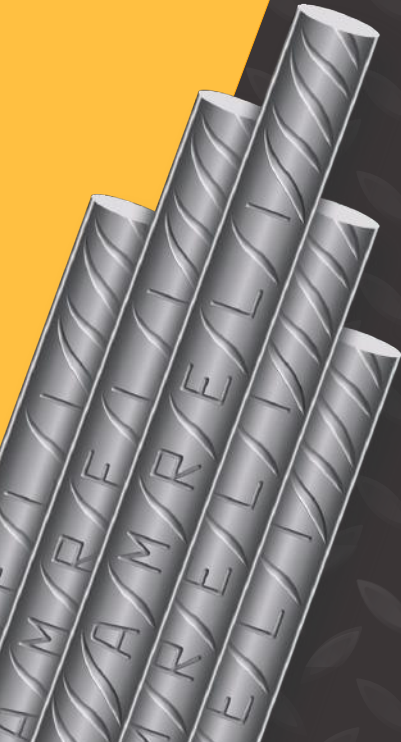


AMRELI STEELS LIMITED

**REPORT FOR THE THIRD QUARTER &
NINE MONTHS PERIOD ENDED**

31 MARCH 2018



AMRELI STEELS
Building for Life

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Abbas Akberali	Chairman, Non-Executive Director
Mr. Shayan Akberali	Chief Executive Officer
Mr. Zafar Ahmed Taji	Independent Director
Mr. Badar Kazmi	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 & REMUNERATION COMMITTEE

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

Chief Operating Officer (Strategy)

Mr. Hadi Akberali

Chief Operating Officer & 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
1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi - 75400
UAN: 92-21-111-000-322, Tel: 92-21-34168270, Fax: 92-21-34168271
Email:secretariat@thk.com.pk

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

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

Registered Office

A-18, S.I.T.E, Karachi, Pakistan
UAN: 92-21-111-267-354,
Fax: 92-21-32587240, 38798328
Email: investor-relations@amrelisteels.com

Rolling Mill

D-89, Shershah Road, Karachi, Pakistan

Steel Melt Shop

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

Website Information

www.amrelisteels.com

DIRECTORS' REVIEW REPORT FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2018

The Board of Directors is pleased to present their review on the financial and operational performance of your Company for the third quarter and nine months period ended 31 March 2018.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

The overall sales registered a growth of 7.21% in nine months under review as compared to the same period last year. Riding on robust demand the sales price witnessed an increase of 16.68% as compared to the cost of sales which increased by 15.82% during the period under review, as compared to the similar period last year. Your Company achieved a turnover of Rs.10.86 billion as compared to turnover of Rs.10.13 billion made during the similar period last year. The gross profit of the Company in nine months under review registered an impressive increase of 23.42% as compared to the corresponding period last year. Profit after tax during the nine months also registered a growth of 21.71% as compared to the same period last year.

On quarterly basis, the sales grew by a handsome 29.39% as compared to the similar period last year. This also helped gross profit to increase by 40.5% as compared to the quarter last year. This substantial increase was attributable to both the retention in sales price and increase in sales quantities.

The key financial highlights of the Company are as follows –

	Nine months ended March 31, 2018 (Rs. in millions)	Nine months ended March 31, 2017 (Rs. in millions)
Net sales	10,865	10,135
Gross profit	2,146	1,739
Operating profit	1,525	1,176
Profit before tax	1,201	990
Profit after tax	997	819

The Company recorded earning per share (both basic and diluted) during the period under review at Rs.3.36 (corresponding period 31 March 2017: Rs.2.76).

EXPANSION AT DHABEJI

The Commercial Operation Declaration of the new rolling mill at Dhabeji is expected to be announced by the end of April 2018. With the new plant coming on-line, the rebar manufacturing capacity of your Company will increase to 605,000 tons per annum from the existing 180,000 tons per annum. On the billet side, the management expects the fourth furnace to come on-line in the first quarter of the next financial year, taking the billet manufacturing capacity from 400,000 tons per annum to 600,000 tons per annum.

PROPOSED JOINT VENTURE

As communicated to the Pakistan Stock Exchange Limited on 09 April 2018 that the Company and Qingdao Huijintong Power Equipment Company Limited ("HJT") have agreed to withdraw the proposed Joint Venture Agreement. This was because HJT's shareholdings, according to their management is in the process of being acquired by another company in China and hence could not make any investment overseas, thus resulting in cessation of the said joint venture with the Company.

FUTURE OUTLOOK

The Company remains focused on manufacturing and supplying quality rebars, improving efficiencies and reducing costs to provide sustained returns on investment to its shareholders. However, we would like to caution our valued stakeholders including shareholders about the possible shortfall in production of rebars by our rolling mill at S.I.T.E. Karachi as a result of ongoing load shedding by KE which, if continued for a prolong period, may result in lower than expected sales quantities in the fourth quarter curtailing the bottom line expectations.

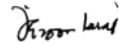
ACKNOWLEDGEMENT

The Board expresses its gratitude to all the shareholders for their confidence and support. We would also like to thank all stakeholders, including our valued customers, financial institutions and suppliers, for their continued support and cooperation and assure them of our commitment to look after their respective interests. We would like to thank the management and employees for their sincere contributions and tireless efforts in driving the Company on the path of growth.

For & on behalf of Board of Directors



Shayan Akberali
Chief Executive Officer



Teizoon Kisat
Director

Date: 20th April 2018

Place: Karachi

* اُردو کے لیے اگلے صفحات ملاحظہ فرمائیے۔

توسیعی منصوبہ بمقام دھابئی

دھابئی کے مقام پر نئی رولنگ مل کے کمرشل آپریشن سے متعلق اعلان اپریل 2018 کے اختتام تک متوقع ہے۔ اس نئے پلانٹ کے کام شروع کرنے کے بعد آپ کی کمپنی کی ریبازی موجودہ پیداواری گنجائش 180,000 ٹن سالانہ سے 605,000 ٹن سالانہ تک بڑھ جائے گی۔ جہاں تک بلٹ کا تعلق ہے انتظامیہ کے اندازوں کے مطابق پچوٹی بھی اگلے مالی سال کی پہلی سہ ماہی تک کام کا آغاز کر دے گی، اور اس کے ساتھ ہی بلٹ کی موجودہ پیداواری گنجائش 400,000 ٹن سالانہ سے بڑھ کر 600,000 ٹن سالانہ تک پہنچ جائے گی۔

مجوزہ مشترکہ منصوبہ

جیسا کہ 19 اپریل 2018 کو پاکستان اسٹاک ایکسچینج لمیٹڈ کو آگاہ کر دیا گیا تھا، کمپنی اور چنگلڈاؤ ہونگٹن پاور ایکویپمنٹ کمپنی لمیٹڈ (ایچ جے ٹی) نے باہمی رضامندی سے مجوزہ مشترکہ منصوبے سے سبکدوش ہونے کا فیصلہ کر لیا ہے۔ یہ فیصلہ اس لئے کیا گیا کہ ایچ جے ٹی کی انتظامیہ کے مطابق چین میں ایچ جے ٹی کے حصص ایک دوسری کمپنی کی جانب سے حاصل کئے جانے کا عمل زیر کاروائی ہے اور اس بناء پر یہ کمپنی کسی دیگر ملک میں کسی بھی قسم کی سرمایہ کاری کرنے سے قاصر ہے اس لئے کمپنی کے ساتھ مذکورہ مشترکہ منصوبے کو ختم کیا گیا ہے۔

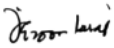
مستقبل پر نظر

کمپنی اپنی تمام تر توجہ اعلیٰ معیار کی ریبازر بنانے اور انھیں سپلائی کرنے، کمپنی کی کارکردگی کو موثر بنانے اور حصص داران کی جانب سے کی جانے والی سرمایہ کاری پر مستقل بنیادوں پر منافع کے حصول کو ممکن بنانے پر مرکوز کئے ہوئے ہے۔ تاہم اپنے تمام شرائط داروں بشمول حصص داران کو اس بات سے متنبہ کرنا چاہتے ہیں کہ ہماری رولنگ مل بمقام سائٹ کراچی پر ریبازر کے پیداواری حجم میں کمی آسکتی ہے جس کی وجہ کراچی الیکٹرک کی جانب سے کی جانے والی لوڈ شیڈنگ ہے اور اگر لوڈ شیڈنگ اسی طرح طویل عرصے تک جاری رہی تو اس بات کے امکانات بھی موجود ہیں کہ سال رواں کی پچوٹی سہ ماہی کے دوران ریبازر کی پیداوار مکمل فروختگی کے حجم سے بھی کم ہو جس کے منفی اثرات کمپنی کے منافع پر بھی پڑ سکتے ہیں۔

اظہار تشکر

بورڈ تمام حصص داران کی جانب سے ان کے اعتماد اور حمایت کیلئے ان کا بے حد مشکور ہے۔ ہم اپنے تمام شرائط داروں، ہمارے قابل اعتماد صارفین، مالیاتی اداروں اور تریبل کاروں کے تہہ دل سے مشکور ہیں کہ ان کی حمایت اور تعاون مستقل بنیادوں پر ہمارے شامل حال ہے۔ ہم انھیں اس بات کا یقین دلاتے ہیں کہ ہم کمپنی سے وابستہ ان سب کے مفادات کے تحفظ کو یقینی بنائیں گے۔ ہم انتظامیہ اور تمام ملازمین کی جانب سے ان کی مخلصانہ اور انتھک کوششوں کیلئے بھی بے حد مشکور ہیں جن کی وجہ سے کمپنی ترقی کی راہ پر گامزن ہے۔

برائے و منجانب بورڈ آف ڈائریکٹرز



تیزون کست
ڈائریکٹر



شایان اکبر علی
چیف ایگزیکٹو آفیسر

مؤرخہ 20 اپریل 2018

بمقام کراچی

ڈائریکٹرز جائزہ رپورٹ

بورڈ آف ڈائریکٹرز انتہائی مسرت کے ساتھ 31 مارچ 2018 کو ختم ہونے والی تیسری سہ ماہی و نو ماہی سے متعلق کمپنی کے مالیاتی و کاروباری امور کی بابت اپنی جائزہ رپورٹ آپ کی خدمت میں پیش کر رہے ہیں۔

مالیاتی و کاروباری امور کی اہم جھلکیاں

گزشتہ سال کی نو ماہی کے مقابلے میں زیر نظر نو ماہی کے عرصے کے دوران مجموعی طور پر کمپنی کی فروختگی میں %7.21 کا اضافہ درج کیا گیا ہے۔ اسی طرح گزشتہ سال کی نو ماہی کے مقابلے میں زیر نظر نو ماہی کے دوران طلب میں زبردست اضافے کے باعث قیمت فروخت میں %16.68 کا اضافہ درج کیا گیا جبکہ قیمت کے اس اضافے کے مقابلے میں لاگت برائے فروختگی میں %15.82 کا اضافہ درج کیا گیا۔ زیر نظر کاروباری دورانے کے دوران آپ کی کمپنی 10.86 بلین روپے کا کاروباری حجم حاصل کرنے میں کامیاب رہی جبکہ گزشتہ سال کی نو ماہی کے دوران کاروباری حجم 10.13 بلین روپے تھا۔ گزشتہ سال کی نو ماہی کے مقابلے میں رواں سال کی زیر نظر نو ماہی کے دوران کمپنی کی جانب سے خام منافع کی مد میں %23.42 اضافی منافع کمایا گیا۔ اسی طرح زیر نظر نو ماہی کے دوران گزشتہ سال کی نو ماہی کے مقابلے میں %21.71 زائد منافع بعد از ٹیکس حاصل کیا گیا۔

سہ ماہی کی بنیاد پر اگر دیکھا جائے تو گزشتہ سال کی اسی سہ ماہی کے مقابلے میں زیر نظر سہ ماہی کے دوران فروختگی میں %29.39 کا زبردست اضافہ درج کیا گیا ہے۔ فروختگی کے حجم میں اس اضافے کی وجہ سے گزشتہ سال کی اسی سہ ماہی کے مقابلے میں زیر نظر سہ ماہی کے دوران خام منافع میں %40.59 کا اضافہ درج کیا گیا ہے۔ منافع میں اس زبردست اضافے کا سہرا قیمت فروخت میں اضافے کے ساتھ ساتھ فروختگی کے حجم میں مستقل اضافے کو بھی جاتا ہے۔

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

نو ماہی اختتامیہ	نو ماہی اختتامیہ	کل فروختگی
2017 مارچ 31	2018 مارچ 31	10,865
(روپے بلین میں)	(روپے بلین میں)	10,135
		خام منافع
		2,146
		1,525
		کاروباری منافع
		1,201
		990
		منافع قبل از ٹیکس
		819
		997
		منافع بعد از ٹیکس

زیر نظر عرصے کے دوران کمپنی کی جانب سے 3.36 روپے آمدن فی حصص (بنیادی و تجمیلی) ریکارڈ کی گئی ہے۔ (گزشتہ سال یعنی 31 مارچ 2017 کے اسی عرصے کے دوران آمدن فی حصص 2.76 روپے ریکارڈ کی گئی تھی)

CONDENSED INTERIM BALANCE SHEET

AS AT 31 MARCH 2018

		31 March 2018 (Un-audited)	30 June 2017 (Audited)
ASSETS	Note	----- (Rupees) -----	
NON-CURRENT ASSETS			
Property, plant and equipment	4	14,307,561,546	12,253,098,525
Intangibles		17,115,643	20,401,304
Long-term investments		15,289,370	15,289,370
Long-term deposits		136,610,248	129,378,613
		<u>14,476,576,807</u>	<u>12,418,167,812</u>
CURRENT ASSETS			
Stores and spares		762,120,585	619,231,295
Stock-in-trade	5	5,330,423,369	3,404,198,598
Trade debts	6	1,630,021,947	1,455,202,310
Loans and advances		36,408,215	22,220,787
Trade deposits and short-term prepayments		57,569,163	43,947,767
Other receivables	7	256,572,326	176,537,237
Taxation-net		72,911,850	-
Cash and bank balances		70,967,703	69,558,113
		<u>8,216,995,158</u>	<u>5,790,896,107</u>
TOTAL ASSETS		<u><u>22,693,571,965</u></u>	<u><u>18,209,063,919</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital		2,970,114,270	2,970,114,270
Reserves		6,877,862,170	6,420,623,118
		<u>9,847,976,440</u>	<u>9,390,737,388</u>
Surplus on revaluation of property, plant and equipment - net of tax		1,700,904,720	1,755,014,996
NON-CURRENT LIABILITIES			
Long-term financing	8	1,500,478,914	712,069,453
Deferred taxation	9	1,163,343,236	1,104,896,135
Deferred liability – staff gratuity		133,286,198	116,942,866
		<u>2,797,108,348</u>	<u>1,933,908,454</u>
CURRENT LIABILITIES			
Trade and other payables	10	1,875,430,905	1,118,557,642
Interest / markup accrued		105,396,957	56,365,500
Short-term borrowings	11	5,802,078,571	3,627,591,787
Current portion of long-term financing		564,676,024	310,234,772
Taxation – net		-	16,653,380
		<u>8,347,582,457</u>	<u>5,129,403,081</u>
CONTINGENCIES & COMMITMENTS	12	-	-
TOTAL EQUITY AND LIABILITIES		<u><u>22,693,571,965</u></u>	<u><u>18,209,063,919</u></u>

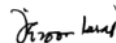
The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2018

Note	Nine months ended		Quarter ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
----- (Rupees) -----				
Sales	13 10,865,882,245	10,135,113,885	4,628,016,189	3,576,703,760
Cost of sales	14 (8,719,896,211)	(8,396,440,822)	(3,646,766,877)	(2,878,314,639)
Gross profit	2,145,986,034	1,738,673,063	981,249,312	698,389,121
Distribution costs	(228,186,183)	(258,251,005)	(92,351,092)	(88,593,128)
Administrative expenses	(298,288,629)	(230,497,375)	(113,842,411)	(83,788,018)
Other expenses	(96,286,791)	(80,497,291)	(47,028,976)	(33,828,014)
Other income	1,842,552	6,906,526	1,223,685	644,115
Operating profit	1,525,066,983	1,176,333,918	729,250,518	492,824,076
Finance costs	(324,034,902)	(186,336,525)	(117,282,514)	(57,804,113)
Profit before taxation	1,201,032,081	989,997,393	611,968,004	435,019,963
Taxation	15 (203,880,450)	(170,751,028)	(139,226,463)	(97,880,176)
Net profit for the period	997,151,631	819,246,365	472,741,541	337,139,787
Earnings per share – basic and diluted	Rs. 3.36	Rs. 2.76	Rs. 1.59	Rs. 1.14

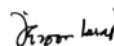
The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)**
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2018

	Nine months ended		Quarter ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	----- (Rupees) -----			
Net profit for the period	997,151,631	819,246,365	472,741,541	337,139,787
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	997,151,631	819,246,365	472,741,541	337,139,787

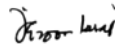
The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2018

	31 March 2018	31 March 2017
----- (Rupees) -----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,201,032,081	989,997,393
Adjustments for:		
Depreciation	272,033,154	239,494,252
Amortization	5,135,203	4,899,753
Provision for doubtful debts	35,499,922	14,652,785
Provision for gratuity	18,470,919	15,774,432
Gain on disposal of fixed assets	(379,259)	(137,064)
Finance costs	324,034,902	186,336,525
Finance income	-	(5,116,867)
	654,794,841	455,903,816
Operating profit before working capital changes	1,855,826,922	1,445,901,209
(Increase) / decrease in current assets:		
Stores and spares	(142,889,291)	62,829,203
Stock-in-trade	(1,926,224,771)	1,884,533,048
Trade debts	(210,319,559)	510,257,703
Loans and advances	(14,187,428)	17,370,931
Trade deposits and short-term prepayments	(13,621,395)	10,097,289
Other receivables	(80,035,090)	286,799,171
	(2,387,277,534)	2,771,887,346
(Decrease) / Increase in current liabilities:		
Trade and other payables	219,585,038	159,978,500
	(311,865,574)	4,377,767,054
Income taxes paid	(234,998,576)	(215,307,325)
Gratuity paid	(2,127,586)	(4,625,757)
Long-term deposits – net	(7,231,635)	4,664,969
Net cash (used in) / generated from operating activities	(556,223,371)	4,162,498,941
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(2,329,588,669)	(3,148,119,661)
Proceeds from disposal of fixed assets	3,471,753	-
Acquisition of intangible assets	(1,849,541)	393,633
Dividend paid	(313,142,247)	(334,821,978)
Finance income received	-	5,116,867
Net cash used in investing activities	(2,641,108,704)	(3,477,431,139)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings – net	2,430,894,400	(882,394,654)
Long-term financings – net	1,042,850,710	102,584,638
Finance costs paid	(275,003,445)	(198,767,257)
Net cash generated from / (used in) financing activities	3,198,741,665	(978,577,273)
Net increase / (decrease) in cash and cash equivalents	1,409,590	(293,509,471)
Cash and cash equivalents at the beginning of the period	69,558,113	381,124,343
Cash and cash equivalents at the end of the period	70,967,703	87,614,872

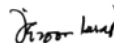
The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT
OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2018**

	Reserves				Total equity	
	Capital reserve	Revenue reserves				
		Share premium	Actuarial gain / (loss) on gratuity fund	Un-appropriated profit		Total reserves
(Rupees)						
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
Net profit for the period	-	-	-	819,246,365	819,246,365	819,246,365
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	819,246,365	819,246,365	819,246,365
Final dividend for the year ended June 30, 2016 @ Rs.2/- per ordinary share	-	-	-	(594,022,854)	(594,022,854)	(594,022,854)
Transferred to unappropriated profit in respect of incremental depreciation during the period – net of tax	-	-	-	54,999,374	54,999,374	54,999,374
Balance as at 31 March 2017	2,970,114,270	2,788,741,922	(6,341,601)	3,338,329,827	6,170,730,148	9,140,844,418
Balance as at 30 June 2017	2,970,114,270	2,788,741,922	(30,821,514)	3,662,702,710	6,420,623,118	9,390,737,388
Net profit for the period	--	-	-	997,151,631	997,151,631	997,151,631
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	997,151,631	997,151,631	997,151,631
Final dividend for the year ended June 30, 2017 @ Rs.2/- per ordinary share	-	-	-	(594,022,854)	(594,022,854)	(594,022,854)
Transferred to unappropriated profit in respect of incremental depreciation during the period – net of tax	-	-	-	54,110,275	54,110,275	54,110,275
Balance as at 31 March 2018	2,970,114,270	2,788,741,922	(30,821,514)	4,119,941,762	6,877,862,170	9,847,976,440

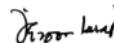
The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 31 MARCH 2018 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

Amreli Steels Limited (the Company) was incorporated in 1984 under the Companies Act, 1913 (now the Companies Act, 2017). The Company is listed on the Pakistan Stock Exchange Limited. 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** These condensed interim financial statements are required to be presented to the shareholders under Section 237 of Companies Act, 2017 and have been prepared in accordance with the requirements of the International Accounting Standards (IAS) – 34, “Interim Financial Reporting” and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.
- 2.2** These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2017.

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 30 June 2017 except that the Company has adopted the following standards which became effective during the period:

- IAS 7 Statement of Cash flows: Disclosures - Disclosure Initiative (Amendment)
IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)
IFRS 12 Disclosure of interests in Other Entities: Clarification of the scope of disclosure requirements (improvements)

The adoption of the above amendments and improvements did not have any material effect on the condensed interim financial statements.

		31 March 2018 (Un-audited)	30 June 2017 (Audited)
	Note	----- (Rupees) -----	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating assets			
Opening Net Book Value (NBV)		7,154,739,872	7,334,605,686
Additions during the period / year (cost)	4.1	985,213,713	142,019,985
Deletions during the period / year (NBV)	4.1	(3,092,494)	(575,138)
Depreciation charged during the period / year		<u>(272,058,925)</u>	<u>(321,310,661)</u>
Closing NBV		<u>7,864,802,166</u>	<u>7,154,739,872</u>
Capital work-in-progress	4.2	<u>6,442,759,380</u>	<u>5,098,358,653</u>
		<u>14,307,561,546</u>	<u>12,253,098,525</u>

4.1 Details of additions and disposals are as follows:

	Additions (cost)		Deletions (NBV)	
	31 March 2018 (Un-audited)	30 June 2017 (Audited)	31 March 2018 (Un-audited)	30 June 2017 (Audited)
	----- (Rupees) -----			
Buildings on leasehold land	101,868,022	11,643,390	-	-
Plant and machinery	862,609,691	118,178,969	36,155	66,857
Furniture and fittings	1,715,349	4,062,580	71,268	-
Office equipment	6,532,850	4,463,066	285,141	-
Vehicles	9,400,954	-	2,697,826	431,514
Computers	3,086,847	3,671,980	2,104	76,767
	<u>985,213,713</u>	<u>142,019,985</u>	<u>3,092,494</u>	<u>575,138</u>

4.2 Capital work-in-progress

	Opening balance	Additions	Transfers to operating assets	Closing balance
	----- (Rupees) -----			
Freehold land	18,955,000	332,201,652	-	351,156,652
Civil works	1,220,942,248	512,265,594	-	1,733,207,842
Plant and machinery	3,858,461,405	1,356,635,500	(860,617,469)	4,354,479,436
Intangibles	-	3,915,450	-	3,915,450
	<u>5,098,358,653</u>	<u>2,205,018,196</u>	<u>(860,617,469)</u>	<u>6,442,759,380</u>

	31 March 2018 (Un-audited)	30 June 2017 (Audited)
	----- (Rupees) -----	
5. STOCK-IN-TRADE		
Raw materials		
- In hand	3,252,601,778	1,544,811,592
- In transit	624,654,823	699,471,255
	<u>3,877,256,601</u>	<u>2,244,282,847</u>
Work-in-process	768,079,771	793,767,325
Finished goods	685,086,997	366,148,426
	<u>5,330,423,369</u>	<u>3,404,198,598</u>

	31 March 2018 (Un-audited)	30 June 2017 (Audited)
----- (Rupees) -----		
6. TRADE DEBTS		
Considered good	1,630,021,947	1,455,202,310
Considered doubtful	110,777,283	75,277,361
	1,740,799,230	1,530,479,671
Provision for doubtful debts	(110,777,283)	(75,277,361)
	1,630,021,947	1,455,202,310

7. OTHER RECEIVABLES

Include sales tax refundable amounting to Rs. 256.330 million (30 June 2017: Rs. 175.022 million).

8. LONG-TERM FINANCING

Includes two long term finance facilities obtained from different commercial banks amounting to Rs.1 billion and Rs. 237.705 million during the period. These facilities carry mark-up rate ranges between Kibor + 0.35% to Kibor + 0.40% per annum and are secured by First pari passu charge over all present and future fixed assets of the Company including 25% margin.

	31 March 2018 (Un-audited)	30 June 2017 (Audited)
----- (Rupees) -----		
9. DEFERRED TAXATION		
Tax effects of temporary differences relating to:		
Accelerated tax depreciation / amortization	814,550,233	757,212,542
Surplus on revaluation of property, plant and equipment	775,134,728	798,324,846
Provisions	(77,456,875)	(61,903,897)
Unused tax credits	9.1 (348,884,850)	(388,737,356)
	1,163,343,236	1,104,896,135

9.1 Represents deferred tax recognised on minimum tax and alternative corporative tax, paid / payable under Sections 113 and 113C, respectively, of the Income Tax Ordinance, 2001. The management, based on the opinion of its tax advisor, considers the same to be claimable.

	31 March 2018 (Un-audited)	30 June 2017 (Audited)
----- (Rupees) -----		
10. TRADE AND OTHER PAYABLES		
Creditors	163,191,800	100,338,380
Murabaha	793,654,888	537,247,271
Accrued liabilities	243,198,059	135,551,819
Advances from customers	197,134,429	158,654,920
Ijarah rentals payable	1,102,347	1,935,864
Workers' Profits Participation Fund	64,467,720	77,819,094
Workers' Welfare Fund	121,891,179	98,036,577
Withholding tax payable	8,136,445	7,200,288
Unclaimed dividend	282,654,038	1,773,429
	1,875,430,905	1,118,557,642

11. SHORT-TERM BORROWINGS

Include short term financing facilities obtained from a commercial bank amounting to Rs. 600 million during the period. These facilities carry markup rate of KIBOR + 0.20% per annum and are secured by joint pari passu charge over all current assets of the Company including 25% margin.

12. CONTINGENCIES AND COMMITMENTS

Contingencies

There were no major changes in the status of contingencies as reported in the annual financial statements for the year ended 30 June 2017.

	31 March 2018 (Un-audited)	30 June 2017 (Audited)
	----- (Rupees) -----	
Commitments		
12.1 Outstanding letters of credit	<u>2,415,886,007</u>	<u>1,351,266,612</u>
12.2 Outstanding letters of guarantee	<u>208,760,464</u>	<u>51,640,456</u>
12.3 Capital commitments	<u>137,200,000</u>	<u>434,452,000</u>
12.4 Commitments for rentals payable under Ijarah contracts in respect of vehicles and plant and machinery with Islamic banks are as follows:		
	31 March 2018 (Un-audited)	30 June 2017 (Audited)
	----- (Rupees) -----	
Not later than one year	<u>44,468,444</u>	<u>35,634,476</u>
Later than one year but not later than five years	<u>84,511,626</u>	<u>44,035,169</u>

Nine months ended		Quarter ended	
31 March 2018 (Un-audited)	31 March 2017	31 March 2018 (Un-audited)	30 March 2017
----- (Rupees) -----			

13. SALES

Local

Manufactured goods- bars	10,828,146,084	8,992,267,126	4,615,121,420	3,525,469,382
Manufactured goods- billets	-	159,778,140	-	-
Trading stock	<u>10,263,178</u>	<u>1,129,229,722</u>	<u>3,367,087</u>	<u>54,738,439</u>
	<u>10,838,409,262</u>	<u>10,281,274,988</u>	<u>4,618,488,507</u>	<u>3,580,207,821</u>

Trade discount and sales tax

Manufactured goods	(480,979)	(1,344,839)	-	(303,118)
Trading stock	<u>(1,491,355)</u>	<u>(164,075,213)</u>	<u>(489,358)</u>	<u>(7,952,547)</u>
	<u>(1,972,334)</u>	<u>(165,420,052)</u>	<u>(489,358)</u>	<u>(8,255,665)</u>
	<u>10,836,436,928</u>	<u>10,115,854,936</u>	<u>4,617,999,149</u>	<u>3,571,952,156</u>

Export sales

	<u>29,445,317</u>	<u>19,258,949</u>	<u>10,017,040</u>	<u>4,751,604</u>
	<u>10,865,882,245</u>	<u>10,135,113,885</u>	<u>4,628,016,189</u>	<u>3,576,703,760</u>

<u>Nine months ended</u>		<u>Quarter ended</u>	
<u>31 March</u>	<u>31 March</u>	<u>31 March</u>	<u>30 March</u>
<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>(Un-audited)</u>		<u>(Un-audited)</u>	
----- (Rupees) -----			

14. COST OF SALES

Local

Manufactured goods- bars	8,712,314,141	7,309,061,854	3,644,115,042	2,835,029,659
Manufactured goods- billets	-	153,235,955	-	-
Trading stock	7,582,070	934,143,013	2,651,835	43,284,980
	<u>8,719,896,211</u>	<u>8,396,440,822</u>	<u>3,646,766,877</u>	<u>2,878,314,639</u>

<u>Nine months ended</u>		<u>Quarter ended</u>	
<u>31 March</u>	<u>31 March</u>	<u>31 March</u>	<u>30 March</u>
<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>(Un-audited)</u>		<u>(Un-audited)</u>	
----- (Rupees) -----			

15. TAXATION

Current	193,618,313	178,786,718	122,187,538	106,959,489
Prior	(48,184,965)	-	-	-
Deferred	58,447,102	(8,035,690)	17,038,925	(9,079,313)
	<u>203,880,450</u>	<u>170,751,028</u>	<u>139,226,463</u>	<u>97,880,176</u>

16. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 30 June 2017. There have been no changes in any risk management policies since the year end.

The carrying values of all financial and non-financial assets and liabilities measured at other than amortised cost in these condensed interim financial statements approximate their fair values.

17. TRANSACTIONS WITH RELATED PARTIES

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

	<u>31 March</u>	<u>31 March</u>
	<u>2018</u>	<u>2017</u>
	<u>(Un-audited)</u>	<u>(Un-audited)</u>
	----- (Rupees) -----	
Directors' remuneration	<u>15,006,839</u>	<u>10,143,000</u>
Key management personnel's remuneration	<u>134,123,389</u>	<u>107,430,408</u>
Contribution to Gratuity Fund	<u>18,470,919</u>	<u>15,774,432</u>

	2018	2017
	----- (Metric Ton) -----	
18. PLANT CAPACITY		
18.1 Billets		
Annual installed capacity	<u><u>400,000</u></u>	<u><u>200,000</u></u>
18.2 Bars		
Annual installed capacity	<u><u>180,000</u></u>	<u><u>180,000</u></u>

19. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on **20 April 2018** by the Board of Directors of the Company.

20. GENERAL


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



Chief Executive Officer



Chief Financial Officer



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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