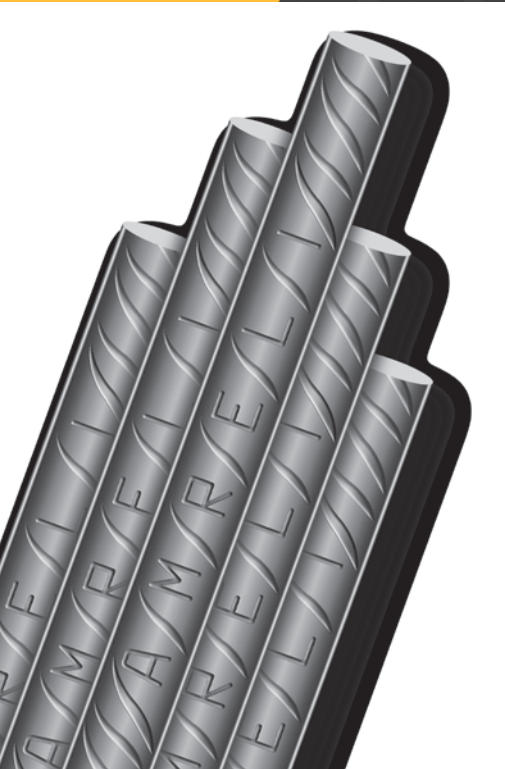


AMRELI STEELS LIMITED

**REPORT FOR THE
FIRST QUARTER ENDED**

30 SEPTEMBER 2017



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 QUARTER ENDED 30 SEPTEMBER 2017

The Board of Directors is pleased to present their review on the financial and operational performance of your Company for the quarter ended 30 September 2017.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Your Company recorded a net sales of Rs.2.7 billion in the first quarter of the financial year 2018, which is Rs.512 million lower than the net sales made in the same period last year. In the corresponding period last year, the Company sold imported rebars amounting Rs.529 million which was not continued during the current quarter.

Despite the decline in sales during the quarter, the gross profit of the Company has registered an increase of 9.7% as compared to the same period last year. The increase in gross profit is mainly due to the increase in sales price of Amreli rebars. Likewise, operating profit and profit before tax registered a growth of 11.9% and 5.5% respectively. However, the increase of Rs.42.34 million in provision for taxation reduced the profit after tax by Rs.30 million to Rs.195.77 million for the quarter under review.

The key financial highlights of the Company are as follows:

	First Quarter Ended 30 September 2017 (Rs. in millions)	First Quarter Ended 30 September 2016 (Rs. in millions)
Net sales	2,706	3,218
Gross profit	510	465
Operating profit	335	299
Profit before tax	238	225
Profit after tax	196	226

The Company recorded earning per share (both basic and diluted) during the period under review at Re.0.66 (corresponding period 30 September 2016: Re.0.76).

EXPANSION AT DHABEJI

The further expansion in rolling mill capacity at Dhabeji for making rebars from 300,000 to 425,000 tons per annum has resulted in shift of cold commissioning period from August 2017 to November 2017 and as a result commercial operations has also been shifted to February 2018. Meanwhile, melting capacity of the Company to produce prime billets has increased from 200,000 tons per annum to 400,000 tons per annum, the Commercial Operation of which was announced on 26 August 2017.

FUTURE OUTLOOK

The economy of Pakistan has continued to witness growth and the momentum is likely to endure in the future as well. Remittances in the first quarter of financial year 2018 were healthy and reports are there for improved crop yield estimates. Private sector lending is also picking up which bodes well for the economy in general and domestic market in particular. Construction activities have remained robust as witnessed by the retention of steel prices and record sales of cement in the first quarter of financial year 2018. CPEC and its ancillary projects are picking up well despite political uncertainty. Your Company has already taken necessary steps to position itself to meet the upcoming challenges and demand of steel for the Country. The National Tariff Commission, on 23 October 2017, has levied an Antidumping duty of 19.15% on the imports of rebars of Chinese origin for a period of five years, which we believe will go a long way in the much needed development of the nascent steel industry of Pakistan.

Acknowledgement

The Board expresses its gratitude to all the stakeholders for their confidence and support and thanks the management and employees for their contributions and tireless efforts in driving the Company to the new heights.

For & on behalf of Board of Directors



Shayan Akberali
Chief Executive Officer



Teizoon Kisat
Director

Date: 26 October 2017

Place: Karachi

* اُردو کے لیے اگلی صفحات ملاحظہ فرمائیے۔

دہائیجی میں توسیعی منصوبہ:

دہائیجی میں جاری توسیعی منصوبہ جس کے تحت ری بارز کی سالانہ پیداوار 300,000 ٹن سے 425,000 ٹن ہو جائے گی اس مزید توسیع کی وجہ سے کولڈ کمیشننگ اگست 2017 کے بجائے نومبر 2017 میں ہوگی جس کے سبب تجارتی آپریشنز کا آغاز فروری 2018 میں متوقع ہے۔ مزید برآں، پرائم بلٹس بنانے کے لیے کمپنی کی اسٹیل پگھلانے کی صلاحیت 200,000 ٹن سالانہ سے بڑھ کر 400,000 ٹن سالانہ ہوگئی ہے جس کے تجارتی آپریشنز کا اعلان 26 اگست 2017 کو کر دیا گیا ہے۔

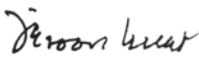
مستقبل کے امکانات:

پاکستانی معیشت تسلسل کے ساتھ ترقی کی طرف گامزن ہے اور امید ہے کہ یہ بہتری آگے بھی قائم رہے گی۔ مالیاتی سال 2018 کی پہلی سہ ماہی میں ترسیل زر قدرے بہتر رہی اور فصل کی پیداوار کے حوالے سے بھی مثبت خبریں سامنے آئی ہیں۔ نجی شعبے کی لینڈنگ میں بھی اضافہ ہو رہا ہے جو کہ ہر سطح پر معاشی بہتری کی پیش گوئی کرتا ہے۔ مالیاتی سال 2018 کی پہلی سہ ماہی میں سینٹ کی تاریخی سیلز اور اسٹیل کی قیمتوں کا برقرار رہنا تعمیراتی سرگرمیوں کے عروج پر ہونے کی نشاندہی کرتا ہے۔ سیاسی انتشار کے باوجود پاک چائنا راہداری منصوبہ اور اس سے متعلقہ پروجیکٹس تکمیل کی جانب گامزن ہیں۔ آپ کی کمپنی اپنی پیداواری صلاحیت میں اضافے کے ذریعے مستقبل میں اسٹیل کی بڑھتی ہوئی ملکی ضروریات سے بھرپور فائدہ اٹھانے کے لیے پوری طرح تیار ہے۔ نیشنل ٹیرف کمیشن کی جانب سے 23 اکتوبر، 2017 سے چائنہ میں بنائے گئے ریبارز کی تمام درآمدات پر اگلے 5 سال کے لئے 19.15 فیصد اینٹی ڈمپنگ ڈیوٹی نافذ کر دی گئی ہے، جو کہ ہمارے مطابق پاکستان کی چھوٹی مگر ابھرتی ہوئی اسٹیل انڈسٹری کے لئے نہایت موزوں ثابت ہوگی۔

اظہار تشکر:

بورڈ آف ڈائریکٹرز کمپنی پر اعتماد اور حمایت کے لیے اپنے تمام شرائط داروں، کمپنی کی انتظامیہ اور ملازمین کے تہہ دل سے مشکور ہیں جن کی بدولت کمپنی ترقی کی نئی بلندیوں کی جانب گامزن ہے۔

از طرف بورڈ آف ڈائریکٹرز



تیزون کھٹ
ڈائریکٹر



شایان اکبر علی
چیف ایگزیکٹو آفیسر

بتاریخ: 26 اکتوبر، 2017

ڈائریکٹرز کی جائزہ رپورٹ:

30 ستمبر 2017 کو ختم ہونے والی پہلی سہ ماہی کے لیے آپ کی کمپنی کے ڈائریکٹرز کمپنی کی مالیاتی اور انتظامی کارکردگی کی جائزہ رپورٹ انتہائی مسرت کے ساتھ پیش کر رہے ہیں۔

مالیاتی اور انتظامی جھلکیاں:

مالیاتی سال 2018 کی پہلی سہ ماہی میں آپ کی کمپنی کی سیلز 2.7 بلین روپے رہی، جو کہ گذشتہ سال کی اسی مدت میں ہونے والی کل سیلز سے 512 ملین روپے کم ہے۔ اس کمی کی بنیادی وجہ امپورٹڈ بارز کی سیلز میں کمی ہے، جو کہ گذشتہ سال کی اس سہ ماہی کی سیلز کے مقابلے میں 529 ملین روپے سے کم رہی۔

اس سہ ماہی میں سیلز کمی کے باوجود، گذشتہ سال کی اس سہ ماہی کے مقابلے میں کمپنی کے مجموعی منافع میں 9.7 فیصد کا اضافہ دیکھنے میں آیا۔ مجموعی منافع میں اضافے کی بنیادی وجہ امریلی کے تیار کردہ ریبارز کی قیمت فروخت میں اضافہ ہے۔ اسی طرح آپریٹنگ منافع میں 11.9 فیصد جبکہ منافع قبل از ٹیکس میں 5.5 فیصد اضافہ ہوا۔ تاہم ٹیکسز میں 42.34 ملین روپے کے اضافے کی وجہ سے منافع بعد از ٹیکس 30 ملین روپے کمی کے ساتھ 195.11 ملین روپے رہا۔

کمپنی کی اہم مالیاتی کارکردگی کی جھلکیاں درج ذیل ہیں:

پہلی سہ ماہی اختتام 30 ستمبر، 2016 (ملین روپے میں)	پہلی سہ ماہی اختتام 30 ستمبر، 2017 (ملین روپے میں)	
3218	2706	خالص فروخت
465	510	مجموعی منافع
299	335	آپریٹنگ منافع
225	238	منافع قبل از ٹیکس
226	196	منافع بعد از ٹیکس

زیر جائزہ مدت میں کمپنی کی آمدنی فی حصص (بنیادی اور ڈائیلیوٹڈ) 0.66 روپے رہی (جو کہ 30 ستمبر، 2016 کی اسی سہ ماہی میں 0.76 روپے تھی)

CONDENSED INTERIM BALANCE SHEET

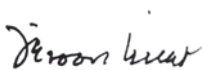
AS AT 30 SEPTEMBER 2017

		30 September 2017 (Un-audited)	30 June 2017 (Audited)
ASSETS	Note	----- (Rupees) -----	
NON-CURRENT ASSETS			
Property, plant and equipment	5	12,831,845,399	12,253,098,525
Intangibles		18,720,521	20,401,304
Long-term investments		15,289,370	15,289,370
Long-term deposits		131,606,013	129,378,613
		<u>12,997,461,303</u>	<u>12,418,167,812</u>
CURRENT ASSETS			
Stores and spares		554,225,275	619,231,295
Stock-in-trade	6	4,356,759,655	3,404,198,598
Trade debts-unsecured considered good	7	1,343,681,663	1,455,202,310
Loans and advances		21,267,175	22,220,787
Trade deposits and short-term prepayments		41,684,492	43,947,767
Other receivables		206,461,742	176,537,237
Tax refund due from Government		69,624,300	-
Cash and bank balances		80,198,819	69,558,113
		<u>6,673,903,121</u>	<u>5,790,896,107</u>
TOTAL ASSETS		<u><u>19,671,364,424</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		6,634,429,685	6,420,623,118
		<u>9,604,543,955</u>	<u>9,390,737,388</u>
Surplus on revaluation of property, plant and equipment	8	1,736,981,147	1,755,014,996
NON-CURRENT LIABILITIES			
Long-term financing		647,014,752	712,069,453
Deferred taxation	9	1,124,820,272	1,104,896,135
Deferred liability		122,704,759	116,942,866
		<u>1,894,539,783</u>	<u>1,933,908,454</u>
CURRENT LIABILITIES			
Trade and other payables		1,418,001,468	1,118,557,642
Interest / markup accrued		82,529,804	56,365,500
Short-term borrowings		4,597,870,022	3,627,591,787
Current portion of long-term financing		336,898,245	310,234,772
Taxation – Net		-	16,653,380
		<u>6,435,299,538</u>	<u>5,129,403,081</u>
CONTINGENCIES & COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		<u><u>19,671,364,424</u></u>	<u><u>18,209,063,919</u></u>

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



Chief Executive Officer



Director



Chief Financial Officer

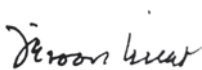
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

		30 September 2017	30 September 2016
	Note	----- (Rupees) -----	
Sales - net	11	2,706,286,342	3,218,486,105
Cost of sales	12	(2,196,312,150)	(2,753,753,430)
Gross profit		<u>509,974,192</u>	464,732,675
Distribution costs		(55,492,434)	(81,918,390)
Administrative expenses		(101,056,802)	(69,955,973)
Other expenses		(18,828,781)	(18,474,570)
Other income		322,557	5,007,655
Operating profit		<u>334,918,732</u>	299,391,397
Finance costs		(97,059,215)	(74,007,654)
Profit before taxation		<u>237,859,517</u>	225,383,743
Taxation	13	(42,086,798)	257,943
Net profit for the period		<u><u>195,772,719</u></u>	<u><u>225,641,686</u></u>
Earnings per share – basic and diluted		<u><u>0.66</u></u>	<u><u>0.76</u></u>

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



Chief Executive Officer



Director



Chief Financial Officer

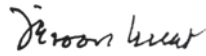
**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2017**

	30 September 2017	30 September 2016
	----- (Rupees) -----	
Net profit after taxation	195,772,719	225,641,686
Other comprehensive income	-	-
Total comprehensive income for the period	<u><u>195,772,719</u></u>	<u><u>225,641,686</u></u>

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



Chief Executive Officer



Director



Chief Financial Officer

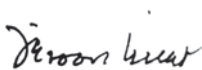
CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	30 September 2017	30 September 2016
----- (Rupees) -----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	237,859,517	225,383,743
Adjustments for:		
Depreciation	82,143,572	78,052,385
Amortization	1,680,782	1,631,105
Provision/(reversal) for doubtful trade debts	9,087,031	1,485,925
Provision for gratuity	6,156,974	2,862,248
Loss/ (gain) on disposal of operating assets	58,768	-
Finance costs	97,059,215	74,007,655
	196,186,342	158,039,318
Operating profit before working capital changes	434,045,859	383,423,061
(Increase) / decrease in current assets:		
Stores and spare parts	65,006,020	(7,913,906)
Stock-in-trade	(952,561,057)	1,004,224,990
Trade debts	102,433,617	(58,380,545)
Loans and advances	953,612	104,385,600
Trade deposits and short-term prepayments	2,263,275	2,890,720
Other receivables	(29,924,505)	189,242,905
	(811,829,038)	1,234,449,764
Increase in current liability:		
Trade and other payables	121,796,404	36,035,422
	(255,986,775)	1,653,908,247
Income taxes paid	(108,440,338)	(31,733,803)
Gratuity paid	(395,080)	(1,121,803)
Long-term deposits – net	(2,227,399)	2,510,860
Net cash (used in) / generated from operating activities	(367,049,593)	1,623,563,501
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(660,961,715)	(505,083,513)
Proceeds from disposal of operating assets	12,500	245,690
Acquisition of intangible assets	-	(192,465)
Net cash (used in) / investing activities	(660,949,215)	(505,030,288)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings – net	1,147,940,345	(1,188,542,586)
Dividend paid	(14,689)	-
Long-term financings – net	(38,391,230)	(176,449,561)
Finance costs paid	(70,894,913)	(73,452,355)
Net cash generated from / (used in) financing activities	1,038,639,513	(1,438,444,502)
Net increase / (decrease) in cash and cash equivalents	10,640,706	(319,911,289)
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	80,198,819	61,213,055

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



Chief Executive Officer



Director



Chief Financial Officer

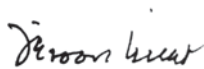
**CONDENSED INTERIM STATEMENT
OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2017**

	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 year 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
Final dividend @ Rs. 2 per share Ordinary share of Rs. 10 each for the year ended 30 June 2016	-	-	-	(594,022,854)	(594,022,854)	(594,022,854)
	-	-	-	(594,022,854)	(594,022,854)	(594,022,854)
Transferred to un-appropriated profit in respect of - incremental depreciation during the year – net of tax	-	-	-	18,333,125	18,333,125	18,333,125
	-	-	-	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
Balance as 01 July 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 Quarter	-	-	-	195,772,719	195,772,719	195,772,719
Other comprehensive loss	-	-	-	-	-	-
Total comprehensive income	-	-	-	195,772,719	195,772,719	195,772,719
Transferred to un-appropriated profit in respect of - incremental depreciation during the quarter – net of tax	-	-	-	18,033,848	18,033,848	18,033,848
	-	-	-	18,033,848	18,033,848	18,033,848
Balance as at 30 September 2017	2,970,114,270	2,788,741,922	(30,821,514)	3,876,509,277	6,634,429,685	9,604,543,955

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



Chief Executive Officer



Director



Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2017

1. THE COMPANY AND ITS OPERATIONS

Amreli Steels Limited (the Company) was incorporated in 1984 as a private limited company and converted into a public unquoted company in 2009. The Company enlisted on Pakistan Stock Exchange in 2015. The Company is 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

These condensed interim financial statements are required to be presented to the shareholders under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard (IAS) – 34, "Interim Financial Reporting" and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed.

These condensed interim financial statements do not include all the information and disclosures 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.

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. SIGNIFICANT ACCOUNTING POLICIES

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 30 June 2017

4. ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

In 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 2017.

	30 September	30 June
	2017	2017
	(Un-audited)	(Audited)
Note	----- (Rupees) -----	

5. 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)	5.1	27,762,068	139,637,722
Transfer from CWIP	5.2.1	850,711,729	2,382,263
Deletions during the period / year (NBV)	5.1	(71,268)	(575,136)
Depreciation charged during the period / year		(82,143,573)	(321,310,661)
Closing NBV		7,950,998,828	7,154,739,872

Capital work-in-progress

5.2	4,880,846,571	5,098,358,653
	12,831,845,399	12,253,098,525

5.1 Details of additions and disposals are as follows:

	Additions (cost)		Deletions (NBV)	
	30 September 2017 (Un-audited)	30 June 2017 (Audited)	30 September 2017 (Un-audited)	30 June 2017 (Audited)
	----- (Rupees) -----			
Buildings on leasehold land	14,066,845	9,261,127	-	-
Plant and machinery	7,354,519	118,178,969	-	66,855
Furniture and fittings	485,711	4,062,580	71,268	-
Office equipment	2,801,189	4,463,066	-	-
Vehicles	1,283,804	-	-	431,514
Computers	1,770,000	3,671,980	-	76,767
	27,762,068	139,637,722	71,268	575,136

5.2 Capital work-in-progress

		30 September	30 June
		2017	2017
		(Un-audited)	(Audited)
Note	----- (Rupees) -----		
Opening balance		5,098,358,653	1,106,991,588
Additions during the period / year		633,199,647	3,993,851,632
Transfer to operating assets	5.2.1	(850,711,729)	(2,382,263)
Written off during the year		-	(102,304)
Closing balance		4,880,846,571	5,098,358,653

5.2.1 This includes plant & machinery and building related to expansion of steel melt shop located at Dhabeji.

	30 September 2017 (Un-audited)	30 June 2017 (Audited)
Note	----- (Rupees) -----	
6. STOCK-IN-TRADE		
Raw materials		
- In hand	2,322,614,178	1,544,811,592
- In transit	<u>371,634,492</u>	<u>699,471,255</u>
	<u>2,694,248,671</u>	<u>2,224,282,847</u>
Work-in-process	1,168,944,629	793,767,325
Finished goods	<u>493,566,356</u>	<u>366,148,426</u>
	<u>4,356,759,655</u>	<u>3,404,198,598</u>
7. TRADE DEBTS		
Considered good	1,343,681,663	1,455,202,310
Considered doubtful	<u>84,364,391</u>	<u>75,277,361</u>
	1,428,046,054	1,530,479,671
Provision for doubtful debts	<u>(84,364,391)</u>	<u>(75,277,361)</u>
	<u>1,343,681,663</u>	<u>1,455,202,310</u>
8. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT – net of deferred tax		
Opening balance	2,553,339,842	2,659,862,582
Transfer to unappropriated profit on account of:		
- Incremental depreciation during the period/ year	<u>(25,762,642)</u>	<u>(106,522,740)</u>
	<u>2,527,577,200</u>	<u>2,553,339,842</u>
Related deferred tax liability		
Opening balance	<u>(798,324,846)</u>	<u>(830,281,668)</u>
Incremental depreciation charged during the period/ year	<u>7,728,793</u>	<u>31,956,822</u>
	<u>(790,596,053)</u>	<u>(798,324,846)</u>
	<u>1,736,981,147</u>	<u>1,755,014,996</u>
9. DEFERRED TAXATION		
Represents tax effects of temporary differences relating to:		
Accelerated tax depreciation / amortization	776,035,981	757,212,542
Surplus on revaluation of property, plant and equipment	790,596,053	798,324,846
Provisions	<u>(66,358,576)</u>	<u>(61,903,897)</u>
Unused tax credits	9.1 <u>(375,453,186)</u>	<u>(388,737,356)</u>
	<u>1,124,820,272</u>	<u>1,104,896,135</u>

9.1 Deferred tax recognised on minimum tax and alternative corporate tax, paid / payable under section 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.

10. CONTINGENCIES AND COMMITMENTS

Contingencies

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

	30 September 2017 (Un-audited)	30 June 2017 (Audited)
	----- (Rupees) -----	
Commitments		
10.1 Outstanding letters of credit	<u>1,381,007,211</u>	<u>1,351,266,612</u>
10.2 Outstanding letters of guarantee	<u>51,640,456</u>	<u>51,640,456</u>
10.3 Capital commitments	<u>377,134,000</u>	<u>434,452,000</u>
10.4 Commitments for rentals payable under Ijarah contracts in respect of vehicles, and plant and machinery are as follows:		
Not later than one year	<u>40,503,420</u>	<u>35,634,476</u>
Later than one year but not later than five years	<u>63,032,794</u>	<u>44,035,169</u>
	30 September 2017 (Un-audited)	30 September 2016 (Un-audited)
	----- (Rupees) -----	
11. SALES – net		
Local		
Manufactured – Rebars	2,695,309,886	2,524,030,090
Manufactured – Billets	-	158,477,820
Trading Rebars	<u>2,933,310</u>	<u>621,411,902</u>
	<u>2,698,243,196</u>	<u>3,304,040,760</u>
Less: sales tax		
Trading Rebars	(426,207)	(90,290,618)
Less: trade discounts		
Manufactured Rebars	<u>(82,000)</u>	<u>(120,948)</u>
	<u>2,697,734,989</u>	<u>3,213,629,194</u>
Export sales	8,551,353	4,856,911
	<u>2,706,286,342</u>	<u>3,218,486,105</u>
12. COST OF SALES		
Manufactured goods – Rebars	2,194,255,226	2,086,731,810
Manufactured goods – Billets	-	152,044,759
Trading Rebars	<u>2,056,924</u>	<u>514,976,861</u>
	<u>2,196,312,150</u>	<u>2,753,753,430</u>

	30 September 2017 (Un-audited)	30 September 2016 (Un-audited)
	----- (Rupees) -----	
13. TAXATION		
Current	22,162,661	43,443,560
Deferred	19,924,137	(43,701,503)
	<u>42,086,798</u>	<u>(257,943)</u>

14. TRANSACTIONS WITH RELATED PARTIES

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

	30 September 2017 (Un-audited)	30 September 2016 (Un-audited)
	----- (Rupees) -----	
Directors' remuneration	<u>2,568,097</u>	<u>3,318,000</u>
Key management personnel's remuneration	<u>49,160,959</u>	<u>36,879,279</u>
Contribution to Gratuity Fund	<u>6,156,974</u>	<u>2,862,248</u>

15. DATE OF AUTHORIZATION

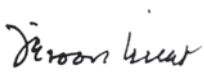
These condensed interim financial statements were authorized for issue on **26 October 2017** by the Board of Directors of the Company.

16. GENERAL

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



Chief Executive Officer



Director



Chief Financial Officer

INVESTORS' EDUCATION

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