

Aisha Steel

Joint Venture of:



Arif Habib

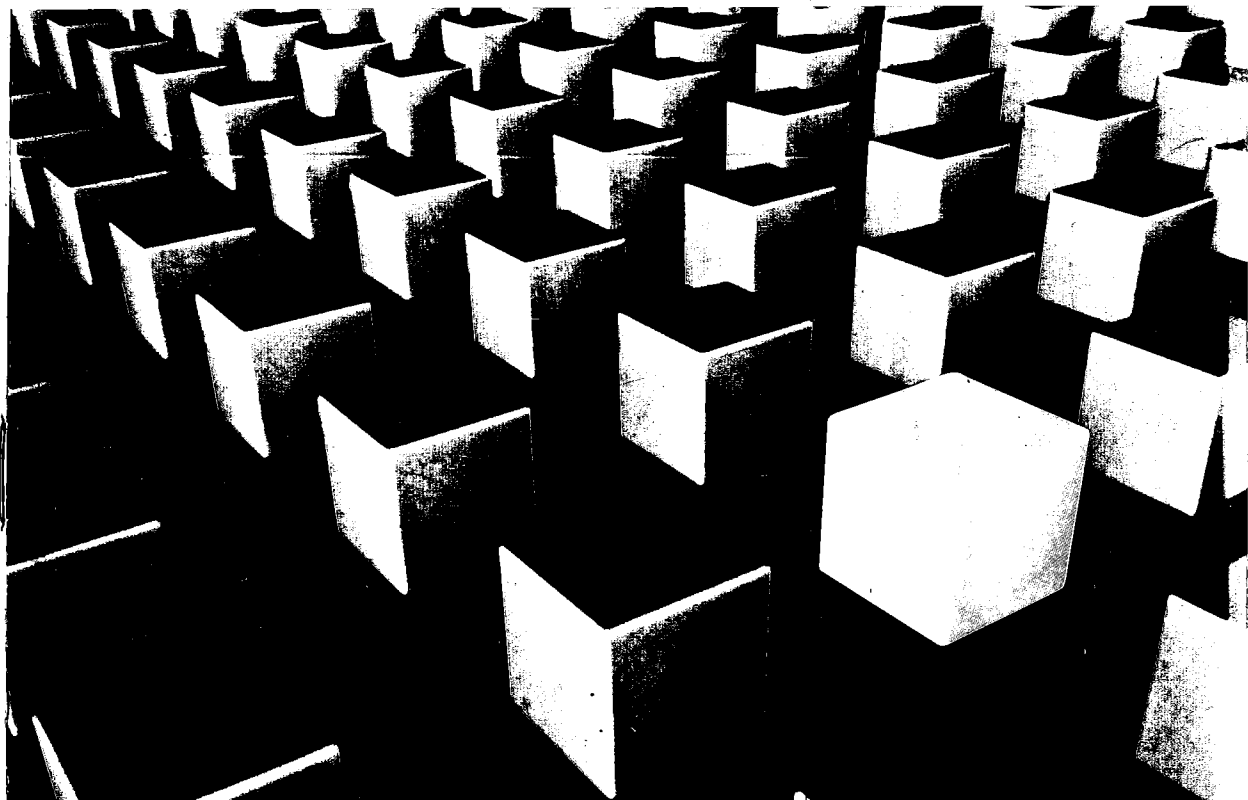
Metal One

UNIVERSAL METAL CORPORATION



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Half Yearly Report, December 31, 2014



AISHA STEEL MILLS LIMITED

SHAPING THE ECONOMY

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company information

Board of Directors

Mr. Arif Habib, Chairman
Dr. Munir Ahmed, CEO
Mr. Shinpei Asada
Mr. Hasib Rehman
Mr. Nasim Beg
Mr. Kashif A.Habib
Mr. Muhammad Ejaz
Mr. Khalid Tirmzi
Mr. Kamran A. Kazim

Audit Committee

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

Registered Address

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

Plant Address

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

Auditors

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

Share Registrar Department

Central Depository Company of Pakistan, CDC, House,
99-B, SMCHS, Shahrae Faisal, Karachi.

Legal Advisor

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

Bankers

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

directors' review

The Directors of Aisha Steel Mills Limited (ASML) present herewith Directors' Review together with condensed interim financial statements (unaudited) of the Company for the second quarter and half year ended December 31, 2014.

Steel Market Review

Second quarter under review witnessed yet another challenge of falling international prices of steel after levy of 5% import duty in the last Federal Budget on HRC (Hot Rolled Coil) being Company's raw-material reducing the protection to zero viz-a-viz China material and 5% viz-a-viz other imports. Seventy percent of CRC (Cold Rolled Coil) is imported from China. Levy of import duty on import of HRC increased Company's cost of production whereas declining international CRC prices encouraged increased import creating injury to local CRC industry. This situation was also responsible for slow lifting of CRC in local market.

Operational Review

The aforesaid rapidly falling international prices has mainly resulted in lowering of gross sales volume in second quarter by 25% which is recorded at Rs. 2,022 million as compared to Rs. 2,711 million recorded in the corresponding period of last year. This has also resulted in the lowering of our primary margin during the period under review as the Company also has to reduce its selling prices. The above situation has resulted in a gross loss for the quarter amounting to Rs. (99.709) million as compared to a gross profit of Rs. 32.940 million in the corresponding period of last year.

Furthermore, the finance cost on short term borrowings has increased to Rs.218 million from Rs.148 million recorded in first quarter and Rs.120 million recorded in the corresponding period of last year. Additionally, a finance cost of Rs.55 million on unwinding of gain recognized in last year on present value determination of long term restructured loans, is charged in second quarter and Rs.107 million in first quarter as compared to nil in the corresponding period of last year. However, an exchange gain of Rs.43 million is recorded in the second quarter which is a reversal out of exchange loss of Rs.120 million recorded in first quarter as compared to an exchange loss of Rs.32 million recorded in the corresponding period of last year.

A brief summary of the financial results for the quarter ended December 31, 2014 is as follows:

All figures in PKR Million	Quarter ended December 2014	Quarter ended December 2013
Net Sales	1,829.887	2,292.654
Gross (Loss)/Profit	(99.709)	32.940
Loss before tax	(519.143)	(376.379)
Loss after tax	(367.390)	(270.194)

Future Outlook:

In January 2015 the government has put a regulatory duty on import of CRC. This is a part relief for local manufacturers for which we are grateful to the Government of Pakistan. We are engaged with the Government for having corrective measures to address the unfavourable impact of Pak-China FTA on local CRC industry. We hope that this issue will be addressed at the earliest.

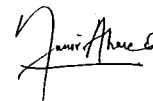
In order to restore the equity of the Company which was eroded due to losses, Rights Issue were offered for an amount of Rs.1,719 million. The Issue has been fully subscribed. This will help in reducing the financial cost and provide space for more working capital. The order for new overhead cranes has been finalized and it is expected that new cranes would be operational by the end of current financial year.

We understand that the pressure on CRC international prices appears to be nearing bottom which should result in stability of primary margins of our product.

Acknowledgement

We would also like to record our appreciation to all stakeholders for their patronage and look forward towards their continued support.

For and on behalf of the Board



Dr. Munir Ahmed
Chief Executive

Karachi
February 27, 2015

ANNEXURE TO THE DIRECTORS' REVIEW REPORT

Abstract of the Terms of Variation under Section 218 of the Companies Ordinance, 1984:

The Board of Directors of Aisha Steel Mills Limited in its meeting held on 27th February 2015 has approved the variation in existing contract of appointment of the Chief Executive Officer (CEO) by approving the monthly remuneration and other benefits for holding the office of CEO by the new person Dr. Munir Ahmed in place of Mr. Arif Habib who was not drawing any remuneration for holding office of CEO, in accordance with the provisions of the Company's Articles, with effect from 27th February 2015. The variation is as under:

Salary: Rs.461,603/- per month

Security guards allowance: Rs.36,000/- per month

Other perquisites: CEO shall be entitled to all other benefits including two company maintained cars, applicable to the CEO as per the personnel policy, rules and compensation structure of the Company.

Memorandum under Section 218 of the Companies Ordinance, 1984:

No other director is concerned or interested in the above referred variation.



A. F. FERGUSON & CO.

**AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF
INTERIM FINANCIAL INFORMATION**

Introduction

We have reviewed the accompanying condensed interim balance sheet of Aisha Steel Mills Limited as at 31 December 2014 and the related condensed interim profit and loss account, condensed interim statement of other comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended 31 December 2014 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 December 2014.

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 information 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.

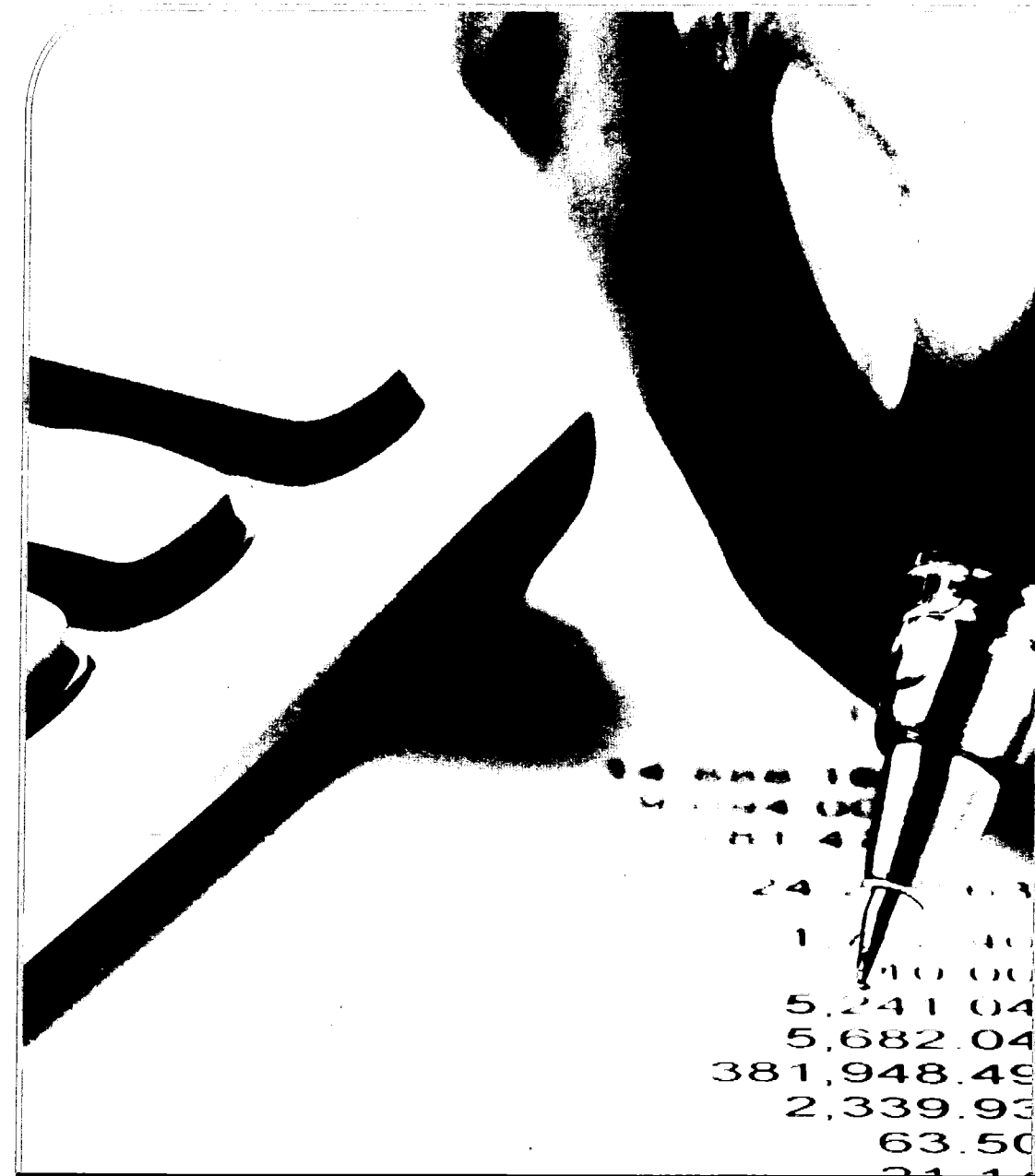
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended 31 December 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accounts
Karachi
Dated: February 27, 2015
Name of the engagement partner: Farrukh Rehman

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CONDENSED INTERIM UNAUDITED FINANCIAL STATEMENTS
AISHA STEEL MILLS LIMITED
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

condensed interim balance sheet

as at December 31, 2014

	Note	(Unaudited) December 31, 2014 (Rupees in thousand)	(Audited) June 30, 2014 (Rupees in thousand)
ASSETS			
Non-current assets			
Property, plant and equipment	5	10,130,680	10,218,918
Intangibles - Computer Software		14,552	14,804
Long-term loans and advances		2,452	2,876
Long-term deposits and prepayments		48,607	47,878
Deferred tax	6	1,060,010	724,153
		<u>11,256,301</u>	<u>11,008,629</u>
Current assets			
Stores and spares		191,200	159,046
Stock-in-trade	7	3,149,247	3,347,294
Trade debts - considered good		63,796	192,499
Advances, deposits and prepayments	8	218,942	82,524
Accrued mark-up		160	160
Other receivables		173,407	502,352
Tax refunds due from Government - Sales tax		496,411	471,655
Taxation - payments less provision		345,251	456,205
Cash and bank balances		30,545	59,845
		<u>4,668,959</u>	<u>5,271,580</u>
Total assets		<u>15,925,260</u>	<u>16,280,209</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	9		
Ordinary shares		2,710,637	2,709,556
Cumulative preference shares		727,564	728,645
		<u>3,438,201</u>	<u>3,438,201</u>
Shares to be issued	9	882,039	-
Accumulated loss		<u>(2,180,405)</u>	<u>(1,532,979)</u>
		2,139,835	1,905,222
Share deposit money		-	236,924
Surplus on revaluation of fixed assets		387,309	391,676
Liabilities			
Non-current Liabilities			
Long-term finance	10	5,640,507	5,483,867
Liabilities against assets subject to finance leases		4,764	4,950
Staff retirement benefit		17,707	14,722
		<u>5,662,978</u>	<u>5,503,539</u>
Current liabilities			
Trade and other payables		2,406,921	4,574,354
Accrued mark-up	11	578,151	284,475
Short-term borrowings	12	4,732,941	3,369,179
Current maturity of long-term finance		15,000	10,000
Current maturity of liabilities against assets subject to finance leases		2,125	4,840
		<u>7,735,138</u>	<u>8,242,848</u>
Total Liabilities		<u>13,398,116</u>	<u>13,746,387</u>
Contingencies and commitments	13		
Total equity and liabilities		<u>15,925,260</u>	<u>16,280,209</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

condensed interim profit and loss account (unaudited)

for the half year ended December 31, 2014

	Note	Quarter ended		Half year ended	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
		(Rupees in thousand)			
Revenue	14	1,829,887	2,292,654	4,012,149	4,375,851
Cost of Sales		(1,929,596)	(2,259,714)	(4,006,592)	(4,432,180)
Gross profit / (loss)		<u>(99,709)</u>	<u>32,940</u>	<u>5,557</u>	<u>(56,329)</u>
Selling and distribution cost		(7,346)	(14,338)	(15,789)	(15,846)
Administrative expenses		(27,565)	(43,498)	(61,781)	(78,496)
Other income		1,735	664	4,573	3,670
Loss from operations		<u>(132,885)</u>	<u>(24,232)</u>	<u>(67,440)</u>	<u>(147,001)</u>
Finance costs		(386,272)	(352,147)	(880,541)	(750,350)
Loss before taxation		<u>(519,157)</u>	<u>(376,379)</u>	<u>(947,981)</u>	<u>(897,351)</u>
Taxation		151,750	106,185	295,288	260,087
Loss for the period		<u>(367,407)</u>	<u>(270,194)</u>	<u>(652,693)</u>	<u>(637,264)</u>
Other comprehensive income		-	-	-	-
Total comprehensive loss		<u>(367,407)</u>	<u>(270,194)</u>	<u>(652,693)</u>	<u>(637,264)</u>
Basic earnings per share - (loss) - Rupees	15	<u>(1.36)</u>	<u>(1.00)</u>	<u>(2.63)</u>	<u>(2.53)</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

Signature

Signature

condensed interim cash flow statement (unaudited)

for the Half year ended December 31, 2014

	Note	December 31, 2014 (Rupees in thousand)	December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	16	(1,677,004)	782,298
Income tax refunded / (paid) - net		71,285	(195,717)
Mark-up on loans paid		(339,144)	(608,971)
Return received on deposits		3,689	2,510
Staff retirement benefits paid		(2,392)	-
Decrease in long term employee loans		424	765
Increase in long-term deposits and prepayments		(729)	(2)
Net cash used in operating activities		(1,943,871)	(19,117)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(94,964)	(132,123)
Acquisition of intangible assets		(1,034)	-
Sale proceeds on disposal of property, plant and equipment		5,083	-
Net cash used in investing activities		(90,915)	(132,123)
CASH FLOWS FROM FINANCING ACTIVITIES			
Right issue subscription money received		645,115	-
Increase / (decrease) in borrowings		1,349,795	(18,968)
(Decrease) / increase in liabilities against assets subject to finance leases		(3,392)	556
Net cash generated from / (used in) financing activities		1,991,518	(18,412)
Net decrease in cash and cash equivalents		(43,268)	(169,652)
Cash and cash equivalents at beginning of the half year		(3,072,182)	(1,714,238)
Cash and cash equivalents at end of the half year		(3,115,450)	(1,883,890)

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

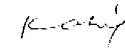
condensed interim statement of changes in equity

for the Half year ended December 31, 2014

	Share Capital	Accumulated loss	Shares to be issued	Total
	(Rupees in thousand)			
Balance as at July 1, 2013	3,438,201	(1,186,501)	-	2,251,700
Total comprehensive loss for the half year ended December 31, 2013				
- Loss for the half year ended December 31, 2013	-	(637,264)	-	(637,264)
- Other comprehensive income for the half year ended December 31, 2013	-	-	-	-
	-	(637,264)	-	(637,264)
Balance as at December 31, 2013	3,438,201	(1,823,765)	-	1,614,436
Balance as at July 1, 2014	3,438,201	(1,532,979)	-	1,905,222
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	5,267	-	5,267
Right issue subscription money received	-	-	882,039	882,039
Total comprehensive loss for the half year ended December 31, 2014				
- Loss for the half year ended December 31, 2014	-	(652,693)	-	(652,693)
- Other comprehensive income for the half year ended December 31, 2014	-	-	-	-
	-	(652,693)	-	(652,693)
Balance as at December 31, 2014	3,438,201	(2,180,405)	882,039	2,139,835

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.


Chief Executive


Director

notes to and forming part of the financial statements (unaudited)

for the Half year ended December 31, 2014

1. THE COMPANY AND ITS OPERATIONS

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

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

- 1.1 Orient Metal (Private) Limited (the Acquirer) made a public announcement of intention, in respect of potential acquisition of the substantial shares of the Company, on January 2, 2015. The Acquirer does not hold any shares in the Company and intends to acquire substantial voting shares. As per the public announcement of intention by the Acquirer, the actual number of shares and percentage to be acquired will be determined at a later stage.

2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the half year ended December 31, 2014 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, 2014.

2.1 Changes in accounting standards, interpretations and pronouncements

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

IFRIC 21, 'Levies' a new interpretation is applicable for the Company for the first time for the financial year beginning on July 1, 2014, sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be

notes to and forming part of the financial statements (unaudited)

for the Half year ended December 31, 2014

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

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2014 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 following new standard, that will be effective for the periods beginning January 1, 2015 may have an impact on 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.

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, 2014.

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 the same as those that were applied to financial statements as at and for the year ended June 30, 2014.

The Company's financial risk management objectives and policies are consistent with

notes to and forming part of the financial statements (unaudited)

for the Half year ended December 31, 2014

	(Unaudited) December, 31 2014	(Audited) June, 30 2014
	(Rupees in thousand)	
5. PROPERTY, PLANT AND EQUIPMENT		
Operating assets	8,666,609	8,786,806
Capital work in progress - at cost	1,169,923	1,180,716
Major spare parts and stand-by equipment	294,148	251,396
	<u>10,130,680</u>	<u>10,218,918</u>

5.1 Additions to property, plant and equipment during the period are as follows:

	Additions (at cost)	
	December 31, 2014	December 31, 2013
	(Rupees in thousand)	
Owned		
Building and other civil work on leasehold land	5,680	10,242
Plant and machinery	84,987	87,554
Electrical installations	337	1,473
Office Equipment	1,396	3,356
Furniture and fittings	1,357	219
Major spare parts	73,623	25,202
Borrowing cost capitalised	-	62,009
Assets held under finance leases		
Motor vehicles	5,080	4,076
	<u>172,460</u>	<u>194,131</u>

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

	Disposals (at NBV)	
	December 31, 2014	December 31, 2013
	(Rupees in thousand)	
Owned		
Office Equipment	160	-

notes to and forming part of the financial statements (unaudited)

for the Half year ended December 31, 2014

6. DEFERRED TAXATION

The Company has an aggregate amount of Rs 8.59 billion (June 30, 2014: Rs 7.32 billion) in respect of tax losses as at December 31, 2014. The management carries periodic assessment to assess the benefit of these losses as the company would be able to set off the profit earned in future years against these carry forward losses. Based on the assessment management has recognised deferred tax debit balance on losses amounting to Rs 3 billion (June 30, 2014: Rs 2.56 billion) including an amount of Rs 2.03 billion (June 30, 2014: Rs 1.85 billion) on unabsorbed tax depreciation and initial allowance of Rs 5.8 billion (June 30, 2014: Rs 5.3 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.

7. STOCK IN TRADE

As at December 31, 2014 stock in trade has been written down by Rs. 61.68 million (June 30, 2014: Nil) to arrive at its net realisable value.

8. ADVANCES, DEPOSITS AND PREPAYMENTS

This includes Rs. 125.29 million in respect of custom duty and sales tax paid by the Company under protest on the basis of assessment by the Collector of Customs. During the period, the Company imported HRC from China under customs SRO 659(I)2007 dated 30 June 2007 and filed goods declaration under HS code 7225.3000, being alloy steel, which is subject to 0% customs duty. However, the Collector of Customs has assessed these imports under HS code 7208.3890, being non-alloy steel, which is subject to 5% customs duty under the said SRO.

The Company is confident that they have filed "Goods Declarations" as per the specifications and are exempt from custom duty. As per the lawyer's opinion obtained by the Company, the issue in question is subjudice in the Sindh High Court in a large number of Constitutional Petitions and a judgement in such cases will also be applicable on the Company. Further, as per the lawyer's opinion, there is a strong case and accordingly the Company considers this amount as recoverable.

Subsequent to period end the Company, in line with the practice adopted by other importers, files petition in the Sindh High Court against Custom Authorities for every import it makes and obtains an interim order for release of goods by paying 50% of the custom duty directly to the Custom Authorities and submits post dated cheques for the balance 50% amount with the Nazir of the Sindh High Court.

9. SHARE CAPITAL

9.1 During the period the Company has allotted 108,062 ordinary shares against conversion of 108,062 preference shares of the Company in accordance with the terms of the issue of preference shares.

9.2 Dividend in respect of preference shares is only payable when Company has accumulated profits. Therefore, cumulative dividend on Preference Shares amounting

notes to and forming part of the financial statements (unaudited)

for the Half year ended December 31, 2014

9.3 Issue of 50% Right Shares in terms of Cumulative Preference Shares

The shareholders of the Company in the extraordinary general meeting held on May 26, 2014 had approved the issue of 50% Right Shares in terms of Cumulative Preference Shares at par value of Rs 10 each.

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

Regulatory approval was granted on December 16, 2014 and the letter of rights were issued to the members on December 19, 2014 with February 2, 2015 being the last date for subscribing right shares. Arif Habib Corporation Limited, majority shareholder and sponsor, provided an undertaking to the Karachi Stock Exchange to subscribe, directly or by procuring a third party, any unsubscribed portion of right issue.

Amount of Rs. 882.039 million in respect of 88,203,927 shares was received by the Company upto December 31, 2014.

Out of a total right issue of 171,910,029 Cumulative Preference Shares, 95,190,926 shares were subscribed till the due date of February 2, 2015 and accordingly 76,719,103 shares remain unsubscribed.

10. LONG-TERM FINANCE

	(Unaudited) December 31, 2014 (Rupees in thousand)	(Audited) June 30, 2014
Balance as at July 1, 2014 / January 19, 2013	5,493,867	6,317,311
Present value gain on restructuring (extinguishment)	-	(992,288)
Impact of unwinding - Finance Cost	161,640	168,844
	<u>5,655,507</u>	<u>5,493,867</u>
Less: Current maturity shown under current liabilities	(15,000)	(10,000)
	<u><u>5,640,507</u></u>	<u><u>5,483,867</u></u>

notes to and forming part of the financial statements (unaudited)

for the Half year ended December 31, 2014

11. ACCRUED MARK-UP

Accrued mark-up comprises mark-up on short term borrowings and mark-up on restructured syndicated finance facility from the date of restructuring to the balance sheet date. First installment of mark-up on the restructured facility is due on January 19, 2015 which has been paid by the Company subsequently.

12. SHORT-TERM BORROWINGS

12.1 During the period, the Company obtained an additional facility for running finance on markup basis from the Bank of Punjab amounting to Rs 125 million. The rate of markup on such facility is 3 months KIBOR plus 1.75%. The balance is secured against pari passu charge over the current assets and fixed assets of the Company.

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

	(Unaudited) December 31, 2014 (Rupees in thousand)	(Audited) June 30, 2014
Arif Habib Corporation Limited	1,568,648	183,500
Sindh Bank Limited	988,312	989,740
Habib Metropolitan Bank Limited	93,754	129,655
KASB Bank Limited	24,815	25,000
National Bank of Pakistan	896,249	656,331
Bank Islami Pakistan Limited	250,000	250,000
The Bank of Khyber	-	235,000
Allied Bank Limited	647,999	319,959
Summit Bank Limited	161,907	526,342
The Bank of Punjab	82,959	-
Sponsor's Loan (Mr. Haseeb Rehman)	18,298	53,652
	<u><u>4,732,941</u></u>	<u><u>3,369,179</u></u>

notes to and forming part of the financial statements (unaudited)

for the Half year ended December 31, 2014

13. CONTINGENCIES AND COMMITMENT

13.1 Contingencies

There has been no change in status of contingencies reported in the financial statements for the year ended June 30, 2014.

13.2 Commitments

13.2.1 Commitments for capital expenditure outstanding as at December 31, 2014 amounted to Rs 27.02 million (June 30, 2014: Rs 17.38 million).

13.2.2 Commitments for rentals under ijarah arrangements amounted to Rs 12.04 million (June 30, 2014: Rs 14.2 million) payable as follows:

	(Unaudited) December 31, 2014 (Rupees in thousand)	(Audited) June 30, 2014 (Rupees in thousand)
Not later than 1 year	4,760	4,603
Later than 1 year but not later than 5 years	7,279	9,593
	<u>12,039</u>	<u>14,196</u>

December 31, 2014 December 31, 2013
(Rupees in thousand)

14. REVENUE

Gross Revenue	4,810,320	5,212,501
Less: Sales tax	(698,935)	(753,493)
Rebates and Discounts	(43,175)	(21,782)
Dealer Commission	(56,061)	(61,375)
	<u>4,012,149</u>	<u>4,375,851</u>

15. BASIC EARNINGS PER SHARE

Loss after taxation attributable to ordinary shareholders	(652,693)	(637,264)
Adjustment for cumulative preference share dividend	(61,141)	(45,079)
Loss after taxation for calculation of basic earnings per share	<u>(713,834)</u>	<u>(682,343)</u>
Weighted average number of ordinary shares outstanding at the end of period (in thousand)		
Ordinary shares in issue	<u>271,040</u>	<u>269,770</u>

Rupees

notes to and forming part of the financial statements (unaudited)

for the Half year ended December 31, 2014

December 31, 2014 December 31, 2013
(Rupees in thousand)

16. CASH GENERATED FROM / (USED IN) OPERATIONS

Loss before taxation	(947,981)	(897,351)
Add / (Less): Adjustment for non-cash charges and other items		
Depreciation and amortisation	178,854	173,637
Finance lease charges	489	988
Provision for staff retirement benefits	5,377	5,948
Return on deposits	(3,689)	(2,142)
Loss on disposal of fixed assets	552	-
Mark-up charges	794,460	550,410
	<u>976,043</u>	<u>728,841</u>
Profit / (loss) before working capital changes	28,062	(168,510)

Effect on cash flows due to working capital changes

(Increase) / decrease in current assets		
Stores and spares	(32,154)	(23,328)
Stock-in-trade	198,047	911,172
Trade debts	128,703	10,804
Advances, deposits and prepayments	(136,418)	(109,237)
Other receivables	328,945	(170,293)
Tax refunds due from Government - Sales tax	(24,756)	99,289
	<u>462,367</u>	<u>718,407</u>
(Decrease) / increase in current liabilities		
Trade and other payables	(2,167,433)	232,401

notes to and forming part of the financial statements (unaudited)

for the Half year ended December 31, 2014

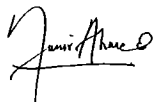
17. TRANSACTIONS WITH RELATED PARTIES

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

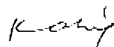
Relationship	Nature of transaction	December 31, December 31,	
		2014	2013
		(Rupees in thousand)	
Associated companies:	- Purchase of construction materials	-	624
	- Purchase of raw material	-	814,365
	- Re-imbursement of expenses	-	2,242
	- Right shares subscription money received	645,115	-
	- Finance facility utilised	2,765,000	575,000
	- Repayment of finance facility utilised	1,379,852	275,000
	- Sponsor's loan repaid	35,353	-
	- Markup on finance facility paid	22,694	6,983
Other related parties:	- Rent and maintenance expense	2,461	3,930
	- Commission on sales	12,140	13,242
Key management compensation	- Salaries and other short-term employee benefits	5,329	11,018
	- Post retirement benefits	179	317

18. 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 27, 2015.



Chief Executive



Director