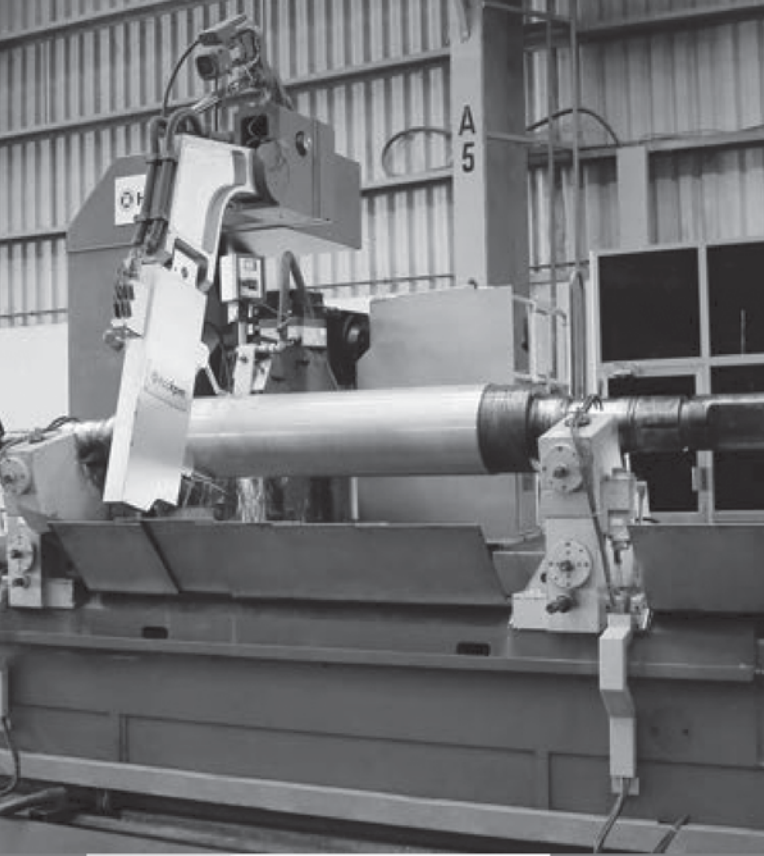


First Quarter Report
September 2018

Aspiring New Heights





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Vision

To be a world class manufacturer of Flat Steel

Mission

To become an efficient producer of Flat Steel while serving interests of all stakeholders





Company Information

Board of Directors

Mr. Arif Habib, Chairman
Dr. Munir Ahmed, Chief Executive Officer
Mr. Nasim Beg
Mr. Rashid Ali Khan
Mr. Muhammad Ejaz
Mr. Javed Iqbal
Mr. Kashif A. Habib
Ms. Tayyaba Rasheed
Mr. Ahsan Ashraf

Audit Committee

Mr. Javed Iqbal – Chairman
Mr. Nasim Beg – Member
Mr. Kashif A. Habib – Member
Ms. Tayyaba Rasheed – Member

Human Resource & Remuneration Committee

Mr. Rashid Ali Khan – Chairman
Mr. Arif Habib – Member
Mr. Muhammad Ejaz – Member
Mr. Javed Iqbal – Member

Chief Financial Officer

Umair Noor Muhammad

Company Secretary

Mr. Manzoor Raza

Head of Internal Audit

Mr. Muhammad Shahid

Registered Office

Arif Habib Centre, 23 – M. T. Khan Road,
Karachi – Pakistan – 74000
Tel: (021) 32470217

Plant Address

DSU - 45, Pakistan Steel Down Stream
Industrial Estate, Bin Qasim, Karachi – Pakistan.
Tel: (021) 34740160

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, SMCBS, Shahrah-e-Faisal, Karachi.
Phone: 92-21-111-111-500

Legal Advisor

Ahmed & Qazi
Khalid Anwer & Co.
Akhund Forbes
Mohsin TayebAly & Co.

Bankers / Lenders

Allied Bank Limited
Askari Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan (Aitemad)
National Bank of Pakistan
Pak China Investment Company Limited
Saudi Pak Industrial and Agricultural Investment
Company Limited
Silk Bank Limited
Sindh Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
The Bank of Khyber
The Bank of Punjab

Website

www.aishasteel.com



Directors' Review Report

The Directors of Aisha Steel Mills Limited (ASML) present herewith Directors' Review Report together with condensed interim financial statements (un-audited) of the Company for the first quarter ended September 30, 2018.

Steel Market Review

The steel prices remained firm from January to June 2018. The China export index fluctuated in a narrow band between US\$ 580 to 600, FOB. Since July 2018, however, the index exhibited a declining trend reaching US\$ 550 by mid-October 2018. The prices are expected to remain under pressure. The on-going trade war between China and America is adding to the negative sentiment in the steel market.

On the local front also, a slow down in steel related businesses has been observed. The elections followed by change in Government, policy revisions and devaluation of Rupee against major international currencies have contributed to the slow down. The activities are gradually picking up but demand of finished goods remains subdued. The international as well as the local market is expected to remain under pressure in the next quarter.

The sales in the first quarter of the current financial year suffered due to the depressed local market and also on account of heavy imports of CRC at dumping prices from Russia. Both ASML and ISL have filed anti-dumping cases against the Russian manufacturers and proceedings are expected to be initiated shortly. Anti-Dumping duty imposed on CRC imported from China and Ukraine remains in force.

Operational Review

The sales quantity achieved in the July-Sep 2018 quarter was 30,764 tons compared to 53,504 tons for the corresponding period last year, a decrease of about 42.5%. The slow offtake resulted in accumulation of finished goods inventory, which at its peak stood over 25,000 tons. The production was curtailed and the annual maintenance, planned for December 2018, was brought forward. Major maintenance works were completed in September 2018. The production for the period was 33,148 tons compared to 44,863 tons, showing a decrease of about 26%. The capacity utilization was 60% and 82%, respectively.

The revenue generated during the quarter was Rs. 3,091 million, compared to Rs. 4,239 million achieved in corresponding quarter in 2017-18, showing decrease of 27%. The Company posted an after tax profit of Rs. 121 million in the first quarter of the current financial year compared to Rs. 309 million in first quarter in 2017-18, a decline of about 61%. The sales and production are expected to rise in the second quarter.

A brief summary of the financial results as on September 30, 2018 is as follows:

All figures in PKR Million	Quarter ended	
	Sep 2018	Sep 2017
Revenue	3,091	4,239
Gross profit	499	746
Profit before tax	156	459
Profit after tax	121	309

Future Outlook:

The international market is anxiously following the ongoing trade war between America and China. If the same escalates further, it can negatively influence the steel prices. The local developments on the political front and rapid devaluation of Rupee can curtail the demand of CRC in the short term. In the long run, however, the demand will pick up and devaluation will make local products more competitive and have positive impact.

The Expansion Project

The expansion plan, approved by the Board to increase production capacity from existing 220,000 tons to 700,000 tons per annum including 450,000 tons CRC and 250,000 tons Galvanized coils is well underway. The mechanical erection work of the Galvanizing line is almost 90% complete. The electrical and utility works are progressing well. The cold and hot commissioning is expected to be initiated in November and December 2018, respectively. The erection work of additional Batch Annealing Furnaces has commenced and expected to be completed within this year. The cold and hot commissioning will take place in January 2019. The civil works of the Pickling line is nearing completion and the erection work is in progress. The line will be ready before the new rolling mill becomes operational. The civil works of the two stand Compact Rolling Mill is in progress and expected to be completed by December 2018. The equipment will start arriving at site from November 2018. The mechanical erection will commence from December this year. The cold commissioning is scheduled for



March 2019. The utility piping of the expansion project is being completed in phases. All requirements of phase wise hot commissioning, of various lines are expected to be achieved in time. All the eleven overhead cranes have been installed and commissioned. The overall progress is satisfactory.

Improvements in Existing Set up

The existing facilities are also being streamlined to improve quality and productivity. A new roll grinder has been acquired from M/s Herkules, Germany to improve thin gauge CRC quality. The grinder has been commissioned. An electrostatic oiler has been added to the finishing line to improve corrosion protection by improving uniformity of oil layer on both sides of the sheet surface and optimize consumption.

A new 25 ton capacity overhead crane has been added in the dispatch bay to handle additional volumes. Two new cranes have been added this year to improve material flow in the Batch Annealing and CRSM bays. A new 25 ton fork lifter has been acquired to facilitate movement of HRC and CRC coils. The same will also be used in the new setup. The acid reservoir capacity has been doubled and HRC storage area being improved to handle additional volumes.

Rail tracks are being laid in the annealing bay to facilitate coil shifting from tilter to the furnaces and back. Tracks are also being laid to facilitate movement of coils from the existing to the new building.

Acknowledgement

We would like to record our appreciation and gratitude to the Banks for the continuous support in the ongoing operations as well as in the expansion project. We also acknowledge the support of Regulators for their continued support. We appreciate the extra efforts put in by the company employees to complete the expansion project on time.

For and on behalf of the Board

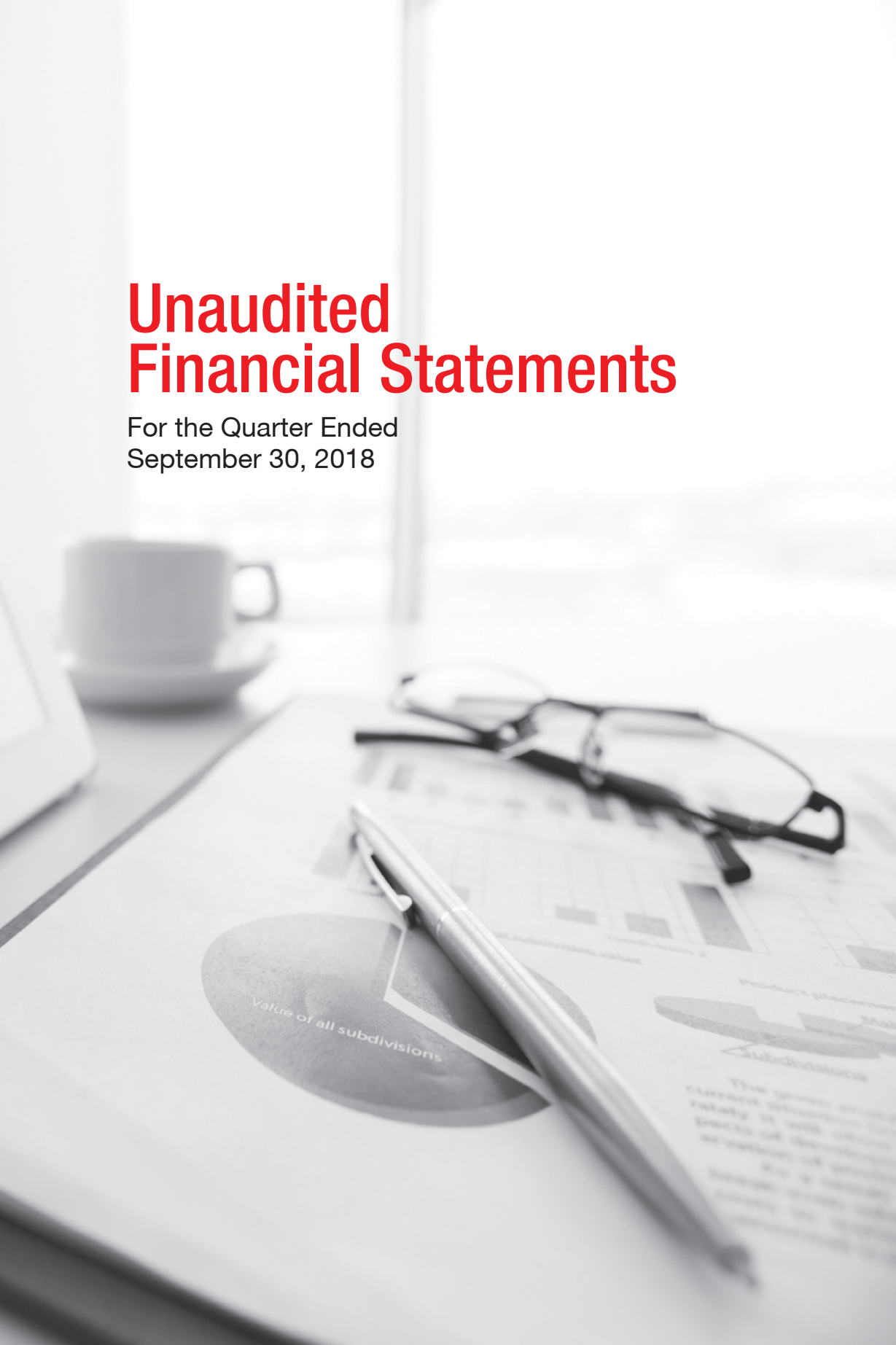
Dr. Munir Ahmed
Chief Executive

Arif Habib
Chairman

October 26, 2018

Unaudited Financial Statements

For the Quarter Ended
September 30, 2018





CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2018

	Note	(Un-audited) September 30, 2018	(Audited) June 30, 2018
(Rupees in thousands)			
ASSETS			
Non-current assets			
Property, plant and equipment	3	15,022,262	13,373,822
Intangibles		6,980	7,412
Long-term loans and advances		5,224	4,697
Long-term deposits		46,125	47,426
Deferred tax	4	922,422	932,904
		<u>16,003,013</u>	<u>14,366,261</u>
Current assets			
Stores and spares		132,844	112,006
Stock-in-trade		6,561,138	4,312,261
Trade debts		435,908	105,243
Advances, deposits and prepayments		411,446	405,930
Other receivables		159,412	145,834
Tax refunds due from Government - Sales tax		516,302	247,539
Taxation - payments less provision		696,447	685,149
Cash and bank balances		79,366	45,565
		<u>8,992,863</u>	<u>6,059,527</u>
Total assets		<u>24,995,876</u>	<u>20,425,788</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital			
Ordinary shares	5	7,655,292	8,322,979
Cumulative preference shares		472,272	472,272
Difference on conversion of cumulative preference shares into ordinary shares		(1,313,789)	(1,313,789)
		<u>6,813,775</u>	<u>7,481,462</u>
Accumulated profit / (loss)		251,870	(548,080)
Surplus on revaluation of fixed assets		1,546,183	1,557,724
Total equity		<u>8,611,828</u>	<u>8,491,106</u>
LIABILITIES			
Non-current liabilities			
Long-term finance		5,506,632	4,848,164
Liabilities against assets subject to finance leases		32,806	33,836
Staff retirement benefit		56,040	51,536
		<u>5,595,478</u>	<u>4,933,536</u>
Current liabilities			
Trade and other payables		847,326	1,209,923
Accrued mark-up		229,730	238,452
Short-term borrowings	6	9,203,850	5,045,107
Current maturity of long-term finance		500,000	500,000
Current maturity of liabilities against assets subject to finance leases		7,664	7,664
		<u>10,788,570</u>	<u>7,001,146</u>
Total liabilities		<u>16,384,048</u>	<u>11,934,682</u>
Contingencies and commitments	7		
Total equity and liabilities		<u>24,995,876</u>	<u>20,425,788</u>

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive


Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD ENDED SEPTEMBER 30, 2018 - (UN-AUDITED)

	Note	September 30, 2018	September 30, 2017
		(Rupees in thousands)	
Revenue	8	3,090,754	4,238,592
Cost of sales		(2,592,065)	(3,492,917)
Gross profit		498,689	745,675
Selling and distribution cost		(5,121)	(4,292)
Administrative expenses		(62,424)	(44,611)
Other expenses		(11,793)	(34,985)
Other income		2,668	8,716
Profit from operations		422,019	670,503
Finance costs		(265,896)	(211,103)
Profit before taxation		156,123	459,400
Taxation		(35,401)	(150,172)
Profit for the period		120,722	309,228
Other comprehensive income		-	-
Total comprehensive income for the period		120,722	309,228
			(Re-stated)
Basic earnings per share - Rupees	9	0.14	0.40
Diluted earnings per share - Rupees	9		0.39

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive


Director



CONDENSED INTERIM STATEMENT OF CASH FLOWS

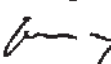
FOR THE PERIOD ENDED SEPTEMBER 30, 2018 - (UN-AUDITED)

	September 30, 2018	September 30, 2017
	(Rupees in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	156,123	459,400
Add / (less): Adjustment for non-cash and other items		
Depreciation and amortisation	121,823	105,589
Finance lease charges	550	449
Provision for staff retirement benefit	5,171	4,004
Unwinding of long-term finance	21,481	30,660
Mark-up charges	232,358	143,221
Exchange loss	10,203	2,599
Gain on disposal of fixed assets	(173)	(144)
Income on PLS accounts	(1,745)	(4,656)
	<u>389,668</u>	<u>281,722</u>
Profit before working capital changes	545,791	741,122
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Stores and spares	(20,839)	(6,928)
Stock-in-trade	(2,248,877)	(1,685,255)
Trade debts	(330,664)	(35,819)
Advances, deposits and prepayments	(5,516)	(100,337)
Other receivables	(13,578)	(3,470)
Tax refunds due from Government - Sales tax	(268,763)	142,680
	<u>(2,888,237)</u>	<u>(1,689,129)</u>
(Decrease) / increase in Current Liabilities		
Trade and other payables	(372,800)	106,094
Cash used in operations	<u>(2,715,246)</u>	<u>(841,913)</u>
Income tax paid	(36,218)	(271,675)
Mark-up on loans paid	(241,080)	(176,404)
Staff retirement benefit paid	(667)	(788)
Increase in long-term loans and advances	(527)	(1,088)
Decrease / (increase) in long-term deposits	1,301	(1,371)
Net cash used in operating activities	<u>(2,992,437)</u>	<u>(1,293,239)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,770,081)	(190,750)
Return on PLS accounts	1,745	4,656
Sale proceeds from disposal of property, plant and equipment	424	1,340
Net cash used in investing activities	<u>(1,767,912)</u>	<u>(184,754)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term finance	(251,130)	-
Short-term borrowings obtained - net	2,825,000	-
Long-term loan obtained - net	888,117	-
Proceeds from rights issue - net	-	147,545
(Decrease) / Increase in liabilities against assets subject to finance leases	(1,580)	16,191
Net cash generated from financing activities	<u>3,460,407</u>	<u>163,736</u>
Net decrease in cash and cash equivalents	<u>(1,299,942)</u>	<u>(1,314,257)</u>
Cash and cash equivalents at the beginning of the period	(4,824,542)	(1,573,523)
Cash and cash equivalents at the end of the period	<u>(6,124,484)</u>	<u>(2,887,780)</u>

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive


Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED SEPTEMBER 30, 2018

	SHARE CAPITAL	RESERVES		SUBSCRIPTION MONEY AGAINST RIGHT ISSUE	TOTAL	
		Capital				Revenue
		Share premium	Surplus on revaluation of fixed assets			Accumulated (loss)/profit
← (Rupees in thousands) →						
Balance as at July 01, 2017 - (Audited)	5,157,301	-	1,224,627	(1,858,071)	2,176,616	6,700,473
Incremental depreciation net of deferred tax transferred	-	-	(8,068)	8,068	-	-
Total comprehensive income for the period ended September 30, 2017						
- Profit for the period ended September 30, 2017	-	-	-	309,228	-	309,228
- Other comprehensive income for the period ended September 30, 2017	-	-	-	-	-	-
	-	-	-	309,228	-	309,228
Gross subscription money received	-	-	-	-	155,128	155,128
Issuance costs	-	-	-	-	(7,583)	(7,583)
	-	-	-	-	147,545	147,545
Issuance of right shares	1,465,787	858,374	-	-	(2,324,161)	-
Balance as at September 30, 2017 - (Un-audited)	6,623,088	858,374	1,216,559	(1,540,775)	-	7,157,246
Balance as at July 01, 2018 - (Audited)	7,481,462	-	1,557,724	(548,080)	-	8,491,106
Incremental depreciation net of deferred tax transferred	-	-	(11,541)	11,541	-	-
Share capital reduced - note 5.6	(667,687)	-	-	667,687	-	-
Total comprehensive income for the period ended September 30, 2018						
- Profit for the period ended September 30, 2018	-	-	-	120,722	-	120,722
- Other comprehensive income for the period ended September 30, 2018	-	-	-	-	-	-
	-	-	-	120,722	-	120,722
Balance as at September 30, 2018 - (Un-audited)	6,813,775	-	1,546,183	251,870	-	8,611,828

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive


Director



NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED SEPTEMBER 30, 2018 - (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan on May 30, 2005 as a public limited company under the repealed Companies Ordinance, 1984. The Company's shares are listed on Pakistan Stock Exchange (PSX) 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 Down Stream Industrial Estate, Pakistan Steel, Bin Qasim, Karachi, to carry out its principal business of manufacturing and selling flat rolled steel in coils and sheets.

The Company is undertaking an Expansion Project to increase its current production capacity of Cold Rolled Coils (CRC) from 220,000 tons to 450,000 tons and installing production line of Galvanized Iron (GI) of 250,000 tons. The expected cost of expansion is Rs. 5.4 billion. The Company is financing the installation of GI production line through equity whereas CRC production capacity expansion is being financed with debt and equity. The equity for GI and CRC expansion project has already been raised through right issue of Rs. 2.345 billion while debt financing arrangements of Rs. 3.24 billion have also been obtained.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These condensed interim financial statements do not include all the information required for full financial statements and should be read in conjunction with annual financial statements as at and for the year ended June 30, 2018.

2.2 CRITICAL ACCOUNTING POLICIES, ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2018.

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

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to financial statements as at and for the year ended June 30, 2018.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2018.

2.3 CHANGES IN ACCOUNTING STANDARDS AND INTERPRETATIONS

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

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after July 01, 2018 that may have an impact on the financial statements of the Company.

IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The above changes do not have any impact on these financial statements.

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

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after January 1, 2017, but are considered not to be relevant or have any significant effect on the Company's reporting and are therefore, not disclosed in these condensed interim financial information.

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

IFRS 16 'Leases' - This standard is effective for periods beginning from or after January 01, 2019. IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

The management is in the process of assessing the impact of changes laid down by the above standard on its financial statements.

	Note	(Un-audited) September 30, 2018	(Audited) June 30, 2018
(Rupees in thousands)			
3. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	3.1	10,531,055	10,505,571
Capital work in progress - at cost	3.3	3,605,737	1,996,649
Major spare parts and stand-by equipment		885,470	871,602
		<u>15,022,262</u>	<u>13,373,822</u>
3.1 Additions to operating assets during the period are as follows:			
Owned			
Plant and machinery		127,788	430,851
Building and other civil works on leasehold land		-	11,789
Electrical equipments		3,657	7,500
Office equipments		3,263	5,498
Held under finance lease			
Motor vehicles		12,670	24,985
		<u>147,378</u>	<u>486,854</u>



3.2 Disposals during the period include motor vehicles and office equipments having written down value of Rs. 0.25 million (June 30, 2018: Rs. 6.19 million) and Rs. Nil (June 30, 2018: Rs. 0.47 million) respectively.

3.3 This includes Rs. 3.604 billion in relation to expansion project.

4. DEFERRED TAX

The Company has an aggregate amount of Rs. 8.92 billion (June 30, 2018: Rs. 8.98 billion) in respect of tax losses as at September 30, 2018. 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 carried forward losses. Based on the assessment, management has recognised deferred tax debit balance on losses amounting to Rs. 2.50 billion (June 30, 2018: Rs. 2.60 billion) including an amount of Rs. 2.21 billion (June 30, 2018: Rs. 2.25 billion) on unabsorbed tax depreciation, amortisation and initial allowance of Rs. 7.90 billion (June 30, 2018: Rs. 7.77 billion). The amount of this benefit has been determined based on the financial projections of the Company for future years. The determination of future taxable profit is most sensitive to certain key assumptions such as capacity utilisation, gross margin percentage, inflation and KIBOR rates. Any significant change in the key assumptions may have an effect on the realisability of the deferred tax asset.

5. SHARE CAPITAL

5.1 Issued, subscribed and paid-up capital

(Un-audited) September 30, 2018	(Audited) June 30, 2018		(Un-audited) September 30, 2018	(Audited) June 30, 2018
(Number of shares)			(Rupees in thousands)	
765,529,298	832,297,886	Ordinary Shares of Rs. 10 each	7,655,292	8,322,979
		Cumulative Preference Shares of Rs. 10 each		
44,357,057	44,357,057	- PSX Symbol - ASLPS	443,571	443,571
2,870,083	2,870,083	- PSX Symbol - ASLCPS	28,701	28,701
47,227,140	47,227,140		472,272	472,272
812,756,438	879,525,026		8,127,564	8,795,251

5.2 The Board of Directors of the Company in their meeting held on April 29, 2017 approved the issue of 20% Right Shares in the form of Ordinary Shares at exercise price of Rs. 16 per share for the purpose of Expansion Project. These right shares were issued to Company's existing ordinary and preference shareholders. Total amount raised through the rights issue amounted to Rs. 2.32 billion comprising of Rs. 1.47 billion in respect of Ordinary Share capital and Rs. 0.85 billion in respect of share premium respectively. In this respect, the Company allotted 146,578,616 Ordinary Shares during the year 2018.

Issuance costs totalling Rs. 21.1 million were incurred in relation to above right issue which was netted with the subscription money received and accordingly accounted for as a deduction from equity on allotment of ordinary shares.

5.3 During the period, no Cumulative Preference Shares (PSX Symbol - ASLPS) or Cumulative Preference Shares (PSX Symbol - ASLCPS) were converted to Ordinary shares.

5.4 The Board of Directors in their meeting held on February 12, 2018 resolved to set off share premium amounting to Rs. 858.37 million against difference on conversion of Cumulative Preference Shares (PSX Symbol - ASLCPS) into Ordinary Shares.

5.5 The cumulative dividend on Preference shares (PSX Symbol - ASLPS) and Preference shares (PSX Symbol - ASLCPS) amounting to Rs. 630.94 million (June 30, 2018: Rs. 619.54 million) and Rs. 298.90 million

(June 30, 2018: Rs. 298.17 million) respectively is not accounted for in these condensed interim financial statements. As at September 30, 2018, the Company has unappropriated profit of Rs. 251.87 million. As per the terms of issue of preference shares (PSX Symbols - ASLPS and ASLCPS), the cumulative dividend on preference shares shall become due and will take effect on the basis of unappropriated profit available as at June 30, 2019.

- 5.6** Pursuant to Share Purchase Agreement executed on March 31, 2016 between the Arif Habib Group [consisting of Mr. Arif Habib, Arif Habib Corporation Limited and Arif Habib Equity (Private) Limited] and Metal One Corporation (Japan) (the Seller), it had been agreed that subject to the satisfaction of certain conditions precedent, Mr. Arif Habib individually will acquire all the Ordinary Shares i.e. 66.77 million shares of the Seller in the Company at a price of Rs. 0.5 per share with the intention of writing off and surrendering all the acquired shares of the Seller to the Company, at no cost to the Company and in accordance with Section 96 of the repealed Companies Ordinance, 1984 by way of a court approved scheme of reduction of capital, in order to enhance shareholder value for the remaining shareholders. In this respect, the petition under section 96 of the repealed Companies Ordinance, 1984 was filed before the High Court of Sindh on December 29, 2016 for reduction of share capital of the Company. The Honourable High Court of Sindh in its order dated June 25, 2018 allowed the petition and minutes passed in Annual General Meeting of the Company held on October 27, 2016 for reduction of paid-up capital. As required by section 93 of the Companies Act, 2017, the Company filed the application for registration of order of reduction and consequently, the SECP through its letter dated July 13, 2018 has acknowledged the registration of the High Court order for reduction of share capital. The effect of reduction in share capital has been accounted for in these condensed interim financial statements from the date of acknowledgement.

	(Un-audited) September 30, 2018	(Audited) June 30, 2018
	(Rupees in thousands)	
6. SHORT-TERM BORROWINGS		
Secured:		
Short-term running finance - note 6.1	6,203,850	4,870,107
Unsecured:		
Short-term finance facility	3,000,000	175,000
	<u>9,203,850</u>	<u>5,045,107</u>

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

Habib Metropolitan Bank Limited	686,444	822,086
National Bank of Pakistan	1,941,701	643,225
JS Bank Limited	690,370	691,136
Askari Bank Limited	796,365	689,460
Summit Bank Limited	84,347	429,634
Bank Al-Falah Limited	445,949	-
Bank Islami Pakistan Limited	574,306	524,082
MCB Bank Limited	37,461	297,567
MCB Islamic Bank Limited	250,000	-
Sindh Bank Limited	340,474	405,844
The Bank of Punjab	356,433	367,073
	<u>6,203,850</u>	<u>4,870,107</u>

7. CONTINGENCIES AND COMMITMENT

7.1 Contingencies

There has been no change in status of contingencies reported in the annual financial statements for the year ended June 30, 2018.

7.2 Commitments

- 7.2.1** Commitments for capital expenditure outstanding as at September 30, 2018 amounted to Rs. 1.13 billion (June 30, 2018: Rs. 554.3 million).



7.2.2 Commitments outstanding for expansion project as at September 30, 2018 amounted to Rs. 2.62 billion (June 30, 2018: Rs. 3.42 billion).

7.2.3 Commitments for rentals under ijarah arrangements amounted to Rs. 2.66 million (June 30, 2018: Rs. 3 million) payable as follows:

	(Un-audited) September 30, 2018	(Audited) June 30, 2018
	(Rupees in thousands)	
Not later than 1 year	1,235	1,235
Later than 1 year but not later than 5 years	1,426	1,735
	<u>2,661</u>	<u>2,970</u>

	(Un-audited) September 30, 2018	(Un-audited) September 30, 2017
	(Rupees in thousands)	
Gross Revenue	3,653,743	5,014,231
Less: Sales tax	(526,168)	(726,704)
Dealer Commission	(36,821)	(48,935)
Net Revenue	<u>3,090,754</u>	<u>4,238,592</u>

8. REVENUE

9. EARNINGS PER SHARE

9.1. Basic Earnings Per Share

Profit after taxation attributable to ordinary shareholders	<u>120,722</u>	<u>309,228</u>
Adjustment for cumulative preference share dividend	(12,129)	(10,890)
Profit after taxation for calculation of basic earnings per share	<u>108,593</u>	<u>298,338</u>
Weighted average number of ordinary shares outstanding at the end of period (in thousands)	<u>765,529</u>	(Re-stated) <u>747,892</u>
Basic earnings per share - Rupees	<u>0.14</u>	<u>0.40</u>

9.2. Diluted Earnings Per Share

Profit after taxation attributable to ordinary shareholders	<u>120,722</u>	<u>309,228</u>
Weighted average number of ordinary shares outstanding at the end of period (in thousands)	765,529	(Re-stated) 747,892
Adjustment for conversion of convertible preference shares	50,985	51,019
Weighted average number of ordinary shares outstanding at the end of period (in thousands)	<u>816,514</u>	<u>798,911</u>
Diluted earnings per share - Rupees		<u>0.39</u>

The effect of dividend of Cumulative Preference Shares (ASLPS and ASLPCS) is not accounted for in calculation of weighted average number of potential ordinary shares.

9.3 Diluted earnings per share has not been presented for the period ended September 30, 2018 as it has anti-dilutive effect on earnings per share.

10. TRANSACTIONS WITH RELATED PARTIES

Transactions entered into with related parties during the period are as follows:

Relationship	Name of company	Nature of transaction	(Un-audited) September 30, 2018 (Rupees in thousands)	(Un-audited) September 30, 2017
Associated companies	Arif Habib Corporation Limited	- Finance facility utilised	825,000	-
		- Repayment of long-term finance facility utilised	10,038	-
		- Mark-up on finance facilities	19,679	9,672
		- Mark-up on finance facilities paid	6,745	14,926
		- Guarantee commission	877	662
		- Guarantee commission paid	869	-
	Power Cement Limited	- Payment made against Purchase of construction material	56	469
		- Reimbursement of expenses	-	20
		- Rent and maintenance	2,218	-
	Rotocast Engineering Co. (Private) Limited	- Rent and maintenance paid	2,218	-
		- Expenses against sponsorship	500	-
	Javedan Corporation Limited	- Payment against sponsorship expenses	1,000	-
Other related parties	Mr. Arif Habib	- Finance facility utilised	2,200,000	-
		- Repayment of finance facility utilised	200,000	-
		- Mark-up on finance facility	25,874	-
	Silk Bank Limited	- Bank charges paid	16	5,008
		- Repayment of long-term finance facility utilised	14,368	-
		- Mark-up on finance facility	5,740	-
		- Mark-up on finance facility paid	9,383	-
Key management personnel	CEO, CFO & Company Secretary CFO & Company Secretary Non-Executive Director	- Salaries and other employee benefits	3,991	3,864
		- Post retirement benefits	109	106
		- Meeting and other expenses	122	-

11. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on October 26, 2018.


Chief Financial Officer


Chief Executive


Director

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