



3RD QUARTER REPORT
March 31, 2014



DANDOT CEMENT COMPANY LIMITED

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COMPANY INFORMATION

Board of Directors

Mr. Muhammad Rasheed	
Mr. Mansoor Rasheed	Chief Executive
Mr. Saud Rasheed	
Mr. Muhammad Imran Iqbal	
Mr. Muhammad Amjad Aziz	Chairman
Syed Ansar Raza Shah	
Mr. Gul Hussain	

Audit Committee

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

Human Resources & Remuneration Committee

Mr. Mansoor Rasheed	Member
Syed Ansar Raza Shah	Member
Mr. Gul Hussain	Member/Chairman

Chief Financial Officer

Mr. Muhammad Kamran

Company Secretary

Mr. Muhammad Kamran

Statutory Auditors

Amin, Mudassar & Co.
Chartered Accountants

Legal Advisor

International Legal Services

Bankers

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

Registered Office

30-Sher Shah Block, New Garden Town, Lahore
Telephone: 35869827, 35842316, Fax: 35831846

Factory

DANDOT R.S., Distt. Jhelum.
Telephone: (0544) 211371,211491 Fax: (0544) 211490

Share Registrar

Corplink (Pvt.) Ltd.
Wings Arcade 1-K-Commercial, Model Town, Lahore.
Telephone: 35839182, 35887262 Fax: 35869037

Website

www.dandotcement.com



DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors presents the condensed interim financial statements of the company for the 3rd Quarter ended March 31, 2014.

Operational Performance

During the quarter under review, the operations of the company have been resumed as explained in note no. 1.2, which were suspended October, 2012.

Particulars	Third Quarter ended		Nine Months ended	
	March 2014	March 2013	March 2014	March 2013
Cement production	72,786	-	88,879	42,507
Cement dispatch	73,658	-	87,369	25,814

Operating Results

The comparative financial results of the company for the period are summarized as below and all the figures are in Rupees in thousand;

Particulars	Third Quarter ended		Nine Months ended	
	March 2014	March 2013	March 2014	March 2013
Net sales	502,007	-	595,605	145,272
Gross loss	103,421	161,369	416,492	314,790
Operating loss	112,450	168,850	442,849	343,522
Net loss	117,911	173,626	498,334	361,679

Future Prospects

Industry:

It is expected that local demand of cement may increase due to expected government spending on infrastructure projects. Proper and efficient utilization of allocated development budget would help cement sector to grow. However increase in electricity tariff and uninterrupted power supply will be critical for the industry.

Company:

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

During the period, the management has arranged a loan from an investor for the necessary maintenance of the plant. However, the terms and conditions of such loan have not yet been finalized. Due to this fund injection, operations of the company have been resumed in December 2013.

Acknowledgement

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



SYED ANSAR RAZA SHAH
Chairman Board of Directors
Lahore: May 20, 2014.

Condensed Interim Balance Sheet

	Note	(Un-Audited) March 31, 2014	(Audited) June 30, 2013
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 100,000,000 (June 2013:100,000,000) ordinary shares of Rs.10 each		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		(4,221,062)	(3,748,791)
		(3,240,861)	(2,768,590)
SURPLUS ON REVALUATION OF FIXED ASSETS			
		1,039,190	1,065,253
		(2,201,671)	(1,703,336)
NON CURRENT LIABILITIES			
Loan from banking companies		1,156,342	1,020,000
Other loans		30,776	37,995
Deferred liabilities		-	-
Long term advances and deposits		1,882	1,532
		1,189,000	1,059,527
CURRENT LIABILITIES			
Trade and other payables		1,782,575	1,647,879
Mark up accrued		728,130	712,598
Short term borrowings		1,161,209	899,551
Current portion of long term loans and liabilities		83,195	74,611
Provision for taxation - income tax		-	-
		3,755,109	3,334,639
CONTINGENCIES AND COMMITMENTS			
	5	-	-
		2,742,438	2,690,829

The annexed notes form an integral part of this condensed interim financial information.



MUHAMMAD IMRAN IQBAL
Director



Statement u/s 241(2) of the Companies Ordinance, 1984

These financial statements have been signed by two Directors instead of Chief Executive and one Director as the Chief Executive is not in Pakistan for the time being.

As at March 31, 2014

	(Un-Audited) March 31, 2014	(Audited) June 30, 2013
Note	(Rupees in thousand)	
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment		
Operating fixed assets	1,968,362	2,016,895
Long term loans	3	4
Long term security deposits	10,601	10,375
	<u>1,978,966</u>	<u>2,027,274</u>
CURRENT ASSETS		
Stores, spares and loose tools	132,037	118,749
Stock in trade	203,515	217,026
Trade debts	32,506	3,039
Loans and advances	311,795	274,279
Balances with statutory authorities	55,372	37,485
Interest accrued	9,389	9,389
Other receivables	387	387
Cash and bank balances	18,471	3,202
	<u>763,472</u>	<u>663,555</u>
	<u>2,742,438</u>	<u>2,690,829</u>


SYED ANSAR RAZA SHAH
Director




Condensed Interim Profit And Loss Account (Un-Audited)

For the Period ended March 31, 2014

	Third quarter ended		Nine months ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	(Rupees in thousand)		(Rupees in thousand)	
Sales (Net)	502,007	-	595,605	145,272
Cost of sales	605,428	161,369	1,012,097	460,062
Gross loss	(103,421)	(161,369)	(416,492)	(314,790)
Operating expenses				
Distribution costs	567	439	1,370	2,509
Administrative expenses	8,462	7,042	24,987	26,223
	9,029	7,481	26,357	28,732
Operating loss	(112,450)	(168,850)	(442,849)	(343,522)
Finance costs	(5,484)	(4,778)	(16,271)	(14,214)
Other operating income	23	2	231	102
Other operating expenses	-	-	(39,445)	(4,045)
	(5,461)	(4,776)	(55,485)	(18,157)
Loss before taxation	(117,911)	(173,626)	(498,334)	(361,679)
Taxation:				
Current	-	-	-	-
Deferred	-	-	-	-
	-	-	-	-
Net Profit / (Loss) after taxation	(117,911)	(173,626)	(498,334)	(361,679)
Profit / (Loss) per weighted average shares- Basic (Rupees)	(1.24)	(1.83)	(5.25)	(3.81)

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MUHAMMAD IMRAN IQBAL
Director


SYED ANSAR RAZA SHAH
Director



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Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the Period ended March 31, 2014

	Third quarter ended		Nine months ended	
	March 31, 2014 (Rupees in thousand)	March 31, 2013 (Rupees in thousand)	March 31, 2014 (Rupees in thousand)	March 31, 2013 (Rupees in thousand)
Loss for the period	(117,911)	(173,626)	(498,334)	(361,679)
Other comprehensive income	-	-	-	-
Total comprehensive profit/ (loss) for the period	<u>(117,911)</u>	<u>(173,626)</u>	<u>(498,334)</u>	<u>(361,679)</u>

The annexed notes form an integral part of this condensed interim financial information.



MUHAMMAD IMRAN IQBAL
Director



SYED ANSAR RAZA SHAH
Director

Statement u/s 241(2) of the Companies Ordinance, 1984

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Condensed Interim Cash Flow Statement (Un-Audited)

For the Period ended March 31, 2014

	Nine months ended	
	March 31, 2014	March 31, 2013
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(498,334)	(361,679)
Adjustments of items not involving movement of cash:		
Depreciation	49,422	51,760
Provision for gratuity	18,091	18,927
Gain on disposal of Fixed Assets	(111)	-
Profit on deposit and PLS accounts	(120)	(102)
Finance cost	16,271	14,214
	83,553	84,799
Operating cash flows before working capital changes	(414,781)	(276,880)
(Increase)/Decrease in operating assets:		
Stores, spares and loose tools	(13,288)	37,775
Stock in trade	13,511	15,463
Trade debts	(29,467)	5,999
Loans and advances	(37,516)	9,670
Other receivables	-	79
Increase/(Decrease) in trade and other payables	116,252	112,471
	49,492	181,457
	(365,289)	(95,423)
Long term advances and deposits	(226)	(176)
Bank charges paid	(386)	(172)
Interest received	120	102
Income tax paid	(17,887)	(3,941)
Net Cash Flows From Operating Activities	(383,668)	(99,609)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(947)	(283)
Sale Proceed of Fixed Assets	168	60
Long term loans	1	8
Net Cash Flows From Investing Activities	(778)	(215)
CASH FLOWS FROM FINANCING ACTIVITIES		
Other Loan	129,123	5,912
Long term advances and deposits	350	92,794
Short term borrowings	270,242	2,514
Net Cash Flows From Financing Activities	399,715	101,220
Net Increase in Cash and Cash Equivalents	15,270	1,396
Cash and Cash Equivalents at Beginning of the Period	3,202	3,547
Cash and Cash Equivalents at End of the Period	18,471	4,942

The annexed notes form an integral part of this condensed interim financial information.



MUHAMMAD IMRAN IQBAL
Director



SYED ANSAR RAZA SHAH
Director



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

For the Period ended March 31, 2014

	SHARE CAPITAL	SHARE PREMIUM RESERVE	ACCUMULATED LOSS	TOTAL SHARE CAPITAL AND RESERVES	SURPLUS ON REVALUATION OF FIXED ASSETS	TOTAL
	(Rupees in thousand)					
Balance as at July 01, 2012	948,400	31,801	(3,346,259)	(2,366,059)	1,101,478	(1,264,581)
Total comprehensive loss for the period ended						
March 31, 2013	-	-	(361,679)	(361,679)	-	(361,679)
Incremental depreciation transferred from surplus on revaluation of fixed assets -Net of deferred tax	-	-	26,757	26,757	(26,757)	-
Balance as at March 31, 2013	948,400	31,801	(3,681,182)	(2,700,981)	1,074,721	(1,626,260)
Balance as at July 01, 2013	948,400	31,801	(3,748,791)	(2,768,590)	1,065,253	(1,703,337)
Total comprehensive loss for the period ended						
March 31, 2014	-	-	(498,334)	(498,334)	-	(498,334)
Incremental depreciation transferred from surplus on revaluation of fixed assets -Net of deferred tax	-	-	26,063	26,063	(26,063)	-
Balance as at March 31, 2014	948,400	31,801	(4,221,062)	(3,240,861)	1,039,190	(2,201,671)

The annexed notes form an integral part of this condensed interim financial information.


MUHAMMAD IMRAN IQBAL
 Director


SYED ANSAR RAZA SHAH
 Director

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

For the Period ended March 31, 2014

1 THE COMPANY AND ITS OPERATIONS

- 1.1 The Company is a public limited Company incorporated in Pakistan and is listed on Karachi and Lahore Stock Exchanges. The Company started its production on March 01, 1983 and has been engaged in production and 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 The company has accumulated loss of Rs. 4,221 million and its current liabilities exceed its current assets by Rs. 2,991 million as at March 31, 2014. Due to non availability of financial support from any source, the company was unable to manage the working capital requirement resulting the temporary closure of the mill operation in October 2012. However, to resume the operations of the company, the management has arranged a loan from an investor for the necessary maintenance of the plant and operations of the company were resumed in December 2013. Further, The Bank of Punjab has also rescheduled/restructured its loans subsequent to condensed interim balance sheet date . This would also be helpful to the company to come out from the financial crunch. On the basis of these facts the management of the company is fully confident that the company will continue its operations as going concern and they are fully committed to promote the company's objectives in the long run.

2 STATEMENT OF COMPLIANCE

These condensed interim financial information have been prepared in accordance with International Financial Reporting Standard 'IAS-34 - Interim Financial Reporting and provisions of and directives issued under the companies ordinance, 1984. In case where the requirement differ, the provisions of or directives issued under the companies ordinance, 1984 have been followed.

These condensed interim financial information should be read in conjunction with the annual audited financial statements for the year ended June 30, 2013. These condensed interim financial information are being submitted to the shareholders as required by Section 245 of the companies ordinance, 1984 and the listing regulations of Karachi and Lahore Stock Exchanges.

3 STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial information are the same as those adopted in preparation of financial statements for the year ended June 30, 2013, except as follow:

IAS 19 (as revised in June 2011) "Employees Benefits" became effective during the period. The amendments to IAS 19 change accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligation and plan assets. The amendments require the recognition of changes in defined benefit obligation and fair value of plan assets when they occur, and hence eliminate 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. Now, all

actuarial gains and losses are recognized immediately through other comprehensive income. Further more, the interest cost and expected return on plan assets used in previous version of IAS 19 are replaced with a "net-interest" amount under IAS 19 (as revised in June 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. IAS 19 (as revised in June 2011) introduces certain changes in the presentation of the defined cost including more extensive disclosure.

The Company has applied IAS 19 (as revised in June 2011) retrospectively in accordance with requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Accordingly, opening balance sheet of the earliest comparative period presented (01 July 2012) has been restated. This change has resulted in decrease in the balance of due to gratuity fund trust by amounts mentioned below with corresponding effect on equity. The effect on the condensed interim statement of comprehensive income for the six months period ended 31 December 2013 has not been disclosed separately since the actuarial valuation is carried out on annual basis. However, there is no impact of this change in accounting policy on condensed interim profit and loss account and condensed interim cash flow statement.

Effect due to change in accounting policy is given below:

	June 30, 2013	July 01, 2012
	(Rupees in thousand)	
Present value of defined benefit obligation - as previously reported	197,383	173,286
Effect of change in accounting policy	(28,052)	-
Present value of defined benefit obligation - as restated	<u>169,331</u>	<u>173,286</u>
Net effect of change in accounting policy on equity recognized in accumulated loss	<u>28,052</u>	<u>-</u>

3.1 Standards, Interpretations and Amendments to Approved Accounting Standards that are not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards, as applicable in Pakistan will be effective from the dates mentioned below against the respective standard or interpretation:

Standard of Interpretation	Effective date (Accounting periods beginning on or after)
- IFRIC 21 'Levies'	01 January 2014
- IAS 32 'Financial Instruments: Presentation'	01 January 2014
- IAS 36 'Impairment of Assets'	01 January 2014
- IAS 39 'Financial Instruments: Recognition and Measurement'	01 January 2014
- IAS 19 'Employee Benefits'	01 July 2014
- IAS 27 'Consolidated and Separate Financial Statements'	01 January 2014

The company expects that the adoption of the above revisions, amendments and interpretations of the standards will not affect the company's financial statements in the period of initial application.

4 SIGNIFICANT ESTIMATES

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

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

5 CONTINGENCIES AND COMMITMENTS

There is no change in the contingencies and commitments of the company since the last audited annual balance sheet date and reviewed half yearly financial statements.

6 TRANSACTION WITH RELATED PARTIES

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

7 CORRESPONDING FIGURES

Figures have rounded off to the nearest thousands of Rupees.

8 DATE OF AUTHORIZATION FOR ISSUE

These un-audited condensed interim financial information were authorized to issue by the board of directors of the company on May 20, 2014.



MUHAMMAD IMRAN IQBAL
Director



SYED ANSAR RAZA SHAH
Director



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