

Quarterly Report
September 30, 2009



Dost Steels Limited

Registered Office: Plot No. 222, Sector 39, Korangi Creek Industrial Area, Karachi-74900
Phone: (92-21) 111 STEELS (783 357) Fax: (92-21) 5110423 www.doststeels.com

COMPANY INFORMATION

Board of Directors

Mr. Jamal Iftakhar	Chairman/Chief Executive Officer
Mr. Zahid Iftakhar	Director
Mr. Faisal Zahid	Director
Mr. Bilal Jamal	Director
Mr. Hamza Raees	Director
Mr. Saad Zahid	Director
Mr. Mustafa Jamal	Director

Audit Committee

Mr. Faisal Zahid	Chairman of Committee
Mr. Bilal Jamal	Member
Mr. Zahid Iftakhar	Member

Chief Financial Officer

Mr. Farukh Jamil

Company Secretary

Mr. Zahid Iftakhar

Bankers

Faysal Bank Limited
National Bank of Pakistan
Askari Commercial Bank Limited
NIB Bank Limited
Bank of Khayber
Pak Kuwait Investment Co. (Pvt) Ltd
The Royal Bank of Scotland
Saudi pak Industrial & Agricultural Investment Co. Ltd.
United Bank Limited

Auditors

Haroon Zakaria & Company
Chartered Accountants

Legal Advisor

Mr. Zahoor Shah
Advocate High Court
Suit # 509, 5th Floor,
Panorama Centre No. 2,
Raja Ghazanfar Ali Road
Saddar, Karachi

Shares Registrar

M/s. Noble Computer Services (Pvt.) Ltd.,
Mezzanine Floor,
House of Habib Building (Siddiqsons Tower)
3-Jinnah Cooperative Housing Society,
Main Shahrah-e-Faisal,
Karachi.
Ph # 021-4325482-87
Fax # 021-4325442

Registered/Head Office

Plot # 222, Sector – 39,
Korangi Creek Industrial Area,
Karachi – 74900

Mills

Bhai Pheru, 52 Km Lahore
Multan Road

Web Presence

www.doststeels.com



DOST STEELS LIMITED

Directors Review:

It is my pleasure to present the un-audited financial statement of the company for the 1st quarter ended on 30th September 2009.

Company's Review

Time is ticking without any meaningful progress being made on the future prospects of the company. The entire country is now facing the ruthless front of terrorism and related deaths. This is a disturbing trend that has frozen all investment and developmental activity in the country. The prevailing uncertainty and lack of political will bodes very badly for the country.

The company needs additional funds to the extent of PKR.500 million that will be utilized for making balance payments to the Italian suppliers under the original LC's opened from Faysal Bank Ltd and for site preparation achieving commercial production. Contacts had been made with some interested parties and meetings have been held in the direction where the project can be commissioned by way of a joint venture with equity financial support from venture capitalists.

The bank syndicate is inclined to extend working capital banking facilities to the company, subject to equity support. However the overall country and global situation has affected the company's progress.

For and on behalf of the Board of Directors

Jamal Iftakhar
Chief Executive Officer

Karachi: 30th October 2009

DOST STEELS LIMITED

**CONDENSED STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT SEPTEMBER 30, 2009**

		(UN-AUDITED) September 30, 2009 Rupees	(AUDITED) June 30, 2008 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipments	5	2,014,233,072	2,011,737,387
Long term security deposits		13,886,445	13,886,445
CURRENT ASSETS			
Receivable against trading		1,013,468	1,013,468
Advances, deposit and other receivable		10,888,639	21,681,694
Cash and bank balances		430,646	174,321
		<u>12,332,753</u>	<u>22,869,483</u>
TOTAL ASSETS		<u><u>2,040,452,270</u></u>	<u><u>2,048,493,316</u></u>
CAPITAL AND LIABILITIES			
Share capital			
Authorised capital			
70,000,000 ordinary shares of Rs. 10/- each		<u>700,000,000</u>	<u>700,000,000</u>
Issued, subscribed and paid up capital		674,645,000	674,645,000
Accumulated loss		<u>(54,527,183)</u>	<u>(52,888,092)</u>
SHAREHOLDERS' EQUITY		620,117,817	621,756,908
NON-CURRENT LIABILITIES			
Long term loans		386,293,255	386,293,255
CURRENT LIABILITIES			
Current & overdue portion of long term loans		545,014,983	545,014,983
Short term loan		203,458,121	233,384,408
Trade and other payables		81,718,075	58,193,742
Markup accrued on secured loans		203,850,020	203,850,020
Provision for taxation		-	-
		1,034,041,199	1,040,443,153
COMMITMENTS	4	-	-
TOTAL CAPITAL AND LIABILITIES		<u><u>2,040,452,270</u></u>	<u><u>2,048,493,316</u></u>

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE

DIRECTOR

DOST STEELS LIMITED

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2009**

	(UN-AUDITED) First Quarter ended September 30, 2009	(UN-AUDITED) First Quarter ended September 30, 2008	
	Note	Rupees	Rupees
Administrative & Financial expenses		1,683,555	1,391,284
Other Income - Interest Income		44,463	69,792
Loss before taxation		<u>(1,639,092)</u>	<u>(1,321,492)</u>
Taxation		-	979
Loss after taxation		<u>(1,639,092)</u>	<u>(1,322,471)</u>
Loss per share - basic and diluted		<u>(0.024)</u>	<u>(0.020)</u>

CHIEF EXECUTIVE

DIRECTOR

DOST STEELS LIMITED**CONDENSED STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2009**

		(UN-AUDITED) First quarter ended September 30, 2009 Rupees	(UN-AUDITED) First quarter ended September 30, 2008 Rupees
CASH FLOW (USED IN) / GENERATED FROM WORKING CAPITAL	Note		
Cash (used in) / generated from working capital	6	22,196,547	11,893,871
Long term security deposits		-	20,100
Taxes (paid)/refunded		10,836,930	(62,147)
Net cash flow from operating activities		<u>33,033,477</u>	<u>11,851,825</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant, equipment and Capital work in progress		<u>(13,949,863)</u>	<u>(13,949,863)</u>
Net cash used in investing activities		(13,949,863)	(13,949,863)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term financing		<u>(55,208,334)</u>	<u>(55,208,334)</u>
Short term Financing		<u>59,231,720</u>	<u>59,231,720</u>
Net cash flow from financing activities		<u>4,023,386</u>	<u>4,023,386</u>
Net increase/(decrease) in cash and cash equivalents		23,107,001	1,925,348
Cash and cash equivalents at beginning of the year		1,967,390	1,967,390
Cash and cash equivalents at end of the year		<u><u>25,074,391</u></u>	<u><u>3,892,738</u></u>

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE

DIRECTOR

DOST STEELS LIMITED

**CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2009**

Description	Issued, subscribed and paid up capital	Accumulated loss	Total
	← RUPEES →		
Balance as at June 30, 2008 (AUDITED)	675,000,000	(39,234,170)	635,765,830
Issue of share capital		-	275,000,000
Loss for the period after tax	-	(1,322,471)	(1,322,471)
Balance as at September 30, 2008 (UN- AUDITED)	<u>675,000,000</u>	<u>(40,556,641)</u>	<u>909,443,359</u>
Balance as at June 30, 2009 (AUDITED)	674,645,000	(52,888,092)	621,756,908
Issue of share capital	-	-	-
Loss for the period after tax	-	(1,639,092)	(1,639,092)
Balance as at September 30, 2009 (UN- AUDITED)	<u>674,645,000</u>	<u>(54,527,183)</u>	<u>620,117,817</u>

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE

DIRECTOR

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED
For the First Quarter ended September 30, 2009

1. THE COMPANY AND ITS OPERATIONS

Dost Steels Limited (the Company) was incorporated in Pakistan on March 19, 2004 as a private limited company under the Companies Ordinance, 1984 (The Ordinance). The Company was converted into public limited company with effect from May 20, 2006 and then listed on the Karachi Stock Exchange (Guaranteee) Limited with effect from November 26, 2007. The registered office of the Company is situated at Plot # 222, Sector - 39, Korangi Creek Industrial Area, Karachi 74900. The principal business of the Company include manufacturing of steel, direct reduced iron, sponge iron, hot briquetted iron, carbon steel, pig iron and special alloy steel in different forms.

2. BASIS OF PREPARATION

These financial statements have been prepared in compliance with the International Accounting Standard 34 Interim Financial Reporting and the section 245 of the Companies Ordinance, 1984.

3. ACCOUNTING POLICIES

The accounting policies and methods of computation followed in the preparation of the quarterly statements are the same as those of the published annual financial statements for the year ended June 30, 2009.

4. CONTINGENCIES AND COMMITMENTS

The Company is committed to capital expenditure amounting to Rs. 50,893 million (2008: Rs. 81,822 million) as at the balance sheet date.

Pakistan Kuwait Investment Company (Private) Limited (the lender) has claimed for recovery of Rs.122,197,136. The lender has advanced the loan as a part of consortium syndicate. The management is confident that the suit is likely to be rejected. Therefore markup on syndicated term loan has not been charged during this quarter.

5. PROPERTY, PLANT AND EQUIPMENTS

	Sept 30, 2009	June 30, 2009
	Rupees	Rupees
Operating assets	165,359,785	164,294,240
Capital work-in-progress	1,848,873,287	1,846,022,422
	<u>2,014,233,072</u>	<u>2,010,316,662</u>

5.1 OPERATING FIXED ASSETS - TANGIBLE

Description	Cost		Rate %	Accumulated depreciation		Written down Value as at Sept 30, 2009
	As at July 1, 2009	As at Sep 30, 2009		As at July 1, 2009	For the period	
	Rupees			Rupees		
a Freehold land	157,876,220	-	-	-	-	157,876,220
b Furniture & fittings	2,855,829	-	15	680,602	81,571	2,093,656
c Electric Equipments	3,557,310	-	15	1,043,792	94,257	2,419,261
d Computers equipments	2,169,448	-	30	1,261,665	68,084	839,699
e Office equipments	117,252	-	15	49,969	2,523	64,760
f Vehicles	4,730,575	-	20	2,555,640	108,746	2,066,189
Sept 30, 2009	<u>171,306,634</u>	<u>-</u>		<u>5,591,668</u>	<u>355,181</u>	<u>165,359,785</u>
June 30, 2009	<u>169,241,075</u>	<u>2,065,559</u>		<u>3,819,585</u>	<u>1,772,083</u>	<u>165,714,966</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED
For the First Quarter ended September 30, 2009

5.2 CAPITAL WORK IN PROGRESS

	September 30 2009 Rupees	June 30 2009 Rupees
a Land development	11,012,712	11,012,712
b Civil works	206,894,279	206,813,057
c Plant and machinery	1,206,530,821	1,203,761,177
d Unallocated Expenditure-Markup	424,435,476	424,435,476
	<u>1,848,873,287</u>	<u>1,846,022,422</u>

6. CASH (USED IN) / GENERATED FROM WORKING CAPITAL

	(UN-AUDITED) First quarter ended September 30, 2009 Rupees	(UN-AUDITED) First quarter ended September 30, 2008 Rupees
Loss before taxation	(1,639,092)	(1,321,492)
Adjustment for Depreciation	355,181	353,624
	<u>(1,283,911)</u>	<u>(967,868)</u>
Effect of changes in working capital (Increase) / decrease in current assets		
Advances, deposits and other receivable	(43,875)	(3,027,985)
Construction material stock		
Increase / (decrease) in current liabilities	23,524,333	13,227,410
Trade and other payables	<u>22,196,547</u>	<u>9,231,557</u>

7. CYCLE OF OPERATION

Bar manufacturing is year round operation. The basic raw material in Billets which is converted into bar of required sizes.

8. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 30 October, 2009 by the Board of Directors of the Company

9. PRESENTATION

Figures in the financial statements have been rounded-off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR