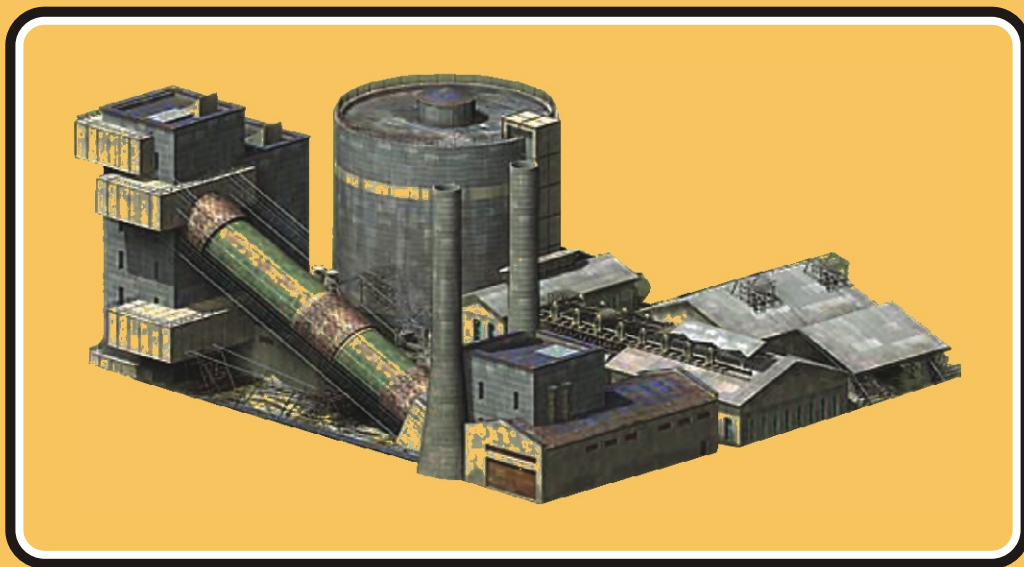




1ST QUARTER REPORT
September 30, 2014



DANDOT CEMENT COMPANY LIMITED

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COMPANY INFORMATION

Board of Directors

Mr. Muhammad Azhar Sher	Chief Executive
Mr. Muhammad Sabir Sheikh	
Mr. Imran Bashir	
Mr. Muhammad Imran Iqbal	
Mr. Muhammad Amjad Aziz	Chairman
Syed Ansar Raza Shah	
Mr. Gul Hussain	

Audit Committee

Mr. Muhammad Sabir Sheikh	Member
Syed Ansar Raza Shah	Member / Chairman
Mr. Gul Hussain	Member

Human Resources & Remuneration Committee

Mr. Muhammad Azhar Sher	Member
Syed Ansar Raza Shah	Member
Mr. Gul Hussain	Member/Chairman

Chief Financial Officer

Mr. Muhammad Kamran

Company Secretary

Mr. Muhammad Kamran

Statutory Auditors

Amin, Mudassar & Co.
Chartered Accountants

Internal Auditors

Parker Randall - A.J.S.
Chartered Accountants

Legal Advisor

International Legal Services

Bankers

The Bank of Punjab
United Bank Limited
National Bank of Pakistan
Habib Bank Limited
Bank Alfalah Limited
KASB Bank Limited
Bank Al-Habib Limited

Registered Office

30-Sher Shah Block, New Garden Town, Lahore
Telephone: +92-42-35911485, Fax: +92-42-35831846

Factory

DANDOT R.S., Distt. Jhelum.
Telephone: +92-544-211371, Fax: +92-544-211490

Share Registrar

Corplink (Pvt.) Limited.
Wings Arcade 1-K-Commercial, Model Town, Lahore.
Telephone: +92-42-35839182, Fax: +92-42-35869037

Website

www.dandotcement.com

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors presents the un-audited condensed financial statements of the company for the quarter ended September 30, 2014.

Operational Performance

The operational performance of the company for the quarter under review as compared with preceding year's quarter is as follows:

		Sep. 2014	Sep. 2013
- Clinker production	M.Ton	52,602	-
- Capacity utilization	%age	44%	-
- Cement production	M.Ton	64,951	-
- Capacity utilization	%age	52%	-
- Sales	M. Ton	66,474	-

During the quarter under review, cement production was 64,951 M. Tons after the resumption of operations in December 2013 which were temporarily suspended from October 2012.

Operating Results

The quarterly comparative financial results of the company are summarized as below:

	Sep. 2014	Sep. 2013
	(Rupees in thousand)	
- Gross sales	595,346	-
- Net sales	466,924	-
- Gross Loss	45,448	73,930
- Net loss	79,701	88,073

The reason of loss sustained by the company is mainly due to startup cost, trial run operations before attaining the commercial operations, high input costs, power shutdowns with voltage fluctuations, major repair and maintenance, alternative fuel testing's cost and accrual of markup on bank liabilities.

Future Prospects

Industry :

It is anticipated that local demand of cement may increase due to expected government spending on infrastructure projects. Proper and efficient utilization of allocated development funds by the provinces would help the sector to grow. Some control of terrorism and continuous pressure of opposition on the Government may also prove to be trigger point of the revival of industry and may contribute positively towards overall consumption

Company:

Energy efficiency, Labour efficiency & productivity and right financial modelling, smooth plant operations are key factors to success of any cement plant. The management is committed for a balanced delivery of long term values to all stake holders including financiers, creditors, employees and shareholders.

Company's Plans

Sponsors of the company are considering various options to arrange further funds to make the plant efficient by replacement of old machinery especially electric installation/equipment and upgrading Coal Mill to reduce the power and fuel cost which is the major cause of loss sustained by the company in prior years.

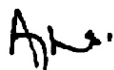
Change in management

Following changes in the CEO and board of directors of the company have been occurred after the quarter ended September 30, 2014.

Mr. Muhammad Rasheed	(Retiered in 30 October 2014)
Mr. Mansoor Rasheed(C.E.O)	(Retiered in 30 October 2014)
Mr. Saud Rasheed	(Retiered in 30 October 2014)
Mr. Muhammad Azhar Sher(C.E.O)	(Appointed in 30 October 2014)
Mr. Muhammad Sabir Sheikh	(Appointed in 30 October 2014)
Mr. Imran Bashir	(Appointed in 30 October 2014)

Acknowledgement

The board of directors is thankful to all stakeholders including but not limited to bankers, employees, suppliers, distributors as well as regulators and shareholders for their continued support, cooperation and trust especially in crises tenure faced by the company in the current year.



MUHAMMAD AZHAR SHER


Chief Executive

Lahore: December 03, 2014.

Condensed Interim Balance Sheet

	Note	(Un-Audited) Sep. 30, 2014 (Rupees in thousand)	(Audited) June 30, 2014
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital		1,000,000	1,000,000
Issued, subscribed and paid up capital		948,400	948,400
Share premium reserve		31,801	31,801
Accumulated loss		(4,306,411)	(4,235,124)
		(3,326,210)	(3,254,923)
Surplus on revaluation of fixed assets		1,021,695	1,030,110
		(2,304,515)	(2,224,813)
NON CURRENT LIABILITIES			
Loan from banking companies		1,350,182	1,343,118
Other loans and liabilities		23,518	26,016
Long term advances and deposits		1,891	1,882
		1,375,591	1,371,016
CURRENT LIABILITIES			
Trade and other payables		1,943,981	1,940,435
Mark up accrued		519,308	514,095
Short term borrowings	5	1,185,699	1,185,699
Current portion of long term loans and liabilities		81,359	81,359
		3,730,347	3,721,588
CONTIGENCIES AND COMMITMENTS			
	6	-	-
		2,801,423	2,867,791

The annexed notes from 1 to 9 form an integral part of these condense interim financial statements.

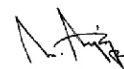


MUHAMMAD AZHAR SHER
Chief Executive



As at September 30, 2014

	(Un-Audited) Sep. 30, 2014	(Audited) June 30, 2014
Note	(Rupees in thousand)	
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	2,006,505	2,022,858
Operating fixed assets	-	-
Capital work in progress	2,006,505	2,022,858
long term Loan	7	3
long term security deposits	10,675	10,675
	<u>2,017,187</u>	<u>2,033,536</u>
CURRENT ASSETS		
Stores, spares and loose tools	128,833	149,041
Stock in trade	186,782	216,117
Trade debts	58,014	56,744
Loans and advances	301,136	292,219
Balance with statutory authorities	79,502	69,895
Interest accrued	9,389	9,389
Other receivables	387	387
Cash and bank balances	20,193	40,463
	<u>784,236</u>	<u>834,255</u>
	<u><u>2,801,423</u></u>	<u><u>2,867,791</u></u>



MUHAMMAD AMJAD AZIZ
Director



Condensed Interim Profit And Loss Account (Un-Audited)

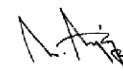
For the Quarter ended September 30, 2014

	Quarter Ended	
	Sep. 30, 2014	Sep. 30, 2013
	(Rupees in thousand)	
Sales - Net	466,924	-
Cost of Sales	512,372	73,930
Gross Loss	(45,448)	(73,930)
Operating Expenses		
Administrative Expenses	9,032	8,420
Distribution Cost	1,011	457
	(10,043)	(8,877)
Operating Loss for the period	(55,491)	(82,807)
Finance Cost	(24,346)	(5,284)
Other Income	136	18
	(79,701)	(88,073)
Taxation		
Current - For the period	-	-
Deferred	-	-
	-	-
Net Loss for the period	(79,701)	(88,073)
Loss per share - Basic & Diluted	(0.84)	(0.93)

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.



MUHAMMAD AZHAR SHER
Chief Executive

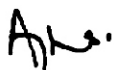
MUHAMMAD AMJAD AZIZ
Director

Condensed Interim Statement of Comprehensive Income (Un-Audited)

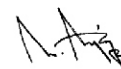
For the Quarter ended September 30, 2014

	Quarter Ended	
	Sep. 30, 2014	Sep. 30, 2013
	(Rupees in thousand)	
Net Loss for the period	(79,701)	(88,073)
Other Comprehensive income - net of taxation	-	-
Total comprehensive loss for the period - net of tax	<u>(79,701)</u>	<u>(88,073)</u>

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.



MUHAMMAD AZHAR SHER
Chief Executive



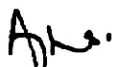
MUHAMMAD AMJAD AZIZ
Director

Condensed Interim Cash Flow Statement (Un-Audited)

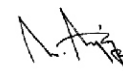
For the Quarter ended September 30, 2014

	Quarter Ended	
	Sep. 30, 2014	Sep. 30, 2013
(Rupees in thousand)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(79,701)	(88,073)
Adjustment of items not involving movement of cash:		
Depreciation	16,365	16,702
Gratuity	3,460	6,030
Profit on deposits & PLS Accounts	(136)	(18)
Finance cost	24,346	5,284
	44,035	27,998
Operating cash flows before working capital changes	(35,666)	(60,075)
Decrease/(Increase) in operating assets:		
Stores, spares and loose tools	20,207	-
Stock in trade	29,335	-
Trade debts	(1,269)	686
Loans and advances	(8,916)	11,041
Increase in trade and other payables	(36)	(4,879)
	39,321	6,848
	3,655	(53,227)
Finance cost paid	(11,796)	(69)
Interest received	136	18
Income tax paid	(9,608)	(678)
Net Cash Flows From Operating Activities	(17,613)	(53,956)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(10)	(30,863)
Long term loans	(5)	2
Net Cash Flows From Investing activities	(15)	(30,861)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loans	(2,651)	87,202
Sponsors loans	-	1,100
Long term advances and deposits	9	55
Short term borrowings	-	1,084
Net Cash Flows From Financing Activities	(2,642)	89,441
Net Increase / (Decreases in Cash and Cash Equivalents	(20,270)	4,624
Cash and cash equivalents at beginning of the period	40,463	3,202
Cash and cash equivalents at end of the period	20,193	7,826

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.



MUHAMMAD AZHAR SHER
Chief Executive



MUHAMMAD AMJAD AZIZ
Director

Condensed Interim Statement of Changes in Equity (Un-Audited)

For the Quarter ended September 30, 2014

	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 June 30, 2013	948,400	31,801	(3,748,790)	(2,768,590)	1,065,253	(1,703,337)
Total comprehensive loss for the year	-	-	(521,477)	(521,477)	-	(521,477)
Transferred from surplus on revaluation account:						
- Incremental depreciation due to revaluation charged to surplus						
- net of deferred tax	-	-	35,143	35,143	(35,143)	-
Balance as at June 30, 2014	948,400	31,801	(4,235,124)	(3,254,924)	1,030,110	(2,224,814)
Total comprehensive loss for the period	-	-	(79,701)	(79,701)	-	(79,701)
Transferred from surplus on revaluation account:						
- Incremental depreciation due to revaluation charged to surplus						
- net of deferred tax	-	-	8,414	8,414	(8,414)	-
Balance as at September 30, 2014	948,400	31,801	(4,306,411)	(3,326,211)	1,021,696	(2,304,515)

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.


MUHAMMAD AZHAR SHER
 Chief Executive


MUHAMMAD AMJAD AZIZ
 Director

Notes to the Condensed Interim Financial Statements (Un-Audited)

For the Quarter ended September 30, 2014

1. THE COMPANY AND ITS OPERATIONS

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 making of cement. The Company is a Subsidiary of Three Stars Cement (Pvt) Limited.

- 1.1 Due to severe financial crunch, mill operations of the company were temporarily suspended since October 2012. To resume the operations of the company, the management has arranged a loan for the necessary maintenance of the plant resulting the resumption of operations in December 2013. Company has managed to reschedule the liability of The Bank of Punjab (BOP) amounting to Rs. 1,857 million. Furthermore, outstanding dues of Large Taxpayer Unit (LTU) amounting to 459.50 million and IESCO of Rs. 166.70 million have also been rescheduled. Up to the date of signing of these condensed interim financial statements, the company has not defaulted even in a single installment of its rescheduled dues.

Furthermore, sponsors of the company are also considering various options to arrange/inject further funds to make the machinery efficient especially by replacement of old electric installations/ equipments to reduce the power and fuel cost which is the major cause of loss sustained by the company in past years. On the basis of these facts the management of the company is fully confident that the company will continue its operations as a going concern.

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

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements are un-audited and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan. These condensed interim financial statements should be read in conjunction with the published annual financial statements of the Company for the year ended June 30, 2014.

3. STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of these financial statements are the same as those adopted in preparation of financial statements for the year ended June 30, 2014.

4. SIGNIFICANT ESTIMATES

The preparation of these financial statements requires management to make judgment estimates and assumptions that effect the application of accounting policies and the reported amount of assets, liabilities, income and expenses and related disclosure of the date of financial statements. Actual results may differ from these estimates. In preparing these financial statements, the significant judgment made by management in applying accounting policies. Key estimates and uncertainty includes, but not limited to:

- Depreciation methods, residual values and useful life of depreciable assets.
- Taxation
- Provisions and Contingencies

5. SHORT TERM BORROWINGS

This includes a loan of Rs. 427 million arranged by the management for the necessary maintenance of the plant. However, the terms and conditions of repayment of such loan have not yet been finalized and not reduced in writing.

6. CONTINGENCIES AND COMMITMENTS

There is no change in the contingencies and commitments of the company since the last audited annual balance sheet date.

7. TRANSACTIONS WITH RELATED PARTIES

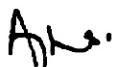
There is no significant transactions with related parties during the period.

8. CORRESPONDING FIGURES

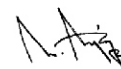
Figures have been rounded off the nearest thousand of Rupees.

9. DATE OF AUTHORIZATION FOR ISSUE

These un-audited condensed interim financial statements were authorized for issue by the board of directors of the company on December 03, 2014.



MUHAMMAD AZHAR SHER
Chief Executive



MUHAMMAD AMJAD AZIZ
Director