

Quarterly Report
September 30, 2014



Dost Steels Limited

Registered office: 101, Chapal Plaza, Hasrat Mohani Road, Karachi-74000.
Phone: (92 21) 32419820 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 / Company Secretary
Mr. Faisal Zahid	Director
Mr. Bilal Jamal	Director
Mr. Saad Zahid	Director
Mr. Mustafa Jamal	Director
Mr. Afzal Shahzad	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

101, Chapal Plaza,
Hasrat Mohani Road,
Karachi – 74000
Ph # 021-32419820

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, 2014

General Review

The Board of Directors are pleased to announce that the revised restructuring and rehabilitation proposal presented to the Lenders in their meeting held on 26th September 2014 has been accepted by a majority and the process of granting formal approvals in this regard is currently underway at the respective financial institutions. We are confident that the proposal in the current form shall be acceptable by all the lenders of the Company and shall be a corner stone for the company's revival. On receipt of appropriate restructuring approvals from the respective lenders the company shall move for the further issue of the Capital, subject to all the legal and corporate approvals. The company is also considering issuance of a hybrid Debt/Equity instrument to raise enough funding for the start of the commercial operations of the company as envisaged in the above mentioned restructuring and rehabilitation proposal.

Your directors are confident that subject to the approvals by the respective lenders and successful issuance of further Capital etc., the Company shall start its Commercial Operations in the foreseeable future.

Performance Highlights

	<u>September 2014</u>	<u>September 2013</u>
Profit before Tax	(2,050,515.00)	(2,671,122.00)
Profit after Tax	(2,050,515.00)	(2,671,122.00)
EPS	(0.03)	(0.04)

Future outlook

With the start of commercial production, Dost Steels Limited will be counted among very few grade compliant rebar producers in Pakistan. The emerging development projects of public and private sectors will provide enormous room of opportunity to the Company. It is also worth mentioning here that the new and emerging construction trends in the Country have become quality compliant and the graded rebar will be the future of the Country. Therefore your Company will be able to capture replacement market as well as new market in this era of development of the country. Dost Steels Limited will be fully capable of producing ASTM, BS and EURO standards compliant rebar.

Acknowledgement

The Board of Directors would like to express their appreciation for the assistance and co-operation received from the banks, Government authorities, vendors and above all, the shareholders of the Company for placing trust on their Company and also wish to place on record their deep sense of appreciation for the committed services by the executives and staff of the company.


Jamal Iftakhar
Chief Executive Officer

Karachi: October 29, 2014

DOST STEELS LIMITED
INTERIM CONDENSED BALANCE SHEET
AS AT SEPTEMBER 30, 2014

	<i>Note</i>	<i>(Un-Audited)</i> <i>September</i> <i>2014</i> <i>Rupees</i>	<i>(Audited)</i> <i>June</i> <i>2014</i> <i>Rupees</i>
ASSETS			
Non-Current Assets			
Property, plant and equipments	5	2,023,518,530	2,023,644,789
Long term deposits		17,696,345	17,696,345
		2,041,214,875	2,041,341,134
Current Assets			
Advances		5,905,209	5,755,209
Tax refund due from government		691,950	680,865
Other receivable		65,632	43,514
Cash and bank balances		49,345	373,956
		6,712,136	6,853,544
Total Assets		2,047,927,011	2,048,194,678
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		(104,000,203)	(101,949,688)
Shareholders' Equity		570,644,797	572,695,312
Non-Current Liabilities			
Provision for gratuity		586,174	586,174
Current Liabilities			
Current and overdue portion of long term loans		931,308,237	931,308,237
Short term borrowings		316,643,371	316,393,371
Trade and other payables		228,744,432	227,211,584
		1,476,696,040	1,474,913,192
Contingencies and Commitments	6		
Total Equity and Liabilities		2,047,927,011	2,048,194,678

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



 Chief Executive

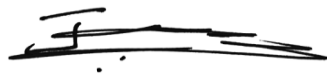


 Director

DOST STEELS LIMITED
INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2014

	<i>September 2014 Rupees</i>	<i>September 2013 Rupees</i>
Administrative expenses	(2,076,719)	(2,697,945)
Gain on disposal	3,741	-
Other operating income	22,463	26,823
Loss before taxation	(2,050,515)	(2,671,122)
Taxation	-	-
Loss after taxation	(2,050,515)	(2,671,122)
Loss per share	(0.03)	(0.04)

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, 2014

	<i>September 2014 Rupees</i>	<i>September 2013 Rupees</i>
Loss for the year	(2,050,515)	(2,671,122)
Other comprehensive income	-	-
<i>Total comprehensive loss</i>	<u>(2,050,515)</u>	<u>(2,671,122)</u>

The annexed notes form an integral part of these financial statements



Chief Executive

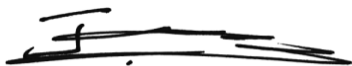


Director

DOST STEELS LIMITED
INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2014

	<i>September 2014 Rupees</i>	<i>September 2013 Rupees</i>
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(2,050,515)	(2,671,122)
Adjustment for:		
Gain on disposal	3,741	-
Operating loss before working capital changes	(2,054,256)	(2,671,122)
Changes in working capital:		
(Increase) / Decrease in operating assets:		
Advances	(150,000)	145,600
Other receivable	(22,118)	(26,541)
	(172,118)	119,059
Decrease in current liabilities:		
Trade and other payables	1,532,848	(360,526)
Net cash outflow after changes in working capital	1,360,730	(241,467)
Taxes paid	(11,085)	(19,596)
Long term security deposits - net	-	(10,000)
Net cash used in operating activities	(704,611)	(2,942,185)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	130,000	(500,000)
Net cash used in investing activities	130,000	(500,000)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from short term financing	250,000	2,587,000
Net cash generated from financial activities	250,000	2,587,000
Net decrease in cash and cash equivalents (A+B+C)	(324,611)	(855,185)
Cash and cash equivalents at beginning of the nine months period	373,956	958,709
Cash and cash equivalents at end of the nine months period	49,345	103,524

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Chief Executive

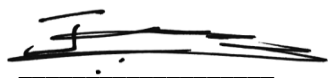


Director

DOST STEELS LIMITED
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2014

<i>Particulars</i>	<i>Share Capital Issued, subscribed and paid up</i>	<i>Revenue Reserve Accumulated loss</i>	<i>Shareholders' Equity</i>
	----- <i>Rupees</i> -----		
<i>Balance as at June 30, 2013</i>	674,645,000	(88,972,813)	585,672,187
Total comprehensive loss	-	(2,671,122)	(2,671,122)
<i>Balance as at September 30, 2013</i>	<u>674,645,000</u>	<u>(91,643,935)</u>	<u>583,001,065</u>
<i>Balance as at June 30, 2014</i>	674,645,000	(101,949,688)	572,695,312
Total comprehensive loss	-	(2,050,515)	(2,671,122)
<i>Balance as at September 30, 2014</i>	<u>674,645,000</u>	<u>(104,000,203)</u>	<u>570,024,190</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, 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

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 Limited with effect from November 26, 2007. The registered office of the Company is situated at 101, Chapal Plaza, Hasrat Mohani Road, Karachi 74000. 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, 2014.

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, 2014.

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, 2014.

5 PROPERTY, PLANT AND EQUIPMENTS

	Note	September 30, 2014 Rupees	June 30, 2014 Rupees
Operating assets	5.1	164,682,561	164,808,820
Capital work-in-progress	5.2	1,858,835,969	1,858,835,969
		<u>2,023,518,530</u>	<u>2,023,644,789</u>

5.1 OPERATING ASSETS

Particulars	OWNED						Total
	Freehold land	Furniture & fittings	Electric Equipments	Computers equipments	Office equipments	Vehicles	
----- Rupees -----							
Year ended September 30, 2014							
Opening net book value	157,876,220	1,848,943	2,636,490	807,448	57,191	1,582,528	164,808,820
Additions	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	(126,259)	(126,259)
Depreciation charge	-	-	-	-	-	-	-
Net book value as at Sep 30, 2014	<u>157,876,220</u>	<u>1,848,943</u>	<u>2,636,490</u>	<u>807,448</u>	<u>57,191</u>	<u>1,456,269</u>	<u>164,682,561</u>
As at Sep 30, 2014							
Cost	157,876,220	2,855,829	4,057,310	2,341,448	117,252	3,939,035	171,187,094
Accumulated depreciation	-	1,006,886	1,420,820	1,534,000	60,061	2,482,766	6,504,533
	<u>157,876,220</u>	<u>1,848,943</u>	<u>2,636,490</u>	<u>807,448</u>	<u>57,191</u>	<u>1,456,269</u>	<u>164,682,561</u>
Year ended June 30, 2014							
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	-	-	39,000	539,000
Transfers	-	-	-	-	-	(196,420)	(196,420)
Depreciation charge	-	-	-	-	-	-	-
Net book value as at June 30, 2014	<u>157,876,220</u>	<u>1,848,943</u>	<u>2,636,490</u>	<u>807,448</u>	<u>57,191</u>	<u>1,582,528</u>	<u>164,808,820</u>
As at June 30, 2014							
Cost	157,876,220	2,855,829	4,057,310	2,341,448	117,252	4,290,035	171,538,094
Accumulated depreciation	-	1,006,886	1,420,820	1,534,000	60,061	2,707,507	6,729,274
	<u>157,876,220</u>	<u>1,848,943</u>	<u>2,636,490</u>	<u>807,448</u>	<u>57,191</u>	<u>1,582,528</u>	<u>164,808,820</u>
Rate of Depreciation	-	15%	15%	30%	15%	20%	

<i>(Un-Audited)</i>	<i>(Audited)</i>
<i>September 30,</i>	<i>June 30,</i>
<i>2014</i>	<i>2014</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	1,214,104,419	1,214,104,419
Unallocated borrowing costs	424,435,476	424,435,476
	<u>1,858,835,969</u>	<u>1,858,835,969</u>

6 CONTINGENCIES AND COMMITMENTS

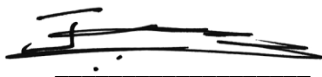
The contingent liabilities are the same as disclosed in the published annual financial statements for the year ended June 30, 2014.

7 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 29th October, 2014 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