



1ST
QUARTER
REPORT
September 30,
2015



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

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 un-audited condensed financial statements of the company for the quarter ended September 30, 2015.

Operational Performance

The operational performance of the company for the quarter under review as compared with proceeding year's quarter is as follows:

		Sep. 2015	Sep. 2014
- Clinker Production	M. Ton	75,392	52,602
- Capacity Utilization	%age	63%	44%
- Cement Production	M. Ton	78,976	64,951
- Capacity Utilization	%age	63%	52%
- Sales	M. Ton	79,689	66,474

During the quarter under review, cement production and sales have been increased by 22,790 M. Tons and 14,025 M. Tons respectively. The improvement is attributable to stable operations in current quarter as compared with resumed operations of last quarter.

Operating Results

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

	Sep. 2015	Sep. 2014
	(Rupees in thousand)	
- Gross Sales	717,201	595,346
- Net Sales	567,129	466,924
- Gross Loss	9,369	45,448
- Net Loss	61,731	79,701
- Earnings / (Loss) per Share	(0.65)	(0.84)

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

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:

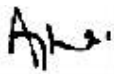
Energy Efficiency, Labour efficiency & productivity and right financial modeling, smooth plant operations are key factors to success of any cement plant. The management is committed for a balanced delivery of long term values to all stake holders including finances, creditors, employees and shareholders.

Company's Plan

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.

Acknowledgment

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.



MUHAMMAD AZHAR SHER

Chief Executive

Lahore: December 01, 2015.

Condensed Interim Balance Sheet

	(Un-Audited) Sep. 30, 2015	(Audited) June 30, 2015
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	(4,291,462)	(4,237,940)
	(3,311,261)	(3,257,739)
Surplus on revaluation of fixed assets	987,743	995,952
	(2,323,518)	(2,261,787)
NON CURRENT LIABILITIES		
Loan from banking companies	968,286	945,770
Other loans and liabilities	14,044	15,543
Long term advances and deposits	1,882	1,882
	984,212	963,195
CURRENT LIABILITIES		
Trade and other payables	2,031,311	2,007,217
Mark up accrued	540,037	534,598
Short term borrowings	1,427,909	1,427,909
Current portion of long term loans and liabilities	87,690	87,515
Taxation	-	-
	4,086,947	4,057,239
CONTINGENCIES AND COMMITMENTS	5	-
	2,747,641	2,758,647

The annexed notes from 1 to 8 form an integral part of these condense interim financial statements.


MUHAMMAD AZHAR SHER
 Chief Executive



As at September 30, 2015

	(Un-Audited) Sep. 30, 2015	(Audited) June 30, 2015
Note	(Rupees in thousand)	
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment		
Operating fixed assets	1,941,970	1,958,251
Long term security deposits	10,674	10,674
	1,952,644	1,968,925
CURRENT ASSETS		
Stores, spares and loose tools	131,515	130,656
Stock in trade	75,786	84,998
Trade debts	102,901	137,402
Loans and advances	326,151	294,240
Balance with statutory authorities	124,866	111,576
Interest accrued	9,389	9,389
Other receivables	360	360
Cash and bank balances	24,029	21,101
	794,997	789,722
	2,747,641	2,758,647


MUHAMMAD IMRAN IQBAL
Director

Condensed Interim Profit And Loss Account (Un-Audited)

For the Quarter ended September 30, 2015

	Quarter Ended	
	Sep. 30, 2015	Sep. 30, 2014
	(Rupees in thousand)	
Sales - Net	567,129	466,924
Cost of Sales	576,498	512,372
Gross Loss	(9,369)	(45,448)
Operating Expenses		
Administrative Expenses	8,731	9,032
Distribution Cost	906	1,011
	(9,637)	(10,043)
Operating Loss for the period	(19,006)	(55,491)
Finance Cost	(42,818)	(24,346)
Other Income	93	136
	(61,731)	(79,701)
Taxation		
Current - For the period	-	-
Deferred	-	-
	-	-
Net Loss for the period	(61,731)	(79,701)
Loss per share - Basic & Diluted	(0.65)	(0.84)

The annexed notes from 1 to 8 form an integral part of these condensed interim financial statements.


MUHAMMAD AZHAR SHER
 Chief Executive


MUHAMMAD IMRAN IQBAL
 Director

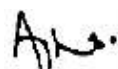


Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the Quarter ended September 30, 2015

	Quarter Ended	
	Sep. 30, 2015	Sep. 30, 2014
	(Rupees in thousand)	
Net Loss for the period	(61,731)	(79,701)
Other Comprehensive income - net of taxation	-	-
Total comprehensive loss for the period - net of tax	<u>(61,731)</u>	<u>(79,701)</u>

The annexed notes from 1 to 8 form an integral part of these condensed interim financial statements.



MUHAMMAD AZHAR SHER
Chief Executive



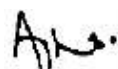
MUHAMMAD IMRAN IQBAL
Director

Condensed Interim Cash Flow Statement (Un-Audited)

For the Quarter ended September 30, 2015

	Quarter Ended	
	Sep. 30, 2015	Sep. 30, 2014
	(Rupees in thousand)	
CASH FLOWS FROM OPERATION ACTIVITIES		
Loss before taxation	(61,731)	(79,701)
Adjustment of items not involving movement of cash:		
Depreciation	16,283	16,365
Gratuity	5,747	3,460
Profit on deposits & PLS accounts	(93)	(136)
Finance cost	42,818	24,346
	64,755	44,035
Operating cash flows before working capital changes	3,024	(35,666)
(Increase)/Decrease in operating assets:		
Stores, spares and loose tools	(860)	20,207
Stock in trade	9,212	29,335
Trade debts	34,501	(1,269)
Loans and advances	(31,911)	(8,916)
Increase in trade and other payables	18,261	(36)
	29,203	39,321
	32,227	3,655
Finance cost paid	(11,941)	(11,796)
interest received	93	136
Income tax paid	(13,291)	(9,608)
Net Cash Flows From Operating Activities	(7,088)	(17,613)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	-	(10)
Long term loans	-	(5)
Net Cash Flows From Investing activities	-	(15)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loans	(4,160)	(2,651)
Long term advances and deposits	-	9
Net Cash Flows From Financing Activities	(4,160)	(2,642)
Net Increase / (Decrease in Cash and Cash Equivalents	2,928	(20,270)
Cash and cash equivalents at beginning of the period	21,101	40,463
Cash and cash equivalents at end of the period	24,029	20,193

The annexed notes from 1 to 8 form an integral part of these condensed interim financial statements.



MUHAMMAD AZHAR SHER
Chief Executive




MUHAMMAD IMRAN IQBAL
Director

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

For the Quarter ended September 30, 2015

	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 June 30, 2014 - restated	948,400	31,801	(3,760,518)	(2,780,317)	1,030,110	(1,750,207)
Total comprehensive loss for the year	-	-	(511,580)	(511,580)	-	(511,580)
Transferred from surplus on revaluation account:						
- Incremental depreciation due to revaluation charged to surplus - net of deferred tax	-	-	34,158	34,158	(34,158)	-
Balance as at June 30, 2015	948,400	31,801	(4,237,940)	(3,257,739)	995,952	(2,261,787)
Total comprehensive loss for the year	-	-	(61,731)	(61,731)	-	(61,731)
Transferred from surplus on revaluation account:						
- Incremental depreciation due to revaluation charged to surplus - net of deferred tax	-	-	8,209	8,209	(8,209)	-
Balance as at September 30, 2015	948,400	31,801	(4,291,462)	(3,311,261)	987,743	(2,323,518)

The annexed notes from 1 to 8 form an integral part of these condensed interim financial statements.


MUHAMMAD AZHAR SHER
 Chief Executive


MUHAMMAD IMRAN IQBAL
 Director

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

For the Quarter ended September 30, 2015

1. THE COMPANY AND ITS OPERATIONS

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 making of cement. The Company is a Subsidiary of Three Stars Cement (Pvt) Limited.

- 1.1 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 September 30, 2015 the company has not defaulted even in a single installment of these 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. 4,291 million and current liabilities exceed its current assets by Rs. 3,292 million as at September 30, 2015.

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

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements are un-audited and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standards 34 "Interim Financial Reporting" as applicable in Pakistan. These condensed interim financial statements should be read in conjunction with the published Annual Financial Statements of the company for the year ended June 30, 2015.

3. STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of these financial statements 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 financial statements requires management to make judgement estimates and assumptions that effect the application of accounting policies and the reported amount of assets, liabilities, income and expenses and related disclosure of the date of financial statements. Actual results may differ from these estimates. In preparing these financial statements, the significant judgement made by 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.

6. TRANSACTIONS WITH RELATED PARTIES

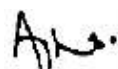
There is no significant transactions with related parties during the period.

7. CORRESPONDING FIGURES

Figures have been rounded off the nearest thousand of Rupees.

8. DATE OF AUTHORIZATION FOR ISSUE

These un-audited condensed interim financial statements were authorized for issue by the board of directors of the company on December 01, 2015.



MUHAMMAD AZHAR SHER
Chief Executive



MUHAMMAD IMRAN IQBAL
Director