

**1ST
QUARTER
REPORT**
September 30,
2016



Dandot Cement Company Limited

CONTENTS

Company Information	3
Directors' Report to the Shareholders	4
Condensed Interim Balance Sheet	6
Condensed Interim Profit and Loss Account	8
Condensed Interim Statement of Comprehensive Income	9
Condensed Interim Cash Flow Statement	10
Condensed Interim Statement of Changes in Equity	11
Notes to the Condensed Interim Financial Statements	12
Directors' Report to the Shareholders (Urdu)	16



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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, Lahore.

Internal Auditors

Parker Randall - A.J.S.
Chartered Accountants, Faisalabad.

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
Askari Bank 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, 2016.

Operational Performance

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

		Sep. 2016	Sep. 2015
- Clinker Production	M. Ton	85,183	75,392
- Capacity Utilization	%age	71%	63%
- Cement Production	M. Ton	76,482	78,976
- Capacity Utilization	%age	61%	63%
- Sales	M. Ton	74,030	79,689

During the quarter under review, cement production and sales have been decreased by 2,494 M. Tons and 5,659 M. Tons respectively.

Operating Results

The Quarterly Comparative financial results of the company are summarized as below:

	Sep. 2016	Sep. 2015
	(Rupees in thousand)	
- Gross Sales	705,028	717,201
- Net Sales	512,054	567,129
- Gross Loss	9,848	9,369
- Net Loss	64,470	61,731
- Earnings / (Loss) Per Share	(0.68)	(0.65)

The reason of loss sustained by the company is mainly attributable to high input costs, power shutdowns with voltage fluctuations, frequent repair and maintenance and alternative testing cost.

Future Prospects

Industry:

Demand of cement in local market has been improving year by year and it is expected that this trend will continue in the current financial year by considering the fact that substantial budget is allocated for public sector development projects by the Government, improved law and order situation, controlled inflation and low interest rates, stable economic outlook and reduced coal price will benefit the industry. The Government, however, has to overcome energy crises, hampering overall industrial growth. Proper and efficient utilization of allocated development budget and initiation of projects under Pak China Economic Corridor would help cement sector to grow.

Company:

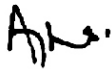
Energy efficiency, Labour efficiency & productivity and right financial modeling and smooth plant operations are key factors to success of any cement plant. The management is committed for a balanced delivery of long term values to all stake holders including financiers, creditors, employees and shareholders.

Company's Plan

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 the past years.

Acknowledgment

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: November 18, 2016.

Condensed Interim Balance Sheet

	(Un-Audited) Sep. 30, 2016	(Audited) June 30, 2016
Note	(Rupees in thousand)	
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	(4,517,045)	(4,471,759)
	(3,536,844)	(3,491,557)
Surplus on revaluation of fixed assets	2,096,573	2,115,757
	(1,440,271)	(1,375,800)
NON CURRENT LIABILITIES		
Loan from banking companies	1,035,425	1,027,296
Other loans and liabilities	12,242	13,752
Deferred liabilities	513,084	513,084
Long term advances and deposits	1,882	1,882
	1,562,633	1,556,014
CURRENT LIABILITIES		
Trade and other payables	2,270,510	2,237,880
Mark up accrued	559,786	554,742
Short term borrowings	1,427,909	1,427,909
Current portion of long term loans and liabilities	104,915	89,429
Taxation	-	-
	4,363,120	4,309,960
CONTINGENCIES AND COMMITMENTS	5	-
	-	-
	4,485,482	4,490,173

The annexed notes from 1 to 8 form an integral part of these condense interim financial statements.


MUHAMMAD AZHAR SHER
 Chief Executive



As at September 30, 2016

	(Un-Audited) Sep. 30, 2016 (Rupees in thousand)	(Audited) June 30, 2016
Note		
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	3,537,820	3,568,930
Operating fixed assets	-	-
Capital work in progress	3,537,820	3,568,930
Long term security deposits	10,667	10,667
	<u>3,548,487</u>	<u>3,579,597</u>
CURRENT ASSETS		
Stores, spares and loose tools	131,067	210,808
Stock in trade	129,754	27,216
Trade debts	190,071	166,041
Loans and advances	314,254	315,106
Balance with statutory authorities	144,571	136,114
Interest accrued	9,389	9,388
Other receivables	1,436	360
Cash and bank balances	16,454	45,542
	936,996	910,576
	<u>4,485,482</u>	<u>4,490,173</u>


MUHAMMAD AMJAD AZIZ
 Director

Condensed Interim Profit And Loss Account (Un-Audited)

For the Quarter ended September 30, 2016

	Quarter Ended	
	Sep. 30, 2016	Sep. 30, 2015
	(Rupees in thousand)	
Sales - Net	512,054	567,129
Cost of Sales	521,902	576,498
Gross Loss	(9,848)	(9,369)
Operating Expenses		
Administrative Expenses	4,025	8,731
Distribution Cost	898	906
	(4,923)	(9,637)
Operating Loss for the period	(14,771)	(19,006)
Finance Cost	(44,645)	(42,818)
Other Income	67	93
	(59,349)	(61,731)
Taxation		
Current - For the period	5,121	-
Deferred	-	-
	(5,121)	-
Net Loss for the period	(64,470)	(61,731)
Loss per share - Basic & Diluted	(0.68)	(0.65)

The annexed notes from 1 to 8 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, 2016

	Quarter Ended	
	Sep. 30, 2016	Sep. 30, 2015
	(Rupees in thousand)	
Net Loss for the period	(64,470)	(61,731)
Other Comprehensive income - net of taxation	-	-
Total comprehensive loss for the period - net of tax	(64,470)	(61,731)

The annexed notes from 1 to 8 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, 2016

	Quarter Ended	
	Sep. 30, 2016	Sep. 30, 2015
(Rupees in thousand)		
CASH FLOWS FROM OPERATION ACTIVITIES		
Loss before taxation	(59,348)	(61,731)
Adjustment of items not involving movement of cash:		
Depreciation	31,286	16,283
Gratuity	5,466	5,747
Profit on deposits & PLS Accounts	(67)	(93)
Finance cost	44,645	42,818
	81,329	64,755
Operating cash flows before working capital changes	21,981	3,024
(Increase) / Decrease in operating assets:		
Stores, spares and loose tools	79,741	(860)
Stock in trade	(102,538)	9,212
Trade debts	(24,030)	34,501
Loans and advances	852	(31,911)
Other Receivables	(1,076)	-
Increase in trade and other payables	27,164	18,261
	(19,887)	29,203
	2,094	32,227
Finance cost paid	(11,469)	(11,941)
interest received	67	93
Income tax paid	(13,577)	(13,291)
Net Cash Flows From Operating Activities	(22,885)	7,088
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(177)	-
Net Cash Flows From Investing activities	(177)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loans	(6,027)	(4,160)
Net Cash Flows From Financing Activities	(6,027)	(4,160)
Net Increase / (Decrease) in Cash and Cash Equivalents	(29,089)	2,928
Cash and cash equivalents at beginning of the period	45,543	21,101
Cash and cash equivalents at end of the period	16,454	24,029

The annexed notes from 1 to 8 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, 2016

	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, 2015	948,400	31,801	(4,237,940)	(3,257,739)	995,952	(2,261,787)
Total comprehensive loss for the year	-	-	(267,134)	(267,134)	-	(267,134)
Revaluation surplus during the year	-	-	-	-	1,153,120	1,153,120
Transferred from surplus on revaluation account:						
- Incremental depreciation due to revaluation charged to surplus - net of deferred tax	-	-	33,315	33,315	(33,315)	-
Balance as at June 30, 2016	948,400	31,801	(4,471,759)	(3,491,558)	2,115,757	(1,375,801)
Total comprehensive loss for the year	-	-	(64,470)	(64,470)	-	(64,470)
Transferred from surplus on revaluation account:						
- Incremental depreciation due to revaluation charged to surplus - net of deferred tax	-	-	19,184	19,184	(19,184)	-
Balance as at September 30, 2016	948,400	31,801	(4,517,045)	(3,536,844)	2,096,573	(1,440,271)

The annexed notes from 1 to 8 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, 2016

1. THE COMPANY AND ITS OPERATIONS

The Company is a public limited company incorporated in Pakistan and is listed on Pakistan Stock Exchange. 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 The company had managed the rescheduled liability of The Bank of Punjab (BOP) amounting Rs. 1,857 million while dues of Large Taxpayer Units (LTU) amounting Rs. 460 million and Islamabad Electric Supply Company (IESCO) amounting Rs. 167 million had also been rescheduled. Upto September 30, 2016 the company has not defaulted even in a single installment of these dues. Further, after resumption of operations in 2013-14, the company is also complying the order passed in 2009 by Securities and Exchange Commission of Pakistan (SECP) related to old dues of provident fund.

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 financial statements 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 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, 2016.

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, 2016.

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

For the Quarter ended September 30, 2016

4. SIGNIFICANT ESTIMATES

The preparation of these financial statements requires management to make judgement 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 judgement 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. CONTINGENCIES AND COMMITMENTS

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

6. TRANSACTIONS WITH RELATED PARTIES

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

7. CORRESPONDING FIGURES

Figures have been rounded off the nearest thousand of Rupees.

8. 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 November 18, 2016.


MUHAMMAD AZHAR SHER
Chief Executive


MUHAMMAD AMJAD AZIZ
Director

تسلیمات!

بورڈ آف ڈائریکٹرز کی جانب سے تمام شراکت داروں، ان میں محدود بینکرز حضرات، ملازمین، سپلائی کنندگان، تقسیم کنندگان اسکے ساتھ شراکت دار حضرات جو کمپنی کی مسلسل امداد، معاونت اور اعتبار خاص کر زیر غور سال کے عرصہ دروان ہونے والے بحران میں کرتے رہے ہیں شامل نہیں ہیں کا شکریہ ادا کیا۔

محمد

محمد اظہر شیر
چیف ایگزیکٹو

لاہور: 18 نومبر 2016

نقصان ہونے کی بنیادی وجہ اخراجات میں بہت زیادہ اضافہ ہے، بجلی کی ترسیل میں اتار چڑھاؤ، کمپنی میں چلنے والے آلات کی بہت زیادہ مرمت اور فیول کو چیک کرنے والے متبادل آلات پر آنے والے کثیر اخراجات قابل ذکر ہیں۔

مستقبل کا کیفیت نامہ :

انڈسٹری:

مقامی مارکیٹ میں سیمنٹ کے تقاضہ کو پورا کرنے کے لیے کمپنی کی جانب سے سیمنٹ کی پیداوار بڑھانے کے لیے ہر سال مزید بہتری لائی جائے جس سے اس مقصد کی توقع کی جاسکتی ہے کہ بہتری کے اس رجحان کو موجودہ مالی سال میں اس اقدام کے ساتھ جاری رکھا جائیگا کہ حکومت کی جانب سے عوامی شعبہ زندگی کے لیے مختص کیے گئے منصوبہ جات میں بہتری کے لیے بجٹ کی احسن طریقہ سے تقسیم کی جائیگی، نقص امن کی صورت حال پر قابو پایا جائیگا، کم قیمت والی مصنوعات میں قیمتوں میں پر کنٹرول کیا جائیگا، معیشت کی صورت حال کو بہتر کر کے کوئلے (Coal) کی قیمتوں میں کمی کی جائیگی اور یہ اثرات مستقبل میں کمپنی کے لیے منافع بخش ہوں گے۔ تاہم اس سلسلے میں حکومت کی جانب سے بجلی کے موجودہ بحران پر قابو پانا ہوگا، انڈسٹری کی پیداوار میں حائل رکاوٹوں کو ٹھوس اقدامات کے تحت دور کیا جائیگا۔ پاک چائنہ راہداری میں مختص کیے گئے ترقیاتی بجٹ اور منصوبہ جات کو شروع کرنے کے سلسلے تقسیم کے گئے بجٹ کی تقسیم اور اس کا مناسب طریقہ سے استعمال یقیناً انڈسٹری کے شعبہ پر اچھے نتائج مرتب کریگا۔

کمپنی:

توانائی میں مستعدی، مزدور پیشہ افراد کی بھرپور محنت، پیداواری حجم میں بڑھوتی اور درست رقم کے استعمال، محترم شفاف پلانٹ نظام کسی بھی سیمنٹ پلانٹ کی کامیابی کی ضمانت ہے۔ کمپنی کے منتظمین حضرات کی جانب سے ان کے بچائے گئے کل وسائل کو بروکار لاتے ہوئے کمپنی کو ایک طویل عرصے تک تمام کاروباری حضرات جن میں شامل مالی ادارہ جات، قرضہ خواہ حضرات، کمپنی کے ملازمین اور حصص داران کے ساتھ چلانے کے لیے پوری تندی کے ساتھ اعمیادہ کیا ہے۔

کمپنی کا منصوبہ:

نیز کمپنی کی مدد کرنے والے حضرات کی جانب سے کمپنی کے موجودہ ڈھانچے کو درست سمت میں چلانے / ترتیب دینے / مستقبل میں فنڈ کا درست انتظام کرنا تاکہ کمپنی میں موجود مشینری سسٹم کو مستعد انداز میں محترم رکھا جائے اور قابل ذکر طور پر پرانی نصب شدہ برقی تنصیبات کو نئے تنصیبات / آلات کے ساتھ تبدیل کر دیا جائے جس سے ایندھن پر آنے والے اخراجات میں نمایاں کمی واقع ہوگی کیونکہ ماضی سالوں میں کمپنی میں بڑے نقصان کی یہ بھی ایک بڑی وجہ تھی۔

شرکت داران کی بابت ڈائریکٹر حضرات کی رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے بغیر پڑتال کیے گئے گوشوارہ جات مالی بیانات برائے کمپنی بابت سال کے چوتھائی عرصہ کے دوران ہونے والے کاروبار کے اختتام 30 ستمبر 2016 کو پیش کیا گیا ہے۔

محترک کارکردگی:

کمپنی کے زیر تجوز سال کے چوتھائی عرصہ کے دوران ہونے والے کاروبار کی کارکردگی کا جائزہ سابقہ سال کے کاروبار کے ساتھ کیا گیا جو درج ذیل ہے:-

ستمبر 2015	ستمبر 2016		
75,392	85,183	میٹرک ٹن	دھاتی (کلنکر پیداوار)
63%	71%	% مقدار	گنجائش کا استعمال
78,976	76,482	میٹرک ٹن	سیمنٹ کی پیداوار
63%	61%	% مقدار	گنجائش کا استعمال
79,689	74,030	میٹرک ٹن	فروخت مال

زیر تجوز سال کے چوتھائی عرصہ میں ہونے والے کاروبار کے جائزہ لینے کے دوران سیمنٹ کی فروخت کی پیداوار میں بالترتیب 2,494 میٹرک ٹن اور 5,659 کی کمی ہونا پایا گیا ہے۔

محترک نتائج:

کمپنی کے سال کے چوتھائی عرصہ کے مالی جائزہ کے نتائج کی رپورٹ کی تفصیل کو ذیل میں دیا گیا ہے۔

ستمبر 2015	ستمبر 2016	
717,201	705,028	کل آمدن فروخت
567,129	512,054	کیش آمدن
9,369	9,848	خالص آمدن نقصان
61,731	64,470	خالص نقصان
(0.65)	(0.68)	اجرت نفع / (نقصان) فی حصص