment. So this time employees participated by visiting the **"ASML Earth Gallery and Green House"** that was set up in the training room at Port Qasim.

Activities included:

- **Documentary Screening -** A Documentary by 'Chintan Environmental Research and Action Group', "60 Kilos", an untold story of an active army!

- **Photo Gallery & Charts on Artificial Nesting –** Charts and photo gallery was put up on how artificial nests can be made & how sparrows that are almost on the verge of extinction can be saved & their count can be increased.




- **Captain Planet Quiz Competition -** Participants were invited to participate in the Quiz Corner. The topics given were based on the environment and issues surrounding it.
- **Green Day -** A day when employees flaunted the color green in support of environment the Earth Day.

IV. CELEBRATING THE AISHA'S OF ASML (INTERNATIONAL WOMEN'S DAY 2014)

(International Women's Day on the March 8thth 2014).

At ASML we believe in equal employment opportunity and also strive to ensure that our women workforce are provided an apt working environment and are equally rewarded for their efforts in making ASML a grand success story. Therefore to appreciate the efforts put in by our female employees the management at ASML celebrated for the "International Women's Day on the March 8thth 2014."

The event was a hi-tea event which was hosted at the ASML plant in Port Qasim and was well received by all the attendees; namely the entire female workforce of ASML along with members of the senior management. The event was fittingly titled as "Celebrating the Aisha's of ASML" since it provided the female workforce a forum to speak of their experience for working with ASML. The highlight of the evening was keeping in line with the theme of the year " Equality of Women is progress of all" and a video was showcased titled "Wadjda." The movie highlighted the hardships faced by a young Saudi School Girl being a women and how her mother helped her fulfilling her dream of riding a bicycle.

All female employees were invited in training center for sharing the importance of this day and appreciating their efforts via presentation, certificated appreciation cards and give-aways were presented to all female employees.

International
Women's Day

V. EMPLOYEE CARE

- **At ASML, we Discourage Late Sittings** and encourage our staff to complete work during office hours. This helps employees to spend quality time with their families and pursue a balanced work-life pattern.

- **Receptionist Day** is dedicating to reflecting the importance and hard work of receptionist worldwide, which are often responsible for providing a good first impression to customers, staff official delegates, as well as keeping the day-to-day operations of an organization's customer aspects running smoothly and efficiently.

  On **May 14th, 2014 World Receptionist Day** was celebrated by appreciating and recognizing the efforts and hard work exhibited by our receptionist Ms. Fatima.

- **Third Shift Worker day – May 15, 2014**
  Most people work during the day, which is lucky for them. Third Shift Workers' Day celebrates those who lead more nocturnal lives.

  To appreciate the night shift workers who work graveyard shift while others sleep soundly in soft warm bed. They're the people that really keep the world turning, yet they might as we invisible as far as most of us are concerned. It's due to their efforts that we are able to meet our production targets. Therefore to acknowledge the efforts all night shift workers of May 14, 2014 were awarded certificates and appreciation cards.

VI. EDUCATION

ASML supports research, conferences, trade fairs, workshops and other events of educational institutions. We also provide internships for young graduates of four engineering universities of Pakistan i.e. NED University-Karachi, University of Engineering and Technology-Lahore, Mehran University-Jamshoro, Sir Syed University - Karachi.

In addition to this, student visits are arranged; whereby final year graduates from various disciplines are welcomed to visit the factory. During these visits students are given presentations, plant visits and informal technical knowledge sharing opportunities.

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 give highest priority to Environment, Health, and Safety. We have a fully committed and communicated EHS policy in place. We are working on building the management systems required to achieve our goal.

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

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

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

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

Industrial Relations

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

Gratuity Scheme as Retirement Benefit

The Company maintains plan that provide retirement benefits to its employees. This includes a non-contributory and unfunded gratuity scheme for 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 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 has been successfully implemented in your Company key modules have gone live. 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 PKR 656.58 million (2013: PKR.412.95 million) during the year towards National Exchequer comprising of income tax, sales tax, duties and other taxes.

Corporate Governance

ASML is 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 gratuity, pension or provident fund.**

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

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

Trading in Company's Share by Directors and Executives

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

Furthermore, it is informed to all 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 ordinary and preference shares of the Company were listed on Karachi Stock Exchange during last year. There were 1432 (2013: 1408) ordinary shareholders and 4211 (2013: 5113) preference shareholders of the Company as of 30 June 2014. The detailed pattern of shareholding and categories of shareholding of the Company including shares held by directors and executives, if any, are annexed as **Annexure-III.**

Financial and Business Highlights

The key operating and financial data has been given in summarized form under the caption "Financial & Business Highlights – Six years at a glance" **(Page- 53)** and "Graphic Representation" of the important statistics is presented on **(Page-54)**.

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 2014 and being eligible, have offered themselves for reappointment for the year ending on 30th June 2015. 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 2015 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 2014.

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 and fresh election for new term of three years will be held in the forthcoming AGM to be held on 31st October 2014.

Post Balance Sheet Events

There have been no material changes since 30th June 2014 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 35 of the annexed audited financial statements.

Acknowledgement

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

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

For and on behalf of the Board

Kashif Shah
Chief Executive

Karachi: October 10, 2014

ANNEXURE I

statement of attendance of board of directors

From July 1, 2013 to June 30, 2014.

Name	Designation	No. of Meetings held during the Year	Eligible to Attend	Meetings Attended	Leaves Granted	Remarks
Mr. Arif Habib	Chairman	4	4	3	1	-
Mr. Hasib Rehman	Director	4	4	1	3	-
Mr. Yoshikazu Uda	Former Director	4	1	1	-	Outgoing Director
Mr. Samad A. Habib	Director	4	4	3	1	-
Mr. Kashif A. Habib	Director	4	4	4	-	-
Mr. Muhammad Ejaz	Director	4	4	4	-	-
Mr. Shinpei Asada	Director	4	1	-	1	Newly Appointed Director
Mr. Nasim Beg	Director	4	4	3	1	-
Mr. Naoki Setoguchi	Alternate Director	4	2	2	-	Alternate Director to Shinpei Asada
Mr. Kashif Shah	Chief Executive	4	4	4	-	-

ANNEXURE II

statement showing shares bought and sold by directors, ceo, cfo, company secretary and their spouses and minor children

From July 1, 2013 to June 30, 2014.

Name of Directors	Designation	Ordinary Shares		Preference Shares		Remarks
		Shares Sold	Shares Bought	Shares Sold	Shares Bought	
Mr. Arif Habib	Director	-	-	-	-	-
Mr. Nasim Beg	Director	-	-	-	-	-
Mr. Shinpei Asada	Director	-	-	-	-	-
Mr. Hasib Rehman	Director	-	-	-	-	-
Mr. Muhammad Ejaz	Director	-	-	-	-	-
Mr. Yoshikazu Uda	Outgoing Director	-	-	-	-	-
Mr. Kashif A. Habib	Director	-	-	-	-	-
Mr. Samad A. Habib	Director	-	500	-	-	-
Mr. Kashif Shah	Chief Executive	-	-	-	-	-
Mr. Tahir Iqbal	CFO & Company Secretary	-	-	-	-	-

ANNEXURE III

pattern of shareholding of ordinary shares

As at June 30, 2014.

Categories of Shareholders	Shareholders	Shares Held	Per %
Directors and their spouse(s) and minor children			
MR. HASIB UR REHMAN	1	13,925,385	5.14
YOSHIKAZU UDA	1	80,000	0.03
KASHIF SHAH	1	80,000	0.03
Associated Companies, undertakings and related parties			
UNIVERSAL METAL CORPORATION, JAPAN	2	37,394,829	13.80
ARIF HABIB CORPORATION LIMITED	2	80,008,250	29.53
ARIF HABIB EQUITY (PVT) LIMITED	2	30,563,565	11.28
UMC PAKISTAN (PVT) LIMITED	1	5,910,000	2.18
METAL ONE CORPORATION	1	66,768,583	24.64
Executives	-	-	-
Public Sector Companies and Corporations	2	14,092,000	5.20
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	1	5,104,000	1.88
Mutual Funds			
CDC - TRUSTEE PICIC INVESTMENT FUND	1	2,000,000	0.74
CDC - TRUSTEE PICIC GROWTH FUND	1	3,000,000	1.11
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	1,000,000	0.37
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	1,859,888	0.69
General Public			
a. Local	1404	8,376,770	3.09
b. Foreign	-	-	-
Others	10	792,320	0.29
Totals	1432	270,955,590	100.00

Share holders holding 5% or more	Shares Held	Per %
ARIF HABIB CORPORATION LIMITED	80,008,250	29.53
METAL ONE CORPORATION	66,768,583	24.64
UNIVERSAL METAL CORPORATION, JAPAN	37,394,829	13.80
ARIF HABIB EQUITY (PVT) LIMITED	30,563,565	11.28
MR. HASIB UR REHMAN	13,925,385	5.14

pattern of shareholding of ordinary shares

Categories of Shareholders as at June 30, 2014.

S.No.	Folio #	Name of shareholder	Number of shares	Per %
Directors and their spouse(s) and minor children				
1	1	MR. HASIB UR REHMAN	13,925,385	5.14
2	100908	YOSHIKAZU UDA	80,000	0.03
3	06452-10869	KASHIF SHAH	80,000	0.03
		3	**14,085,385**	**5.20**
Associated companies, undertakings and related parties				
1	9	UNIVERSAL METAL CORPORATION, JAPAN	26,642,829	9.83
6	03277-62597	UNIVERSAL METAL CORPORATION	10,752,000	3.97
3	11	ARIF HABIB CORPORATION LIMITED	65,786,900	24.28
7	06452-8640	ARIF HABIB CORPORATION LIMITED	14,221,350	5.25
4	12	ARIF HABIB EQUITY (PVT) LIMITED	24,347,362	8.99
8	06452-13087	ARIF HABIB EQUITY (PVT) LTD	6,216,203	2.29
5	13	UMC PAKISTAN (PVT) LIMITED	5,910,000	2.18
2	10	METAL ONE CORPORATION	66,768,583	24.64
		8	**220,645,227**	**81.43**
Executive		**NIL**		
		0	**-**	**-**
Public sector companies and corporations				
1	03889-44	NATIONAL BANK OF PAKISTAN	10,000,000	3.69
2	12724-25	SINDH BANK LIMITED	4,092,000	1.51
		2	**14,092,000**	**5.20**
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds				
1	03111-46	UNITED BANK LIMITED - TRADING PORTFOLIO	5,104,000	1.88
		1	**5,104,000**	**1.88**
Mutual Funds				
1	05645-24	CDC - TRUSTEE PICIC INVESTMENT FUND	2,000,000	0.74
2	05777-29	CDC - TRUSTEE PICIC GROWTH FUND	3,000,000	1.11
3	12120-28	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1,000,000	0.37
4	14902-21	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1,859,888	0.69
		4	**7,859,888**	**2.90**

pattern of shareholding of ordinary shares

Categories of Shareholders as at June 30, 2014.

S.No.	Folio #	Name of shareholder	Number of shares	Per %
General Public Foreign				
		0	**-**	**0**
Others				
1	03277-1018	SAPPHIRE TEXTILE MILLS LIMITED	74,800	0.03
2	03277-2307	AMER COTTON MILLS (PVT) LIMITED	74,800	0.03
3	03277-55740	YUNUS TEXTILE MILLS LIMITED	350,000	0.13
4	04317-25	DALAL SECURITIES (PVT) LTD.	25,000	0.01
5	04366-20	MULTILINE SECURITIES (PVT) LIMITED	29,920	0.01
6	04457-78	FDM CAPITAL SECURITIES (PVT) LIMITED	2,340	0.00
7	04705-48962	SHAKIL EXPRESS (PVT) LTD	14,960	0.01
8	05298-28	MAAN SECURITIES (PRIVATE) LIMITED	500	0.00
9	06684-29	MOHAMMAD MUNIR MOHAMMAD AHMED		
		KHANANI SECURITIES (PVT.) LTD.	190,000	0.07
10	07179-20	MUHAMMAD SALIM KASMANI SECURITIES (PVT.) LTD.	30,000	0.01
		10	**792,320**	**0.29**
Total		**1432**	**270,955,590**	**100.00**
General Public Local		**1404**	**8,376,770**	**3.09**

pattern of shareholding of ordinary shares

Categories of Shareholders as at June 30, 2014.

# Of Shareholders	Shareholdings' Slab			Total Shares Held
122	1	to	100	1,847
495	101	to	500	243,558
302	501	to	1000	299,300
317	1001	to	5000	1,008,859
70	5001	to	10000	608,854
26	10001	to	15000	349,340
17	15001	to	20000	308,100
13	20001	to	25000	306,944
9	25001	to	30000	256,340
4	30001	to	35000	132,978
1	35001	to	40000	37,000
2	40001	to	45000	90,000
4	45001	to	50000	200,000
4	50001	to	55000	208,500
1	55001	to	60000	56,500
1	60001	to	65000	64,500
3	65001	to	70000	197,950
3	70001	to	75000	224,600
3	75001	to	80000	239,000
2	80001	to	85000	164,500
1	85001	to	90000	89,000
1	90001	to	95000	92,000
5	95001	to	100000	497,000
2	115001	to	120000	236,448
1	145001	to	150000	150,000
1	150001	to	155000	154,500
1	160001	to	165000	161,972
1	185001	to	190000	190,000
2	345001	to	350000	700,000
1	505001	to	510000	509,000
1	995001	to	1000000	1,000,000
1	1550001	to	1555000	1,550,500
1	1855001	to	1860000	1,859,888
1	1995001	to	2000000	2,000,000
1	2995001	to	3000000	3,000,000
1	4090001	to	4095000	4,092,000
1	5100001	to	5105000	5,104,000
1	5905001	to	5910000	5,910,000
1	6215001	to	6220000	6,216,203
1	9995001	to	10000000	10,000,000
1	10750001	to	10755000	10,752,000
1	13925001	to	13930000	13,925,385
1	14220001	to	14225000	14,221,350
1	24345001	to	24350000	24,347,362
1	26640001	to	26645000	26,642,829
2	50005000	to	223236500	132,555,483
1432				270,955,590

pattern of shareholding of preference shares

As at June 30, 2014.

Categories of Shareholders	Shareholders	Shares Held	Per %
Directors and their spouse(s) and minor children			
ARIF HABIB	1	23,797,542	32.66
MUHAMMAD EJAZ	1	11	0.00
ALI AKHTAR KHAN (KHI)	1	50	0.00
KASHIF SHAH	1	64,511	0.09
Associated Companies, undertakings and related parties			
ARIF HABIB CORPORATION LIMITED	2	43,625,707	59.87
Executives	1	13	0.00
Public Sector Companies and Corporations	4	595,479	0.82
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	11	736,974	1.01
Mutual Funds			
CDC - TRUSTEE PICIC INVESTMENT FUND	1	130,000	0.18
CDC - TRUSTEE PICIC GROWTH FUND	1	257,327	0.35
CDC - TRUSTEE PICIC STOCK FUND	1	20,000	0.03
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	9,500	0.01
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	121,208	0.17
General Public			
a. Local	4090	2,405,360	3.30
b. Foreign	3	12,379	0.02
Foreign Companies	3	319,280	0.44
Others	88	769,127	1.06
Totals	**4211**	**72,864,468**	**100.00**

Share holders holding 5% or more	Shares Held	Per %
ARIF HABIB CORPORATION LIMITED	43,625,707	59.87
ARIF HABIB	23,797,542	32.66

pattern of shareholding of preference shares

As at June 30, 2014.

S.No.	Folio #	Name of shareholder	Number of shares	Per %
Directors and their spouse(s) and minor children				
1	06452-4953	ARIF HABIB	23,797,542	32.66
2	06452-16908	MUHAMMAD EJAZ	11	0.00
3	01552-30828	ALI AKHTAR KHAN (KHI)	50	0.00
4	06452-10869	KASHIF SHAH	64,511	0.09
		4	**23,862,114**	**32.75**
Associated companies, undertakings and related parties				
1	1	ARIF HABIB CORPORATION LIMITED	34,570,058	47.44
2	06452-8640	ARIF HABIB CORPORATION LIMITED	9,055,649	12.43
		2	**43,625,707**	**59.87**
Executive				
1	06452-13483	TAHIR IQBAL	13	0.00
		1	**13**	**0.00**
Public sector companies and corporations				
1	03889-44	NATIONAL BANK OF PAKISTAN	250,000	0.34
2	03889-69	NATIONAL BANK OF PAKISTAN	23,699	0.03
3	03277-4064	NATIONAL INSURANCE COMPANY LIMITED	235,338	0.32
4	02683-23	STATE LIFE INSURANCE CORP. OF PAKISTAN	86,442	0.12
		4	**595,479**	**0.82**
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds				
1	3	INNOVATIVE INVESTMENT BANK LIMITED	687	0.00
2	03335-73	BANK ALFALAH LIMITED	1,240	0.00
3	04127-28	MCB BANK LIMITED - TREASURY	168,286	0.23
4	07393-24	SUMMIT BANK LIMITED	409,950	0.56
5	11940-4410	ESCORTS INVESTMENT BANK LIMITED	49	0.00
6	11940-6951	ESCORTS INVESTMENT BANK LIMITED	42,088	0.06
7	03277-2538	EFU LIFE ASSURANCE LTD	343	0.00
8	03277-9404	ALLIANZ EFU HEALTH INSURANCE LIMITED	22,000	0.03
9	03277-71690	ADAMJEE LIFE ASSURANCE COMPANY LIMITED	3,300	0.00
10	06494-23	PICIC INSURANCE LIMITED	1,031	0.00
11	13755-21	ADAMJEE INSURANCE COMPANY LIMITED	88,000	0.12
		11	**736,974**	**1.01**
Mutual Funds				
2	05645-24	CDC - TRUSTEE PICIC INVESTMENT FUND	130,000	0.18
3	05777-29	CDC - TRUSTEE PICIC GROWTH FUND	257,327	0.35
4	13607-28	CDC - TRUSTEE PICIC STOCK FUND	20,000	0.03
5	14514-28	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	9,500	0.01
6	14902-21	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	121,208	0.17
		5	**538,035**	**0.74**
General Public Foreign				
1	30	KHUDA BAKHSH ASIM	2	0.00
2	00521-5543	MICHAEL CHURCHILL	12,045	0.02
3	06601-2601	AZFAR-UL-ASHFAQUE	332	0.00
		3	**12,379**	**0.02**
Foreign Companies				
1	00521-5493	CLASSICAL INSIGHTS FUND LP	48,400	0.07
2	00547-8222	TUNDRA PAKISTAN FOND	244,300	0.34
3	03533-698	HABIB BANK AG ZURICH, ZURICH,SWITZERLAND	26,580	0.04
		3	**319,280**	**0.44**

pattern of shareholding of preference shares

As at June 30, 2014.

S.No.	Folio #	Name of shareholder	Number of shares	Per %
Others				
1	4	PRUDENTIAL STOCKS FUND LTD (03360)	1,650	0.00
2	21	PRUDENTAIL DISCOUNT & GUARANTEE HOUSE LT	13	0.00
3	03939-9204	INVESTFORUM (SMC-PVT) LIMITED	516	0.00
4	11940-8122	M/S SHAFFI SECURITIES (PVT) LIMITED	1,500	0.00
5	13	THE KARACHI STOCK EXCHANGE (G) LIMITED	5	0.00
6	19	PRUDENTIAL SECURITIES LIMITED	13	0.00
7	20	PRUDENTIAL SECURITIES LIMITED	8	0.00
8	28	H.H.K. SECURITIES (PVT) LTD.	1,100	0.00
9	216	NCC-RETRIEVAL ACCOUNT	2,353	0.00
10	217	NCC-SQUARING-UP ACCOUNT	980	0.00
11	244	STOCK MASTER SECURITIES (PRIVATE) LTD.	1,305	0.00
12	255	BAGASRA SECURITIES (PRIVATE) LIMITED	10	0.00
13	259	MUHAMMAD AHMED NADEEM SECURITIES (SMC-PVT) LIMITED	12	0.00
14	266	MUHAMMAD AHMAD NADEEM SECURITIES (SMC-PVT.) LIMITED	1,210	0.00
15	00307-11985	INFINITE SECURITIES (PVT.) LIMITED	1,485	0.00
16	00414-35	MOOSA,NOOR MOHAMMAD,SHAHZADA&CO.PVT.LTD	385	0.00
17	00935-57	ELIXIR SECURITIES PAKISTAN (PVT.) LTD.	41	0.00
18	00935-11617	KAIZEN CONSTRUCTION (PVT) LIMITED	110,000	0.15
19	00984-37	KARACHI STOCK EXCHANGE LIMITED	85	0.00
20	01669-26	SHAFFI SECURITIES (PVT) LIMITED	1,260	0.00
21	03137-36	MOOSANI SECURITIES (PVT) LTD.	24,262	0.03
22	03251-40	SWITCH SECURITIES (PVT) LIMITED	385	0.00
23	03277-2307	AMER COTTON MILLS (PVT) LIMITED	45,833	0.06
24	03277-3397	PAKISTAN MEMON EDUCATIONAL & WELFARE SOC	5,912	0.01
25	03277-4231	TRUSTEES MOOSA LAWAI FOUNDATION	2,310	0.00
26	03277-4841	BULK MANAGEMENT PAKISTAN (PVT.) LTD.	114,315	0.16
27	03277-10621	TRUSTEES ARTAL RESTAURANTS INT’L EMP P.F	563	0.00
28	03277-38435	PREMIER MERCANTILE SERVICES (PRIVATE) LIMITED	1,375	0.00
29	03277-49694	MARINE SERVICES (PVT.) LIMITED	1,650	0.00
30	03277-64627	DOSSA COTTON & GENERAL TRADING (PVT) LIMITED	137	0.00
31	03277-74346	URBAN PROPERTIES (PVT.) LIMITED	13,000	0.02
32	03277-76040	GOOD HOMES (PVT) LTD	8,000	0.01
33	03277-76077	RELIANCE SECURITIES LIMITED	550	0.00
34	03277-78462	NOMAN ABID & CO. LTD.	69	0.00
35	03525-9033	SARGODHA JUTE MILLS LIMITED	14,300	0.02
36	03525-28788	TRUSTEES D.G.KHAN CEMENT CO.LTD.EMP. P.F	2,062	0.00
37	03525-57191	SARFRAZ MAHMOOD (PRIVATE) LTD	55	0.00
38	03525-71609	KAIZEN CONSTRUCTION (PVT) LTD	258,000	0.35
39	04002-34898	TRUSTEE-KARACHI SHERATON HOTEL EMPLOYEES PROVIDENT FUND	52	0.00
40	04143-26	BAWA SECURITIES (PVT) LTD.	3,520	0.00
41	04184-22	AZEE SECURITIES (PRIVATE) LIMITED	1,415	0.00
42	04366-20	MULTILINE SECURITIES (PVT) LIMITED	2,000	0.00
43	04424-22	SAKARWALA CAPITAL SECURITIES (PVT)LTD.	412	0.00
44	04432-12018	CAPITAL VISION SECURITIES (PVT) LTD.	3,384	0.00
45	04457-45	FDM CAPITAL SECURITIES (PVT) LIMITED	5,000	0.01
46	04457-78	FDM CAPITAL SECURITIES (PVT) LIMITED	5,000	0.01
47	04820-23	STOCK VISION (PVT.) LTD.	220	0.00
48	04978-42	LIVE SECURITIES LIMITED	3,987	0.01
49	05066-25	FIRST PAKISTAN SECURITIES LIMITED	2,750	0.00
50	05116-28	TIME SECURITIES (PVT.) LTD.	225	0.00
51	05264-41173	KAIZEN CONSTRUCTION (PVT) LIMITED	8,500	0.01
52	05314-24	INVESTFORUM (SMC-PVT) LIMITED	500	0.00
53	05348-21	HH MISBAH SECURITIES (PRIVATE) LIMITED	2,750	0.00
54	05785-28	ABM SECURITIES (PVT) LIMITED	522	0.00
55	05884-26	ISMAIL IQBAL SECURITIES (PVT) LTD.	1	0.00
56	05942-28	AAA SECURITIES (PRIVATE) LIMITED	1,883	0.00
57	06262-20	HUM SECURITIES LIMITED	59	0.00
58	06445-28	DARSON SECURITIES (PVT) LIMITED	1,603	0.00
59	06445-9870	STOCK STREET (PVT) IIMITED.	16	0.00
60	06452-27	ARIF HABIB LIMITED	13,500	0.02

pattern of shareholding of preference shares

As at June 30, 2014.

S.No.	Folio #	Name of shareholder	Number of shares	Per %
61	06452-17401	ASGHARI BEG MEMORIAL TRUST	1,626	0.00
62	06684-29	MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PVT.) LTD.	63,331	0.09
63	06684-85061	MONEY LINE SECURITIES (PVT.) LIMITED	612	0.00
64	06874-3731	RYK MILLS LIMITED	10	0.00
65	06882-25	AWJ SECURITIES (PRIVATE) LIMITED.	7	0.00
66	06981-23	FAIR DEAL SECURITIES (PVT) LTD.	19	0.00
67	07005-29	MAM SECURITIES (PVT) LIMITED	2	0.00
68	07153-22	MAHA SECURITIES (PVT.) LIMITED	239	0.00
69	07286-27	DR. ARSLAN RAZAQUE SECURITIES (SMC-PVT) LTD.	5	0.00
70	07294-26	AL-HAQ SECURITIES (PVT) LTD.	2	0.00
71	07328-6630	SULTAN TEXTILE MILLS (KARACHI) LIMITED	236	0.00
72	07450-26	DAWOOD EQUITIES LTD.	220	0.00
73	07450-9878	HUM SECURITIES LIMITED	1,402	0.00
74	09563-20	VALUE STOCK SECURITIES PRIVATE LIMITED	1,288	0.00
75	09787-24	SNM SECURITIES (PVT) LTD.	371	0.00
76	10181-24	HORIZON SECURITIES LIMITED	2,000	0.00
77	10546-29	MAK SECURITIES (PVT.) LTD.	22	0.00
78	10629-1118	TRUSTEE KARACHI PARSI ANJUMAN TRUST FUND	1,540	0.00
79	10769-23	IMPERIAL INVESTMENTS (PVT) LIMITED	10	0.00
80	11072-1271	AL-HAQ SECURITIES (Pvt) Lld.	2,200	0.00
81	11148-571	TRUSTEE KAUKAB MIR MEMORIAL WELFARE TRUST	1,000	0.00
82	11387-29	GHANI OSMAN SECURITIES (PRIVATE) LIMITED	275	0.00
83	11940-6118	PROSPERITY SECURITIES (SMC-RVT.) LTD	10,000	0.01
84	13417-22	INVEST CAPITAL MARKETS LIMITED	2,895	0.00
85	13417-972	MEGA SECURITY (PVT) LIMITED.	48	0.00
86	13417-23149	IMPERIAL INVESTMENT (PVT) LTD.	9	0.00
87	14241-22	FIKREE'S (SMC-PVT) LTD.	5,650	0.01
88	14274-29	MUHAMMAD AMER RIAZ SECURITIES (PVT) LTD.	100	0.00
		88	**769,127**	**1.06**
Total		**4211**	**72,864,468**	**100.00**
General Public Local		**4090**	**2,405,360**	**3.30**

pattern of shareholding of preference shares

As at June 30, 2014.

# Of Shareholders	Shareholdings'Slab			Total Shares Held
2060	1	to	100	76,995
1413	101	to	500	316,702
306	501	to	1000	218,015
329	1001	to	5000	670,562
40	5001	to	10000	304,204
20	10001	to	15000	244,170
5	15001	to	20000	91,189
5	20001	to	25000	115,586
1	25001	to	30000	26,580
4	30001	to	35000	125,387
1	35001	to	40000	40,000
2	40001	to	45000	84,088
3	45001	to	50000	140,733
2	60001	to	65000	127,842
1	70001	to	75000	74,500
1	75001	to	80000	77,000
1	80001	to	85000	83,000
2	85001	to	90000	174,442
1	105001	to	110000	110,000
1	110001	to	115000	114,315
1	120001	to	125000	121,208
1	125001	to	130000	130,000
1	150001	to	155000	151,500
1	165001	to	170000	168,286
1	235001	to	240000	235,338
1	240001	to	245000	244,300
1	245001	to	250000	250,000
2	255001	to	260000	515,327
1	405001	to	410000	409,950
1	9055001	to	9060000	9,055,649
1	23795001	to	23800000	23,797,542
1	34570001	to	34575000	34,570,058
4211				72,864,468

notice of
tenth
annual general meeting

notice of tenth annual general meeting

Notice is hereby given that the Tenth Annual General Meeting of the Shareholders of Aisha Steel Mills Limited ("the Company") will be held on Friday 31st October 2014 at 10:30 am at the Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi to transact the following business:

Ordinary Business

1) To confirm minutes of the Extra Ordinary General Meeting held on 26th May 2014.

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 2014.

3) To appoint the Auditors for the year ending 30th June 2015 and fix their remuneration. The Board of Directors have recommended of M/s. A. F. Ferguson & Co., Chartered Accountants for reappointment as external auditors.

4) To elect directors of the Company in accordance with the provisions of Section 178 of the Companies Ordinance, 1984. The number of the directors to be elected has been fixed at nine by the Board of Directors. Names of the present seven directors retiring and eligible to file nominations for re-election are as under:

Mr. Arif Habib, Mr. Shinpei Asada, Mr. Hasib Rehman, Mr. Nasim Beg, Mr. Kashif A. Habib, Mr. Samad A. Habib, Mr. Muhammad Ejaz.

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

By order of the Board

Tahir Iqbal
Company Secretary

Karachi; 10th October 2014

Notes:

1. Share transfer books of the Company will remain closed from 24th October to 31st October 2014 (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 Thursday 23rd October 2014 will be treated in time for the determination of entitlement of shareholders to attend and vote at the meeting.

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

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

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

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

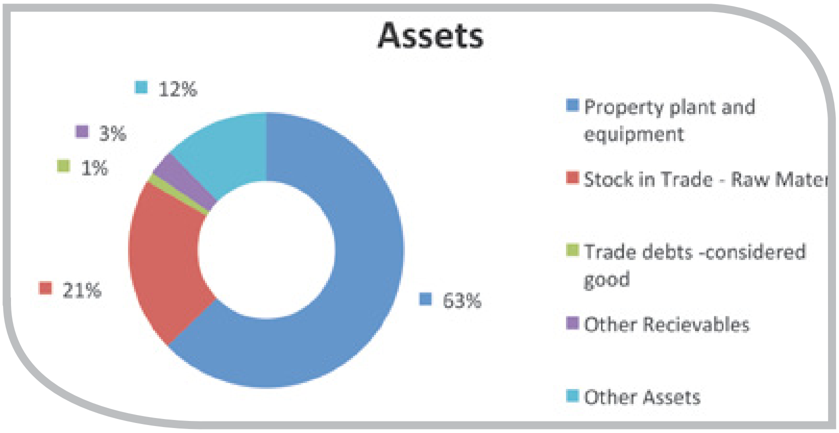
(iii) In order to be effective, the proxy forms must be received at the office of our registrar not later than 48 hours before the meeting, duly signed and stamped and witnessed by two persons with their names, address, NIC numbers and signatures.

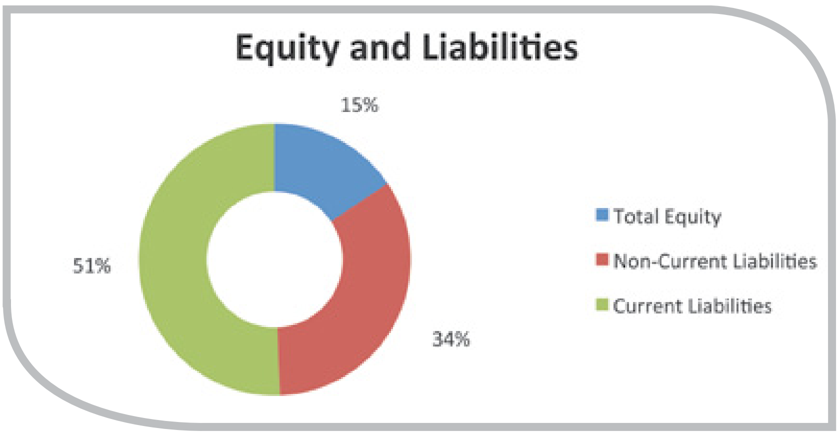
(iv) In the case of individuals, attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.

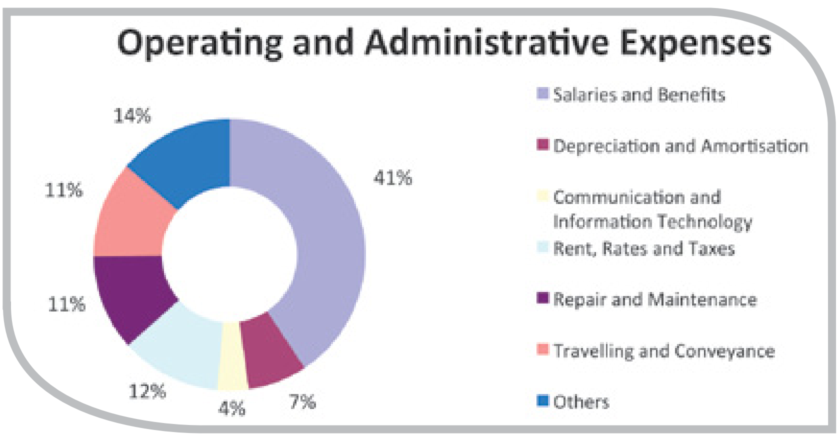
(v) In the case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted alongwith form of proxy.

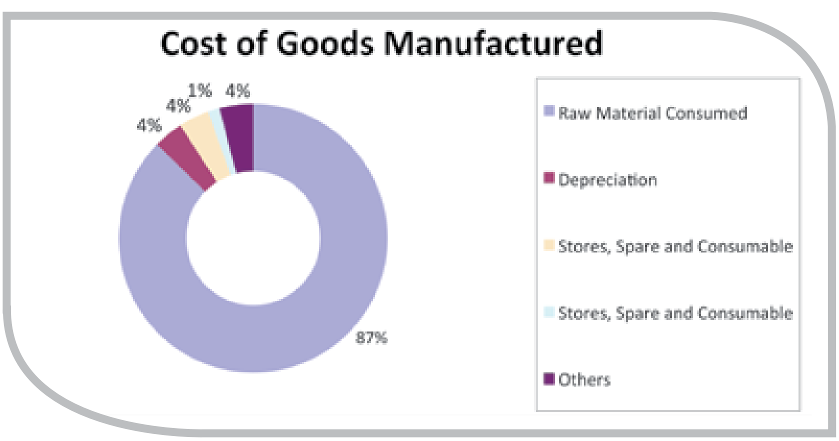
4. Members are requested to promptly notify any change in address by writing to the office of the registrar.

aisha steel at a glance









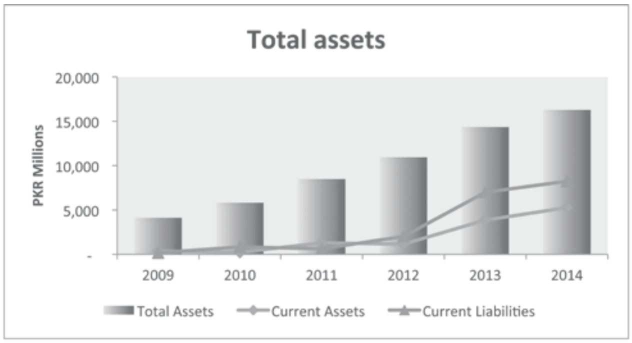
financial & business highlights

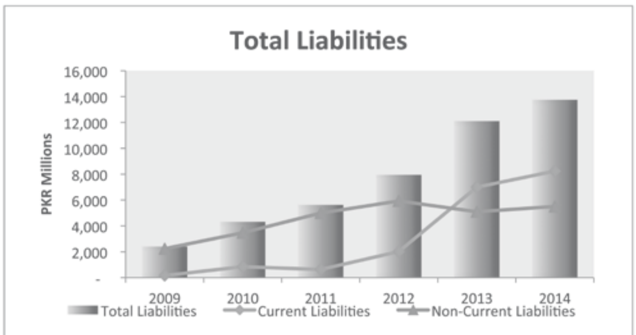
(Rupees in million)

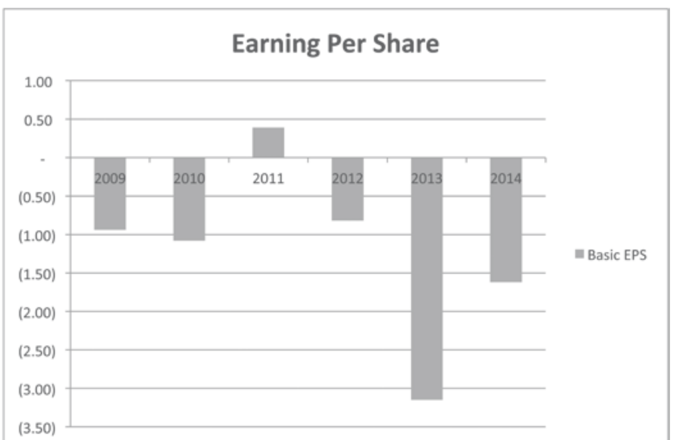
Balance Sheet	2014	2013	2012	2011	2010	2009
Non-Current Assets	11,009	10,486	9,792	7,170	5,592	3,748
Current Assets	5,272	3,864	1,155	1,306	226	370
Total Assets	16,281	14,351	10,947	8,476	5,819	4,118
Non-Current Liabilities	5,504	5,100	5,930	4,992	3,477	2,242
Current Liabilities	8,242	6,998	2,020	634	847	168
Total Liabilities	13,746	12,099	7,950	5,627	4,323	2,409
Paid up Capital	3,438	3,438	3,438	3,200	1,989	1,989
Total Equity*	2,535	2,252	2,998	2,849	1,495	1,709
Income Statement						
Sales	9,259	4,343	-	-	-	-
Financial Cost	(1,299)	(891)	15	5	159	69
(Loss)/Profit after Tax	(347)	(746)	(86)	139	(214)	(179)
Cashflow Statement						
Cashflow from Operations	(651)	(2,122)	(778)	(657)	(378)	(141)
Cashflow from Investing Activities	(229)	(209)	(1,720)	(942)	(1,446)	(2,003)
Cashflow from Financing Activities	(478)	1,109	1,068	2,428	1,629	2,381
Net change in cash and cash equivalents	(1,358)	(1,222)	(1,431)	829	(195)	237
Cash and Cash Equivalents at beginning of the year	(1,714)	(492)	939	110	305	68
Cash and cash equivalents at end of the year	(3,072)	(1,714)	(492)	939	110	305
Ratios						
Profitability Ratios						
Gross Profit Ratio	0.01	(0.02)	-	-	-	-
Net Profit to Sales	(0.04)	(0.17)	-	-	-	-
EBITDA Margin to Sales	0.13	0.01	-	- -	-	
Operating leverage Ratio	0.10	(0.05)	- -	- -		
Return on Equity*	-13.7%	-33.1%	-2.9%	4.9%	-14.3%	-10.5%
Return on Capital Employed	10.0%	-2.9%	-2.0%	-1.0%	-1.8%	-9.3%
Liquidity Ratios						
Current Ratio	0.64	0.55	0.57	2.06	0.27	2.21
Quick/Acid test Ratio	0.21	0.20	0.26	1.91	0.16	1.91
Cash to Current Liabilities	0.01	0.03	0.02	1.48	0.13	1.82
Activity/Turnover Ratio						
Inventory Turnover Ratio/ No. of days in inventory	112.48	116.42	-	-	-	-
Debtor turover ratio/ No of days in receivables	7.57	16.06	-	-	-	-
Creditor turnover ratio/ No of days in payables	140.16	127.63	-	-	-	-
Total Assets Turnover ratio/ fixed assets turnover ratio	1.10	2.25	-	-	-	-
Operating cycle	(20.11)	4.84	-	-	-	-
Investment/Market Ratios						
Basic EPS	(1.62)	(3.15)	(0.82)	0.39	(1.08)	(0.94)
Breakup value per share	5.83	6.55	8.72	8.89	7.52	8.59
Capital Structure Ratios						
Financial leverage rato	3.50	4.00	2.16	1.79	2.59	1.31
Weighted average cost of debt	15%	13%	-	-	-	-
Long-term debt to Equity* ratio	2.17	2.65	1.98	1.75	2.51	1.31
Interest Cover ratio	(0.69)	(0.25)	-	-	-	-

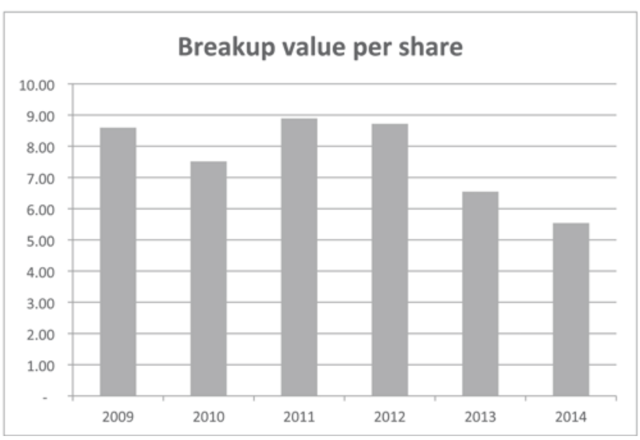
* includes Share Deposit Money and Surplus on revaluation of fixed assets

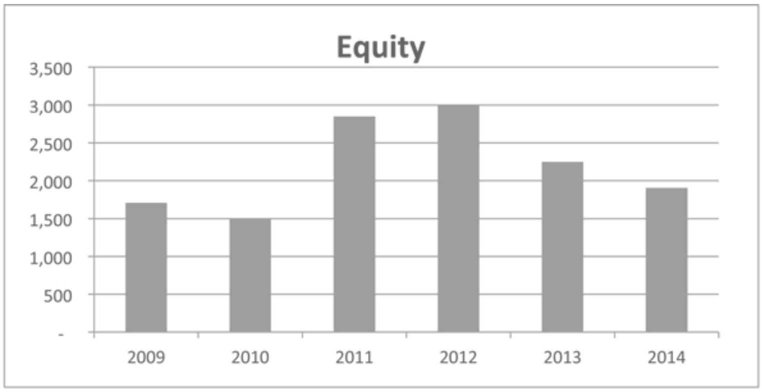
graphical representation

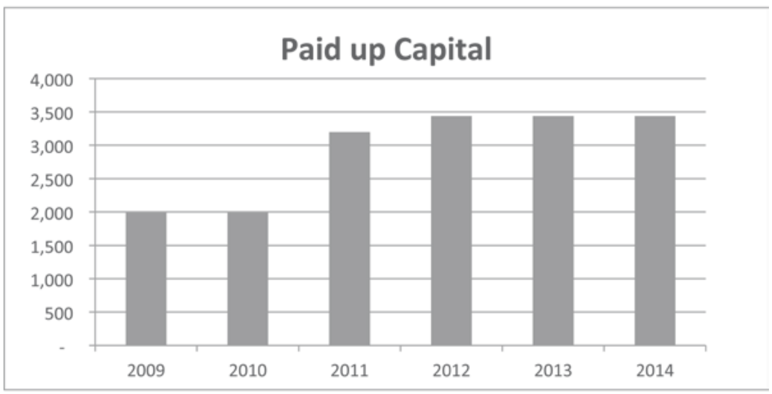


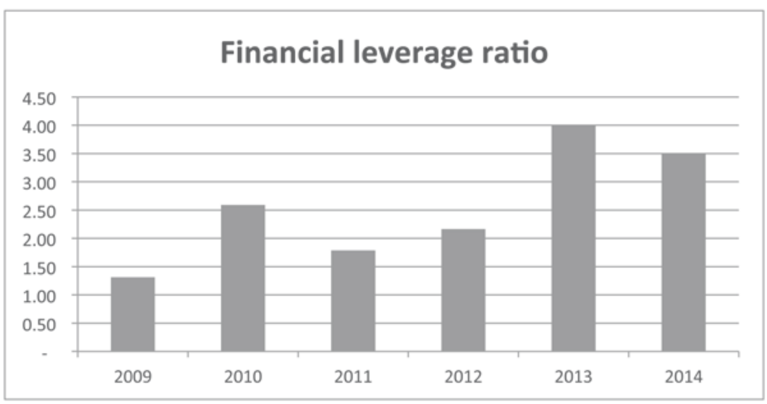


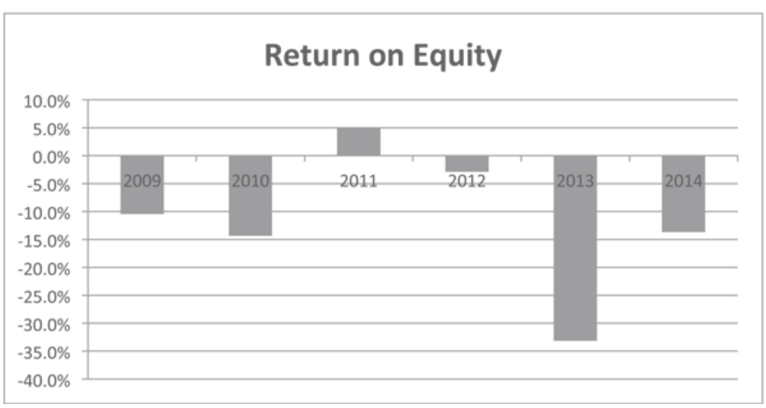





Equity
3,500
3,000
2,500
2,000
1,500
1,000
500
-
2009
2010
2011
2012
2013
2014


Paid up Capital
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
-
2009
2010
2011
2012
2013
2014


Financial leverage ratio
4.50
4.00
3.50
3.00
2.50
2.00
1.50
1.00
0.50
-
2009
2010
2011
2012
2013
2014


Return on Equity
10.0%
5.0%
0.0%
-5.0%
-10.0%
-15.0%
-20.0%
-25.0%
-30.0%
-35.0%
-40.0%
2009
2010
2011
2012
2013
2014

horizontal analysis of financial statements

BALANCE SHEET

(Rupees in million)

	2014	%	2013	%	2012	%	2011	%	2010	%	2009
Non-Current Assets											
Property plant and equipment	10,219	4%	9,785	3%	9,492	37%	6,927	25%	5,544	50%	3,702
Intangible assets	15	-27%	20	80%	11	2319%	0	-13%	1	126%	0
Long Term Loans	3	-32%	4	10%	4	39%	3	100%	0	0%	-
Long term deposits and prepayments	48	-2%	49	3%	48	-1%	48	1%	48	4%	46
Deferred tax asset	724	15%	627	164%	237	24%	191	100%	0	0%	-
	11,009	**5%**	**10,486**	**7%**	**9,792**	**37%**	**7,170**	**28%**	**5,592**	**49%**	**3,748**
Current Assets											
Stores and spares	159	10%	145	6%	137	49%	92	0%	92	82%	50
Stock in Trade - Raw Material	3,347	44%	2,323	375%	490	100%	-	0%	0	0%	-
Trade debts -considered good	192	1%	191	100%							
Advances, deposits and prepayments	83	18%	70	246%	20	188%	7	-64%	20	65%	12
Other Recievables	502	121%	227	64%	139	-42%	238	100%	0	0%	-
Financial asset held to maturity investment	-	-100%	20	100%							
Tax Refund Due from Govt. -Sales Tax	472	12%	423	48%	285	1222%	22	8167%	0	5%	0
Accrued mark-up	1	89%	1	25%	0	-73%	2	125%	1	-18%	1
Taxation - Payment Less Provision	456	76%	259	457%	46	555%	7	80%	4	91%	2
Cash and bank balances	60	-71%	206	452%	37	-96%	939	756%	110	-64%	305
	5,272	36%	3,864	235%	1,155	-12%	1,306	478%	226	-39%	370
TOTAL ASSETS	**16,281**	**13%**	**14,351**	**31%**	**10,947**	**29%**	**8,476**	**46%**	**5,819**	**41%**	**4,118**
Shareholders' Equity											
Share Capital: Ordinary Shares	2,710	0%	2,704	1%	2,680	10%	2,446	23%	1,989	0%	1,989
Preference Shares	729	-1%	734	-3%	758	0%	755	100%	-	-	-
Accumulated losses	(1,533)	29%	(1,187)	169%	(441)	24%	(355)	-28%	(494)	77%	(280)
Total Equity	**1,906**	**-15%**	**2,252**	**-25%**	**2,998**	**5%**	**2,846**	**90%**	**1,495**	**-13%**	**1,709**
Share deposit money	237	100%	-	-	-	-100%	4	100%	-	-	-
Surplus on revaluation of fixed assets	392	100%	-	-	-	-	-	-	-	-	-
Non-Current Liabilities											
Long-term finance	5,484	8%	5,077	-14%	5,912	19%	4,985	44%	3,470	55%	2,238
Liabilities against assets subject to finance lease	5	-37%	8	-30%	11	142%	5	-29%	7	109%	3
Staff retirements benefits	15	0%	15	148%	6	121%	3	100%	-	0%	-
	5,504	8%	5,100	-14%	5,930	19%	4,992	44%	3,477	55%	2,242
Current Liabilities											
Current maturity of long-term loan	10	-99%	888	100%	30	100%	-	-100%	289	100%	-
Current maturity of liabilities against assets subject to finance lease	5	12%	4	21%	4	93%	2	16%	2	133%	1
Short Term Borrowings	3,369	11%	3,030	472%	529	429%	100	-9%	110	100%	-
Creditors, accrued expenses and other liabilities	4,574	84%	2,492	321%	592	1357%	41	-36%	64	-58%	152
Accrued mark-up	284	-51%	584	-32%	865	76%	492	29%	382	2565%	14
Due to Associated Company	-	0%	-	0%	-	0%	-	0%	-	0%	-
Due to Director -	0%	-	0%	-	0%	-	0%	-	0%	-	-100%
	8,242	18%	6,998	246%	2,020	219%	634	-25%	847	406%	168
Total Liabilities	**13,746**	**14%**	**12,099**	**52%**	**7,950**	**41%**	**5,627**	**30%**	**4,323**	**79%**	**2,409**
Total Equity and Liabilities	**16,281**	**13%**	**14,351**	**31%**	**10,947**	**29%**	**8,476**	**46%**	**5,819**	**41%**	**4,118**

horizontal analysis of financial statements

PROFIT AND LOSS ACCOUNT

(Rupees in million)

	2014	%	2013	%	2012	%	2011	%	2010	%	2009
Sales	9,259	113%	4,342	0%	-	0%	-	0%	-	0%	-
Cost of sales	(9,200)	109%	(4,409)	0%	-	0%	-	0%	-	0%	-
Gross loss	59	-187%	(68)	0%	-	0%	-	0%	-	0%	-
Selling and distribution cost	(36)	103%	(18)	0%	-	0%	-	0%	-	0%	-
Administrative expenses	(140)	-11%	(157)	-1%	(158)	48%	(107)	44%	(75)	-40%	(124)
Other income	1,007	5282%	19	-54%	40	-33%	60	208%	19	32%	15
Profit / (loss) from operation	890		(224)		(118)		(47)		(55)		(110)
Finance cost	(1,299)	46%	(891)	5907%	(15)	229%	(5)	-97%	(159)	130%	(69)
Loss before taxation	(409)	-63%	(1,115)	742%	(132)	157%	(52)	-76%	(214)	20%	(179)
Taxation - deferred	62	-83%	369	696%	46	-76%	191	100%	-	0%	-
(Loss) / Profit for the year after tax	**(347)**	**-53%**	**(746)**	**766%**	**(86)**	**-162%**	**139**	**-165%**	**(214)**	**20%**	**(179)**
(Loss) / earning per share	(1.62)	-49%	(3.15)	284%	(0.82)	-310%	0.39	-136%	(1.08)	15%	(0.94)

vertical analysis of financial statements

BALANCE SHEET

(Rupees in million)

	2014	%	2013	%	2012	%	2011	%	2010	%	2009
Non-Current Assets											
Property plant and equipment	10,219	63%	9,785	68%	9,492	87%	6,927	82%	5,544	95%	3,702
Intangible assets	15	0%	20	0%	11	0%	0	0%	1	0%	0
Long Term Loans	3	0%	4	0%	4	0%	3	0%	-		-
Long term deposits and prepayments	48	0%	49	0%	48	0%	48	1%	48	1%	46
Deferred tax asset	724	4%	627	4%	237	2%	191	2%	-	0%	-
	11,009	68%	10,486	73%	9,792	89%	7,170	85%	5,592	96%	3,748
Current Assets											
Stores and spares	159	1%	145	1%	137	1%	92	1%	92	2%	50
Stock in Trade - Raw Material	3347	20%	2323	16%	490	4%	-	0%	-	0%	-
Trade debts -considered good	192	1%	191	1%	-	0%	-	0%	-	0%	-
Advances, deposits and prepayments	83	1%	70	0%	20	0%	7	0%	20	0%	12
Other Recievables	502	3%	227	2%	139	1%	238	3%	-		-
Financial asset held to maturity investment	0	0%	20	0%	-	0%	-	0%	-	0%	-
Tax Refund Due from Govt. -Sales Tax	472	3%	423	3%	285	3%	22	0%	0	0%	0
Accrued mark-up	1	0%	1	0%	0	0%	2	0%	1	0%	1
Taxation - Payment Less Provision	456	3%	259	2%	46	0%	7	0%	4	0%	2
Term Deposits	-	0%	-	0%	-	0%	-	0%	-	0%	-
Cash and bank balances	60	0%	206	1%	37	0%	939	11%	110	2%	305
	5,272	32%	3,864	27%	1,155	11%	1,306	15%	226	4%	370
TOTAL ASSETS	**16,281**	**100%**	**14,351**	**100%**	**10,947**	**100%**	**8,476**	**100%**	**5,819**	**100%**	**4,118**
Shareholders' Equity											
Share Capital: Ordinary Shares	2,710	17%	2,704	19%	2,680	24%	2,446	29%	1,989	34%	1,989
Preference Shares	729	4%	734	5%	758	7%	755	9%	-	0%	-
Accumulated losses	(1,533)	-9%	(1,187)	-8%	(441)	-4%	(355)	-4%	(494)	-8%	(280)
Total Equity	1,906	12%	2,252	16%	2,998	27%	2,846	34%	1,495	26%	1,709
Share deposit money	237	1%	-	0%	-	0%	4	0%	-	0%	-
Surplus on revaluation of fixed assets	392	2%									
Non-Current Liabilities											
Long-term finance	5,484	34%	5,077	35%	5,912	74%	4,985	59%	3,470	60%	2,238
Liabilities against assets subject to finance lease	5	0%	8	0%	11	0%	5	0%	7	0%	3
Staff retirements benefits	15	0%	15	0%	6	0%	3	0%	-	0%	-
	5,504	34%	5,100	35%	5,930	75%	4,992	59%	3,477	60%	2,242
Current Liabilities											
Current maturity of long-term loan	10	0%	888	6%	30	0%	-	0%	289	5%	-
Current maturity of liabilities against assets subject to finance lease	5	0%	4	0%	4	0%	2	0%	2	0%	1
Short Term Borrowings	3,369	21%	3,030	21%	529	7%	100	1%	110	2%	-
Creditors, accrued expenses and other liabilities	4,574	28%	2,492	17%	592	7%	41	0%	64	1%	152
Accrued mark-up	284	2%	584	4%	865	11%	492	6%	382	7%	14
	8,242	51%	6,998	49%	2,020	25%	634	7%	847	15%	168
Total Liabilities	**13,746**	**85%**	**12,099**	**84%**	**7,950**	**73%**	**5,627**	**66%**	**4,323**	**74%**	**2,409**
Total Equity and Liabilities	**16,281**	**100%**	**14,351**	**100%**	**10,947**	**100%**	**8,476**	**100%**	**5,819**	**100%**	**4,118**

vertical analysis of financial statements

PROFIT AND LOSS ACCOUNT

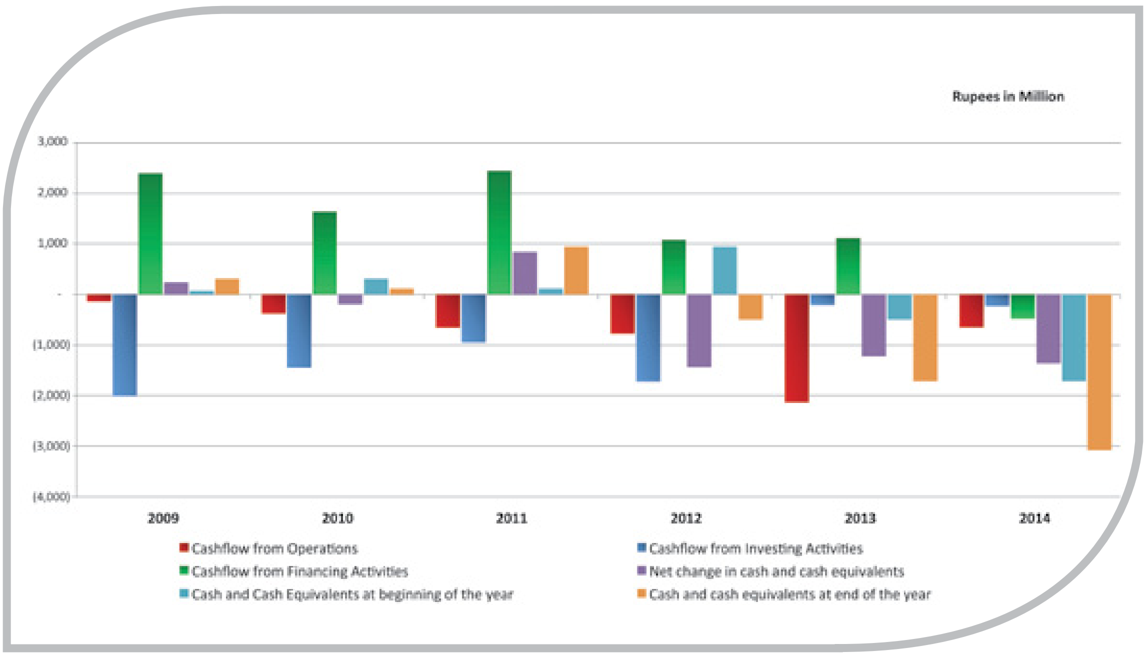
(Rupees in million)

	2014	%	2013	%	2012	%	2011	%	2010	%	2009
Sales	9,259	100%	4,342	100%	-	0%	-	0%	-	0%	-
Cost Of Sales	(9,200)	-99%	(4,409)	-102%	-	0%	-	0%	-	0%	-
Gross Loss	59	1%	(68)	-2%	-	0%	-	0%	-	0%	-
Selling and distribution cost	(36)	0%	(18)	0%	-	0%	-	0%	-	0%	-
Administrative expenses	(140)	-2%	(157)	-4%	(158)	0%	(107)	0%	(75)	0%	(124)
Other operating income	1,007	11%	19	0%	40	0%	60	0%	19	0%	15
Loss from operation	890	10%	(224)	-5%	(118)		(47)		(55)		(110)
Finance cost	(1,299)	-14%	(891)	-21%	(15)	0%	(5)	0%	(159)	0%	(69)
Loss before taxation	(409)	-4%	(1,115)	-26%	(132)	157%	(52)	-76%	(214)	20%	(179)
Taxation - deferred	62	1%	369	8%	46	-76%	191	100%	-	0%	-
(Loss) / Profit for the year after tax	(347)	-4%	(746)	-17%	(86)	-162%	139	-165%	(214)	20%	(179)
Basic earnings per share - (loss)	(1.62)	-49%	(3.15)	284%	(0.82)	-310%	0.39	-136%	(1.08)	15%	(0.94)

summary of cash flow statements

(Rupees in million)

Cashflow Statement	2009	2010	2011	2012	2013	2014
Cashflow from Operations	(141)	(378)	(657)	(778)	(2,122)	(651)
Cashflow from Investing Activities	(2,003)	(1,446)	(942)	(1,720)	(209)	(229)
Cashflow from Financing Activities	2,381	1,629	2,428	1,068	1,109	(478)
Net change in cash and cash equivalents	237	(195)	829	(1,431)	(1,222)	(1,358)
Cash and Cash Equivalents at beginning of the year	68	305	110	939	(492)	(1,714)
Cash and cash equivalents at end of the year	305	110	939	(492)	(1,714)	(3,072)

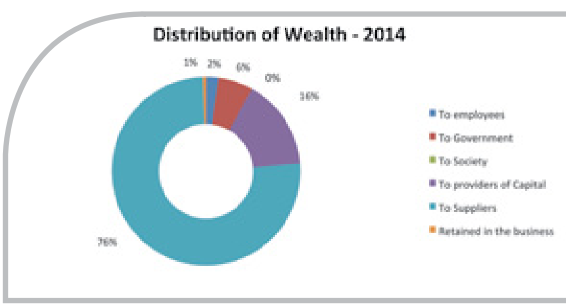


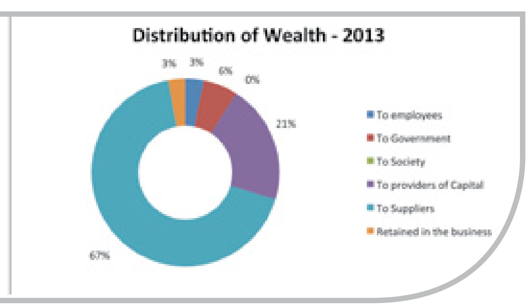
statement of value addition and distribution

(Rupees in thousands)

WEALTH CREATED	2014	2013
Total Revenue	9,259,027	4,341,602
Other Income	1,006,538	18,712
Cash & Bank - Opening	205,860	37,283
Share Capital	236,924	-
Short term finance	339,021	2,470,787
Long term finance	-	53,652
	11,047,370	6,922,036
DISTRIBUTED AS FOLLOWS		
To employees		
Salaries, wages and other benefits including retirement benefits	237,979	217,923
To Government		
Income tax, sales tax, excise duty and custom duty	656,589	412,952
WPPF and WWF	-	-
To Society		
Charity and welfare activities	-	353
To providers of Capital		
Dividend to shareholders	-	-
Repayment of long term loan	471,831	-
Finance cost of borrowed funds	1,251,683	1,417,292
To Suppliers		
To Suppliers for capital goods	240,603	212,196
To Raw material and other suppliers	8,128,840	4,455,461
Retained in the business		
Closing Cash Balances	59,845	205,860
	11,047,370	6,922,037

	Distribution of Wealth - 2014		Distribution of Wealth - 2013	
To employees	237,979	2%	217,923	3%
To Government	656,589	6%	412,952	6%
To Society	-	0%	353	0%
To providers of Capital	1,723,514	16%	1,417,292	20%
To Suppliers	8,369,443	76%	4,667,657	67%
Retained in the business	59,845	1%	205,860	3%
	11,047,370		**6,922,037**	

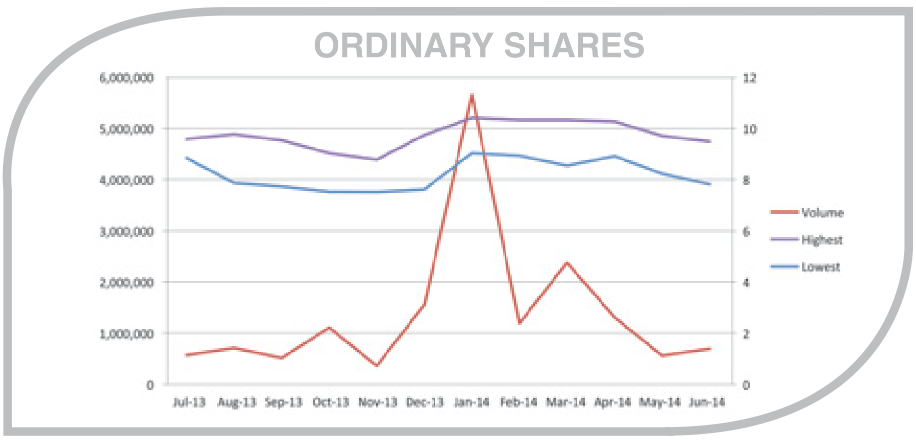


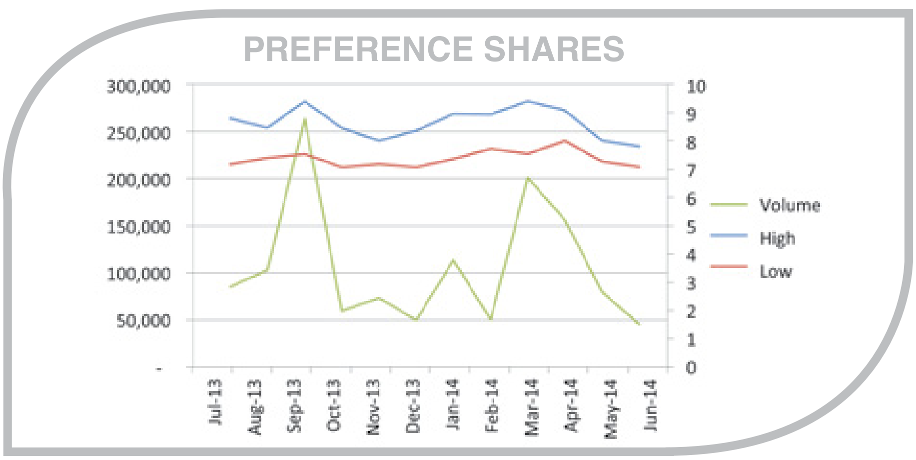


share price / volume analysis

Date	Ordinary Shares			Preference Shares		
	High	Low	Volume	High	Low	Volume
Jul-13	9.55	8.81	600,000	8.85	7.11	74,500
Aug-13	9.73	7.85	738,500	8.5	7.35	93,000
Sep-13	9.5	7.71	544,500	9.49	7.5	265,000
Oct-13	9	7.51	1,129,500	8.49	7	47,000
Nov-13	8.75	7.5	394,500	8	7.12	61,500
Dec-13	9.7	7.6	1,571,500	8.39	7	36,500
Jan-14	10.36	9	5,621,500	9.02	7.31	104,500
Feb-14	10.28	8.9	1,214,500	9	7.7	37,000
Mar-14	10.28	8.52	2,384,500	9.5	7.51	198,000
Apr-14	10.22	8.88	1,328,500	9.15	8	150,000
May-14	9.67	8.21	590,500	8	7.21	68,000
Jun-14	9.45	7.8	722,500	7.79	7.01	31,500

Share Price Movement at KSE during FY 2013-2014





shareholders' information

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

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

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

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

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

For assistance, shareholders may contact either the Registered Office or the Share Registrar Office.

Contact Persons:
Mr. Jawwad Zamir
Tel: (021) 32470217
Email: jawwad.zamir@aishasteel.com

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

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

Book Closure Dates
The Share Transfer Books of the Company will be closed from the 24th October, 2014 to 31st October 2014 (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 2014, will be considered in time for the determination of entitlement of shareholders to attend and vote at the meeting.

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

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

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

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

Shareholding Pattern
The shareholding pattern of the equity share capital of the company as on 30th June 2014 along with categories of shareholders are given on page 43 to 51.

report of the audit committee

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

The audit committee has concluded its annual review of the conduct and operations of the Company during financial year ended on 30th June 2014, and reports that:

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

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

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

- Appropriate accounting policies have been consistently applied. Applicable accounting standards were followed in preparation of financial statements of the Company on a going concern assumption basis, for the financial year ended 30th June 2014, which present fairly the state of affairs, results of operations, loss, cash flows and changes in equitiy of the Company for the year under review.

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

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

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

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

INTERNAL AUDIT

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

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

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

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

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

EXTERNAL AUDITORS

- The statutory Auditors of the Company, M/s. A. F. Ferguson & Co., Chartered Accountants, have completed their audit assignments of the “Company’s Financial Statements”, and the “Statement of Compliance with the Code of Corporate Governance” for the financial year ended 30th June 2014 and shall retire on the conclusion of the 10th Annual General Meeting.

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

- The Audit Firm has been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully complaint with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by the ICAP. The Auditors attended the general meetings of the Company during the year and have confirmed attendance of the Annual General Meeting scheduled on 31st October 2014.

- Being eligible for re-appointment as Auditors of the Company, the Audit Committee recommends reappointment of M/s. A. F. Ferguson & Co., Chartered Accountants for the financial year ending on 30th June 2015.

Karachi: October 10, 2014

Chairman – Audit Committee

statement of compliance with the code of corporate governance

As at June 30, 2014.

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No.5.19 of listing regulations of Karachi Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

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

Category	Names
Executive Directors	Mr. Kashif Shah – CEO
Non Executive Directors	Mr. Arif Habib Mr. Hasib Rehman Mr. Nasim Beg Mr. Samad A. Habib Mr. Shinpei Asada Mr. Kashif A. Habib Mr. Muhammad Ejaz

2. The Directors have confirmed that none of them is serving as a director on more than seven listed Companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy was occurred in the Board during the year.

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

6. The Board has developed and approved vision and mission statements, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies alongwith the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and 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. During the year one of the directors Mr. Samad A. Habib has obtained certification of Pakistan Institute of Corporate Governance.

10. The Board has approved the terms of appointment and remuneration of Chief Financial Officer, Company Secretary and Head of Internal Audit

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 and Chairman of the committee is a non-executive director.

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

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

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

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

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

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

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

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

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

Arif Habib
Chairman of the Board

Kashif Shah
Chief Executive

Karachi, October 10, 2014

pwc

A. F. FERGUSON & CO.

review report to the members on statement of compliance with the code of corporate governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Aisha Steel Mills Limited for the year ended June 30, 2014 to comply with the Code contained in Regulation No. 5.19 of the Karachi Stock Exchange Limited Regulations where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 a 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 are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code required the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2014.

A. F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: October 10, 2014

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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Kabul: Apartment No. 3, 3rd Floor, Dost Tower, Haji Yaqub Square, Sher-e-Nau, Kabul, Afghanistan; Tel: +93 (779) 315320, +93 (799) 315320

AUDITED FINANCIAL STATEMENTS
AISHA STEEL MILLS LIMITED
FOR THE YEAR ENDED JUNE 30, 2014

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, 2014 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a resonable 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 except for the changes as stated in note 3 with which we concur;

  (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 object 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, 2014 and of the loss, its cash flows and changes in equity for the year then ended; and

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

Chartered Accounts
Karachi
Dated: October 10, 2014
Name of the engagement partner: Farrukh Rehman

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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Kabul: Apartment No. 3, 3rd Floor, Dost Tower, Haji Yaqub Square, Sher-e-Nau, Kabul, Afghanistan; Tel: +93 (779) 315320, +93 (799) 315320

balance sheet

As at June 30, 2014

	Note	2014	2013
		Rupees '000	
ASSETS			
Non-current assets			
Property, plant and equipment	4	**10,218,918**	9,784,826
Intangibles - Computer Software	5	**14,804**	20,439
Long-term loans and advances	6	**2,876**	4,429
Long-term deposits and prepayments	7	**47,878**	48,978
Deferred tax	8	**724,153**	627,424
		11,008,629	10,486,096
Current assets			
Stores and spares		**159,046**	145,175
Stock-in-trade	9	**3,347,294**	2,323,306
Trade debts - considered good		**192,499**	191,020
Advances, deposits and prepayments	10	**82,524**	70,151
Accrued mark-up	11	**160**	528
Other receivables	12	**502,352**	227,263
Financial asset - held to maturity investment		**-**	20,000
Tax refunds due from Government - Sales tax		**471,655**	422,543
Taxation - payments less provision		**456,205**	258,591
Cash and bank balances	13	**59,845**	205,860
		5,271,580	3,864,437
Total assets		**16,280,209**	14,350,533
EQUITY AND LIABILITIES			
Equity			
Share capital			
Ordinary shares	14	**2,709,556**	2,704,173
Cumulative preference shares		**728,645**	734,028
		3,438,201	3,438,201
Accumulated loss		**(1,532,979)**	(1,186,501)
		1,905,222	2,251,700
Share deposit money	15	**236,924**	-
Surplus on revaluation of fixed assets	16	**391,676**	-
Liabilities			
Non-current liabilities			
Long-term finance	17	**5,483,867**	5,077,297
Liabilities against assets subject to finance leases	18	**4,950**	7,910
Staff retirement benefit	19	**14,722**	15,203
		5,503,539	5,100,410
Current liabilities			
Trade and other payables	20	**4,574,354**	2,491,654
Accrued mark-up	21	**284,475**	583,755
Short-term borrowings	22	**3,369,179**	3,030,158
Current maturity of long-term finance	17	**10,000**	888,401
Current maturity of liabilities against assets subject to finance leases	18	**4,840**	4,455
		8,242,848	6,998,423
Total liabilities		**13,746,387**	12,098,833
Contingencies and commitments	23		
Total equity and liabilities		**16,280,209**	14,350,533

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive **Director**

profit & loss account

For the year ended June 30, 2014

	Note	2014	2013
		Rupees '000	
Revenue	24	**9,259,027**	4,341,602
Cost of sales	25	**(9,200,260)**	(4,409,457)
Gross profit / (loss)		**58,767**	(67,855)
Selling and distribution cost	26	**(35,501)**	(17,753)
Administrative expenses	27	**(139,577)**	(156,683)
Other income	28	**1,006,538**	18,712
Profit / (loss) from operations		**890,227**	(223,579)
Finance cost	29	**(1,299,141)**	(891,223)
Loss before taxation		**(408,914)**	(1,114,802)
Taxation	30	**62,247**	368,965
Loss for the year		**(346,667)**	(745,837)
Other comprehensive income:			
Items that will not be reclassified to Profit and Loss			
Remeasurements of staff retirement benefits	19	**291**	-
Impact of deferred tax		**(102)**	-
		189	-
Total comprehensive loss		**(346,478)**	(745,837)
		Rupees	
Basic earnings per share - (loss)	31	**(1.62)**	(3.15)

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive **Director**

cash flow statement

For the year ended June 30, 2014

	Note	2014	2013
		Rupees '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	32	**888,076**	(481,652)
Income taxes paid		**(289,072)**	(233,374)
Mark-up on loans paid		**(1,251,683)**	(1,417,292)
Return on bank deposits received		**5,200**	13,661
Staff retirement benefits paid		**(5,923)**	(1,518)
Decrease / (increase) in long-term employee loans		**1,553**	(397)
Decrease / (increase) in long-term deposits and prepayments		**1,100**	(1,344)
Net cash used in operating activities		**(650,749)**	(2,121,916)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(240,603)**	(201,602)
Acquisition of intangible assets		**-**	(10,594)
Sale proceeds on disposal of property, plant and equipment		**7,995**	1,693
Proceeds on disposal of intangible assets		**3,486**	-
Investment made in open ended mutual funds units		**-**	(40,000)
Proceeds from disposal of open ended mutual funds units		**-**	41,064
Net cash used in investing activities		**(229,122)**	(209,439)
CASH FLOWS FROM FINANCING ACTIVITIES			
Share deposit money received		**236,924**	-
Long-term finance obtained		**-**	53,666
Repayment of long-term finance		**(394,200)**	(30,000)
Syndicate running finance obtained		**-**	590,060
Short-term borrowing obtained		**183,500**	500,000
Repayment of short-term borrowing		**(500,000)**	-
Decrease in liabilities against assets subject to finance leases		**(4,297)**	(4,506)
Net cash (used in) / generated from financing activities		**(478,073)**	1,109,220
Net decrease in cash and cash equivalents		**(1,357,944)**	(1,222,135)
Cash and cash equivalents at beginning of the year		**(1,714,238)**	(492,103)
Cash and cash equivalents at end of the year	33	**(3,072,182)**	(1,714,238)

Cash flow statement based on direct method has also been included in the financial statements in note 34.

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive **Director**

statement of changes in equity

For the year ended June 30, 2014

	Share Capital	Accumulated loss	Total
		Rupees '000	
Balance as at July 1, 2012	3,438,201	(440,664)	2,997,537
Total comprehensive loss for the year ended June 30, 2013			
- Loss for the year ended June 30, 2013	-	(745,837)	(745,837)
- Other comprehensive income for the year ended June 30, 2013	-	-	-
	-	(745,837)	(745,837)
Balance as at July 1, 2013	**3,438,201**	**(1,186,501)**	**2,251,700**
Total comprehensive loss for the year ended June 30, 2014			
- Loss for the year ended June 30, 2014	**-**	**(346,667)**	**(346,667)**
- Other comprehensive income for the year ended June 30, 2014	**-**	**189**	**189**
	-	**(346,478)**	**(346,478)**
Balance as at June 30, 2014	**3,438,201**	**(1,532,979)**	**1,905,222**

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive	Director

notes to and forming part of the financial statements

For the year ended June 30, 2014

1. THE COMPANY AND ITS OPERATIONS

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

2.1.1 Statement of compliance

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

2.1.2 Critical accounting estimates and judgements

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.

Estimates and judgements are continually evaluated and adjusted based on historical experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances.

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.

2.1.3 Changes in accounting standards and interpretations

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

The amendments to the following standard have been adopted by the Company for the first time for the financial year beginning on July 1, 2013:

IAS 19, 'Employee benefits' was revised in June 2011. The changes on the Company's accounting policies are to immediately recognise all past service costs; and to replace 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). See note 3 for the impact on the financial statements.

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

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on July 1, 2013 are considered not to be relevant for the Company's financial statements and hence have not been detailed in these financial statements.

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

There are no new standards, amendments to existing approved accounting standards and new interpretations that are not yet effective that would be expected to have a material impact on the financial statements of the Company.

2.2 Overall valuation policy

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

2.3 Property, plant and equipment

These are stated at cost less accumulated depreciation, except for leasehold land and buildings which are stated at revalued amount less accumulated depreciation; and capital work-in-progress which are stated at cost.

Depreciation is charged to profit and loss account by applying straight-line method whereby the cost less residual value is written off over its estimated useful life. The revalued amount of leasehold land and buildings is depreciated equally over the remaining life from the date of revaluation. Depreciation on additions is charged from the month the asset is available for use and on disposals upto the month preceding the month of disposal.

2.4 Surplus on revaluation of fixed assets

The surplus arising on revaluation of fixed assets is credited to the "Surplus on revaluation of fixed assets" account which is shown below equity in the balance sheet in accordance with the requirements of section 235 of the Companies Ordinance, 1984. The said section was amended through the Companies (Amendment) Ordinance, 2002 and accordingly the Company has adopted the following accounting treatment of depreciation on revalued assets, keeping in view the Securities and Exchange Commission of Pakistan (SECP) SRO 45(1)/2003 dated January 13, 2003:

- depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the period is taken to the profit and loss account; and

- an amount equal to incremental depreciation for the period net of deferred taxation is transferred from surplus on revaluation of fixed assets to unappropriated profit through statement of Changes in Equity to record realisation of surplus to the extent of the incremental depreciation charge for the period.

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

Gain or loss on disposal or retirement of property, plant and equipment is included in profit and loss account.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

2.5 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.

2.6 Stores and spares

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

2.7 Stock-in-trade

Stock-in-trade 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. The cost of work in process and finished goods comprises raw materials, direct labor, other direct costs and related production overheads.

Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

notes to and forming part of the financial statements

For the year ended June 30, 2014

2.8 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.

2.9 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.

Borrowings payable within next twelve months are classified as current liabilities.

2.10 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.

2.11 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.

2.12 Trade and other payables

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

Trade and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

2.13 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 profit and loss account currently.

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

2.14 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.

2.15 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.

2.16 Staff retirement benefits - defined benefit plan

Defined benefit plans define an amount of pension or gratuity that an employee will receive on or after retirement, usually dependent on one or more factors, such as age, years of service and compensation. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognised in the balance sheet in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, if any. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high quality corporate bonds or the market rates on Government bonds. These are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation.

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 dependent on years of service completed and career average gross pay.

The amount arising as a result of remeasurements are recognised in the Balance Sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

Past service costs are recognised immediately in profit and loss account.

2.17 Ijarah

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

2.18 Revenue recognition

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

- sale is recognised when the product is dispatched to customer;
- service income is recognised when the product subject to service is dispatched to customer; and
- return on savings accounts is recognised on accrual basis.

notes to and forming part of the financial statements

For the year ended June 30, 2014

2.19 Investments

Held to maturity investments

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

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

3. CHANGE IN ACCOUNTING POLICY

3.1 During the year ended June 30, 2014, the Company has revalued its leasehold land and buildings. Until last year, the leasehold land and buildings were valued at cost. The effect on the current year is to increase the carrying amount of leasehold land and buildings under the head property, plant and equipment by Rs 448.55 million and creating a surplus on revaluation accordingly.

3.2 IAS 19 (revised) - 'Employee Benefits' effective for annual periods beginning on or after January 1, 2013 amends the accounting for employee benefits. The standard requires immediate recognition of past service cost and also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year.

Further, a new term 'Remeasurements' has been introduced. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The standard requires 'Remeasurements' to be recognised in the balance sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

Following the application of IAS 19 (Amendment) - 'Employee Benefits', the Company's policy for Staff Retirement Benefits in respect of 'Remeasurements' stands amended as follows:

- The amount arising as a result of remeasurements is recognised in the balance sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

- The change in accounting policy has not been accounted for retrospectively as the impact is considered immaterial.

	Note	2014	2013
		Rupees '000	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	4.1	8,786,806	8,624,421
Capital work in progress - at cost	4.2	1,180,716	907,853
Major spare parts and stand-by equipment		251,396	252,552
		10,218,918	9,784,826

4.1 Operating assets

	Leasehold land	Building and civil works on leasehold land	Plant and machinery	Electrical equipments	Office equipments	Furniture and fixtures	Motor vehicles Owned	Motor vehicles Held under finance leases	TOTAL
	Rupees '000								
Net carrying value basis									
Year ended June 30, 2014									
Opening net book value (NBV)	226,312	950,061	6,614,452	784,226	27,399	6,595	2	15,374	8,624,421
Reclassification (at NBV)	-	-	29,130	(29,130)	-	-	-	-	-
Additions (at cost) - note 4.1.1	-	5,255	43,218	3,146	5,104	629	-	4,076	61,428
Disposals (at NBV) - note 4.1.3	-	-	-	-	(63)	-	-	(5,922)	(5,985)
Revaluation surplus - note 4.1.2	286,053	162,497	-	-	-	-	-	-	448,550
Depreciation charge	(4,165)	(29,594)	(237,261)	(52,557)	(10,592)	(2,266)	(2)	(5,171)	(341,608)
Closing net book value (NBV)	508,200	1,088,219	6,449,539	705,685	21,848	4,958	-	8,357	8,786,806
Gross carrying value basis									
At June 30, 2014									
Cost or Revalued amount	508,200	1,088,219	6,865,052	791,977	50,620	13,349	79	20,717	9,338,213
Accumulated depreciation	-	-	(415,513)	(86,292)	(28,772)	(8,391)	(79)	(12,360)	(551,407)
Net book value (NBV)	508,200	1,088,219	6,449,539	705,685	21,848	4,958	-	8,357	8,786,806
Net carrying value basis									
Year ended June 30, 2013									
Opening net book value (NBV)	230,477	-	-	-	18,435	6,381	50	14,812	270,155
Additions (at cost)	-	972,175	6,786,434	824,231	17,976	2,331	-	5,184	8,608,331
Disposals (at NBV)	-	-	-	-	(98)	-	-	(24)	(122)
Depreciation charge	(4,165)	(22,114)	(171,982)	(40,005)	(8,914)	(2,117)	(48)	(4,598)	(253,943)
Closing net book value (NBV)	226,312	950,061	6,614,452	784,226	27,399	6,595	2	15,374	8,624,421
Gross carrying value basis									
At June 30, 2013									
Cost	249,915	972,175	6,786,434	824,231	45,719	12,720	79	27,841	8,919,114
Accumulated depreciation	(23,603)	(22,114)	(171,982)	(40,005)	(18,320)	(6,125)	(77)	(12,467)	(294,693)
Net book value (NBV)	226,312	950,061	6,614,452	784,226	27,399	6,595	2	15,374	8,624,421
Useful lives in years	**60**	**20 - 33**	**3 - 33**	**10 - 33**	**3 - 5**	**5**	**5**	**5**	

4.1.1 This includes transferred from capital work in progress amounting to Rs 8.4 million (2013: Rs 8.4 billion) - note 4.2.

4.1.2 During the year, the Company's leasehold land measuring 50 acres located at Plot No: DSU-45, Steel Mill, Downstream Industrial Estate, Bin Qasim, Karachi and the buildings thereon were revalued resulting in a surplus of Rs. 448.55 million. The revaluation was carried out by an independent valuer - M/s Maricon Consultants (Private) Limited on June 30, 2014 on the basis of present market value for similar sized plots in the near vicinity for leasehold land and replacement values of similar type of buildings based on present cost of construction

Had there been no revaluation, the net book values of leasehold land and buildings on leasehold land as at June 30, 2014 would have been Rs 222.15 million and Rs 925.72 million respectively.

notes to and forming part of the financial statements

For the year ended June 30, 2014

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

Description	Cost	Accumulated depreciation	Net book value	Sale proceed	Mode of disposal	Particulars of purchaser
	Rupees '000					
Motor Vehicle	5,184	1,037	4,147	4,300	Negotiation	M. Ashraf Qadri 364, Usmani Society, B Road Nazimabad, Karachi
Motor Vehicle	1,972	197	1,775	1,868	Insurance claim	EFU General Insurance Limited
	7,156	1,234	5,922	6,168		

Assets having book value of less than Rs.50,000 each

Office equipments	203	140	63	77
Motor Vehicle	4,044	4,044	-	1,750
	4,247	4,184	63	1,827

4.2 Capital work in progress

	2014				2013				
	Balance as at July 1, 2013	Additions during the year	Transfers - note 4.2.1	Balance as at June 30, 2014	Balance as at July 1, 2012	Additions during the year	Allocations	Transfers to operating assets	Balance as at June 30, 2013
	Rupees '000								
Civil Works & Prefabricated Building	21,923	19,027	(4,173)	36,777	807,711	12,934	170,944	(969,666)	21,923
Plant and Machinery	582,150	169,063	(4,186)	747,027	5,134,568	8,349	2,290,151	(6,850,918)	582,150
Electrical Works	-	2,172	-	2,172	554,521	10,597	247,775	(812,893)	-
Advances to suppliers	3,343	2,073	(3,645)	1,771	13,482	8,935	(19,074)	-	3,343
Other ancillary cost - note 4.2.2	300,437	92,532	-	392,969	2,711,216	284,694	(2,689,796)	(5,677)	300,437
Total	**907,853**	**284,867**	**(12,004)**	**1,180,716**	9,221,498	325,509	-	(8,639,154)	907,853

4.2.1 This includes transfers to operating assets amounting to Rs 8.4 million (2013: Rs 8.4 billion) and transfers to major spare parts and stand-by equipments Rs 3.6 million (2013: Rs 225.8 million).

4.2.2 Borrowing cost capitalised during the year amounts to Rs 92.53 million (2013: Rs 345.63 million) and includes Rs 10.9 million (2013: Rs 15.1 million) mark-up on loan from related party.

5. INTANGIBLES - Computer Software

	2014	2013
	Rupees '000	
Gross carrying value basis		
Cost	**19,351**	22,837
Accumulated amortisation	**(4,547)**	(2,398)
Net book value	**14,804**	20,439
Net carrying value basis		
Opening net book value	**20,439**	357
Additions during the year	**-**	21,580
Disposals (returned) during the year	**(3,389)**	-
Amortisation for the year	**(2,246)**	(1,498)
Closing net book value	**14,804**	20,439

5.1 Amortisation is charged at the rate of 10% to 33.33% (2013: 10% to 33.33%) per annum.

6. LONG - TERM LOANS AND ADVANCES - considered good

	2014			2013
	Motor vehicles	**Shares**	**Total**	Total
	Rupees '000			
Due from chief executive - note 6.1	-	-	-	5
Due from executives - note 6.1	**2,081**	**213**	**2,294**	3,649
Due from employees	**-**	**582**	**582**	775
	2,081	**795**	**2,876**	4,429

6.1 Reconciliation of carrying amount of loans and advances to Chief Executive and Executives

	2014				2013
	Chief Executive	**Executives**	**Employees**	**Total**	
	Rupees '000				
Balance at 1 July	**5**	**3,649**	**775**	**4,429**	4,032
Disbursements	**-**	**363**	**-**	**363**	1,323
Repayments	**(5)**	**(1,718)**	**(193)**	**(1,916)**	(926)
Balance as at 30 June	-	2,294	582	2,876	4,429

notes to and forming part of the financial statements

For the year ended June 30, 2014

6.2 All the loans have been given to employees of the Company.

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

6.4 The maximum aggregate amount of loans and advances due from executives and employees at the end of any month during the year was Rs 4.12 million (2013: Rs 5.35 million)

7. LONG-TERM DEPOSITS AND PREPAYMENTS

	2014	2013
	Rupees '000	
Security deposits		
- Energy, power and fuel sector	35,073	34,998
- Financial Institutions, banking and leasing companies	4,809	4,524
- Hotels and clubs	2,000	2,000
- Steel sector	1,299	1,299
- Others	1,784	1,622
	44,965	44,443
Prepayments		
- Energy, power and fuel sector	2,913	4,535
	47,878	48,978

8. DEFERRED TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2014	2013
Deferred tax liabilities:		
- property, plant and equipment	(1,650,112)	(1,520,295)
- surplus on revaluation of fixed assets	(56,874)	-
- long-term finance - note 8.1	(287,917)	-
- liability against assets subject to finance lease	-	(1,023)
Deferred tax assets:		
- liability against assets subject to finance lease	502	-
- intangibles	19	38
- provision for staff retirement benefit	5,153	5,169
- pre-commencement expenditure	152,806	197,920
- carried forward losses - note 8.2	2,560,576	1,945,615
	724,153	627,424

8.1 This represents the deferred tax impact of gain recorded as a result of extinguishment of the old financial liability and recognition of the new financial liability at fair value. This is consequent to the restructuring of the Company's finance facilities as fully explained in note 17.1.

8.2 The Company has an aggregate amount of Rs 7.32 billion (2013: Rs 5.72 billion) in respect of tax losses as at June 30, 2014. The management carries periodic assessment to assess the benefit of these losses as the company would be able to set off the profit earned in future years against these carry forward losses. Based on the assessment management has recognised deferred tax debit balance on losses amounting to Rs 2.56 billion (2013: Rs 1.95 billion) including an amount of Rs 1.85 billion (2013: Rs 1.6 billion) on unabsorbed tax depreciation and initial allowance of Rs 5.3 billion (2013: Rs 4.72 billion). The amount of this benefit has been determined based on the projected financial statement of the Company for future years. The determination of future taxable profit is most sensitive to certain key assumptions such as capacity utilisation, gross margin percentage, inflation and KIBOR rates. Any significant change in the key assumptions may have an effect on the realisibility of the deferred tax asset.

	2014	2013
	Rupees '000	
9. STOCK-IN-TRADE		
Raw material (including in transit Rs 1.89 billion; 2013: Rs 985.2 million)	**2,419,748**	1,564,032
Work in process	**94,523**	286,246
Finished goods (including coil end sheets Rs 27.3 million; 2013: Rs 11.2 million)	**827,269**	470,217
Packing and other materials	**5,754**	2,811
	3,347,294	2,323,306
10. ADVANCES, DEPOSITS AND PREPAYMENTS		
Advances - considered good		
- executives	**505**	399
- other employees	**1,085**	942
- suppliers and others - note 10.1	**70,750**	48,676
Deposits	**25**	25
Prepayments - note 10.2	**10,159**	20,109
	82,524	70,151

10.1 This includes Rs 5 thousand (2013: Rs 629 thousand) advanced to a related party on account of purchase of construction material.

10.2 This includes Rs 874 thousand (2013: Rs 7.9 million) prepaid to a related party on account of rent of head office.

	2014	2013
	Rupees '000	
11. ACCRUED MARK-UP		
Income accrued on:		
- PLS savings accounts	**160**	160
- Certificate of investment	**-**	368
	160	528
12. OTHER RECEIVABLES		
Receivable from Etimaad Engineering (Private) Limited - note 12.1	**138,485**	138,485
Margin on import letters of credit	**361,120**	85,200
Others - note 12.2	**2,747**	3,578
	502,352	227,263

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For the year ended June 30, 2014

12.1 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 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 Honourable High Court for appointment of an Arbitrator in terms of the contract and under section 20 of Arbitration Act, 1940, for resolution of the dispute / difference between the parties upon their respective claims to be submitted before the Arbitrator. Accordingly, the Honourable High Court upheld the Company's contention and disposed of the said Suit and the matter was referred to be resolved through Arbitrator appointed by consent of both parties.

In 2012, arbitration proceedings were initiated in which the Company had filed a claim for recovery of the aforesaid over payments made to Etimaad alongwith consequential damages aggregating to sum of Rs 1,109 million together with mark-up at the KIBOR notified by the State Bank of Pakistan from the date the amount became payable till the same is realised. A further sum of Rs 20 million had also been claimed in lieu of costs. The above claim is net of Rs 99.37 million which have already been recovered from Etimaad. Etimaad has made a capricious counterclaim of Rs 825.49 million with mark-up at 16% per annum, which is a mere retort to Aisha Steel Mills Limited's bona fide claim. As at June 30, 2014, the arbitration proceedings had been concluded and the matter was reserved for announcement of the Award.

Subsequent to the reporting period, the sole Arbitrator has passed the Award dated September 25, 2014, in favour of Etimaad, whereby all claims of the Company have been rejected on the basis of insufficient evidence and inadequate proof. After hearing the case on numerous dates and then reserving the matter for almost 10 months, the Arbitrator has finally given an Award and has stated that Etimaad is entitled to an amount of Rs 371.73 million plus mark up at 6% per annum. The claim allowed is mainly for the outstanding receivables and the cancellation charges for the change orders. The rest of the claims of Etimaad have been rejected.

The Arbitrator found in favour of the Company, and against Etimaad, an amount of Rs 75 million on account of the frivolous winding up petition filed by Etimaad against the Company before the Honourable High Court and as such deducted this amount of Rs 75 million from the amount of Rs 371.73 million and therefore gave a final Award in favour of Etimaad for an amount of Rs 296.73 million plus mark up at 6% per annum. The Company's Legal Counsel is of the opinion that the Award is not well-reasoned, nor based on a full appreciation of the material facts and evidence. The Legal Counsel believes that undue weight has been erroneously placed on witness evidence where it had no nexus to the issues at hand. Further, a substantial portion of the findings are contrary to the established principles of law which in the opinion of the Legal Counsel renders the Award illegal.

Based on the above, the Company intends to file objections to the Award before the Honourable High Court. The Legal Counsel is of the view that the Company will have a good case on merits and there is a strong likelihood of a favourable outcome on account of the above litigation. Moreover, the Award has not been made rule of Court and as such is presently not executable by Etimaad and consequently, no provision has been made in these financial statements.

12.2 This includes Rs 700 thousand (2013: Rs 225 thousand) receivable from Metal One Corporation - Japan, a related party.

		2014	2013
13.	**CASH AND BANK BALANCES**	Rupees '000	
	With banks on		
	- Current accounts	**38,330**	7,706
	- PLS savings accounts - note 13.1	**21,299**	197,819
	Cash in hand	**216**	335
		59,845	205,860

13.1 At June 30, 2014 the rates of mark up on PLS savings accounts ranged from 6% to 8% per annum (2013: 6% to 9.25%).

notes to and forming part of the financial statements

For the year ended June 30, 2014

14. SHARE CAPITAL

Authorised share capital

2014	2013		2014	2013
(Number of shares)			Rupees '000	
650,000,000	450,000,000	Ordinary Shares of Rs 10 each	**6,500,000**	4,500,000
250,000,000	100,000,000	Cumulative Preference Shares of Rs 10 each	**2,500,000**	1,000,000
900,000,000	550,000,000		**9,000,000**	5,500,000

Issued, subscribed and paid-up capital

Ordinary Shares

2014	2013		2014	2013
(Number of shares)			Rupees '000	
270,417,299	268,000,000	Opening	2,704,173	2,680,000
538,291	2,417,299	Shares converted from preference shares during the year	5,383	24,173
270,955,590	270,417,299		**2,709,556**	2,704,173

Cumulative Preference Shares

2014	2013		2014	2013
(Number of shares)				
73,402,759	75,820,058	Opening	**734,028**	758,201
(538,291)	(2,417,299)	Shares converted to ordinary shares during the year	**(5,383)**	(24,173)
72,864,468	73,402,759		**728,645**	734,028

14.1 34,570,058 Cumulative Preference Shares of Rs 10 each as at June 30, 2014 are held by Arif Habib Corporation Limited - one of the sponsors.

14.2 The rate of dividend on 72,864,468 (2013: 73,402,759) Cumulative Preference Shares of Rs 10 each is 3% above six months KIBOR (reset every six months) which shall be available for conversion into Ordinary Shares.

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

14.4 In case the preferential dividend or any part thereof is not paid in any year, due to loss or inadequate profits, then such unpaid dividend will accumulate and will be paid in the subsequent year(s) before any dividend is paid to the ordinary shareholders. As the Company currently has accumulated losses, cumulative dividend on Preference Shares amounting to Rs 357.93 million (2013: Rs 266.16 million) is not accounted for in these financial statements.

14.5 Proposed issue of 50% Right Shares in terms of Cumulative Preference Shares

The shareholders of the Company in their extraordinary general meeting held on May 26, 2014 have approved the issue of 50% Right Shares in terms of Cumulative Preference Shares at par value of Rs 10 each. The terms and conditions of such Right Shares shall be same as those of Cumulative Preference Shares already in issue except for the following:

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For the year ended June 30, 2014

- Preference Shares shall be convertible into Ordinary Shares at the option of the holders of Preference Shares at any time after completion of one year from the date of subscription, as per the following criteria / basis:
  a) at face value provided that the book value of the Ordinary Shares after adjustment of all accumulated losses as per latest half yearly / annual published accounts of the Company is Rs. 10 or more;
  b) at book value provided that the book value of the Ordinary Shares after adjustment of all accumulated losses as per latest half yearly / annual published accounts of the Company is lower than Rs. 10.

171,910,029 Cumulative Preference Shares will be offered in the ratio of 5 Cumulative Preference Shares for every 10 Ordinary / Cumulative Preference Shares held by the existing shareholders.

The company is in the process of regulatory approvals in relation to issuance for Letters of Right.

15. SHARE DEPOSIT MONEY

This represents the amount received from one of the sponsors - Arif Habib Corporation Limited in respect of right shares in terms of Cumulative Preference Shares, as explained in detail in note 14.5.

	2014	2013
	Rupees '000	
16. SURPLUS ON REVALUATION OF FIXED ASSETS		
Opening Balance	-	-
Surplus arising on revaluation during the year - net of deferred tax	391,676	-
Closing Balance	391,676	-
17. LONG-TERM FINANCE – secured		
Syndicate Term Finance from banks and financial institutions - note 17.1 & note 17.2	5,493,867	5,912,046
Sponsors' loan	-	53,652
	5,493,867	5,965,698
Less: Current maturity shown under current liabilities	(10,000)	(888,401)
Closing Balance	5,483,867	5,077,297

17.1 Original term finance facilities amounting to Rs 6.53 billion were obtained under three Syndicate Term Finance Facility (STFF) agreements, a Syndicated Running Finance Facility (SRFF) agreement and a Murahaba finance arrangement. Details in relation to these facilities were as follows:

Facility	Repayment Terms	Mark-up Rate	Outstanding as at January 19, 2014 Rupees '000
STFF - I and Murabaha	11 consecutive semi-annual installments from April 2013 to April 2018	2% above six months KIBOR to 3.28% above six months KIBOR	3,770,000
STFF - II	10 equal semi-annual installments from August 2013 to February 2018	3.25% above six months KIBOR	967,839
STFF - III	10 equal semi-annual installments from December 2013 to June 2018	3.25% above six months KIBOR	779,985
SRFF	Running Finance	1% above six months KIBOR	590,061
Frozen Mark-up	-	-	222,282
			6,330,167

The Company entered into restructuring agreement with its lenders on January 19, 2014. As per terms of the agreement, the above mentioned facilities and the corresponding accrued mark-up thereon (frozen mark-up) amounting to Rs. 222.28 million have been restructured as one syndicate loan. Repayment of principal is to be made in one annual installment amounting to Rs. 10 million payable on January 19, 2015 and subsequently eighteen unequal semi-annual installments as follows:

- Rs 5 million each in the subsequent year.
- Rs 250 million each for the next four years.
- Rs 375 milion each for the next three and a half years.
- Rs 1.69 billion as the last installment on January 19, 2024.

Based on the agreement, the restructured facility carries mark-up at the rate of 2.74% below six months KIBOR on the outstanding amount excluding frozen mark-up. The mark-up rate shall increase to six months KIBOR in the following cases:

- the Company's profit after tax turns positive.
- the Company's profit after tax, after adding back any unusual and / or abnormal expense, turns positive.
- the Company fails to make payment of any installment of the restructured amount, whether principal or mark-up, on the due date for payment of such amount.

The restructured finance facility 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. Moreover, a corporate guarantee in the aggregate amount of Rs 1.5 billion has been issued by Arif Habib Corporation Limited (formerly Arif Habib Securities Limited) in favor of the syndicate members.

This liability includes share of Arif Habib Corporation Limited, a related party, amounting to Rs. 254.18 million.

notes to and forming part of the financial statements

For the year ended June 30, 2014

17.2 The reconciliation between the book value of the original financial liability and the fair value of the new financial liability is as follows:

	Rupees '000
Book Value as at January 19, 2014	6,317,311
Present value gain on restructuring (extinguishment)	(992,288)
Impact of unwinding - Finance Cost	168,844
	5,493,867

17.3 The facilities for opening letters of credit and guarantees as at 30 June 2014 amounted to Rs 4.6 billion (2013: Rs 3.48 billion) of which the amount remained unutilised at year end was Rs 625 million (2013: Rs 58 million).

	2014	2013
	Rupees '000	
18. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES		
Payable during:		
2013 -14	-	6,039
2014 -15	**6,225**	5,765
2015 -16	**2,030**	1,607
2016 -17	**1,357**	969
2017 -18	**1,155**	804
2018 -19	**620**	-
Minimum Lease payments - note 18.1	**11,387**	15,184
Less: Finance charges not due	**1,597**	2,819
	9,790	12,365
Less: Current portion shown under current liabilities	**4,840**	4,455
	4,950	7,910
Present value of finance lease liabilities		
Not later than one year	**4,840**	4,455
Later than one year and not later than 5 years	**4,950**	7,910
	9,790	12,365

18.1 These represent liabilities for vehicles acquired on lease. Finance charge ranging from 11.06% to 18.30% (2013: 9.72% to 18.30%) per annum have been used as discounting factor.

19. STAFF RETIREMENT BENEFIT - Gratuity

19.1 As stated in note 2.16 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. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuations of the scheme was carried out as at June 30, 2014.

	2014	2013
19.2 Balance sheet reconciliation	Rupees '000	
Present value of defined benefit obligation	**14,722**	17,597
Unrecognised actuarial gains	**-**	(1,222)
Unrecognised transitional liability	**-**	(1,172)
	14,722	15,203

notes to and forming part of the financial statements
For the year ended June 30, 2014

		2014	2013
		Rupees '000	
19.3	**Movement in the present value of defined benefit obligation**		
	Obligation as at July 1	**17,597**	6,538
	Current service cost	**13,285**	9,213
	Past service cost (credit) - note 19.10	**(9,089)**	-
	Interest expense	**1,537**	850
	Remeasurements	**(2,685)**	2,514
	Benefits paid	**(5,923)**	(1,518)
	Obligation as at June 30	**14,722**	17,597
19.4	**Expense recognised in profit and loss account**		
	Current service cost	**13,285**	9,213
	Past service cost (credit) - note 19.10	**(9,089)**	-
	Interest cost	**1,537**	850
	Actuarial gain	**-**	(53)
	Recognition of transitional liability	**-**	586
		5,733	10,596
19.5	**Remeasurement recognised in other comprehensive income**		
	Experience losses	**(291)**	-
	Remeasurements	**(291)**	-
19.6	**Net recognised liability**		
	Balance as at July 1	**15,203**	6,125
	Expense for the year	**5,733**	10,596
	Benefits paid	**(5,923)**	(1,518)
	Remeasurement recognised in other comprehensive income	**(291)**	-
	Balance as at June 30	**14,722**	15,203

		2014	2013
19.7	**Actuarial assumptions**		
	Discount rate used for year end obligation	**13.25%**	10.50%
	Expected rate of increase in salaries	**12.25%**	9.50%
	Retirement age (years)	**60**	60

19.8 Mortality was assumed to be SLIC (2001-2005) set back one year (2013: EFU 61-66).

notes to and forming part of the financial statements

For the year ended June 30, 2014

19.9 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
		(Rupees in thousand)	
Discount rate at June 30	1%	1,010	1,176
Future salary increases	1%	1,176	712

19.10 The Company has changed its gratuity benefit scheme from last drawn gross pay into number of years of service completed to career average gross pay into number of years of service completed.

19.11 There is no significant change in the obligation if life expectancy increases by 1 year.

19.12 The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the balance sheet.

19.13 The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

19.14 Historical information for the four years is as follows:

	2014	2013	2012	2011
	Rupees '000			
Present value of the defined benefit obligation	**14,722**	17,597	6,538	5,576
Experience adjustments - (gain) / loss	**(2,685)**	2,514	(1,806)	461

19.15 The average duration of the defined benefit obligation is 7 years.

20. TRADE AND OTHER PAYABLES

	2014	2013
	Rupees '000	
Creditors:		
- local	**49,459**	65,435
- foreign	**993,885**	11,072
Bills payable	**3,397,276**	2,305,331
Accrued liabilities	**80,840**	64,631
Retention money	**10,115**	10,917
Advance from dealers	**20,887**	13,625
Security deposit from dealers	**10,000**	9,500
Taxes deducted at source and payable to statutory authorities	**11,892**	11,143
	4,574,354	2,491,654

21. ACCRUED MARK-UP

Accrued mark-up comprises mark-up on short term borrowings for the year and mark-up on restructured syndicated finance facility from the date of restructuring to the balance sheet date. First installment of mark-up on the restructured faciltiy is due on January 19, 2015.

22. SHORT-TERM BORROWINGS

	2014	2013
	Rupees '000	
Secured:		
Sukuk finance	-	500,000
Syndicate running finance - note 22.1	-	590,060
Short - term running finance - note 22.2	3,132,027	1,940,098
	3,132,027	3,030,158
Unsecured:		
Short-term finance facility - note 22.3	183,500	-
Sponsors' loan - note 22.4	53,652	-
	3,369,179	3,030,158

22.1 Syndicate running finance obtained from various banks and a financial institution under a syndicate term running finance agreement of Rs 590 million, carrying mark-up rate of 1% above 6 months KIBOR has been transferred to Long-term Finance. This is in pursuance of a restructuring arrangement, as described in note 17.1, which the Company has entered into with its lenders to restructure its three syndicate term finance facilities, the said syndicate running finance facility and the accrued mark-up thereon, as one bundle deal, and has been reflected under Long-term Finance.

22.2 This represents finance arranged on mark-up with various banks. Facilities for running finance available from these banks amount to Rs 4.08 billion (2013: Rs 1.94 billion). The rates of mark-up range between 1.75% above three months KIBOR to 3.5% above three months KIBOR (2013: 2.25% above three months KIBOR to 3.5% above three months KIBOR). The balance is secured against ranking hypothecation charge over plant, machinery and equipment.

22.3 This represents finance obtained from Arif Habib Corporation Limited, a related party, on mark-up basis. The facility is of running finance nature with a maximum limit of Rs. 2 billion. It has been obtained to finance the Company's working capital needs and for any other business as may be mutually agreed between the parties. The facility carries mark-up at the rate of 3% above three months KIBOR.

22.4 This represents finance obtained from sponsors (Arif Habib Equity (Private) Limited and Haseeb Rehman) as approved by Board amounting to Rs 53.6 million (2013: Rs 53.6 million) out of money received against shares offered for sale to general public, carrying mark-up rate of 3.25% above 6 months KIBOR (2013: 3.25% above 6 months KIBOR).

23. CONTINGENCIES AND COMMITMENTS

23.1 CONTINGENCIES

23.1.1 The matter relating to dispute with Etimaad Engineering (Private) Limited is explained in note 12.1.

23.1.2 Contingency relating to an invoice raised by Universal Metal Corporation - a related party, amounting to Rs. 19.49 million (2013: Rs 19.98 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.

23.2 COMMITMENTS

23.2.1 Commitments for capital expenditure outstanding as at June 30, 2014 amounted to Rs 17.38 million (2013: Rs. 40.1 million).

notes to and forming part of the financial statements

For the year ended June 30, 2014

23.2.2 Commitments for rentals under ijarah arrangements amounted to Rs 14.2 million (2013: Rs. 21.14 million) payable as follows:

	2014	2013
	Rupees '000	
Not later than 1 year	4,603	5,115
Later than 1 year but not later than 5 years	9,593	16,029
	14,196	21,144

24. REVENUE

		2014	2013
Gross Revenue - note 24.1		11,055,326	5,117,689
Less:	Sales tax	(1,606,329)	(714,620)
	Rebates and discounts	(58,850)	(113)
	Dealers commission	(131,120)	(61,354)
Net Revenue		9,259,027	4,341,602

24.1 This includes sale of coil end sheets - scrap amounting to Rs 303.2 million (2013: Rs 199.36 million) and revenue from toll manufacturing services amounting to Rs 6.02 million (2013: Nil).

24.2 Sales to two dealers exceed 10 percent of the net sales during the year, amounting to Rs 2.5 billion (2013: Rs 1.8 billion).

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

25. COST OF SALES

	2014	2013
	Rupees '000	
Raw material consumed	8,176,877	4,414,159
Salaries, wages & benefits - note 25.1	177,551	138,051
Rent, rates and taxes	21,891	16,857
Utilities	343,615	162,242
Packing charges	46,360	28,293
Stores, spares and consumables	132,991	66,761
Consultancy charges	1,691	5,269
Depreciation	333,529	244,460
Repairs & maintenance	38,585	25,851
Travelling & conveyance	38,493	24,185
Material handling charges	6,526	4,749
Communication	1,510	1,425
Insurance	33,928	24,103
Security charges	5,514	5,383
Ujrah payments	2,139	2,508
Others	4,389	1,624
	9,365,589	5,165,920
Work in process - opening	286,246	-
	9,651,835	5,165,920
Work in process - closing	(94,523)	(286,246)
Cost of goods manufactured	9,557,312	4,879,674
Finished goods - opening	470,217	-
Finished goods - closing	(827,269)	(470,217)
	(357,052)	(470,217)
	9,200,260	4,409,457

25.1 Salaries, wages and benefits include Rs 4.3 million (2013: Rs 5.7 million) in respect of defined benefit plan.

26. SELLING AND DISTRIBUTION COST

	2014	2013
	Rupees '000	
Salaries and benefits - note 26.1	3,640	2,504
Commission	28,053	13,202
Rent, rates and taxes	877	496
Travelling & conveyance	650	381
Utilities	182	85
Insurance	130	90
Sales communication	282	128
Depreciation and amortisation	516	549
Printing, stationery and office supplies	86	143
Ujrah payments	388	126
Others	697	49
	35,501	17,753

26.1 Salaries and benefits include Rs 0.07 million (2013: Rs 0.11 million) in respect of defined benefit plan.

27. ADMINISTRATIVE EXPENSES

	2014	2013
	Rupees '000	
Salaries, allowances and benefits - note 27.1	56,788	77,368
Rent, rates and taxes	16,672	9,202
Depreciation and amortisation	9,809	10,432
Repairs and maintenance	15,906	8,707
Travelling & conveyance	16,031	21,288
Utilities	3,466	1,612
Communication and information technology	5,243	5,356
Printing and stationery	1,631	2,721
Insurance	2,460	1,702
Legal and professional charges	1,939	4,910
Managerial and advisory fee	-	4,001
Auditors' remuneration - note 27.2	2,038	1,000
Ujrah payments	1,507	1,403
Security charges	2,921	4,149
Others	3,166	2,832
	139,577	156,683

27.1 Salaries, allowances and benefits include Rs 1.36 million (2013: Rs 3.2 million) in respect of defined benefit plan.

27.2 Auditors' remuneration

	2014	2013
	Rupees '000	
Audit fee		500
Fee for half year audit and other certifications		400
Out-of-pocket expenses		100
		1,000

notes to and forming part of the financial statements

For the year ended June 30, 2014

28. OTHER INCOME

	2014	2013
	Rupees '000	
Income from financial assets / liabilities		
Present value gain on restructuring of finance facilities - note 28.1	992,288	-
Return on PLS savings accounts	4,832	13,765
Gain on sale of units of open ended mutual funds	-	1,064
	997,120	14,829
Income from non-financial assets		
Gain on disposal of property, plant and equipment	2,010	1,571
Gain on disposal of intangibles	97	-
Scrap sales	7,311	2,312
	1,006,538	18,712

28.1 As explained in note 17.1, the Company has restructured its finance facilities which has resulted in significantly different terms. International Accounting Standard 39, 'Financial Instruments: Recognition and Measurement (IAS 39)', as applicable in Pakistan, states that an exchange between an existing borrower and lender of debt instruments with substantially different terms be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Accordingly, the same represents the difference between the carrying amount of the original financial liability extinguished and fair value of the new financial liability.

29. FINANCE COST

	2014	2013
	Rupees '000	
Mark up expense on:		
- long-term finance	771,027	592,906
- short-term borrowings	467,093	197,696
Guarantee commission	1,996	1,884
Finance lease charges	1,722	1,816
Exchange loss	48,786	91,358
Bank and other charges	8,517	5,563
	1,299,141	891,223

30. TAXATION

Current - for the year	91,458	21,177
Deferred	(153,705)	(390,142)
	(62,247)	(368,965)

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

30.2 Reconciliation between tax expense and accounting loss

	2014	2013
	Rupees '000	
Accounting loss before tax	(408,914)	(1,114,802)
Tax at applicable tax rate of 34% (2013: 35%)	(139,031)	(390,181)
Tax effect of permanent differences	1,416	1,093
Minimum tax	91,458	21,177
Effect of change in tax rate	(18,454)	(1,054)
Others	2,364	-
	(62,247)	(368,965)

		2014	2013
31.	**BASIC EARNINGS PER SHARE**	Rupees '000	
	Loss after taxation attributable to ordinary shareholders	**(346,667)**	(745,837)
	Adjustment for cumulative preference share dividend	**(91,775)**	(99,596)
	Loss after taxation for calculation of basic earnings per share	**(438,442)**	(845,433)
	Weighted average number of ordinary shares outstanding at the end of the year (in thousand)		
	Ordinary shares in issue	**270,593**	268,771
		Rupees	
	Basic earnings per share - (loss)	**(1.62)**	(3.15)

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

		2014	2013
32.	**CASH GENERATED FROM / (USED IN) OPERATIONS**	Rupees '000	
	Loss before taxation	**(408,914)**	(1,114,802)
	Add / (Less): Adjustments for non-cash charges and other items		
	Depreciation and amortisation	**343,854**	255,441
	Finance lease charges	**1,722**	1,816
	Mark up charges	**1,238,120**	790,602
	Provision for staff retirement benefits	**5,733**	10,596
	Present value gain on restructuring of finance facilities	**(992,288)**	-
	Return on PLS savings accounts	**(4,832)**	(13,765)
	Gain on sale of units of open ended mutual funds	**-**	(1,064)
	Gain on disposal of fixed assets	**(2,010)**	(1,571)
	Gain on disposal (return) of intangibles	**(97)**	-
		590,202	1,042,055
	Profit / (loss) before working capital changes	**181,288**	(72,747)
	Effect on cash flow due to working capital changes		
	Increase in current assets		
	Stores and spares	**(13,871)**	(8,086)
	Stock-in-trade	**(1,023,988)**	(1,833,787)
	Trade debts	**(1,479)**	(191,020)
	Advances, deposits and prepayments	**(12,373)**	(49,857)
	Other receivables	**(275,089)**	(88,409)
	Tax refunds due from Government - Sales tax	**(49,112)**	(137,269)
		(1,375,912)	(2,308,428)
	Increase in current liabilities		
	Trade and other payables	**2,082,700**	1,899,523
		706,788	(408,905)
	Cash generated from / (used in) operations	**888,076**	(481,652)

		2014	2013
33.	**CASH AND CASH EQUIVALENTS**		
	Cash and bank balances	**59,845**	205,860
	Financial asset - held to maturity investment	**-**	20,000
	Short-term running finance	**(3,132,027)**	(1,940,098)
		(3,072,182)	(1,714,238)

notes to and forming part of the financial statements

For the year ended June 30, 2014

34. CASH FLOW STATEMENT - DIRECT METHOD

	2014	2013
	Rupees '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	**9,257,548**	4,150,582
Cash paid to suppliers / service providers and employees	**(8,366,819)**	(4,633,975)
Income taxes paid	**(289,072)**	(233,374)
Mark-up on loans paid	**(1,251,683)**	(1,417,292)
Return on bank deposits received	**5,200**	13,661
Staff retirement benefits paid	**(5,923)**	(1,518)
Net cash used in operating activities	**(650,749)**	(2,121,916)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(240,603)**	(201,602)
Acquisition of intangible assets	**-**	(10,594)
Sale proceeds on disposal of property, plant and equipment	**7,995**	1,693
Proceeds on disposal of intangible assets	**3,486**	-
Investment made in open ended mutual funds units	**-**	(40,000)
Proceeds from disposal of open ended mutual funds units	**-**	41,064
Net cash used in investing activities	**(229,122)**	(209,439)
CASH (USED IN) / GENERATED FROM FINANCING ACTIVITIES		
Share deposit money received	**236,924**	-
Long-term finance obtained	**-**	53,666
Repayment of long-term finance	**(394,200)**	(30,000)
Syndicate running finance obtained	**-**	590,060
Short-term borrowing obtained	**183,500**	500,000
Repayment of short-term borrowing	**(500,000)**	-
Decrease in liabilities against assets subject to finance leases	**(4,297)**	(4,506)
Net cash (used in) / generated from financing activities	**(478,073)**	1,109,220
Net decrease in cash and cash equivalents	**(1,357,944)**	(1,222,135)
Cash and cash equivalents at beginning of the year	**(1,714,238)**	(492,103)
Cash and cash equivalents at end of the year - note 33	**(3,072,182)**	(1,714,238)

35. TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of transaction	2014	2013
		Rupees '000	
Associated companies:	- Purchase of construction materials	1,143	4,841
	- Purchase of raw material	803,046	3,472,532
	- Managerial and advisory fee	-	4,001
	- Share deposit money received	236,924	-
	- Re-imbursement of expenses	1,623	556
	- Finance facility utilised	919,000	-
	- Repayment of finance facility utilised	735,500	-
	- Markup on finance facility paid	25,720	-
Other related parties:	- Rent and maintenance expense	9,941	5,191
	- Commission on sales	28,053	14,789
	- Sponsors' loan	-	53,652
Key management compensation	- Salaries and other short-term employee benefits	14,447	17,936
	- Post retirement benefits	536	2,001

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

35.3 The status of outstanding balances with related parties as at June 30, 2014 is included in the respective notes to the financial statements. These are settled in the ordinary course of business.

36. 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	
	2014	2013	2014	2013	2014	2013
	Rupees '000					
Managerial remuneration	8,936	11,700	3,651	4,108	90,273	90,187
Retirement benefits	536	972	-	1,029	2,746	5,618
Reimbursable expenses	1,014	1,048	846	1,080	8,952	6,077
Lease rentals	-	-	-	-	4,034	4,727
	10,486	13,720	4,497	6,217	106,005	106,609
Number of persons	1	1	1	1	81	112

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

notes to and forming part of the financial statements

For the year ended June 30, 2014

		2014	2013
37.	**NUMBER OF EMPLOYEES**		
	Number of employees at June 30		
	- Regular	351	319
	- Contractual	31	43
	Average number of employees during the year		
	- Regular	335	250
	- Contractual	37	66

38. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

38.1 Financial risk factors

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

38.2 Financial assets and liabilities by category and their respective maturities

		Interest bearing			Non-interest bearing			Total
		Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total	
		Rupees '000						
FINANCIAL ASSETS								
Loans and receivables								
Deposits		-	-	-	25	44,965	44,990	44,990
Loans to employees		-	-	-	-	2,876	2,876	2,876
Trade debtors		-	-	-	192,499	-	192,499	192,499
Other receivables		-	-	-	502,352	-	502,352	502,352
Short-term investment		-	-	-	-	-	-	-
Accrued mark-up		-	-	-	160	-	160	160
Cash and bank balances		21,299	-	21,299	38,546	-	38,546	59,845
	2014	21,299	-	21,299	733,582	47,841	781,423	802,722
FINANCIAL LIABILITIES								
At amortised cost								
Long-term finance		10,000	5,483,867	5,493,867	-	-	-	5,493,867
Short-term finance		3,369,179	-	3,369,179	-	-	-	3,369,179
Liabilities against assets subject to finance leases		4,840	4,950	9,790	-	-	-	9,790
Trade and other payables		-	-	-	4,574,354	-	4,574,354	4,574,354
Accrued mark-up		-	-	-	284,475	-	284,475	284,475
	2014	3,384,019	5,488,817	8,872,836	4,858,829	-	4,858,829	13,731,665
FINANCIAL ASSETS								
Loans and receivables								
Deposits		-	-	-	25	44,443	44,468	44,468
Loans to employees		-	-	-	-	4,429	4,429	4,429
Trade debtors		-	-	-	191,020	-	191,020	191,020
Other receivables		-	-	-	227,263	-	227,263	227,263
Short-term investment		20,000	-	20,000	-	-	-	20,000
Accrued mark-up		-	-	-	528	-	528	528
Cash and bank balances		197,819	-	197,819	8,041	-	8,041	205,860
	2013	217,819	-	217,819	426,877	48,872	475,749	693,568
FINANCIAL LIABILITIES								
At amortised cost								
Long-term finance		888,401	5,077,297	5,965,698	-	-	-	5,965,698
Short-term finance		3,030,158	-	3,030,158	-	-	-	3,030,158
Liabilities against assets subject to finance leases		4,455	7,910	12,365	-	-	-	12,365
Trade and other payables		-	-	-	2,491,654	-	2,491,654	2,491,654
Accrued mark-up		-	-	-	583,755	-	583,755	583,755
	2013	3,923,014	5,085,207	9,008,221	3,075,409	-	3,075,409	12,083,630

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, 2014, the Company has variable interest bearing financial liabilities of Rs 8.87 billion (2013: Rs 9 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 177.46 million (2013: Rs 135.1 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, 2014 trade and other payables exposed to foreign currency risk amount to Rs 3.4 billion (2013: Rs 2.3 billion). Further, as at balance sheet date, the Company has exposure against open letters of credit of Rs 3.9 billion (2013: Rs 1.8 billion) denominated in foreign currencies.

As at June 30, 2014, if the Pakistani Rupee had weakened / strengthened by 4% against Japanese Yen with all other variables held constant, loss before tax for the year would have been lower / higher by Rs 0.43 million (2013: Rs 0.44 million) mainly as a result of foreign exchange losses / gains on translation of Japanese Yen denominated as financial assets or liabilities.

As at June 30, 2014, if the Pakistani Rupee had weakened / strengthened by 5% against US Dollar with all other variables held constant, loss before tax for the year would have been lower / higher by Rs 218.88 million (2013: Rs 114.27 million) mainly as a result of foreign exchange losses / gains on translation of US Dollar denominated as financial assets or liabilities.

The following table summarises the financial currency exposure as on June 30, 2014 and 2013 that are subject to foreign currency risk and shows the estimated changes in the value of such exposure assuming the underlying exchange rates are applied immediately and uniformly across all currencies. The changes in value do not necessarily reflect the best or worst case scenarios and actual results may differ. The analysis assumes that all other variables, in particular, interest rate, remain constant.

	Carrying value of foreign currency	Estimated fair value assuming a hypothetical percentage increase / (decrease) in the value of foreign currencies versus Pak Rupee					
		(20%)	(10%)	(1%)	1%	10%	20%
June 30, 2014 - (Rupees in billion)	**3.9**	**3.12**	**3.51**	**3.86**	**3.94**	**4.29**	**4.68**
June 30, 2013 - (Rupees in billion)	1.8	1.44	1.62	1.78	1.82	1.98	2.16

notes to and forming part of the financial statements

For the year ended June 30, 2014

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 802.72 million (2013: Rs 693.56 million) the financial assets exposed to the credit risk amounts to Rs 375.97 million (2013: Rs 373.97 million). The carrying values of financial assets which are neither past due nor impaired are as under:

	2014	2013
	Rupees '000	
Deposits	**44,990**	44,468
Other receivables	**363,867**	88,778
Loans to employees	**2,876**	4,429
Accrued mark-up	**160**	528
Trade debts	**192,499**	191,020
Cash and Bank balances	**59,845**	205,860
	664,237	535,083

The credit quality of deposits and other receivables which are neither past due nor impaired can be assessed with reference to external credit ratings as follows:

	Ratings			**2014**	2013
	Short term	Long term	Rating Agency	Rupees '000	
Bank Alfalah Limited	A1+	AA	PACRA	**98,136**	-
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	**196,137**	85,200
KASB Bank Limited	A3	BBB	PACRA	**14,846**	-
K-Electric Limited	A-2	A+	JCR-VIS	**33,000**	33,000
National Bank of Pakistan	A-1+	AAA	JCR-VIS	**52,000**	-
Pakistan State Oil Company Limited	A1+	AA+	PACRA	**1,590**	1,590
Others	-	-	-	**13,148**	13,456
				408,857	133,246

Other receivables also include an amount of Rs 138.5 million (2013: Rs 138.5 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 and shares for which these were granted.

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

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

The credit quality of the Company's bank balances can be assessed with reference to external credit ratings as follows:

	Rating				
	Short term	Long term	Rating agency	2014	2013
				Rupees '000	
Allied Bank Limited	A1+	AA+	PACRA	1,599	100,500
Askari Bank Limited	A1+	AA	PACRA	3,046	2,885
Bank Alfalah Limited	A1+	AA	PACRA	33,051	425
Bank Al-Habib Limited	A1+	AA+	PACRA	69	2,799
Bank Islami Pakistan Limited	A1	A	PACRA	7	-
Barclays Bank Limited	A-1	A	Standard & Poor's	132	33
Faysal Bank Limited	A1+	AA	PACRA	4,676	2,995
JS Bank Limited	A1	A+	PACRA	541	4,249
KASB Bank Limited	A3	BBB	PACRA	585	788
MCB Bank Limited	A1+	AAA	PACRA	227	220
National Bank of Pakistan	A-1+	AAA	JCR-VIS	732	18,159
NIB Bank Limited	A1+	AA-	PACRA	13,920	58,344
Silk Bank Limited	A-2	A-	JCR-VIS	125	107
Sindh Bank Limited	A-1+	AA-	JCR-VIS	300	10,637
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	98	163
Summit Bank Limited	A-3	A-	JCR-VIS	96	2,064
The Bank of Khyber	A1	A	PACRA	9	131
The Bank of Punjab	A1+	AA-	PACRA	416	1,026

c) **Liquidity risk**

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

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

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

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

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

notes to and forming part of the financial statements

For the year ended June 30, 2014

39. 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, 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, 2014 and at June 30, 2013 were as follows:

	2014	2013
	Rupees '000	
Total borrowings	**8,863,046**	8,995,855
Cash and bank - note 13	**(59,845)**	(205,860)
Margin on import letters of credit - note 12	**(361,120)**	(85,200)
Net debt	**8,442,081**	8,704,795
Equity	**1,905,222**	2,251,700
Total capital	**10,347,303**	10,956,495
Debt to capital ratio	**0.82**	0.79

40. CAPACITY AND PRODUCTION - in metric tonnes

	2014	2013
Annual name plate capacity	**220,000**	220,000
Production	**127,384**	71,810

Low production during the year is consequent to the fact that the Company is in initial years of its commercial production.

41. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorised for issue by the Board of Directors of the Company on October 10, 2014 .

Chief Executive **Director**

corporate calendar of major events

Results

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

For the Financial year ending on June 30, 2015, Financial Results will be announced as per the following tentative schedule:

1st quarter ending September 30, 2014	Last week of October 2014
2nd quarter ending December 31, 2014	Last week of February 2015
3rd quarter ending March 31, 2015	Last week of April 2015
Annual Audited Accounts ending June 30, 2015	Last week of August 2015

Issuance of Annual Report

21 days before AGM i.e. on October 10, 2014.

form of proxy

10th 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 ______________________________
______________________________ of 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 Tenth Annual General Meeting of the Company to be held on October 31, 2014 and/or any adjournment thereof.

Signed this ____________ day of ______________ 2014.

Witnesses:

Name : ____________________
Address : ____________________
CNIC No. : ____________________
Signature : ____________________

Name : ____________________
Address : ____________________
CNIC No. : ____________________
Signature : ____________________

Signature on Rs. 5/- Revenue Stamp

NOTES:

1. A member entitled to attend and vote at 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 Shahrah-e-Faisal, Karachi.

Fold : Here

Fold : Here

AISHA STEEL MILLS LIMITED
SHAPING THE ECONOMY

Arif Habib Center 23, M. T. Khan Road, Karachi-74000.
Tel: (92-21) 32470217 / Fax: (92-21) 32468316