



**CONDENSED INTERIM
FINANCIAL STATEMENTS
HALF YEAR ENDED
31 DECEMBER
2023**

BECO STEEL LIMITED

WE STRENGTHEN YOUR DREAMS



COMPANY INFORMATION

BOARD OF DIRECTORS

- | | |
|---------------------------------------|------------------------------------|
| 1. Mr. Muhammad Zain-ul-Afaq | ChairPerson/Non-Executive Director |
| 2. Mr. Muhammad Ali Shafique Chaudhry | Chief Executive Officer |
| 3. Ms. Afifa Shafique | Executive Director |
| 4. Mr. Muhammad Hashim Tareen | Independent Director |
| 5. Mr. Mahmood Aslam | Independent Director |
| 6. Mrs. Shabana Shafique | Non-Executive Director |
| 7. Miss. Eman Shafique | Non-Executive Director |

AUDIT COMMITTEE

- | | |
|-------------------------------|-------------------------------|
| 1. Mr. Muhammad Hashim Tareen | Chairman/Independent Director |
| 2. Mrs. Shabana Shafique | Member |
| 3. Miss Eman Shafique | Member |

HR & REMUNERATION COMMITTEE

- | | |
|---------------------------------------|-------------------------------|
| 1. Mr. Muhammad Hashim Tareen | Chairman/Independent Director |
| 2. Mr. Muhammad Ali Shafique Chaudhry | CEO/Member |
| 3. Miss Eman Shafique | Member |
| 4. Mrs. Shabana Shafique | Member |

CHIEF FINANCIAL OFFICER

Miss. Afifa Shafique

COMPANY SECRETARY

Mr. Abdul Shakoor

INTERNAL AUDITOR

Saleem Murawat
Abdul Moiz

EXTERNAL AUDITORS

M/s. Sheikh and Chaudhri
Chartered Accountants

SHARE REGISTRAR

Hameed Majeed Associates (Private)
Limited

REGISTERED OFFICE

79 – Peco Road Badami Bagh Lahore Pakistan

COMPANY'S BANKER

Soneri Bank Limited
JS Bank Limited
Habib Metropolitan Bank Limited
Meezan Bank Limited
Bank Alfalah Limited
Askari Bank Limited
Bank of Punjab Limited

DIRECTORS' REVIEW REPORT

Dear Members

The directors of the company are pleased to present the unaudited financial statements for the half year ended 31 December 2023.

A brief summary of the financial results as on 31 December 2023 is as follow:

(Amount in Rupees)

Financial highlights	Half year ended December 31		Variance
	2023	2022	
Net Sales	1,838,710,139	3,227,640,251	(43%)
Gross Profit	51,154,104	77,424,910	(34%)
Profit before taxation	(154,659)	8,064,868	(102%)
Taxation	22,983,877	40,345,503	(43%)
Profit for the period	(23,138,535)	(32,280,635)	(28%)
Earnings per share – Basic & Diluted	(0.93)	(1.29)	

Business, Financial & Operational review

The turnover of the period is reported as Rs. 1,838.71 million with gross profit for the period is Rs. 51.15 million and net loss Rs. 23.14 million (2023: Rs.32.28 million). Earnings per share (EPS) for the period is negative Rs. 0.93. The management is actively engaged in a thorough review of our operations, aiming to identify areas for improvement and implement strategic adjustments to address the issues contributing to the current loss. Our focus is on stabilizing operations, optimizing costs, and exploring avenues for recovery.

Future Outlook

Our strategic initiatives include a comprehensive review of our product offerings, exploring partnerships and collaborations, and adopting innovative technologies to enhance our operational efficiency. We are also evaluating market trends and customer preferences to align our offerings with the evolving demands of the industry.

Acknowledgment

We would like to appreciate our customers, suppliers, shareholders, employees and executives for their support and cooperation to the company.

Interim financial statements along with auditors' review report thereon are attached herewith for members' kind perusal and record.

For and on behalf of the Board



Muhammad Ali Shafique Chaudhry
Chief Executive Officer



Zain Afaq
Director/Chairperson

Lahore
February 28, 2023



Sheikh & Chaudhri
Chartered Accountants

Lahore Office: Corporate Avenue, 32-A, Jail Road, Lahore.

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www.3epakistan.com

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF BECO STEEL LIMITED

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Beco Steel Limited as at 31 December 2023 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this 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 financial statements based on our review.

The figures of the condensed interim statement of profit or loss and other comprehensive income for the three-month periods ended December 31, 2023 and December 31, 2022 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended December 31, 2023.

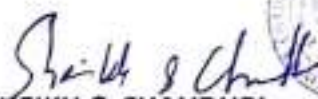
Scope of Review

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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Saad Ali Rana.


SHEIKH & CHAUDHRI
Chartered Accountants
Lahore, Pakistan

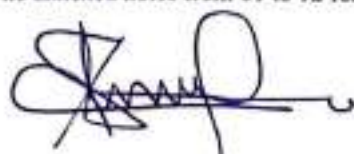
Date: March 01, 2024

UDIN:PR202310306CcWOeUAZx

BECO STEEL LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT 31 DECEMBER 2023

	Note	Un-audited 31-Dec-2023 Rupees	Audited 30-June-2023 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital: 150,000,000 (30 June 2023: 150,000,000) ordinary shares of Rs.10 each		1,500,000,000	1,500,000,000
Issued, subscribed and paid up capital 124,962,510 (30 June 2023: 124,962,510) ordinary shares of Rs. 10/- each fully paid in cash		1,249,625,100	1,249,625,100
Share premium		1,999,250,200	1,999,250,200
Loan from sponsor	5	254,672,420	254,672,420
Revenue reserve		-	-
Accumulated losses		(349,095,266)	(325,956,731)
		3,154,452,454	3,177,590,989
Current liabilities			
Trade and other payables		2,085,706,172	2,648,439,498
Unclaimed dividend		4,911,563	4,911,563
Deferred tax liability		23,131,835	23,131,835
		2,113,749,570	2,676,482,896
		2,113,749,570	2,676,482,896
Contingencies and commitments	6	-	-
		5,268,202,024	5,854,073,885
ASSETS			
Non current assets			
Property, plant and equipment		3,800,917,824	3,833,278,224
Long term security deposits		450,000	450,000
		3,801,367,824	3,833,728,224
Current assets			
Stock in trade		1,098,473,566	1,115,998,773
Stores spares and loose tools		264,500	-
Trade debts		576,371	691,297,266
Income tax due from Government		108,551,327	41,820,625
Trade deposit and short term prepayments		214,181,742	139,874,550
Other receivable		11,660,910	-
Cash and bank balances		33,125,784	31,354,447
		1,466,834,200	2,020,345,661
		5,268,202,024	5,854,073,885

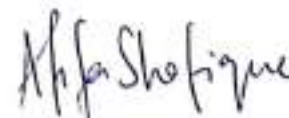
The annexed notes from 01 to 12 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

BECO STEEL LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Note	Half year ended		Quarter ended	
		31-Dec-2023	31-Dec-2022	31-Dec-2023	31-Dec-2022
		Rupees	Rupees	Rupees	Rupees
Sales		1,838,710,139	3,227,640,251	1,592,051,639	53,793,969
Cost of Sales		(1,787,556,035)	(3,150,215,341)	(1,547,902,355)	(180,093,269)
Gross profit / loss		51,154,104	77,424,910	44,149,284	(126,299,291)
Distribution and selling expenses		(921,030)	-	(43,010)	-
Administrative and general expenses		(46,173,486)	(65,477,627)	(38,938,619)	(45,043,477)
Other operating expenses		(3,422,945)	-	(1,863,530)	-
		(50,517,461)	(65,477,627)	(40,845,159)	(45,043,477)
Other income		143,197	-	120,678	-
Profit / (loss) from operations		779,840	11,947,283	3,424,803	(171,342,768)
Finance cost		(934,499)	(3,882,415)	(852,730)	(3,793,018)
(Loss) / Profit before taxation		(154,659)	8,064,868	2,572,073	(175,135,786)
Taxation		(22,983,877)	(40,345,503)	(19,900,645)	(672,424)
Loss profit after taxation		(23,138,535)	(32,280,635)	(17,328,572)	(175,808,210)
Loss per share - basic and diluted	7	(0.93)	(1.29)	(0.69)	(7.03)

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CHIEF EXECUTIVE OFFICER



DIRECTOR


CHIEF FINANCIAL OFFICER

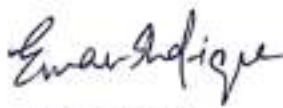
BECO STEEL LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

Note	Half year ended		Quarter ended	
	31-Dec-2023	31-Dec-2022	31-Dec-2023	31-Dec-2022
	Rupees	Rupees	Rupees	Rupees
Profit for the period	(23,138,535)	(32,280,635)	(17,328,572)	(175,808,210)
Other comprehensive income:	-	-	-	-
Total comprehensive loss for the period	(23,138,535)	(32,280,635)	(17,328,572)	(175,808,210)

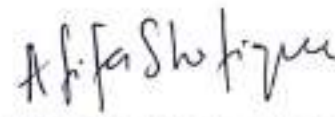
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CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

BECO STEEL LIMITED

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2023**

	(Rupees)					
	Share capital	Share premium	Loan from sponsor	Revenue reserve	Accumulated Losses	Total equity
				General reserve		
Balance as at 31 December 2022	1,249,625,100	1,999,250,200	217,072,420	9,000,000	(113,808,140)	3,361,139,580
Loss for the year						
30 June 2023	-	-	-	-	(204,125,431)	(204,125,431)
Loan from sponsor repaid	-	-	(18,000,000)	-	-	(18,000,000)
Loan from sponsor	-	-	55,600,000	-	-	55,600,000
Dividend paid during the year ended-30 June 2022	-	-	-	-	(17,023,160)	(17,023,160)
Reserves	-	-	-	(9,000,000)	9,000,000	-
Total comprehensive income for the year ended 30 June 2023	-	-	37,600,000	(9,000,000)	(212,148,591)	(183,548,591)
Balance as at 30 June 2023	1,249,625,100	1,999,250,200	254,672,420	-	(325,956,731)	3,177,590,989
Loss for the half year ended 31 December 2023	-	-	-	-	(23,138,535)	(23,138,535)
Total comprehensive profit for the half year ended 31 December 2023	-	-	-	-	(23,138,535)	(23,138,535)
Balance as at 31 December 2023	1,249,625,100	1,999,250,200	254,672,420	-	(349,095,266)	3,154,452,454

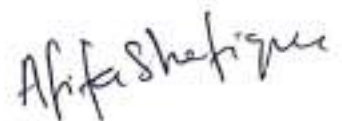
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CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

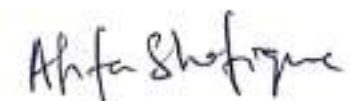
BECO STEEL LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Note	Half year ended	
		31-Dec-2023	31-Dec-2022
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / Profit before taxation		(154,659)	8,064,868
Adjustments for following items:			
Depreciation		32,841,343	36,619,507
Finance cost		934,499	3,882,415
		<u>33,775,842</u>	<u>40,501,922</u>
Operating profit before working capital changes		33,621,183	48,566,790
(Increase) / decrease in current assets			
Trade debts - unsecured but considered good		690,720,895	163,210,013
Stock-in-trade		17,525,207	(60,220,047)
Stores, spares and loose tools		(264,500)	272,132
Trade deposits and short term prepayments		(74,307,192)	(290,000)
Other receivable		(11,660,910)	(158,627)
		<u>622,013,500</u>	<u>102,813,471</u>
Increase / (decrease) in current liabilities			
Unclaimed dividend		-	39,827
Trade and other payables		(562,733,326)	(3,720,620)
		<u>(562,733,326)</u>	<u>(3,680,793)</u>
		92,901,357	147,699,468
Cash generated from operations		748,536,040	299,079,729
Finance cost paid		(934,499)	(3,882,415)
Income tax paid		(89,714,580)	(105,305,964)
		<u>(90,649,079)</u>	<u>(109,188,379)</u>
Net cash generated from operating activities		2,252,279	38,511,089
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(480,942)	-
Security deposit		-	450,000
Net cash generated / (used in) from investing activities		(480,942)	450,000
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loan from sponsor		-	(34,742,220)
Net cash flows used in from financing activities		-	(34,742,220)
Net increase in cash and cash equivalents		1,771,337	4,218,869
Cash and cash equivalents at the beginning of the period		31,354,447	35,332,519
Cash and cash equivalents at the end of the period		<u>33,125,784</u>	<u>39,551,388</u>

The annexed notes from 01 to 12 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

BECO STEEL LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023 (UN-AUDITED)

1 LEGAL STATUS AND NATURE OF BUSINESS

1.01 M/s Beco Steel Limited (Formerly; Ravi Textile Mills Limited) ("the Company") is a Public Limited Company incorporated in Pakistan on 21 April 1987 vide incorporation No: 0015977 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The name of the Company was changed from Ravi Textile Mills Limited to Beco Steel Limited. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The principal activity of the Company shall be to carrying out the business of manufacturing of steel and allied products, along with ancillary activities thereto.

1.02 Pursuant to the special resolutions passed by the shareholders of M/s Beco Steel Limited (formerly: Ravi Textile Mills Limited) (the "Company") at the extraordinary general meeting held on 11 May 2021, and the approvals thereby granted, for, inter alia, the issuance of shares of the Company other than by way of right offer, and for consideration other than cash, in accordance with the provisions of Section 83(1)(b) of the Companies Act, 2017 and the Companies (Further Issue of Shares) Regulations, 2020, the Company filed an application with the Securities and Exchange Commission of Pakistan ("SECP") seeking approval for issuance of shares.

SECP vide its letter No. EMD/CI/80/2008/58 dated 31 January 2022, approved the issuance of 99,962,510 ordinary shares of the Company, having par value of PKR 10/- each, at a premium of PKR 20/- per share, in aggregate amounting to the equivalent of PKR 2,998,875,300/-, by way of other than right offer against consideration of non-cash assets, including land, building, and plant & machinery, subject to the fulfilment of the conditions prescribed by the SECP, transfer of the non-cash assets to the Company by the subscribers/allottees of such shares, and carrying out other formalities / steps in accordance with applicable laws. The Company is currently in process of completing legal formalities for the transfer of non-cash assets, including land, building, and plant & machinery, and for the issuance of shares.

2 BASIS OF PREPARATION

2.01 Statement of Compliance

(a) 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 applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, "Interim Financial Reporting", issued by the International Accounting Standard Board (IASB) as notified under Companies Act, 2017; and
- Provisions of and directives issued under Companies Act, 2017

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

- (b) These condensed interim financial statements comprise the condensed interim statement of financial position of the Company as at 31 December 2023 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows together with notes forming part thereof.
- (c) These condensed interim statements are un-audited but subject to limited scope review by the external auditors and being submitted to the shareholders as required by the Listing Regulation of Pakistan Stock Exchange Limited and Section 237 of the Company Act, 2017.
- (d) These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements as at and for the year ended 30 June 2023. Comparative condensed interim statement of financial position has been extracted from annual financial statements for the year ended 30 June 2023, whereas comparatives for condensed interim statement of profit or loss and condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows and related notes for the half year ended 31 December 2022 have been subjected to review but not audited.

3 New accounting standards / amendments and IFRS interpretations that are not yet effective

3.1 Initial application of standards, amendments or an interpretation to existing standards

Certain standard amendments and interpretations to approved accounting standards are effective for the accounting periods beginning on or after July 1, 2022 but are considered not to be relevant or to have any significant effect on the Company operations and are, therefore, not detailed in these financial statements

3.2 New accounting standards / amendments and IFRS interpretations that are not yet effective

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 01, 2023 but are considered not to be relevant to the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

3.2.1 Amendments to IAS 1, Classification of liabilities as current or non-current

The narrow-scope amendments to IAS 1 Presentation of Financial Statements, effective for accounting periods beginning on or after January 01, 2023, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the settlement of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

These amendments are not expected to have a material impact on the Company's financial statements when they become effective.

3.2.2 Amendments to IAS 1 and IFRS Practice Statement 2, Disclosure of Accounting Policies.

The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgments to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The above mentioned amendments are effective for accounting periods beginning on or after January 01, 2023.

The Company is in the process of assessing the impact of this amendment on the Company's financial statements.

4 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

In preparing this un condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended 30 June 2023.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2023.

	Note	Un-Audited 31/Dec/2023 Rupees	Audited 30/Jan/2023 Rupees
5 LOAN FROM SPONSOR	5.01	<u>254,672,420</u>	<u>254,672,420</u>

5.01 This interest-free loan, provided by the sponsor of the Company, is structured in a way that it does not meet the criteria for classification as a liability. Consequently, it is recognized as equity on the Company's financial records at its face value. It is important to note that there will be no subsequent re-measurement of this equity. In accordance with TR-32 'Accounting for Directors' Loan' issued by the Institute of Chartered Accountants of Pakistan, any future decision by the Company to settle the Sponsor's loan by delivering cash or any other financial asset would result in a direct debit to equity. This underscores the understanding that the repayment is treated as an adjustment to the equity section rather than a liability.

6 CONTINGENCIES AND COMMITMENTS

There is no change in the status of contingencies and commitments as disclosed in the audited financial statements as at 30 June 2023.

	Half year ended		Quarter ended	
	31-Dec. 23 Rupees	31-Dec. 22 Rupees	31-Dec. 23 Rupees	31-Dec. 22 Rupees
7 EARNING PER SHARE				
7.01 Loss after taxation attributable to ordinary shareholders	<u>(23,138,535)</u>	<u>(32,280,635)</u>	<u>(17,328,572)</u>	<u>(175,808,210)</u>
Weighted average number of shares	124,962,510	25,000,000	124,962,510	25,000,000
Loss per share - Basic and diluted	<u>(0.19)</u>	<u>(1.29)</u>	<u>(0.14)</u>	<u>(7.03)</u>

7.02 There is no dilution effect on the basic earnings per share.

8 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprises of associated undertaking, directors and key management personnel. The Company in the normal course of business carried out transaction with various related parties. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in this condensed interim financial statements are as follows:

Related Party Balance	Half year ended		Quarter ended	
	31-Dec. 23 Rupees	31-Dec. 22 Rupees	31-Dec. 23 Rupees	31-Dec. 22 Rupees
Loan from Sponsor	(254,672,420)	(34,742,220)	(254,672,420)	(34,742,220)

9 FINANCIAL RISK MANAGEMENT

The company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the company for the year ended 30 June 2023.

10 CORRESPONDING FIGURES

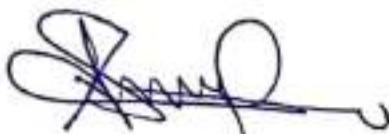
In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of annual audited financial statements of the preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

11 DATE OF AUTHORIZATION FOR ISSUE

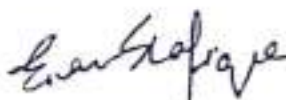
These condensed interim financial statements were approved by the Board of Directors and authorized for issue on February 28, 2023.

12 GENERAL

Figures have been rounded off to nearest of Rupee.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER