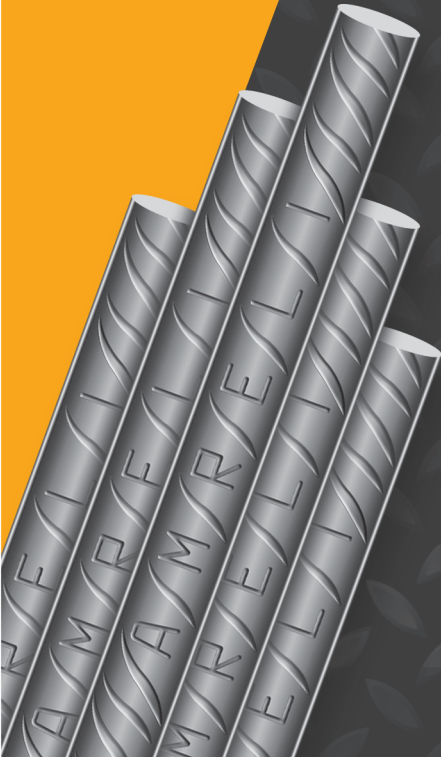


AMRELI STEELS LIMITED

HALF YEARLY REPORT

31 DECEMBER 2015



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. Mirza Qamar Beg	Independent Director
Ms. Kinza Shayan	Non-Executive Director
Ms. Mariam Akberali	Non-Executive Director

Audit Committee

Mr. Badar Kazmi	Chairman
Mr. Mirza Qamar Beg	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

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

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-3
Dr. Ziauddin Ahmed Road Karachi

Bankers

Al-Baraka Bank (Pakistan) Limited	Askari Bank Limited
Bank Al Habib Limited	Bank Al-Falah Limited
Bank Islami Pakistan Limited	Dubai Islamic Bank Pakistan Limited
Habib Bank Limited	Habib Metropolitan Bank Limited
MCB Bank Limited	Meezan Bank Limited
NIB Bank Limited	Silk Bank Limited
Soneri Bank Limited	Standard Chartered Bank Pakistan Limited
Summit Bank Limited	The Bank of Punjab
The Bank of Khyber	United Bank Limited

Registered Office

A-18, S.I.T.E., Karachi, Pakistan
Tel: +92-21-32587232-9
Fax: + 92-21-32587240, 38798328
UAN: 111-267-354
www.amrelisteels.com

Rolling Mill

D-89, Shershah Road
S.I.T.E., Karachi

MeltShop

Industrial Land
Deh Ghara, Tapo Ghara
Taluka Mirpur Sakro, District Thatta, Sindh

DIRECTORS' REVIEW REPORT FOR THE HALF YEAR ENDED DECEMBER 31, 2015

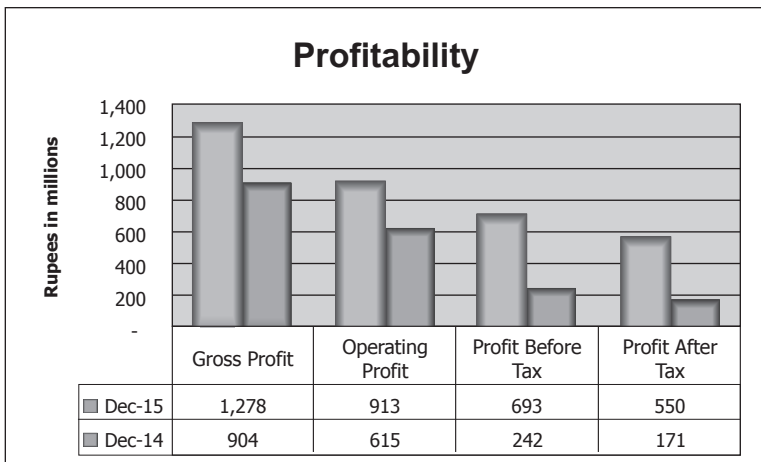
The Board of Directors of Amreli Steels Limited takes pleasure in presenting the review on the financial and operational performance of the Company for the six months period ended December 31, 2015.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Net sales in first half of the current financial year dropped by Rs.1,606 million as compared to the first six months of the last financial year. Despite the drop in sales, the performance of your Company improved exponentially with respect to profitability during the period under review. The Company registered profit before tax of Rs.693.06 million and profit after taxation of Rs.549.66 million versus a profit before tax of Rs.241.53 million and profit after tax of Rs.170.92 million in the corresponding period last half year. As such, net profitability increased by 221.6 % during the period under review as compared to the net profit in the last comparable period.

The prime reason for this increase was a significant decrease in raw material import prices and substantial reduction in financial costs which went down from Rs. 374 million to Rs. 221 million in the two comparative halves of financial years 2014 and 2015, respectively. The key financial and operational results of the Company are as follows –

	Half year ended December 31, 2015 (Rupees)	Half year ended December 31, 2014 (Rupees)
Net Sales	5,453,044,138	7,058,859,589
Gross Profit	1,278,170,766	904,206,339
Operating profit	913,694,385	615,536,282
Profit before tax	693,068,200	241,526,809
Profit after taxation	549,663,379	170,925,129
Earnings per share - basic and diluted	2.34	0.77



EXPANSION AT DHABEJI

All major LCs related to the project amounting to Rs.1.955 billion in favor of Primetals Technologies, Tenova, Izhar Steels, Federal Engineers, Electrotherm and Concast for key equipment and the Pre-fabricated Shed Structure for the expansion project has been opened. Final layout drawing has been approved for revamping of continuous casting machine and issued for civil designing by supplier with reactions and loads. Civil work for pre-fabricated shed extension has started. Excavation work has been done and preparation for raft casting is in progress. The consultants have started the detailed engineering works for the project and basic engineering process of the rolling mill and steel melt shop equipment design has been completed.

FUTURE OUTLOOK

The second half of any financial year is generally stronger in terms of sales as compared to the first half. However, your Company is not unmindful of the growing challenges especially with the declining trend of commodity prices and imported steel goods. Your Company is closely engaged with the relevant authorities for the application of legitimate trade remedies. We will continue with our plan of increasing our footprint across Pakistan to cater to the market needs across all sectors of construction.

Karachi
February 16, 2016

For & On behalf of the Board of Directors



Abbas Akberali
Chairman & Chief Executive

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of Amreli Steels Limited (the Company) as at 31 December 2015, the related condensed interim profit and loss account, condensed Interim statement of comprehensive income, condensed interim statement of cash flows, condensed Interim statement of changes in equity and notes to the accounts for the six months period then ended (herein after referred to as "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed 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 Standard on Review Engagements 2410, "Review of interim Financial information Performed by the independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with international Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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



Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Review Engagements Partner: Khurram Jameel
Date: 16 February 2016
Place: Karachi

CONDENSED INTERIM BALANCE SHEET AS AT 31 DECEMBER 2015

		31 December 2015 (Un-audited)	30 June 2015 (Audited)
ASSETS			
	Note	----- (Rupees) -----	
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	7,636,995,033	7,504,204,035
Intangibles		21,869,558	24,345,354
		<u>7,658,864,591</u>	<u>7,528,549,389</u>
Long-term investments		15,289,370	15,289,370
Long-term deposits		129,942,926	129,836,820
		<u>7,804,096,887</u>	<u>7,673,675,579</u>
CURRENT ASSETS			
Stores and spares		489,994,865	505,225,542
Stock-in-trade	5	2,837,148,841	2,274,851,694
Trade debts	6	1,562,586,886	1,158,043,407
Loans and advances		269,720,209	87,459,799
Trade deposits and short-term prepayments		59,769,543	48,682,824
Short-term investments	7	800,000,000	-
Other receivables		235,105,558	333,461,363
Taxation – net		33,044,141	101,179,328
Cash and bank balances		115,067,176	79,722,352
		<u>6,402,437,219</u>	<u>4,588,626,309</u>
TOTAL ASSETS		<u>14,206,534,106</u>	<u>12,262,301,888</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		2,970,114,270	2,227,585,700
Reserves		5,107,019,561	1,724,698,161
		<u>8,077,133,831</u>	<u>3,952,283,861</u>
Surplus on revaluation of property, plant and equipment	8	1,879,758,612	1,918,871,901
NON-CURRENT LIABILITIES			
Long-term financing		646,445,081	1,150,186,280
Deferred taxation	9	957,568,412	929,901,180
Deferred liability		71,062,490	67,160,595
Other financial liabilities		4,383,953	7,909,428
		<u>1,679,459,936</u>	<u>2,155,157,483</u>
CURRENT LIABILITIES			
Trade and other payables		549,734,501	989,389,837
Interest / markup accrued		50,815,748	82,714,774
Short-term borrowings		1,235,104,459	2,211,793,603
Current portion of long-term financing		734,527,019	952,090,429
		<u>2,570,181,727</u>	<u>4,235,988,643</u>
CONTINGENCIES AND COMMITMENTS	10	-	-
TOTAL EQUITY AND LIABILITIES		<u>14,206,534,106</u>	<u>12,262,301,888</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.


Chief Executive


Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED 31 DECEMBER 2015
(UN-AUDITED)**

	Half-year ended		Quarter-ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	----- (Rupees) -----		----- (Rupees) -----	
Sales	5,453,044,138	7,058,859,589	2,021,723,067	3,462,486,477
Cost of sales	(4,174,873,372)	(6,154,653,250)	(1,397,303,209)	(3,048,713,095)
Gross profit	1,278,170,766	904,206,339	624,419,858	413,773,382
Distribution costs	(155,274,882)	(170,420,858)	(89,166,435)	(82,476,425)
Administrative expenses	(147,906,199)	(99,515,703)	(98,679,807)	(52,272,369)
Other expenses	(65,056,710)	(19,903,898)	(35,965,820)	(6,315,663)
Other income	3,761,409	1,170,402	2,884,189	807,492
Operating profit	913,694,385	615,536,282	403,491,985	273,516,417
Finance costs	(220,626,185)	(374,010,193)	(112,526,945)	(198,317,456)
Profit before taxation	693,068,200	241,526,089	290,965,040	75,198,961
Taxation	(143,404,820)	(70,600,960)	(73,155,911)	(35,076,264)
Net profit for the period	549,663,379	170,925,129	217,809,129	40,122,697
Earnings per share—basic and diluted	Rs. 2.34	Re. 0.77	Re. 0.88	Re. 0.18

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.


Chief Executive


Director


**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2015
(UN-AUDITED)**

	Half-year ended		Quarter-ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	----- (Rupees) -----		----- (Rupees) -----	
Net profit for the period	549,663,379	170,925,129	217,809,129	40,122,697
Other comprehensive loss to be reclassified to profit or loss in subsequent years				
Unrealised loss on cash flow hedge-net	-	(2,626,386)	-	(1,777,208)
Total comprehensive income for the period	549,663,379	168,298,743	217,809,129	38,345,489

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.



Chief Executive



Director

**CONDENSED INTERIM STATEMENT OF CASH FLOW
FOR THE HALF YEAR ENDED 31 DECEMBER 2015
(UN-AUDITED)**

	31 December 2015	31 December 2014
	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	693,068,200	241,526,089
Adjustments for:		
Depreciation	158,229,058	153,132,905
Amortization	2,475,796	162,714
Provision for doubtful trade debts	811,165	3,000,000
Provision for gratuity	8,260,899	6,930,000
Loss/ (gain) on disposal of operating assets	2,986,563	(62,967)
Finance costs	220,626,185	374,010,193
Profit on investments and bank accounts	(3,159,330)	(925,349)
	<u>390,230,336</u>	<u>536,247,495</u>
	1,083,298,536	777,773,584
(Increase) / decrease in current assets:		
Stores and spare parts	15,230,677	(123,761,175)
Stock-in-trade	(562,297,147)	(1,295,602,433)
Trade debts	(405,354,644)	(345,314,263)
Loans and advances	(182,260,410)	(59,623,710)
Trade deposits and short-term prepayments	(11,086,720)	52,168,120
Other receivables	98,355,805	(273,828,478)
	<u>(1,047,412,439)</u>	<u>(2,045,961,939)</u>
(Decrease) / Increase in current liability:		
Trade and other payables	(439,655,336)	125,589,943
	<u>(403,769,239)</u>	<u>(1,142,598,411)</u>
Income taxes paid	(47,602,402)	(27,465,029)
Finance costs paid	(256,050,687)	(339,509,933)
Gratuity paid	(4,359,004)	(470,477)
Long-term deposits – net	(106,106)	91,789
Net cash used in operating activities	<u>(711,887,438)</u>	<u>(1,509,952,061)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(297,650,625)	(30,603,214)
Proceeds from disposal of operating assets	3,644,008	62,967
Finance income received	3,159,330	925,349
Net cash used in investing activities	<u>(290,847,287)</u>	<u>(29,614,898)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease rentals paid	-	(101,230,600)
Repayment of short-term borrowings	(976,689,145)	1,630,235,582
Repayment of long-term financing	(721,304,608)	12,815,803
Proceeds against issuance of shares	3,536,073,302	-
Net cash generated from financing activities	<u>1,838,079,549</u>	<u>1,541,820,784</u>
Net increase in cash and cash equivalents	<u>835,344,824</u>	<u>2,253,825</u>
Cash and cash equivalents at the beginning of the period	79,722,352	63,469,830
Cash and cash equivalents at the end of the period	<u>915,067,176</u>	<u>65,723,655</u>
Cash and cash equivalents comprise of the following:		
- Cash and bank balances	115,067,176	65,723,655
- Short-term Investments	800,000,000	-
	<u>915,067,176</u>	<u>65,723,655</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.


Chief Executive


Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2015
(UN-AUDITED)**

	Reserves						Total equity
	Capital reserve	Revenue reserves				Total reserves	
		Share premium	Cash flow hedge	Actuarial gain/ (loss) on gratuity fund	Unappropriated profit		
Issued, subscribed and paid-up capital							
(Rupees)							
Balance as at 30 June 2014	2,227,585,700	-	(1,721,702)	(5,215,359)	658,376,947	651,439,886	2,879,025,586
Net profit for the period	-	-	-	-	170,925,129	170,925,129	170,925,129
Other comprehensive income/ (loss)	-	-	(2,626,386)	-	-	(2,626,386)	(2,626,386)
Total comprehensive income	-	-	(2,626,386)	-	170,925,129	165,781,263	168,298,743
Transferred to unappropriated profit in respect of incremental depreciation during the period	-	-	-	-	35,253,125	35,253,125	35,253,125
Balance as at 31 December 2014	<u>2,227,585,700</u>	<u>-</u>	<u>(4,348,088)</u>	<u>(5,215,359)</u>	<u>864,555,201</u>	<u>854,991,754</u>	<u>3,082,577,454</u>
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 period	-	-	-	-	549,663,379	549,663,379	549,663,379
Other comprehensive income/ (loss)	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	549,663,379	549,663,379	549,663,379
Issuance of shares	742,528,570	3,044,367,138	-	-	-	3,044,367,138	3,786,895,708
Shares issue cost	-	(250,822,406)	-	-	-	(250,822,406)	(250,822,406)
	742,528,570	2,793,544,732	-	-	-	2,793,544,732	3,536,073,302
Transferred to unappropriated profit in respect of:							
- incremental depreciation during the period	-	-	-	-	33,390,388	33,390,388	33,390,388
-Disposal of fixed assets during the year	-	-	-	-	5,722,901	5,722,901	5,722,901
	-	-	-	-	39,113,289	39,113,289	39,113,289
Balance as at 31 December 2015	<u>2,970,114,270</u>	<u>2,793,544,732</u>	<u>(5,118,447)</u>	<u>(10,250,319)</u>	<u>2,328,843,595</u>	<u>5,107,019,561</u>	<u>8,077,133,831</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.



Chief Executive



Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

1.1 Amreli Steels Limited (the Company) was incorporated in 1975 under the Companies Act, 1913 (now the Companies Ordinance, 1984) as a private limited company and converted into a public unquoted company in 2009. 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.

1.2 During the period, the Company has made an Initial Public Offering (IPO) of Rs. 3,786,895,708/- through issuance of 74,252,857 ordinary shares of Rs. 10 each at a price of Rs. 51/- per share including share premium of Rs. 41/- per share amounting to Rs. 3,044,367,138/-. On December 01, 2015, the Pakistan Stock Exchange has approved the Company's application for formal listing and quotation of shares.

2. BASIS OF PREPARATION

2.1 These condensed interim financial statements are unaudited but subject to limited scope review by auditors. However, figures pertaining to the quarter ended 31 December 2015 and corresponding figures, except for balance sheet figures, have not been subject to limited scope review.

2.2 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 Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

2.3 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 June 30, 2015.

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 2015 except as follows:

The Company has adopted the following standards which became effective for the current period:

- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosures of Interests in Other Entities
- IFRS 13 – Fair Value Measurement

The adoption of the above amendments to accounting standards and interpretations did not have any material effect on these condensed interim financial statements of the Company.

		31 December 2015 (Un-audited)	30 June 2015 (Audited)
		----- (Rupees) -----	
4. PROPERTY, PLANT AND EQUIPMENT	Note		
Operating assets			
Opening Net Book Value (NBV)		7,459,828,865	7,521,027,875
Additions during the period / year (cost)	4.1	38,668,171	169,171,561
Transfers from CWIP during the period / year		-	2,770,709
Transfers from capital stores during the period / year		37,891,628	21,565,109
Revaluation surplus during the period / year		-	44,545,456
Deletions during the period / year (NBV)	4.1	(6,630,571)	(6,570,126)
Depreciation charged during the period / year		(158,229,058)	(292,681,719)
Closing NBV		<u>7,371,529,035</u>	<u>7,459,828,865</u>
Capital work-in-progress			
Stores held for capital expenditure	4.2	265,465,998	6,483,544
		-	37,891,626
		<u>7,636,995,033</u>	<u>7,504,204,035</u>

4.1 Details of additions and disposals are as follows:

	Additions (cost)		Deletions (NBV)	
	31 December 2015 (Un-audited)	30 June 2015 (Audited)	31 December 2015 (Un-audited)	30 June 2015 (Audited)
----- (Rupees) -----				
Leasehold land	-	-	(6,000,000)	-
Buildings on leasehold land	-	2325,000	-	-
Plant and machinery	23,058,412	149,392,252	-	-
Furniture and fittings	171,731	356,378	-	(88,832)
Office equipment	1,627,816	507,500	-	(15,067)
Vehicles	11,026,446	3,470,282	(630,571)	(2,924,762)
Crane	-	-	-	(2,704,663)
Computers	2,783,766	13,120,149	-	(836,802)
	<u>38,668,171</u>	<u>169,171,561</u>	<u>(6,630,571)</u>	<u>(6,570,126)</u>

	31 December 2015 (Un-audited)	30 June 2015 (Audited)
----- (Rupees) -----		
4.2 Capital work-in-progress		
Opening balance	6,483,544	5,670,417
Additions during the period / year	258,982,454	4,083,544
Transfers to operating assets	-	(2,770,709)
Written off	-	(499,708)
Closing balance	<u>265,465,998</u>	<u>6,483,544</u>

5. STOCK-IN-TRADE

Raw materials		
- In hand	714,752,500	1,125,101,250
- In transit	415,262,514	107,277,278
	<u>1,130,015,014</u>	<u>1,232,378,528</u>
Work-in-process	526,992,407	231,780,314
Finished goods	1,180,141,420	810,692,852
	<u>2,837,148,841</u>	<u>2,274,851,694</u>

		31 December 2015 (Un-audited)	30 June 2015 (Audited)
6. TRADE DEBTS	Note	----- (Rupees) -----	
Considered good		1,562,586,886	1,158,043,407
Considered doubtful		<u>30,934,236</u>	<u>30,123,071</u>
		1,593,521,122	1,188,166,478
Provision for doubtful debts		<u>(30,934,236)</u>	<u>(30,123,071)</u>
		<u>1,562,586,886</u>	<u>1,158,043,407</u>

7. SHORT-TERM INVESTMENTS

Held to maturity

Term Deposit Certificates	7.1	<u>800,000,000</u>	<u>-</u>
---------------------------	-----	---------------------------	----------

7.1 These carry profit ranging from 5.8% to 7% per annum, having maturities up to March 2016.

		31 December 2015 (Un-audited)	30 June 2015 (Audited)
8. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT – net of deferred tax	Note	----- (Rupees) -----	
Opening balance		2,789,269,812	2,849,957,563
Surplus for the period / year		-	44,545,456
Transfer to unappropriated profit on account of:			
- Incremental depreciation during the period/ year		(49,103,512)	(105,233,209)
- Disposals of fixed assets during the period/ year		<u>(5,722,901)</u>	<u>-</u>
		<u>2,734,443,399</u>	<u>2,789,269,810</u>

Related deferred tax liability

Opening balance	(870,397,911)	(890,424,869)
Surplus for the period/ year	-	(14,700,000)
Incremental depreciation charged during the period/ year	15,713,124	34,726,960
	(854,684,787)	(870,397,909)

9. DEFERRED TAXATION

Represents tax effects of temporary differences relating to:

Accelerated tax depreciation / amortization		842,308,152	918,372,091
Surplus on revaluation of property, plant and equipment		854,684,787	870,397,909
Provisions		(32,638,953)	(32,103,607)
Unused tax losses		(102,717,656)	(327,399,403)
Unused tax credits	9.1	(604,067,918)	(488,330,329)
Unrealized exchange loss		-	(11,035,481)
		<u>957,568,412</u>	<u>929,901,180</u>

9.1 Represents deferred tax recognised on minimum tax and alternative corporative tax, paid / payable under section 113 and 113C, respectively, of the Income Tax Ordinance, 2001. The management, based on 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 and commitments as reported in the annual financial statements for the year ended June 30, 2015 except for the following:

- 10.1** During the period, the Deputy Commissioner Inland Revenue (the DCIR) passed an Order against the Company and concluded that the Company has violated the provisions of Rule 58H of Chapter XI of the Sales Tax Special Procedure Rules, 2007 and raised an alleged demand of Rs.2,013,620,157/- for the tax periods from July 2013 to December 2014. However, the Company approached the Chief Automation and Sales Tax, who directed the Chief Commissioner Inland Revenue that no recovery action shall be taken against the company till the subject matter is decided by the Commissioner Inland Revenue (Appeals) or until any other directive is issued by the Federal Board of Revenue. The management, based on the legal advice, is confident that the ultimate outcome will be in favor of the Company. Accordingly, no provision has been made in this respect in these condensed financial statements.
- 10.2** During the period, the DCIR issued a notice for alleged non-charging of further tax on the supplies made to the unregistered persons and raised an alleged charge of Rs. 166,934,689/- for the tax periods from July 2013 to June 2015. However the Company has filed a law suit in the Honorable High Court of Sindh which is currently pending adjudication. The management, based on the legal advice, is confident that the ultimate outcome will be in favor of the Company. Accordingly, no provision has been made in this respect in these condensed interim financial statements.

	31 December 2015 (Un-audited)	30 June 2015 (Audited)
	----- (Rupees) -----	
Commitments		
10.3 Outstanding letters of credit	<u>2,337,989,555</u>	<u>534,543,056</u>
10.4 Outstanding letters of guarantee	<u>48,640,456</u>	<u>48,640,456</u>
10.5 Commitments for rentals payable under Ijarah contracts in respect of vehicles, and plant and machinery are as follows:		
Not later than one year	<u>40,615,073</u>	<u>43,438,743</u>
Later than one year but not later than five years	<u>81,049,105</u>	<u>101,886,678</u>

11. TRANSACTIONS WITH RELATED PARTIES

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

	31 December 2015 (Un-audited)	31 December 2014 (Un-audited)
	----- (Rupees) -----	
Directors' remuneration	<u>6,762,000</u>	<u>7,290,500</u>
Key management personnels' remuneration	<u>52,010,962</u>	<u>45,172,523</u>
Contribution to Gratuity Fund	<u>8,260,899</u>	<u>6,930,000</u>

12. DATE OF AUTHORIZATION

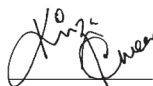
These condensed interim financial statements were authorized for issue on **16 FEB 2016** by the Board of Directors of the Company.

13. GENERAL

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



Chief Executive



Director



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Building for Life

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