

**Half Yearly Report
December 31,
2019**

DANDOT CEMENT COMPANY LIMITED

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COMPANY INFORMATION

Board of Directors (BOD)

Taha Muhammad Naseem
Muhammad Farooq Naseem
Mrs. Roohi Farooq Naseem
Zaka Muhammad Naseem
Hamid Mahmood
Murtaza Yousaf Mandviwala
Shafqaat Ahmed

Chief Executive
Chairman of BOD

Audit Committee

Shafqaat Ahmed
Muhammad Farooq Naseem
Hamid Mahmood

Member / Chairman / Secretary
Member
Member

Human Resources & Remuneration Committee

Murtaza Yousaf Mandviwala
Muhammad Farooq Naseem
Taha Muhammad Naseem

Member / Chairman
Member
Member

Chief Financial Officer

Muhammad Kamran

Statutory Auditors

Amin, Mudassar & Co.
Chartered Accountants, Lahore

Internal Auditors

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

Company Secretary

Muhammad Kamran

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

5-Zafar Ali Road, Gulberg V, Lahore.

Postal Address

43-A/S Zafar Ali Road, Gulberg V, Lahore.
Telephone: +92-42-3578614-16

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 reviewed condensed interim financial statements for the half year ended December 31, 2019.

Principal Activity and Operational Performance

Dandot Cement Company Limited (the "Company") is a Public Listed Company. The principal activity of the Company is production and sale of cement. The operational performance of the company for the period under review as compared with preceding period is as follows:

		Half Year ended		Second Quarter ended	
		Dec. 2019	Dec. 2018	Dec. 2019	Dec. 2018
Clinker production	M. Ton	19,019	102,270	-	51,179
Cement production	M. Ton	21,286	109,005	-	54,871
Sales	M. Ton	26,151	114,434	1,782	51,601

The comparative financial results of the company are summarized as below: (Rs. in `000`)

		Half Year ended		Second Quarter ended	
		(Rupees in thousand)			
		Dec. 2019	Dec. 2018	Dec. 2019	Dec. 2018
Gross sales		248,058	1,098,130	15,982	507,375
Net sales		153,889	741,300	9,448	343,938
Gross loss		255,197	211,360	98,867	118,449
Net loss		383,596	177,518	163,420	128,051
Loss per share		4.04	1.87	1.72	1.35

During the period under review, cement production & related sales volume decreased. The shortfall is mainly attributable to closure of plant operation on September 01, 2019 and extra ordinary interruptions in the production process hampering constant outflow of the product. The disruption in production was due to outdated equipment not performing at their desired ratings and causing unplanned shutdowns. Moreover, consistent interruptions was due to voltage fluctuations from the utility company (WAPDA). Irregularities in voltage supply caused damage to the plant equipment, resulting in tremors and sudden stoppages of the plant. The company has also emissions which are non-compliant to the Pakistani emissions standards and thus to minimize the pollutions and damage from the emissions the plant cannot operate on an optimum level. A Balancing, Modernization, and Replacement (BMR) has to be done in order to rectify this issue.

The company sustained gross and operating loss is due to low retention of sale per bag with high input costs such as electricity and coal. The increase in electricity tariff by NEPRA combined with hike in coal prices. Hence, dividend has not been recommended by the board of directors for the current period.

Future Prospects

Industry

The current economic scenario of Pakistan has had a major impact on the cement industry. There has been a slowdown in construction activity due to reduction in government funded projects, and a sense of uncertainty of economic conditions has impacted domestic consumer development. The increase in capacities, especially in the North region has further put pressure on the industry in the past year. A shrinking demand coupled with a sudden increase in output has led to several price fluctuations and squeezing of margins.

In the short term, the supply glut trend seems to stay, however, in the long term the industry has a positive outlook. Pakistan is an emerging market with several infrastructure projects on the horizon (Dams, affordable housing schemes). Hence the long-term sentiment on the Cement industry is optimistic.

Principal Risks and Uncertainties

- Increasing supply with stagnant demand
- Further devaluation of Pak Rupee against the dollar
- High finance cost
- Significant cut in government spending on infrastructure projects

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

Last year, your company successfully concluded its share transfer transaction with Calicom Industries (Pvt.) Limited and a new board of directors were appointed. The new management would like to address all critical issues head-on and tackle them permanently to lay a solid foundation for future of this Company. There are two most critical issues; one is the non-compliance of the current plant to the environmental standards and the other is the in-efficiencies in energy consumption. The resolution of these factors requires a comprehensive Balancing, Modernization and Replacement (BMR) project.

Amid a turbulent market and pessimistic short-term economic conditions, this is a good opportunity to go through this BMR project, thereby correct our gaps to make the company competitive in all respects. Your company is finalizing the BMR project design and details and will proceed towards securing funding for this imminent project.

Auditor's observations

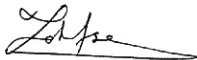
The new management of the company, within such short period of time after acquisition, has injected significant funds, restructured liabilities of ex-management and financial institutions and has made public announcement of its intention for Balancing, Modernization and Replacement (BMR) of its plant. On the basis of efforts of the new management in right direction, the company is fully confident that the company will continue its operations as a going concern. Workers' compensation benefits in excess of statutory/legal requirement will be subject to recognition after final determination and verification by the Competent Authority. Unconfirmed Balances have been confirmed by external Auditor's through alternative procedure. Further, since 2014 and upto condensed balance sheet date, the company is also regularly complying the order passed in 2009 by Securities and Exchange Commission of Pakistan (SECP) related to past dues of provident fund trust.

Subsequent Events

All subsequent events have been properly disclosed in the relevant notes of these un-audited condensed financial statements.

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.



TAHA MUHAMMAD NASEEM
Chief Executive
Lahore: February 28, 2020



MUHAMMAD FAROOQ NASEEM
Director

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF DANDOT CEMENT COMPANY LIMITED

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Dandot Cement Company Limited** as at December 31, 2019 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

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 condensed 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. As described in note 1.2 to the condensed interim financial statements, the condensed interim financial statements have been prepared on going concern basis. The company sustained gross loss and operating loss amounting Rs. 255.197 million and Rs. 279.754 million respectively during the period ended December 31, 2019 and as of that date its accumulated loss was Rs. 4,930.932 million due to which total equity stood at negative balance of Rs. 1,490.682 million without considering the effect of long term loan from holding company amounting Rs.1,904.241 million classified in equity. As of December 31, 2019, the company's current liabilities exceeded its current assets by Rs. 908.763 million. Further, if balances referred in para (ii) have not been written back, the company's current liabilities would exceed its current assets by Rs. 1,272.793 million. The company has been facing financial crunch, resulting in overdue of some obligations. Though the management of the company is planning to overcome the current situation, however, equivocal disclosure of these matters has been made in these financial statements. These events indicate a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business.
- ii. As explained in note no. 4 to the financial statements for the year ended June 30, 2019, on the basis of legal opinion, the company had written back outstanding liability in respect of Past Dues Payable, Payable against Gratuity and Interest on Workers' Profit Participation Fund Payable retrospectively aggregating Rs. 317.12 million and had not accounted for related expense and liability for the related year amounting Rs.46.60 million. However, basis of balances written back and non-provisioning of benefits remained un-substantiated in the absence of any agreement(s) or related approval(s). Had the company accounted for and not reversed the outstanding liability related to current and prior years, current liabilities, accumulated loss as at December 31, 2019 and loss for the period would have been higher by Rs.364.03 million, Rs. 364.03 million and Rs.0.30 million respectively as no provision for interest on Workers' Profit Participation Fund Payable have been accounted for.
- iii. The company did not pay dues of provident fund within stipulated time in compliance with the requirements of the Companies Act, 2017/ the Companies Ordinance, 1984 (repealed) as referred to note 7 to the condensed interim financial statements.

Qualified Conclusion

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

Emphasis of Matter

We draw attention to the following matters:

As referred to note 8 and note 10 to the condensed interim financial statements respectively, there is overdue liability in respect of loan obtained from Economic Affairs Division (EAD) and accrued interest thereon amounting Rs.35.23 million and Rs.59.88 million respectively. During the audit for the year ended June 30, 2019, we had not received reply of direct balance confirmation circulated in respect of these balances, however, carrying amount of aforesaid balances has been confirmed through alternative procedures.

Further, as referred to note 11.1 to the condensed interim financial statements, the company has filed a petition to seek the permission from Hon'able Labour Court for terminated workers.

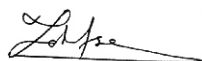
Our conclusion is not modified in respect of these matters.

The engagement partner on the review resulting in this independent auditor's report is Muhammad Amin.

Condensed Statement of Financial Position

		(Un-Audited) Dec 31, 2019	(Audited) June 30, 2019
	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		(4,930,932)	(4,587,511)
Revaluation surplus on property, plant and equipment		2,460,049	2,500,224
		(1,490,682)	(1,107,086)
Long term loan from holding company	4	1,904,241	1,773,441
		413,559	666,355
NON CURRENT LIABILITIES			
Long term financing from banking companies	5	1,891,031	1,892,942
Long term financing from related parties	6	204,378	203,459
Payable to provident fund trust	7	-	-
Other loans and liabilities	8	-	-
Deferred liabilities	9	902,411	918,820
Long term advances and deposits		3,563	3,563
		3,001,383	3,018,784
CURRENT LIABILITIES			
Trade and other payables		946,934	905,966
Deposits, accrued liabilities and advances		123,766	191,756
Unclaimed dividend		1,082	1,082
Payable to provident fund		93,651	93,785
Mark up accrued	10	227,763	206,251
Current portion of non current liabilities		213,711	185,293
Provision for taxation		-	-
		1,606,907	1,584,133
CONTINGENCIES AND COMMITMENTS	11	-	-
		5,021,849	5,269,272

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



TAHA MUHAMMAD NASEEM
Chief Executive




MUHAMMAD KAMRAN
Chief Financial Officer



As at December 31, 2019

	Note	(Un-Audited) Dec 31, 2019 (Rupees in thousand)	(Audited) June 30, 2019
ASSETS			
NON CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	12	4,313,383	4,383,558
LONG TERM SECURITY DEPOSITS		<u>10,321</u>	<u>10,321</u>
		4,323,704	4,393,879
CURRENT ASSETS			
Stores, spares and loose tools		241,900	286,622
Stock in trade	13	194,094	220,018
Trade debts		32,512	105,296
Loans and advances		29,554	32,678
Trade deposits, short term prepayments and current account balances with statutory authorities		192,181	181,869
Cash and bank balances		7,903	48,910
		698,144	875,393
		<u>5,021,849</u>	<u>5,269,272</u>

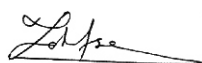

ZAKA MUHAMMAD NASEEM
 Director

Condensed Interim Statement of Profit or Loss Account (Un-Audited)

For the Half Year ended December 31, 2019

	Note	Half Year ended		Second Quarter ended	
		December 31 2019 (Rupees in thousand)	December 31 2018	December 31 2019 (Rupees in thousand)	December 31 2018
Sales (net)		153,889	741,300	9,448	343,938
Cost of sales	14	(409,086)	(952,660)	(108,315)	(462,387)
Gross loss		(255,197)	(211,360)	(98,867)	(118,449)
Operating expenses					
Distribution costs		(3,581)	(2,781)	(1,900)	(1,529)
Administrative expenses		(20,976)	(28,174)	(11,233)	(18,339)
		(24,557)	(30,955)	(13,133)	(19,868)
Operating loss		(279,754)	(242,315)	(112,000)	(138,317)
Other operating income		7,717	82	7,538	36
Other operating expenses		(7,481)	-	(7,481)	-
		(279,518)	(242,233)	(111,943)	(138,281)
Finance costs	15	(118,175)	56,636	(59,183)	5,856
Loss before taxation		(397,693)	(185,597)	(171,126)	(132,425)
Taxation:					
Current		(2,312)	(9,267)	(498)	(4,299)
Deferred		16,409	17,346	8,204	8,673
		14,097	8,079	7,706	4,374
Net loss after taxation		(383,596)	(177,518)	(163,420)	(128,051)
Earnings Per Share- Basic and Diluted		(4.04)	(1.87)	(1.72)	(1.35)

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



TAHA MUHAMMAD NASEEM
Chief Executive



MUHAMMAD KAMRAN
Chief Financial Officer



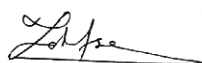
ZAKA MUHAMMAD NASEEM
Director

Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the Half Year ended December 31, 2019

	Half Year ended		Second Quarter ended	
	December 31 2019	December 31 2018	December 31 2019	December 31 2018
Loss for the period	(383,596)	(177,518)	(163,420)	(128,051)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	(383,596)	(177,518)	(163,420)	(128,051)

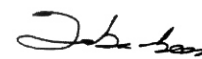
The annexed notes from 1 to 20 form an integral part of these condense interim financial statements.



TAHA MUHAMMAD NASEEM
Chief Executive



MUHAMMAD KAMRAN
Chief Financial Officer



ZAKA MUHAMMAD NASEEM
Director

Condensed Interim Cash Flow Statement (Un-Audited)

For the Half Year ended December 31, 2019

	Dec. 31, 2019	Dec. 31, 2018
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(397,693)	(185,597)
Adjustments of items not involving movement of cash:		
Depreciation	72,155	75,090
Provision for gratuity	-	9,563
Reversal of provision for doubtful balances	(7,456)	-
Profit on deposit and PLS accounts	(260)	(82)
Balances written off	7,481	-
Finance cost	117,860	(56,635)
	189,780	27,937
Operating cash used before working capital changes	(207,913)	(157,660)
(Increase)/Decrease in operating assets:		
Stores, spares and loose tools	44,722	(90,997)
Stock in trade	25,925	26,696
Trade debts	65,302	43,496
Loans and advances	10,580	(8,896)
Sales tax	(3,564)	11,153
Increase / (decrease) in current liabilities:		
Trade and other payables	40,967	206,436
Deposits, accrued liabilities and advances	(67,989)	77,035
Payable to provident fund	(134)	(13)
	115,809	264,910
Cash generated from operating activities	(92,104)	107,250
Gratuity paid	-	(1,211)
Finance cost paid	(25,339)	(11,126)
Interest received	260	82
Income taxes paid	(9,061)	(19,462)
Net Cash Inflows From Operating Activities	(126,244)	75,533
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(1,980)	(11,688)
Net Cash Used In Investing Activities	(1,980)	(11,688)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term security deposits	-	1,775
Long term loan received from holding company	130,799	-
Long term loan repaid to banking companies	(35,131)	(17,186)
Long term loan from related party- net	(8,446)	-
Other loans and liabilities repaid- net	(5)	-
Net Cash Used In/Inflows From Financing Activities	87,217	(15,411)
Net Increase in Cash and Cash Equivalents	(41,007)	48,434
Cash and Cash Equivalents at Beginning of the Period	48,910	13,490
Cash and Cash Equivalents at End of the Period	7,903	61,924

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



TAHA MUHAMMAD NASEEM
Chief Executive



MUHAMMAD KAMRAN
Chief Financial Officer



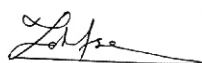
ZAKA MUHAMMAD NASEEM
Director

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

For the Half Year ended December 31, 2019

	Issued, Subscribed and Paid-up Capital	Capital Reserve	Revenue Reserves	Revaluation Surplus on Property, Plant and equipment	Sub Total	Loan From Holding Company	Total
	Share Premium	Accumulated Loss					
..... (Rupees in thousand)							
Balance as at June 30, 2018-Audited	948,400	31,801	(5,609,051)	2,585,161	(2,043,689)	-	(2,043,689)
Loss for the six months ended December 31, 2018	-	-	(177,518)	-	(177,518)	-	(177,518)
Other comprehensive income for the period-net of deferred tax	-	-	-	-	-	-	-
Total comprehensive loss	-	-	(177,518)	-	(177,518)	-	(177,518)
Incremental depreciation on revaluation surplus on property, plant and equipment - net of deferred tax	-	-	42,468	(42,468)	-	-	-
Balance as at December 31, 2018-Unaudited	948,400	31,801	(5,744,102)	2,542,692	(2,221,209)	-	(2,221,209)
Balance as at June 30, 2019-Audited	948,400	31,801	(4,587,511)	2,500,224	(1,107,086)	1,773,441	666,355
Loss for the six months ended December 31, 2019	-	-	(383,596)	-	(383,596)	-	(383,596)
Other comprehensive income for the period-net of deferred tax	-	-	-	-	-	-	-
Total comprehensive loss	-	-	(383,596)	-	(383,596)	-	(383,596)
Incremental depreciation on revaluation surplus on property, plant and equipment - net of deferred tax	-	-	40,175	(40,175)	-	-	-
Loan received during the period	-	-	-	-	-	130,800	130,800
Balance as at December 31, 2019-Unaudited	948,400	31,801	(4,930,932)	2,460,049	(1,490,682)	1,904,241	413,559

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



TAHA MUHAMMAD NASEEM
Chief Executive



MUHAMMAD KAMRAN
Chief Financial Officer



ZAKA MUHAMMAD NASEEM
Director

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

For the Half Year ended December 31, 2019

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. The Company started its production on 1983 and has been engaged in production and marketing of cement. The company is a subsidiary of Calicom Industries (Pvt.) Limited. The registered office of the company is situated at 5-Zafar Ali Road, Gulberg - V, Lahore. The factory is situated at Dandot Railway Station, District Jhelum, Pakistan.
- 1.2 During the prior year the company had been acquired by Calicom Industries (Pvt.) Limited (CIPL) under the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017. Currently, CIPL (holding company) has 67,312,925 voting shares (71% of paid up capital) of the company.

After acquisition and upto the signing of these condensed interim financial statements, the new management arranged funds of Rs. 670 million to bring out the company from financial crunch. However, due to non viable operations, with lack of environmental standards, liquidity crises and huge financial losses, the Board of Directors of the company has unanimously decided through its resolution to "Close Down" the factory. The management of the company is continuously working on various options for a comprehensive Balancing, Modernization and Replacement (BMR) of the project to achieve environmental standards, energy efficiency with cost effectiveness and convert the process into fully automated plant and to make this company profitable. On the basis of above mentioned efforts, the new management of the company is fully confident that the company will continue its operations as a going concern. Hence these Reviewed 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 for the company to continue as a going concern.

2 BASIS OF PREPARATION

2.1 Statement Of Compliance

These unconsolidated condensed interim financial statements of the Company for the half year ended December 31, 2019 have been prepared in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with Company's annual audited financial statements for the year ended June 30, 2019.
- 2.3 The figures included in the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2019 and 2018 and the notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the half years ended December 31, 2019 and 2018.

2.4 Accounting Estimates, Judgements And Financial Risk Management

The preparation of these condensed interim financial statements in conformity with approved accounting standards require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision. In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and key sources of estimation and uncertainty were the same as those that were applied to the annual audited financial statements as at and for the year ended June 30, 2019.

2.5 Basis Of Measurement

These condensed interim financial statements have been prepared under the historical cost convention except for recognition of staff retirement benefits at present value based on actuarial valuation and foreign currency assets and liabilities which are stated at the exchange rate on the date of condensed interim statement of financial position.

These condensed interim financial statements have been prepared following accrual basis of accounting except for condensed interim statement of cash flows.

2.6 Functional And Presentation Currency

These condensed interim financial statements have been prepared and presented in Pakistani Rupee which is the Company's functional and presentation currency.

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 annual audited financial statements for the year ended June 30, 2019 except those that stated in note 3.2 (a) below:

3.2 Change in accounting standards, interpretations and amendments to published accounting and reporting standards

(a) Standards and amendments to published accounting and reporting standards which were effective during the half year ended December 31, 2019

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17: Leases. As the distinction between operating and finance lease is eliminated, it has resulted in leases being recognised on the statement of financial position except for short-term and low-value leases. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised.

However, the application of IFRS 16 does not have any material impact on the Company's books of account.

The amendments that were mandatory for the half year ended December 31, 2019 are considered not to be relevant for the Company's financial reporting process and hence have not been disclosed here.

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

There is a new standard and certain amendments and interpretation to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2020. However, these standard, amendments and interpretation will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these unconsolidated condensed interim financial statements.

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 reporting date.

			December 31, 2019 (Rupees in thousand) (Un-audited)	June 30, 2019 (Audited)
4	LONG TERM LOAN FROM HOLDING COMPANY	Note		
	Aggregate % of shareholding			
	Loan from Calicom Industries (Pvt.) Ltd	71%	4.1	<u>1,904,241</u>
				<u>1,773,441</u>

4.1 This includes the liabilities taken over by CIPL under share purchase agreement for restructuring of financial liabilities through tri-party agreements.

			December 31, 2019 (Rupees in thousand) (Un-audited)	June 30, 2019 (Audited)
5	LONG TERM FINANCING FROM BANKING COMPANIES	Note		
	The Bank of Punjab Limited			
	- Demand finance facility - 1	5.1	1,549,775	1,557,618
	- Demand finance facility - 2	5.2	477,211	451,302
			<u>2,026,986</u>	<u>2,008,920</u>
	Less: Current Portion			
	- Payable within next 12 months		(135,955)	(115,978)
			<u>1,891,031</u>	<u>1,892,942</u>

5.1 This represents restructured/rescheduled of entire outstanding principal amount of demand finance facility - 1. It is secured against 1st pari passu charge of Rs. 3,326 million on fixed assets, 1st charge of Rs. 268 million on current assets, debt subordination agreement of directors/Calicom Industries Pvt. Ltd. (CIPL), corporate guarantee of CIPL and personal guarantee of directors of the company/CIPL.

Repayments of restructured loan shall be made in first 60 equal monthly installments amounting Rs. 14.09 million each including markup @ 4.15% p.a fixed commencing from March 31, 2019 and next 40 equal monthly installments amounting Rs. 40.04 million including markup @ 03 month KIBOR without any floor or cap using KIBOR rate at the last working day of previous quarter. The finance has been presented at amortized cost by using effective rate of markup.

5.2 This represents restructured / rescheduled of entire outstanding amount of demand finance facility - 2. It is secured against 1st pari passu charge of Rs. 3,326 million on fixed assets of the company, joint pari passu charge of Rs. 268 million on current assets, debt subordination agreement of directors/Calicom Industries Pvt. Ltd. (CIPL), corporate guarantee of CIPL and personal guarantee of directors of the company/CIPL.

Repayments of restructured loan shall be made in 108 installments commencing from March 31, 2019. The finance has been presented at amortized cost by using effective rate of markup.

			December 31, 2019 (Rupees in thousand) (Un-audited)	June 30, 2019 (Audited)
6	LONG TERM FINANCING FROM RELATED PARTIES	Note		
	The Bank of Punjab Limited			
	Loan - 1	6.1	163,118	155,033
	Loan - 2	6.2	83,490	82,210
		6.3	<u>246,608</u>	<u>237,243</u>
	Less: Current Portion			
	- Payable within next 12 months		(42,230)	(33,784)
			<u>204,378</u>	<u>203,459</u>

6.1 As part of restructuring arrangement, Calicom Industries (Pvt) Limited (CIPL) has taken over the company's liability of BankIslami Pakistan Limited (BIPL) and in lieu of this BIPL's liability, a long term loan of CIPL with the same amount has been booked in the books of account of the company.

Repayments of CIPL loan shall be made in 28 quarterly installments commencing from July 31, 2019. The finance has been presented at amortized cost by using effective rate of markup.

- 6.2 This represents loan from Calicom Industries (Pvt) Limited (CIPL) which it had taken over the liability of Mr. Mansoor Rasheed (ex-sponsoring director) in respect of his loan of BIPL and in lieu of this liability, a long term loan of CIPL with the same amount has been booked in the books of account of the company.

Repayments of loan shall be settled in 28 quarterly installments commencing from July 31, 2019. The finance has been presented at amortized cost by using effective rate of markup.

- 6.3 These loans are secured against 1st pari passu charge of Rs. 425 million on Plant and Machinery of the company, pledge of 11,413,500 company shares and personal guarantees of all the directors of CIPL.

		December 31, 2019 (Rupees in thousand) (Un-audited)	June 30, 2019 (Audited)
7	PAYABLE TO PROVIDENT FUND TRUST		
	Provident Fund Trust	21,844	25,030
		<u>21,844</u>	<u>25,030</u>
	Less: Current maturity	<u>21,844</u>	<u>25,030</u>
		<u>-</u>	<u>-</u>

- 7.1 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, the company is providing markup in the books of accounts without any default.

		December 31, 2019 (Rupees in thousand) (Un-audited)	June 30, 2019 (Audited)
8	OTHER LOANS AND LIABILITIES- Unsecured		
	LOAN		
	Economic Affairs Division, Government of Pakistan (EAD)	35,232	35,232
	OTHER LIABILITIES		
	Peace agreement arrears	294	299
		<u>35,526</u>	<u>35,531</u>
	Less: Current maturity	<u>(35,526)</u>	<u>(35,531)</u>
		<u>-</u>	<u>-</u>
9	DEFERRED LIABILITIES		
	This is composed of the following:		
	Deferred tax liability on taxable temporary differences arising in respect of:		
	Accelerated tax depreciation	99,067	99,278
	Surplus on revaluation of assets	902,411	918,820
		<u>1,001,478</u>	<u>1,018,098</u>
	Deferred tax asset on deductible temporary differences arising in respect of:		
	Unused tax losses carried forward	(1,068,579)	(973,193)
	Provision for doubtful balances	(2,979)	(2,985)
	Deferred tax asset not recognized on unused losses and minimum tax	972,491	876,900
		<u>(99,067)</u>	<u>(99,278)</u>
	Deferred tax liability as at Dec. 31, / June 30,	<u>902,411</u>	<u>918,820</u>

- 9.1 During the period, net deferred tax assets for the carry forward of unused tax losses and minimum tax amounting Rs. 972.491 million (2019: Rs. 876.900 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.

10 MARK UP ACCRUED

This includes markup payable on loan payable to Economic Affair Division amounting Rs. 59.88 million.

11 CONTINGENCIES AND COMMITMENTS

11.1 On November 11, 2019, the company has filed a petition in Honorable Labour Court under the Industrial and Commercial Employment Ordinance, 1968 to "Close Down" the factory for the purpose of comprehensive Balancing, Modernization and Replacement (BMR) and to seek permission for retrenchment of workers at factory. However, the matter is pending adjudication. Therefore, the company has not contributed its share towards provident fund and did not accounted for provision of gratuity amounting Rs. 3.05 million and Rs. 9.90 million respectively. There is no likelihood of any financial impact on the company except stated above.

11.2 Except the above there has been no significant change in contingencies and commitments since the date of preceding published annual financial statements.

	December 31, 2019 (Rupees in thousand) (Un-audited)	June 30, 2019 (Audited)
12 OPERATING FIXED ASSETS		
Opening fixed assets at WDV	4,383,558	4,479,853
Additions	1,980	54,738
(Deletions)	-	(630)
	<u>4,385,538</u>	<u>4,533,961</u>
Less: depreciation:		
For the period/year	72,155	150,791
On disposal	-	(389)
	<u>72,155</u>	<u>150,402</u>
	<u>4,313,383</u>	<u>4,383,558</u>
13 STOCK IN TRADE		
Raw material	79,270	78,626
Work in process	112,499	99,408
Finished goods	2,325	41,984
	<u>194,094</u>	<u>220,018</u>

14 COST OF SALES

	Half Year ended		Second Quarter ended	
	Dec. 2019	Dec. 2018	Dec. 2019	Dec. 2018
	(Rupees in thousand)		(Rupees in thousand)	
	(U n - a u d i t e d)			
Raw materials consumed	26,451	41,850	2,036	20,756
Salaries, wages and benefits	41,381	94,920	9,382	47,824
Fuel, gas and electricity	196,525	604,829	56,934	313,945
Stores and spares	34,471	27,816	4,467	16,025
Rent, rates and taxes	-	796	-	747
Vehicle running and maintenance	2,906	2,799	1,529	1,734
Packing material	9,280	53,805	955	26,814
Depreciation	68,519	71,137	34,265	35,642
Others	2,985	3,566	1,229	2,331
	<u>382,518</u>	<u>901,518</u>	<u>110,797</u>	<u>465,818</u>
Adjustment of work in process	(13,091)	12,214	(16,709)	20,846
Cost of goods manufactured	<u>369,427</u>	<u>913,732</u>	<u>94,088</u>	<u>486,664</u>
Adjustment of finished goods	39,659	38,928	14,227	(24,277)
	<u>409,086</u>	<u>952,660</u>	<u>108,315</u>	<u>462,387</u>

	December 31, 2019 (Rupees in thousand) (Un-audited)	June 30, 2019 (Audited)
15 FINANCE COST		
Interest / mark up on:		
Loans from financial institutions	91,168	55,265
Loans from related parties	17,810	-
Other loans - long term	2,480	2,487
Provident fund	6,401	5,209
Workers Profit Participation Fund (WPPF)	-	198
Bank charges	316	1,040
	<u>118,175</u>	<u>64,199</u>
Less: Finance income on long term loan	-	(120,835)
	<u>118,175</u>	<u>(56,636)</u>

16 TRANSACTIONS WITH RELATED PARTIES

During the period under review, Calicom Industries (Private) Limited (holding company) has injected Rs. 131 Million for working capital requirements of the company.

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 2019.

18 CORRESPONDING FIGURES

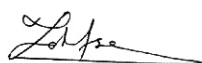
Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. However, no significant rearrangements or reclassifications have been made in this condensed interim financial statements.

19 DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on February 28, 2020 by the Board of Directors of the company.

20 FIGURES

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



TAHA MUHAMMAD NASEEM
Chief Executive



MUHAMMAD KAMRAN
Chief Financial Officer



ZAKA MUHAMMAD NASEEM
Director

ہے۔ نئی انتظامیہ تمام بنیادی مسائل کے تدارک اور حل کے لئے بھرپور کوشش کرے گی اور کمپنی کی ترقی کے لئے ٹھوس بنیادی استوار کرے گی۔ دو بنیادی مسائل میں سے ایک حالیہ پلانٹ کی ماحولیاتی معیارات سے عدم مطابقت اور دوسرا مسئلہ توانائی کے استعمال میں بے قاعدگی ہے۔ ان مسائل کے حل کے لئے جامع متوازن، جدید اور متبادل (BMR) طریقہ کار کی ضرورت ہے۔

مشکلات کی شکار منڈی اور ابتر معاشی صورت حال کے پیش نظر اس BMR پروجیکٹ پر عمل درآمد وقت کی اہم ضرورت ہے تاکہ تمام سطحوں میں کمپنی کے حریفوں کے ساتھ مقابلہ کے فرق کو کم کیا جاسکے۔ آپ کی کمپنی BMR پروجیکٹ کی تیاری کے آخری مراحل میں ہے اور اس مخصوص پراجیکٹ کی مد میں رقم حاصل کرے گی۔

آڈیٹر کے مشاہدات

ایکویزیشن کے بعد اس قلیل مدت میں کمپنی کی نئی انتظامیہ نے خاطر خواہ سرمایہ داری کی ہے اور مالیاتی اداروں کو سابقہ انتظامیہ کے واجبات کوری سٹرپچر کیا ہے اور اپنے پلانٹ کو متوازن، جدید اور تبدیل (BMR) کے ارادہ کا اعلان کیا ہے۔ درست سمت میں نئی انتظامیہ کی کاوشوں کی بنیاد پر کمپنی مکمل طور پر پُر امید ہے کہ کمپنی کاروبار جاری رکھنے کی صلاحیت رکھتی ہے۔ دیگر قانونی ضروریات سے زائد ورکرز معاوضہ مراعات مجاز اتھارٹی کے حتمی تعین اور تصدیق سے مشروط ہے۔ آڈیٹر رپورٹ کے مطابق متبادل آڈٹ طریقہ کار کے ذریعے بیرونی آڈیٹرز نے بیلنس کی تصدیق کر دی ہے۔ علاوہ ازیں، کمپنی سال 2014ء سے اور گوشوارہ کی تاریخ تک سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی جانب سپر اوڈنٹ فنڈ ٹرسٹ کے سابقہ اور واجبات سے متعلق 2009ء میں جاری کردہ حکم کی باقاعدہ تعمیل کر رہی ہے۔

مابعد واقعات

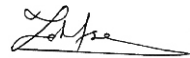
کمپنی کی غیر پڑتال شدہ مالیاتی اسٹیٹمنٹس کے متعلقہ نوٹس میں تمام مابعد واقعات کا باقاعدگی سے ذکر کیا گیا ہے۔

اعتراف

بورڈ آف ڈائریکٹرز اپنے تمام سٹیک ہولڈرز بشمول لیکن محدود نہیں بینکرز، ملازمین، سپلائرز، ڈسٹری بیوٹرز اور ریگولیٹرز اور حصص داران کی مسلسل حمایت خصوصاً بحرائی صورت حال میں بھرپور تعاون اور بھروسہ صدق دل سے شکر یہ ادا کرتے ہیں۔



محمد فاروق نسیم
ڈائریکٹر



طاہر نسیم
چیف ایگزیکٹو

لاہور: 28 فروری، 2020ء

نقصان پہنچا جس کے نتیجے میں پلانٹ کی صلاحیت کم ہوگئی اور یہ فوری بند ہو گیا۔ کمپنی کے پلانٹ سے کئی مادے خارج ہوتے ہیں اور یہ اخراج آلودگی میں کمی اور پلانٹ کے خارج مادوں کے نقصانات سے بچنے کے لئے پاکستانی ایمیشن سٹینڈرڈ کے عین مطابق نہ ہے لہذا پلانٹ اپنی بھرپور صلاحیت کے مطابق کام کرنے سے قاصر ہے۔ اس مسئلہ کے حل کے لئے ایک متوازن، جدید اور متبادل (BMR) طریقہ کار اپنانا ہوگا۔

بجلی اور کولہ کی دہلیز میں زیادہ پیداواری لاگت کے ساتھ کمپنی کو درپیش مجموعی اور فعالی خسارہ فی بیگ فروخت میں کمی کی وجہ سے ہے۔ کولہ کی قیمتوں میں اضافہ اور امریکی ڈالر کے مقابلہ میں روپے کی قدر میں کمی کے علاوہ پیرا کی جانب سے بجلی کے نرخوں میں اضافہ فعالی خسارہ میں تیزی سے اضافہ ہوا۔ لہذا، بورڈ آف ڈائریکٹرز نے رواں مدت منافع منقسمہ کی سفارش نہ کی ہے۔

مستقبل کے امکانات

صنعت:

پاکستان کی موجودہ اقتصادی صورت حال نے سیمنٹ کی صنعت کو بہت زیادہ متاثر کیا۔ گورنمنٹ کی معاونت سے چلنے والے منصوبوں میں رکاوٹ کی وجہ سے تعمیراتی سرگرمی سست روی کا شکار ہے اور معیشت میں غیر یقینی صورت حال کی وجہ سے مقامی صارفین کی ڈیولپمنٹ متاثر ہوئی ہے۔ خصوصاً شمالی علاقوں میں صلاحیت میں اضافہ کی وجہ سے گزشتہ برس صنعت دباؤ کا شکار رہی۔ پیداواری لاگت میں اچانک اضافہ کے ساتھ ساتھ طلب میں کمی کی وجہ سے قیمتوں میں اتار چڑھاؤ سامنے آیا اور منافع میں بھی کمی واقع ہوئی۔

قلیل عرصہ کے لئے، کم رسد کا یہ رجحان برقرار رہے گا تاہم مستقبل میں صنعت مثبت پیش رفت کی توقع رکھتی ہے۔ پاکستان بنیادی ڈھانچے کے متعدد منصوبوں (ڈیم، سستی ہاؤسنگ سکیموں) سے لیس ابھرتی ہوئی منڈی ہے۔ لہذا سیمنٹ انڈسٹری مستقبل میں مسلسل بہتری کے لئے پرامید ہے۔

بنیادی خطرات اور خدشات

- جامد طلب کے ساتھ رسد میں اضافہ
- ڈالر کے مقابلہ میں پاکستانی روپے کی قدر میں مزید کمی
- قرضوں پر زیادہ لاگت
- بنیادی ڈھانچے کے منصوبوں پر حکومت اخراجات میں واضح کمی

کمپنی

توانائی و لیبر کی بہترین کارکردگی اور پیداوار اور درست مالیاتی ماڈلنگ اور پلانٹ کی روانی کسی بھی سیمنٹ پلانٹ کی کامیاب آپریشنز کی بنیاد ہیں۔ انتظامیہ تمام سٹیک ہولڈرز بشمول سرمایہ داری، قرض خواہان، ملازمین اور حصص داران کو طویل مدتی منافع فراہم کرنے کے لئے پرعزم ہے۔

کمپنی کی منصوبہ بندی

پچھلے سال میں آپ کی کمپنی نے کاریکام انڈسٹریز (پرائیویٹ) لمیٹڈ کے ساتھ شیئر ٹرانسفر کی کامیاب منتقلی کی ہے اور نیا بورڈ آف ڈائریکٹرز تشکیل دیا

شراکت داروں کے متعلق ڈائریکٹر حضرات کی رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے بغیر پڑتال کیے گئے گوشوارہ جات مالی بیانات برائے کمپنی بابت سال کے نصف سال کے دوران ہونے والے کاروبار کے اختتام 31 دسمبر 2019 کو پیش کیا گیا ہے۔

بنیادی سرگرمیاں اور آپریشنل کارکردگی

ڈنڈوٹ سیمنٹ کمپنی لمیٹڈ (کمپنی) پبلک لسٹڈ کمپنی ہے۔ کمپنی کے بنیادی کاروباری امور میں سیمنٹ کی تیاری اور فروخت شامل ہیں۔ گذشتہ برس کے مقابلہ میں زیر جائزہ سال کے دوران کمپنی کی آپریشنل کارکردگی حسب ذیل ہے:

دوسرا چوتھائی ختم عرصہ میعاد		ششماہی ختم عرصہ میعاد			
دسمبر 2018	دسمبر 2019	دسمبر 2018	دسمبر 2019		
51,179	-	102,270	19,019	میٹرک ٹن	- دھاتی پیداوار (کلنٹر)
54,871	-	109,005	21,286	میٹرک ٹن	- سیمنٹ کی پیداوار
51,601	1,782	114,424	26,151	میٹرک ٹن	- آمدن

کمپنی کے متقابل مالیاتی نتائج کا خلاصہ حسب ذیل ہے: (000 روپوں میں)

دوسرا چوتھائی ختم عرصہ میعاد		ششماہی ختم عرصہ میعاد		
دسمبر 2018	دسمبر 2019	دسمبر 2018	دسمبر 2019	
507,375	15,982	1,098,130	248,058	- کل آمدنی
343,938	9,448	741,300	153,889	- خالص آمدنی
118,449	98,867	211,360	255,197	- کل نقصان
128,051	163,420	177,518	383,596	- خالص نقصان
1.35	1.72	1.87	4.04	- نقصان فی حصص

زیر جائزہ مدت کے دوران، سیمنٹ کی پیداوار اور متعلقہ فروخت کا حجم کم ہوا ہے۔ اس کمی کا بنیادی طور پر 1 ستمبر 2019 کو آپریشن کا بند ہونا اور پیداوار کے عمل میں اضافی عام رکاوٹوں کی وجہ سے مصنوعات کے مستقبل مزاج کو روکنا ہے۔ پیداواری عمل میں غیر معمولی مداخلت اس خسارہ کی وجہ بنی اور مصنوعات کی رسد میں مزاحمت پیدا ہوئی۔ پرانے آلات کی ناقص کارکردگی اور غیر مکمل بندش کی وجہ سے مطلوبہ پیداوار میں خلل پیدا ہوا۔ علاوہ ازیں، یوٹیلٹی کمپنی (واپڈا) کی جانب سے ووئیج میں اتار چڑھاؤ کی وجہ سے بھی مسلسل مزاحمت پیدا ہوئی۔ ووئیج سپلائی میں بے قاعدگی کی وجہ سے پلانٹ ایکوپمنٹ کو