



Half Yearly Report  
December 31,  
2017



DANDOT CEMENT COMPANY LIMITED

## CONTENTS

---

Company Information	2
Directors' Report to the Shareholders	3
Auditors' Reports to the Members on Review of Condensed Interim Financial Statements	5
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)	20

## COMPANY INFORMATION

---

### Board of Directors

Mr. Muhammad Azhar Sher  
Mr. Shahid Ali Sheikh  
Mr. Imran Bashir  
Mr. Muhammad Imran Iqbal  
Mr. Muhammad Amjad Aziz  
Syed Ansar Raza Shah  
Mr. Gul Hussain

Chief Executive

Chairman

### Audit Committee

Mr. Shahid Ali Sheikh  
Syed Ansar Raza Shah  
Mr. Gul Hussain

Member

Member / Chairman / Secretary

Member

### Human Resources & Remuneration Committee

Mr. Muhammad Azhar Sher  
Syed Ansar Raza Shah  
Mr. Gul Hussain

Member

Member

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  
BankIslami Pakistan Limited (Formerly 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](http://www.dandotcement.com)



## DIRECTORS' REPORT TO THE SHAREHOLDERS

The directors of your Company are pleased to present you the reviewed condensed interim financial statements for the half year ended December 31, 2017.

### Operational Performance

The comparative operational performance of the company for the period under review is as follow:

		Second Quarter ended		Half Year ended	
		Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016
Clinker production	M. Ton	63,625	79,080	105,741	164,263
Cement production	M. Ton	64,416	79,787	106,014	156,269
Sales	M. Ton	65,159	82,937	109,862	156,967

### Operating Result

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

		Second Quarter ended		Half Year ended	
		Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016
		(Rupees in thousand)			
Gross sales		567,983	772,035	983,777	1,477,063
Net sales		389,338	561,798	679,058	1,073,852
Gross (loss) / Profit		(142,697)	40,025	(201,661)	30,178
Net loss		210,550	45,667	320,953	110,136
Loss per share		2.22	0.48	3.38	1.16

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 fuel testing cost. However, Gross Loss and Net Loss have been increased by 232 million and 211 million respectively. Further, Loss per share has also increased by Rs. 2.22 per share.

### Future Prospects

#### Industry

Significant progress is being noticed on CPEC projects and it would be a trigger to absorb future cement supply against available demand. It is expected that demand of cement would increase in local market and this trend will continue in the current financial year due to expected election in the current year. Government's allocation in latest budget is a clear indication that the focus of the Government will remain on the completion of infrastructure scheme including power projects, motorways, orange train and low income housing schemes. Improved law and order situation, controlled inflation, low interest rates, stable economic outlook and reduced coal prices will also benefit the cement industry

#### 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 holder including financiers, creditors, employees and shareholders.

---

## Company's Plans

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 installation / equipment to reduce the power and fuel cost which is a major cause of loss sustained by the company in past years.

## Auditor's observations

On the basis of facts mentioned in note 1.2 of these financial statements, the management of the company is fully confident that the company will continue its operations as a going concern. Unconfirmed Balances have been confirmed by external Auditor's through alternative procedure. Mark up on all dues of interest bearing liabilities has been accounted for in the books of accounts except of Bank Islami Limited (formerly KASB Bank Ltd). Due to litigation mentioned in note 8.1.

## Board of directors

The composition of Board of Directors of your Company is in compliance with the requirements of Code of Corporate Governance.

Sr.#	Name	Composition
1	Mr. Muhammad Azher Sher	Executive Director (Chief Executive)
2	Mr. Shahid Ali Sheikh	Non-Executive Director
3	Mr. Imran Bashir	Non-Executive Director
4	Mr. Muhammad Imran Iqbal	Executive Director
5	Mr. Muhammad Amjad Aziz	Non-Executive Director (Chairman)
6	Syed Ansar Raza Shah	Independent Director
7	Mr. Gul Hussain	Non-Executive Director

## Corporate social responsibility

Your company being a responsible corporate citizen is always conscious to discharge its obligation towards the people who work it day and night, people around the work place and to the society as a whole.

## Acknowledgement

The board of directors is thankful to all stakeholders including but not limited to banker, 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 recent years.

**MUHAMMAD AZHAR SHER**  
Chief Executive  
Lahore: February 28, 2018.

## AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

### Introduction

We have reviewed the accompanying condensed interim balance sheet of **Dandot Cement Company Limited** as at December 31, 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as "condensed interim financial statements") for the half year then ended. Management is responsible for the preparation and presentation of this condensed interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial statements based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2016 and December 31, 2017 have not been reviewed and we do not express conclusion on them as we are required to review only the cumulative figures for the half year ended December 31, 2017.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Statements 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.

### Basis for Qualified Conclusion

- (i) These condensed interim financial statements have been prepared on going concern basis despite the fact that the company has accumulated losses of Rs. 5,216.996 million, while its current liabilities exceed the current assets by Rs. 4,106.160 million and non-payment of some overdue contractual obligations. Due to these factors and equivocal disclosure in note 1.2 of these financial statements, a material uncertainty arises that may cast significant doubt on the Company's ability to continue as going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.
- (ii) Loans from Bank Islami Limited (Formerly: KASB Bank Limited), Economic Affairs Division (EAD), ex-sponsors, amount receivable from ex-associates, and accrued interest from ex-associate remained unconfirmed independently as referred to note nos. 8.1, 5, 8.2, 12 and 13 to the condensed interim financial statements respectively.
- (iii) The company has not provided markup in the condensed interim financial statements on loan obtained from Bank Islami Limited (Formerly: KASB Bank Limited) as referred to note no. 8.1 aggregate amount Rs. 101.17 million including Rs. 13.39 million for the period. Had there been provision made for markup in the condensed interim financial statements the accumulated loss and loss for the half year would have been higher by Rs. 101.17 million and Rs. 13.39 million respectively.

### Qualified Conclusion

Based on our review, with the exception of the matters described in preceding paragraphs, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as of and for the half year ended December 31, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Without qualifying our conclusion, we draw attention to note no. 7 to the condensed interim financial statements that the company has paid dues of provident fund within stipulated time period with insignificant delay as required under section 218 of the Companies Act, 2017.

CHARTERED ACCOUNTANTS  
Engagement Partner: MUHAMMAD AMIN  
Lahore: February 28, 2018.

## Condensed Interim Balance Sheet

		(Un-Audited) Dec 31, 2017	(Audited) June 30, 2017
	Note	(Rupees in thousand)	
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 100,000,000 (June 2017: 100,000,000) ordinary shares of Rs.10 each		1,000,000	1,000,000
Issued, subscribed and paid up share capital 86,089,980 (June 2017: 86,089,980) ordinary shares of Rs.10/- each fully paid in cash		860,900	860,900
8,750,000 (June 2017: 8,750,000) ordinary shares of Rs.10/- each issued as fully paid bonus shares		87,500	87,500
Share premium reserve		948,400	948,400
Accumulated loss		31,801	31,801
		(5,216,996)	(4,927,808)
		(4,236,795)	(3,947,607)
<b>SURPLUS ON REVALUATION OF FIXED ASSETS</b>			
		1,750,615	1,782,380
		(2,486,180)	(2,165,227)
<b>NON CURRENT LIABILITIES</b>			
Loan from banking companies	4	1,042,057	1,101,881
Other loans and liabilities	5	4,752	7,751
Deferred liabilities	6	736,770	750,384
Long term advances and deposits		1,882	1,882
		1,785,461	1,861,898
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	2,867,264	2,670,255
Mark up accrued		597,775	575,289
Short term borrowings	8	1,442,369	1,427,909
Current portion of long term loans and liabilities		215,925	104,870
		5,123,333	4,778,323
<b>CONTINGENCIES AND COMMITMENTS</b>			
	9	-	-
		4,422,614	4,474,994



**MUHAMMAD AZHAR SHER**  
Chief Executive




**MUHAMMAD KAMRAN**  
Chief Financial Officer

## As at December 31, 2017

	Note	(Un-Audited) Dec 31, 2017 (Rupees in thousand)	(Audited) June 30, 2017
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment			
Operating fixed assets	10	3,387,370	3,446,070
Capital work in progress - civil works		7,404	2,742
Long term security deposits		10,667	10,667
		<u>3,405,441</u>	<u>3,459,479</u>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		171,594	200,804
Stock in trade	11	166,146	162,405
Trade debts		156,874	167,546
Loans and advances	12	326,560	326,073
Balances with statutory authorities		164,301	128,386
Interest accrued	13	9,389	9,389
Other receivables		360	360
Cash and bank balances		21,949	20,552
		<u>1,017,173</u>	<u>1,015,515</u>
		<u><u>4,422,614</u></u>	<u><u>4,474,994</u></u>

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



**MUHAMMAD AMJAD AZIZ**  
Director



## Condensed Interim Profit And Loss Account (Un-Audited)

For the Half Year ended December 31, 2017

	Note	Half Year ended		Second Quarter ended	
		December 31 2017 (Rupees in thousand)	December 31 2016	December 31 2017 (Rupees in thousand)	December 31 2016
Sales (net)		679,058	1,073,852	389,338	561,798
Cost of sales	14	880,719	1,043,674	532,035	521,773
<b>Gross (loss)/profit</b>		<b>(201,661)</b>	30,178	<b>(142,697)</b>	40,025
<b>Operating expenses</b>					
Distribution costs		2,007	13,504	844	12,606
Administrative expenses		27,218	26,493	21,575	22,468
Other operating expenses		-	243	-	243
		<b>29,225</b>	40,240	<b>22,419</b>	35,317
Operating (loss)/profit		<b>(230,886)</b>	(10,062)	<b>(165,116)</b>	4,708
Other operating income		89	90	27	23
		<b>(230,797)</b>	(9,972)	<b>(165,089)</b>	4,731
Finance costs	15	<b>(95,281)</b>	(89,425)	<b>(46,677)</b>	(44,780)
<b>Loss before taxation</b>		<b>(326,078)</b>	(99,397)	<b>(211,766)</b>	(40,049)
Taxation:					
Current		(8,489)	(10,739)	(5,591)	(5,618)
Deferred		13,614	-	6,807	-
		<b>5,125</b>	(10,739)	<b>1,216</b>	(5,618)
<b>Net loss after taxation</b>		<b>(320,953)</b>	(110,136)	<b>(210,550)</b>	(45,667)
<b>Earnings Per Share - Basic and Diluted</b>		<b>(3.38)</b>	(1.16)	<b>(2.22)</b>	(0.48)

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

  
**MUHAMMAD AZHAR SHER**  
Chief Executive

  
**MUHAMMAD KAMRAN**  
Chief Financial Officer

  
**MUHAMMAD AMJAD AZIZ**  
Director



## Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the Half Year ended December 31, 2017

	Half Year ended		Second Quarter ended	
	December 31 2017	December 31 2016	December 31 2017	December 31 2016
Loss for the period	(320,953)	(110,136)	(210,550)	(45,667)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	<u>(320,953)</u>	<u>(110,136)</u>	<u>(210,550)</u>	<u>(45,667)</u>

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

  
**MUHAMMAD AZHAR SHER**  
Chief Executive

  
**MUHAMMAD KAMRAN**  
Chief Financial Officer

  
**MUHAMMAD AMJAD AZIZ**  
Director

## Condensed Interim Cash Flow Statement (Un-Audited)

For the Half Year ended December 31, 2017

	Dec. 31, 2017	Dec. 31, 2016
	(Rupees in thousand)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(326,078)	(99,397)
<b>Adjustments of items not involving movement of cash:</b>		
Depreciation	59,560	62,672
Provision for gratuity	8,629	10,966
Profit on deposit and PLS accounts	(89)	(90)
Balances written off	-	243
Finance cost	95,281	89,425
	<u>163,381</u>	<u>163,216</u>
<b>Operating cash (used)/inflows before working capital changes</b>	<b>(162,697)</b>	<b>63,819</b>
<b>(Increase)/Decrease in operating assets:</b>		
Stores, spares and loose tools	29,210	(54,035)
Stock in trade	(3,742)	(72,723)
Trade debts	10,673	(55,427)
Loans and advances	(486)	(25,518)
Sales tax	(21,493)	-
Increase / (decrease) in current liabilities		
Trade and other payables	188,217	180,565
	<u>202,379</u>	<u>(27,138)</u>
	<b>39,682</b>	<b>36,681</b>
Finance cost paid	(11,591)	(26,897)
Income tax paid	(22,911)	(23,423)
<b>Net cash inflows from/(used in) operating activities</b>	<b>5,180</b>	<b>(13,639)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(860)	(184)
Capital work in progress	(4,662)	-
Interest received	89	90
<b>Net cash used in investing activities</b>	<b>(5,433)</b>	<b>(94)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short term borrowings	14,460	-
Long term loans	(12,810)	(13,160)
<b>Net cash flows from/used in financing activities</b>	<b>1,650</b>	<b>(13,160)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>1,397</b>	<b>(26,893)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>20,552</b>	<b>45,543</b>
<b>Cash and cash equivalents at end of the period</b>	<b>21,949</b>	<b>18,650</b>

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

  
**MUHAMMAD AZHAR SHER**  
Chief Executive

  
**MUHAMMAD KAMRAN**  
Chief Financial Officer

  
**MUHAMMAD AMJAD AZIZ**  
Director

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

For the Half Year ended December 31, 2017

	SHARE CAPITAL	SHARE PREMIUM RESERVE	ACCUMULATED LOSS	TOTAL SHARE CAPITAL AND RESERVES
	(Rupees in thousand)			
<b>Balance as at June 30, 2016-Audited</b>	948,400	31,801	(4,471,759)	(3,491,558)
Loss for the six months ended December 31, 2016	-	-	(110,136)	(110,136)
Other comprehensive income for the period-net of deferred tax	-	-	-	-
Total comprehensive income	-	-	(110,136)	(110,136)
Incremental depreciation transferred from surplus on revaluation of fixed assets -Net of deferred tax	-	-	38,922	38,922
<b>Balance as at December 31, 2016-Unaudited</b>	<b>948,400</b>	<b>31,801</b>	<b>(4,542,973)</b>	<b>(3,562,772)</b>
<b>Balance as at June 30, 2017-Audited</b>	948,400	31,801	(4,927,808)	(3,947,607)
Loss for the six months ended December 31, 2017	-	-	(320,953)	(320,953)
Other comprehensive income for the period-net of deferred tax	-	-	-	-
Total comprehensive income	-	-	(320,953)	(320,953)
Incremental depreciation transferred from surplus on revaluation of fixed assets - Net of deferred tax	-	-	31,765	31,765
<b>Balance as at December 31, 2017-Unaudited</b>	<b>948,400</b>	<b>31,801</b>	<b>(5,216,996)</b>	<b>(4,236,795)</b>

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

  
**MUHAMMAD AZHAR SHER**  
Chief Executive

  
**MUHAMMAD KAMRAN**  
Chief Financial Officer

  
**MUHAMMAD AMJAD AZIZ**  
Director

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

### For the Half Year ended December 31, 2017

#### 1 THE COMPANY AND ITS OPERATIONS

- 1.1 The Company is a public limited Company incorporated in Pakistan and is listed on Pakistan Stock Exchange Limited. 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. The registered office of the company is situated at 30-Sher Shah Block, New Garden Town, Lahore.
- 1.2 During the last few years, the company has been facing financial crunch. Loans from banks/financial institutions could not be obtained due to company's continuous loss history and adverse financial ratios. However, 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/ equipment's to reduce the power and fuel cost which is the major cause of loss sustained by the company in past years. As part of management plan, the company had already managed to reschedule the liability of The Bank of Punjab (BOP) amounting Rs. 1,857 million, dues of Large Taxpayer Units (LTU) amounting Rs. 460 million and Islamabad Electric Supply Company (IESCO) amounting Rs. 167 million. Upto Dec 31, 2017, the company has not defaulted even in a single installment of these dues and paid a sum of Rs. 941.77 million in aggregate against the said rescheduled liabilities. 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. Further, the company is approaching financial institutions for further financial support and rescheduling of outstanding liability. All the above steps have been taken by the management of the company to bring out the company from the current dilemma. 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, inspite of the fact of loss for the period and accumulated loss amounting Rs. 320.953 million and Rs. 5,216.996 million respectively and current liabilities exceed its current assets by Rs. 4,106.160 million as at Dec 31, 2017 and the company may be unable to realize its assets and discharge its liabilities in normal course of business.

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

#### 2 BASIS OF PREPARATION

##### 2.1 Statement Of Compliance

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. As per the requirements of circular No. CLD/CCD/PR(11)/2017 dated July 20, 2017 and circular No. 23 of 2017 dated October 4, 2017 issued by the Securities & Exchange Commission of Pakistan (SECP), the Company has prepared these financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984 (the Ordinance). Accordingly, approved accounting standards for interim financial reporting comprise of International Accounting Standard 34, 'Interim Financial Reporting' and provisions of and directives issued under the Ordinance. In case requirements differ, the provisions of or directives issued under the Ordinance prevail.

##### 2.2 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2017.

#### 3 SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the financial statements for the year ended June 30, 2017.

### 3.2 Change in accounting standards, interpretations and amendments to published approved accounting standard

#### a) Amendments to published approved accounting standards which are effective during the half year ended December 31, 2017

There are certain amendments to approved accounting standards which are mandatory for the Company's annual accounting period which began on July 1, 2017. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these condensed interim financial statements.

#### b) Standards and amendments to published approved accounting standards that are not yet effective

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2018. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements. During the current period the SECP has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Customers', the impacts of which on the Company's future financial statements are being assessed. Further, certain new standards are yet to be adopted by the Securities and Exchange Commission of Pakistan.

In addition to the foregoing, the Companies Act, 2017 which is not effective on these condensed interim financial statements has added certain disclosure requirements which will be applicable in the future.

### 3.3 Taxation

#### Current

Current taxation other than export is based on taxable income at the current rates of taxation after taking into account tax credits, brought forward losses, accelerated depreciation allowances and any minimum limits imposed by the taxation laws. Company's export sales, if any, fall under presumptive tax regime under Section 154 of the Income Tax Ordinance, 2001.

#### Deferred

The Company accounts for deferred taxation using the liability method on all temporary differences between the amounts for financial reporting purpose and the amounts used for taxation purposes. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future profits will be available against which these can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

	Note	December 31, 2017 (Rupees in thousand) (Un-audited)	June 30, 2017 (Audited)
<b>4 LOAN FROM BANKING COMPANIES</b>			
The Bank of Punjab Limited			
- Demand finance facility - 1	4.1	875,696	847,170
- Demand finance facility - 2	4.2	317,442	294,734
		<b>1,193,138</b>	<b>1,141,904</b>
Less: Current Portion			
- Payable within next 12 months		(141,092)	(40,023)
- Overdue		(9,989)	-
		<b>(151,081)</b>	<b>(40,023)</b>
		<b>1,042,057</b>	<b>1,101,881</b>

- 4.1 This represents restructured / rescheduled of entire outstanding principal amount of demand finance, bridge finance, forced demand finance and paid against documents (PAD's) amounting Rs. 750.292 million, Rs. 270 million, Rs. 83.626 million and Rs. 57.256 million respectively. It is secured against ranking of Rs. 1,443.75 million on fixed assets, joint pari passu charge of Rs. 268 million on current assets, debt subordination agreement of directors, corporate guarantee of Three Star Hosiery Mills (Pvt) Limited and personal guarantee of the Ex-sponsoring directors.

Repayments of restructured loan shall be made in 62 step-up monthly / quarterly installments started from March 31, 2014 in a period of 9.25 years. Mark-up is payable @ 4% per annum. The finance has been presented at amortized cost by using effective rate of markup.

- 4.2 This represents amortization cost of DF - 2 against payable amount Rs. 695.883 million calculated upto March 31, 2014 at cost of funds in respect of demand finance, bridge finance, forced demand finance, paid against documents (PADs) and finance against imported merchandise (FIM) facilities. The finance has been presented at amortized cost by using effective rate of markup. It does not carry markup. Repayments of this facility shall be made in 4 quarterly installments, starting from September, 2022.

	Note	December 31, 2017	June 30, 2017
		(Un-audited)	(Audited)
<b>5 OTHER LOANS AND LIABILITIES - Unsecured</b>			
Economic Affairs Division, Government of Pakistan (EAD)		35,232	35,232
Provident Fund Trust	5.1	34,030	37,030
Peace agreement arrears		334	336
		<u>69,596</u>	<u>72,598</u>
Less: Current maturity		64,844	64,847
		<u>4,752</u>	<u>7,751</u>

- 5.1 The Securities & Exchange Commission of Pakistan (SECP) had passed an order in 2009 that the company should provide mark-up on all outstanding principal amount to that date and will pay an installment of Rs. 0.5 million per month to clear these dues from October, 2009. Since that order, company is providing markup in the books of accounts without any default. As mentioned in the note 1.2 of these condensed interim financial statements, the company has made payments in compliance of SECP order.

	December 31, 2017	June 30, 2017
	(Un-audited)	(Audited)
<b>6 DEFERRED LIABILITIES</b>		
<b>This is composed of the following:</b>		
<b>Deferred tax liability on taxable temporary differences arising in respect of:</b>		
Accelerated tax depreciation	93,803	94,645
Surplus on revaluation of assets	736,770	750,384
	<u>830,573</u>	<u>845,029</u>
<b>Deferred tax asset on deductible temporary differences arising in respect of:</b>		
Unused tax losses carried forward	(1,238,237)	(1,062,165)
Minimum tax recoverable against normal tax charges in future years	(50,036)	(41,547)
Deferred tax asset not recognized on unused losses and minimum tax	1,194,484	1,009,080
	<u>(93,789)</u>	<u>(94,632)</u>
Provision for doubtful balances	(14)	(14)
	<u>(93,803)</u>	<u>(94,645)</u>
Deferred tax liability as at Dec. 31, / June 30,	<u>736,770</u>	<u>750,384</u>

During the year, net deferred tax assets for the carry forward of unused tax losses and minimum tax amounting Rs. 1,194.484 million (2017: Rs. 1,009.080 million) has not been recognized because there are remote chances that taxable profit would be available in foreseeable future against which the unused tax losses and unused tax credits can be utilized.

## 7 TRADE AND OTHER PAYABLES

It includes payable to Provident Fund Trust amounting Rs. 54.53 million (2017: Rs. 53.01 million). Regular payments of current dues are being made to Provident Fund Trust with insignificant delays.

	Note	December 31, 2017 (Rupees in thousand) (Un-audited)	June 30, 2017 (Audited)
<b>8 SHORT TERM BORROWINGS</b>			
<b>Running finances - secured</b>			
Bank Islami Limited (Formerly: KASB Bank Limited)	8.1	290,000	290,000
<b>Ex-Sponsors' Loan</b>	8.2	250,000	250,000
<b>Others - Unsecured</b>	8.3	787,523	787,523
<b>Loan from Related Parties - unsecured</b>			
Holding Company - Three Stars Cement (Pvt) Ltd		37,804	37,804
Ex-Director - interest free		51,525	37,065
Others-interest free		25,516	25,516
		<b>114,846</b>	<b>100,386</b>
		<b>1,442,369</b>	<b>1,427,909</b>

8.1 This represents finance facility against the limit of Rs. 290 million (2017: Rs. 290 million). It carries mark up @ six months KIBOR plus 3% per annum (2017: 6 months KIBOR + 3% per annum) payable on quarterly basis with no floor and cap. The facility was to be repaid in bullet repayment on September 30, 2007. The facility is secured by 1st pari passu charge on plant and machinery of the company amounting Rs. 400 million and lien over deposit of Rs. 176.5 million in saving account of Mr. Tauseef Peracha and Mr. A. Rafique Khan (Ex-Management).

Bank Islami Limited (Formerly : KASB Bank Limited) has instituted a suit against the company for recovery of Rs. 351,732,336 along with markup / cost of funds in the Honourable Lahore High Court, Lahore. PLA on behalf of the company has been filed against the same and the matter is pending adjudication.

8.2 This represents loan received from Ex-management Mr. A. Rafique Khan and Mr. Tausif Peracha. Terms and conditions related to the loan have not been reduced in writing.

8.3 This represent amounts arranged by the management from time to time to meet the working capital requirements of the company and necessary maintenance of the plant and machinery. The terms and conditions of these loans have not yet been finalized and not reduced in writing.

## 9 CONTINGENCIES AND COMMITMENTS

- The company has not accounted for Rs. 450.126 million (2017:Rs.422.576 Million) additional profit/liquidated damages on the loan payable to Bank Islami Limited (Formerly: KASB Bank Limited) as the matter is subjudice with the honorable Lahore High Court as referred to note no. 8.1 in the condensed interim financial statements.
- The company has issued post dated cheques in favour of LTU's against rescheduling of Sales Tax and Excise duty payable amounting Rs. Nil (2017:Rs.45.248 million).
- Except the above there has been no significant change in contingencies and commitments since the date of preceding published annual financial statements.



	December 31, 2017 (Rupees in thousand) (Un-audited)	June 30, 2017 (Audited)
<b>10 OPERATING FIXED ASSETS</b>		
Opening fixed assets at WDV	3,446,070	3,568,930
Additions	860	2,726
(Deletions)	-	(475)
	<u>3,446,930</u>	<u>3,571,181</u>
Less: depreciation:		
For the period/year	59,560	125,570
On disposal	-	(459)
	<u>59,560</u>	<u>125,111</u>
	<u>3,387,370</u>	<u>3,446,070</u>
<b>11 STOCK IN TRADE</b>		
Raw material	23,805	13,622
Work in process	127,325	105,919
Finished goods	15,016	42,864
	<u>166,146</u>	<u>162,405</u>

**12 LOAN AND ADVANCES**

These include amount Rs. 250 million (June 30, 2017: Rs. 250 million) receivable from Gharibwal Cement Limited (GCL), the past associated company.

**13 INTEREST ACCRUED**

This represents the interest accrued on loan to Gharibwal Cement Limited.

**14 COST OF SALES**

	Half Year ended		Second Quarter ended	
	Dec. 2017 (Rupees in thousand)	Dec. 2016	Dec. 2017 (Rupees in thousand)	Dec. 2016
Raw materials consumed	68,375	74,565	43,915	19,757
Salaries, wages and benefits	113,706	126,074	54,874	65,929
Fuel, gas and electricity	551,362	731,569	333,139	313,859
Stores and spares	24,323	22,412	9,114	9,992
Rent, rates and taxes	228	125	228	101
Vehicle running and maintenance	4,334	4,740	1,999	148
Packing material	50,283	63,264	25,899	25,926
Depreciation	56,500	59,310	28,250	29,697
Others	5,166	29,635	1,471	23,784
	<u>874,277</u>	1,111,694	<u>498,889</u>	489,193
Adjustment of work in process	(21,406)	(73,146)	22,692	1,783
Cost of goods manufactured	<u>852,871</u>	1,038,548	<u>521,581</u>	490,976
Adjustment of finished goods	27,848	5,126	10,454	30,797
	<u>880,719</u>	1,043,674	<u>532,035</u>	521,773

**15 FINANCE COST**

The company has not accounted for markup aggregating Rs. 13.39 million on long term loan as referred in note no. 8.1 to the condensed interim financial statements .

**16 TRANSACTIONS WITH RELATED PARTIES**

There is no significant transaction with related parties during the period except the following.

		<b>(Un-audited)</b>	
		<b>December 31, 2017</b>	<b>December 31, 2016</b>
		<b>(Rupees in thousand)</b>	
<b>Transaction with the related parties</b>	<b>Relationship</b>		
Mr. Muhammad Azhar Sher Remuneration	Director / Chief Executive	<u><b>1,500,000</b></u>	<u>1,500,000</u>

**17 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 2017.

**18 CORRESPONDING FIGURES**

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the unconsolidated condensed interim balance sheet and unconsolidated condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income and unconsolidated condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. However, no significant rearrangements or reclassifications have been made in this condensed interim financial statements.

**19 DATE OF AUTHORISATION**

These condensed interim financial statements were authorised for issue on February 28, 2018 by the Board of Directors of the company.

**20 FIGURES**

Figures in this condensed interim financial statements have been rounded off to the nearest of Rupee.

  
**MUHAMMAD AZHAR SHER**  
Chief Executive

  
**MUHAMMAD KAMRAN**  
Chief Financial Officer

  
**MUHAMMAD AMJAD AZIZ**  
Director

## بورڈ آف ڈائریکٹرز:

آپ کی کمپنی کے ڈائریکٹرز بورڈ کی تشکیل کارپوریٹ گورننس کے کوڈ کی ضروریات کے مطابق ہے۔

نمبر شمار	نام	کمپوزیشن
1	جناب محمد اظہر شیر	ایگزیکٹو ڈائریکٹر (چیف ایگزیکٹو)
2	جناب شاہد علی شیخ	نان ایگزیکٹو ڈائریکٹر
3	جناب عمران بشیر	نان ایگزیکٹو ڈائریکٹر
4	جناب محمد عمران اقبال	ایگزیکٹو ڈائریکٹر
5	جناب محمد امجد عزیز	نان ایگزیکٹو ڈائریکٹر (چیرمین)
6	سعید عنصر رضا شاہ	انڈیپنڈنٹ ڈائریکٹر
7	جناب گل حسین	نان ایگزیکٹو ڈائریکٹر

## ادارہ (کمپنی) کی سماجی ذمہ داری :

آپ کی کمپنی بحیثیت ایک قومی ادارہ ہونے کے ناطے ہمیشہ ان افراد کے لیے جو دن رات کمپنی کے مفاد میں کام کرتے ہیں اپنی ذمہ داریوں سے احسن طریقہ سے عہدہ براہ ہوئی ہے بلاشبہ یہی لوگ کمپنی کے بہترین مفاد کے پیش نظر اپنی کام کی جگہ اور معاشرہ میں سرگرداں رہتے ہیں۔

## اظہار تشکر:

بورڈ آف ڈائریکٹرز اپنے تمام متعلقین بشمول جو محض بینکرز / ملازمین، سپلائی کنندگان، تقسیم کاران اور کمپنی کے امور چلانے والے حضرات / حصص داران انکی جانب سے مسلسل رہنمائی، اعتماد و معاونت اور بھروسہ کرنے کے سلسلے میں بجز شکر گزار ہیں کہ یہ تمام حضرات آنے والے سالوں میں بھی اپنی مخلصانہ کاوشوں کو کمپنی کے بہترین مفاد میں جاری و ساری رکھے گے۔

محمد اظہر شیر

محمد اظہر شیر

چیف ایگزیکٹو

لاہور: 28 فروری 2018

نقصان میں بالترتیب 232 ملین اور 211 ملین کی بڑھوتی ہوئی۔ مزید برآں فی حصص میں نقصان کی شرح میں اضافہ مبلغ رقم 2.22 فی حصص ہوئی۔

## مستقبل کے حالات کی کیفیت :

### انڈسٹری :

سی پیک (CPEC) پروجیکٹ کی سطح پر سیمنٹ کی بڑھتی ہوئی مانگ کے تقاضہ کو پورا کرنے متعلق معاملہ پر خصوصی توجہ مذکور کی گئی ہے اور مستقبل میں سیمنٹ کی موجودہ مانگ کی سپلائی کو جذب کرنے کے لیے تمام وسائل کو بروئے کار لاتے ہوئے یہ توقع کی جاتی ہے کہ سیمنٹ کی سپلائی کی موجودہ مانگ کو مقامی مارکیٹ میں بڑھایا جائیگا اور بہتری کے اس رجحان کو موجودہ مالی سال میں اس تخمینے کے ساتھ جاری و ساری رکھا جائیگا کہ حکومت کی جانب سے عوامی شعبہ جات کے لیے مختص کیے گئے منصوبہ جات میں بہتری کے لیے بجٹ کی مناسب انداز سے تقسیم کی جائیگی، ان منصوبہ جات میں بجلی کے منصوبہ جات، موٹروے، اور بیج ٹرین اور کم آمدنی والی سکیمیں، نقص امن کی صورت حال میں بہتری لائی جائیگی، کم قیمت والی مصنوعات میں قیمتوں پر کنٹرول کیا جائیگا، معیشت کی صورت حال کو بہتر کرنے کے لیے قیمتوں میں کمی کی جائیگی جو کہ کمپنی ہذا کے مفاد میں منافع بخش ہوگی۔

### کمپنی :

توانائی میں مستعدی، مزدوری کی مستعدی اور پیداواری صلاحیت اور درست مالی حالت اور پلانٹ کے کام کرنے کی بہترین صلاحیت جو کسی بھی سیمنٹ پلانٹ کے کامیاب طریقہ پر چلنے کی کنجی ہے۔ انتظامیہ نے تمام حصہ داران بشمول رقم لگانے والے، ملازمین اور حصص داران کو لمبے عرصے کی متوازن ترسیل کے اقدار کا تہیہ کر رکھا ہے۔

### کمپنی کا منصوبہ :

کمپنی کے امور کو چلانے والے مختلف پہلوؤں کے متعلق سوچ رہے ہیں کہ وہ فنڈز کا کس طرح بندوبست ہو کہ جس سے کمپنی کی مشینری مستعدی کے ساتھ چلتی رہے بالخصوص پرانی بجلی کی تنصیبات / آلات کو کیسے بدلا اور کم کیا جائے تاکہ اس سے ایندھن کے اوپر آنے والے اخراجات کو کم کیا جاسکے جس سے کمپنی ماضی کے سالوں سے نقصان میں جا رہی ہے۔

### چھان بین کرنے والے حضرات کے مشاہدات:

نوٹ نمبر 1.2 میں ذکر کیے گئے عناصر کی بنیاد کی روشنی میں ٹھوس نظر ثانی شدہ اس مالی گوشوارہ، کمپنی امور کو چلانے والے منتظمین کی جانب سے بھرپور اعتماد کیا گیا ہے کہ کمپنی اپنے امور کو پوری تندرہی کے ساتھ جاری رکھے گی۔ بقیہ جات جن کی براہ راست تصدیق نہ ہو سکے ان کی تصدیق بیرونی آڈیٹرز کے ذریعہ متبادل طریقہ ہائے تصدیق کی گئی ہے۔ سود کی رقم کے واجبات پر مارک اپ (بڑھائی گئی قیمت) کا اندراج متعلقہ کھاتہ جات میں کر لیا گیا ہے ماسوائے اسلامک بینک لمیٹڈ (گذشتہ کسب بینک لمیٹڈ) بوجہ مقدمہ بازی جس کا ذکر نوٹ 8.1 میں کیا گیا ہے۔

## شراکت داروں کے متعلق ڈائریکٹر حضرات کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر، 2017 کو ختم ہونے والے نصف سال کے لیے تجزیہ کردہ نظر ثانی شدہ عبوری مالیاتی بیانات پیش کرتے ہیں۔

### کمپنی کے چالو شدہ کاروبار کی کارکردگی

عرصہ زیز تجویز نظر ثانی شدہ بابت کمپنی کے چالو شدہ کاروبار کی کارکردگی کا تقابلی جائزہ کی تفصیل کو ذیل میں پیش کیا جاتا ہے:-

ششماہی ختم عرصہ میعاد		دوسرا چوتھائی ختم عرصہ میعاد			
دسمبر 2016	دسمبر 2017	دسمبر 2016	دسمبر 2017		
164,263	105,741	79,080	63,625	میٹرک ٹن	- دھاتی پیدوار (کلنگر)
156,269	106,014	79,787	64,416	میٹرک ٹن	- سیمنٹ کی پیدوار
156,967	109,862	82,937	65,159	میٹرک ٹن	- آمدن

### چلتے ہوئے کاروبار کے متعلق نتائج:

کمپنی کے چالو شدہ کاروبار کی مالی نتائج کی تفصیل کو ذیل میں بیان کیا جاتا ہے:-

ششماہی ختم عرصہ میعاد		دوسرا چوتھائی ختم عرصہ میعاد		
دسمبر 2016	دسمبر 2017	دسمبر 2016	دسمبر 2017	
1,477,063	983,777	772,025	567,983	- کل آمدنی
1,073,852	679,058	561,798	389,338	- خالص آمدنی
30,178	(201,661)	40,025	(142,967)	- کل منافع (نقصان)
110,136	320,953	45,667	210,250	- خالص نقصان
1.16	3.38	0.48	2.22	- نقصان فی حصص

کمپنی کے کاروبار میں نقصان ہونے کی بنیادی وجہ اخراجات میں 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۔ تاہم موجودہ سال میں نفع و نقصان اور خالص آمدنی کے