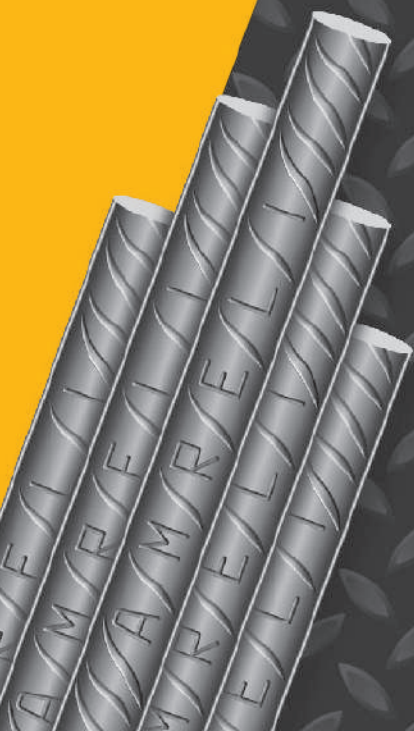


AMRELI STEELS LIMITED

**REPORT FOR THE
FIRST QUARTER ENDED**

30 SEPTEMBER 2018



AMRELI STEELS
Building for Life

TABLE OF CONTENTS

Contents	Page No.
Company Information	02
Directors' Review Report (English & Urdu)	03
Condensed Interim Balance Sheet	05
Condensed Interim Profit and Loss Account	06
Condensed Interim Statement of Comprehensive Income	07
Condensed Interim Cash Flow Statement	08
Condensed Interim Statement of Changes in Equity	09
Notes to the Condensed Interim Financial Statements	10
Investors' Education (Jama Punji)	16

COMPANY INFORMATION

BOARD OF DIRECTORS

- ◆ **ABBAS AKBERALI**
Chairman, Non Executive Director
- ◆ **SHAYAN AKBERALI**
Chief Executive Officer
- ◆ **BADAR KAZMI**
Independent Director
- ◆ **ZAFAR AHMED TAJI**
Independent Director
- ◆ **TEIZOON KISAT**
Independent Director
- ◆ **KINZA SHAYAN**
Non-Executive Director
- ◆ **MARIAM AKBERALI**
Non-Executive Director

AUDIT COMMITTEE

- ◆ **TEIZOON KISAT**
Chairman
- ◆ **BADAR KAZMI**
Member
- ◆ **ZAFAR AHMED TAJI**
Member
- ◆ **KINZA SHAYAN**
Member

REGISTERED OFFICE

A-18, S.I.T.E, Karachi, Pakistan
Tel : 021-111-267-354
Fax : 021-32587240, 38798328
E-mail : investor-relations@amrelisteels.com

SHERSHAN ROLLING MILL (SRM)

D-89, Shershah Road, Karachi, Pakistan

STEEL MELT SHOP (SMS) AND

DHABEJI ROLLING MILL (DRM)

Industrial Land, Deh Gharo, Tapo Gharo,
Taluka Mirpur Sakro (Distt: Thatta),
Sindh, Pakistan

EXTERNAL AUDITORS

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road,
Karachi, Pakistan

INTERNAL AUDITORS

BDO Ebrahim & Co.
Chartered Accountants
2nd Floor Block-C, Laqson Square
Bulding No.1, Sarwar Shaheed Road Karachi, Pakistan

SYMBOL AT PAKISTAN STOCK EXCHANGE LIMITED

ASTL

HUMAN RESOURCE & REMUNERATION COMMITTEE

- ◆ **ZAFAR AHMED TAJI**
Chairman
- ◆ **TEIZOON KISAT**
Member
- ◆ **SHAYAN AKBERALI**
Member
- ◆ **MARIAM AKBERALI**
Member
- ◆ **CHIEF OPERATING OFFICER
(OPERATIONS) & CFO**
FAZAL AHMED

- ◆ **CHIEF OPERATING OFFICER (STRATEGY)**
HADI AKBERALI

- ◆ **COMPANY SECRETARY**
ADNAN ABDUL GHFFAR

- ◆ **HEAD OF INTERNAL AUDIT**
FRAZ AHMED

LEGAL ADVISOR

- ◆ **SHAMIM JAVAID SHAMSI**
A-102, Samina Avenue, Shadman No.2
North Karachi, Karachi

SHARES REGISTRAR

THK Associates (Pvt) Limited
1st Floor, 40-C, Block-6, P.E.C.H.S. Karachi - 75400
UAN : 021-111-000-322
Tel : 021-34168270
Fax : 021-34168271

BANKERS

Askari Bank Limited
Allied Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
Samba Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

WEBSITE INFORMATION

www.amrelisteels.com

DIRECTORS' REVIEW REPORT

The Board of Directors is pleased to present their review on the financial and operational performance of your Company for the first quarter ended 30 September 2018.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Your company continued to perform well despite the prevailing economic uncertainty in the Country, cut down on public spending budget, astronomical devaluation of PKR vs US\$, increase in interest costs, increase in sales tax and power disruptions coupled with high energy cost.

The sales registered a remarkable growth of 119% in the first quarter of the financial year as compared to the similar period last year. Similarly, the gross profit and profit after tax in the quarter under review recorded an impressive increase of 78% and 109% respectively as compared to the first quarter last year. The prime reason behind this performance was increase in the production by 109% and sales volumes which grew by 74% on year on year basis. The increase in production was the result of the new production line at Dhabeji which came into operations on 30 April 2018. All expenses as a percentage of sales were under check. The tight control over expenses helped the company to improve its bottom line.

The key financial highlights of the Company are as follows –

	First Quarter Ended 30 September 2018 (Rs. in millions)	First Quarter Ended 30 September 2017 (Rs. in millions)
Net sales	5,922	2,706
Gross profit	908	510
Operating profit	629	335
Profit before tax	421	238
Profit after tax	409	196

The earning per share (both basic and diluted) during the period under review was Rs.1.38 (corresponding period 30 September 2017: Rs.0.66).

FUTURE OUTLOOK

Owing to macro-economic imbalances, depleting reserves and current and fiscal deficits, the financial year 2019 is expected to be challenging year for doing business in Pakistan. Given the limited options available at hand, current efforts to address the above challenges may result in economic slowdown including a slowdown in construction activity. The input costs are likely to go up further and it will be difficult for the industry to maintain volumes with increased costs.

On the Amreli front, with Dhabeji operations gaining momentum every passing day, the management is confident of reducing the cost of production of rebars at Dhabeji. With increased hot charging and four slit rolling which is expected to start in the first week of November 2018, the cost of production of rebars at Dhabeji is expected to be lower due to increased efficiency resulting in better margins and higher profitability for your Company. Further our 4th Melting Furnace is expected to be commissioned by February 2019, which will increase our billet capacity to 600,000 tons per annum.

Acknowledgement

The Board of Directors of your Company acknowledges confidence and support of all stakeholders including our valued shareholders, customers, financial institutions and suppliers and appreciates the assiduous contribution of management and employees that energizes the Company to the new altitudes.

For & on behalf of Board of Directors


Shayan Akberali
Chief Executive Officer


Zafar Ahmed Taji
Director

Date: 26 October 2018
Place: Karachi

ڈائریکٹر کی جائزہ رپورٹ

بورڈ آف ڈائریکٹرز انتہائی سرت کے ساتھ 30 ستمبر 2018 کو ختم ہونے والی پہلی سہ ماہی سے متعلق کمپنی کے مالیاتی و کاروباری امور کی بابت اپنی جائزہ رپورٹ آپ کی خدمت میں پیش کر رہے ہیں۔

مالیاتی و کاروباری امور کی اہم جھلکیاں

ملک میں موجود معاشی غیر یقینی صورتحال، بجٹ میں عوامی اخراجات میں کمی، ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں زبردستی، شرح سود میں اضافے، سیکرٹیکس میں اضافے، توانائی کے بحران اور توانائی کی بڑھتی ہوئی قیمتوں کے باوجود کمپنی نے بہت اچھی کارکردگی کا مظاہرہ کیا ہے۔

گزشتہ مالی سال کی پہلی سہ ماہی کے مقابلے میں رواں مالی سال کی پہلی سہ ماہی کے دوران فروخت کی شرح میں 119% کا زبردست اضافہ درج کیا گیا ہے۔ اسی طرح گزشتہ مالی سال کی پہلی سہ ماہی کے مقابلے میں رواں مالی سال کی پہلی سہ ماہی کے دوران خام منافع اور منافع بعد از ٹیکس میں بالترتیب 78% اور 109% کا زبردست اضافہ درج کیا گیا ہے۔ اس عمدہ کارکردگی کی بنیادی وجہ پیداوار میں 109% اور فروخت کے حجم میں سال بہ سال 78% کا اضافہ ہے۔ پیداوار میں اضافے کی وجہ حاشیائی کے مقام پر نئی پیداوار کی سہولت ہے جس نے 30 اپریل 2018 کو پیداواری عمل کا آغاز کیا۔ تمام اخراجات کو فروخت کے فیصد کے تناسب سے قابو میں رکھا گیا ہے اور اخراجات کی سخت نگرانی کی وجہ سے کمپنی کی صافائی آمدن میں اضافہ ہوا ہے۔

کمپنی کی مالیاتی کارکردگی سے متعلق اہم جھلکیاں ذیل میں پیش خدمت ہیں:

پہلی سہ ماہی اختتامیہ	پہلی سہ ماہی اختتامیہ
30 ستمبر 2017	30 ستمبر 2018
(روپے ملین میں)	(روپے ملین میں)
آمدن از فروخت	5,922
خام منافع	908
کاروباری منافع	629
منافع قبل از ٹیکس	421
منافع بعد از ٹیکس	409
2,706	
510	
335	
238	
196	

زیر نظر عرصے کے دوران کمپنی کی جانب سے 1.3 روپے آمدن فی حصص (بنیادی ٹھہری) درج کی گئی ہے۔ (گزشتہ مالی سال 30 ستمبر 2017 کے اسی عرصے کے دوران آمدن فی حصص 0.66 روپے درج کی گئی تھی)

مستقبل پر نظر


کلی معاشیات کی سطح پر پائی جاتی والی عدم توازن کی صورتحال، زرمبادلہ کے ذخائر میں ہونے والی کمی اور مالیاتی خسارے کے پیش نظر مالی سال 2019 کے بارے میں توقع کی جارہی ہے کہ پاکستان میں کاروبار کے لحاظ سے یہ سال مسائل سے بھرپور ہوگا۔ چونکہ ہمارے پاس اقدامات کیلئے زیادہ اختیاری صورتیں موجود ہیں اس لئے محکمہ کاروبار کے مسائل سے نمٹنے کی غرض سے کئے جانے والے کسی بھی قسم کے اقدامات معاشی سست روی کا باعث نہیں بنیں گے اور اس سست روی کی وجہ سے ترقیاتی سرگرمیاں بھی سست روی کا شکار ہو سکتی ہیں۔ خام مال کی لاگت میں مزید اضافہ ہونے کے امکانات موجود ہیں اور خام مال کی بڑھتی ہوئی قیمتوں کے پیش نظر صنعت کیلئے پیداوار کی حجم کو برقرار رکھنا مشکل ہوگا۔

جہاں تک امریکی کا تعلق ہے کمپنی کی انتظامیہ کو مکمل طور پر یقین ہے کہ حاشیائی کے پلاٹ پر ہرگز رستے دن پیداواری حجم میں اضافے کے ساتھ ساتھ رپارڈ کی لاگت میں کمی کی آٹا شروع ہو جائے گی۔ امید ہے کہ نومبر 2018 کے پہلے ختم ہونے والی حاشیائی کے مقام پر ہٹ چار جنگ اور چار سلسلہ روٹنگ کام کا شروع کر دیں گے جس کے بعد پیداواری عمل میں مزید موثر کارکردگی کے باعث رپارڈ کی پیداواری لاگت میں کمی آٹا شروع ہو جائے گی اور اخراجات میں کمی کے باعث آمدن اور نتیجتاً منافع میں اضافہ ہوگا۔ مزید برآں، امید ہے کہ فروری 2019 تک ہماری پتھری چیلنک فرنس (Furnace) بھی پیداواری عمل کا آغاز کر دے گی جس کی وجہ سے ہمارے پاس بلٹ (Billet) کی پیداواری گنجائش بڑھ کر 600,000 ٹن سالانہ تک پہنچ جائے گی۔

انتہائی تشکر

بورڈ تمام حصص داران کی جانب سے ان کے اعتماد اور حمایت کیلئے ان کا بے حد مشکور ہے۔ ہم اپنے تمام شراکت داروں بشمول، ہمارے قابل اعتماد صارفین، مالیاتی اداروں اور ترسیل کاروں کے تہہ دل سے مشکور ہیں کہ ان کی حمایت اور تعاون مستقل بنیادوں پر ہمارے شامل حال ہے۔ ہم انتظامیہ میں اور تمام ملازمین کی جانب سے ان کی مجلس انداز و انتھک کوششوں کیلئے بھی بے حد مشکور ہیں جن کی وجہ سے کمپنی ترقی کی راہ پر گامزن ہے۔

برائے دُعا جناب بورڈ آف ڈائریکٹرز


نفاذ احمد
ڈائریکٹر


شبان اہریل
چیف ایگزیکٹو آفیسر

مؤرخہ 126 ستمبر 2018

بہ مقام کراچی

CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER 2018

		30 September 2018 (Un-audited)	30 June 2018 (Audited)
	Notes	(Rupees)	(Rupees)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	15,768,925,512	15,528,653,230
Intangible assets		25,468,527	27,888,714
Long-term investments		15,289,370	15,289,370
Long-term deposits		134,883,395	135,599,448
		15,944,566,804	15,707,430,762
CURRENT ASSETS			
Stores and spares		839,754,402	869,765,512
Stock-in-trade	6	8,576,570,799	7,459,068,100
Trade debts	7	2,382,052,581	1,787,703,846
Loans and advances		19,927,613	23,377,452
Trade deposits and short-term prepayments		53,931,667	44,233,685
Other receivables		130,976,278	227,188,878
Taxation – net		488,856,698	393,017,333
Cash and bank balances		67,179,361	131,073,813
		12,559,249,399	10,935,428,619
TOTAL ASSETS		28,503,816,203	26,642,859,381
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		2,970,114,270	2,970,114,270
Capital reserves		2,788,741,922	2,788,741,922
Revenue reserves – accumulated profit		5,154,613,532	4,727,294,416
Actuarial loss on gratuity scheme		(40,439,405)	(40,439,405)
Revaluation surplus on property, plant and equipment	8	2,415,710,202	2,434,441,250
		13,288,740,521	12,880,152,453
NON-CURRENT LIABILITIES			
Long-term financing		2,188,398,175	2,204,388,750
Deferred taxation	9	1,018,553,294	1,006,648,806
Deferred liability		162,435,725	155,677,808
		3,369,387,194	3,366,715,364
CURRENT LIABILITIES			
Trade and other payables		2,864,434,666	2,428,873,755
Interest / markup accrued		211,261,954	135,648,698
Short-term borrowings		7,998,131,425	7,053,113,896
Current portion of long-term financing		768,766,028	775,245,124
Unclaimed dividends		3,094,415	3,110,091
		11,845,688,489	10,395,991,564
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		28,503,816,203	26,642,859,381

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

Chief Executive Officer

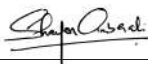
Director

Chief Financial Officer

CONDENSED INTERIM PROFIT OR LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018

	Notes	30 September 2018 (Un-audited)	30 September 2017 (Un-audited)
		----- (Rupees) -----	
Sales – net	11	5,922,361,265	2,706,286,342
Cost of sales	12	(5,014,188,143)	(2,196,312,150)
Gross profit		908,173,122	509,974,192
Distribution costs	13	(155,967,131)	(55,492,434)
Administrative expenses		(109,208,870)	(101,056,802)
Other expenses		(36,287,106)	(18,828,781)
Other income	14	22,527,897	322,557
Operating profit		629,237,912	334,918,732
Finance costs	15	(208,610,567)	(97,059,215)
Profit before taxation		420,627,345	237,859,517
Taxation	16	(12,039,277)	(42,086,798)
Net profit for the period		408,588,068	195,772,719
 Earnings per share – basic and diluted		 1.38	 0.66

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2018

	30 September 2018 (Un-audited)	30 September 2017 (Un-audited)
	----- (Rupees) -----	
Net profit after taxation	408,588,068	195,772,719
Other comprehensive income / (loss)	-	-
Total comprehensive income for the period	<u>408,588,068</u>	<u>195,772,719</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOW
FOR THE QUARTER ENDED 30 SEPTEMBER 2018
(UN-AUDITED)

	30 September 2018	30 September 2017
	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	420,627,345	237,859,517
Adjustments for:		
Depreciation	159,784,987	82,143,572
Amortization	2,420,187	1,680,782
(Reversal)/provision for doubtful trade debts	(21,746,352)	9,087,031
Provision for gratuity	8,964,304	6,156,974
Loss on disposal of operating assets	192	58,768
Finance costs	208,610,568	97,059,215
	358,033,886	196,186,342
Operating profit before working capital changes	778,661,231	434,045,859
(Increase) / decrease in current assets:		
Stores and spares	30,011,109	65,006,020
Stock-in-trade	(1,117,502,700)	(952,561,057)
Trade debts	(572,602,382)	102,433,617
Loans and advances	3,449,839	953,612
Trade deposits and short-term prepayments	(9,697,983)	2,263,275
Other receivables	96,212,600	(29,924,505)
	(1,570,129,517)	(811,829,038)
(Decrease) / increase in current liability:		
Trade and other payables	85,736,154	121,796,404
Cash used in operations	(705,732,132)	(255,986,776)
Income taxes paid	(95,974,150)	(108,440,338)
Gratuity paid	(2,206,388)	(395,080)
Long-term deposits – net	716,053	(2,227,399)
Net cash used in operating activities	(803,196,617)	(367,049,593)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(400,062,245)	(660,961,715)
Proceeds from disposal of operating assets	4,783	12,500
Net cash used in investing activities	(400,057,462)	(660,949,215)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings – net	1,294,842,286	1,147,940,345
Dividend paid	(15,677)	(14,689)
Long-term financings – net	(22,469,673)	(38,391,230)
Finance costs paid	(132,997,309)	(70,894,913)
Net cash generated from financing activities	1,139,359,627	1,038,639,513
Net(decrease) / increase in cash and cash equivalents	(63,894,452)	10,640,706
Cash and cash equivalents at the beginning of the period	131,073,813	69,558,113
Cash and cash equivalents at the end of the period	67,179,361	80,198,819

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2018

	Issued, subscribed and paid up capital	Capital Reserves Share Premium	Revenue Reserves Accumulated Profit	Actuarial loss on gratuity fund	Revaluation surplus on property, plant and equipment	Total
-----Rupees-----						
Balance as at 01 July 2017 -restated	2,970,114,270	2,788,741,922	3,662,702,710	(30,821,514)	1,755,014,996	11,145,752,384
Net profit for the period	-	-	195,772,719	-	-	195,772,719
Other comprehensive income / (loss)	-	-	-	-	-	-
Total comprehensive income	-	-	195,772,719	-	-	195,772,719
Transferred to un-appropriated profit in respect of - incremental depreciation during the period – net of tax	-	-	18,033,848	-	(18,033,848)	-
Balance as at 30 September 2017-- restated	2,970,114,270	2,788,741,922	3,876,509,277	(30,821,514)	1,736,981,148	11,341,525,103
Balance as at 01 July 2018	2,970,114,270	2,788,741,922	4,727,294,416	(40,439,405)	2,434,441,250	12,880,152,453
Net profit for the period	-	-	408,588,068	-	-	408,588,068
Other comprehensive income /(loss)	-	-	-	-	-	-
Total comprehensive income	-	-	408,588,068	-	-	408,588,068
Transferred to un-appropriated profit in respect of - incremental depreciation during the period – net of tax	-	-	18,731,048	-	(18,731,048)	-
Balance as at 30 September 2018	2,970,114,270	2,788,741,922	5,154,613,532	(40,439,405)	2,415,710,202	13,288,740,521

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2018 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

Amreli Steels Limited (the Company) was incorporated in 1984 as a private limited company and converted into a public unquoted company in 2009. The Company enlisted on Pakistan Stock Exchange in 2015. The Company is engaged in manufacture and sale of steel bars and billets. The registered office of the Company is situated at Plot No. A-18, S.I.T.E., Karachi.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements are required to be presented to the shareholders under Section 237 of Companies Act, 2017 and have been prepared in accordance with the requirements of the International Accounting Standards (IAS) – 34, "Interim Financial Reporting" and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

- 2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 30 June 2018.

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the secondended interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2018.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim financial statements, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation of uncertainty were the same as those that applied to the annual financial statement as at and for the year ended 30 June 2018.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2018
(UN-AUDITED)

	Notes	30 September 2018 (Un-audited)	30 June 2018 (Audited)
		----- (Rupees) -----	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating assets			
Opening net book value (NBV)		13,243,636,752	7,154,739,872
Additions during the period / year (cost)	5.1	69,088,886	438,559,950
Transfers from CWIP during the period / year		-	5,281,171,446
Revaluation of fixed assets		-	801,106,272
Deletions during the period / year (NBV)	5.1	(4,975)	(5,389,486)
Depreciation charged during the period / year		(159,784,986)	(426,551,302)
Closing net book value (NBV)		13,152,935,677	13,243,636,752
Capital work-in-progress	5.2	2,615,989,835	2,285,016,478
		15,768,925,512	15,528,653,230

5.1 Details of additions and disposals are as follows:

	Additions (cost)		Deletions (NBV)	
	30 September 2018 (Un-audited)	30 June 2018 (Audited)	30 September 2018 (Un-audited)	30 June 2018 (Audited)
	----- (Rupees) -----			
Buildings on leasehold land	2,251,975	210,940	-	-
Plant and machinery	44,377,418	387,948,049	-	1,569,632
Furniture and fittings	1,127,576	2,395,340	-	71,268
Office equipment	4,810,518	21,117,020	-	285,142
Vehicles	4,133,600	16,074,454	4,975	3,311,445
Computers	12,387,799	10,814,147	-	151,999
	69,088,886	438,559,950	4,975	5,389,486

5.2 Capital work-in-progress

	Freehold land	Civil works	Plant and machinery	Total	30 June 2018 (Audited)
	----- (Rupees) -----				
Opening balance	362,003,718	1,101,385,115	821,627,645	2,285,016,478	5,098,358,653
Additions during the period / year	14,011,676	47,464,446	296,453,764	357,929,886	2,477,439,570
Transfer to operating fixed assets	-	(2,251,974)	(24,164,174)	(26,416,148)	(5,281,171,446)
Written off during the period / year	-	-	(540,381)	(540,381)	(9,610,299)
Closing balance	376,015,394	1,146,597,587	1,093,376,854	2,615,989,835	2,285,016,478

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2018
(UN-AUDITED)

30 September 2018 (Un-audited)	30 June 2018 (Audited)
----- (Rupees) -----	

6. STOCK-IN-TRADE

Raw materials

- In hand	4,546,794,142	3,926,397,766
- In transit	517,567,879	1,388,553,092
	<u>5,064,362,021</u>	<u>5,314,950,858</u>

Work-in-process	822,474,209	1,000,057,191
-----------------	-------------	---------------

Finished goods	2,689,734,569	1,144,060,051
	<u>8,576,570,799</u>	<u>7,459,068,100</u>

7. TRADE DEBTS

Considered good	2,382,052,581	1,787,703,846
Considered doubtful	105,400,851	127,147,204
	<u>2,487,453,432</u>	<u>1,914,851,050</u>
Provision for doubtful debts	(105,400,851)	(127,147,204)
	<u>2,382,052,581</u>	<u>1,787,703,846</u>

8. SURPLUS ON REVALUATION OF PROPERTY, PLANT
AND EQUIPMENT – net of deferred tax

Opening balance	3,251,096,960	2,553,339,842
Surplus for the period / year	-	801,106,272
Transfer to un-appropriated profit on account of:		
- Incremental depreciation during the period/ year	(26,015,345)	(103,349,154)
	<u>3,225,081,615</u>	<u>3,251,096,960</u>

Related deferred tax liability

Opening balance	(816,655,710)	(798,324,846)
Surplus for the period / year	-	(48,302,119)
Incremental depreciation charged during the period/ year	7,284,297	29,971,255
	<u>(809,371,413)</u>	<u>(816,655,710)</u>
	<u>2,415,710,202</u>	<u>2,434,441,250</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2018
(UN-AUDITED)

30 September 2018 (Un-audited)	30 June 2018 (Audited)
----- (Rupees) -----	

9. DEFERRED TAXATION

Represents tax effects of temporary differences
relating to:

Accelerated tax depreciation / amortization	1,192,972,409	1,251,866,058
Surplus on revaluation of property, plant and equipment	809,371,416	816,655,710
Provisions	(134,678,981)	(141,119,105)
Unused tax credits	(849,111,550)	(920,753,857)
	<u>1,018,553,294</u>	<u>1,006,648,806</u>

10. CONTINGENCIES AND COMMITMENTS

Contingencies

There were no major changes in the status of contingencies as reported in the annual financial statements for the year ended 30 June 2018.

30 September 2018 (Un-audited)	30 June 2018 (Audited)
----- (Rupees) -----	

Commitments

10.1 Outstanding letters of credit	<u>2,535,976,222</u>	<u>1,910,517,299</u>
10.2 Outstanding letters of guarantee	<u>271,296,332</u>	<u>211,760,464</u>
10.3 Capital commitments	<u>87,200,000</u>	<u>112,200,000</u>
10.4 Commitments for rentals payable under Ijarah contracts in respect of vehicles, and plant and machinery are as follows:		
Not later than one year	<u>43,863,400</u>	<u>40,475,868</u>
Later than one year but not later than five years	<u>64,563,761</u>	<u>79,252,297</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2018
(UN-AUDITED)

	30 September 2018 (Un-audited)	30 September 2017 (Un-audited)
	----- (Rupees) -----	
11. SALES – net		
Local		
Manufactured stock	5,905,671,404	2,695,309,886
Trading stock	4,544,565	2,933,310
	<u>5,910,215,969</u>	<u>2,698,243,196</u>
Less: sales tax		
Trading stock	(660,321)	(426,207)
Less: trade discounts		
Manufactured stock	(673,261)	(82,000)
	<u>5,908,882,387</u>	<u>2,697,734,989</u>
Export sales	13,478,878	8,551,353
	<u>5,922,361,265</u>	<u>2,706,286,342</u>
12. COST OF SALE		
Manufactured stock	5,010,703,626	2,194,255,226
Trading stock	3,484,517	2,056,924
	<u>5,014,188,143</u>	<u>2,196,312,150</u>
13. DISTRIBUTION COST		
Salaries, allowances and other benefits	27,101,625	19,417,692
Carriage and transport	46,702,325	24,914,007
Advertisement and sales promotion	62,914,712	1,114,861
Depreciation	2,186,970	1,417,202
Utilities	1,783,616	1,327,834
Bundling and special order charges	7,457,018	5,232,308
Rent, rates and taxes	952,998	557,707
Others	6,867,867	1,510,823
	<u>155,967,131</u>	<u>55,492,434</u>
14. OTHER INCOME		
Includes Rs. 21.74 million (2017: Rs. Nil) in respect of reversal of bad debt provision.		
15. FINANCE COST		
Interest on long term borrowings	43,545,395	13,693,025
Interest on short term borrowings	161,302,993	79,514,620
Bank charges	644,274	909,369
Mark up on workers' profit participation fund	3,117,905	2,942,201
	<u>208,610,567</u>	<u>97,059,215</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2018
(UN-AUDITED)

30 September 2018 (Un-audited)	30 September 2017 (Un-audited)
----- (Rupees) -----	

16. TAXATION

Current	134,789	22,162,661
Deferred	<u>11,904,488</u>	<u>19,924,137</u>
	<u>12,039,277</u>	<u>42,086,798</u>

17. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise directors, key management personnel and retirement funds. Transactions with related parties are as follows:

Directors' remuneration	<u>5,400,000</u>	<u>2,568,097</u>
Key management personnel's remuneration	<u>57,374,597</u>	<u>49,160,959</u>
Contribution to gratuity fund	<u>8,964,304</u>	<u>6,156,974</u>

18. DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue on **26 October 2018** by the Board of Directors of the Company.

19. GENERAL

Figures have been rounded off to the nearest Rupee, unless otherwise stated.



Chief Executive Officer



Director



Chief Financial Officer

Investors' Education

In pursuance of SRO 924(1)/2015 dated September 9th, 2015 issued by the Securities and Exchange Commission of Pakistan (SECP), the following informational message has been reproduced to educate investors.

www.jamapunji.pk



Be aware, Be alert, Be safe

Learn about investing at
www.jamapunji.pk

Key features:

- Licensed Entities Verification
- Scam meter*
- Jamapunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered

- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

[jamapunji.pk](https://www.facebook.com/jamapunji.pk)

[@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices



AMRELI STEELS
Building for Life

A-18, S.I.T.E., Karachi, Pakistan
UAN: 021-111-AMRELI (267354)
Email: investor-relations@amrelisteels.com
www.amrelisteels.com