



***METROPOLITAN STEEL
CORPORATION LIMITED***

Financial Statements (UN-Audited)
FOR THE QUARTER ENDED SEPTEMBER 30 2018.



MSC METROPOLITAN STEEL CORPORATION LIMITED

COMPANY PROFILE

Board of Directors

Mr. Mehmood Ali Mehkri	Chairman
Mr. Muhammad Umar Mehkari	Chief Executive
Mrs. Sara Mehmood Mehkri	Director
Mr. Muhammad Shakir	Director
Mrs. Saba Mehkari Farooqui	Director
Mrs. Uzma Mehmood Ali Mehkri	Director
Mrs. Sofia Zakaria	Director

Audit Committee

Mrs. Saba Mehkari Farooqui	Member
Mr. Mehmood Ali Mehkri	Member

Company Secretary

Mr. Abul Mojahid

Chief Accountant

Auditors

REANDA HAROON ZAKARIA & COMPANY
Chartered Accountant

Registered/ Head Office

706-Progressive Plaza, Beaumont Road
Karachi.



DIRECTORS REPORT FOR THE QUARTER ENDED 30TH SEPTEMBER 2018

The directors of the company are pleased to present to you their report of financial statements of the company for the quarter ended 30th September, 2018.

Your company is all sets to commence production by end of this year and all civil and mechanical works have been completed. The company's gas and K electric loads have been enhanced and installed.

Your management is waiting for approval of purchase of imported raw material after clarity on dollar and rupee parity and international markets price settlement of high carbon and low carbon wire rod's.

Financial Results September 30th 2018 (UN-audited):-

The Financial Results are as under

	30th September, 2018	30th June, 2018
Profit / (loss) before taxation	(2,626)	(19,895)
Taxation	-	2983
Profit / (loss) after taxation	(2,626)	(16,912)
Accumulated profit brought forward	14,120	23,118
Accumulated profit carried forward	11,494	14,120
Loss per share	(0.08)	(0.55)

General

The Management is grateful to the officers, staff and workers of the company who's dedicated and sincere efforts are making the targets achievable.


Chief Executive Officer



**BALANCE SHEET
AS AT 30th SEPTEMBER, 2018**

		<i>Quarter ended 30-Sep-18 (Unaudited)</i>	<i>30-Jun-18 2018 (Audited)</i>
<u>ASSETS</u>	<i>Note</i>	-----Rupees in 000-----	
Non-current assets			
Property, plant and equipment	4	574,417	572,004
Long term investments		9,888	9,434
		584,305	581,438
Current assets			
Stores, spares and loose tools		13,185	13,185
Stock-in-trade		63,757	65,248
Trade debts		51,645	56,734
Claims recoverable		81,184	81,184
Advances		1,260	5,214
Deposits		50	50
Tax refunds due from Government		7,112	7,317
Short term investment		39,530	37,879
Cash and bank balances	7	1,724	813
		259,447	267,624
Total assets		843,752	849,062
<u>EQUITY AND LIABILITIES</u>			
Share capital and reserve			
Authorised capital			
50,000,000 Ordinary shares of Rs. 10 each		500,000	500,000
Issued, subscribed and paid-up capital		309,776	309,776



**BALANCE SHEET
AS AT 30th SEPTEMBER, 2018**

Capital Reserve

Revaluation surplus on property plant and equipment	337,373	337,373
Unrealised gain on measurement of available for sale investments	327	327
	<u>337,700</u>	<u>337,700</u>

Revenue Reserve

General reserves	80,500	80,500
Un appropriated profit / (accumulated losses)	11,494	14,120
	<u>91,994</u>	<u>94,620</u>

Shareholder's equity

739,470 742,096

Non-current liabilities

Deferred liability	35,187	35,187
	<u>35,187</u>	<u>35,187</u>

Current liabilities

Trade and other payables	40,640	43,324
Mark-up accrued	3,745	3,745
Short term borrowings	2,099	2,099
Unclaimed dividends	1,273	1,273
Current portion of long term loan	21,338	21,338
	<u>69,095</u>	<u>71,779</u>

Total equity and liabilities

843,752 849,062

The annexed notes form an integral part of financial statements

-

-



Director



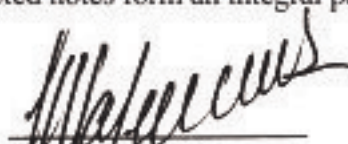
Chief Executive Officer

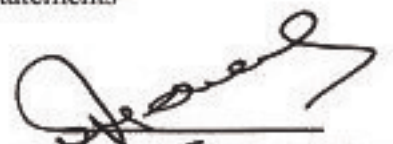


**PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

	<i>Note</i>	<i>Three Month Ended Sep - 18</i>	<i>Three Month Ended Sep - 17</i>
		<i>-----Rupees in '000'-----</i>	
Sales - net	5	1,331	-
Cost of sales		<u>(5,565)</u>	<u>(3,950)</u>
Gross loss		(4,234)	(3,950)
Administrative expenses		<u>(1,522)</u>	<u>(980)</u>
Selling expenses		<u>(4)</u>	<u>(5)</u>
Operating loss		(5,760)	(4,935)
Finance cost		-	-
Other income		<u>3,134</u>	<u>-</u>
Loss before taxation		(2,626)	(4,935)
Taxation		-	-
Loss after taxation		(2,626)	(4,935)
Loss per share - basic and diluted		<u>(0.08)</u>	<u>(0.16)</u>

The annexed notes form an integral part of these financial statements


Director


Chief Executive Officer



**STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30th, 2018**

	<i>Capital Reserve</i>		<i>Revenue Reserve</i>		<i>Total</i>	
	<i>Share Capital</i>	<i>Unrealized gain on remeasurement of available for sale investments</i>	<i>Revaluation surplus on property, plant and equipment</i>	<i>General Reserve</i>		<i>Unappropriated profit</i>
	<i>Rupees in '000'</i>					
Balance as at July 1, 2017	309,776		255,493	80,500	23,118	668,887
Total Comprehensive loss for the year						
Loss for the year	-		-	-	(16,912)	(16,912)
Other comprehensive income		327	89,794		-	90,121
		327	89,794		(16,912)	73,209
Transfer from surplus on revaluation of fixed assets to equity on account of incremental depreciation - net of Deferred Tax	-		(7,914)	-	7,914	-
Balance as at June 30, 2018	309,776	327	337,373	80,500	14,120	742,096
Balance as at July 1, 2018	309,776	327	337,373	80,500	14,120	742,096
Total Comprehensive loss for the year						
Loss for the period	-		-		(2,626)	(2,626)
	-		-		(2,626)	(2,626)
Balance as at Sep 30, 2018	309,776	327	337,373	80,500	11,494	739,470

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

Director

Chief Executive Officer



**CASH FLOWS STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED 30th SEPTEMBER, 2018**

-

Note	<i>Three Month Ended Sep - 18</i>	<i>Three Month Ended Sep - 17</i>
	<u>-----Rupees in '000'-----</u>	

A. CASH FLOW FROM OPERATING ACTIVITIES

Cash used in operations after working capital changes	4	7,407	(4,685)
Staff retirement gratuity paid		-	(250)
Financial charges paid		-	-
Taxes paid		(21)	-
Net (cash used)/generated from operating activities		<u>7,386</u>	<u>(4,935)</u>

B. CASH FLOW FROM INVESTING ACTIVITIES

Aquisition of property, plant and equipment	-	-
Addition in capital work in progress - net	(6,020)	(535)
Addition in long term investment	(454)	
Proceeds from sale of property, plant and equipment	-	-
Dividend received	-	-
Net cash generated / (used in) investing activities	<u>(6,474)</u>	<u>(535)</u>



**CASH FLOWS STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED 30th SEPTEMBER, 2018**

Three Month *Three Month*
Ended Sep - 18 *Ended Sep - 17*
Note -----Rupees in '000'-----

C. CASH FLOW FROM FINANCING ACTIVITIES

Repayment of liabilities against assets subject to finance leases	-	-
Short term borrowings received	-	-
Settlement of short term borrowing	-	-
Long term borrowings received	-	-
Net cash generated / (used in) financing activities	-	-
Net increase in cash and cash equivalents	911	(5,470)
Cash and cash equivalent at the beginning of the period	813	5,975
Cash and cash equivalent at the end of the period	1,724	505

The annexed notes form an integral part of these financial statements


Director


Chief Executive Officer



**NOTES TO THE FINANCIAL STATEMENTS
QUARTER ENDED 30TH SEPTEMBER 2018**

1 LEGAL STATUS AND OPERATIONS

1.1 Metropolitan Steel Corporation Limited (the Company) was incorporated on August 24, 1955 as a public limited company. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The Company is a manufacturer of steel products such as torsteel, ribbed bars, wire rods, bailing hoops, mild and special steel wires, transmission towers and cold profiles. The registered office of the Company is situated at 706, Progressive Plaza Beaumont Road, Karachi.

The trading of Company's shares has been suspended by Pakistan Stock Exchange Limited on December 09, 2013 on account of non-holding of Annual General Meeting and non payment of outstanding annual listing fee.

During the previous financial year, the trading in the shares of the Company has been resumed.

1.2 The geographical location and addresses of business units are as under:

Location	Address
Sales Office	706, Progressive Plaza Beaumont Road, Karachi
Manufacturing facility	Landhi Industrial Area, Plot # HE:1/2

1.3 During the current year, the Company has incurred gross loss of Rs. 2.6 million (2018 : Rs. 31.570) million and has incurred after tax loss amounting to Rs. 2.6 (2018 : Rs. 16.912) million reducing the unappropriated profit to Rs. 11.494 (2018: 14.120 *restated*) million. With respect to business cycle of the Company, production activities have completely been shut down in previous years.

These conditions along with other matters set forth indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

However, the management of the Company has prepared these financial statements on going concern basis due to the following reasons:

- a)** The Company has revaluation surplus on property, plant and equipment amounting to Rs. 337.373 (2018: 337.373) million as of the reporting date.



- b)* Further, the Company has plan to revive its business on its own land of 4.13 Acres by resuming production activities in the foreseeable future by installing production plants namely Cold Profile, Mild Steel Wire and Special Steel Wire. In this respect, the company has incurred capital expenditure of Rs. 15.112 million till the reporting date. Subsequent to the year end, Sui Gas and Electricity connections were approved and provided by the relevant authorities.
- c)* Moreover, the Company has started operations through sale of its products to various projects, retailers and companies. The prices of Company's products are competitive and the management is of the view that the Company will generate sufficient revenues in the subsequent years that will be used to complete the civil works related to installation of above mentioned wire plants and procurement of materials.

The Company has taken following measures to improve its financial position.

- a)* The Company had successfully made full and final settlement with the bank of their outstanding liabilities against 27 acres of factory land including building and there is no long term finance, short term borrowings and accrued mark-up outstanding as at June 30, 2016.
- b)* The Company has revaluation surplus on fixed assets amounting to Rs. "337.373" million which is more than the amount of negative equity of the company as stated above.
- c)* The Company has planned for revival of the Company's business on its owned land of 4.13 acres, by resuming production activities in the foreseeable future by installing production plants namely Cold Profile, Mild Steel Wire and Special Steel Wire. In this respect, the company has incurred capital expenditure of Rs.21.131 million till the reporting date, subsequent to the year end, Sui gas and Electricity connections were approved and provided by the relevant authorities.
- d)* The company has made long term investments amounting to Rs. 9.888 million during the year for revenue generation and has short term investments amounting to Rs. 39.530 million to meet working capital requirements by disposing them once the production activities will be resumed.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed un-audited financial information of the company for the three months ended September 30, 2018 is un-audited and have been prepared in accordance with the requirements of the IAS 34 - "Interim Financial Reporting". The accounting and reporting standards as applicable in



MSC METROPOLITAN STEEL CORPORATION LIMITED

Pakistan comprise of such International Financial Reporting Standards (IFRSs), issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

The Act has also brought certain changes with regard to the preparation and presentation of these financial statements. These changes, amongst others, included change in nomenclature of primary statements and change in respect of presentation and measurement of revaluation surplus on property, plant and equipment. Further, the disclosure requirements contained in the Fourth Schedule of the Act have been revised, resulting in elimination of duplicative disclosure with the IFRSs disclosure requirements and incorporation of additional amended disclosures including, but not limited to, particulars of immovable assets of the Company, additional disclosure requirements for related parties

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for:

- long term (available for sale) and short term (held for trading) investments are stated at the fair values;
- leasehold land, buildings on leasehold land and plant and machinery which have been classified under property, plant and equipment and are stated at revalued amounts; and
- stock in trade which have been stated at net realizable value.

These financial statements have been prepared under the accrual basis of accounting except for the cash flow information.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Company's functional and presentation currency. All financial information presented in Pakistani Rupees has been rounded off to the nearest thousand rupees.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

3.1 Property, plant and equipment and depreciation

a) Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated



impairment losses except for leasehold land which is stated at revalued amount and buildings on leasehold land and plant and machinery which are stated at revalued amount less accumulated depreciation and accumulated impairment losses. Cost of property, plant and equipment comprises the acquisition cost and directly attributable cost of bringing the assets to its working condition.

During the current financial year, the Company has changed the accounting estimate with respect to rate of depreciation of buildings and plant and machinery - Previously, the rate of depreciation was 10% per annum which has been decreased to 5% per annum. The Company estimates that the revised rate reflects the manner in which economic benefits from using the assets are consumed. Had the estimate not been changed. The impact of change in accounting estimate could not be determined with respect to future periods as additions in the specified buildings on leasehold land for future periods would affect the amount of change in accounting estimate.

3.2 Revaluation surplus on property, plant and equipment

Revaluation surplus is recorded in other comprehensive income and accumulated to the Revaluation surplus on property, plant and equipment in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in profit or loss. A revaluation deficit is recognized in the profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the revaluation surplus on property, plant and equipment.

An annual transfer from the revaluation surplus on property, plant and equipment to unappropriated profit is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation on the asset's original cost. Upon disposal, any surplus relating to the particular asset being sold is transferred to unappropriated profit.

3.3 Earning per share

The Company presents basic and diluted earnings / loss per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.



MSC METROPOLITAN STEEL CORPORATION LIMITED

4	FIXED ASSETS	<i>Quarter Ended 30th Sep 2018</i>	<i>June 30, 2018</i>
		<i>(Rupees in '000')</i>	
	Opening written down value	572,004	489,416
	Additions during the period	-	90
	Impact of revaluation during the year		98,821
	Capital work in progress-civil works	6,020	15,112
	Depreciation charged for the period	(3,607)	(31,435)
	Disposal during the period	-	-
	Closing written down value	<u>574,417</u>	<u>572,004</u>
5	SALES - NET		
	Gross sales	1,557	64,686
	Less: sales tax	<u>226</u>	<u>(9,399)</u>
		<u>1,331</u>	<u>55,287</u>

<i>Quarter Ended 30th Sep 2018</i>	<i>June 30, 2017</i>
<i>(Rupees in '000')</i>	

6 CASH USED IN OPERATIONS AFTER WORKING CAPITAL CHANGES

(Loss)/profit before tax	(2,626)	(4,935)
Adjustments for:		
Depreciation	3,607	3,974
Liabilities written back no longer payable	<u>(2,500)</u>	-
Cash used in operations before working capital changes	<u>(1,519)</u>	<u>(961)</u>
Working capital changes	<u>8,926</u>	<u>(3,724)</u>
	<u>7,407</u>	<u>(4,685)</u>

6.1 Working capital changes

(Increase) / decrease in current assets

Stock-in-trade	1,491	-
Trade debts	5,089	-
Loans, advances and other receivables	1,108	1,820
Tax refunds due from government	205	
Short term investment	<u>(1,651)</u>	<u>-</u>
	6,242	1,820



(Increase) / decrease in current liabilities

Trade and other payables

2,684

(5,544)

8,926

(3,724)

*Quarter Ended
30th Sep 2018*

*June 30,
2017*

(Rupees in '000')

7 CASH AND CASH EQUIVALENT

Cash in hand

11

5

Balance at bank

1,713

5,970

1,724

5,975



Director



Chief Executive Officer

BOOK POST
PRINTED MATTER



If Undelivered Please return to:
METROPOLITAN STEEL CORPORATION LIMITED.
706 - Progressive Plaza,
Beaumont Road, Karachi.