DOST STEELS LIMITED

FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED

31 December 2024

Our Vision

- To recognize globally as a leading supplier of steel large bar of the highest quality standards, with market leading standards of customer service.

- Business development by adoption of emerging technologies, growth in professional competence, support to innovation. Enrichment of human resources and performance recognition.

Our Mission

- To manufacture and supply high quality steel large bar to the construction sector whilst adopting safe and environmentally friendly practices.

- To remain the preferred and consistent supply source for various steel products in the country.

- Offer products that are not only viable in terms of desirability and price nut most importantly give true and lasting value to our customers.

- To fulfill special obligation and compliance of good governance.

- Ensure that the business policies and targets are in conformity with national goals.

- Deliver strong returns on investments of our stakeholders by use of specialized and high quality corporate capabilities with the combined use of modern bar mill practices, enterprise class software on a web based solution and targeted human resource support.

Corporate Strategies

- Ensure that the business policies and targets are in conformity with national goals.
- Establish a better and safer work environment for all employees
- Contribute in National efforts towards attaining sustainable self-efficiency in steel products,
- Customer's satisfaction by providing best value and quality products.
- Maintain modern management system conforming to international standards needed for an efficient organization.
- Ensure to foster open communications, listen, and understand other perspectives.
- Acquire newer generation technologies for effective and efficient operations.

COMPANY INFORMATION

Board of Directors

Mr. Naim Anwar	Director/ Chairman
Mr. Muhammad Azhar Chughtai	Director
Mr. Zahid Iftakhar	Director
Mr. Shafiq Ahmed Soomro	Director
Mr. Mian Abuzar Shad	Director
Madam Nargis Abuzar Shad	Director
Madam Saba Azam	Director
Madam Naushaba Shahzad	Director
Nominated by NBP	
Mr. Asim Jilani	Director
Nominated by FBL	
Mr. Suhail Elahi	Chief Executive Officer

Audit Committee

Mr. Shafiq Ahmed Soomro	Chairman
Mr. Muhammad Azhar Chughtai	Member
Madam Saba Azam	Member

Human resource & Remuneration Committee

Mr. Mian Abuzar Shad	Chairman
Mr. Naim Anwar	Member
Mr. Suhail Elahi	Member

Chief Financial Officer
Mr. Muhammad Afzal Shehzad

Company Secretary
Mr. Muhammad Afzal Shehzad

Bankers
Faysal Bank Limited
National Bank of Pakistan
Askari Commercial Bank Limited
Bank of Khybar
Pak Kuwait Investments Co. (Pvt.) Limited
Saudi Pak Industrial & Agricultural Investment
Co. Limited
United Bank Limited
Silk Bank Limited
Soneri Bank Limited
Summit Bank Limited
Bank Alfalah Islamic
Meezan Bank

Shares Registrar

Corplink (Pvt) Limited
Wings Arcade, 1-K,
Commercial, Model Town,
Lahore.
Tel: (042) 35916714 - 35916719
E-mail: shares@corplink.com.pk

Head Office/Registered Office
4th Floor, Al-Hafeez Tower,
Office # 6-F, M.M. Alam Road,
Gulberg-III,
Lahore-54700, Pakistan
Ph: # 042-35785342

Auditors

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Legal Advisor
Mr. Ahsan Masood, Advocate
Masood & Masood Corporate &
Legal Consultants, 102 Upper Mall
Scheme Lahore
Ph: No. +92(0)42 37363718

Plant Address
52 Km Lahore Multan Road
Phool Nagar, Distt Kasur Punjab

Web Presence
www.doststeels.com
e mail: info@dosteels.com

DIRECTORS' REVIEW REPORT

Dear Members Assalam-o-Alaikum

The Directors of Dost Steels Limited ("DSL" or the "Company") present their review on the financial performance of the Company for the six months period ended December 31, 2024.

Financial performance of the Company for the six months period ended December 31, 2024 was as under:

Description	December 31, 2024 (PKR)	December 31, 2023 (PKR)
Sales	**-**	**-**
Cost of sales	**(19,685,003)**	**(24,169,638)**
Gross Loss	**(19,685,003)**	**(24,169,638)**
Administrative and selling expenses	**(6,120,231)**	**(21,281,732)**
Finance costs	**(72,795,759)**	**(88,294,823)**
Other operating income	**-**	**1,8241,417**
Loss before taxation	**(98,600,993)**	**(115,504,776)**
Taxation	**-**	**-**
Loss after taxation	**(98,600,993)**	**(115,504,776)**
Loss per share (Restated)	**(0.22)**	**(0.33)**

The loss after tax for the period amounted to Rupees 98.600 million, compared to Rupees 115.505 million in the same period last year. These losses were unavoidable due to the lack of production during the review period. The Company has yet to resume production activities due to a shortage of working capital.

The current management is in the process to renegotiate with syndicate lenders to settle their liabilities. As soon as their liabilities will be settled our next target is to restart commercial operations of the company.

The interim financial statements of the Company have been reviewed by the auditors of the Company, M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants (the "Auditors") and their review report is attached with the interim financial statements. The Auditors of the Company have expressed certain reservations in their review report for the period ended 31 December 2024. Our para wise comments on these reservations are as follows:

Sr. No.	Reservation / Qualification	Responses
01	The Company, as stated in note 2, has incurred a net loss Rs. 98.601 million and its accumulated loss is Rs. 2,103.684 million. The current liabilities of the Company exceed its current assets by Rs. 1,683.346 million and liquid assets by Rs. 1,710.191 million. The Company has also been facing long overdue receivables, unfavorable key financial ratios, difficulty in complying with the terms of loan agreements with banks and to pay creditors on due date. The Company is in default under its syndicated contractual obligations with bankers and unable to obtain additional finance. It has stopped its commercial production since 2019 and lost its key management staff without replacement due to working capital deficiency. There are also banking litigations against the Company. Management of the Company has also not shared any future plans to revive its business. The covenants of long term loans have been breached at the reporting date. These conditions indicate the existence of material uncertainties which may cast significant doubt on ability of the Company to continue as a going concern, to realize its assets and to discharge its liabilities in normal course of business. However, these financial statements do not include any adjustment relating to the recoverability and classification of recorded assets and classifications of liabilities that might be necessary should the Company be unable to continue as going concern. Under the circumstances use of going concern assumption is not appropriate;	The described situation has been occurred due to the discontinuance of commercial operations of the company since long. As described earlier the current management is in the process of renegotiating with lender banks and after that arranging working capital to resume the commercial operations of the company. Hence the management is hopeful that this will in result to mitigate these factors.
02	We did not receive response to 16 out of 17 of our letters requesting for confirmations from banks amounting to Rs. 0.0906 million. Further bank statements of	The company has stop its production activity due to non-availability of sufficient working capital since 2018, therefore all these banks are stated dormant and not has been used by the

	16 out of 17 banks were also not provided by the management. Therefore, due to lack of sufficient and appropriate evidence we were unable to determine whether any adjustment might have been necessary;	company since long time. However, balance shown in the financial statement has been verified by bank statements, Only one bank having balance amounting Rs.0.004 million (rupees four thousand) have not been provided the bank statement due their system restriction as the account is stated dormant.
03	The syndicate long term finance (LTF) of Rs. 793.815 million, markup accrued (freezed) thereon of Rs. 614.940 million, accrued markup of LTF of Rs. 664.514 million and markup charged during the half year of Rs. 72.771 million as disclosed in the interim financial statements, remained unconfirmed. Further, the Company has breached the covenants of the long term borrowing and as per the requirement of the IAS 1 (Presentation of Financial Statements), has not classified its long term borrowings into current liabilities, which constitute the departure from International Financial Reporting Standard. Moreover, the Company has discontinued payments of instalments, however, no information regarding consequent default penalty or additional markup incorporated in the interim financial statements, is available. Therefore, accuracy of the figures could not be ascertained;	The agent failed to effectively communicate within the entire syndicate and between the lenders and the borrower. As a result a consensus could not be reached between the stake holders within the required time and therefore confirmation of balances could not be completed. However the current management is in process of renegotiation with syndicate banks to settle their liabilities. We hope that by the end of this financial year the said issue will be resolved.
04	Balance confirmation requests have remained unresponded to in respect of ‘trade creditors’, ‘contract liabilities’, ‘long term security deposits’, ‘trade debtors’ and ‘advances for supplies/ services’ amounting to Rs. 0.260 million, Rs. 0.119 million, Rs. 39.991 million, Rs. 13.049 million and Rs. 0.639 million respectively. We were unable to satisfy ourselves by alternative means;	Due to the unorganized nature of the trade Debtors most of these could not be reached and organized. Securities Deposits belong to government organizations like LESCO, National High way etc. and there is very difficult to get balance confirmation from them.
05	The Company has not conducted impairment testing of its property, plant and equipment (note 7) and stores and spares as on December 31, 2024 as per IAS 36 “Impairment of Assets” and IAS 2 “Inventories” which constitute departure	The company has conducted; In-house impairment testing with regular intervals, for this purpose company has retained sufficient qualified employees on its payroll. However auditor’s point of view is that it should be conducted by third party. Furthermore, the type

	from International Financial Reporting Standards. We consider it is necessary at the period end as the production of the Company has been stopped since 2019. Any impact of the same on assets and condensed interim statement of profit or loss of the Company is not determined;	of plant is not subjected to rapid technological changes therefore the company believes that the plant and machinery is not subjected to impairment. Latest in house impairment has been conducted in January 2023.
06	Confirmation from 1 legal advisor and consultant of the Company regarding pending litigations and contingencies as on December 31, 2024 was not received therefore completeness of contingencies as disclosed in note 18 cannot be commented upon;	The said Legal advisor have no active legal litigations of the company, hence didn't respond.
07	The Company did not appropriately comply with the requirements regarding deduction and deposit of withholding taxes, amounts due to Punjab Employees' Social Security Institution and Employees' Old Age Benefit Institution. These dues have not been separately disclosed in the interim financial statements as per the requirement of IAS-1 "Presentation of Financial Statements''. Consequent impact of default penalty/ surcharge due to noncompliance of related provisions of the relevant laws has not been quantified and disclosed in these interim financial statements; and	Due to non-operational of core business activities most of the expenses are below or even not subject to deduct withholding tax limit, However complete provision has been recorded in the books regarding Punjab Employees Social security Institution and Employees Old Age Benefit institution as per related laws, as soon as company will be able financially, these liabilities will be pay off.
08	The Company had not followed the IAS-19 "Employee Benefits" for determining gratuity payable under Industrial and Commercial Employment (Standing Orders) Ordinance, 1968, as explained in note 16.1.1 to the interim financial statements for the half year ended December 31, 2024 and the impact of the noncompliance of IAS 19 on interim financial statements could not be quantified.	Current Management has plan to determine gratuity payable (Employees Benefits) as per provisions of IAS-19 under Industrial and Commercial Employment (Standing Orders) Ordinance 1968., by the end of current Financial Year, through an actuarial consultant.

We extend our gratitude to all our stakeholders for their continued support and look forward to a productive forthcoming time.

On behalf of the Board of Directors

Suhail Elahi
Chief Executive Officer
Dated: 27 February, 2025

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
CHARTERED ACCOUNTANTS

Rahman Sarfaraz House
54-P, Gulberg-II,
Lahore-54660, Pakistan.
Ph: +92-42-35875965-67
E-mail: rsrir.po.lhr@gmail.com
rsrirlhr@gmail.com
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Independent Auditors' Review Report

To the members of Dost Steels Limited

Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Dost Steels Limited** (the Company) as at December 31, 2024 and the related condensed interim statement of profit or loss and other comprehensive income, the condensed interim statement of changes in equity, and the condensed interim statement of cash flows, and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements 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 statements 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.

Basis for Adverse Conclusion

Based on information provided to us by the management, we report that;

1. The Company, as stated in note 2, has incurred a net loss Rs. 98.601 million and its accumulated loss is Rs. 2,103.684 million. The current liabilities of the Company exceed its current assets by Rs. 1,683.346 million and liquid assets by Rs. 1,710.191 million. The Company has also been facing long overdue receivables, unfavorable key financial ratios, difficulty in complying with the terms of loan agreements with banks and to pay creditors on due date. The Company is in default under its syndicated contractual obligations with bankers and unable to obtain additional finance. It has stopped its commercial production since 2019 and lost its key management staff without replacement due to working capital deficiency. There are also banking litigations against the Company. Management of the Company has also not shared any future plans to revive its business. The covenants of long term loans have been breached at the reporting date. These conditions indicate the existence of material uncertainties which may cast significant doubt on ability of the Company to continue as a going concern, to realize its assets and to discharge its liabilities in normal course of business. However, these financial statements do not include any adjustment

relating to the recoverability and classification of recorded assets and classifications of liabilities that might be necessary should the Company be unable to continue as going concern. Under the circumstances use of going concern assumption is not appropriate;

2. We did not receive response to 16 out of 17 of our letters requesting for confirmations from banks amounting to Rs. 0.0906 million. Further bank statements of 16 out of 17 banks were also not provided by the management. Therefore, due to lack of sufficient and appropriate evidence we were unable to determine whether any adjustment might have been necessary;

3. The syndicate long term finance (LTF) of Rs. 793.815 million, markup accrued (freezed) thereon of Rs. 614.940 million, accrued markup of LTF of Rs. 664.514 million and markup charged during the half year of Rs. 72.771 million as disclosed in the interim financial statements, remained unconfirmed. Further, the Company has breached the covenants of the long term borrowing and as per the requirement of the IAS 1 (Presentation of Financial Statements), has not classified its long term borrowings into current liabilities, which constitute the departure from International Financial Reporting Standard. Moreover, the Company has discontinued payments of instalments, however, no information regarding consequent default penalty or additional markup incorporated in the interim financial statements, is available. Therefore, accuracy of the figures could not be ascertained;

4. Balance confirmation requests have remained unresponded to in respect of 'trade creditors', 'contract liabilities', 'long term security deposits', 'trade debtors' and 'advances for supplies/ services' amounting to Rs. 0.260 million, Rs. 0.119 million, Rs. 39.991 million, Rs. 13.049 million and Rs. 0.639 million respectively. We were unable to satisfy ourselves by alternative means;

5. The Company has not conducted impairment testing of its property, plant and equipment (note 7) and stores and spares as on December 31, 2024 as per IAS 36 "Impairment of Assets" and IAS 2 "Inventories" which constitute departure from International Financial Reporting Standards. We consider it is necessary at the period end as the production of the Company has been stopped since 2019. Any impact of the same on assets and condensed interim statement of profit or loss of the Company is not determined;

6. Confirmation from 1 legal advisor and consultant of the Company regarding pending litigations and contingencies as on December 31, 2024 was not received therefore completeness of contingencies as disclosed in note 18 cannot be commented upon;

7. The Company did not appropriately comply with the requirements regarding deduction and deposit of withholding taxes, amounts due to Punjab Employees' Social Security Institution and Employees' Old Age Benefit Institution. These dues have not been separately disclosed in the interim financial statements as per the requirement of IAS-1 "Presentation of Financial Statements''. Consequent impact of default penalty/ surcharge due to noncompliance of related provisions of the relevant laws has not been quantified and disclosed in these interim financial statements; and

8. The Company had not followed the IAS-19 "Employee Benefits" for determining gratuity payable under Industrial and Commercial Employment (Standing Orders) Ordinance, 1968, as explained in note 16.1.1 to the interim financial statements for the half year ended December 31, 2024 and the impact of the noncompliance of IAS 19 on interim financial statements could not be quantified.

Adverse Conclusion

Based on our review, due to significance of the matters described in Basis for Adverse Conclusion section, the interim financial statements do not give a true and fair view of the financial position of the Company as at December 31, 2024 and of its financial performance, its cash flows and of its changes in equity for the half year then ended in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2023 and 2024 have not been reviewed, as we are required to review only the cumulative figures for the half year ended on December 31.

The engagement partner on the review resulting in this independent auditors' review report is Mr. Adnan Rasheed.

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS
Lahore:

UDIN: RR202410701sa7gBtmDd

DOST STEELS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

	Note	December 31, 2024 (Unaudited) Rupees	June 30, 2024 (Audited) Rupees
PROPERTY AND ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	2,501,173,011	2,507,457,041
Intangible asset	8	1,000	1,000
Long term security deposits		40,521,445	40,521,445
Deferred tax asset		-	-
		2,541,695,456	2,547,979,486
CURRENT ASSETS			
Stores and spares		26,845,775	26,845,775
Stock-in-trade	9	-	-
Trade debtors	10	-	-
Advances		672,594	672,594
Taxes recoverable/ adjustable		18,225,958	16,770,258
Cash and bank balances	11	145,131	914,217
		45,889,458	45,202,844
		2,587,584,914	2,593,182,330
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	12	4,446,955,770	4,446,955,770
Discount on issue of shares	13	(2,130,224,462)	(2,130,224,462)
Revenue reserve			
Accumulated loss		(2,103,683,734)	(2,005,082,741)
		213,047,574	311,648,567
NON-CURRENT LIABILITIES			
Advance for issuance of shares - unsecured	14	3,829,952	3,829,952
Long term borrowings - secured	15	-	96,366,221
Markup accrued on secured borrowings	15.1	614,940,264	614,940,264
Deferred liabilities	16	26,532,013	26,121,680
		645,302,229	741,258,117
CURRENT LIABILITIES			
Trade and other payables - unsecured		42,786,330	46,907,433
Accrued markup	17	664,514,038	591,743,197
Short term borrowings - unsecured		228,120,040	204,176,534
Current and overdue portion of long term borrowings	15	793,814,703	697,448,482
Provision for taxation		-	-
		1,729,235,111	1,540,275,646
CONTINGENCIES AND COMMITMENTS	18	-	-
		2,587,584,914	2,593,182,330

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Stamped for Identification RBRIR CAs

DOST STEELS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2024

	Note	Half year ended		Quarter ended	
		December 31, 2024 Rupees	December 31, 2023 Rupees	December 31, 2024 Rupees	December 31, 2023 Rupees
Sales		-	-	-	-
Cost of sales	19	(19,685,003)	(24,169,638)	(9,305,062)	(7,161,914)
Gross loss		(19,685,003)	(24,169,638)	(9,305,062)	(7,161,914)
Administrative and selling expenses		(6,120,231)	(21,281,732)	(2,918,031)	(17,930,245)
Finance cost		(72,795,759)	(88,294,823)	(40,505,790)	(42,955,607)
Other opertating income	20	-	18,241,417	-	18,241,417
Loss before levies and taxation		(98,600,993)	(115,504,776)	(52,728,883)	(49,806,349)
Levies		-	-	-	-
Loss before taxation		(98,600,993)	(115,504,776)	(52,728,883)	(49,806,349)
Taxation - Income tax		-	-	-	-
Loss for the period		(98,600,993)	(115,504,776)	(52,728,883)	(49,806,349)
OTHER COMPREHENSIVE INCOME - NET OF INCOME TAX					
Items that will never be reclassified subsequently to profit or loss		-	-	-	-
Items that will be reclassified subsequently to profit or loss		-	-	-	-
Other comprehensive income for the period		-	-	-	-
Total comprehensive loss for the period		(98,600,993)	(115,504,776)	(52,728,883)	(49,806,349)
Loss per share - basic and diluted	21	(0.22)	(0.33)	(0.12)	(0.14)

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Stamped for Identification RSRIR CAs

DOST STEELS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2024

	Share capital	Discount on issue of shares	Revenue reserve Accumulated loss	Total
	---------- Rupees ----------			
Balance as at June 30, 2023 (Audited)	3,157,338,600	(1,365,481,480)	(1,762,846,818)	29,010,302
Total comprehensive loss:				
Loss for the period	-	-	(115,504,776)	(115,504,776)
Other comprehensive income for the period	-	-	-	-
	-	-	(115,504,776)	(115,504,776)
Share issued during the period:				
Issuance of 128,961,717 ordinary shares of Rs. 10 each by other than right issue	1,289,617,170	-	-	1,289,617,170
Discount on issue of ordinary shares other than right issue	-	(764,742,982)	-	(764,742,982)
	1,289,617,170	(764,742,982)	-	524,874,188
Balance as at December 31, 2023 (Unudited)	4,446,955,770	(2,130,224,462)	(1,878,351,594)	438,379,714
Total comprehensive loss:				
Loss for the period	-	-	(126,731,147)	(126,731,147)
Other comprehensive income for the period	-	-	-	-
	-	-	(126,731,147)	(126,731,147)
Balance as at June 30, 2024 (Audited)	**4,446,955,770**	**(2,130,224,462)**	**(2,005,082,741)**	**311,648,567**
Total comprehensive loss:				
Loss for the period	-	-	**(98,600,993)**	**(98,600,993)**
Other comprehensive income for the period	-	-	-	-
	-	-	**(98,600,993)**	**(98,600,993)**
Balance as at December 31, 2024 (Unaudited)	4,446,955,770	(2,130,224,462)	(2,103,683,734)	213,047,574

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Stamped for identification
HSRR CAs

DOST STEELS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2024

	Note	December 31, 2024 Rupees	December 31, 2023 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before levies and taxation		(98,600,993)	(115,504,776)
Adjustments for non-cash and other items:			
Depreciation		6,284,030	7,013,514
Finance cost		72,795,759	88,294,823
Provision for gratuity		410,333	410,332
Profit on bank deposit accounts		-	(2,467)
		79,490,121	95,716,202
Operating cash flows before working capital changes		(19,110,872)	(19,788,574)
(Increase)/ decrease in current assets:			
Advances		-	539,690
Taxes recoverable/ adjustable		(1,455,700)	(953)
Decrease in current liabilities:			
Trade and other payables		(4,121,103)	(3,321,313)
		(5,576,803)	(2,782,576)
Cash used in operations		(24,687,675)	(22,571,150)
Finance cost paid		(24,917)	(17,409)
Net cash flows used in operating activities		(24,712,592)	(22,588,559)
CASH FLOWS FROM INVESTING ACTIVITIES			
Profit received on bank deposit accounts		-	2,467
Net cash flows generated from investing activities		-	2,467
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - unsecured		23,943,506	(147,964,922)
Advance for issuance of shares		-	170,604,120
Net cash flows generated from financing activities		23,943,506	22,639,198
Net (decrease)/ increase in cash and cash equivalents during the period		(769,086)	53,106
Cash and cash equivalents at the beginning of the period		914,217	129,114
Cash and cash equivalents at the end of the period	11	145,131	182,220

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

DOST STEELS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2024

1 LEGAL STATUS AND NATURE OF BUSINESS

Dost Steels Limited (the Company) was incorporated and domiciled in Pakistan on March 19, 2004 as a private limited company under the Companies Ordinance, 1984 (now the Companies Act, 2017). The Company was converted into public limited company with effect from May 20, 2006 and then listed on the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited) with effect from November 26, 2007.

The principal business of the Company include manufacturing of steel, direct reduced iron, sponge iron, hot briquetted iron, carbon steel, pig iron, special alloy steel in different forms, shapes and sizes and any other product that can be manufactured with existing facilities.

Geographical location and address of business units/ plants are as follows:

Description	Location	Address
Registered/ Head office	Lahore	4th Floor, Ibrahim Trade Centre,1-Aibak Block, Barkat Market, New Garden Town.
Mill/ plant site	Phoolnagar	52 Km, Multan Road.

2 GOING CONCERN ASSUMPTION

The Company incurred a net loss of Rs. 98.601 million (December 31, 2023: Rs. 115.505 million) and its accumulated loss is Rs. 2,103.684 million (June 30, 2024: Rs. 2,005.083 million). The current liabilities of the Company exceeds its current assets by Rs. 1,683.346 million (June 30, 2024: Rs. 1,495.073 million) and liquid assets by Rs. 1,710.191 million (June 30, 2024: Rs. 1,521.919 million). The Company has also been facing long overdue receivables, unfavorable key financial ratios, difficulty in complying with the terms of loan agreements with banks and to pay creditors on due date. The Company is in default under its syndicated contractual obligations with bankers and unable to obtain additional finance. The Company has also stopped its commercial production since 2019 and lost its key management staff without replacement due to working capital deficiency. There are also banking litigations against the Company (note 18).

The Company is in process of negotiating with syndicate consortium to arrange working capital required to resume commercial production. The Company is also expected to earn net profits in coming years. Therefore the Company expects that adequate inflows will be generated in the future years which will wipe out these losses. Hence, the financial statements are prepared on the basis of going concern assumption.

3 BASIS FOR PREPARATION

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention except as otherwise disclosed in these financial statements. Further accrual basis of accounting has been followed except for cash flows information.

3.2 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.3 The cumulative figures for the half year ended December 31, 2023 presented in these condensed interim financial statements are unaudited but have been subjected to limited scope review by the auditors of the Company, as required under section 237 of the Companies Act, 2017 ("the Act") and Code of Corporate Governance.

3.4 These condensed interim financial statements comprise the condensed interim statement of financial position as at December 31, 2024, the condensed interim statement of profit or loss and other comprehensive income, the condensed interim statement of changes in equity and the condensed interim statement of cash flows together with the selected notes for half year ended December 31, 2024.

3.5 The comparative statement of financial position presented in these condensed interim financial statements as at December 31, 2024 has been extracted from the audited financial statements of the Company for the year ended June 30, 2024, where as the comparative condensed interim statement of profit or loss and other comprehensive income, the statement of changes in equity and the condensed interim statement of cash flows for the half year ended December 31, 2024 have been subjected to review but not audited. Quarterly figures are unaudited/ unreviewed.

3.6 These interim financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2024.

3.7 Presentation

These condensed interim financial statements are presented in Pak Rupees which is also the Company's functional currency. All financial information presented in Pak Rupees has been rounded to the nearest Rupee. Figures for previous year/ period are rearranged wherever necessary to facilitate comparison. Appropriate disclosure is given in relevant note in case of material rearrangement.

4 MATERIAL ACCOUNTING POLICY INFORMATION

4.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements for the year ended June 30, 2024.

4.2 Standards and amendments to published accounting and reporting standards which were effective during the half year ended December 31, 2024

There are other new standards which are effective from July 01, 2024 but they do not have a material effect on the Company's condensed interim financial statements.

4.3 Standards and amendments to approved accounting and reporting standards that are not yet effective

There are other new standards and certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 01, 2024. However, these standards, amendments and interpretations will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

5 ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements requires management to make judgements, 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 judgements made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements for the year ended June 30, 2024.

6 RISK MANAGEMENT

The Company's risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended June 30, 2024.

		Note	December 31, 2024 Rupees (Unaudited)	June 30, 2024 Rupees (Audited)
7	**PROPERTY, PLANT AND EQUIPMENT**			
	Opening balance - net book value		**2,507,457,041**	2,521,484,066
	Depreciation charged during the period/ year	7.1	**(6,284,030)**	(14,027,025)
	Closing balance - net book value		**2,501,173,011**	2,507,457,041
7.1	Depreciation charged for the period/ year has been allocated as under:			
	Cost of sales	19	**6,162,976**	13,775,250
	Administrative and selling expenses		**121,054**	251,775
			6,284,030	14,027,025
8	**INTANGIBLE ASSET**			
	Computer software			
	COST			
	As at the beginning of the period/ year		**1,111,350**	1,111,350
	Additions made during the period/ year		**-**	-
	As at the end of the period/ year		**1,111,350**	1,111,350
	AMORTIZATION			
	As at the beginning of the period/ year		**(1,110,350)**	(1,110,350)
	Charged for the period/ year		**-**	-
	As at the end of the period/ year		**(1,110,350)**	(1,110,350)
	Written down value as at the end of the period/ year		**1,000**	1,000

The Company amortizes intangible asset on straight line basis over the period of useful life @ 30%. As asset is still in use, it is carried in books at notional value.

		Note	December 31, 2024	June 30, 2024
9	**STOCK-IN-TRADE**			
	Raw material		**4,781,225**	4,781,225
	Less: Provision for obsolete raw material		**(4,781,225)**	(4,781,225)
			-	-
10	**TRADE DEBTORS**			
	- Unsecured			
	Trade debtors		**19,469,715**	19,469,715
	Less: Allowance for expected credit loss (ECL)	10.1	**(19,469,715)**	(19,469,715)
			-	-
10.1	**Allowance for ECL:**			
	Opening balance		**19,469,715**	37,708,665
	Reversal during the period/ year		**-**	(18,238,950)
	Closing balance		**19,469,715**	19,469,715
11	**CASH AND BANK BALANCES**			
	Cash in hand		**46,246**	265,433
	Cash at banks:			
	- current accounts		**69,991**	619,890
	- deposit accounts	11.1	**28,894**	28,894
			98,885	648,784
			145,131	914,217

11.1 It includes balance pertaining to repayment account for long term loans amounting to Rs. 3,697/- (June 30, 2024: Rs. 3,697/-). Management of the Company as per arrangement can't withdraw amount once deposited in this bank account.

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			Note	December 31, 2024 Rupees (Unaudited)	June 30, 2024 Rupees (Audited)

12 SHARE CAPITAL

December 31, 2024 (Unaudited)	June 30, 2024 (Audited)		Note	December 31, 2024 Rupees (Unaudited)	June 30, 2024 Rupees (Audited)
Number of shares					
Authorized share capital					
445,000,000	445,000,000	Ordinary shares of Rs. 10 each		**4,450,000,000**	4,450,000,000
Issued, subscribed and paid-up capital					
444,695,577	444,695,577	Ordinary shares of Rs.10 each fully paid in cash	**12.1/ 12.2**	**4,446,955,770**	4,446,955,770

12.1 It includes 114,266,205 (June 30, 2024: 114,266,205) ordinary shares of Rs.10/- each amounting to Rs. 1,142,662,050/- (June 30, 2024: Rs. 1,142,662,050/-) held by related parties.

12.2 The Company has only one class of ordinary shares. The holders of ordinary shares have equal right to receive dividend, bonus and right issue as declared, vote and block voting at meetings, board selection and right of first refusal of the Company.

12.3 The Company has not reserved shares for issue under options or sale contracts.

12.4 Reconciliation of issued, subscribed and paid-up capital is as follows:

444,695,577	315,733,860	Opening balance	**4,446,955,770**	3,157,338,600
-	128,961,717	Other then right shares issued	-	1,289,617,170
444,695,577	444,695,577	Closing balance	**4,446,955,770**	4,446,955,770

13 DISCOUNT ON ISSUE OF SHARES

	Note	December 31, 2024	June 30, 2024
Discount on issue of right shares	**13.1**	**1,365,481,480**	1,365,481,480
Discount on issue of shares other than right shares	**13.2**	**764,742,982**	764,742,982
		2,130,224,462	2,130,224,462

13.1 The Company issued right shares with the approval of board of directors, SECP and PSX with face value of Rs. 2,482,693,600/- comprising of 248,269,360 ordinary shares of Rs. 10 each at a discount of Rs. 5.50 per share in the financial year ended June 30, 2017.

13.2 The Company issued ordinary shares other than right with the approval of the board of directors, SECP and PSX with face value of Rs.1,289,617,170 comprising of 128,961,717 ordinary shares of Rs. 10 each at a discounted price of Rs. 4.07 per share in the financial year ended June 30, 2024.

14 ADVANCE FOR ISSUANCE OF SHARES - UNSECURED

	Note	December 31, 2024	June 30, 2024
From Crescent Star Insurance Limited and its assignees		**8,999**	8,999
From directors and sponsors		**3,820,953**	3,820,953
	14.1	**3,829,952**	3,829,952

14.1 The Company has received advance against issuance of shares from the Crescent Star Insurance Limited (CSIL), associated company, and directors of the Company which was to be adjusted against further issue of shares by the Company. These amounts are unsecured and interest free.

15 LONG TERM BORROWINGS - SECURED

From banking companies and financial institutions;

Term finance - restructured facilities

	Note	December 31, 2024	June 30, 2024
Opening balance	**15.1**	**793,814,703**	793,814,703
Paid during the period/ year		-	-
		793,814,703	793,814,703
Less: Current portion		**(198,832,281)**	(195,617,022)
Less: Overdue portion	**15.2**	**(594,982,422)**	(501,831,460)
		(793,814,703)	(697,448,482)
		-	96,366,221

15.1 The Company has arranged Restructured Term Finance facilities of Rs. 931,509,627/- (June 30, 2024: Rs. 931,509,627/-) from National Bank of Pakistan, Askari Bank Limited, NIB Bank Limited (now MCB Bank Limited), Bank of Khyber, Pak Kuwait Investment Company (Private) Limited, Saudi Pak Industrial and Agricultural Investment Company Limited and Faysal Bank Limited (former Royal Bank of Scotland Limited) as a Syndicated loan, whereby Faysal Bank Limited is acting as the principal agent of the syndicate. Due to absence of cash flow and delayed commissioning of the project and subsequent closure of the production, the Company was and is still unable to meet its repayment obligations towards the financiers. All the syndicate banks have given their in-principle approval to the rescheduling and restructuring of the debts and obligations. All the syndicate banks except Pak Kuwait Investment Company (Private) Limited have signed the rescheduling and restructuring agreement.

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Terms of rescheduled and restructured agreement are as follows:

a) For the repayment of the unpaid markup, markup has been calculated on the total outstanding amount from the date of last payment till 30 June 2016 - the assumed date of commissioning @ 8% per annum. As per the terms of the agreement, the syndicate loan banks individually have the following two options regarding the repayment of the upaid markup:

i) Option I : The total Markup calculated will be converted into a "Zero Coupon Term Finance Certificate (TFC) convertible into ordinary shares". All the TFCs issued will be completely converted into equity/ordinary shares by 2027 as per the following schedule:

	Year 9th 2024	Year 10th 2025	Year 11th 2026	Year 12th 2027
Percentage of TFC converted	25%	25%	25%	25%

The Conversion shall be held on the 20th Day of December each year at a discount of 5% to the last six months weighted average price of the Company shares at Pakistan Stock Exchange Limited (formelry Karachi Stock Exchange Limited).

ii) Option II : Waiver of 85% of the markup up to the date of the commissioning. The 15% remaining markup would be payable within 2 years after complete repayment of restructed loan i.e 31 December 2025.

However, respective adjustments of this compound financial instrument regarding classification into equity portion and financial liability as required by the IAS 32 cannot be determined as options are available to individual banks of the syndicate loan and considering the financial standing of the Company in stock market, it is highly unlikely that bankers will opt for the investment in equity option as compared to markup recovery. Further all the syndicate banks except Pak Kuwait Investment Company (Private) Limited have signed the rescheduling and restructuring agreement. Pak Kuwait has not signed this agreement so far and no communication was made by the banks in this respect which will enable the Company to assess treatment for the said markup.

b) The markup rate effective from the date of commissioning is 3 Month KIBOR payable quarterly in arrears.

c) The principal repayment is made in 41 quarterly instalments commencing from 31 March 2016 and ending on 31 December 2025 as per repayment schedule.

d) The loan is secured by a mortgage by deposit of title deeds of the mortgaged properties, a charge by way of hypothecation over hypothecated assets, pledge of the pledged shares, and personal guarantees of the sponsors.

15.2 Overdue portion of liability represents amount due from partial installment of fourth quarter of year 2019 upto 30 June 2024 and full portion of Pak Kuwait Investment Company (Private) Limited as they have neither signed the restructuring agreement nor accepted the payment.

		Note	**December 31, 2024 Rupees (Unaudited)**	June 30, 2024 Rupees (Audited)
16	**DEFERRED LIABILITIES**			
	Staff gratuity	**16.1**	**26,532,013**	26,121,680
16.1	**Movement in net defined benefit obligation recognized in the condensed interim statement of financial position:**			
	Opening balance		**26,121,680**	25,301,017
	Provision for the period/ year	**16.1.2**	**410,333**	820,663
			26,532,013	26,121,680
	Less: Payments made during the period/ year		**-**	-
			26,532,013	26,121,680

16.1.1 The Company operates a unfunded gratuity scheme for all its permanent employees subject to completion of a prescribed qualifying period of service. Actuarial valuation of the gratuity scheme undertaken at appropriate regular intervals and the latest valuation was carried out at June 30, 2019, using the "Projected Unit Credit Method". However, the amount is charged on the basis of last drawn salary of eligible employees with the Company as on December 31, 2024.

16.1.2	**Provision of gratuity for the period/ year has been allocated as follows:**			
	Cost of sales		**227,895**	455,788
	Administrative and selling expenses		**182,438**	364,875
			410,333	820,663
17	**ACCRUED MARKUP**			
	Long term borrowings - secured		**664,514,038**	591,743,197

It represents markup pertaining to overdue portion (as explained in note 15.1). It includes Rs. 68,563,487/- (June 30, 2024: Rs. 61,885,511/-) payable to Pak Kuwait Investment Company (Private) Limited as they have not yet accepted and signed the restructuring agreement.

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

There are no material changes in contingencies from the preceding annual published financial statements of the Company for the year ended June 30, 2024.

18.2 Commitments

Non-capital commitments - post dated cheques	**356,250**	356,250

There are no other contingencies or commitments of the Company except as described above.

	Note	December 31, 2024 Rupees (Unaudited)	December 31, 2023 Rupees (Unaudited)
19 COST OF SALES			
Raw material consumed			
Opening stock of raw material		-	-
Add: Purchased during the year		-	-
Less: Closing stock of raw material		-	-
		-	-
Manufacturing overheads			
Salaries, wages and other benefits	19.1	**5,916,052**	5,146,251
Fuel, power and water		**6,183,354**	1,178,396
Rent, rates and taxes		**176,722**	-
Entertainment		**814,454**	59,765
Repair and maintenance		**424,555**	10,893,679
Printing and stationery		**6,890**	3,920
Depreciation	7.1	**6,162,976**	6,887,627
		19,685,003	24,169,638
Add: Opening stock of work-in-process		-	-
Less: Closing stock of work-in-process		-	-
		-	-
Cost of goods manufactured		**19,685,003**	24,169,638
Add: Opening stock of finished goods		-	-
Less: Closing stock of finished goods		-	-
		-	-
		19,685,003	24,169,638

19.1 Salaries, wages and other benefits include Rs. 227,895/- (December 31, 2023 : Rs. 227,894/-) in respect of gratuity.

20 OTHER OPERATING INCOME

	Note	December 31, 2024	December 31, 2023
Income from financial assets			
Profit on bank deposit accounts		-	2,467
Reversal of provision under ECL	10.1	-	18,238,950
		-	18,241,417

21 LOSS PER SHARE - BASIC AND DILUTED

Loss per share is calculated by dividing the loss the period by the weighted average number of ordinary shares outstanding during the period as follows:

	December 31, 2024	December 31, 2023
Loss attributable to ordinary shareholders	**(98,600,993)**	(115,504,776)
Weighted average number of ordinary shares in issue	**444,695,577**	350,777,805
Loss per share - basic and diluted	**(0.22)**	(0.33)

No figure for diluted loss per share has been presented as the Company has not issued any instrument carrying options which would have an impact on loss per share when exercised.

22 TRANSACTIONS WITH RELATED AND ASSOCIATED PARTIES

Related parties include associated companies, directors of the Company, companies where directors also hold directorship, related group companies, key management personnel, staff retirement funds and entities over which directors are able to exercise influence. All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions, and at prices agreed based on inter-company prices using admissible valuation modes, i.e. comparable uncontrolled price method except short term loan which are unsecured and interest free.

The outstanding balance payable to directors, sponsors and transactions with them are disclosed appropriately at relevant places in these condensed interim financial statements. The advance for shares and shares held by related parties are disclosed in note 14 and 12.1 to these condensed interim financial statements.

Transactions and closing balances between the Company and related parties are as follows:

Particulars	Nature of transaction	December 31, 2024 Rupees (Unaudited)	December 31, 2023 Rupees (Unaudited)
Loan obtained/ (repaid) from directors and sponsors - net	Transfer of funds	23,943,506	(147,964,922)
Loan obtained from associated company (CSIL)	Transfer of funds	100,000	-
Key management personnel	Remuneration	600,000	-

Balance outstanding with related and associated parties, other than disclosed elsewhere in these financial statements are as follows:

	December 31, 2024 Rupees (Unaudited)	June 30, 2024 Rupees (Audited)
Short term borrowings - unsecured, interest free	228,120,040	204,176,534
Trade and other payables - unsecured	42,786,330	46,907,433

23 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/ cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these condensed interim financial statements.

24 EVENTS AFTER THE CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION DATE

There are no other events after the condensed interim statement of financial position date causing any adjustment to/ disclosure in the condensed interim financial statements.

25 DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial statements were approved and authorized for issue on __________ by the board of directors of the Company.

26 GENERAL

All figures, except for June 30, 2024, appearing in these condensed interim financial statements are unaudited.

Chief Executive Officer

Chief Financial Officer

Director

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