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DOST STEELS LIMITED

Statements of Accounts for The Half Year Ended 31 December 2019

COMPANY INFORMATION

Board of Directors

Mr. Shahab Mahboob Vora	Director/ Chairman
Mr. Jamal Iftakhar	Director/CEO
Mr. Zahid Iftakhar	Director
Mrs. Mona Zahid	Director
Mr. Saad Zahid	Director
Mr. Mustafa Jamal Iftakhar	Director
Mr. Abdul Rahim	Director
Mr. Muhammad Shakeel Nominated by NBP	Director
Mr. Asim Jilani Nominated by FBL	Director

Audit Committee

Mr. Abdul Rahim	Chairman
Mr. Shahab Mahboob Vora	Member
Mr. Mustafa Jamal Iftakhar	Member

Human resource & Remuneration Committee

Mr. Abdul Rahim	Chairman
Mr. Jamal Iftakhar	Member
Mrs. Mona Zahid	Member

Chief Financial Officer
Mr. Rana Rehan Ali Khan

Company Secretary
Tariq Majeed

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
Habib Metropolitan Bank Limited
Meezan Bank

Shares Registrar

THK Associates (Pvt.) Limited
1st Floor, 40-C, P.E.C.H.S
Karachi. P.O Box No. 8533
UAN +92 (021) 111-000-322
Fax No. +92 (021) 34168271
E-mail: secretariat@thk.com.pk

Head Office/Registered Office
4th Floor, Ibrahim Trade Centre
1-Aibak Block, Barkat Market
New Garden Town
Lahore-54700, Pakistan
Ph: # 042-111-375-000,
042-35941375-77
Lahore-54700, Pakistan

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

DOST STEELS LTD.

DIRECTORS' REPORT

Dear Members Assalam-o-Alaikum

The Directors of Dost Steels Limited ("DSL" or the "Company") are pleased to present their review on the financial performance of the Company for the six months period ended December 31, 2019.

During the period under review, overall market sentiment remained negative and resultantly construction market including steel did not perform well. However future outlook appears to be very bright and promising in presence of ongoing CPEC related developments and the commitment of the Government towards the projects including but not limited to 5 million new houses, water reservoir dams.

During the first half year of the current financial year, the Company has continued its production at a steady pace despite shortage of working capital. Financial performance of the Company for the six months period ended December 31, 2019 was as under:

Description	December 31, 2019 (PKR)	December 31, 2018 (PKR)
Sales	11,270,030	514,115,832
Cost of sales	(41,385,853)	(583,626,662)
Gross Loss	(30,115,823)	(69,510,830)
Administrative and selling expenses	(47,840,135)	(67,387,743)
Finance costs	(54,988,222)	(34,328,291)
Other operating income	534,456	659,872
Loss before taxation	(132,409,744)	(170,566,992)
Taxation	(140,875)	24,351,421
Loss after taxation	(132,550,619)	(146,215,571)
Loss per share	(0.42)	(0.46)

Loss per share for the six months period was Rupees 0.42 as compared to Rupees 0.46 in corresponding period last year. Loss after tax for the period was Rupees 131.55 million as compared to Rupees 146.216 million in corresponding period last year. The losses are essentially owing to non-production during the period under review and lower level of sales in last six months from available stock. So far, the Company has not been able to restart production activities due to shortage of working capital.

The Board is still making all its efforts to finalise various options and feasibilities for achieving capacity enhancement including backward integration, market reach and/or performance improvement for its business including but not necessarily limited to by way of seeking potential investments, joint venture, strategic alliance / partnership etc. in order to restart commercial operations.

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 2019. Our para wise comments on these reservations are as follows:

DOST STEELS LTD.

Sr. No.	Reservation / Qualification	Responses
1	The Company has incurred a net loss of Rs. 132.551 million (31 Dec 2018: Rs. 146.216 million) and its accumulated losses are Rs. 1,131.881 million (30 June 2019: Rs. 999.330 million). The company facing difficulty in complying with the terms of loan agreement with banks & to pay creditors on due date. The company has also facing adverse key financial ratios. Further the company has stopped its commercial production during the year and the plant of the company has been operated below its capacity. These conditions indicate the existence of material uncertainties which may cast significant doubt on ability of the company to continue as going concern, to realize its assets and to discharge its liabilities in normal course of business. The financial statements do not fully disclose this fact.	The Company is making all its efforts for potential investment, joint venture strategic alliance / partnership to overcome the working capital crisis being faced by the Company. The Company is hopeful that our efforts will be successful in near future and the Company will be able to resume its operations and will earn profits in coming financial year and it will be able to mitigate all its losses and fulfill all its obligations and pay back all loans and payables in normal course of the business.
2	Note 13 to the financial statements which describes that the portion of advance against issuance of shares has been assigned by Crescent Star Insurance Limited (CSIL) to Dynasty Trading (Private) Limited and Din Corporation (Private) Limited under an assignment agreement and notice of assignment respectively.	During the year; the CSIL assigned the amount of advance against issuance of shares to Dynasty Trading (Private) Limited and Din Corporation (Private) Limited. All legal obligations and matters were complied with and advance was assigned with the mutual consent of CSIL, the Company, Dynasty Trading (Private) Limited and Din Corporation (Private) Limited. The assignment was duly approved by the Board of the Company. All the Parties involved have signed the necessary legal documentation pertaining to the assignment. The Company may apply to SECP for approval of issuance of shares 'Other than right' under section 83(1)(b) of the Companies Act, 2017 (the "Act") and further subject to provisions of section 82 of the Act in respect of aggregate 'Advance for issuance of shares' amounting to Rupees 358.100 million including the amount assigned to third parties/assignees and unsecured / interest free short term borrowing from sponsors/directors amounting to Rupees 94.481 million, at such pricing/terms that may be approved by the Board in due course, subject to the

		completion of necessary corporate and regulatory formalities.
3	Note 14 to the financial statements which describes the Company's arrangement of Restructured Term Finance Facilities as Syndicate Loan. All the syndicate banks except Pak Kuwait Investment Company (Private) Limited have signed the rescheduling and restructuring agreement.	The Company is currently negotiating with Pak Kuwait Investment Company Limited for amicably resolution of the issue to align the conditions agreed with the other banking partner in Syndicate and it is hoped that matter shall be settled in current fiscal year.
4	Note 15.1.2 to the financial statements regarding markup amounting to Rs. 133,286,557 claimed unilaterally by Crescent Star Insurance Limited (CSIL) on advance against issuance of shares. The Directors of the company don't accept as being against the agreed terms.	During the year, Crescent Star Insurance Limited has unilaterally claimed mark up of Rupees 133,286,557 on "advance for issuance of shares" received by the Company in 2016 which has not been accepted by the Company. As explained above, the CSIL has assigned the amount of advance against issuance of shares to Dynasty Trading (Private) Limited and Din Corporation (Private) Limited under an assignment arrangement as per specific request / instruction of CSIL. We are of the view that all legal obligations have been complied with and advance was assigned with the mutual consent of the parties. The Board has further resolved that no profit/markup or any other compensation by whatsoever name called is payable to CSIL and/or its assignees by the Company whether related to the past, present or future.

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

On behalf of the Board of Directors

Jamal Iftakhar
Chief Executive Officer

Saad Zahid
Director

DOST STEELS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION - UNAUDITED
AS AT DECEMBER 31, 2019

	Note	(Un-Audited) December 31, 2019 Rupees	(Audited) June 30, 2019 Rupees
ASSETS			
Non-Current Assets			
Property, plant and equipment	6	2,585,961,680	2,597,016,920
Intangible Assets	7	833,512	1,000,215
Long term security deposits		40,881,345	40,881,345
Deferred tax assets		-	-
		2,627,676,537	2,638,898,480
Current Assets			
Stores and spares		26,853,768	26,853,768
Stock in trade	8	26,864,694	47,535,870
Trade debtors		29,654,715	46,397,108
Advances		7,841,078	8,467,091
Short term prepayments		40,975	856,645
Other receivables	9	-	-
Taxes refundable/adjustable		13,398,044	12,305,057
Cash and bank balances	10	732,435	1,887,215
		105,385,709	144,302,754
TOTAL ASSETS		2,733,062,246	2,783,201,234
EQUITY			
Share Capital and Reserves			
Authorized Share Capital			
360,000,000 (June 30, 2019 : 360,000,000)	11	3,600,000,000	3,600,000,000
Issued, subscribed and paid up capital	11	3,157,338,600	3,157,338,600
Discount on issue of right shares	12	(1,365,481,480)	(1,365,481,480)
Accumulated losses		(1,131,880,674)	(999,330,055)
Total Equity		659,976,446	792,527,065
LIABILITIES			
Non-Current Liabilities			
Advance for issuance of shares-unsecured	13	358,100,019	358,100,019
Long term financing - secured	14	711,162,578	734,450,318
Markup accrued on secured loans		614,940,264	614,940,264
Deferred Liabilities		15,529,590	14,643,590
		1,699,732,451	1,722,134,191
Current Liabilities			
Trade & other payables		121,053,886	88,617,016
Accrued Markup		72,834,339	18,429,788
Short term borrowings - unsecured		96,145,749	94,394,189
Current and overdue portion of long term borrowings		83,178,500	59,890,760
Provision for Taxation		140,875	7,208,225
		373,353,349	268,539,978
Contingencies and Commitments	15		
Total Liabilities		2,073,085,800	1,990,674,169
TOTAL EQUITY AND LIABILITIES		2,733,062,246	2,783,201,234

The annexed notes 01 to 24 form an integral part of these financial statements.

Chief Executive Officer | **Chief Financial Officer** | **Director**

Stamped for Identification RSRIR CAs

DOST STEELS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS - UNAUDITED
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

		Half Yearly Ended		Quarter Ended	
	Note	December 31, 2019 Rupees	December 31, 2018 Rupees	December 31, 2019 Rupees	December 31, 2018 Rupees
Sales	16	11,270,030	514,115,832	3,262,362	91,361,154
Cost of sales	17	(41,385,853)	(583,626,662)	(43,534)	(128,675,201)
Gross loss		(30,115,823)	(69,510,830)	3,218,828	(37,314,047)
Administrative and selling expenses		(47,840,135)	(67,387,743)	(17,291,472)	(38,372,186)
Finance cost		(54,988,222)	(34,328,291)	(29,749,850)	(17,681,798)
Other operating income	18	534,436	659,872	534,436	658,984
Loss before taxation		(132,409,744)	(170,566,992)	(43,288,058)	(92,709,047)
Taxation - Current		(140,875)	(6,426,448)	(40,779)	(1,142,015)
Taxation - Deferred		-	30,777,869	-	30,777,869
Loss after taxation		(132,550,619)	(146,215,571)	(43,328,837)	(63,073,193)
Loss per share - basic & diluted	19	(0.42)	(0.46)	(0.12)	(0.20)

The annexed notes 01 to 24 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Stamped for Identification RSRIR CAs

DOST STEELS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - UNAUDITED
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Half Yearly Ended		Quarter Ended	
	December 31, 2019 Rupees	December 31, 2018 Rupees	**December 31, 2019 Rupees**	December 31, 2018 Rupees
Loss after taxation	**(132,550,619)**	(146,215,571)	**(43,328,837)**	(63,073,193)
Other comprehensive income for the year				
Items that will not be reclassified to profit or loss				
Remeasurement of Staff Gratuity	-	-	-	-
Deferred Tax impact of Remeasurement	-	-	-	-
Items that may be reclassified to profit or loss	-	-	-	-
Total comprehensive loss for the period	**(132,550,619)**	(146,215,571)	**(43,328,837)**	(63,073,193)

The annexed notes 01 to 24 form an integral part of these 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, 2019

	Issued, subscribed and paid up capital	Discount on issue of right shares	Revenue Reserve Accumulated losses	Total
	----------------	----------------	Rupees ----------------	----------------
Balance as at July 01, 2018	3,157,338,600	(1,365,481,480)	(685,107,074)	1,106,750,046
Loss for the Half Year Ended December 31, 2018	-	-	(146,215,571)	(146,215,571)
Balance as at December 31, 2018	**3,157,338,600**	**(1,365,481,480)**	**(831,322,645)**	**960,534,475**
Loss for the Half Year Ended June 30, 2019			(168,007,410)	(168,007,410)
Balance as at June 30, 2019	**3,157,338,600**	**(1,365,481,480)**	**(999,330,055)**	**792,527,065**
Loss for the Half Year Ended December 31, 2019	-	-	**(132,550,619)**	(132,550,619)
Balance as at December 31, 2019	**3,157,338,600**	**(1,365,481,480)**	**(1,131,880,674)**	**659,976,446**

The annexed notes 01 to 24 form an integral part of these financial statements.

Chief Executive Officer | **Chief Financial Officer** | **Director**

DOST STEELS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS - UNAUDITED
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Note	(Un-Audited) December 31, 2019 Rupees	(Un-Audited) December 31, 2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(132,409,744)	(170,566,992)
Adjustments for non cash items:			
Depreciation		11,055,240	14,351,973
Amortization		166,703	-
Finance cost		54,988,222	34,328,291
Provision for gratuity		886,000	1,558,041
Reversal of provision against doubtful receivables		(506,560)	-
Interest Income		(27,876)	(657,414)
		66,561,729	49,580,891
Operating cash flow before working capital changes		(65,848,015)	(120,986,101)
Working capital changes:			
(Increase)/decrease in current assets:			
Stores and spares		-	(20,847,201)
Stock in trade		20,671,176	166,863,959
Trade debtors		16,742,393	(26,557,602)
Advances		626,013	37,389,164
Short term prepayments		815,670	221,337
Other receivables		506,560	-
Tax refund due from government		(1,092,987)	178,842
Increase/(decrease) in current liabilities:			
Trade and other payables		32,436,870	19,876
Cash inflow from working capital		70,705,695	157,268,375
Cash generated from operations		4,857,680	36,282,274
Taxes Paid		(7,208,225)	(4,695,320)
Gratuity Paid		-	(463,350)
Finance cost paid		(583,671)	(31,694,155)
Net cash used in operating activities		(2,934,216)	(570,551)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		-	2,539,342
Interest received		27,876	648,566
Net cash generated from/(used in) investing activities		27,876	3,187,908
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term financing - secured		-	(10,686,634)
Receipt/ (Repayment) of short term borrowings- unsecured		1,751,560	-
Net cash generated from/(used in) financing activities		1,751,560	(10,686,634)
Net decrease in cash and cash equivalents during the period		(1,154,780)	(8,069,277)
Cash and cash equivalents at beginning of the period		1,887,215	31,491,873
Cash and cash equivalents at the end of the period	10	732,435	23,422,596

The annexed notes 01 to 24 form an integral part of these financial statements.

Chief Executive Officer **Chief Financial Officer** **Director**

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DOST STEELS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

Dost Steels Limited (the Company) was incorporated & domiciled in Pakistan on March 19, 2004 as a private limited company under the Companies Ordinance, 1984 (The Ordinance), 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

Purpose	Location	Address
Head Office/ Registered Office	Lahore	4th Floor Ibrahim Trade Centre, 1-Aibak Block, Barkat Market, New Garden Town, Lahore.
Mill/Plant Site	Phoolnagar	52 Km, Multan Road, Phoolnagar.
Regional Office	Karachi	101, Chapal Plaza, Hasrat Mohani Road, Karachi.

1.1 GOING CONCERN ASSUMPTION

The Company has incurred a net loss of Rs. 132.551 million for the period (2018: Rs. 146.216 million) and its accumulated losses are Rs. 1,131.881 million as on 31 December 2019 (30 June 2019: Rs. 999.330 million). The current liabilities of the company exceeds its current assets by Rs. 267.968 million and liquid assets by Rs. 321.686 million. The company has also been facing unfavorable key financial ratios, difficulty in complying with the terms of loan agreement with banks & to pay creditors on due date. The company is in default under its syndicated contractual obligation with bankers and unable to obtain additional finance, has stopped its commercial production since last year and lost its key management staff without replacement due to working capital deficiency. There are also banking litigations against the company. These conditions indicate the existence of material uncertainties which may cast significant doubt on ability of the company to continue as going concern.

The Company is still maintaining a positive relationship with the lead agent of syndicated loan and seeking means of finance from other sources. The Company is expected to earn 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.

2 BASIS OF PREPARATION

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

- International Accounting Standard 34, 'Interim Financial Reporting' (IAS 34), 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 The cumulative figures for the half year ended December 31, 2019 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.

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2.3 These condensed interim financial statements comprise of the Statement of Financial Position as at December 31, 2019, Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows together with the selected notes for half year ended December 31, 2019.

2.4 The comparative Statement of Financial Position presented in these condensed interim financial statements as at December 31, 2019 has been extracted from the audited Financial Statements of the Company for the year ended June 30, 2019, whereas the comparative Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows for the half year ended December 31, 2019 have been subjected to review but not audited.

2.5 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, 2019.

3 *SIGNIFICANT ACCOUNTING POLICIES*

3.1 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 financial statements for the year ended June 30, 2019, except for those stated as below

- **Standards and amendments to published accounting and reporting standards which were effective during the half year ended December 31, 2019**

  IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17: Leases. As the distinction between operating and finance lease is eliminated, it has resulted in leases being recognised on the statement of financial position except for short-term and low-value leases. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised.

  However, the application of IFRS 16 does not have any material impact on the Company's books of account.

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

  There are new standards and certain amendments and interpretation to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2020. However, these standard, amendments and interpretation 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.

3.2 Previous periods' figures are re-arranged/re-classified where necessary to facilitate comparison and are rounded off to the nearest rupee; appropriate disclosure is given in relevant note in case of material rearrangement.

4 *ESTIMATES*

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 that applied to the financial statements for the year ended June 30, 2019.

5 *RISK MANAGEMENT*

The Company's risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2019.

6 PROPERTY, PLANT AND EQUIPMENT

	Note	(Un-Audited) December 31, 2019 Rupees	(Audited) June 30, 2019 Rupees
Operating assets	6.1	**2,585,961,680**	2,597,016,920
Capital work-in-progress	6.2	-	-
		2,585,961,680	2,597,016,920

6.1 Operating Assets

Particulars	OWNED								
	Free hold land	Building on free hold land	Plant and Machinery	Furniture & fittings	Vehicles	Office Equipment	Electric Equipment	Computers Equipment	Total
	Rupees								
Period ended December 31, 2019									
Cost	**157,876,220**	**232,546,602**	**2,230,750,729**	**3,841,299**	**4,411,500**	**1,928,302**	**10,342,774**	**5,071,544**	**2,646,768,970**
Accumulated depreciation	**-**	**(40,325,189)**	**(4,481,784)**	**(2,873,491)**	**(3,548,936)**	**(624,017)**	**(5,276,858)**	**(3,677,015)**	**(60,807,290)**
	157,876,220	**192,221,413**	**2,226,268,945**	**967,808**	**862,564**	**1,304,285**	**5,065,916**	**1,394,529**	**2,585,961,680**
As at June 30, 2019									
Cost	157,876,220	232,546,602	2,230,750,729	3,841,299	4,411,500	1,928,302	10,342,774	5,071,544	2,646,768,970
Accumulated depreciation	-	(30,208,273)	(4,481,784)	(2,795,019)	(3,453,097)	(516,847)	(4,866,108)	(3,430,922)	(49,752,050)
	157,876,220	202,338,329	2,226,268,945	1,046,280	958,403	1,411,455	5,476,666	1,640,622	2,597,016,920
Period ended December 31, 2019									
Opening net book value	**157,876,220**	**202,338,329**	**2,226,268,945**	**1,046,280**	**958,403**	**1,411,455**	**5,476,666**	**1,640,622**	**2,597,016,920**
Additions	-	-	-	-	-	-	-	-	-
Deletion	-	-	-	-	-	-	-	-	-
Depreciation charged	-	**(10,116,916)**	-	**(78,472)**	**(95,839)**	**(107,170)**	**(410,750)**	**(246,093)**	**(11,055,240)**
Net book value as at December 31, 2019	**157,876,220**	**192,221,413**	**2,226,268,945**	**967,808**	**862,564**	**1,304,285**	**5,065,916**	**1,394,529**	**2,585,961,680**
Year ended June 30, 2019									
Opening net book value	157,876,220	224,820,366	2,225,455,070	1,230,918	1,063,724	1,577,149	6,349,278	922,775	2,619,295,500
Additions	-	-	3,024,037	-	217,000	84,000	92,498	1,198,122	4,615,657
Deletion	-	-	-	-	(86,992)	-	-	-	(86,992)
Depreciation charged	-	(22,482,037)	(2,210,162)	(184,638)	(235,329)	(249,694)	(965,110)	(480,275)	(26,807,245)
Net book value as at June 30, 2019	157,876,220	202,338,329	2,226,268,945	1,046,280	958,403	1,411,455	5,476,666	1,640,622	2,597,016,920
Rate of Depreciation	-	**10%**	**Units of production**	**15%**	**20%**	**15%**	**15%**	**30%**	

6.1.1 Depreciation charged for the period has been allocated as under:

	(Un-Audited) December 31, 2019 Rupees	(Audited) June 30, 2019 Rupees
Cost of sales	**10,708,645**	26,088,540
Administrative and selling expenses	**346,595**	718,705
	11,055,240	26,807,245

6.1.2 Free-hold land includes land, comprise of 326 kanal and 12 marla, situated at 52 Km, Multan Road, Phoolnagar. Building is constructed on this land. Free-hold land also includes open free-hold land having area of 206 acres 68 sq-yards situated at Karachi.

6.1.3 No depreciation charged to plant and machinery due to nil production during the period as per company's policy.

Stamped for Identification RSRIR CAs

	Note	(Un-Audited) December 31, 2019 Rupees	(Audited) June 30, 2019 Rupees
6.2 Capital work in progress			
Plant and machinery			
Opening balance		-	4,022,467
Additions		-	6,330,893
Transfer to Advances		-	(16,500)
Transfer to Stores and spares		-	(10,336,860)
Advances for plant and machinery - net	6.2.1	-	-
		-	-
		-	-

6.2.1 Advances for plant and machinery - net

Advances for plant and machinery	17,913,835	17,913,835
Provision against doubtful advances	(17,913,835)	(17,913,835)
	-	-

Provision of Rs. 17,913,835/- had been made against unrecoverable advances paid for purchase of plant & machinery in the previous period. The company had recovered and adjusted advances of Rs. 213,184,150/- from suppliers against advances paid for purchase of plant and machinery due to quality issues in the year 2016. The management had decided to create provision for doubtful advances in respect of the remaining amount of Rs. 17,913,835/- .

7 INTANGIBLE ASSETS

Computer Software

COST		
As at July 01,	1,111,350	-
Addition during the period	-	1,111,350
Balance as at December 31,	1,111,350	1,111,350
ACCUMULATED AMORTIZATION		
As at July 01,	(111,135)	-
Amortization charge for the period	(166,703)	(111,135)
Balance as at December 31,	(277,838)	(111,135)
Written down value as at December 31,	833,512	1,000,215

The Company amortizes intangible asset on straight line basis over the period of useful life @ 30%.

8 STOCK IN TRADE

Raw material	4,086,517	4,781,225
Work in process	13,629,736	18,909,792
Finished goods	9,148,441	23,844,853
	26,864,694	47,535,870

9 OTHER RECEIVABLES

	Note		
Receivable against trading		-	506,560
Provision against doubtful receivable	9.1	-	(506,560)
		-	-
9.1 Provision against doubtful receivable			
Opening balance		506,560	506,560
Charged for the period		-	-
Provision reversed during the period	18	(506,560)	-
		-	506,560

10 CASH AND BANK BALANCES

	Note		
Cash in hand		10,140	32,670
Cash at banks:			
- current accounts		199,258	1,346,562
- deposit accounts	10.1	523,037	507,983
		722,295	1,854,545
		732,435	1,887,215

RSRIR CAs

10.1 It includes balances pertaining to repayment account for long term loans amounting to Rs. 513,742/- (30 June 2019: Rs. 488,688/-). Management of the company as per arrangement can't withdraw amounts once deposited in this bank account.

11 SHARE CAPITAL

(Un-Audited) December 31, 2019	(Audited) June 30, 2019			(Un-Audited) December 31, 2019	(Audited) June 30, 2019
Number of shares				Rupees	
AUTHORIZED SHARE CAPITAL					
360,000,000	360,000,000	Authorized share capital		**3,600,000,000**	3,600,000,000
ISSUED, SUBSCRIBED AND PAIDUP CAPITAL					
315,733,860	315,733,860	Ordinary share of Rs.10 each fully paid in cash	11.1	**3,157,338,600**	3,157,338,600

11.1 It includes 84,197,705 ordinary shares of Rs.10 each amounting to Rs. 841,977,050/- held by related parties.

11.2 The company has only one class of ordinary shares. The holder 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.

11.3 The company has not reserved shares for issue under options or sale contracts.

	Note	(Un-Audited) December 31, 2019 Rupees	(Audited) June 30, 2019 Rupees
12 DISCOUNT ON ISSUE OF RIGHT SHARES		**1,365,481,480**	1,365,481,480

The Company has 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. 5.5/- per share in year 2017.

13 ADVANCE FOR ISSUANCE OF SHARES-UNSECURED

From Crescent Star Insurance Limited and its assignees	**354,279,066**	354,279,066
From directors	**3,820,953**	3,820,953
	358,100,019	358,100,019

The Company has received advance against issuance of shares from the Crescent Star Insurance Limited (CSIL), associated company, and directors of the company which will be adjusted against shares in capital of the company whenever there is next issue. These amounts are un-secured and interest free. During the previous year, CSIL has assigned aggregate amount of Rs. 247,995,000/- and Rs. 57,768,000/- to Dynasty Trading (Private) Limited and Din Corporation (Private) Limited respectively under an assignment agreement executed on February 12, 2019 and notice of assignment dated February 08, 2019 respectively which was approved by the board on February 27, 2019 with the same understanding. The confirmation received, on balances as on 30 June 2019, from CSIL in this respect, however confirms conditional assignment of amount of Rs. 247,995,000/- to Dynasty Trading (Private) Limited and is silent about assignment to Din Corporation (Private) Limited. The confirmation from Din Corporation (Private) Limited has not been received. Refer note 15.1.2 also on contingencies.

14 LONG TERM FINANCING - SECURED

Term Finance - Restructured Facilities	14.1		
From banking companies and financial institutions			
Opening balance		**794,341,078**	824,469,897
Additions during the period		**-**	-
		794,341,078	824,469,897
Paid during the period		**-**	(30,128,819)
		794,341,078	794,341,078
Less: Current portion		**(46,575,480)**	(46,575,480)
Less: Overdue portion	14.1.1	**(36,603,020)**	(13,315,280)
		(83,178,500)	(59,890,760)
		711,162,578	734,450,318

14.1 The Company has arranged Restructured Term Finance facilities of Rs. 931,509,627/- from National Bank of Pakistan, Askari Bank Limited, NIB 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 Syndicated loan, whereby Faysal Bank Limited is acting as agent of the syndicate. Due to absence of cash flow and non-commissioning of the project, DSL was and is 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. Pak Kuwait is expected to sign this agreements in due course.

Terms of rescheduled and restructured agreement are as follows:

a) For the repayment of the unpaid markup, mark up 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. The total Mark up calculated will be converted into a "Zero Coupon 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 Karachi Stock Exchange Limited (Now Pakistan Stock Exchange Limited).

b) The Mark-up rate effective from the date of Commissioning is 3 Month KIBOR payable in quarterly 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.

14.1.1 Overdue portion of liability represents the partial instalment of fourth quarter of last year, two installments of current period and portion of Pak Kuwait Investment Company (Private) Limited, has neither signed the restructuring agreement nor accepted the payment, full amount due upto 31 December 2019.

15 CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 The company is not exposed to any contingent liability in respect of syndicated loan at the Statement of Financial Position date, in view of restructuring agreement - Note 14.

In the year ended June 30, 2015, two suits were pending against company in the High Court for the recovery of Rs. 1,299,588,534/- and Rs. 122,197,136/- respectively filed by Faysal bank and others and Pakistan Kuwait Investment Company (Private) Limited.

15.1.2 The company has received advance against issuance of shares from the Crescent Star Insurance Limited (CSIL) as described in note 13. The advance was interest free and the fact was confirmed in the confirmation for the year ended 30 June 2016. The CSIL after the right issue unilaterally started claiming mark up @ 1 year KIBOR + 3% which directors of the company don't accept being against the agreed terms and is apparently illegal demand. The amount of disputed markup as on 30 June 2019 calculates to Rs. 133,286,557/-.

	Note	(Un-Audited) December 31, 2019 Rupees	(Audited) June 30, 2019 Rupees
15.2 Commitments			
Non-capital commitments - Post dated cheques		**3,953,129**	4,477,348

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

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	Note	(Un-Audited) December 31, 2019 Rupees	(Un-Audited) December 31, 2018 Rupees
16 SALES			
Bar sales		**8,551,946**	495,190,653
End cut		**4,954,374**	18,925,179
		13,506,320	514,115,832
Less : Sales tax		**(2,236,290)**	-
		11,270,030	514,115,832
17 COST OF SALES			
Raw material consumed			
Add: Opening stock of raw material		**4,781,225**	120,912,804
Purchased during the period		**-**	326,965,675
Less: input sales tax adjustment		**(694,708)**	-
Less: closing stock of raw material		**(4,086,517)**	(5,537,471)
		-	442,341,008
Manufacturing overheads			
Salaries, Wages and other benefits	17.1	**12,210,175**	39,099,521
Stores and spares consumed		**-**	2,441,057
Fuel, power and water		**3,503,242**	26,027,835
Travelling and conveyance		**11,030**	1,996,550
Rent, rates and taxes		**241,931**	188,203
Mess expenses		**23,767**	186,886
Entertainment		**11,412**	147,283
Repair and maintenance		**208,304**	4,497,855
Printing and stationery		**600**	32,020
Internet charges		**63,933**	143,950
Insurance		**794,708**	966,864
Depreciation	6.1.1	**10,708,645**	14,038,503
Others		**7,230**	30,501
		27,784,977	89,797,028
Add: Opening stock- work in process		**18,909,792**	19,428,785
Less: input sales tax adjustment		**(2,262,536)**	-
Less: Closing stock- work in process		**(13,629,736)**	(16,889,410)
		3,017,520	2,539,375
Cost of goods manufactured		**30,802,497**	534,677,411
Add: opening stock of finished goods		**23,844,853**	116,160,381
Less: input sales tax adjustment		**(4,113,056)**	-
Less: Closing stock of finished goods		**(9,148,441)**	(67,211,130)
		10,583,356	48,949,251
		41,385,853	583,626,662
18 OTHER OPERATING INCOME			
Income from financial assets			
Interest on security deposits		**-**	8,848
Profit on Bank Deposit Accounts		**27,876**	648,566
		27,876	657,414
Income from non financial assets			
Miscellaneous income		**-**	2,458
Provision reversed during the period	9.1	**506,560**	-
		506,560	2,458
		534,436	659,872

19 LOSS PER SHARE - BASIC & DILUTED

		2019	2018
Loss attributable to ordinary shareholders	**Rupees**	**(132,550,619)**	(146,215,571)
Weighted average number of ordinary shares in issue		**315,733,860**	315,733,860
Loss per share - basic and diluted	**Rupees**	**(0.42)**	(0.46)

20 FINANCIAL INSTRUMENTS-FAIR VALUES

	Note	Carrying Amount			Fair Value		
		At Amortized Cost	At Fair Value	Total	Level 1	Level 2	Level 3
		Rupees					
		31 December 2019 (Un-audited)					
Financial assets	20.1						
Long term security deposits		40,881,345	-	40,881,345	-	-	-
Trade debtors		29,654,715	-	29,654,715			
Advances		625,184	-	625,184	-	-	-
Other receivables		-	-	-	-	-	-
Cash and bank balances		732,435	-	732,435	-	-	-
		71,893,679	-	71,893,679	-	-	-
Financial liabilities	20.1						
Advance for issuance of shares-unsecured		358,100,019	-	358,100,019	-	-	-
Long term financing - secured		711,162,578	-	711,162,578	-	-	-
Markup accrued on secured loans		614,940,264	-	614,940,264	-	-	-
Trade & other payables		103,349,015	-	103,349,015	-	-	-
Accrued Markup		72,834,339	-	72,834,339	-	-	-
Short term borrowings - unsecured		96,145,749	-	96,145,749			
Current and overdue portion of long term borrowings		83,178,500	-	83,178,500			
		2,039,710,464	-	2,039,710,464	-	-	-
		30 June 2019 (Audited)					
Financial assets	20.1						
Long term security deposits		40,881,345	-	40,881,345	-	-	-
Trade debtors		46,397,108	-	46,397,108			
Advances		627,184	-	627,184	-	-	-
Other receivables		-	-	-	-	-	-
Cash and bank balances		1,887,215	-	1,887,215	-	-	-
		89,792,852	-	89,792,852	-	-	-
Financial liabilities	20.1						
Advance for issuance of shares-unsecured		358,100,019	-	358,100,019	-	-	-
Long term financing - secured		734,450,318	-	734,450,318	-	-	-
Markup accrued on secured loans		614,940,264	-	614,940,264	-	-	-
Trade & other payables		71,298,743	-	71,298,743	-	-	-
Accrued Markup		18,429,788	-	18,429,788	-	-	-
Short term borrowings - unsecured		94,394,189	-	94,394,189			
Current and overdue portion of long term borrowings		59,890,760	-	59,890,760			
		1,951,504,081	-	1,951,504,081	-	-	-

20.1 The management considers the carrying amount of all financial assets and liabilities not measured at fair value at the end of the reporting period to approximate their fair value as at the reporting date.

21 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. There are no transactions with the key management personnel other than under their terms of employment / entitlements.

Transactions with related parties and associated undertakings, other than those disclosed elsewhere in these financial statements, are follows: -

	Note	(Un-Audited) December 31, 2019 Rupees	(Un-Audited) December 31, 2018 Rupees
Key management personnel:			
Short term borrowings - Unsecured/Interest free			
Loan obtained from Sponsers - Net		**1,751,560**	-
Salaries & benefits paid			
Remuneration of Chief Executive & directors		**20,106,666**	21,512,904
Meeting Fee Paid		-	130,000

Advance for issuance of shares - unsecured of Rs. 358,100,019/- (June 30, 2019: Rs. 358,100,019/-), Remuneration payable to Chief Executive & Directors of Rs. 26,103,866/- (June 30, 2019: Rs. 6,349,306/-) and Short term borrowings - unsecured of Rs. 96,145,749/- (June 30, 2019: Rs. 94,394,189/-) is due to associated undertakings and related parties. Shares held by related parties are disclosed in note 11.1.

22 SUBSEQUENT MATERIAL EVENTS

There are no significant activities since December 31, 2019 affecting the condensed interim financial information apart from those disclosed in the condensed interim information.

23 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on 27-2-20 by the board of directors of the company.

24 GENERAL

Figures in the financial statements have been rounded-off to the nearest rupees except where stated otherwise.

Chief Executive | Chief Financial Officer | Director

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