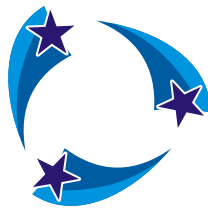




Half Yearly Report
December 31,
2018



DANDOT CEMENT COMPANY LIMITED

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COMPANY INFORMATION

Board of Directors

Mr. Muhammad Asif Khan	Chief Executive
Mr. Shahid Ali Sheikh	
Mr. Imran Bashir	
Mr. Muhammad Imran Iqbal	Chairman
Mr. Muhammad Amjad Aziz	
Syed Ansar Raza Shah	
Mr. Gul Hussain	

Audit Committee

Mr. Shahid Ali Sheikh	Member
Mr. Imran Bashir	Member / Chairman / Secretary
Mr. Gul Hussain	Member

Human Resources & Remuneration Committee

Mr. Muhammad Asif Khan	Member
Syed Ansar Raza Shah	Member
Mr. Gul Hussain	Member / Chairman

Chief Financial Officer

Mr. Muhammad Kamran

Statutory Auditors

Amin, Mudassar & Co.
Chartered Accountants, Lahore.

Internal Auditors

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

Company Secretary

Mr. 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

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 reviewed condensed interim financial statements for the half year ended December 31, 2018.

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

		Half Year ended		Second Quarter ended	
		Dec. 2018	Dec. 2017	Dec. 2018	Dec. 2017
Clinker production	M. Ton	102,270	105,741	51,179	63,625
Cement production	M. Ton	109,005	106,014	54,871	64,416
Sales	M. Ton	114,434	109,862	51,601	65,159

Operating Result

The Half Yearly comparative financial results of the company are summarized below:

	Half Year ended		Second Quarter ended	
	Dec. 2018	Dec. 2017	Dec. 2018	Dec. 2017
	(Rupees in thousand)			
Gross sales	1,098,130	983,777	507,375	567,983
Net sales	741,300	679,058	343,938	89,338
Gross loss	(211,360)	(201,661)	(118,449)	(142,697)
Net loss	(177,518)	(320,953)	(128,051)	(210,550)
Loss per share	(1.87)	(3.38)	(1.35)	(2.22)

During the period under review, cement production and sales have been decreased and the reason of shortfall is mainly attributable to sever financial crunch resulting procurement of poor quality coal caused frequent shutdowns of kiln and improper annual maintenance during the current period.

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

Dividend has not been recommended by the board of directors for the current period due to the loss suffered by the company.

Future Prospects

Industry

On-going infrastructure development and growth in construction activity in general positively benefited the cement sector which resulted in domestic and export dispatches to grow. However, it is expected that this trend will continue in the current financial year by considering the fact that Government has recently launched PM Housing Scheme of affordable houses. Current Government has also a clear commitment to continuation of the China Pakistan Economic Corridor (CPEC). Further, this Government has zero tolerance on delay of dams to meet energy needs of the country which shall increase the cement demand.

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 financers, creditors, employees and shareholders.

Company's Plans

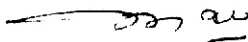
On October 31, 2018, the company has received a firm intention from Calicom Industries (Pvt) Limited to acquire control and 63,542,787 voting shares (67% of paid up capital) of the company. After that, on November 05, 2018, the majority shareholders of the company have given intention that they individually or in concert with other or their family members or associates are entering into negotiations for sale of their shareholding. Upto the signing of the condensed interim financial statement, acquisition process is in progress after that new acquirer will 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.

Auditor's observations

On the basic of fact mentioned in note 1.2 of these condensed interim financial statements, the management of the company is fully confident that the company will continue its operations as going concern. Unconfirmed balances have been confirmed by external Auditor's through alternative procedure. Company is making timely payments of old & current dues of provident fund. Mark up on all dues of interest bearing liabilities has been accounted for in the books of accounts except of Bank Islamic Limited (formerly KASB Bank Ltd. Due to litigation mentioned in note 10.1

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 ASIF KHAN
Chief Executive
Lahore: February 28, 2019.



MUHAMMAD AMJAD AZIZ
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, 2018 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the 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 condensed 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 other comprehensive income for the quarters ended December 31, 2018 and December 31, 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2018.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Condensed 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 financial statements have been prepared on going concern basis. The company sustained gross loss and net loss amounting Rs. 211.360 million and Rs. 177.518 million respectively during the period ended December 31, 2018 and as of that date its accumulated loss was Rs. 5,744.102 million due to which total equity stood at negative balance of Rs. 2,221.209 million. As of December 31, 2018, the company's current liabilities exceeded its current assets by Rs. 4,717.897million. The company has been facing financial crunch, due to this the company could not pay its some overdue contractual obligations. Though the management of the company has planned to overcome the current situation, however, these matters have not been fully disclosed in these condensed 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. Loans from Economic Affairs Division (EAD), Bank Islami Limited (Formerly: KASB Bank Limited), accrued interest on loan from Bank Islami Pakistan Limited (formerly KASB Bank Limited) and Economic Affairs Division (EAD) remained unconfirmed independently as referred as referred to note 6, 10 and 9 respectively to the condensed interim financial statements.
- iii. The company has not provided markup in the condensed financial statements on loan obtained from Bank Islami Pakistan Limited (formerly KASB Bank Limited), as referred to note 10.1 aggregating Rs. 130.728 million including Rs. 16.096 million for the period. Had there been provision made for markup in the condensed interim financial statements the accrued markup and accumulated loss and loss for the period would have been higher by Rs. 130.728 and Rs. 16.096 million respectively.

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 is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for condensed interim financial reporting.

Emphasis of Matter Paragraph

We draw our attention to note no. 8 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.

The engagement partner on the audit resulting in this independent auditor's report is Ghulam Mudassar.

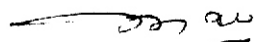
CHARTERED ACCOUNTANTS

Lahore: February 28, 2019.

Condensed Interim Balance Sheet

		(Un-Audited) Dec 31, 2018	(Audited) June 30, 2018
	Note	(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 100,000 (June 30, 2018: 100,000) ordinary shares of Rs.10 each		1,000,000	1,000,000
Issued, subscribed and paid up share capital		948,400	948,400
Share premium reserve		31,801	31,801
Accumulated loss		(5,744,102)	(5,609,051)
Revaluation surplus on property, plant and equipment		2,542,692	2,585,161
		(2,221,209)	(2,043,690)
NON CURRENT LIABILITIES			
Long term loans	4	990,321	1,104,854
Payable to Provident fund trust	5	-	1,752
Other loans and liabilities	6	-	-
Deferred liabilities	7	936,166	953,512
Long term advances and deposits		3,563	1,788
		1,930,050	2,061,906
CURRENT LIABILITIES			
Trade and other payables		2,484,328	2,272,629
Deposits, accrued liabilities and advances		299,036	222,001
Unclaimed dividend		1,082	1,082
Payable to provident fund	8	89,818	91,079
Payable to gratuity fund		245,189	236,837
Mark up accrued	9	619,057	601,330
Loan from banking companies	10	290,000	290,000
Loans from related parties	11	114,846	114,846
Loans and advances - others		1,315,411	1,315,411
Current portion of long term loans		107,243	92,581
Provision for taxation		-	-
		5,566,010	5,237,796
CONTINGENCIES AND COMMITMENTS	12	-	-
		5,274,851	5,256,012

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



MUHAMMAD ASIF KHAN
Chief Executive



MUHAMMAD KAMRAN
Chief Financial Officer



As at December 31, 2018

	Note	(Un-Audited) Dec 31, 2018 (Rupees in thousand)	(Audited) June 30, 2018
ASSETS			
NON CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	13	4,416,451	4,479,853
LONG TERM DEPOSITS AND PREPAYMENTS		<u>10,287</u>	<u>10,287</u>
		4,426,738	4,490,140
CURRENT ASSETS			
Stores, spares and loose tools		290,167	199,171
Stock in trade	14	187,712	214,408
Trade debts		100,827	144,323
Loans and advances		43,573	34,677
Balance with statutory authorities		163,550	159,443
Other receivables		360	360
Cash and bank balances		61,924	13,490
		848,113	765,872
		<u>5,274,851</u>	<u>5,256,012</u>



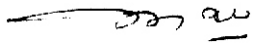
MUHAMMAD AMJAD AZIZ
Director

Condensed Interim Profit And Loss Account (Un-Audited)

For the Half Year ended December 31, 2018

	Note	Half Year ended		Second Quarter ended	
		December 31 2018 (Rupees in thousand)	December 31 2017	December 31 2018 (Rupees in thousand)	December 31 2017
Sales (net)		741,300	679,058	343,938	389,338
Cost of sales	15	(952,660)	(880,719)	(462,387)	(532,035)
Gross loss		(211,360)	(201,661)	(118,449)	(142,697)
Operating expenses					
Distribution costs		(2,781)	(2,007)	(1,529)	(844)
Administrative expenses		(28,174)	(27,218)	(18,339)	(21,575)
		(30,955)	(29,225)	(19,868)	(22,419)
Operating loss		(242,315)	(230,886)	(138,317)	(165,116)
Other operating income		82	89	36	27
		(242,233)	(230,797)	(138,281)	(165,089)
Finance costs	16	56,636	(95,281)	5,856	(46,677)
Loss before taxation		(185,597)	(326,078)	(132,425)	(211,766)
Taxation:					
Current		(9,267)	(8,489)	(4,299)	(5,591)
Deferred		17,346	13,614	8,673	6,807
		8,079	5,125	4,374	1,216
Net loss after taxation		(177,518)	(320,953)	(128,051)	(210,550)
Earnings Per Share- Basic and Diluted		(1.87)	(3.38)	(1.35)	(2.22)

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



MUHAMMAD ASIF KHAN
Chief Executive



MUHAMMAD KAMRAN
Chief Financial Officer



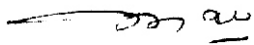
MUHAMMAD AMJAD AZIZ
Director

Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the Half Year ended December 31, 2018

	Half Year ended		Second Quarter ended	
	December 31 2018	December 31 2017	December 31 2018	December 31 2017
Loss for the period	(177,518)	(320,953)	(128,051)	(210,550)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	<u>(177,518)</u>	<u>(320,953)</u>	<u>(128,051)</u>	<u>(210,550)</u>

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



MUHAMMAD ASIF KHAN
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, 2018

	Dec. 31, 2018	Dec. 31, 2017
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(185,597)	(326,078)
Adjustments of items not involving movement of cash:		
Depreciation	75,090	59,560
Provision for gratuity	9,563	8,629
Profit on deposit and PLS accounts	(82)	(89)
Finance cost	(56,635)	95,281
	27,937	163,381
Operating cash used before working capital changes	(157,660)	(162,697)
(Increase)/Decrease in operating assets:		
Stores, spares and loose tools	(90,997)	29,210
Stock in trade	26,696	(3,742)
Trade debts	43,496	10,673
Loans and advances	(8,896)	(486)
Sales tax	11,153	(21,493)
Increase / (decrease) in current liabilities:		
Trade and other payables	206,436	188,217
Deposits, accrued liabilities and advances	77,035	-
Payable to provident fund	(13)	-
	264,910	202,379
Cash generated from operating activities	107,250	39,682
Gratuity paid	(1,211)	-
Finance cost paid	(11,126)	(11,591)
Interest received	82	89
Income taxes paid	(19,462)	(22,911)
Net Cash Inflows From Operating Activities	75,533	5,269
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(11,688)	(860)
Capital work in progress	-	(4,662)
Net Cash Used In Investing Activities	(11,688)	(5,522)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings	-	14,460
Long term security deposits	1,775	-
Long term loans	(17,186)	(12,810)
Net Cash Used In/Inflows From Financing Activities	(15,411)	1,650
Net Increase in Cash and Cash Equivalents	48,434	1,397
Cash and Cash Equivalents at Beginning of the Period	13,490	20,552
Cash and Cash Equivalents at End of the Period	61,924	21,949

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



MUHAMMAD ASIF KHAN
Chief Executive



MUHAMMAD KAMRAN
Chief Financial Officer



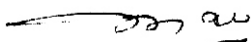
MUHAMMAD AMJAD AZIZ
Director

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

For the Half Year ended December 31, 2018

	SHARE CAPITAL	SHARE PREMIUM RESERVE	ACCUMULATED LOSS	SURPLUS ON REVALUATION OF FIXED ASSETS	TOTAL
	(Rupees in thousand)				
Balance as at June 30, 2017-Audited	948,400	31,801	(4,927,808)	1,782,380	(2,165,227)
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)	-
Balance as at December 31, 2017-Unaudited	948,400	31,801	(5,216,996)	1,750,615	(2,486,180)
Balance as at June 30, 2018-Audited	948,400	31,801	(5,609,051)	2,585,161	(2,043,690)
Loss for the six months ended December 31, 2018	-	-	(177,518)	-	(177,518)
Other comprehensive income for the period-net of deferred tax	-	-	-	-	-
Total comprehensive income	-	-	(177,518)	-	(177,518)
Incremental depreciation on revaluation surplus on property, plant and equipment - net of deferred tax	-	-	42,468	(42,468)	-
Incremental depreciation transferred from surplus on revaluation of fixed assets -Net of deferred tax	-	-	-	-	-
Balance as at December 31, 2018-Unaudited	948,400	31,801	(5,744,102)	2,542,692	(2,221,209)

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



MUHAMMAD ASIF KHAN
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, 2018

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 On October 31, 2018, the existing management (major shareholder) has received affirm intention from Calicom Industries (Pvt) Limited to acquire control and 63,542,787 voting shares (67% of paid up capital) of the company. After that, on November 05, 2018, the majority shareholders of the company have given intention that they individually or in consent with other or their family members or associates are entering into negotiations for sale of their shareholding.

After successful repayment of Rs. 355 million to the Bank Of Punjab (BOP) the company has re-negotiated the repayment schedule of BOP in favor of the company and the company is also negotiating for fresh Running Finance/LC facility of Rs. 500 million. The company is hopeful for obtaining above facility to overcome its present financial crunch.

On October 05, 2018, the Bank Islami Pakistan Limited (formerly KASB Bank Limited) has given proposed offer regarding out of court settlement of outstanding liabilities of the company. However, further negotiations for flexible terms are in process for finalization.

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. 177.518 million and Rs. 5,744.102 million respectively and current liabilities exceed its current assets by Rs. 4,717.897 million as at Dec 31, 2018 and the company may 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 the 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.

- 2.1(i) 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, 2018.
- 2.1(ii) The figures included in the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2018 and 2017 and in 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, 2018 and 2017.

2.2 Accounting Estimates, Judgements And Financial Risk Management

Judgments and estimates made by the management in the preparation of the condensed interim financial statements were the same as those applied to the financial statements as at and for the year ended June 30, 2018.

2.3 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.

2.4 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 financial statements for the year ended June 30, 2018 except those stated in note 3.2 (a) below.

3.2 NEW STANDARDS, AMENDMENTS TO APPROVED ACCOUNTING STANDARDS AND NEW INTERPRETATIONS

a) Amendments to published approved accounting standards which are effective during the half year ended December 31, 2018

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2018. 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.

In addition to that a new standard (i.e. IFRS 15) have become applicable to the Company effective July 1, 2018. Because of these new standards certain changes to the Company's accounting policies have been made in light of the following paragraphs:

- IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 'Revenue', IAS 11 'Construction Contracts', and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The changes laid down by these standards do not have any significant impact on these condensed interim financial statements of the Company.

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

i) There is a new standard, certain amendments and an interpretation to the approved accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2019. However, these 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.

ii) There is a new standard that will be mandatory for the Company's annual accounting periods ending on or after June 30, 2019. The standard laid down certain changes which will not have any significant impact on these condensed interim financial statements of the Company and has been disclosed as follows:

- IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

The Securities and Exchange Commission of Pakistan (SECP) had notified IFRS 9 'Financial instruments', vide SRO 1007(I)/2017 dated October 4, 2017, replacing the IAS 39 'Financial instruments: Recognition and Measurement' with effect from reporting periods starting July 1, 2018. However, the SECP has deferred the applicability of IFRS 9 'Financial instruments', vide SRO 229(I)/2019 dated February 14, 2019, for reporting periods ending on or after June 30, 2019 for all companies required to prepare their financial statements in accordance with requirements of said IFRS. Hence, the company has not yet adopted the IFRS 9.

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.

	Note	December 31, 2018 (Rupees in thousand) (Un-audited)	June 30, 2018 (Audited)
4 LOAN FROM BANKING COMPANIES			
The Bank of Punjab Limited			
- Demand finance facility - 1	4.1	711,633	820,379
- Demand finance facility - 2	4.2	350,385	341,494
		1,062,018	1,161,873
Less: Current Portion		(71,697)	(57,019)
		990,321	1,104,854

- 4.1 During the period, the company has negotiated further restructuring / rescheduling of entire outstanding principal amount of demand finance facility - 1. It is secured against ranking charge 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 / Three Stars Cement (Pvt) Ltd., 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 120 equal monthly installments amounting Rs. 5.186 million including markup and principal commencing from July 31, 2018. Mark-up is payable @ 4% per annum. The finance has been presented at amortized cost by using effective rate of markup.

- 4.2 During the period, the company has negotiated further restructuring / rescheduling of entire outstanding principal amount of demand finance facility - 2. It is secured against ranking charge of Rs. 1,443.75 million on fixed assets, 1st charge of Rs. 268 million on current assets, debt subordination agreement of directors / Three Stars Cement (Pvt) Ltd., corporate guarantee of Three Star Hosiery Mills (Pvt) Limited and personal guarantee of the new directors ships of the company.

Repayments of restructured loan shall be made in 120 equal monthly installments amounting Rs. 2.9 million commencing from July 31, 2018. It does not carry markup. The finance has been presented at amortized cost by using effective rate of markup.

		December 31, 2018 (Rupees in thousand) (Un-audited)	June 30, 2018 (Audited)
5	PAYABLE TO PROVIDENT FUND TRUST		
	Provident Fund Trust	28,030	31,030
	Less: Current maturity	28,030	29,279
		-	1,751

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

		December 31, 2018 (Rupees in thousand) (Un-audited)	June 30, 2018 (Audited)
6	OTHER LOANS AND LIABILITIES- Unsecured		
	LOANS		
	Economic Affairs Division, Government of Pakistan (EAD)	35,232	35,232
	OTHER LIABILITIES		
	Peace agreement arrears	314	330
		35,546	35,562
	Less: Current maturity	35,546	35,562
		-	-
7	DEFERRED LIABILITIES		
	This is composed of the following:		
	Deferred tax liability on taxable temporary differences arising in respect of:		
	Accelerated tax depreciation	93,534	93,021
	Surplus on revaluation of assets	936,166	953,512
		1,029,700	1,046,533
	Deferred tax asset on deductible temporary differences arising in respect of:		
	Unused tax losses carried forward	(1,032,644)	(998,608)
	Deferred tax asset not recognised on unused losses	939,123	905,600
		(93,521)	(93,008)
	Provision for doubtful balances	(13)	(13)
		(93,534)	(93,021)
	Deferred tax liability as at Dec. 31, / June 30,	936,166	953,512

During the period, net deferred tax assets for the carry forward of unused tax losses amounting Rs. 939.123 million (June 30, 2018:Rs. 905.600 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 can be utilized.

8 PAYABLE TO PROVIDENT FUND

This represents amount payable to Provident Fund Trust. Regular payments of current dues are being made to Provident Fund Trust with insignificant delays amounting Rs. 2.850 million.

9 MARK UP ACCRUED

This represents the mark up payable on loans obtained from Bank of Punjab Limited, Bank Islami Pakistan Limited (formerly: KASB Bank Ltd.), Economic Affairs Division (EAD), Three Stars Cement (Pvt) Limited and Provident Fund Trust.

		December 31, 2018 (Rupees in thousand) (Un-audited)	June 30, 2018 (Audited)
10	LOAN FROM BANKING COMPANIES		
	Running finances - secured		
	Bank Islami Limited (Formerly : KASB Bank Limited)	10.1 <u>290,000</u>	<u>290,000</u>

10.1 This represents finance facility against the limit of Rs. 290 million (June 30, 2018: Rs. 290 million). It carries mark up @ six months KIBOR plus 3% per annum (June 30, 2018: 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.

		December 31, 2018 (Rupees in thousand) (Un-audited)	June 30, 2018 (Audited)
11	LOANS FROM RELATED PARTIES		
	Loan from Related Parties - unsecured		
	Holding Company	37,804	37,804
	Ex-Director - interest free	51,525	51,525
	Others-interest free	25,516	25,516
		<u>114,846</u>	<u>114,846</u>

12 CONTINGENCIES AND COMMITMENTS

- The company has not accounted for Rs. 505.226 million (June 30, 2018:Rs.477.676 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. 10.1 in the condensed interim financial statements.
- Except the above there has been no significant change in contingencies and commitments since the date of preceding published annual financial statements.

		December 31, 2018 (Rupees in thousand) (Un-audited)	June 30, 2018 (Audited)
13	OPERATING FIXED ASSETS		
	Opening fixed assets at WDV	4,479,853	3,446,070
	Additions	11,688	57,206
	Revaluation surplus	-	1,096,667
		<u>4,491,541</u>	<u>4,599,944</u>
	Less: Depreciation for the period/ year	75,090	120,091
		<u>4,416,451</u>	<u>4,479,853</u>
14	STOCK IN TRADE		
	Raw material	59,479	35,033
	Work in process	103,634	115,847
	Finished goods	24,599	63,528
		<u>187,712</u>	<u>214,408</u>

15 COST OF SALES

	Half Year ended		Second Quarter ended	
	Dec. 2018	Dec. 2017	Dec. 2018	Dec. 2017
	(Rupees in thousand)		(Rupees in thousand)	
	(Un-audited)			
Raw materials consumed	41,850	68,375	20,756	43,915
Salaries, wages and benefits	94,920	113,706	47,824	54,874
Fuel, gas and electricity	604,829	551,362	313,945	333,139
Stores and spares	27,816	24,323	16,025	9,114
Rent, rates and taxes	796	228	747	228
Vehicle running and maintenance	2,799	4,334	1,734	1,999
Packing material	53,805	50,283	26,814	25,899
Depreciation	71,137	56,500	35,642	28,250
Others	3,566	5,166	2,331	1,471
	901,518	874,277	465,818	498,889
Adjustment of work in process	12,214	(21,406)	20,846	22,692
Cost of goods manufactured	913,732	852,871	486,664	521,581
Adjustment of finished goods	38,928	27,848	(24,277)	10,454
	952,660	880,719	462,387	532,035

16 FINANCE COST

	December 31, 2018	December 31, 2017
	(Rupees in thousand)	(Rupees in thousand)
	(Un-audited)	(Un-audited)
Interest / mark up on:		
Loans from financial institutions	55,265	83,233
Other loans - long term	2,487	2,487
Provident fund	5,209	9,011
Workers Profit Participation Fund (WPPF)	198	165
Bank charges	1,040	386
	64,199	95,281
Less: Finance income on long term loan	(120,835)	-
	(56,636)	95,281

17 TRANSACTIONS WITH RELATED PARTIES

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

18 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 2018.

19 DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on February 28, 2019 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 ASIF KHAN
 Chief Executive


MUHAMMAD KAMRAN
 Chief Financial Officer

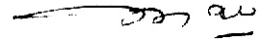

MUHAMMAD AMJAD AZIZ
 Director

اعتراف

بورڈ آف ڈائریکٹرز تمام سٹیک ہولڈرز بشمول بینکرز، ملازمین، سپلائرز، ڈسٹری بیوٹرز بمعہ ریگولیٹرز اور شیئر ہولڈرز کی مسلسل حمایت، تعاون اور خصوصاً رواں برس کمپنی کو درپیش مسائل کے دوران اعتماد کے لئے شکرگزار ہیں۔



محمد امجد عزیز
ڈائریکٹر



محمد آصف خان
چیف ایگزیکٹو آفیسر
لاہور: 28 فروری، 2019ء

کمپنی کو لاحق خسارہ کی وجہ سے بورڈ آف ڈائریکٹرز نے کسی قسم کا منافع منقسمہ تجویز نہ کیا ہے۔

مستقبل کے امکانات

صنعت

بنیادی ڈھانچہ کے جاری ترقیاتی کاموں اور بڑھتی ہوئی تعمیراتی سرگرمیوں کی وجہ سے سیمنٹ کے شعبے پر مثبت اثرات مرتب ہوئے جس کے نتیجے میں مقامی اور برآمدی رفتار میں اضافہ ہوا۔ تاہم، امید کی جاتی ہے کہ یہ رجحان رواں مالی سال کے دوران برقرار رہے گا جس کی بنیادی وجہ حکومت کی جانب سے پرائم منسٹر ہاؤسنگ سکیم کے تحت کفایتی گھروں کی تعمیر ہے۔ موجودہ حکومت کا پاک چین اقتصادی راہداری (CPEC) کو جاری رکھنے کا بھرپور عزم رکھتی ہے مزید یہ کہ، موجودہ حکومت ملک کی توانائی کی ضروریات کو پورا کرنے کے لئے ڈیموں کی تعمیر میں تھوڑی سی بھی تاخیر برداشت نہیں کرے گی۔ اس سے سیمنٹ کی طلب میں اضافہ ہوگا۔

کمپنی

توانائی اور لیبر کی کارکردگی اور پیداوار اور درست مالیاتی سمت اور رواں مشینی افعال کسی بھی سیمنٹ پلانٹ کی کامیابی کے بنیادی عوامل ہیں۔ انتظامیہ تمام سٹیک ہولڈرز بشمول قرض خواہان، ملازمین اور شیئرز ہولڈرز کو طویل مدتی متوازن فوائد فراہم کرنے کے لئے پرعزم ہے۔

کمپنی کا منصوبہ

31 اکتوبر 2018ء کو کمپنی نے کیلی کام انڈسٹریز (پرائیویٹ) لمیٹڈ سے قبضہ اور کمپنی کے 63,542,787 ووٹنگ حصص (اداشدہ سرمایہ کا 67 فی صد) حاصل کرنے کا ارادہ حاصل کیا ہے۔ بعد ازاں، نومبر 2018ء کو کمپنی کے اکثر حصص داران نے خواہش ظاہر کی ہے کہ انفرادی یا اجتماعی طور پر وہ خود اور اپنے اہلیان یا معاونین کے ہمراہ اپنی شیئرز ہولڈنگ کی فروخت کے لئے بات چیت کر رہے ہیں۔ مختصر مالیاتی اسٹیٹمنٹس پر دستخط ہونے تک کمپنی کی خریداری کا عمل جاری ہے جس کے بعد نیا خریدار توانائی اور ایندھن کی کھپت کو کم کرنے کے لئے پرانی برقی تنصیبات/آلات کو تبدیل کر کے مشینری کی صلاحیت میں اضافہ کے لئے مزید سرمایہ کا انتظام کرے گا۔ توانائی اور ایندھن کی کھپت ہی کمپنی کے خسارہ کی بنیادی وجہ 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 تندی کے ساتھ جاری رکھے گی۔ بقیہ جات جن کی براہ راست تصدیق نہ ہو سکے ان کی تصدیق بیرونی آڈیٹرز بذریعہ 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 10.1 میں کیا گیا ہے۔

شراکت داروں کے متعلق ڈائریکٹر حضرات کی رپورٹ

آپ کی کمپنی کے ڈائریکٹر 31 دسمبر 2018 کو ختم ہونے والے نصف سال کے لیے تجزیہ کردہ نظر ثانی شدہ عبوری مالیاتی بیانات پیش کرتے ہیں۔

بنیادی سرگرمیاں اور فعالی کارکردگی

ڈنڈوٹ سیمنٹ کمپنی لمیٹڈ ("کمپنی") ایک پبلک لمیٹڈ کمپنی ہے۔ کمپنی کی بنیادی سرگرمیوں میں سیمنٹ کی پیداوار اور فروخت شامل ہیں۔ گذشتہ برس کے مقابلہ میں زیر جائزہ سال کے لئے کمپنی کی فعالی کارکردگی حسب ذیل ہے۔

دوسرا چوتھائی ختم عرصہ میعاد		ششماہی ختم عرصہ میعاد			
دسمبر 2017	دسمبر 2018	دسمبر 2017	دسمبر 2018		
63,625	51,179	105,741	102,270	میٹرک ٹن	- دھاتی پیداوار (کلنکر)
64,416	54,871	106,014	109,005	میٹرک ٹن	- سیمنٹ کی پیداوار
65,159	51,601	109,862	114,434	میٹرک ٹن	-- آمدن

کمپنی کے چلو شدہ کاروباری مالی نتائج کی تفصیل کو ذیل میں بیان کیا گیا ہے:-

دوسرا چوتھائی ختم عرصہ میعاد		ششماہی ختم عرصہ میعاد			
دسمبر 2017	دسمبر 2018	دسمبر 2017	دسمبر 2018		
567,983	507,375	983,777	1,098,130		- کل آمدنی
89,338	343,938	679,058	741,300		- خالص آمدنی
(142,697)	(118,449)	(201,661)	(211,360)		- کل نقصان
(210,550)	(128,051)	(320,953)	(177,518)		- خالص نقصان
(2.22)	(1.35)	(3.38)	(1.87)		- نقصان فی حصص

زیر جائزہ مدت کے دوران، سیمنٹ کی پیداوار اور فروخت میں کمی واقع ہوئی اور اس کمی کی بنیادی وجہ ناقص معیار کے کوئلہ کے حصول کی بنا پر شدید مالی بحران ہے جس کی وجہ سے رواں مدت بھٹا اکثر بند رہا اور سال بھر میں نامناسب سالانہ دیکھ بھال بھی متاثر ہوئی۔ کمپنی کا خسارہ لاگت میں اضافہ، توانائی بحران، کوئلے کی انتہائی قیمت، بکثرت مرمت اور دیکھ بھال اور متبادل ایندھن ٹیسٹنگ لاگت کی وجہ سے ہے۔