

Quarterly Report
September 30, 2011



Dost Steels Limited

Registered Office: Plot No. 222, Sector 39, Korangi Creek Industrial Area, Karachi-74900
Phone: (92-21) 35110421-2 Fax: (92-21) 5110423 E-mail: ho@doststeels.com

www.doststeels.com

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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. Saad Zahid	Member
Mr. Zahid Iftakhar	Company Secretary

Chief Financial Officer

Mr. Sajid Ahmed Ashrafi

Company Secretary

Mr. Zahid Iftakhar

Bankers

Faysal Bank Limited
National Bank of Pakistan
Askari Commercial Bank Limited
NIB Bank Limited
Bank of Khyber
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. Your Secretary (Pvt.) Ltd.,
Suit no. 1020, 10th Floor, Uni Plaza, I. I. Chundrigar Road,
Karachi-74200.
Ph: 92 021-32428842, 32416957 / Fax: 92 021-32427790
E mail: ysecr@hotmail.com

Registered/Head Office

Plot # 222, Sector – 39,
Korangi Creek Industrial Area,
Karachi – 74900
Ph # 021-35110421-22 / Fax # 021-35110423

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 statements of the company for the three months ending on September, 2011.

Company's review

The financial, technical and commercial due diligence is in progress and is expected to be completed in the second quarter of 2011-2012. The company needs funds in excess of PKR.800 million to execute cold and hot commissioning. It would take a period of 4-6 months for the company to come into production from the date of funding.

Future outlook

The future outlook of the country is uncertain due to the crossfire between the political parties with the impending elections in the coming years. Due to this the economy is suffering and the effect is being felt across all the sectors of the economy. However with the hydel energy dams being initiated, it is expected that the Steel Sector will see a better demand.

For and on behalf of the Board of Directors

Jamal Iftakhar
Chief Executive Officer

Karachi: October 31, 2011

DOST STEELS LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2011

		(UN- AUDITED) September 30, 2011 Rupees	(AUDITED) June 30, 2011 Rupees
ASSETS			
Non-current assets			
Property, plant and equipments	5	2,014,709,043	2,014,249,653
Long term deposits		21,673,345	21,673,345
Deferred tax asset		-	-
		2,036,382,388	2,035,922,998
Current assets			
Advances		536,663	638,094
Tax refund due from government		453,845	442,998
Other receivable		101,935	66,547
Cash and bank balances		734,148	129,421
		1,826,591	1,277,060
Total assets		2,038,208,979	2,037,200,058
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 70,000,000 ordinary shares of Rs. 10 each		700,000,000	700,000,000
Issued, subscribed and paid up capital		674,645,000	674,645,000
Reserves		(76,090,754)	(74,182,488)
Shareholders' Equity		598,554,246	600,462,512
Non-current liabilities			
Provision for Gratuity		4,534,092	4,550,902
Long term loans		5,555,552	5,555,553
		10,089,644	10,106,455
Current liabilities			
Current and overdue portion of long term loans		925,752,684	925,752,684
Short term borrowings		259,232,012	255,973,012
Trade and other payables		40,730,373	41,055,375
Markup accrued		203,850,020	203,850,020
		1,429,565,089	1,426,631,091
Contingencies and Commitments	6		
Total equity and liabilities		2,038,208,979	2,037,200,058

The annexed notes form an integral part of these financial statements



Chief Executive



Director

DOST STEELS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2011

	(UN-AUDITED)	(UN-AUDITED)
	September, 30 2011	September, 30 2010
	<i>Rupees</i>	<i>Rupees</i>
Administrative expenses	(1,943,893)	(2,221,922)
Other operating income	35,628	-
Loss before taxation	(1,908,265)	(2,221,922)
Taxation	-	-
Loss after taxation	(1,908,265)	(2,221,922)
Loss per share	(0.03)	(0.03)

The annexed notes form an integral part of these financial statements



Chief Executive



Director

DOST STEELS LIMITED**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2011**

		(UN-AUDITED)	(UN-AUDITED)
		September 30, 2011	September 30, 2010
	Note	Rupees	Rupees
Net cash flow from operating activities	7	(2,194,881)	(1,743,456)
CASH FLOW FROM INVESTING ACTIVITIES			
Work in progress		(459,391)	-
Net cash used in investing activities		(459,391)	-
CASH FLOW FROM FINANCING ACTIVITIES			
Short term Financing		3,259,000	1,790,000
Net cash flow from financing activities		3,259,000	1,790,000
Net increase/(decrease) in cash and cash equivalents		604,728	1,790,000
Cash and cash equivalents at beginning of the period		129,420	175,376
Cash and cash equivalents at end of the period		734,148	1,965,376

The annexed notes form an integral part of these financial statements



CHIEF EXECUTIVE



DIRECTOR

DOST STEELS LIMITED

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2011**

Description	Issued, subscribed and paid up capital	Accumulated loss	Total
	← RUPEES →		
Balance as at June 30, 2010	674,645,000	(63,674,856)	610,970,144
Loss for the period	-	(2,221,922)	(2,221,922)
Balance as at September 30, 2010	<u>674,645,000</u>	<u>(65,896,778)</u>	<u>608,748,222</u>
Balance as at June 30, 2011	674,645,000	(74,182,489)	600,462,511
Loss for the period	-	(1,908,265)	(1,908,265)
Balance as at September 30, 2011	<u>674,645,000</u>	<u>(76,090,754)</u>	<u>598,554,246</u>

The annexed notes form an integral part of these financial statements



CHIEF EXECUTIVE



DIRECTOR

DOST STEELS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2011

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 (Guarantee) Limited with effect from November 26, 2007. The registered office of the Company is situated at Plot No. 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 interim condensed financial statements are unaudited and are being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984 and International Accounting Standard (IAS) 34 'Interim Financial Reporting'. These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2011.

These condensed interim financial statements have been presented in Pak Rupees, which is the functional currency of the Company.

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, 2011.

4 ESTIMATES

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and 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 financial statements for the year ended

September 30, **June 30,**
2011 **2011**
Rupees **Rupees**

5 PROPERTY, PLANT AND EQUIPMENTS

Operating assets	5.1	164,294,240	164,294,240
Capital work-in-progress	5.2	1,850,414,803	1,849,955,413
		<u>2,014,709,043</u>	<u>2,014,249,653</u>

5.1 OPERATING FIXED ASSETS - TANGIBLE

Description	Cost		Rate %	Depreciation		Written down Value as at Sept 30, 2011
	As at July 1, 2011	Addition		As at July 1, 2011	For the period Sep 30, 2011	
	Rupees					
Freehold land	157,876,220	-	-	-	-	157,876,220
Furniture & fittings	2,855,829	-	15	1,006,886	-	1,848,943
Electric Equipments	3,557,310	-	15	1,420,820	-	2,136,490
Computers equipments	2,169,448	-	30	1,534,000	-	635,448
Office equipments	117,252	-	15	60,061	-	57,191
Vehicles	4,730,575	-	20	2,990,627	-	1,739,948
Sept 30, 2011	171,306,634	-		7,012,394	-	164,294,240
June 30, 2011	171,306,634	-		7,012,394	-	164,294,240

	(UN-AUDITED) September 30, 2011 Rupees	(AUDITED) June 30, 2011 Rupees
5.2 CAPITAL WORK IN PROGRESS		
Land development	11,012,712	11,012,712
Civil works	207,077,462	207,077,462
Plant and machinery	1,205,389,153	1,204,929,763
Unallocated Expenditure-Markup	426,935,476	426,935,476
	<u>1,850,414,803</u>	<u>1,849,955,413</u>

6 CONTINGENCIES AND COMMITMENTS

The Company is committed to capital expenditure amounting to Rs. 51.889 (2010: Rs. 40.067 million) as at the balance sheet date.

The contingent liabilities are the same as disclosed in the published annual financial statements for the year ended June 30, 2011.

7 CASH USED IN OPERATING ACTIVITIES

	(UN-AUDITED) September 30, 2011 Rupees	(UN-AUDITED) September 30, 2010 Rupees
Loss before taxation	(1,908,265)	(2,221,922)
Adjustment for :		
Provision for Gratuity	(16,810)	
Depreciation	-	286,254
	<u>(1,925,075)</u>	<u>(1,935,668)</u>
Effect of changes in working capital		
Decrease in current assets		
Advances, deposit and other	55,196	18,000
Increase / (decrease) in current liabilities		
Trade and other payables	(325,002)	174,212
	<u>(269,806)</u>	<u>192,212</u>
Cash used in operating activities	<u>(2,194,881)</u>	<u>(1,743,456)</u>

8 CYCLE OF OPERATION

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

9 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 31 October, 2011 by the Board of Directors of the Company

10 PRESENTATION

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



CHIEF EXECUTIVE



DIRECTOR