



Half Yearly Report
December 31, 2016



C O N T E N T S

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COMPANY'S INFORMATION

Board of Directors

Mr. Naim Anwar	Chairman
Mr. Jamal Iftakhar Ahmad	Chief Executive
Mr. Amir Mahmood	Director
Lt. General (R) Syed Parwez Shahid	Director
Mr. Mian Nasser Hyatt Maggo	Director
Mr. Zahid Iftakhar	Director
Mr. Mustafa Jamal Iftakhar	Director
Mr. Saad Zahid	Director
Mr. Syed Adnan Ali Zaidi	Director

Audit Committee

Mr. Amir Mahmood	Chairman
Mr. Zahid Iftakhar	Member
Mr. Syed Adnan Ali Zaidi	Member

Human Resource & Remuneration Committee

Lt. General (R) Syed Parwez Shahid	Chairman
Mr. Jamal Iftakhar	Member
Mr. Syed Adnan Ali Zaidi	Member

Chief Financial Officer

Mr. Muddessar Ramzan

Company Secretary

Mr. Zia ur Rahim Khan

Bankers

Faysal Bank Limited
National Bank of Pakistan
Askari Commercial Bank Limited
NIB Bank Limited
Bank of Khyber
Pak Kuwait Investment Co. (Pvt) Ltd
Saudi Pak Industrial & Agricultural Investment Co. Ltd.
United Bank Limited
Silk Bank

Auditors

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Legal Advisor

Mr. Ahmed Bilal
Suite No. 3, Musa Mansion,
5 Fane Road, Behind Punjab Bar Council Building,
Lahore.
Ph No. +92 (0)42 37363718

Shares Registrar

THK Associates (Pvt) Limited.
1st Floor, 40-C, Block-6,
P.E.C.H.S., Karachi 75400,
Ph: 92 21 111-000-322, 34168270 Fax Nos.:92 21 34168271
E-mail: secretariat@thk.com.pk

Registered Office

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Hasrat Mohani Road,
Karachi – 74000
Ph # 021-32412200, 32419820 Fax# 021-32412211
E mail: info@doststeels.com

Head Office

503-B, City Towers,
Main Boulevard, Gulberg III
Lahore.

Plant Address

52 Km Lahore Multan Road
Phool Nagar, Distt Kasur, Punjab

Web Presence

www.doststeels.com



Directors review:

The Directors of Dost Steels Limited are pleased to present their review on the financial performance of the Company for the first half ended December 31, 2016.

General Review

We are pleased to inform the shareholders that the loans restructuring agreement based on the proposed rehabilitation and restructuring plan presented to the lenders of the Company has been signed by all the syndicate lender banks excepting Pak Kuwait Investment Company Limited (PKIC). However, PKIC has given its consent with some minor changes to the restructuring agreement, these changes are under process of incorporation in the restructuring agreement as an addendum, and the Directors are hopeful that the restructuring agreement shall be completed soon. We would further like to inform that your Company has strictly complied with the terms of restructuring agreement, payments are being made on due dates and there is no overdue payment as on December 31, 2016.

As part of the above mentioned restructuring agreement your company Dost Steels Limited (DSL) has successfully raised its capital by Rs.1,117,212,120 through a Right Issue which enabled your company to complete its hot commissioning and working capital arrangements, it will enable the company to start its commercial operations, Insha Allah by the mid of current year.

Performance Highlights	<u>December 2016</u>	<u>December 2015</u>
Loss before Tax (PKR)	(54,189,812)	(48,553,801)
Loss after Tax (PKR)	(54,189,812)	(48,553,801)
LPS	(0.38)	(0.31)

Future outlook

Keeping in view country's existing annual demand of 6.5 million tons plus and government's commitments toward upcoming infrastructure projects including but not limited to highways, dams and industrial undertakings in relation to China Pakistan Economic Corridor. The DSL is in takeoff position to capture a fair portion of steel sector's canvas soon after its hot commissioning.

Acknowledgement

The Board of Directors would like to express their appreciation for the assistance and co-operation received from the banks, Government authorities, vendors and above all, the shareholders of the Company for placing trust on their Company and also wish to place on record their deep sense of appreciation for the committed services by the executives and staff of the company.

For and on behalf of the Board of Directors

A handwritten signature in black ink, appearing to read 'Jamal Iftakhar', with a horizontal line underneath.

Jamal Iftakhar
Chief Executive Officer

Karachi: February 27, 2017



AUDITORS' REPORT TO MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Dost Steels Limited** ("the Company") as at December 31, 2016 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement 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.

Scope of review

We conducted our review in accordance with International Standards 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.

Basis for Qualified Conclusion

The Company has incurred a net loss of Rs. 54.19 million, its accumulated losses are Rs.555.18 million and it has not been able to commence its commercial production as disclosed in note 2 to the interim financial statements. Further, syndicated loan agreement remains to be signed by one of the syndicate members. These conditions indicate the existence of material uncertainties which may cast significant doubt on ability of the company to continue as going concern, to realize its assets and to discharge its liabilities in normal course of business. The financial statements do not fully disclose this fact.



Qualified Conclusion

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.


Matter of Emphasis

Without qualifying our opinion on these points, we draw attention to:

- a) Note 10 to the interim financial statements which describes the Company's arrangement of Restructured Term Finance Facilities as Syndicated Loan. All the syndicate banks except Pak Kuwait Investment Company (Private) Limited have signed the rescheduling and restructuring agreement.
- b) Note 7 to the interim financial statements regarding advances included in 'Capital Work in Progress' which were reported by auditors last year as unsubstantiated due to lack of evidence – out of these Rs. 213 million have been recovered and adjusted, and management is pursuing the remaining amounts.

Other Matter

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2016 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 December 2016.


Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS
Engagement Partner: A. Rahman Mir
LAHORE:



DOST STEELS LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2016

		(Un-Audited) December 31, 2016 Rupees	(Audited) June 30, 2016 Rupees
	Note		
<u>ASSETS</u>			
Non-Current Assets			
Property, plant and equipment	7	2,254,827,072	2,409,547,478
Long term security deposits		14,320,345	14,320,345
Deferred tax assets		-	-
		2,269,147,417	2,423,867,823
Current Assets			
Current portion of Long term security deposits		1,170,000	1,170,000
Advances		1,838,553	2,895,415
Short term prepayments		-	3,446,500
Interest accrued		52,650	521,620
Tax refund due from government		1,029,320	915,923
Cash and bank balances		917,429,208	6,505,449
		921,519,731	15,454,907
TOTAL ASSETS		3,190,667,148	2,439,322,730
<u>EQUITY</u>			
Share Capital and Reserves			
Authorized Share Capital			
320,000,000 (June 30, 2016 : 320,000,000)		3,200,000,000	3,200,000,000
Issued, subscribed and paid up capital	8	3,157,338,600	674,645,000
Discount on issue of right shares	9	(1,365,481,480)	-
Accumulated losses		(555,183,780)	(500,993,968)
Total Equity		1,236,673,340	173,651,032
<u>LIABILITIES</u>			
Non-Current Liabilities			
Advance for issuance of shares-unsecured	10	358,100,019	686,603,186
Long term financing - secured		825,043,569	831,701,117
Markup accrued on secured loans		614,940,264	614,940,264
Deferred Liabilities		2,457,561	1,873,561
		1,800,541,413	2,135,118,128
Current Liabilities			
Trade & other payables		21,942,409	29,985,993
Short term borrowings - unsecured		112,395,021	45,692,239
Current portion of markup accrued on secured loans		2,515,359	-
Current and overdue portion of long term borrowings		16,599,606	54,875,338
		153,452,395	130,553,570
Contingencies and Commitments	11		
Total Liabilities		1,953,993,808	2,265,671,698
TOTAL EQUITY AND LIABILITIES		3,190,667,148	2,439,322,730

The annexed notes 01 to 14 form an integral part of these financial statements.



Chief Executive



Director



DOST STEELS LIMITED
Condensed Interim Profit And Loss Account (Unaudited)
For The Half Year Ended December 31, 2016

	<i>Half Year Ended</i>		<i>Quarter Ended</i>	
	<i>December 31, 2016</i>	<i>December 31, 2015</i>	<i>December 31, 2016</i>	<i>December 31, 2015</i>
	<i>-----Rupees-----</i>			
Administrative expenses	(59,742,294)	(19,726,055)	(50,798,381)	(16,921,636)
Finance cost	(67,482)	(58,216)	(50,586)	(58,216)
Other income /(loss)	<u>5,619,964</u>	<u>57,006</u>	<u>2,295,166</u>	<u>39,079</u>
Loss before taxation	(54,189,812)	(19,727,265)	(48,553,801)	(16,940,773)
Taxation	-	-	-	-
Loss after taxation	<u>(54,189,812)</u>	<u>(19,727,265)</u>	<u>(48,553,801)</u>	<u>(16,940,773)</u>
Loss per share-basic & diluted	<u>(0.38)</u>	<i>(Restated)</i> <u>(0.15)</u>	<u>(0.31)</u>	<i>(Restated)</i> <u>(0.13)</u>

The annexed notes 01 to 14 form an integral part of these financial statements.


Chief Executive



Director




Dost Steels Limited
Condensed Interim Statement of Comprehensive Income (Un-audited)
For The Half Year Ended December 31, 2016

	<i>Half Year Ended</i>		<i>Quarter Ended</i>	
	<i>December 31, 2016</i>	<i>December 31, 2015</i>	<i>December 31, 2016</i>	<i>December 31, 2015</i>
	<i>-----Rupees-----</i>			
Loss after taxation for the period	(54,189,812)	(19,727,265)	(48,553,801)	(16,940,773)
Other comprehensive income for the period				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified to profit or loss	-	-	-	-
Total comprehensive loss for the period	(54,189,812)	(19,727,265)	(48,553,801)	(16,940,773)

The annexed notes 01 to 14 form an integral part of these financial statements.



Chief Executive



Director



Dost Steels Limited
Condensed Interim Statement of Changes in Equity (Un-audited)
For The Half Year Ended December 31, 2016

	<i>Issued, subscribed and paid up capital</i>	<i>Discount on issue of right shares</i>	<i>Accumulated losses</i>	<i>Total</i>
	----- Rupees -----			
Balance as at June 30, 2015	674,645,000	-	(471,305,856)	203,339,144
Loss for the half year ended December 31, 2015	-	-	(19,727,265)	(19,727,265)
Balance as at December 31, 2015	674,645,000	-	(491,033,121)	183,611,879
Loss for the half year ended June 30, 2016	-	-	(9,960,847)	(9,960,847)
Balance as at June 30, 2016	674,645,000	-	(500,993,968)	173,651,032
Loss for the half year ended December 31, 2016	-	-	(54,189,812)	(54,189,812)
Right shares issued during the period	2,482,693,600	-	-	2,482,693,600
Discount on right shares issued	-	(1,365,481,480)	-	(1,365,481,480)
Balance as at December 31, 2016	<u>3,157,338,600</u>	<u>(1,365,481,480)</u>	<u>(555,183,780)</u>	<u>1,236,673,340</u>

The annexed notes 01 to 14 form an integral part of these financial statements.



Chief Executive




Director



DOST STEELS LIMITED
Condensed Interim Cash Flow Statement (Unaudited)
For The Half Year Ended December 31, 2016

	December 31, 2016 Rupees	December 31, 2015 Rupees
Note		
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(54,189,812)	(19,727,265)
Adjustments for non cash items:		
Depreciation	611,083	773,641
Finance cost	67,482	-
Provision for gratuity	584,000	-
Bad Debts	1,000,000	-
Creditors written back	(5,543,350)	-
Interest income	(76,614)	-
	(3,357,399)	773,641
Operating cash flow before working capital changes	(57,547,211)	(18,953,624)
Working capital changes:		
(Increase) / Decrease in current assets:		
Advances	56,862	1,425,750
Short term prepayments	3,446,500	-
Other receivable	-	704,682
Tax refund due from government	(113,397)	-
Increase / (Decrease) in current liabilities:		
Trade and other payables	(2,500,234)	(6,867,348)
Cash inflow/(outflow) from working capital	889,731	(4,736,916)
Cash generated from/(used in) operations	(56,657,480)	(23,690,540)
Taxes Paid	-	(108,830)
Gratuity Paid	-	(479,250)
Finance cost paid	(31,944,172)	-
Net cash generated from / (used in) operating activities	(88,601,652)	(24,278,620)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	188,501,372	(167,886,110)
Interest received	545,584	-
Net cash generated from / (used in) investing activities	189,046,956	(167,886,110)
CASH FLOW FROM FINANCING ACTIVITIES		
Advance received against issuance of shares	(328,503,167)	241,529,066
Receipts against Issuance of Right Shares	1,117,212,120	-
Accrued markup	-	37,566,634
Repayment of long term financing - secured	(44,933,280)	201,391
(Repayment) / Receipt of short term borrowings- unsecured	66,702,782	4,045,054
Net cash generated from financing activities	810,478,455	283,342,145
Net increase in cash and cash equivalents	910,923,759	91,177,415
Cash and cash equivalents at beginning of the period	6,505,449	66,999
Cash and cash equivalents at the end of the period	917,429,208	91,244,414

The annexed notes 01 to 14 form an integral part of these financial statements.


Chief Executive


Director



DOST STEELS LIMITED

Notes to the Condensed Interim Financial Statements (Unaudited)

For The Half Year Ended December 31, 2016

1 THE COMPANY AND ITS OPERATIONS

Dost Steels Limited (the Company) was incorporated in Pakistan on March 19, 2004 as a private limited company under the Companies Ordinance, 1984 (The Ordinance). The Company was converted into public limited company with effect from May 20, 2006 and then listed on Pakistan Stock Exchange Limited (Formerly Karachi Stock Exchange Limited) with effect from November 26, 2007. The registered office of the Company is situated at 101, Chapel Plaza, Hasrat Mohani Road, Karachi 74000. The principal business of the Company includes manufacturing of steel, direct reduced iron, sponge iron, hot briquetted iron, carbon steel, pig iron and special alloy steel in different forms.

2 GOING CONCERN ASSUMPTION

The Company has incurred a net loss of Rs.54.19 million (2015 : Rs. 19.727 million), its accumulated losses are Rs.555.184 million (2016: Rs. 500.993 million) and it has not commenced its commercial production. The rescheduling and restructuring agreement remains to be signed by Pak Kuwait Investment Company (Private) Limited. However, these financial statements have been prepared under the going concern assumptions based on the following mitigating factors:

The Company is still maintaining a positive relationship with the agent of syndicated loan and has also given a mandate to Invest Capital Markets Limited to make adequate plans and take necessary actions that are required for commencement of Company's commercial operations. Further, during the period Company has issued 248,269,360/- right shares at discounted value of Rs. 4.5/- per share to augment its efforts.

Therefore, the company expects that adequate inflows will be generated in the future years which will wipe out these losses and commercial production would commence in near future. Due to strong chances of success of these plans, the financial statements are prepared on the basis of going concern assumption.

3 BASIS OF PREPARATION

These condensed interim financial statements of the Company for the half year ended December 31, 2016 have 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 have been followed.

These condensed interim financial statements are being submitted to the shareholders as required under section 245 of the companies Ordinance, 1984 and the listing regulations of Pakistan Stock Exchange where the company is listed.

These Condensed interim financial statements comprise of the balance sheet as at December 31, 2016 and profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement together with the selected notes for the half year ended December 31, 2016 which have been subjected to review but not audit.

The comparative balance sheet presented in these condensed interim financial statements as at June 30, 2016 has been extracted from the audited financial statements of the company for the year ended June 30, 2016, whereas the comparative profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement for the half year ended December 31, 2015 have been subjected to review but not audit.

4 SIGNIFICANT ACCOUNTING POLICIES

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

Previous period's figures are re-arranged/ re-classified where necessary to facilitate comparison and are rounded off to the nearest of rupee; appropriate disclosure is given in relevant note in case of material rearrangement.

5 ESTIMATES

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and 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 uncertainty were the same as those that applied to the financial statements for the year ended June 30, 2016.

6 RISK MANAGEMENT

The Company's risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2016.



(Unaudited)
December 31,
2016

Audited
June 31,
2016

Note

Rupees

Rupees

7 PROPERTY, PLANT AND EQUIPMENT

Operating assets	7.1	164,062,310	163,678,810
Capital work-in-progress	7.2	2,090,764,762	2,245,868,668
		<u>2,254,827,072</u>	<u>2,409,547,478</u>

7.1 Operating Assets

Particulars	OWNED					Total
	Free hold land	Furniture & fittings	Vehicles	Office Equipment	Electric Equipment	Computers Equipment
Period ended December 31, 2016						
Opening net book value	157,876,220	1,471,530	1,662,070	213,444	1,740,614	714,932
Additions	-	35,698	-	9,299	540,296	409,290
Revaluation	-	-	-	-	-	-
Depreciation charged	-	(112,173)	(166,207)	(16,357)	(166,719)	(149,627)
Net book value as at December 31, 2016	<u>157,876,220</u>	<u>1,395,055</u>	<u>1,495,863</u>	<u>206,386</u>	<u>2,114,191</u>	<u>974,595</u>
						<u>164,062,310</u>
As at December 31, 2016						
Cost	157,876,220	3,689,799	5,601,034	325,902	5,241,499	3,426,548
Accumulated depreciation	-	2,294,744	4,105,171	119,516	3,127,308	2,451,953
	<u>157,876,220</u>	<u>1,395,055</u>	<u>1,495,863</u>	<u>206,386</u>	<u>2,114,191</u>	<u>974,595</u>
						<u>164,062,310</u>
Year ended June 30, 2016						
Opening net book value	157,876,220	820,387	311,711	25,376	1,309,222	148,097
Additions	-	798,270	1,662,000	199,350	643,892	675,810
Revaluation	-	-	-	-	-	-
Depreciation charged	-	(147,127)	(311,641)	(11,282)	(212,500)	(108,975)
Disposal	-	-	-	-	-	-
Net book value as at June 30, 2016	<u>157,876,220</u>	<u>1,471,530</u>	<u>1,662,070</u>	<u>213,444</u>	<u>1,740,614</u>	<u>714,932</u>
						<u>163,678,810</u>
As at June 30, 2016						
Cost	157,876,220	3,654,099	5,601,035	316,602	4,701,202	3,017,258
Accumulated depreciation	-	2,182,569	3,938,965	103,158	2,960,588	2,302,326
	<u>157,876,220</u>	<u>1,471,530</u>	<u>1,662,070</u>	<u>213,444</u>	<u>1,740,614</u>	<u>714,932</u>
						<u>163,678,810</u>
Rate of Depreciation	-	15%	20%	15%	15%	30%



	(Unaudited) December 31, 2016 Rupees	Audited June 30, 2016 Rupees
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Note

7.2 Capital work in progress

Land development		14,766,225	14,314,430
Civil works		209,564,699	209,231,543
Plant and machinery		1,317,733,812	1,294,830,568
Advance for Plant and Machinery	7.2.1	17,913,835	231,097,985
Unallocated borrowing costs		530,786,191	496,394,142
		<u>2,090,764,762</u>	<u>2,245,868,668</u>

7.2.1 The Company has during the period recovered and adjusted advances of Rs.213,184,150. Management is pursuing the remaining amount and expects to settle these before financial year end. Auditors of the Company last year qualified their opinion stating that these balances remained unsubstantiated due to lack of evidence.

8 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

December 31, 2016	June 30, 2016		December 31, 2016	June 30, 2016
		Number of Shares		Rupees
		Ordinary shares of Rs.10/- each fully paid in cash		
67,464,500	67,464,500	Opening Balance	674,645,000	674,645,000
248,269,360	-	Issued during the period	2,482,693,600	-
<u>315,733,860</u>	<u>67,464,500</u>	Closing Balance	<u>3,157,338,600</u>	<u>674,645,000</u>

8.1 The shareholders are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry "one vote" per share without restriction.

8.2 As at 31 December 2016, 20,806,800/- shares are held by associated companies & related parties.

9 DISCOUNT ON ISSUE OF RIGHT SHARES

1,365,481,480	-
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The company had issued right shares during the period with the approval of board of directors, SECP and PSX with face value of Rs. 2,482,693,600/- comprising of 248,269,360 ordinary shares of Rs. 10/- each at a discount of Rs. 5.5/- per share.

10 LONG TERM FINANCING - SECURED

Term Finance - Restructured Facilities

From banking companies and financial institutions

Opening balance

Service charges accrued during the period

Paid during the period

Less: Current portion

	886,576,455	931,308,237
	-	201,390
	886,576,455	931,509,627
	(44,933,280)	(44,933,172)
10.1	<u>841,643,175</u>	<u>886,576,455</u>
	(16,599,606)	(54,875,338)
10.2	<u>825,043,569</u>	<u>831,701,117</u>

10.1 The Company has arranged Restructured Term Finance facilities of Rs. 931,308,237/- from National Bank of Pakistan, Askari Bank Limited, NIB Bank Limited, Bank of Khyber, Pak Kuwait Investment Company (Private) Limited, Saudi Pak Industrial and Agricultural Investment Company Limited and Faysal Bank Limited (former Royal Bank of Scotland Limited) as Syndicated loan, whereby Faysal Bank Limited is acting as agent of the syndicate. Due to absence of cash flow and non-commissioning of the project, DSL was and is unable to meet its repayment obligations towards the Financiers. All the syndicate banks have given their in-principle approval to the rescheduling and restructuring of the debts and obligations. All the syndicate banks except Pak Kuwait Investment Company (Private) Limited have signed the rescheduling and restructuring agreement. Pak Kuwait is expected to sign this agreements in the near future.



Terms of rescheduled and restructured agreement are as follows:

- a) For the repayment of the unpaid markup, mark up has been calculated on the total outstanding amount from the date of last payment till 30 June 2016 - the assumed date of commissioning @ 8% per annum. The total Mark up calculated will be converted into a "Zero Coupon TFC convertible into ordinary shares". All the TFCs issued will be completely converted into equity/ordinary shares by 2027 as per the following schedule:

	Year 10th 2025	Year 11th 2026	Year 12th 2027
Percentage of TFC converted	25%	25%	25%

The Conversion shall be held on the 20th Day of December each year at a discount of 5% to the last six months weighted average price of the company shares at Karachi Stock Exchange Limited (Now Pakistan Stock Exchange Limited)

- b) The Mark-up rate effective from the date of Commissioning is 3 Month KIBOR payable in quarterly arrears.
- c) The principal repayment is made in 41 quarterly installments commencing from 31 March 2016 and ending on 31 December 2025 as per repayment schedule.
- d) The loan is secured by a mortgage by deposit of title deeds of the Mortgaged Properties, a charge by way of hypothecation over Hypothecated Assets, pledge of the Pledged shares, and personal guarantees of the sponsors.
- 10.2 All payments due in respect to syndicate loan, including payments to Pak Kuwait Investment Company (Private) Limited were made through Faysal Bank Limited who is acting as agent for the syndicate. However, payments related to Pak Kuwait Investment Company (Private) Limited have been returned back in escrow account maintained with Faysal Bank Limited.

11 CONTINGENCIES AND COMMITMENTS

There has been no change in the status of contingencies and commitments as reported in preceding annual financial statements as on 30 June 2016.

12 TRANSACTIONS WITH RELATED AND ASSOCIATED PARTIES

Related parties include associated companies, directors of the company, companies where directors also hold directorship, related group companies, key management personnel, staff retirement funds and entities over which directors are able to exercise influence. All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions, and at prices agreed based on inter company prices using admissible valuation modes, i.e. comparable uncontrolled price method. There are no transactions with key management personnel other than under their terms of employment /entitlements.

Transactions with related parties and associated undertakings, other than those disclosed elsewhere in these financial statements, are as follows :-

	(Unaudited) December 31, 2016 Rupees	(Unaudited) December 31, 2015 Rupees
Relationship		
Associated undertakings:		
Nature of transaction		
<u>Advance for issuance of shares-unsecured</u>		
Issue of Right Shares	67,500,000	-
Relationship		
Key management personnel:		
Nature of transaction		
<u>Short term loan directors/sponsors - Unsecured/Interest free</u>		
(Paid to) / Received from directors/sponsors - Net	66,702,782	(21,336,698)
<u>Advance for issuance of shares-unsecured</u>		
Issue of Right Shares	261,003,168	-

Advance for issuance of shares-unsecured of Rs.358,100,019/- Short term borrowings - unsecured of Rs.112,395,021/- is due to associated and related parties.



13 SUBSEQUENT MATERIAL EVENTS

There are no significant activities since 31 December 2016 affecting the condensed interim financial information apart from those disclosed in the condensed interim information.

14 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on Feb 27, 2017 by the board of directors of the company.



Chief Executive



Director












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