

**AISHA STEEL MILLS LIMITED**

1<sup>st</sup> March 2019

**The General Manager**  
Pakistan Stock Exchange Limited  
Stock Exchange Building  
Stock Exchange Road  
Karachi

Dear Sir,

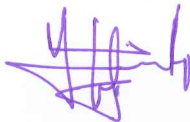
**AISHA STEEL MILLS LIMITED**  
**ACCOUNTS FOR THE QUARTER ENDED 31<sup>ST</sup> DECEMBER 2018**

This is with reference to the subject cited above. In pursuance of the clause 5.6.4.(c) of Rule Book of Pakistan Stock Exchange Limited, we are pleased to enclose copy of Accounts of Aisha Steel Mills Limited for the six months and quarter ended 31<sup>st</sup> December 2018.

Further, this is to inform you that soft copy of these financial statements have also been electronically transmitted through Pakistan Unified Corporate Action Reporting System (PUCARS) along with being placed on Company's website <http://www.aishasteel.com/>

Kindly acknowledge the receipt.

Yours' faithfully,



-----  
**For and on behalf of**  
**Aisha Steel Mills Limited**

**Registered & Corporate Office :**

2nd Floor, Arif Habib Centre, 23, M.T. Khan Road, Karachi, Pakistan.  
Tel : (+92-21) 32468317-19-22, Fax: (+92-21) 32468316  
Website : [www.aishasteel.com](http://www.aishasteel.com), Email: [info@aishasteel.com](mailto:info@aishasteel.com)

**Factory :**

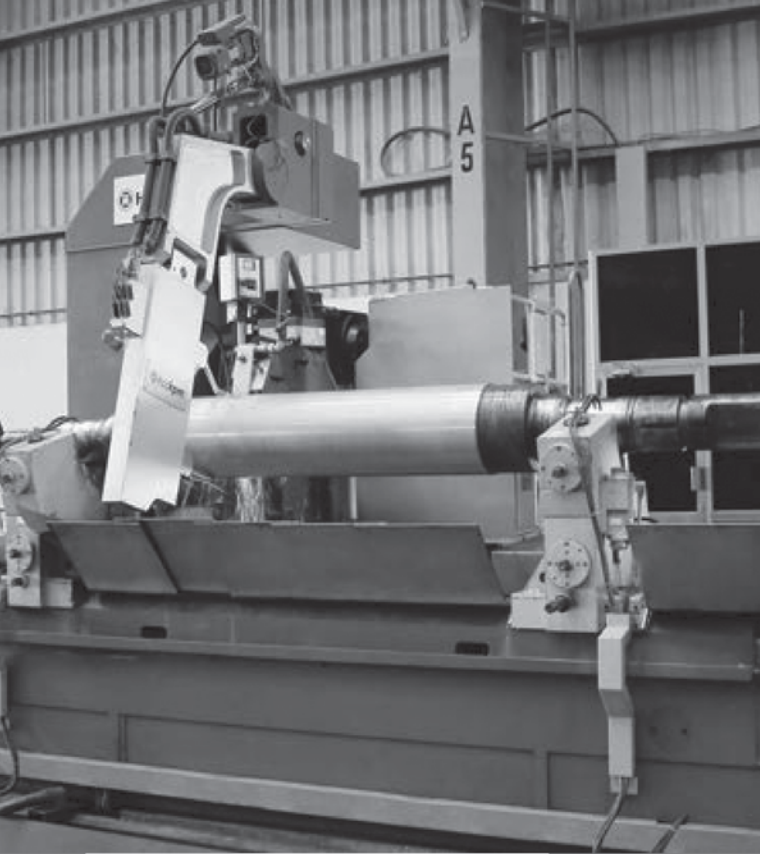
DSU-45, Pakistan Steel, Down Stream Industrial  
Estate, Bin Qasim, Karachi, Pakistan.  
Tel : (+92 21) 3474 0160-7, Fax: (+92 21) 3474 0151

Half Yearly Report  
December 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**





And Steel Mills



# 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 Tayeb Aly & 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  
United Bank Limited

## Website

[www.aishasteel.com](http://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 half year ended December 31, 2018.

## Steel Market Review

The international steel market remained under pressure in the July–December 2018 period. The trade war between China and America negatively influenced the steel sector. Productivity declined and prices remained under pressure. The HRC, FOB China prices, decreased gradually from US\$ 590 to US\$ 475 in July to December period, a drop of about 20%. The local market also remained depressed on account of declining international prices as well as slowdown in business activities due to elections and the change in government. The rapid devaluation of rupee against dollar also contributed to the negative sentiment. The local CRC prices, for the period, dropped by about 13% in dollar terms. The international as well as the local steel market has stabilized since and expected to show rising trend in the near term.

## Operational Review

The sales quantity achieved in the July–December 2018 period was 75,010 tons compared to 114,696 tons for the corresponding period last year, showing a decrease of about 35%. The total production for the period was 88,049 tons compared to 101,580 tons, showing a decrease of about 13%. The production had to be curtailed due to inventory buildup and capacity utilization decreased to 80% compared to 92% recorded for the corresponding period last year. The revenue generated during the period was PKR 7,600 million, compared to PKR 9,510 million achieved in the corresponding period in 2017–18, showing a decrease of 20%.

The Company posted before tax loss of PKR 343 million in the July–December period of the current financial year compared to profit of PKR 1,179 million in corresponding period in 2017–18.

A brief summary of the financial results as on December 31, 2018 is as follows:

All figures in PKR Million	Half year Ended	
	Dec 2018	Dec 2017
Net Sales	7,600	9,510
Gross Profit	639	1,843
(Loss) / Profit before tax	(343)	1,179
(Loss) / Profit after tax	(52)	801

## Future Outlook

The Chinese government has retained environmental policies to contain pollution, particularly in steel producing provinces. The government is systematically eliminating obsolete capacities with poor environment controls and also enforcing capacity cuts to contain emission levels. The aim to achieve 100 million tons capacity cuts are on track. This is expected to create a balance in demand supply cycle keeping steel prices stable. The market, however, is keenly watching the on-going trade talks between America and China. In case of amicable resolution, the market may react positively.

## The Expansion Project

The galvanizing line and batch annealing furnaces are expected to be commissioned within this quarter. The new pickling line and the rolling mill are expected to be commissioned in the next quarter.

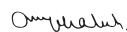
## Acknowledgement

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 the Regulators for their continued support. We appreciate the extra efforts put in by the company employees in connection with the expansion project.

## For and on behalf of the Board



**Dr. Munir Ahmed**  
Chief Executive



**Arif Habib**  
Chairman

February 26, 2019





# Independent Auditor's Review Report to the members of Aisha Steel Mills Limited

## Report on review of Interim Financial Statements

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of Aisha Steel Mills Limited as at December 31, 2018 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2018.


### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Syed Fahim ul Hasan.

  
Chartered Accountants  
Karachi

Date: February 28, 2019

# Unaudited Financial Statements

For the Half year Ended  
December 31, 2018





# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	Note	(Unaudited) December 31, 2018	(Audited) June 30, 2018
(Rupees in thousands)			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets - property, plant and equipment	5	17,693,101	13,373,822
Intangibles		6,686	7,412
Long-term loans and advances		6,153	4,697
Long-term deposits		47,411	47,426
Deferred tax	6	969,000	932,904
		<u>18,722,351</u>	<u>14,366,261</u>
<b>Current assets</b>			
Stores and spares		204,903	112,006
Stock-in-trade		8,380,676	4,312,261
Trade debts		367,067	105,243
Advances, deposits and prepayments		464,953	405,930
Other receivables		180,360	145,834
Tax refunds due from Government - Sales tax		1,022,738	247,539
Taxation - payments less provision		1,021,454	685,149
Cash and bank balances		72,657	45,565
		<u>11,714,808</u>	<u>6,059,527</u>
<b>Total assets</b>		<u>30,437,159</u>	<u>20,425,788</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	7		
Ordinary shares		7,655,293	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>6,813,776</u>	<u>7,481,462</u>
Unappropriated profit / (Accumulated loss)		91,272	(548,080)
Surplus on revaluation of fixed assets		1,534,642	1,557,724
		<u>8,439,690</u>	<u>8,491,106</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term finance		6,838,073	4,848,164
Liabilities against assets subject to finance leases		29,640	33,836
Staff retirement benefit		58,826	51,536
		<u>6,926,539</u>	<u>4,933,536</u>
<b>Current liabilities</b>			
Trade and other payables		1,274,738	1,209,923
Accrued mark-up		458,510	238,452
Short-term borrowings	8	12,830,226	5,045,107
Current maturity of long-term finance		500,000	500,000
Current maturity of liabilities against assets subject to finance leases		7,456	7,664
		<u>15,070,930</u>	<u>7,001,146</u>
<b>Total liabilities</b>		<u>21,997,469</u>	<u>11,934,682</u>
<b>Contingencies and commitments</b>			
	9		
<b>Total equity and liabilities</b>		<u>30,437,159</u>	<u>20,425,788</u>

The annexed notes 1 to 15 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 HALF YEAR ENDED DECEMBER 31, 2018 - (UNAUDITED)

		Quarter ended		Half year ended	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	Note	← (Rupees in thousands) →			
Revenue	10	4,509,680	5,271,723	7,600,434	9,510,315
Cost of sales		(4,369,766)	(4,174,830)	(6,961,831)	(7,667,747)
Gross profit		139,914	1,096,893	638,603	1,842,568
Selling and distribution cost		(6,014)	(4,056)	(11,135)	(8,348)
Administrative expenses		(66,008)	(44,768)	(128,432)	(89,379)
Other expenses		11,793	(52,365)	-	(87,350)
Other income		14,486	8,069	17,154	16,785
Profit from operations		94,171	1,003,773	516,190	1,674,276
Finance cost		(592,882)	(284,586)	(858,778)	(495,689)
(Loss) / profit before taxation		(498,711)	719,187	(342,588)	1,178,587
Taxation	11	326,573	(227,016)	291,172	(377,188)
(Loss) / profit for the period		(172,138)	492,171	(51,416)	801,399
Other comprehensive income for the period		-	-	-	-
Total comprehensive (loss) / income for the period		(172,138)	492,171	(51,416)	801,399
(Loss) / earnings per share	12	← Rupees →			
- Basic		(0.24)	0.58	(0.10)	0.98
- Diluted			0.54		0.96

The annexed notes 1 to 15 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 HALF YEAR ENDED DECEMBER 31, 2018 - (UNAUDITED)

	SHARE CAPITAL	RESERVES			SUBSCRIPT- ION 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 1, 2017	5,157,301	-	1,224,627	(1,858,071)	2,176,616	6,700,473
Subscription money received	-	-	-	-	155,128	155,128
Issuance cost	-	-	-	-	(7,583)	(7,583)
	-	-	-	-	147,545	147,545
Issuance of right shares	1,465,787	858,374	-	-	(2,324,161)	-
Incremental depreciation net of deferred tax transferred	-	-	(13,481)	13,481	-	-
Total comprehensive income for the half year ended December 31, 2017						
- Profit for the half year ended December 31, 2017	-	-	-	801,399	-	801,399
- Other comprehensive income for the half year ended December 31, 2017	-	-	-	-	-	-
	-	-	-	801,399	-	801,399
<b>Balance as at December 31, 2017</b>	<b>6,623,088</b>	<b>858,374</b>	<b>1,211,146</b>	<b>(1,043,191)</b>	<b>-</b>	<b>7,649,417</b>
<b>Balance as at July 1, 2018</b>	<b>7,481,462</b>	<b>-</b>	<b>1,557,724</b>	<b>(548,080)</b>	<b>-</b>	<b>8,491,106</b>
Incremental depreciation net of deferred tax transferred	-	-	(23,082)	23,082	-	-
Reduction in share capital- note 7.3	(667,686)	-	-	667,686	-	-
<b>Total comprehensive income for the half year ended December 31, 2018</b>						
- Loss for the half year ended December 31, 2018	-	-	-	(51,416)	-	(51,416)
- Other comprehensive income for the half year ended December 31, 2018	-	-	-	-	-	-
	-	-	-	(51,416)	-	(51,416)
<b>Balance as at December 31, 2018</b>	<b>6,813,776</b>	<b>-</b>	<b>1,534,642</b>	<b>91,272</b>	<b>-</b>	<b>8,439,690</b>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

  
Chief Financial Officer

  
Chief Executive

  
Director

# CONDENSED INTERIM STATEMENT OF CASH FLOWS

## FOR THE HALF YEAR ENDED DECEMBER 31, 2018 - (UNAUDITED)

	Note	December 31, 2018	December 31, 2017
		(Rupees in thousands)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net cash used in operations	13	(4,668,554)	(737,455)
Income tax paid		(81,229)	(338,178)
Mark-up on loans paid		(362,101)	(217,506)
Return on bank deposits received		4,017	8,727
Staff retirement benefit paid		(3,052)	(1,320)
Increase in long-term loans and advances		(1,456)	(1,797)
Decrease / (increase) in long-term deposits		15	(408)
<b>Net cash used in operating activities</b>		<b>(5,112,360)</b>	<b>(1,287,937)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(4,565,581)	(1,300,089)
Acquisition of intangible assets		(147)	-
Sale proceeds from disposal of property, plant and equipment		1,796	1,489
<b>Net cash used in investing activities</b>		<b>(4,563,932)</b>	<b>(1,298,600)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long-term finance		(251,130)	-
Long-term loan obtained - net		2,174,850	-
(Decrease) / increase in liabilities against assets subject to finance leases		(5,455)	16,633
Proceeds from right issue - net		-	147,545
<b>Net cash generated from financing activities</b>		<b>1,918,265</b>	<b>164,178</b>
Net decrease in cash and cash equivalents		(7,758,027)	(2,422,359)
Cash and cash equivalents at beginning of the period		(4,999,542)	(1,573,524)
Cash and cash equivalents at end of the period		(12,757,569)	(3,995,883)

The annexed notes 1 to 15 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 HALF YEAR ENDED DECEMBER 31, 2018 - (UNAUDITED)

## 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 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 is undertaking an expansion project to increase its current production capacity of Cold Rolled Coils (CRC) from 220,000 metric tonnes to 450,000 metric tonnes and installing production line of Galvanized Iron (GI) of 250,000 metric tonnes. The Expansion Project is expected to be completed by April 2019.

## 2. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of the International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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

### 2.1 Changes in accounting standards, interpretations and pronouncements

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

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 changes laid down by these standards do not have any significant impact on these condensed interim financial statements of the Company.

**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, 2018, 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 statements.

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

The following new standard will be effective for the periods beginning January 1, 2019 and may have an impact on the financial statements of the Company.

IFRS 16 'Leases' - 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 this standard on its financial statements.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in 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.

**4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT**

The preparation of these condensed interim financial statements 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.

**5. FIXED ASSETS - PROPERTY, PLANT AND EQUIPMENT**

	<b>(Unaudited) December 31, 2018</b>	(Audited) June 30, 2018
	(Rupees in thousands)	
Operating assets - note 5.1 and 5.2	<b>10,495,656</b>	10,505,571
Capital work in progress (at cost) - note 5.3	<b>6,278,632</b>	1,996,649
Major spare parts and stand-by equipment	<b>918,813</b>	871,602
	<b><u>17,693,101</u></b>	<u>13,373,822</u>





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

	Additions (at cost)	
	(Unaudited) December 31, 2018	(Unaudited) December 31, 2017
	(Rupees in thousands)	
<b>Owned</b>		
Plant and machinery	198,448	122,600
Building and other civil work on leasehold land	1,467	2,209
Office equipment	4,506	3,742
Furniture and fixtures	1,826	-
Vehicles	-	64
Electrical equipment	7,990	195
<b>Assets held under finance leases</b>		
Motor vehicles	22,150	16,255
	<u>236,387</u>	<u>145,065</u>

5.2 Disposals during the period include vehicles and office equipment having written down value amounting to Rs. 1,446,433 (2017: Rs. 909,975) and Rs. 127,198 (2017: Rs. 9,445) respectively.

## 5.3 Capital work in progress

	(Unaudited) December 31, 2018	(Audited) June 30, 2018
	(Rupees in thousands)	
Plant and machinery	3,609,083	894,311
Civil works and prefabricated building	1,821,355	304,540
Advances to suppliers	339,650	705,975
Others	508,544	91,823
	<u>6,278,632</u>	<u>1,996,649</u>

5.3.1 This includes Rs. 6.27 billion (June 30, 2018: Rs. 1.99 billion) for installation of galvanized coils production line and for increasing current production capacity.

## 6. DEFERRED TAX

The Company has an aggregate amount of Rs. 8.49 billion (June 30, 2018: Rs. 8.98 billion) in respect of tax losses as at December 31, 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 asset on losses amounting to Rs. 2.38 billion (June 30, 2018: Rs. 2.60 billion) including an amount of Rs. 2.09 billion (June 30, 2018: 2.25 billion) on timing differences on account of unabsorbed tax depreciation, amortisation and initial allowance of Rs. 7.45 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.

## 7. SHARE CAPITAL

### 7.1 Authorised share capital

<b>(Unaudited)</b> <b>December 31,</b> <b>2018</b>	<b>(Audited)</b> <b>June 30,</b> <b>2018</b>		<b>(Unaudited)</b> <b>December 31,</b> <b>2018</b>	<b>(Audited)</b> <b>June 30,</b> <b>2018</b>
(Number of shares)			(Rupees in thousands)	
<u>1,100,000,000</u>	<u>900,000,000</u>	Ordinary and Cumulative Preference Shares of Rs. 10 each	<u>11,000,000</u>	<u>9,000,000</u>

The authorised capital of the Company was increased in the Annual General Meeting of the Company held on October 25, 2018.

### 7.2 Issued, subscribed and paid-up capital

<b>(Unaudited)</b> <b>December 31,</b> <b>2018</b>	<b>(Audited)</b> <b>June 30,</b> <b>2018</b>		<b>(Unaudited)</b> <b>December 31,</b> <b>2018</b>	<b>(Audited)</b> <b>June 30,</b> <b>2018</b>
(Number of shares)			(Rupees in thousands)	
<b>832,297,886</b>	685,603,943	Ordinary Shares of Rs. 10 each	<b>8,322,979</b>	6,856,039
-	146,578,616	Shares issued as right shares	-	1,465,786
		Cumulative Preference Shares converted into ordinary shares of Rs. 10 each:		
-	20,500	- PSX Symbol - ASLPS	-	205
-	94,827	- PSX Symbol - ASLCPS	-	949
<u><b>(66,768,583)</b></u>	-	Reduction in share capital- note 7.3	<u><b>(667,686)</b></u>	-
<u><b>765,529,303</b></u>	<u>832,297,886</u>		<u><b>7,655,293</b></u>	<u>8,322,979</u>

**7.3** 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 was 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 shareholders 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 has 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 reduction in capital is effective from the date of acknowledgement.

**7.4** The cumulative dividend on Preference Shares (PSX Symbol - ASLPS) and Preference Shares (PSX Symbol - ASLCPS) amounting to Rs 643.16 million (June 30, 2018: Rs. 619.54 million) and Rs. 299.78 million (June 30, 2018: Rs. 298.17 million) respectively is not accounted for in these condensed interim financial statements. As at December 31, 2018, the Company has unappropriated profit of Rs. 91.27 million. As per the terms of issue of preference shares (PSX Symbols - ASLPS & 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.



## 8. SHORT-TERM BORROWINGS

	(Unaudited) December 31, 2018	(Audited) June 30, 2018
	(Rupees in thousands)	
Secured:		
Short-term running finance - note 8.1	9,000,226	4,870,107
Unsecured:		
Short-term finance facility	3,830,000	175,000
	<u>12,830,226</u>	<u>5,045,107</u>

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

	(Unaudited) December 31, 2018	(Audited) June 30, 2018
	(Rupees in thousands)	
Habib Metropolitan Bank Limited	1,995,924	822,086
National Bank of Pakistan	1,954,386	643,225
Habib Bank Limited	1,459,933	-
Askari Bank Limited	796,365	689,460
Bank Islami Pakistan Limited	573,160	524,082
MCB Islamic Bank Limited	499,185	-
Sindh Bank Limited	498,449	405,844
Bank Alfalah Limited	445,949	-
Summit Bank Limited	384,123	429,634
The Bank of Punjab	342,860	367,073
MCB Bank Limited	49,892	297,567
JS Bank Limited	-	691,136
	<u>9,000,226</u>	<u>4,870,107</u>

## 9. CONTINGENCIES AND COMMITMENTS

### 9.1 Contingencies

9.1.1 Further to note 23.1.2 of the annual financial statements of the Company for the year ended June 30, 2018, the suit filed by the Company in the Sindh High Court against the levy of super tax was disposed of during the current period. Consequently, the Company has been served with an order for recovery of Super Tax by the Deputy Commissioner Inland Revenue for tax year 2017 amounting to Rs. 28.09 million. Subsequent to the reporting date, the Company has adjusted its refund for the tax year 2017 against the demand raised and filed a constitutional petition in the Sindh High Court against the order. Based on the advice of its legal advisor, the management expects a favourable outcome in this respect, hence no provision has been made in these financial statements.

9.1.2 There has been no major change in contingencies during the period, other than disclosed above, reported in the annual financial statements for the year ended June 30, 2018.

### 9.2 Commitments

9.2.1 Commitments for capital expenditure outstanding as at December 31, 2018 amounted to Rs. 747.9 million (June 30, 2018: Rs. 554.3 million).

9.2.2 Commitments outstanding for expansion project and galvanized coils production line as at December 31, 2018 amounted to Rs. 1.06 billion (June 30, 2018: Rs. 3.42 billion).

9.2.3 Commitments for rentals under ijarah arrangements amounted to Rs. 1.7 million (June 30, 2018: Rs. 3 million) payable as follows:

	(Unaudited) December 31, 2018 (Rupees in thousands)	(Audited) June 30, 2018
Not later than 1 year	864	1,235
Later than 1 year but not later than 5 years	839	1,735
	<u>1,703</u>	<u>2,970</u>
	(Unaudited) December 31, 2018 (Rupees in thousands)	(Unaudited) December 31, 2017
<b>10. REVENUE</b>		
Gross revenue - note 10.1	9,000,912	11,248,511
Less: Sales tax	(1,295,029)	(1,625,213)
Rebates and discounts	(13,979)	(3,065)
Dealer commission	(91,470)	(109,918)
	<u>7,600,434</u>	<u>9,510,315</u>
<b>10.1</b>	This includes scrap sales of coil-end sheets net of sales tax amounting to Rs. 374.4 million (2017: Rs. 262.3 million).	
<b>11.</b>	This includes tax credit under section 65B of the Income Tax Ordinance, 2001 on investment in plant and machinery.	
	(Unaudited) December 31, 2018 (Rupees in thousands)	(Unaudited) December 31, 2017
<b>12. (LOSS) / EARNINGS PER SHARE</b>		
<b>12.1 BASIC (LOSS) / EARNINGS PER SHARE</b>		
(Loss) / profit after taxation attributable to ordinary shareholders	(51,416)	801,399
Adjustment for cumulative preference share dividend	(25,228)	(33,119)
(Loss) / profit after taxation for calculation of basic earnings per share	<u>(76,644)</u>	<u>768,280</u>
Weighted average number of ordinary shares outstanding at the end of period (in thousand)	<u>765,529</u>	<u>781,799</u>
Basic (loss) / earnings per share (Rupees)	<u>(0.10)</u>	<u>0.98</u>
<b>12.2 DILUTED EARNINGS PER SHARE</b>		
Diluted earnings per share has not been presented for period ended December 31, 2018 as it has an anti-dilutive effect on earnings per share.		





### 13. NET CASH USED IN OPERATIONS

(Unaudited)  
December 31,  
2018  
(Rupees in thousands)

(Unaudited)  
December 31,  
2017

(Loss) / profit before taxation	(342,588)	1,178,587
Add / (less): Adjustment for non-cash charges and other items		
Depreciation and amortisation	245,601	210,900
Mark-up charges	582,159	290,936
Unwinding of long term finance	66,189	52,207
Finance lease charges	1,051	769
Provision for staff retirement benefits	10,342	8,013
Return on PLS savings accounts	(4,017)	(8,727)
Gain on disposal of fixed assets	(222)	(570)
	901,103	553,528
Profit before working capital changes	558,515	1,732,115

#### Effect on cash flows due to working capital changes

(Increase) / decrease in current assets

Stores and spares	(92,897)	(11,549)
Stock-in-trade	(4,068,415)	(1,104,742)
Trade debts	(261,824)	(45,724)
Advances, deposits and prepayments	(59,023)	139,241
Other receivables	(34,526)	(10,186)
Tax refunds due from Government - Sales tax	(775,199)	(119,663)
	(5,291,884)	(1,152,623)

Increase / (decrease) in current liabilities

Trade and other payables	64,815	(1,316,947)
Net cash used in operations	(4,668,554)	(737,455)

**14. TRANSACTIONS WITH RELATED PARTIES**

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

Relationship	Name of company	Nature of transaction	(Unaudited) December 31, 2018 (Rupees in thousands)	(Unaudited) December 31, 2017
<b>Associated companies</b>	Metal One Corporation	- Purchase of raw material	-	3,793,510
	Arif Habib Corporation Limited	- Finance facility utilised	1,345,000	-
		- Repayment of finance facility utilised	1,009,478	-
		- Mark-up on finance facilities	37,743	-
		- Mark-up on finance facilities paid	33,386	-
		- Guarantee commission	1,748	-
		- Guarantee commission paid	1,739	260
	Arif Habib Equity (Pvt.) Limited	- Finance facility utilised	410,000	-
		- Repayment of finance facility utilised	410,000	-
		- Mark-up on finance facilities	4,635	-
	Power Cement Limited	- Purchase of construction material	54	-
		- Payment made against purchase of construction material	113	662
	Rotocast Engineering Co. (Private) Limited	- Rent and maintenance	4,166	5,909
		- Rent and maintenance paid	4,166	-
	Javedan Corporation Limited	- Expenses against sponsorship	500	-
		- Payment against sponsorship expenses	1,000	-
<b>Other related parties</b>	Mr. Arif Habib	- Finance facility utilised	3,680,000	-
		- Repayment of finance facility utilised	370,000	-
		- Mark-up on finance facility	97,321	-
	Silk Bank Limited	- Bank charges paid	33	11,526
		- Repayment of finance facilities utilised	14,218	-
		- Mark-up on finance facilities	11,716	-
		- Mark-up on finance facilities paid	11,851	14,926
<b>Key management personnel</b>	Chief Executive Officer, Chief Financial Officer & Company Secretary	- Salaries and other employee benefits	8,019	7,110
	Chief Financial Officer & Company Secretary	- Post retirement benefits	219	213
	Non-Executive Director	- Meeting and other expenses	542	-

**15. DATE OF AUTHORISATION FOR ISSUE**

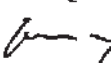
These condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on February 26, 2019.



**Chief Financial Officer**



**Chief Executive**



**Director**







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