



Company Information

Board of Directors

Mr. Muhammad Rasheed (Chairman)
Mrs. Tanveer Rasheed
Mr. Mansoor Rasheed
Mr. Saud Rasheed
Ms. Rizwana Rasheed
Mrs. Ayesha Mansoor
Mrs. Amina Saud

Chief Executive

Mr. Kamran Rasool

Audit Committee

Mr. Saud Rasheed (Chairman)
Mrs. Ayesha Mansoor
Mrs. Amina Saud

Chief Financial Officer

Mr. Dawood Ahmad

Company Secretary

Mr. Abdul Khabir

Statutory Auditors

Amin, Mudassar & Co.
Chartered Accountants

Legal Advisor

International Legal Services

Bankers

United Bank Limited
National Bank of Pakistan
Habib Bank Limited
The Bank of Punjab
Bank Alfalah Limited
KASB Bank Limited
Saudi Pak Commercial Bank Limited
NIB Bank

Registered Office

30-Sher Shah Block, New Garden Town, Lahore
Telephone: 5869827, 5842316, Fax: 5831846

Factory

DANDOT R.S., Distt. Jhelum.
Telephone: (0544) 211371,211491 Fax: (0544) 211490

Share Registrar

Corplink (Pvt.) Ltd.
Wings Arcade 1-K-Commercial, Model Town, Lahore.
Telephone: 5839182, 5887262 Fax: 5869037

Website

www.dandotcement.com



Directors' Report to the Share Holders

Your Directors are pleased to present the review report of the Company along with the auditor's review report for the second quarter ended December 31, 2008.

The comparative data for production of clinker/cement and dispatches of cement for the second quarter is summarized as under:

	Second Quarter Ended		Half Year Ended	
	Dec. 2008	Dec. 2007	Dec. 2008	Dec. 2007
Clinker Production	57,436	56,088	128,511	147,405
Cement :				
Production	58,400	65,301	134,024	154,213
Dispatches	55,944	66,534	135,287	155,025

The operating performance of the Company suffered during the second quarter due to curtailment of gas, interruption in power supply and maintenance issues. As compared to the preceding quarter, clinker production dropped by 19% and dispatches by 14%. Same is reflected in financial results as tabulated below:

	Second Quarter Ended		Half Year Ended	
	Dec. 2008	Dec. 2007	Dec. 2008	Dec. 2007
	(Rs.in Million)		(Rs.in Million)	
Gross profit / (Loss)	1.1	(111.2)	42.2	(139.2)
Operating Loss	(33.1)	(146.9)	(19.3)	(188.2)
Loss before taxation	(103.5)	(232.6)	(151.4)	(291.2)
Net Loss after taxation	(60.2)	(159.3)	(108.1)	(218.9)

The Company is planning to execute major overhauling of its plant to restore its rated capacity, which in return will substantially improve its profitability besides bringing continuity and sustainability to its production.

The Board of Directors appreciates the efforts and devotion of the executives and the entire management team and anticipates that they will contribute towards the enhancement of the productivity and well being of the Company in future with even greater zeal & spirit.

For and on behalf of the Board

KAMRAN RASOOL
Chief Executive

Lahore : February 26, 2009



Report on Review of Condensed Interim Financial Information to the Members

Introduction

We have reviewed the accompanying condensed interim balance sheet of Dandot Cement Co. Limited as at December 31, 2008 and the related condensed interim profit and loss account, interim condensed cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as "Interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this Interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information 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 information 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 Qualified Conclusion

- i) As referred in note no.5.1 to the interim financial information current portion and related principal portion of overdue installments amounting Rs.187.50 million of long term loan and short term loan of Rs.270 million obtained from the Bank of Punjab have not been classified under current liabilities.
- ii) The company failed to transfer current provident fund contributions and past dues to the Provident Fund Trust as referred to in note 6.2.

Qualified Conclusion

Based on our review, with the exception of the matter described in preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Without qualifying our conclusion, we draw attention to note 1.2 to the interim financial information, which states that this interim financial information has been prepared assuming that the company will continue as a going concern. As explained in note 1.2 to the interim financial information the company has accumulated losses of Rs. 2,001.81 million as at December 31, 2008 and its current liabilities exceeded its current assets by Rs. 473.60 million as at that date.

Amin, Mudassar & Co.
CHARTERED ACCOUNTANTS

Dated: February 26, 2009
Lahore.



Condensed Interim Balance Sheet

		December 31, 2008	June 30, 2008
	Note	(Rupees in Thousand)	
CAPITAL AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 100,000,000 (June 2008:100,000,000) ordinary shares of Rs.10 each		1,000,000	1,000,000
Issued, subscribed and paid-up capital	4	948,400	948,400
Share premium reserve		31,801	31,801
Accumulated loss		(2,001,810)	(1,915,158)
		(1,021,609)	(934,957)
SURPLUS ON REVALUATION OF FIXED ASSETS		1,241,142	1,262,615
		219,533	327,658
NON CURRENT LIABILITIES			
Loan from banking companies	5	1,020,000	1,020,000
Other loans	6	435,546	438,085
Liabilities against assets subject to finance lease		-	31
Deferred liabilities		355,324	398,585
Long term advances and deposits		7,301	7,257
		1,818,171	1,863,958
CURRENT LIABILITIES			
Trade and other payables		446,734	316,308
Mark up accrued		285,450	161,909
Short term finances - Secured	7	356,073	375,702
Current portion of long term loans and liabilities		37,081	40,501
Taxation		15,790	15,790
		1,141,128	910,210
CONTINGENCIES AND COMMITMENTS	8	-	-
		3,178,832	3,101,826

The annexed notes form an integral part of these interim financial information.

KAMRAN RASOOL
Chief Executive



As At December 31, 2008 (un-audited)

	December 31, 2008	June 30, 2008
	(Rupees in Thousand)	
PROPERTY AND ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment		
Tangible assets	9 2,345,246	2,382,119
Capital work in progress	155,325	155,244
	2,500,571	2,537,363
Long term loans	426	276
Long term security deposits	10,302	10,315
Deferred cost	-	28,384
	2,511,299	2,576,338
CURRENT ASSETS		
Stores, spares and loose tools	152,201	135,896
Stock in trade	48,909	42,166
Loans and advances	403,693	298,232
Deposits and short term prepayments	14,291	6,448
Balances with statutory authorities	22,843	22,281
Interest accrued	9,479	9,447
Other receivables	2,069	683
Cash and bank balances	14,048	10,335
	667,533	525,488
	3,178,832	3,101,826

MANSOOR RASHEED
Director



Condensed Interim Profit and Loss Account

for the half year ended December 31, 2008 (un-audited)

	Note	Second quarter ended		Half year ended	
		Dec 2008	Dec 2007	Dec 2008	Dec 2007
		(Rupees in thousand)		(Rupees in thousand)	
Sales (Net)		256,534	156,303	609,298	370,280
Cost of sales	10	255,457	267,486	567,147	509,454
Gross profit / (loss)		1,077	(111,183)	42,151	(139,174)
Operating Expenses					
Distribution costs		1,203	6,614	4,518	8,194
Administrative expenses	11	33,015	29,077	56,958	40,851
		34,218	35,691	61,476	49,045
Operating loss		(33,141)	(146,874)	(19,325)	(188,219)
Finance cost		(70,530)	(86,660)	(132,271)	(104,081)
Other income		210	912	210	1,142
		(70,320)	(85,748)	(132,061)	(102,939)
Loss before taxation		(103,461)	(232,622)	(151,386)	(291,158)
Taxation :					
Current		-	921	-	1,992
Deferred		(43,261)	(74,251)	(43,261)	(74,251)
		(43,261)	(73,330)	(43,261)	(72,259)
Net Loss after taxation		(60,200)	(159,292)	(108,125)	(218,899)
Loss per weighted average shares					
- Basic (Rupees)		(0.63)	(2.30)	(1.14)	(3.19)

The annexed notes form an integral part of these interim financial information.

KAMRAN RASOOL
Chief Executive

MANSOOR RASHEED
Director

Condensed Interim Statement of Changes in Equity

for the half year ended December 31, 2008 (un-audited)

	Share capital	Share premium reserve	Accumulated Loss	Total share capital and reserves	Surplus on revaluation of fixed assets	Total
(Rupees in Thousand)						
Balance as at July 01, 2007	678,400	31,801	(1,541,156)	(830,955)	1,307,782	476,827
Net loss for the half year ended December 31, 2007	-	-	(218,899)	(218,899)	-	(218,899)
Shares issued during the period	69,357	-	-	69,357	-	69,357
Incremental depreciation transferred from surplus on revaluation of fixed assets - Net of deferred tax	-	-	22,584	22,584	(22,584)	-
Balance as at December 31, 2007	747,757	31,801	(1,737,471)	(957,913)	1,285,198	327,285
Balance as at July 01, 2008	948,400	31,801	(1,915,158)	(934,957)	1,262,615	327,658
Net loss for the half year ended December 31, 2008	-	-	(108,125)	(108,125)	-	(108,125)
Incremental depreciation transferred from surplus on revaluation of fixed assets - Net of deferred tax	-	-	21,473	21,473	(21,473)	-
Balance as at December 31, 2008	948,400	31,801	(2,001,810)	(1,021,609)	1,241,142	219,533

The annexed notes form an integral part of these interim financial information.

KAMRAN RASOOL
Chief Executive

MANSOOR RASHEED
Director



Condensed Interim Cash Flow Statement

for the half year ended December 31, 2008 (un-audited)

	December 2008	December 2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(151,386)	(291,158)
Adjustments of items not involving movement of cash:		
Depreciation	42,069	44,064
Provision for gratuity	-	2,168
Amortization of deferred cost	20,000	20,164
Finance cost	132,271	104,081
	194,340	170,477
Operating cash flows before working capital changes	42,954	(120,681)
(Increase)/Decrease in operating assets:		
Stores, spares and loose tools	(16,305)	(47,381)
Stock in trade	(6,743)	(2,051)
Loans and advances	(105,462)	(48,327)
Deposits and short term prepayments	540	(987)
Other receivables	(1,385)	(8,433)
Increase/(Decrease) in trade and other payables	128,781	(87,393)
	(574)	(194,572)
	42,380	(315,253)
Long term advances and deposits	44,	1,480
Gratuity paid	(215)	(876)
Finance cost paid	(8,729)	(73,984)
Income tax paid	(562)	(484)
Net Cash Flows From Operating Activities	32,918	(389,117)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(5,318)	(19,608)
Long term loans	(138)	(453)
Net Cash Flows From Investing Activities	(5,456)	(20,061)
CASH FLOWS FROM FINANCING ACTIVITIES		
Share capital	-	69,357
Loan from banking companies	-	269,000
Other loans	(3,669)	(17,068)
Repayment of lease liability (Net)	(451)	(975)
Short term borrowings	(19,629)	98,383
Net Cash Flows From Financing Activities	(23,749)	418,697
Net increase/(decrease) in Cash and Cash Equivalents	3,713	9,519
Cash and cash equivalents at the beginning of the period	10,335	14,007
Cash and Cash Equivalents at the end of the period	14,048	23,526

The annexed notes form an integral part of these interim financial information.


KAMRAN RASOOL
Chief Executive


MANSOOR RASHEED
Director



Condensed Interim Notes to the Accounts

for the half year ended December 31, 2008 (un-audited)

1. THE COMPANY AND ITS OPERATIONS

1.1 The Company is a Public Limited Company Incorporated in Pakistan and is listed on Karachi and Lahore Stock exchanges. The Company started its production on March 01, 1983 and has been engaged in production and marketing of cement. The company is a subsidiary of Three Stars Cement (Pvt) Ltd.

1.2 The company has accumulated loss of Rs. 2,001.81 million and its current liabilities exceed its current assets by Rs. 473.60 million as at December 31, 2008. In spite of the adverse current ratio and large accumulated loss, the company has continued financial support from its directors to ensure continuity of operations. The company is planning to execute major overhauling of its plant to retain its rated capacity which will substantially improve its profitability and sustained production. Further, the net retention of the company improves from Rs. 2,389 per ton in the preceding comparable half year to Rs. 4,504 per ton in the current half year under review. If this price continues during the next half year, the company will be able to attain operational profit.

The directors of the company are confident that in view of the above factors and their full commitment and determination to promote the company's objectives in the long run the company will continue its operations as going concern.

Accordingly, these condensed interim financial information have been prepared on going concern basis and do not include any adjustments relating to the recoverability and classification of recorded assets and liabilities that may be necessary should the company not be able to continue as a going concern.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial information have been prepared in accordance with the requirements of international Accounting Standard (IAS) 34 'Interim Financial Reporting' as applicable in Pakistan and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and the listing regulations of the Karachi and Lahore Stock Exchanges.

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies adopted in these condensed interim financial information are the same as those applied in the preparation of the preceding annual published financial statements.

4. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

(86089980 (June 2008:86089980) ordinary shares of Rs.10 each fully paid in cash)

8750000 (June 2008: 8750000) ordinary shares of Rs.10 each issued as fully paid bonus shares

December 2008	June 2008
(Rupees in Thousand)	
860,900	860,900
87,500	87,500
<u>948,400</u>	<u>948,400</u>

5. LOAN FROM BANKING COMPANIES

Opening balance
Disbursed during the period

Repaid during the period

Less: Current portion shown under current liabilities

1,020,000	759,166
-	270,000
<u>1,020,000</u>	<u>1,029,166</u>
-	9,166
<u>1,020,000</u>	<u>1,020,000</u>
-	-
<u>1,020,000</u>	<u>1,020,000</u>

5.1 On account of various factors, the company and the Bank of Punjab are in negotiation viz-a-viz the aforesaid loans. The consequent results on finalization of these negotiations shall be reflected in the subsequent financial statements. Pending outcome of negotiations long term loan installments remained unpaid and related principal portion amounting Rs. 80.36 million has not been classified under current liabilities.

6. OTHER LOANS

Economic Affairs Division, Government of Pakistan (EAD)
Loan from related parties - Mr.Mansoor Rasheed - Director
Ex-Sponsors' Loan
Holding Company
Past Dues - CBA
Provident Fund Trust

Less: Current maturity

36,732	39,732
3,700	3,700
250,000	250,000
6.1 139,945	139,945
6.2 37,695	40,234
4,206	4,206
<u>472,278</u>	<u>477,817</u>
36,732	39,732
<u>435,546</u>	<u>438,085</u>

6.1 The holding company has ceased to charge markup with effect from July 01, 2008.

6.2 As per order of Executive Director of Securities and Exchange Commission of Pakistan, the amount is payable in monthly installments of Rs.1.0 million each commencing from July 01, 2003. Due to loss sustained and acute financial crunch the company was unable to pay current provident fund contribution and past dues within the stipulated time. The management has taken up with the SECP for review of its earlier order for payment of Provident Fund Dues.

7. This includes Rs.57.26 million for letters of credit.

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

There has been no significant change in contingencies since the date of preceding annual published financial statement except the matter stated as under:

During the half year ended on December 31, 2008 Sui Nothern Gas Pipelines Ltd.(SNGPL) has charged the late payment charges amounting Rs.5.76 million. The company is taking up the matter with SNGPL.

8.2 Commitments

a) United Bank Limited has issued Bank Guarantee in favour of Director General Industries and Mineral Development, Punjab.



Condensed Interim Notes to the Accounts

for the half year ended December 31, 2008 (un-audited)

	December 2008 (Rupees in Thousand)	June 2008 (Rupees in Thousand)
b) The Bank of Punjab has issued Bank Guarantee in favour of Sui Northern Gas Pipelines Limited	88,000	88,000
c) Atlas Bank Limited has issued Bank Guarantee in favour of Sui Northern Gas Pipelines Limited	1,500	1,500
9. OPERATING FIXED ASSETS		
Opening fixed assets at WDV	2,382,119	2,456,937
Additions	5,318	13,978
(Deletions)	(122)	(1,006)
	2,387,315	2,469,909
Less depreciation for the period		
For the period	42,069	88,057
On disposal	-	(267)
	42,069	87,790
	2,345,246	2,382,119

	Second Quarter Ended Dec. 2008 (Rupees in Thousand)		Half Year Ended Dec. 2008 (Rupees in Thousand)	
10. COST OF SALES				
Raw materials consumed	17,909	19,017	35,447	39,707
Salaries, wages and benefits	30,218	30,636	56,953	61,268
Fuel, gas and electricity	160,558	135,778	360,880	290,094
Stores and spares	10,323	17,337	12,309	20,523
Rent, rates and taxes	173	241	298	278
Vehicle running and maintenance	5,429	2,982	8,280	5,833
Packing material	23,234	16,625	44,698	37,655
Depreciation	18,891	20,436	39,612	41,482
Others	8,042	6,168	14,291	12,417
	274,777	249,220	572,768	509,257
Adjustment of work in process	(7,920)	6,797	(8,444)	(1,914)
Cost of goods manufactured	266,857	256,017	564,324	507,343
Adjustment of finished goods	(11,400)	11,469	2,823	2,111
	255,457	267,486	567,147	509,454

11. Administration and General expenses includes deferred cost amortized amounting to Rs.19.99 million (2007:Rs.20.164 million).

	Dec 2008	Dec 2007
12. TRANSACTIONS WITH RELATED PARTIES		
Holding Company		
Three stars cement (pvt) Ltd		
Mark up charged	-	9,796
Associated Company		
Three Star Hosiery Mills Ltd		
Funds paid	-	32,296
Three star hosiery mill (pvt) limited		
Expenses paid on behalf of associated company	36	-
Active apparels international (pvt) limited		
Expenses paid on behalf of associated company	6	-

13. CORRESPONDING FIGURES
Previous figures have been rearranged and reclassified wherever necessary for the purpose of comparison and for better presentation.

14. GENERAL
Figures in these interim financial information have been rounded off to the nearest thousand rupees.

15. DATE OF AUTHORISATION
These interim financial information were authorised for issue on February 26, 2009 by the Board of Directors of the Company.


KAMRAN RASOOL
 Chief Executive


MANSOOR RASHEED
 Director