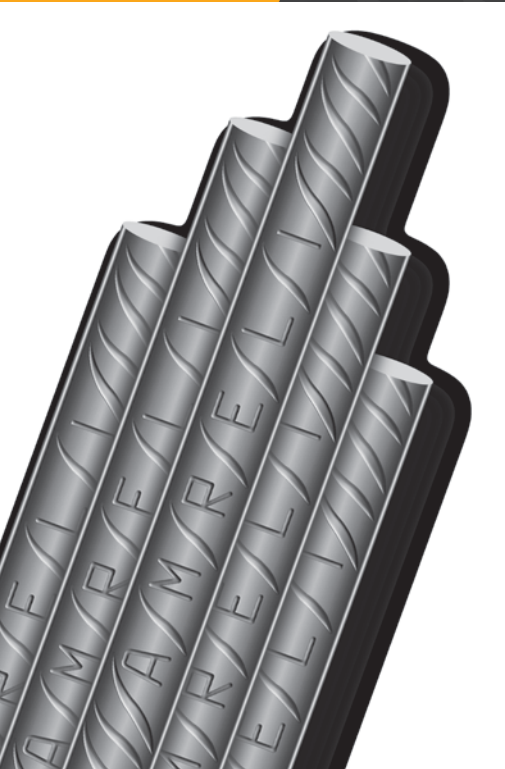


AMRELI STEELS LIMITED

REPORT FOR THE FIRST QUARTER ENDED

30 SEPTEMBER 2016



AMRELI STEELS
Building for Life

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COMPANY INFORMATION

Board of Directors

Mr. Abbas Akberali	Chairman & Chief Executive Officer
Mr. Shayan Akberali	Managing Director
Mr. Badar Kazmi	Independent Director
Mr. Zafar Ahmed Taji	Independent Director
Mr. Teizoon Kisat	Independent Director
Ms. Kinza Shayan	Non-Executive Director
Ms. Mariam Akberali	Non-Executive Director

Audit Committee

Mr. Badar Kazmi	Chairman
Mr. Teizoon Kisat	Member
Ms. Kinza Shayan	Member

Human Resource and Remuneration Committee

Mr. Zafar Ahmed Taji	Chairman
Mr. Badar Kazmi	Member
Mr. Shayan Akberali	Member
Ms. Mariam Akberali	Member

Chief Financial Officer

Mr. Fazal Ahmed

Company Secretary

Mr. Adnan Abdul Ghaffar

Head of Internal Audit

Mr. Fraz Ahmed

External Auditors

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

Legal Advisor

Mr. Shamim Javaid Shamsi
A-102, Samina Avenue, Shadman No.2
North Karachi, Karachi

Share Registrar

THK Associates (Pvt) Limited,
2nd Floor, State Life Building - 03 Dr Ziauddin Ahmed Road Karachi - 75530
UAN: 92-21-111-000-322, Tel: 92-21-35693094-95, Fax: 92-21-35655595

Internal Auditors

BDO Ebrahim & Co. Chartered Accountants,
2nd Floor, Block-C, Lakson Square, Building No. 1,
Sarwar Shaheed Road, Karachi – 74200, Pakistan,
Tel: 92-21-35683030, Fax: 92-21-35684239

Bankers

Al Baraka Bank (Pakistan) Limited	MCB Bank Limited
Askari Bank Limited	Meezan Bank Limited
Bank Al Habib Limited	NIB Bank Limited
Bank Alfalah Limited	Soneri Bank Limited
Bank Islami Pakistan Limited	Standard Chartered Bank (Pakistan) Limited
Dubai Islamic Bank Pakistan Limited	The Bank of Punjab Limited
Habib Bank Limited	United Bank Limited
JS Bank Limited	

Registered Office

A-18, S.I.T.E, Karachi, Pakistan
Tel: 92-21-111-267-354,
92-21-32587232-9
Fax: 92-21-32587240, 38798328
E-mail: info@amrelisteels.com.pk

Rolling Mill

D-89, Shershah Road, Karachi, Pakistan
Tel: 92-68-5786420-9
Fax::92-21-32587240

Melt Shop

Industrial Land, Deh Gharo, Tapo Gharo
Taluka Mirpur Sakro
(Distt: Thatta), Sindh, Pakistan
Tel: 92-723-661500-09
Fax: 92-723-661462

Website Information

www.amrelisteels.com

DIRECTORS' REVIEW REPORT FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2016

The directors of your company are pleased to present their review on the financial and operational performance of the Company for the first quarter ended September 30, 2016.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Your Company recorded a turnover of Rs. 3.2 billion in the first quarter of the financial year 2016, which was Rs. 213 million less than the sales made in the same period last quarter. The main reason for this decline was drop in both quantity and price, each contributing equally to the decline resulting in drop in sales.

The gross profit margins prima facie dropped by 4.61%, as compared to the last quarter, however, a breakup of sales as provided in note number 12 to the accounts will reveal that the gross profit from the sale of rebars manufactured in house by Amreli Steels dropped only by 1.55% as compared to the gross profit last quarter. The reason for this decline was 60% attributable to decline in sales price which was already on a downward trajectory in the last quarter of the last financial year and 40% was due to the drop in quantity which was 5,400 tons less in this quarter as compared to the same period last year.

The key financial highlights of the company are as follows –

	First Quarter ended September 30, 2016 (Rs. in millions)	First Quarter ended September 30, 2015 (Rs. in millions)
Net Sales	3,218	3,431
Gross Profit	465	654
Operating profit	299	510
Profit before tax	225	402
Profit after taxation	226	332
Earnings per share - basic and diluted (Rs.)	0.76	1.49
Number of Ordinary shares	297,011,427	222,758,570

EXPANSION AT DHABEJI

Expansion at Dhabeji is progressing well. However, as a result of certain uncontrollable delays in the design and construction of imported machinery and equipment from the suppliers end, the revised target month for hot commissioning has been extended to August 2017 which was earlier planned in May 2017 when your Company submitted prospectus on September 30, 2015. We are confident of meeting the revised time line and are pretty hopeful to start the commercial operation from September 2017.

FUTURE OUTLOOK

The management of your Company is confident in making up the shortfall in the sales quantity in the remaining nine months of the current financial year and also hopes to improve the gross margins by increasing efficiencies at the two plants. The regulatory duty imposed last year has played its role and barring for few breaches occasionally the imported rebars have been checked. Both the sale price of rebars and the cost of scrap seem to have stabilized and are expected to remain in the same band width.

The future of construction sector as a whole looks good for the next foreseeable period of time. Amreli will continue to produce high quality rebars and maintain high standards of ethics in maximizing shareholders value.

For & On behalf of the Board of Directors

Karachi
October 26, 2016

Sd

Abbas Akberali
Chairman

* اُردو کے لیے اگلی صفحات ملاحظہ فرمائیے۔

دھاتیجی میں توسیع

دھاتیجی کا توسیعی کام مؤثر انداز میں جاری ہے مگر سپلائرز کی جانب سے در آمد شدہ مشینری اور آلات کے ڈیزائن اور تعمیراتی کام میں غیر متوقع تاخیر کی وجہ سے ہاٹ کمشننگ کے ہدف میں اگست 2017 تک توسیع کی گئی ہے، جس کی سابقہ تاریخ مئی 2017 تجویز کی گئی تھی، جو آپ کی کمپنی نے 30 ستمبر 2015 میں جاری کردہ پراسیکٹس میں تحریر کی تھی۔ ہم ترمیم شدہ وقت پر منصوبہ مکمل کرنے کے لیے پرامید ہیں اور ستمبر 2017 تک کاروباری سرگرمیاں شروع کرنے کے متوقع ہیں۔

مستقبل کے امکانات

آپ کی کمپنی کی انتظامیہ پر اعتماد ہے کہ وہ فروخت کے حجم میں ہونے والی کمی کو حالیہ مالیاتی سال کے بقیہ نو ماہ میں پورا کر لے گی اور کمپنی امید کرتی ہے کہ اپنے 2 پلانٹس کی صلاحیت کو مزید بڑھا کر مجموعی منافع کو بہتر کرے گی۔ پچھلے سال نافذ کردہ ریگولیشن ڈیویژن نے اپنا کردار ادا کیا ہے اور چند خلاف ورزیوں کے علاوہ امپورٹ شدہ ری بارز میں کمی آچکی ہے۔ اسکرپ کی قیمت خرید اور ری بارز کی قیمت فروخت میں ٹھہراؤ آ گیا ہے اور توقع ہے کہ یہ اسی سطح پر قائم رہیں گی۔ اگلی مدت کے لیے تعمیراتی شعبے کا مستقبل مجموعی طور پر بہتر نظر آ رہا ہے۔ امریلی اعلیٰ معیاری ری بارز کی پیداوار جاری رکھے گی اور شیئر ہولڈرز کی قدر میں اضافے کے لیے اعلیٰ اصولوں پر قائم رہے گی۔

برائے اور مخائب اور ڈ آف ڈائریکٹرز

Sd

عباس اکبر علی

چیئر مین

کراچی

26 اکتوبر 2016

ڈائریکٹرز کی جائزہ رپورٹ

برائے پہلی سہ ماہی ختم شدہ 30 ستمبر 2016

کمپنی کے ڈائریکٹرز کمپنی کی مالیاتی اور انتظامی کارکردگی برائے پہلی سہ ماہی ختم شدہ 30 ستمبر 2016 کی جائزہ رپورٹ مسرت کے ساتھ پیش کر رہے ہیں۔

مالیاتی اور انتظامی جھلکیاں

آپ کی کمپنی نے مالیاتی سال 2016 کی پہلی سہ ماہی میں 3.2 بلین روپے کا سیلز ریونیو کمایا جو کہ گذشتہ سہ ماہی کے اس عرصہ کے دوران کی سیلز سے 213 بلین روپے کم ہے۔ اس کمی کی اصل وجہ مقدار اور قیمت میں کمی ہے جس کی بدولت سیلز کی کمی واقع ہوئی۔

بظاہر مجموعی منافع کے تناسب میں گذشتہ سہ ماہی کے مقابلے میں 4.61 فیصد کمی دیکھی گئی۔ لیکن اکاؤنٹس کے نوٹ نمبر 12 میں فراہم کردہ علیحدہ سیلز ظاہر کرتی ہیں کہ امریلی اسٹیلز کے اپنے تیار کردہ ری بارز کی فروخت کا مجموعی منافع گذشتہ سہ ماہی کے مجموعی منافع کے مقابلے میں صرف 1.55 فیصد کم رہا۔ اس کمی کی وجہ سیلز کی قیمتوں میں کمی کا 60 فیصد رجحان بنا جو پہلے سے ہی گذشتہ مالیاتی سال کی آخری سہ ماہی میں کمی کے رجحان کا شکار تھا اور اس کے ساتھ اس سہ ماہی کے دوران گذشتہ سال کے اس عرصہ کے مقابلے میں مقدار میں 5,400 ٹن کی کمی مجموعی منافع میں کمی کا باعث بنی۔

کمپنی کی اہم مالیاتی جھلکیاں درج ذیل ہیں:

پہلی سہ ماہی ختم شدہ 30 ستمبر 2015 (روپے بلین میں)	پہلی سہ ماہی ختم شدہ 30 ستمبر 2016 (روپے بلین میں)
--	--

3,431

3,218

654

465

510

299

402

225

332

226

1.49

0.76

222,758,570

297,011,427

سیلز ریونیو

مجموعی منافع

آپریٹنگ منافع

قبل از ٹیکس منافع

بعد از ٹیکس منافع

آمدنی فی حصص بنیادی اور ڈائیلیونڈ (روپے)

شیرز کی تعداد

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2016

		30 September 2016 (Un-audited)	30 June 2015 (Audited)
ASSETS	Note	----- (Rupees) -----	
NON-CURRENT ASSETS			
Property, plant and equipment	5	8,868,382,715	8,441,597,274
Intangibles		25,304,265	26,742,912
Long-term investments	6	15,289,370	15,289,370
Long-term deposits		<u>128,893,515</u>	<u>131,404,376</u>
		9,037,869,865	8,615,033,932
CURRENT ASSETS			
Stores and spares		607,806,790	599,892,883
Stock-in-trade		3,405,898,525	4,410,123,514
Trade debts	7	2,127,396,470	2,070,501,848
Loans and advances		21,250,230	125,635,829
Trade deposits and short-term prepayments	8	45,996,120	48,886,841
Other receivables		238,744,565	427,987,469
Short-term investments		-	300,000,000
Taxation – net		74,536,253	86,246,015
Cash and bank balances		<u>61,213,055</u>	<u>81,124,343</u>
		6,582,842,008	8,150,398,742
TOTAL ASSETS		<u>15,620,711,873</u>	<u>16,765,432,674</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital	9	2,970,114,270	2,970,114,270
Reserves		<u>5,540,459,219</u>	<u>5,890,507,263</u>
		8,510,573,489	8,860,621,533
Surplus on revaluation of property, plant and equipment		1,811,247,790	1,829,580,914
NON-CURRENT LIABILITIES			
Long-term financing	10	482,798,700	524,524,754
Deferred taxation		1,095,713,921	1,139,415,427
Deferred liability		<u>73,916,682</u>	<u>72,176,237</u>
		1,652,429,303	1,736,116,418
CURRENT LIABILITIES			
Trade and other payables		1,369,951,375	1,080,934,801
Interest / markup accrued		48,777,166	48,221,865
Short-term borrowings		1,878,870,200	2,726,371,085
Current portion of long-term financing	10	<u>348,862,550</u>	<u>483,586,058</u>
		3,646,461,291	4,339,113,809
Contingencies & Commitments	11		
TOTAL EQUITY AND LIABILITIES		<u>15,620,711,873</u>	<u>16,765,432,674</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

Sd
Abbas Akberali
Chief Executive

Sd
Badar Kazmi
Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016

		30 September 2016	30 September 2015
	Note	----- (Rupees) -----	
Sales – net	12	3,218,486,105	3,431,321,071
Cost of sales	13	(2,753,753,430)	(2,777,570,163)
Gross profit		464,732,675	653,750,908
Distribution costs		(81,918,390)	(66,108,447)
Administrative expenses		(69,955,973)	(49,226,392)
Other expenses		(18,474,570)	(29,090,890)
Other income		5,007,655	877,220
Operating profit		299,391,397	510,202,399
Finance costs		(74,007,654)	(108,099,240)
Profit before taxation		225,383,743	402,103,159
Taxation		257,943	(70,248,909)
Net profit for the quarter		225,641,686	331,854,250
Earnings per share – basic and diluted		0.76	1.49

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

Sd

Abbas Akberali
 Chief Executive

Sd

Badar Kazmi
 Director

**CONDENSED INTERIM STATEMENT
OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

	30 September 2016 (Un-audited)	30 September 2015 (Un-audited)
	----- (Rupees) -----	
Net profit after taxation	225,641,686	331,854,250
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Unrealised gain on cash flow hedge – net of tax	-	534,282
Total comprehensive income for the quarter	<u>225,641,686</u>	<u>332,388,532</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

Sd

Abbas Akberali
Chief Executive

Sd

Badar Kazmi
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	30 September 2016 (Un-audited)	30 September 2015 (Un-audited)
----- (Rupees) -----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	225,383,743	402,103,159
Adjustments for:		
Depreciation	78,052,385	77,301,276
Amortization	1,631,105	1,285,533
Provision of doubtful debt	1,485,925	1,500,000
Provision for gratuity	2,862,248	4,128,492
Finance costs	74,007,655	108,099,240
Finance income	(4,547,224)	(412,460)
	153,492,094	191,902,081
Operating profit before working capital changes	378,875,837	594,005,240
(Increase) / decrease in current assets:		
Stores and spare parts	(7,913,906)	(78,286,706)
Stock-in-trade	1,004,224,990	(53,952,193)
Trade debts	(58,380,545)	(152,917,115)
Loans and advances	104,385,600	(17,170,559)
Trade deposits and short-term prepayments	2,890,720	(4,855,116)
Other receivables	189,242,905	(20,083,717)
	1,234,449,764	(327,265,406)
Increase / (decrease) in current liability:		
Trade and other payables	36,035,422	(172,204,961)
Cash generated from operations	1,649,361,023	94,534,873
Income taxes paid	(31,733,803)	(14,509,247)
Gratuity paid	(1,121,803)	(1,649,566)
Long-term deposits – net	2,510,860	(353,399)
Net cash generated from operating activities	1,619,016,277	78,022,661
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(505,083,513)	(355,488)
Proceeds from disposal of fixed assets	245,690	-
Intangibles	(192,465)	-
Finance income received	4,547,225	412,460
Net cash generated from / (used in) investing activities	(500,483,063)	(56,972)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings – net	(1,188,542,586)	195,198,715
Long-term financings – net	(176,449,561)	(186,391,177)
Finance costs paid	(73,452,355)	(95,988,564)
Net cash (used in) financing activities	(1,438,444,502)	(87,181,026)
Net (decrease) / increase in cash and cash equivalents	(319,911,288)	(9,101,392)
Cash and cash equivalents at the beginning of the period	381,124,343	79,722,352
Cash and cash equivalents at the end of the period	61,213,055	70,620,960

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

Sd
Abbas Akberali
Chief Executive

Sd
Badar Kazmi
Director

**CONDENSED INTERIM STATEMENT
OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

Issued, subscribed and paid-up capital	Reserves					Total reserves	Total equity
	Capital reserve	Revenue reserves			Unappropriated profit		
		Share premium	Cash flow hedge	Actuarial gain / (loss) on gratuity fund			
(Rupees)							
Balance as at 30 June 2015	2,227,585,700	-	(5,118,447)	(10,250,319)	1,740,066,927	1,724,698,161	3,952,283,861
Net profit for the year	-	-	-	-	1,278,749,028	1,278,749,028	1,278,749,028
Other comprehensive income	-	-	5,118,447	3,908,718	-	9,027,165	9,027,165
Total comprehensive income	-	-	5,118,447	3,908,718	1,278,749,028	1,287,776,193	1,287,776,193
Issuance of shares	742,528,570	3,044,367,138	-	-	-	3,044,367,138	3,786,895,708
Share issue cost	-	(255,625,216)	-	-	-	(255,625,216)	(255,625,216)
	742,528,570	2,788,741,922	-	-	-	2,788,741,922	3,531,270,492
Transferred to unappropriated profit in respect of							
- Incremental depreciation during the year – net of tax	-	-	-	-	85,687,186	85,687,186	85,687,186
- disposal of fixed assets during the year – net of tax	-	-	-	-	3,603,801	3,603,801	3,603,801
	-	-	-	-	89,290,987	89,290,987	89,290,987
Balance as at 30 June 2016	2,970,114,270	2,788,741,922	-	(6,341,601)	3,108,106,942	5,890,507,263	8,860,621,533
Final dividend for the year ended June 30, 2016 (Rs.2 per share)	-	-	-	-	(594,022,854)	(594,022,854)	(594,022,854)
Net profit for the quarter	-	-	-	-	225,641,686	225,641,686	225,641,686
Other comprehensive loss	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	225,641,686	225,641,686	225,641,686
Transferred to unappropriated profit in respect of	-	-	-	-	-	-	-
- incremental depreciation during the quarter – net of tax	-	-	-	-	18,333,125	18,333,125	18,333,125
Balance as at 30 September 2016	2,970,114,270	2,788,741,922	-	(6,341,601)	2,758,058,899	5,540,459,219	8,510,573,489

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

Sd
Abbas Akberali
Chief Executive

Sd
Badar Kazmi
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

1. STATUS AND NATURE OF BUSINESS

Amreli Steels Limited (the Company) was incorporated in 1984 under the Companies Act, 1913 (now the Companies Ordinance, 1984) as a private limited company and converted into a public unquoted company in 2009 & listed as public limited in year 2015. The Company is mainly engaged in manufacture and sale of steel bars and billets. The registered office of the Company is situated at Plot No. A-18, S.I.T.E., Karachi.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information for the quarter ended 30 September 2016 has been prepared in accordance with the requirements of International Accounting Standards 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In instances 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 annual financial statements and should be read in conjunction with the audited annual separate financial statements of the Company as at and for the year ended June 30, 2016.

2.2 Functional and presentation currency

This condensed interim financial information is presented in Pakistan Rupees which is also the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest rupee except where stated otherwise.

3. ACCOUNTING POLICIES

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

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statement as at and for the year ended 30 June 2016.

		30 September 2016 (Un-audited)	30 June 2015 (Audited)
	Note	----- (Rupees) -----	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating assets	5.1	7,271,296,861	7,334,605,686
Capital work-in-progress	5.2	1,597,085,854	1,106,991,588
		<u>8,868,382,715</u>	<u>8,441,597,274</u>
5.1 PROPERTY, PLANT AND EQUIPMENT			
Operating assets			
Opening Net Book Value (NBV)		7,334,605,686	7,459,828,865
Additions during the period / year (cost)		14,989,248	191,588,648
Transfers from capital stores during the period / year		-	37,891,626
Deletions during the period / year (NBV)		(245,688)	(7,883,212)
Depreciation charged during the period / year		(78,052,385)	(346,820,241)
Closing NBV		<u>7,271,296,861</u>	<u>7,334,605,686</u>
5.2 Capital work-in-progress			
Opening balance		1,106,991,588	6,483,544
Additions during the period / year		490,094,266	1,100,508,044
Closing balance		<u>1,597,085,854</u>	<u>1,106,991,588</u>
6 LONG-TERM INVESTMENTS	6.1	<u>15,289,370</u>	<u>15,289,370</u>
6.1 These investments are held with commercial banks as a lien for guarantees issued on behalf of the company.			
		30 September 2016 (Un-audited)	30 June 2015 (Audited)
		----- (Rupees) -----	
7 TRADE DEBTS			
Considered good		2,127,396,470	2,070,501,848
Considered doubtful		39,523,834	38,037,910
		2,166,920,304	2,108,539,758
Provision for doubtful debts		(39,523,834)	(38,037,910)
		<u>2,127,396,470</u>	<u>2,070,501,848</u>
8 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Deposits		22,027,698	28,437,208
Security deposits		12,750,000	12,750,000
Surety deposits		3,751,221	6,551,225
Margins against letters of credit		7,467,201	1,148,408
Prepayments		<u>45,996,120</u>	<u>48,886,841</u>

9 SHARE CAPITAL

9.1 Authorised capital

Numbers of shares

September 30, 2016	June 30, 2016		30 September 2016 (Un-audited)	30 June 2016 (Audited)
			----- (Rupees) -----	
420,000,000	420,000,000	Ordinary shares of Rs.10/-each	4,200,000,000	4,200,000,000
80,000,000	80,000,000	Cumulative preference shares of Rs.10/- each	800,000,000	800,000,000
<u>500,000,000</u>	<u>500,000,000</u>		<u>5,000,000,000</u>	<u>5,000,000,000</u>

9.2 Issued, Subscribed and Paid up Capital

263,883,930	263,883,930	Ordinary shares of Rs.10/- each	2,638,839,300	2,638,839,300
33,127,497	33,127,497	Issued for cash	331,274,970	331,274,970
297,011,427	297,011,427	Issued for consideration other than cash	2,970,114,270	2,970,114,270

10 LONG-TERM FINANCING

Term finance facilities				
Diminishing Musharika			460,583,341	527,541,676
Sukuk financing			287,477,909	313,369,136
			<u>83,000,000</u>	<u>167,200,000</u>
Current portion of long-term financing			831,661,250	1,008,110,813
			<u>(348,862,550)</u>	<u>(483,586,058)</u>
			<u>482,798,700</u>	<u>524,524,754</u>

10.1 The terms and conditions of long-term finance are the same as disclosed in Note.19 to the annual audited financial statements of the Company for the year ended June 30, 2016.

11 CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

11.1 There were no major changes in the status of contingencies as reported in the financial statements for the year ended June 30, 2016.

	30 September 2016 (Un-audited)	30 June 2016 (Audited)
----- (Rupees) -----		
COMMITMENTS		
11.2 Outstanding letters of credit	2,482,742,282	2,289,052,179
11.3 Outstanding letters of guarantee	51,640,456	51,640,456
11.4 Commitments for rental payable under Ijarah contracts in respect of vehicles, and plant and machinery are as follows - Not later than one year	31,589,934	36,459,186
Later than one year but not later than five years	63,676,165	66,772,067

12 SALES – net

		30 September 2016 (Un-audited)	30 September 2015 (Un-audited)
	Note	----- (Rupees) -----	
Manufactured goods –Bars	12.1	2,524,030,090	3,431,321,071
Manufactured goods – Billets		158,477,820	-
Trading Bars		531,121,284	-
Export sales		4,856,911	-
		<u>3,218,486,105</u>	<u>3,431,321,071</u>

12.1 Manufactured goods –Bars

Sales	12.1.1	2,524,030,090	3,431,321,071
Cost of sales		<u>2,086,731,810</u>	<u>2,777,570,163</u>
Gross profit		<u>437,298,280</u>	<u>653,750,908</u>

12.1.1. The reason for this decline was 60% attributable to decline in sales price which was already on a downward trajectory in the last quarter of the last financial year and 40% was due to the drop in quantity which was 5,400 tons less in this quarter as compared to the same period last year.

		30 September 2016 (Un-audited)	30 September 2015 (Un-audited)
	Note	----- (Rupees) -----	
Manufactured goods –Bars	12.1	2,086,731,810	2,777,570,163
Manufactured goods – Billets		152,044,759	-
Trading Bars		514,976,861	-
		<u>2,753,753,430</u>	<u>2,777,570,163</u>

14 TRANSACTIONS WITH RELATED PARTIES

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

		30 September 2016 (Un-audited)	30 September 2015 (Un-audited)
		----- (Rupees) -----	
Directors' remuneration		<u>3,318,000</u>	<u>3,318,000</u>
Key management personnels' remuneration		<u>36,879,279</u>	<u>26,015,499</u>

15 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 26, 2016 by the Board of Directors of the Company.

16 GENERAL

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

Sd

Abbas Akberali
Chief Executive

Sd

Badar Kazmi
Director

INVESTORS' EDUCATION

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

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