



A Focus for the Future

Aisha Steel

First Quarter Report
September 2016

A Group Company of



Arif Habib



Moving ahead
with passion

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Vision

To be a world class manufacturer of
Cold Rolled Steel

Mission

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

Company Information

Board of Directors

| | |
|--------------------|----------|
| Mr. Arif Habib, | Chairman |
| Dr. Munir Ahmed, | C.E.O |
| Mr. Hasib Rehman | |
| Mr. Nasim Beg | |
| Mr. Javed Iqbal | |
| Mr. Bilal Asghar | |
| Mr. Ahsan Ashraf | |
| Mr. Kashif A.Habib | |
| Mr. Muhammad Ejaz | |

Audit Committee

| | |
|--------------------|----------|
| Mr. Kashif A.Habib | Chairman |
| Mr. Hasib Rehman | Member |
| Mr. Nasim Beg | Member |
| Mr. Bilal Asghar | Member |

Human Resource & Remuneration Committee

| | |
|-------------------|----------|
| Mr. Arif Habib | Chairman |
| Mr. Hasib Rehman | Member |
| Mr. Muhammad Ejaz | Member |
| Mr. Javed Iqbal | Member |

CFO & Company Secretary

Mr. Tahir Iqbal

Registered Office

Arif Habib Centre, 23 - M.T. Khan Road,
Karachi – Pakistan.

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 / Lenders

Allied Bank Ltd.
Askari Bank Ltd.
Bank Alfalah Ltd.
Bank Al Habib Limited.
Bank Islami Pakistan Ltd.
Faysal Bank Ltd.
JS Bank Ltd.
Habib Bank Limited.
Habib Metropolitan 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.

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 (unaudited) of the Company for the first quarter ended September 30, 2016.

Steel Market Review

The steel market exhibited stability in the first quarter. The HRC prices remained range bound between US\$ 380 to 400, FOB China. On account of rising coking coal and firm iron ore prices and capacity reduction in China, the HRC price is expected to rise in the near term.

As per the procedure and law of the land, the tariff protection imposed by NTC in the form of antidumping duty on Chinese and Ukraine manufacturers is under hearing at the NTC. The same has also been challenged in the Lahore High Court by the local dealers. The honourable court has granted stay order while the proceedings continue. As of now, the antidumping duty is not being charged on imports from China and Ukraine. Your company is vigorously defending the imposition of the same on both the fronts while NTC has been approached to impose antidumping on the Russian suppliers as well.

Operational Review

The large quantities of CRC, imported into Pakistan from Russia, in the last quarter of the financial year 2015-16, continued to influence sales quantity and price of locally produced material. Nevertheless, the sales quantity achieved in the first quarter was 48740 tons compared to 33783 tons for the corresponding period last year. The revenue generated was 2547 million compared to 1874 million achieved in 2015-16. This shows an increase of 44 % and 35 % in quantity and revenue, respectively, compared to the corresponding quarter of the last financial year.

The stability in prices observed in the international market and optimization of production cost at the mill has improved the bottom line. The company in the first quarter has posted an after tax profit of Rs. 85 million compared to a loss of Rs. 383 million in the corresponding period last year.

A brief summary of the financial results for the quarter ended September 30, 2016 is as follows:

| All figures in PKR Million | Quarter Ended September 2016 | Quarter Ended September 2015 |
|----------------------------|---------------------------------|---------------------------------|
| Net Sales | 2,547.0 | 1,874.8 |
| Gross Profit/(Loss) | 321.9 | 28.3 |
| Profit/(Loss) before tax | 55.6 | (364.7) |
| Profit/(Loss) after tax | 85.3 | (383.3) |

Future Outlook

Second quarter of the current financial year is expected to be better than the first, giving hope that the company has turned around. The aim is to achieve 100% capacity utilization with improved margins.

Business Expansion

The Board of Directors of the Company has approved the proposal for the expansion of its production facilities from 220,000 MT per annum to 350,000 MT per annum with the addition of GI production line having exclusive capacity of 250,000 MT per annum. The management has been authorized to conclude the terms with machinery suppliers and lenders from entering into binding agreements at the earliest.

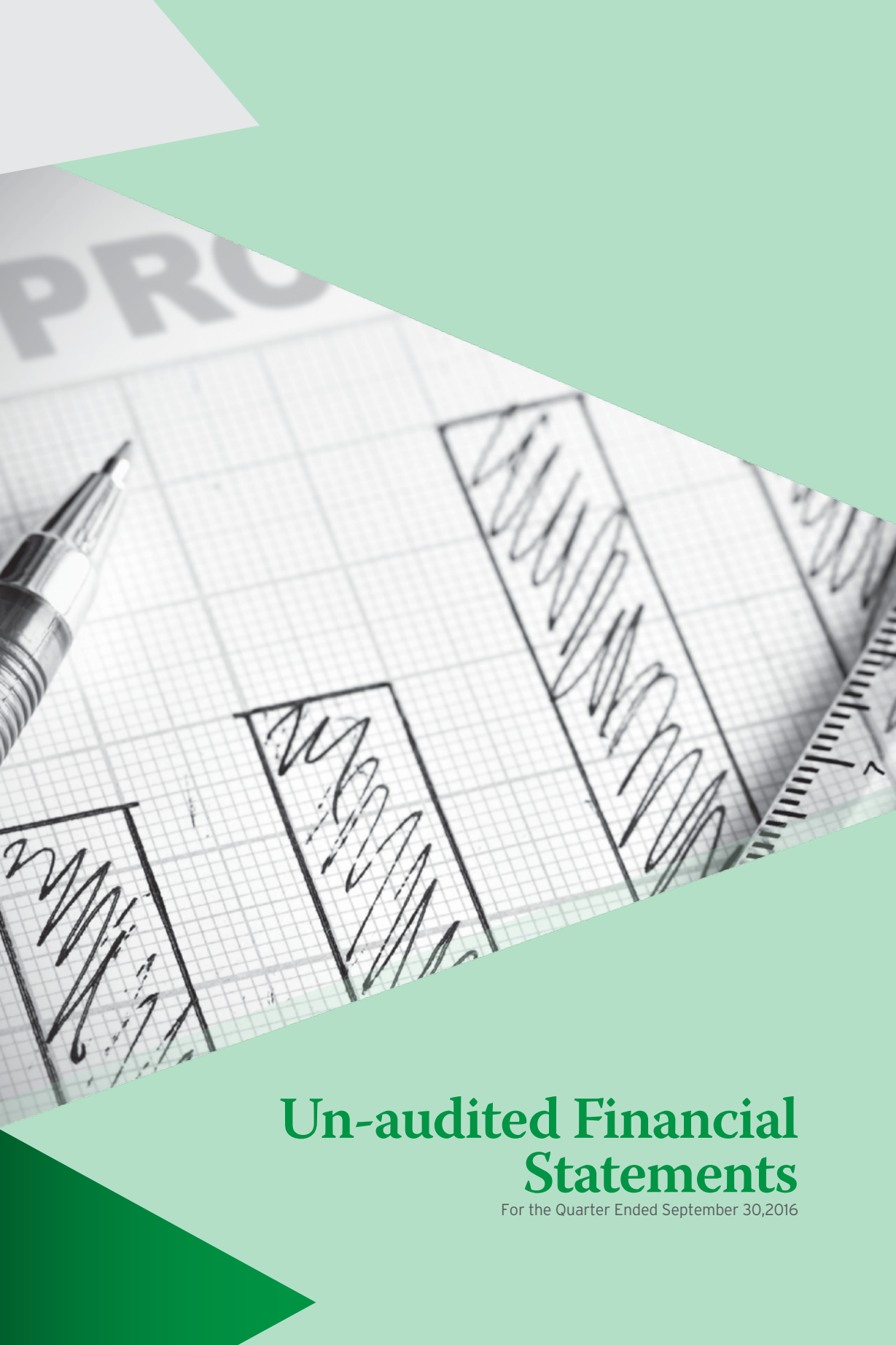
Acknowledgement

We would like to record our appreciation to the Bankers, National Tariff Commission (NTC) and Regulators for their patronage and look forward to their continued support. We acknowledge and appreciate the extra efforts put in by the company employees to reach higher capacity utilization.

For and on behalf of the Board

Karachi
October 31, 2016


Dr. Munir Ahmed
Chief Executive



Un-audited Financial Statements

For the Quarter Ended September 30, 2016

CONDENSED INTERIM BALANCE SHEET

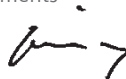
AS AT SEPTEMBER 30, 2016

| | Note | (Un-audited) September 30, 2016 | (Audited) June 30, 2016 |
|--|------|---------------------------------------|-------------------------------|
| ----- Rupees '000 ----- | | | |
| ASSETS | | | |
| Non-current assets | | | |
| Property plant and equipment | 5 | 9,751,747 | 9,688,793 |
| Intangible assets | | 10,653 | 11,246 |
| Long term loans and advances | | 2,779 | 2,983 |
| Long term deposits and prepayments | | 46,919 | 46,294 |
| Deferred tax | 6 | 1,169,503 | 1,134,496 |
| | | <u>10,981,601</u> | <u>10,883,811</u> |
| Current assets | | | |
| Stores and spares | | 66,657 | 180,743 |
| Stock in trade | | 3,543,891 | 2,813,517 |
| Trade debts - considered good | | 84,626 | 76,998 |
| Advances, deposits and prepayments | | 557,675 | 386,731 |
| Other receivables | | 192,348 | 142,265 |
| Tax refunds due from Government - Sales tax | | 299,199 | 350,588 |
| Taxation - payments less provision | | 352,085 | 472,905 |
| Cash and bank balances | | 41,417 | 44,716 |
| | | <u>5,137,898</u> | <u>4,468,463</u> |
| Total assets | | <u><u>16,119,499</u></u> | <u><u>15,352,275</u></u> |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share Capital | 7 | | |
| Ordinary shares (ASL) | | 2,993,177 | 2,717,357 |
| Cumulative preference shares (ASLPS) | | 720,726 | 720,844 |
| Cumulative preference shares (ASLCPS) | | 1,598,443 | 1,719,100 |
| | | 5,312,346 | 5,157,301 |
| Discount on conversion of ASLCPS to ASL | | (155,045) | - |
| Accumulated losses | | (2,795,424) | (2,883,779) |
| | | <u>2,361,877</u> | <u>2,273,522</u> |
| Surplus on revaluation of fixed assets | | 379,186 | 381,821 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Long-term finance | 8 | 5,121,392 | 5,320,004 |
| Liabilities against assets subject to finance lease | | 3,754 | 4,435 |
| Staff retirements benefits | | 33,237 | 30,965 |
| | | <u>5,158,383</u> | <u>5,355,404</u> |
| Current liabilities | | | |
| Trade and other payables | | 2,830,917 | 2,772,572 |
| Accrued mark-up | | 150,022 | 196,033 |
| Short-term borrowings | 9 | 4,735,806 | 3,869,538 |
| Current maturity of long-term loan | 8 | 500,000 | 500,000 |
| Current maturity of liabilities against assets subject to finance leases | | 3,308 | 3,385 |
| | | <u>8,220,053</u> | <u>7,341,528</u> |
| Total liabilities | | <u>13,378,436</u> | <u>12,696,932</u> |
| Contingencies and commitments | 10 | | |
| Total equity and liabilities | | <u><u>16,119,499</u></u> | <u><u>15,352,275</u></u> |

The annexed notes 1 to 14 form an integral part of these financial statements



Chief Executive



Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE QUARTER ENDED SEPTEMBER 30, 2016

| | Note | (Un-audited) September 30, 2016 | (Un-audited) September 30, 2015 |
|---|------|---------------------------------------|---------------------------------------|
| | | ----- Rupees '000 ----- | |
| Revenue | 11 | 2,547,066 | 1,874,877 |
| Cost of Sales | | (2,225,077) | (1,846,553) |
| Gross profit | | 321,989 | 28,324 |
| Selling and distribution expenses | | (6,722) | (8,300) |
| Administrative expenses | | (35,341) | (34,296) |
| Other income | | 2,241 | 668 |
| Profit / (loss) from operations | | 282,167 | (13,604) |
| Finance costs | | (226,507) | (351,120) |
| Profit / (loss) before taxation | | 55,660 | (364,724) |
| Taxation | | 29,658 | (18,620) |
| Profit / (loss) for the period | | 85,318 | (383,344) |
| Other comprehensive income | | - | - |
| Total comprehensive income / (loss) for the period | | 85,318 | (383,344) |
| Basic earning / (loss) per share - Rupees | 12 | 0.11 | (1.66) |

The annexed notes 1 to 14 form an integral part of these financial statements



Chief Executive



Director

CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE QUARTER ENDED SEPTEMBER 30, 2016

(Un-audited)
September
30, 2016

(Un-audited)
September
30, 2015

----- Rupees '000 -----

CASH USED IN OPERATING ACTIVITIES

| | | |
|--|----------------|----------------|
| Profit / (loss) before taxation | 55,659 | (364,723) |
| Add / (Less): Adjustment for non-cash and other items | | |
| Depreciation & amortization | 99,169 | 88,101 |
| Finance lease charges | 136 | 211 |
| Provision for staff retirement benefits | 2,275 | - |
| Unwinding of long term loan | 51,386 | - |
| Interest on loan | 157,525 | 267,552 |
| Exchange (gain) / loss | (5,232) | 71,379 |
| Return on PLS savings deposits | (925) | (662) |
| | <u>304,336</u> | <u>426,581</u> |
| Profit before working capital changes | 359,995 | 61,858 |

Effect on cash flow due to working capital changes (Increase) / Decrease in current assets

| | | |
|---|------------------|--------------------|
| Stores and spares | 7,997 | 152 |
| Stock-in-trade | (730,374) | (1,125,658) |
| Trade debts | (7,628) | 33,056 |
| Advances, deposits and prepayments | (170,944) | (120,639) |
| Other receivables | (50,083) | 84,511 |
| Tax refunds due from Government - Sales tax | 51,389 | (111,944) |
| | <u>(899,643)</u> | <u>(1,240,523)</u> |
| Trade and other payables | 63,574 | 780,569 |
| Cash used in operations | <u>(476,074)</u> | <u>(398,097)</u> |
| Income tax refund received - net | 115,874 | 58,962 |
| Mark-up on loans paid | (203,535) | (330,397) |
| Decrease / (Increase) in long term employee loans | 204 | (490) |
| Increase in long-term deposits and prepayments | (625) | (401) |
| Net cash used in operating activities | <u>(564,156)</u> | <u>(670,423)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | | |
|---|-----------------|-----------------|
| Purchase of property, plant and equipment | (55,441) | (31,007) |
| Return from term deposits & saving accounts | 925 | 662 |
| Net cash used in investing activities | <u>(54,515)</u> | <u>(30,345)</u> |

CASH FLOWS FROM FINANCING ACTIVITIES

| | | |
|--|--------------------|--------------------|
| Repayment of long term loan | (250,000) | - |
| Increase / (decrease) in short term borrowings | 847,913 | (958) |
| Decrease in liabilities against assets subject to finance leases | (895) | - |
| Net cash flow from financing activities | <u>597,018</u> | <u>(958)</u> |
| Net decrease in cash and cash equivalents | (21,653) | (701,726) |
| Cash and cash equivalents at the beginning of the period | <u>(2,536,405)</u> | <u>(3,725,652)</u> |
| Cash and cash equivalents at the end of the period | <u>(2,558,058)</u> | <u>(4,427,379)</u> |

The annexed notes 1 to 14 form an integral part of these financial statements



Chief Executive



Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE QUARTER ENDED SEPTEMBER 30, 2016

| | Share Capital | Discount on conversion of ASLCPS to ASL | Accumulated loss | Total |
|--|-------------------------|--|---------------------------|-------------------------|
| | ----- Rupees '000 ----- | | | |
| Balance as at July 1, 2015 - Audited | 5,157,301 | - | (2,737,314) | 2,419,986 |
| Total Comprehensive loss | | | | |
| Loss for the quarter ended Sep 30, 2015 | - | - | (383,343) | (383,343) |
| Incremental depreciation - net of deferred tax | - | - | 2,633 | 2,633 |
| Balance as at September 30, 2015 - Unaudited | <u>5,157,301</u> | <u>-</u> | <u>(3,118,024)</u> | <u>2,039,276</u> |
| Balance as at July 1, 2016 - Audited | 5,157,301 | - | (2,883,779) | 2,273,522 |
| Total Comprehensive loss | | | | |
| Profit for the quarter ended Sep 30, 2016 | - | - | 85,318 | 85,318 |
| Discount on conversion of ASLCPS to ASL | - | - | - | - |
| Shares in ratio of 2.28 : 1 | 155,045 | (155,045) | - | - |
| Incremental depreciation - net of deferred tax | - | - | 3,038 | 3,038 |
| Balance as at September 30, 2016 - Unaudited | <u>5,312,346</u> | <u>(155,045)</u> | <u>(2,795,423)</u> | <u>2,361,878</u> |

The annexed notes 1 to 14 form an integral part of these financial statements



Chief Executive



Director

NOTE TO THE FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2016

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

2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the period ended September 30, 2016 has been prepared in accordance with the requirements of the International Accounting Standard 34 - "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information does not include all the information required for full financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2016.

2.1 Changes in accounting standards, interpretations and pronouncements

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

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

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

IFRS 12 – Disclosure of Interests in Other Entities includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance-sheet vehicles. The standard will affect the disclosures in the financial statements of the Company.

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

NOTE TO THE FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2016

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

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

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

The amendments provides clarification on number of issues, including:

- Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes – confirmation that the notes do not need to be presented in a particular order.
- Other Comprehensive Income (OCI) - arising from investments accounted for under the equity method - the share of the OCI arising from equity - accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of comprehensive income.

The change will impact the disclosures of the Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2016.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

Judgements and estimates made by the management in the preparation of this condensed interim financial information are same as those that were applied to financial statements as at and for the year ended June 30, 2016.

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, 2016.

NOTE TO THE FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT

FOR THE QUARTER ENDED SEPTEMBER 30, 2016

| | |
|-------------------------|-----------|
| (Un-audited) | (Audited) |
| September | June |
| 30, 2016 | 30, 2016 |
| ----- Rupees '000 ----- | |

5. PROPERTY, PLANT AND EQUIPMENT

| | | |
|--|-------------------------|------------------|
| Operating assets | 9,292,225 | 9,366,833 |
| Capital work in progress - at cost | 13,553 | 12,241 |
| Major spare parts and stand-by equipment | 445,969 | 309,719 |
| | <u>9,751,747</u> | <u>9,688,793</u> |

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

| | Additions (at cost) | |
|---|----------------------------|------------------|
| | September | June |
| | 30, 2016 | 30, 2016 |
| ----- Rupees '000 ----- | | |
| Owned | | |
| Building and other civil work on leasehold land | - | 4,167 |
| Plant and machinery | 23,495 | 1,135,701 |
| Vehicles | - | 3,763 |
| Office Equipment | 887 | 5,518 |
| Furniture and fittings | 263 | 553 |
| Assets held under finance leases | | |
| Motor vehicles | - | 1,693 |
| | <u>24,645</u> | <u>1,151,395</u> |

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

| | Disposals (at NBV) | |
|-------------------------|---------------------------|--------------|
| | September | June |
| | 30, 2016 | 30, 2016 |
| ----- Rupees '000 ----- | | |
| Owned | | |
| Plant and machinery | - | 2,431 |
| Vehicles | - | 4,999 |
| | <u>-</u> | <u>7,430</u> |

6. DEFERRED TAXATION

The Company has an aggregate amount of Rs 9.69 billion (June 30, 2016: Rs 9.7 billion) in respect of tax losses as at September 30, 2016. 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 2.91 billion (June 30, 2016: Rs 2.90 billion) including an amount of Rs 2.04 billion (June 30, 2016: Rs 2.0 billion) on unabsorbed tax depreciation and initial allowance of Rs 6.79 billion (June 30, 2016: Rs 6.66 billion). The amount of this benefit has been determined based on the projected financial statement of the Company for future years. The determination of future taxable profit is most sensitive to certain key assumptions such as capacity utilisation, gross margin percentage, inflation and KIBOR rates. Any significant change in the key assumptions may have an effect on the realisability of the deferred tax asset.

NOTE TO THE FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT

FOR THE QUARTER ENDED SEPTEMBER 30, 2016

7. SHARE CAPITAL

7.1 During the period, the Company has allotted 27,582,010 ordinary shares (ASL) against conversion of 11,762 preference shares (ASLPS) in ratio of 1:1 and 12,065,754 preference shares (ASLCPS) in ratio of 2.28:1 of the Company in accordance with the terms of the issue of preference shares.

7.2 Dividend in respect of preference shares is only payable when Company has accumulated profits. Therefore, cumulative dividend on Preference Shares (ASLPS) and Preference Shares (ASLCPS) amounting to Rs 529.201 million (June 30, 2016: Rs. 512.513 million) and Rs. 256.311 million (June 30, 2016: Rs. 216.687 million) respectively is not accounted for in these condensed interim financial statements.

| (Un-audited) September 30, 2016 | (Audited) June 30, 2016 |
|--|-------------------------------|
| ----- Rupees '000 ----- | |

8. LONG-TERM FINANCE

| | | |
|--|-------------------------|------------------|
| Balance as at July 1, 2016 | 5,820,004 | 5,597,138 |
| Principal paid during the period | (250,000) | - |
| Impact of unwinding - Finance Cost | 51,388 | 222,866 |
| | <u>5,621,392</u> | <u>5,820,004</u> |
| Less: Current maturity shown under current liabilities | (500,000) | (500,000) |
| | <u>5,121,392</u> | <u>5,320,004</u> |

9. SHORT-TERM BORROWINGS

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

| (Un-audited) September 30, 2016 | (Audited) June 30, 2016 |
|--|-------------------------------|
| ----- Rupees '000 ----- | |

| | | |
|------------------------------|-------------------------|------------------|
| National Bank of Pakistan | 889,739 | 599,232 |
| Allied Bank Limited | 596,816 | 649,925 |
| Bank Islami Pakistan Limited | 562,815 | 562,815 |
| The Bank of Punjab | 101,244 | 101,244 |
| Summit Bank Limited | 448,861 | 417,905 |
| Askari Bank Limited | - | 250,000 |
| Habib Metropolitan Bank Ltd | 521,913 | - |
| Loan from associates | 1,614,417 | 1,288,417 |
| | <u>4,735,806</u> | <u>3,869,538</u> |

10. CONTINGENCIES AND COMMITMENT

10.1 Contingencies

10.1.1 There has been no change in status of contingencies reported in the financial statements for the year ended June 30, 2016.

NOTE TO THE FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT

FOR THE QUARTER ENDED SEPTEMBER 30, 2016

10.2 Commitments

10.2.1 Commitments for capital expenditure outstanding as at September 30, 2016 amounted to Rs. 29.12 million (June 30, 2016: Rs. 24.40 million).

10.2.2 Commitments for rentals under ijarah arrangements amounted to Rs 9.69 million (June 30, 2016: Rs 8.6 million) payable as follows:

| | (Un-audited) September 30, 2016 | (Audited) June 30, 2016 |
|--|--|-------------------------------|
| | ----- Rupees '000 ----- | |
| Not later than 1 year | 3,949 | 3,168 |
| Later than 1 year but not later than 5 years | 5,741 | 5,432 |
| | <u>9,690</u> | <u>8,600</u> |

11. REVENUE

| | (Un-audited) September 30, 2016 | (Un-audited) September 30, 2015 |
|-------------------------|--|---------------------------------------|
| | ----- Rupees '000 ----- | |
| Gross Revenue | 3,013,837 | 2,279,092 |
| Less: Sales tax | (436,594) | (381,365) |
| Less: Dealer Commission | (30,177) | (22,850) |
| | <u>2,547,066</u> | <u>1,874,877</u> |

12. BASIC EARNINGS PER SHARE

| | | |
|---|-----------------------|------------------|
| Loss after taxation attributable to ordinary shareholders | 85,318 | (383,344) |
| Adjustment for cumulative preference share dividend | (55,612) | (68,017) |
| Profit / (Loss) after taxation for calculation of basic earnings per share | <u>29,706</u> | <u>(451,361)</u> |
| Weighted average number of ordinary shares outstanding at the end of period | | |
| Ordinary shares in issue | <u>279,309</u> | <u>(271,133)</u> |
| | Rupees | |
| Basic earning / (loss) per share - Rupees | <u>0.11</u> | <u>(1.66)</u> |

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

NOTE TO THE FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT

FOR THE QUARTER ENDED SEPTEMBER 30, 2016

13. TRANSACTIONS WITH RELATED PARTIES

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


| Nature of Transaction | (Un-audited) September 30, 2016 | (Un-audited) September 30, 2015 |
|--|---------------------------------------|---------------------------------------|
| | | ----- Rupees '000 ----- |
| Associated Companies | | |
| - Purchase of raw material | 1,716,286 | 1,179,400 |
| - Finance facilities utilised | 411,000 | 2,027,169 |
| - Repayment of finance facilities utilised | 515,038 | 1,048,800 |
| - Markup on finance facilities paid | 24,293 | 6,983 |
| - Cancellation of Cumulative Preference Shares (ASLCPS) | 101,375 | - |
| - Ordinary Shares issued against Cumulative Preference Shares (ASLCPS) | 231,642 | - |
| Key Management Personnel | | |
| - Finance facility utilised | 420,000 | - |
| - Salaries and other short-term employee benefits | 3,685 | 2,400 |
| - Post retirement benefits | 77 | - |
| Other related parties | | |
| - Rent and maintenance expense | - | 668 |
| - Commission on sales | - | 5,673 |

14. 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 31, 2016.



Chief Executive



Director



AISHA STEEL MILLS LIMITED

SHAPING THE ECONOMY

Arif Habib Center 23, M. T. Khan Road, Karachi-74000.
Tel: (92-21) 32468317 / Fax: (92-21) 32468316