

**3RD
QUARTER
REPORT
March 31,
2016**



Dandot Cement Company Limited

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COMPANY INFORMATION

Board of Directors

Mr. Muhammad Azhar Sher	Chief Executive
Mr. Muhammad Sabir Sheikh	
Mr. Imran Bashir	
Mr. Muhammad Imran Iqbal	
Mr. Muhammad Amjad Aziz	Chairman
Syed Ansar Raza Shah	
Mr. Gul Hussain	

Audit Committee

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

Human Resources & Remuneration Committee

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

Chief Financial Officer

Mr. Muhammad Kamran

Company Secretary

Mr. Muhammad Kamran

Statutory Auditors

Amin, Mudassar & Co.
Chartered Accountants, Lahore.

Internal Auditors

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

Legal Advisor

International Legal Services

Bankers

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

Registered Office

30-Sher Shah Block, New Garden Town, Lahore
Telephone: +92-42-35911485, Fax: +92-42-35831846

Factory

Dandof 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 would like to present the un-audited condensed interim financial statements for the period ended March 31, 2016.

Operational Performance

The operational performance of the company for the period under review as compared with preceding relevant period is as below:

		Third Quarter ended		Nine Months ended		
		March 2016	March 2015	March 2016	March 2015	
-	Clinker production	M.Ton	62,814	58,813	221,192	192,883
-	Cement production	M.Ton	71,225	61,682	233,053	202,475
-	Sales	M.Ton	73,725	58,328	235,925	201,295

Operating Results

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

		Third Quarter ended		Nine Months ended	
		March 2016	March 2015	March 2016	March 2015
-	Gross sales	649,157	532,990	2,107,034	1,818,712
-	Net sales	510,245	423,435	1,661,887	1,432,476
-	Gross Loss	2,163	78,004	41,642	350,939
-	Net loss	57,906	115,799	215,652	458,044
-	Loss per share	0.61	1.22	2.27	4.83

Future Prospects

Industry :

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

Company:

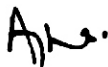
Energy Efficiency, Labour efficiency & productivity and right financial modeling, smooth plant operations are key factors to success of any cement plant. The management is committed for a balanced delivery of long term values to all stake holders including financiers, creditors, employees and shareholders.

Company's Plans

Sponsors of the company are also considering various options to arrange / inject further funds to make the machinery efficient especially by replacement of old electric installations / equipments to reduce the power and fuel cost which is the major cause of loss sustained by the company in the past years.

Acknowledgement

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



MUHAMMAD AZHAR SHER
Chief Executive
Lahore: May 05, 2016.

Condensed Interim Balance Sheet

	Note	(Un-Audited) March 31, 2016	(Audited) June 30, 2015
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 100,000,000 (June 2015:100,000,000) 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		(4,428,606)	(4,237,940)
		(3,448,405)	(3,257,739)
SURPLUS ON REVALUATION OF FIXED ASSETS			
		970,966	995,952
		(2,477,439)	(2,261,787)
NON CURRENT LIABILITIES			
Loan from banking companies		1,011,749	945,770
Other loans and liabilities		10,927	15,543
Deferred liabilities		-	-
Long term advances and deposits		1,882	1,882
		1,024,558	963,195
CURRENT LIABILITIES			
Trade and other payables		2,125,233	2,007,217
Mark up accrued		548,914	534,598
Short term borrowings	5	1,427,909	1,427,909
Current portion of long term loans and liabilities		86,925	87,515
Provision for taxation - income tax		-	-
		4,188,981	4,057,239
CONTINGENCIES AND COMMITMENTS			
	6	-	-
		2,736,100	2,758,647

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


MUHAMMAD AZHAR SHER
 Chief Executive



As at March 31, 2016

(Un-Audited) (Audited)
March 31, 2016 June 30, 2015
(Rupees in thousand)

ASSETS**NON CURRENT ASSETS**

Property, plant and equipment		
Operating fixed assets	1,916,208	1,958,251
Long term security deposits	10,667	10,675
	<u>1,926,875</u>	<u>1,968,926</u>

CURRENT ASSETS

Stores, spares and loose tools	136,313	130,655
Stock in trade	47,179	84,998
Trade debts	109,967	137,402
Loans and advances	336,690	294,240
Balances with statutory authorities	147,553	111,575
Interest accrued	9,389	9,389
Other receivables	463	360
Cash and bank balances	21,671	21,102
	<u>809,225</u>	<u>789,721</u>
	<u>2,736,100</u>	<u>2,758,647</u>


MUHAMMAD AMJAD AZIZ
Director



Condensed Interim Profit And Loss Account (Un-Audited)

For the Period ended March 31, 2016

	Third quarter ended		Nine months ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	(Rupees in thousand)		(Rupees in thousand)	
Sales (Net)	510,245	423,435	1,661,887	1,432,476
Cost of sales	512,408	501,439	1,703,529	1,783,415
Gross loss	(2,163)	(78,004)	(41,642)	(350,939)
Operating expenses				
Distribution cost	1,377	893	12,465	2,754
Administrative expenses	11,650	12,931	34,565	31,682
	13,027	13,824	47,030	34,436
Operating loss	(15,190)	(91,828)	(88,672)	(385,375)
Finance costs	(42,695)	(24,126)	(127,729)	(73,007)
Other operating income	109	155	879	338
Other operating expenses	(130)	-	(130)	-
	(42,716)	(23,971)	(126,980)	(72,669)
Loss before taxation	(57,906)	(115,799)	(215,652)	(458,044)
Taxation :				
Current	-	-	-	-
Deferred	-	-	-	-
	-	-	-	-
Loss after taxation	(57,906)	(115,799)	(215,652)	(458,044)
Loss per weighted average share- Basic and diluted (Rupees)	(0.61)	(1.22)	(2.27)	(4.83)

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


MUHAMMAD AZHAR SHER
 Chief Executive


MUHAMMAD AMJAD AZIZ
 Director



Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the Period ended March 31, 2016

	Third quarter ended		Nine months ended	
	March 31, 2016 (Rupees in thousand)	March 31, 2015	March 31, 2016 (Rupees in thousand)	March 31, 2015
Loss for the period	(57,906)	(115,799)	(215,652)	(458,044)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	<u>(57,906)</u>	<u>(115,799)</u>	<u>(215,652)</u>	<u>(458,044)</u>

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


MUHAMMAD AZHAR SHER
Chief Executive


MUHAMMAD AMJAD AZIZ
Director

Condensed Interim Cash Flow Statement (Un-Audited)

For the Period ended March 31, 2016

	Nine months ended	
	March 31, 2016	March 31, 2015
(Rupees in thousand)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(215,652)	(458,044)
Adjustments of items not involving movement of cash:		
Depreciation	47,063	49,006
Provision for gratuity	17,242	35,938
Gain on disposal of Fixed Assets	(645)	-
Profit on deposit and PLS accounts	(234)	(338)
Balances written off	130	-
Finance cost	127,729	73,007
	<u>191,285</u>	<u>157,613</u>
Operating cash flows before working capital changes	(24,367)	(300,431)
(Increase)/Decrease in operating assets:		
Stores, spares and loose tools	(5,658)	34,231
Stock in trade	37,819	35,731
Trade debts	27,435	(32,358)
Loans and advances	(42,450)	(10,005)
Other receivables	(103)	-
Increase/(Decrease) in trade and other payables	109,764	(25,277)
	<u>126,807</u>	<u>2,322</u>
	102,440	(298,109)
Long term advances and deposits	8	-
Gratuity Paid	(9,375)	(813)
Finance cost paid	(35,535)	(57,196)
Interest received	234	338
Income tax paid	(35,978)	(30,360)
Net Cash Flows From Operating Activities	21,794	(386,140)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(5,576)	(257)
Sale Proceed of Fixed Assets	1,200	-
Long term loans	-	(2)
Net Cash Flows From Investing Activities	(4,376)	(259)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loans	(16,849)	9,455
Short term borrowings	-	353,905
Net Cash Flows From Financing Activities	(16,849)	363,360
Net Increase / (decrease) in Cash and Cash Equivalents	569	(23,039)
Cash and Cash Equivalents at Beginning of the Period	21,102	40,463
Cash and Cash Equivalents at End of the Period	21,671	17,424

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


MUHAMMAD AZHAR SHER
 Chief Executive


MUHAMMAD AMJAD AZIZ
 Director



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

For the Period ended March 31, 2016

	SHARE CAPITAL	SHARE PREMIUM RESERVE	ACCUMULATED LOSS	TOTAL SHARE CAPITAL AND RESERVES	SURPLUS ON REVALUATION OF FIXED ASSETS	TOTAL
	(Rupees in thousand)					
Balance as at July 01, 2014	948,400	31,801	(4,235,124)	(3,254,923)	1,030,110	(2,224,813)
Total comprehensive loss for the period ended						
March 31, 2015	-	-	(458,044)	(458,044)	-	(458,044)
Incremental depreciation transferred from surplus on revaluation of fixed assets -Net of deferred tax	-	-	25,242	25,242	(25,242)	-
Balance as at March 31, 2015	948,400	31,801	(4,667,926)	(3,687,725)	1,004,868	(2,682,857)
Balance as at July 01, 2015	948,400	31,801	(4,237,940)	(3,257,739)	995,952	(2,261,786)
Total comprehensive loss for the period ended						
March 31, 2016	-	-	(215,652)	(215,652)	-	(215,652)
Incremental depreciation transferred from surplus on revaluation of fixed assets -Net of deferred tax	-	-	24,986	24,986	(24,986)	-
Balance as at March 31, 2016	948,400	31,801	(4,428,606)	(3,448,405)	970,966	(2,477,439)

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


MUHAMMAD AZHAR SHER
 Chief Executive


MUHAMMAD AMJAD AZIZ
 Director

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

For the Period ended March 31, 2016

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 (now, "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 Last year company has managed to reschedule the liability of The Bank of Punjab (BOP) amounting Rs. 1,857 million while dues of Large Taxpayer Units (LTU) amounting Rs. 460 million and Islamabad Electric Supply Company (IESCO) amounting Rs. 167 million had also been rescheduled. Upto the date of signing of these condensed interim financial statements, company has not defaulted even in a single installment of its rescheduled dues. Further, after resumption of operations in 2013-14, the company is also complying the order passed in 2009 by Securities and Exchange Commission of Pakistan (SECP) related to old dues of provident fund. Furthermore, sponsors of the company are also considering various options to arrange / inject further funds to make the machinery efficient especially by replacement of old electric installations/ equipments to reduce the power and fuel cost which is the major cause of loss sustained by the company in past years. On the basis of these facts the management of the company is fully confident that the company will continue its operations as a going concern, inspite of the fact of accumulated loss of Rs. 4,428.606 million and current liabilities exceed its current assets by Rs. 3,379.756 million as at March 31, 2016.

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, 2015. 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, 2015.

4 SIGNIFICANT ESTIMATES

The preparation of these condensed interim financial information requires management to make judgement, 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 judgements 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 SHORT TERM BORROWINGS

FINANCIAL INSTITUTION:

Running finances - secured

	Note	(Un-Audited) March 31, 2016	(Audited) June 30, 2015
KASB Bank Limited	5.1	290,000	290,000

INTEREST FREE AND UNSECURED LOANS:

Ex-Sponsors' Loan		250,000	250,000
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Loan from Related Parties - unsecured

Holding Company		37,804	37,804
Ex-Director-interest free		37,066	37,066
Others-interest free		25,516	25,516
		100,386	100,386

OTHERS

		787,523	787,523
		1,427,909	1,427,909

- 5.1 This represents finance facility against the limit of Rs. 290 million (2015: Rs. 290 million). It carries mark up @ six months KIBOR plus 3% per annum (2015: 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).

KASB 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 had been filed against the same. Before the signing of these condensed interim financial statements a decree was passed on February 26, 2016 by the learned single bench of the Lahore High Court and appeal in the said case has been filed which is pending adjudication before the division bench of Lahore High Court, Lahore.

6 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 subject to note 5.1 on the date of signing of these condensed interim financial statements.

7 TRANSACTION WITH RELATED PARTIES

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

8 CORRESPONDING FIGURES

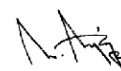
Figures have rounded off to the nearest thousands of Rupees.

9 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 05, 2016.



MUHAMMAD AZHAR SHER
Chief Executive



MUHAMMAD AMJAD AZIZ
Director