

Quarterly Report
September 30, 2013



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	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
Faysal Bank Limited (RBS)
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 # 021-36105944

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 period ended September 30, 2013.

General Review

The Company was not able to start its commercial operations because of the shortage of funds required to commission the plant. The mandate provided to the National Bank of Pakistan for the restructuring of the current borrowings and to generate further funds did not yield any results and accordingly the said mandate has been withdrawn.

The management is actively considering proposal to enhance the capital which will contribute towards the re structuring and rehabilitation of the company. Accordingly the Directors are considering some proposals and weighing options available for the purpose so that some workable proposal is undertaken to take the step forward.

Performance Highlights

	<u>September 2013</u>	<u>September 2012</u>
Profit before Tax	(2,671,122.00)	(1,689,005.00)
Profit after Tax	(2,671,122.00)	(1,689,005.00)
EPS	(0.04)	(0.02)

Future outlook

Presently there is a deficiency in the quality and quantity of the ASTM, BS and EURO standards compliant rebar produced under these standards. The defense and allied sectors require grade compliant rebar. There is demand for high strength deformed steel bars from this sector for special grades that have hitherto been imported from abroad and can now be catered to by DSL from its range of production. There is a need to bring DSL into production to be able to start catering to the demand. The earthquake tremors of 16th April 2013 is a crude reminder to improve building code compliances to world prevailing standards before it is too late. Seismic resistance Deformed Steel Bars are an importance constituent of this compliance.

Acknowledgement

The Board of Directors once again acknowledges the cooperation of its shareholders, project partner, bankers, supplier's, employees who are helping the Company in its efforts to consolidate and commence commercial operations.

For and on behalf of the Board of Directors

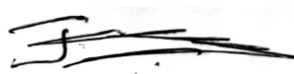
Jamal Iftakhar
Chief Executive Officer

Karachi: October 29, 2013

DOST STEELS LIMITED
INTERIM CONDENSED BALANCE SHEET
AS AT SEPTEMBER 30, 2013

	Note	(Un-Audited) September 2013 Rupees	(Audited) June 2013 Rupees
ASSETS			
Non-Current Assets			
Property, plant and equipments	5	2,022,902,209	2,022,402,209
Long term deposits		19,343,345	19,333,345
		2,042,245,554	2,041,735,554
Current Assets			
Advances		4,487,007	4,632,607
Tax refund due from government		601,591	581,995
Other receivable		78,758	52,217
Cash and bank balances		103,524	958,709
		5,270,880	6,225,528
Total Assets		2,047,516,434	2,047,961,082
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		(91,643,935)	(88,972,813)
Shareholders' Equity		583,001,065	585,672,187
Non-Current Liabilities			
Provision for gratuity		4,745,486	4,745,486
Current Liabilities			
Current and overdue portion of long term loans		931,308,237	931,308,237
Short term borrowings		288,225,955	285,638,955
Trade and other payables		240,235,691	240,596,217
		1,459,769,883	1,457,543,409
Contingencies and Commitments	6		
Total Equity and Liabilities		2,047,516,434	2,047,961,082

The annexed notes form an integral part of these financial statements.



 Chief Executive

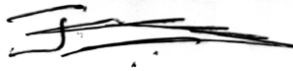


 Director

DOST STEELS LIMITED
INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2013

	<i>September 2013 Rupees</i>	<i>September 2012 Rupees</i>
Administrative expenses	(2,697,945)	(1,720,259)
Other operating income	<u>26,823</u>	<u>31,254</u>
Loss before taxation	(2,671,122)	(1,689,005)
Taxation	-	-
Loss after taxation	<u>(2,671,122)</u>	<u>(1,689,005)</u>
Loss per share	<u>(0.04)</u>	<u>(0.02)</u>

The annexed notes form an integral part of these financial statements



Chief Executive

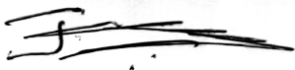


Director

DOST STEELS LIMITED
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2013

	<i>September 2013 Rupees</i>	<i>September 2012 Rupees</i>
Loss for the year	(2,671,122)	(1,689,005)
Other comprehensive income	-	-
<i>Total comprehensive loss</i>	<u>(2,671,122)</u>	<u>(1,689,005)</u>

The annexed notes form an integral part of these financial statements



Chief Executive

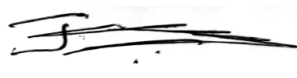


Director

DOST STEELS LIMITED
INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2013

	<i>September 2013 Rupees</i>	<i>September 2012 Rupees</i>
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(2,671,122)	(1,689,005)
Changes in working capital:		
(Increase) / Decrease in operating assets:		
Advances	145,600	(317,680)
Other receivable	(26,541)	69,035
	119,059	(248,645)
Decrease in current liabilities:		
Trade and other payables	(360,526)	(494,779)
Net cash outflow after changes in working capital	(241,467)	(743,424)
Taxes paid	(19,596)	(13,348)
Long term security deposits - net	(10,000)	-
Net cash used in operating activities	(2,942,185)	(2,445,777)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(500,000)	(755,000)
Net cash used in investing activities	(500,000)	(755,000)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from short term financing	2,587,000	2,775,109
Net cash generated from financial activities	2,587,000	2,775,109
Net decrease in cash and cash equivalents (A+B+C)	(855,185)	(425,668)
Cash and cash equivalents at beginning of the nine months period	958,709	528,755
Cash and cash equivalents at end of the nine months period	103,524	103,087

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Chief Executive

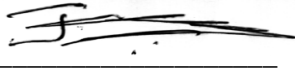


Director

DOST STEELS LIMITED
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2013

<i>Particulars</i>	<i>Share Capital</i> <i>Issued, subscribed and paid up</i>	<i>Revenue Reserve</i> <i>Accumulated loss</i>	<i>Shareholders' Equity</i>
	----- <i>Rupees</i> -----		
<i>Balance as at June 30, 2012</i>	674,645,000	(82,779,212)	591,865,788
Total comprehensive loss	-	(1,689,005)	(1,689,005)
<i>Balance as at September 30, 2012</i>	<u>674,645,000</u>	<u>(84,468,217)</u>	<u>590,176,783</u>
<i>Balance as at June 30, 2013</i>	674,645,000	(88,972,813)	585,672,187
Total comprehensive loss	-	(2,671,122)	(1,689,005)
<i>Balance as at September 30, 2013</i>	<u>674,645,000</u>	<u>(91,643,935)</u>	<u>583,983,182</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 - (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2013***

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 Creak 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, 2013.

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, 2013.

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 June 30, 2013.

5 PROPERTY, PLANT AND EQUIPMENTS	Note	September 30, 2013 Rupees	June 30, 2012 Rupees
Operating assets	5.1	164,966,240	164,466,240
Capital work-in-progress	5.2	1,857,935,969	1,857,935,969
		<u>2,022,902,209</u>	<u>2,022,402,209</u>

5.1 OPERATING ASSETS

Particulars	OWNED						Total
	Freehold land	Furniture & fittings	Electric Equipments	Computers equipments	Office equipments	Vehicles	
Year ended September 30, 2013							
Opening net book value	157,876,220	1,848,943	2,136,490	807,448	57,191	1,739,948	164,466,240
Additions	-	-	500,000	-	-	-	500,000
Transfers	-	-	-	-	-	-	-
Depreciation charge	-	-	-	-	-	-	-
Net book value as at Sep 30, 2013	157,876,220	1,848,943	2,636,490	807,448	57,191	1,739,948	164,966,240
As at Sep 30, 2013							
Cost	157,876,220	2,855,829	4,057,310	2,341,448	117,252	4,730,575	171,978,634
Accumulated depreciation	-	1,006,886	1,420,820	1,534,000	60,061	2,990,627	7,012,394
	157,876,220	1,848,943	2,636,490	807,448	57,191	1,739,948	164,966,240
Year ended June 30, 2013							
Opening net book value	157,876,220	1,848,943	2,136,490	807,448	57,191	1,739,948	164,466,240
Additions	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Depreciation charge	-	-	-	-	-	-	-
Net book value as at June 30, 2013	157,876,220	1,848,943	2,136,490	807,448	57,191	1,739,948	164,466,240
As at June 30, 2013							
Cost	157,876,220	2,855,829	3,557,310	2,341,448	117,252	4,730,575	171,478,634
Accumulated depreciation	-	1,006,886	1,420,820	1,534,000	60,061	2,990,627	7,012,394
	157,876,220	1,848,943	2,136,490	807,448	57,191	1,739,948	164,466,240
Rate of Depreciation	-	15%	15%	30%	15%	20%	

<i>(Un-Audited)</i>	<i>(Audited)</i>
<i>September 30,</i>	<i>June 30,</i>
<i>2013</i>	<i>2013</i>
<i>Rupees</i>	<i>Rupees</i>

5.2 CAPITAL WORK-IN-PROGRESS

Land development	13,212,712	13,212,712
Civil works	207,083,362	207,083,362
Plant and machinery	1,213,204,419	1,213,204,419
Unallocated borrowing costs	424,435,476	424,435,476
	<u>1,857,935,969</u>	<u>1,857,935,969</u>

6 CONTINGENCIES AND COMMITMENTS

The Company is committed to capital expenditure amounting to Rs. 59.667 (2013: Rs. 56.596 million) as at the balance sheet date.

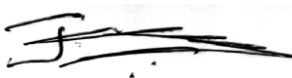
The contingent liabilities are the same as disclosed in the published annual financial statements for the year ended June 30, 2013.

7 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 29th October, 2013 by the Board of Directors of the Company

8 GENERAL

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



Chief Executive



Director