

31th ANNUAL REPORT 2011



**DADABHOJ
GROUP**

DADABHOJ CEMENT INDUSTRIES LTD.

Vision

**To be recognized and accepted
as leader in the country
for
manufacturing of
state of the Art
Hi-tech
Super-durable
construction materials**

Mission

- To have a diversified customer base
- To serve the market through innovation & creations
- To offer a high rate of return to Shareholders
- To create a good work environment for our employees and faster team work & career development
- To operate ethically
- To serve the country to achieve the national goals

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Muhammad Hussain Dadabhoy
Mr. Muhammad Amin Dadabhoy
Mr. Fazal Karim Dadabhoy
Mrs. Yasmeen Dadabhoy
Mrs. Noor Bakht Dadabhoy
Mr. Danish Dadabhoy
Mrs. Humaira Dadabhoy

Chairman
Chief Executive

CHIEF FINANCIAL OFFICER

Mr. Muhammad Zubair

COMPANY SECRETARY

Mr. Sahir Yousuf Zai.

AUDITORS

M/s M. Akhtar & Company, Chartered Accountants

LEGAL ADVISOR

Mr. Salim Thepdawala & Company

BANKER

Silk Bank Limited

REGISTERED OFFICE

C-30/II, 24th Commercial Street,
Phase 2 (Ext). D.H.A.,
Karachi.

SHARE REGISTRAR

M/s. Technology Trade (Pvt) Ltd.
Dagia House, 241-C, Block 2, P.E.C.H.S.
Off Shahrah-e-Quaideen, Karachi.
Telephone No. 43913 16-17
Fax No. 4391318

FACTORY

Nooriabad Deh Kalu Kohar,
District Dadu (Sindh)

AUDIT COMMITTEE

Mr. Muhammad Hussain Dadabhoy
Mr. Fazal Karim Dadabhoy
Mr. Muhammad Amin Dadabhoy

Chairman
Member
Member

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 31st Annual General Meeting of Dadabhoj Cement Industries Limited will be held on Monday the 12th December, 2011 at 03:00 p.m. at Jinnah Club, Jinnah Co-operative Housing Society behind KESC Office, Tipu Sultan Road Karachi, to transact the following business:

ORDINARY BUSINESS:

1. To read and confirm the minutes of 30th Annual General Meeting of the company held on 2nd November 2011.
2. To receive, consider and adopt the Audited Accounts of the company for the year ended June 30, 2011 together with Directors and Auditors Reports thereon.
3. To appoint auditors for the year ending June 30, 2012 and fix their remuneration.
4. To transact any other business with the permission of the Chair.

Karachi.
21st November, 2011

Sahir Yousuf Zai
Company Secretary

Note

1. The Share Transfer Books of the company will remain closed from 05th December, 2011 to 12th December, 2011 (both days inclusive).
2. Any member of the company entitled to attend and vote may appoint another member as his / her proxy to attend and vote on his / her behalf.
3. Proxies must be received at the registered office of the company not less than 48 hours before the meeting.

DIRECTOR REPORT TO THE MEMBERS FOR THE YEAR ENDED JUNE 30, 2011

The directors are pleased to present annual report together with audited financial statements and the auditor's report for the year ended June 30, 2011.

	(Rupees in '000)	
<u>PRODUCTION AND DISPATCHES (TONS)</u>	2011	2010
Clinker Production	Nil	Nil
Cement Production	Nil	Nil
Cement Dispatches	Nil	Nil
- Local	Nil	Nil
- Export	Nil	Nil
<u>FINANCIAL RESULTS (Rupees in thousands)</u>	2011	2010
Net Sales	Nil	Nil
Gross Profit / (loss)	Nil	Nil
Net (Loss) / Profit	(1,35,416)	(56,990)
Earning / (loss) Per Share	(0.14)	(0.06)

SUBSIDIARY COMPANY AND CONSOLIDATED ACCOUNTS

Consolidated financial statements of the company with its subsidiary Dadabhoj Energy Supply Company Limited together with the Auditor's report thereon are included in this annual report.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- Financial statements prepared by management fairly present its state of affairs, results of operation, cash flow and changes in equity.
- The company has maintained proper books of accounts.
- Appropriate accounting policies have been consistently applied in preparation of financial statement and accounting estimates are based on reasonable and prudent judgments.
- International Accounting standards as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control has been effectively implemented and is continuously reviewed and monitored by internal audit.
- There is no material departure from the best practices of governance as detailed in the listing regulations.
- Key operating and financial data for last six years in summarized form is annexed.
- There has been nothing outstanding against your company on account of taxes, duties, Levis and other charges except for those which are being made in the normal course of business.

We would like to explain that position regarding the raising of additional bill of energy supply by our subsidiary relating to previous years was thoroughly analyzed and reviewed and then agreed that it is genuine and justified transaction which was accounted for during the year.

Regarding the written off stock decision, we decided to do so because of fact that the Factory was closed since 2008 and it is undeniable fact that major part consist of WIP is worthless after the expiry of almost three years and has no realisable value and finished stock is also totally damaged with passage of time and has no residual value. Therefore, we have written off said stock during the year to bring modest change in the value of assets under the prudent policy of Management.

MEETINGS OF THE BOARD OF DIRECTORS

During the year four meetings of board of directors were held. Attendance by each director is as follows.

Name of Directors Attended	No. of Meetings
Mr. Muhammad Hussain Dadabhoy	04
Mr. Muhammad Amin Dadabhoy	04
Mr. Fazal Karim Dadabhoy	04
Mrs. Yasmeen Dadabhoy	04
Mrs. Noor Bakht Dadabhoy	04
Mr. Danish Dadabhoy	02
Mrs. Humaira Dadabhoy	02

APPROPRIATION

No dividends have been declared, as there are accumulated losses and the company is in the process of repayment of long-term loans.

AUDITORS

Present auditors M/s M. Akhtar & Company, Chartered Accountants.

FUTURE PROSPECTS

In spite of current adverse position of the Company, the Management of the Company is quite confident and optimistic to revive the productivity and profitability in view of prospective positive outcome of negotiation with financial Institutions.

PATTERN OF SHARES HOLDING

Pattern of share holding as at June 30, 2011 required under the reporting framework is annexed.

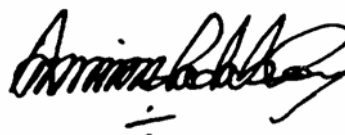
ACKNOWLEDGMENTS

We would like to express thanks to customers for their continued patronage, employees for their hard work and shareholders for their trust in the board.

Karachi

For and on behalf of the
Board of Directors

November 21st, 2011



MUHAMMAD AMIN DADABHOY
Chief Executive Officer

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner.

The Board comprises of seven Directors including CEO. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors.

The Directors have confirmed that none of them is serving as a Director in more than ten listed companies, including this company.

All the resident Directors of the company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of Stock Exchange, has been declared as a defaulter by that Stock Exchange.

The company has prepared a Statement of Ethics and Business Practices, which has been signed by all the Directors and employees of the company.

The Board has developed a vision statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other Executive Directors, have been taken by the Board.

The meetings of the Board were presided over by the Chairman. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

The directors are well experience and conversant with the listing regulations, legal and operational requirements and as such are fully aware of their duties and responsibilities.

The Company Secretary was appointed prior to the implementation of the Code of Corporate Governance. Remuneration, terms and conditions in case of future appointments on this position will be approved by the Board. However, the appointment of CFO and head of internal audit and terms and conditions of their employment have been approved by the Board.

The Directors' report has been prepared in compliance with the requirements of the Code as fully describes the salient matters required to be disclosed.

DADABHOY CEMENT INDUSTRIES LIMITED

The financial statements of the company were duly endorsed by Chief Executive and CFO before approval of the Board.

The Directors, Chief Executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

The company has complied with all the corporate and financial reporting requirements of the Code.

The Board has formed an audit committee. It comprises 3 members; of whom 2 are non-executive directors, including the Chairman of the Committee.

The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

The Board has set up an effective internal audit function and personnel involved are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company and they are involved in the internal audit function on a full time basis.

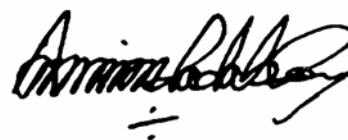
The statutory auditors of the Company have confirmed that they are practicing members of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accounts (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

The Company has complied with the requirements of Sub-Regulation (xiii-a) of Regulation 35 (Previously Regulation 37) of the amended Listing Regulations of the Karachi & Lahore Stock Exchange (G) Ltd. For approval of transactions with related parties

We confirm that all other material principles contained in the Code have been complied with.

Karachi : 21st November, 2011



MUHAMMAD AMIN DADABHOY
Chief Executive

**REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST
PRACTICES OF CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) for the year ended 30 June 2011, prepared by the Board of Directors of **Dadabhoj Cement Industries Limited** (the Company) to comply with the listing regulation No. 35 of Karachi Stock Exchange (Guarantee) Limited, Listing Regulation No. 35 of the Lahore Stock Exchange (Guarantee) Limited and Listing Regulation No. 35 of Islamabad Stock Exchange (Guarantee) Limited where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it doesn't. A review is limited primarily to inquire of the company's personally and review of various documents prepared by the company to comply with the Code.

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the company's corporate governance procedures and risks.

Further, Sub Regulations (xiii) of Listing Regulations 35 notified by the Karachi Stock Exchange (Guarantee) Ltd vide Circular KSE/N-269 dated January 19, 2009 requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transaction were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which cause us to believe that the statement of compliance doesn't appropriately reflect the company's compliance, in all material respect, with the best practices contained in the Code.

Place: Karachi
Dated: 15 NOV 2011




MAHMOOD AKHTAR HAROON
CHARTERED ACCOUNTANTS

DADABHOY CEMENT INDUSTRIES LIMITED

FINANCIAL REVIEW FOR SIX YEARS

Particulars	2011	2010	2009	2008	2007	2006
PRODUCTION SUMMARY						
Clinker Production	-	-	14,080	221,455	219,858	377,960
Cement Production	-	-	8,800	134,215	261,983	446,258
Cement Dispatch	-	-	8,396	131,907	260,292	448,184
ASSETS EMPLOYED						
Fixed Assets	3,379,835	3,291,282	3,359,527	3,512,115	3,023,767	2,917,427
Long term Loan & Investments	210,370	210,370	210,363	215,937	217,583	122,724
Current Assets	175,792	304,576	394,954	390,332	276,624	402,200
Total Assets Employed	376,599	3,806,228	3,964,844	4,118,384	3,517,974	3,442,351
FINANCED BY						
Shareholders Equity	370,504	503,724	554,838	557,485	696,578	231,906
Surplus on Revaluation	1,459,399	1,350,687	1,356,563	1,482,172	999,909	1,022,085
Long term Liabilities	600,392	602,271	602,628	610,191	801,519	1,136,737
Deferred Liabilities	775,117	792,484	844,534	910,930	777,027	644,714
Current Liabilities	560,585	557,062	606,280	557,607	242,941	406,910
Total Funds Invested	3,765,997	3,806,228	3,964,844	4,118,385	3,517,974	3,442,352
FINANCED BY						
Turnover (Net)	-	-	30,030	378,585	704,716	1,488,535
Operating Profit (Loss)	-	-	(51,764)	(124,521)	(128,853)	330,817
Profit (loss) before Taxation	(151,222)	(94,548)	(59,540)	(130,425)	149,009	173,223
Profit / (Loss) after Taxation	(135,416)	(56,990)	6,711	(264,899)	14,311	119,283
Cash Dividend	-	-	-	-	-	-
Profit (Loss) carried forward	(6,45,086)	(511,866)	(460,752)	(458,105)	(170,066)	(206,650)

**DADABHOY CEMENT INDUSTRIES LIMITED
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
JUNE 30, 2011**

MA

M. AKHTAR & COMPANY

Chartered Accountants

Suit # A-48, Ground floor

Gulshan - e - Iqbal, Block -13

Karachi - 75400

Tel: 021 - 36190659 Cell # 0331 - 2239081

AUDITOR’S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **DADABHOY CEMENT INDUSTRIES LIMITED** as at June 30, 2011 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit:

It is the responsibility of the company’s management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, subject to Note # 2 and 16.1.2 to the accounts, we report that:

- a) in our opinion proper books of account have been kept by the company as required by the Companies Ordinance, 1984:
- b) in our opinion
 - i) the balance sheet and the profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the company’s business ; and
 - iii) the business conducted, investments made and expenditure incurred during the year were in accordance with the objects of the company;

M. AKHTAR & CO.
CHARTERED ACCOUNTANTS

Suite # A – 48, Ground Floor
Gulshan – e – Iqbal Block - 13
Cell # 0331- 2239081, 0313 – 2566681
Karachi – 75400 (PAKISTAN)

..2..

- c) in our opinion and to the best of our information and according to the explanations provided to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes thereon forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information as required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2011 and of the loss for the year then ended; and
- d) in our opinion no zakat was deductible at source under the Zakat & Ushr Ordinance, 1980).



DADABHOY CEMENT INDUSTRIES LIMITED
BALANCE SHEET
AS AT 30 JUNE 2011

ASSETS	Note	2011 (Rupees in thousand)	2010
Non-Current Assets			
Property, plant and equipment	4	3,379,835	3,291,282
Intangible assets	5	-	-
Long term investments	6	207,420	207,420
Long term loans and advances	7	-	-
Long term deposits		2,950	2,950
		3,590,205	3,501,652
Current Assets			
Stores, spares parts and loose tools	8	150,000	259,546
Stock-in-trade	9	-	19,238
Trade debts	10	-	-
Loans and advances	11	21,713	21,713
Other receivables	12	4,068	4,068
Cash & Bank balances	13	11	11
		175,792	304,576
Total Assets		3,765,997	3,806,228
EQUITY AND LIABILITIES			
Authorised Capital			
150,000,000 Ordinary shares of Rs. 10/- each		1,500,000	1,500,000
Issued, subscribed and paid up capital	14	982,366	982,366
Capital reserve		33,224	33,224
Accumulated losses		(645,086)	(511,866)
		370,504	503,724
Surplus on revaluation of fixed assets	15	1,459,399	1,350,687
Non Current Liabilities			
Long term financing	16	600,000	600,000
Long term morahaba	17	392	2,271
Liabilities against assets subject to finance lease	18	2,024	4,343
Deferred liabilities	19	775,117	792,484
		1,377,533	1,399,098
Current Liabilities			
Creditors, accrued and other liabilities	20	529,258	521,802
Short term running finance	21	25,000	25,000
Current portion of long term borrowings	22	-	-
Provision for taxation	23	4,303	4,303
Bank Overdraft	13.1	-	1,614
		558,561	552,719
		3,765,997	3,806,228
Contingencies and Commitments	24	-	-

The annexed notes 1 to 42 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR

**DADABHOY CEMENT INDUSTRIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2011**

	Note	2011 (Rupees in thousand)	2010
Sales	3	-	-
Cost of sales	26	-	-
Gross profit		-	-
Distribution Costs	27	-	-
Administrative and general expenses	28	(152,799)	(185,117)
Other Expenses	29	(150)	(1,261)
		<u>(152,949)</u>	<u>(186,378)</u>
Other income	30	1,735	92,679
		<u>(151,214)</u>	<u>(93,699)</u>
Share of loss from associate			(177)
Financial cost	32	(8)	(672)
(Loss) before taxation		<u>(151,222)</u>	<u>(94,548)</u>
Taxation	33	15,806	37,558
Net loss after taxation		<u>(135,416)</u>	<u>(56,990)</u>
Earning / (loss) per share - Basic and diluted (Rupees)	34	<u>(0.14)</u>	<u>(0.01)</u>

The annexed notes 1 to 42 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR

DADABHOY CEMENT INDUSTRIES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	(Rupees in thousand)	
Cash flows from operating activities		
(Loss) before taxation	(151,222)	(94,548)
Adjustments:		
Depreciation	13,701	68,191
Amortization of computer software	-	54
Loss on proceeds of fixed assets	154	-
Share of loss of associate	-	177
Financial charges	8	672
Other income	-	(109)
Provision for bad debts	-	861
Stock write off	128,784	24,777
Prior year adjustment	-	-
Operating cash flows before working capital changes	<u>(8,575)</u>	<u>75</u>
(Increase) / decrease in current assets		
Stock in trade	-	-
Trade debts	-	-
Loans and advances	-	62,553
Other receivables	-	189
	-	62,742
Increase / (decrease) in current liabilities		
Trade and other payable	7,456	(37,241)
Cash generated from operations	<u>(1,119)</u>	<u>25,576</u>
Taxes paid	(11)	(46)
Loan repayment	-	-
Gratuity paid	(1,550)	(14,493)
Workers' profit participation fund	-	(10,042)
Provident fund	-	(1,633)
Financial charges paid	(8)	(672)
Net cash generated from operating activities	<u>(2,688)</u>	<u>(1,310)</u>
Cash flows from investing activities		
Proceeds from sales of fixed assets	8,500	-
Long-term loans and advances	-	37
Long term deposits	-	(226)
Net cash used in investing activities	<u>8,500</u>	<u>(189)</u>
Cash flows from financing activities		
Deposits from dealers	-	(1,497)
Payments of long term morahaba	(1,879)	-
Payments lease finance installments	(2,319)	(662)
Net cash outflow from financing activities	<u>(4,198)</u>	<u>(2,159)</u>
Net increase/ (decrease) in cash and cash equivalents	1,614	(3,658)
Cash and cash equivalents at beginning of the year	(1,603)	2,055
Cash and cash equivalents at end of the year	<u>11</u>	<u>(1,603)</u>

The annexed notes 1 to 42 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR

DADABHOY CEMENT INDUSTRIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2011

	Share Capital	Capital Reserve	Accumulated losses	Total
	← Rupees '000 →			
Balance at July 30, 2009	982,366	33,224	(460,752)	554,838
effect of prior year adjasmnet			-	-
<u>Changes in equity for the year ended 2010</u>				
Incremental depreciation - Net of deferred tax	-	-	5,876	5,876
Loss for the year after taxation	-	-	(56,990)	(56,990)
Total profit recognised for the half year	-	-	(51,114)	(51,114)
Balance as at 30 June 2010	<u>982,366</u>	<u>33,224</u>	<u>(511,866)</u>	<u>503,724</u>
Balance as at July 01, 2010	982,366	33,224	(511,866)	503,724
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	2,196	2,196
Loss after taxation for the year 2011	-	-	(135,416)	(135,416)
Balance at June 30, 2011	<u>982,366</u>	<u>33,224</u>	<u>(645,086)</u>	<u>370,504</u>

The annexed notes 1 to 42 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR

DADABHOY CEMENT INDUSTRIES LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011

1 STATUS AND NATURE OF BUSINESS

Dadabhoj Cement Industries Limited was incorporated on 09 August 1979 as a public limited company with its Registered Office situated at C-30/II, 24th Commercial Street, Phase 2 (Ext). D.H.A, Karachi and is listed on all the Stock Exchanges in Pakistan. The Company is engaged in the manufacturing and sale of ordinary Portland, slag and sulphate resistant cement.

2 GOING CONCERN BASIS

The directors have taken several positive steps to restart the production , this includes successful negotiation with the lender of long term finances (see note 16.1.2) and arrangement with other banks for financing.The negotiations with its bankers to secure an amount necessary to cover its working capital and repair and maintenance requirements for the commencement of un-interrupted operations in future.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

These Financial Statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan, the requirements of the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of said directives take precedence.

3.2 Accounting standards, amendments and interpretations effective in 2009

Amendments to IAS 1 Presentations of Financial Statements - Capital Disclosures is mandatory for the company's accounting periods beginning on or after January 1, 2007. It introduces new disclosures relating to Company's objectives, policies and processes for managing capital. Adoption of this amendment only impacts the format and extent of the disclosure presented in note 38.3 to financial statement.

The other new standards, amendments and interpretations are considered neither relevant nor to have any significant effect to the company's financial statements.

Following amendments to approved accounting standards and interpretations have been published that are mandatory for the company's accounting periods beginning on the dates mentioned below:

Standard or Interpretation	Effective date (accounting period beginning on or after)
IAS 1 - Presentation of Financial Statements (Revised)	January 1, 2009
IAS 23 - Borrowing Cost (Revised)	January 1, 2009
IAS 27 - Consolidated and separate Financial Statements (Revised)	January 1, 2009
IFRS 3 - Business Combination (Revised)	January 1, 2009
IFRS 7 - Financial Instruments : Disclosure	July 1, 2008
IFRS 8 - Operating segments	January 1, 2009
IFRIC 12 - Service Concession Arrangements	January 1, 2009
IFRIC 14 - The Limit on Defined Benefit Assets, Minimum Funding Requirements and their Interactions	January 1, 2008

3.3 Accounting Convention

These financial statements have been prepared under the "historical cost convention" except for free hold land, building on free hold land, plant and machinery, quarry equipments and motor vehicles which are stated at revalued amounts and measurement of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value.

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make the judgment, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the as is of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are discussed in Note No.39 to these financial statements.

3.4 Staff retirement benefits (Defined Benefit Plan)

The company operates an approved defined gratuity fund for all of its permanent employees who attain the minimum qualification period for entitlement to gratuity. Contributions to the fund are made based on actuarial recommendations. The most recent actuarial valuation was carried out as at June 30, 2006 using the Projected Unit Credit Method. For details refer to Note No 21.2.

3.5 Taxation

Current:

Provision for current taxation is base on taxable income at the current rates of taxation or based on turnover at the specified rates whichever is higher, after taking into account tax credits and rebates available and effect of tax on income falling under Final Tax Regime.

Deferred:

Deferred income tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

Deferred income tax assets and liabilities are measured at the rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan, if considered material.

3.6 Property, Plant and Equipment

Owned

Fixed assets are stated at cost including exchange differences arising on acquisition or revalued amounts less accumulated depreciation and impairment losses if any except for freehold land and capital work-in-progress which are stated at revalued amount and cost respectively. Depreciation on plant and machinery and quarry equipment is charged on the basis of unit of production method. Depreciation on other assets is charged on straight line method at the rates stated in note 4.

Depreciation on additions is charged from the month the assets is put to use while depreciation on disposals is charged up to the month of disposals.

The surplus on revaluation of fixed assets is reversed to the extent of incremental depreciation and is transferred to accumulated loss.

Gains and losses on sale of fixed assets are included in income currently ,except that is related to surplus on revaluation of fixed assets (net of deferred taxation), is transferred directly to accumulated loss.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Leased

These are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of the assets acquired on lease. The outstanding obligations under the lease less finance charges allocated to future periods are shown as liability. Financial charges are calculated at the interest rate implicit in the lease and are charged to the profit and loss account. Depreciation is charged to income applying the same basis as for owned assets.

Capital work in progress:

Capital work in progress is stated at cost including where relevant, related financial costs less impairment losses, if any. These costs are transferred to fixed assets as and when assets are available for use.

3.7 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized on a straight line basis over their estimated useful lives.

3.8 Impairment

The carrying amount of assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. Impairment loss is recognized in Profit and Loss account whenever carrying amount of an asset exceeds its recoverable amount.

3.9 Financial Instruments

The particular recognition methods adopted by the company are disclosed in the individual policy statement associated with each item of financial instruments.

Financial assets

Financial assets are initially recognized at their cost which is the fair value of the consideration given for them at the time when the Company becomes a party to the contractual provisions of the instruments and subsequent to initial recognition, financial assets are carried at fair value except any financial asset whose fair value can not be reliably measured.

A 'regular way' purchase or sale of financial asset is recognized using trade date accounting.

Financial liabilities

All financial liabilities are initially recognized at cost which is the fair value of consideration received at the time when the Company becomes a party to the contractual provisions of the instruments. After initial recognition, financial liabilities are carried at fair value, amortized cost or original cost as the case may be.

Off-setting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements when the Company has a legally enforceable right to set off the recognized amounts or intend either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

De- recognition

Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the Financial liabilities are de-recognized when they are extinguished; that is, when the obligation specified in the contract is discharged, cancelled or expires.

Recognition of gains / (losses)

Gains or losses, if any, on realization or settlement/ subsequent measurement and de recognition of financial assets and liabilities are included in net profit and loss in the period in which it arises.

Impairment/ un-collectibility of financial assets

An assessment is made at each balance sheet date to determine whether there is an evidence that the financial asset or the group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of the assets is determined and impairment loss is recognized for the difference between the recoverable amount and the carrying amount.

3.10 Investments

In Associates

These represents investments in shares of companies that are directly or indirectly controlled by, or are under common control of DCIL or in which a substantive interest in the voting power is owned, directly or indirectly by the directors of DCIL.

Investment in subsidiary company is stated at cost less any impairment in the value of investment.

Investment in associate is accounted for using the equity method whereby investment is carried in the balance sheet at cost as adjusted by the post-acquisition changes in the company's share of net assets of the associate less

3.11 Stores, spares and loose tools

These are valued at moving average cost. Items in transit and in bonded warehouse are valued at cost comprising invoice value plus other charges paid thereon up to the date of balance sheet.

3.12 Stock-in-trade

Stock of raw materials, except for those in transit work-in-process and finished goods are value principally at the lower of average cost and net realisable value. Stock of packing material is valued principally at moving average cost. Cost of work in process and finished goods comprises cost of direc materials, labour and appropriate manufacturing overheads.

Material in transit are stated at cost comprising invoice value plus other charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost of completion and cost necessary to be incurred in order to make the sale.

3.13 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful receivable balances. Bad Debts are written off when identified.

3.14 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the value of the consideration to be paid in future for goods and services.

3.15 Borrowing costs

Borrowing costs are charged to profit and loss account in the year when they are incurred, except to the extent that they are directly attributable to the construction of a qualifying assets in which case they are capitalized as part of the cost of that assets.

3.16 Foreign currency transactions

	Note	2011 (Rupees in thousand)	2010
4 PROPERTY, PLANT AND EQUIPMENT			
Tangible fixed assets	4.1	3,369,195	3,280,642
Capital work-in-progress	4.2	10,640	10,640
		<u>3,379,835</u>	<u>3,291,282</u>

4.1 Tangible fixed assets

PARTICULAR	COST					RATE	DEPRECIATION					W.D.V
	1/7/2010	ADDITION	DELETION	REVALUATION	30/6/2011		1/7/2010	ADJUSTMENT	REVALUATION FOR THE YEAR	30/6/2011		
Free hold Land	350,000	-	-	-	350,000	-	-	-	-	-	350,000	
Building on free hold Land	335,000	-	-	-	335,000	2.50%	50,250	-	(50,250)	8,375	326,625	
Road & peavement	15,000	-	-	-	15,000	2.50%	1,125	-	(1,125)	375	14,625	
Plant & Machinery	2,705,226	-	-	(32,226)	2,673,000	1%	91,759	-	(91,759)	-	2,673,000	
Quarry Equipment	134,574	-	(134,574)	-	0	1%	125,920	(125,920)	-	-	-	
Furnitures & Fixtures	10,020	-	-	-	10,020	10%	10,019	-	-	1	10,020	
Other Equipments	49,504	-	-	-	49,504	10%	39,609	-	-	4,950	4,945	
Motor Vehicle	39,117	-	-	-	39,117	20%	39,117	-	-	-	39,117	
	<u>3,638,441</u>	-	<u>(134,574)</u>	<u>(32,226)</u>	<u>3,471,641</u>		<u>357,799</u>	<u>(125,920)</u>	<u>(143,134)</u>	<u>13,701</u>	<u>102,446</u>	<u>3,369,195</u>
Lease Vehicle	6,835	-	-	-	6,835	20%	6,835	-	-	-	6,835	-
2011	3,645,276	-	(134,574)	(32,226)	3,478,476		364,634	(125,920)	(143,134)	13,701	109,281	3,369,195
2010	3,645,276	-	-	-	3,645,276		296,443	-	-	68,191	364,634	3,280,642

4.1.1 Depreciation for the year has been allocated as:

	Note	2011 (Rupees in '000')	2010
Cost of sales	26	-	-
Mining and other related cost	26	-	-
Administrative expenses	28	<u>13,701</u>	<u>68,191</u>
		<u>13,701</u>	<u>68,191</u>

4.1.2 The above balance represents the value of operating property, plant and equipment subsequent to revaluation carried out by independent valuers, as referred to in note 15, which has resulted in surplus and addition thereafter at cost.

Had there been no revaluation, the net book value of specific classes of Property, Plant and Equipment as at June 30, 2011 would have been as follows:

	2011 (Rupees in thousand)	2010
Freehold lands	<u>3,198</u>	3,198
Factory building	<u>80,704</u>	80,704
Plant & Machinery	<u>825,418</u>	825,418
Quarry equipment	<u>69,025</u>	69,025
Vehicles	<u>2,772</u>	2,772
	<u>981,117</u>	<u>981,117</u>

4.1.3 All the fixed assets of the company have been hypothecated and /or mortgaged with the lender of long term finances

4.2 CAPITAL WORK-IN-PROGRESS

	Civil work & gas pipe lines	Machinery	Total
	←	Rupees'000	→
Cost as at June 30, 2010	9,120	1,520	10,640
Incurred during the year	-	-	-
Cost as at June 30, 2011	<u>9,120</u>	<u>1,520</u>	<u>10,640</u>

Transactions in foreign currencies are translated into rupees at the rates of exchange ruling on the date of transaction. Assets and liabilities in foreign currencies are translated at the rates of exchange ruling on the balance sheet date. Exchange differences are included in income currently, except for exchange differences arising on acquisition of fixed assets which are included in the cost of fixed assets for which no practical means of hedging are present.

3.17 Revenue recognition

Sales are recorded on dispatch of goods to customers.

Dividend income is accounted for when the right to receive the dividend is established.

Return on term deposit and saving accounts is accounted for on an accrual basis.

3.18 Provisions

Provisions are recognized when the company has a present obligation as a result of past event, which it is probable will result in an outflow of economic benefits and a reliable estimate can be made of the amount of the obligation.

3.19 Transactions with related parties

Transactions with related parties are based on the policy that all transactions between the Company and the related parties are carried out at arm's length. These prices are determined in accordance with the methods prescribed in the Companies Ordinance, 1984.

3.20 Cash and cash equivalents

Cash and Cash Equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash-in-hand, bonds, current and deposit accounts with banks / financial institutions net of running finance under mark-up arrangement, if any.

3.21 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the company's functional currency. All financial information is stated in Pak Rupees.

(Rupees in thousand)

5 INTANGIBLE ASSETS - ERP software

Cost

As at June 30, 2008 and 2009

5,403

Amortisation

As at July 01, 2007

3,566

For the year 2008

1,783

As at June 30, 2008

5,349

For the year 2009

54

As at June 30, 2009

54

For the year 2010

-

As at June 30, 2010

-

Net book value

-

At June 30, 2009

54

At June 30, 2010

-

For the year 2011

-

At June 30, 2011

-

2011 2010
(Rupees in thousand)

5.1 Amortization for the year has been completely charged to Admin. Expenses:

Cost of sales	26	-	-
Mining and other related cost	26	-	-
Administrative expenses	28	-	-
		<u>-</u>	<u>-</u>

6 LONG-TERM INVESTMENTS

Investments in related parties-

i. At cost (Unquoted)

Dadabhoy Energy Supply Company

Cost at July, 01

205,000

205,000

Cost at June, 30

205,000

205,000

ii. Equity method (Quoted)

Dadabhoy Sack Limited

Investment at July 01

2,420

2,597

Share of (loss)/ profit

-

(177)

Share of incremental depreciation

-

-

Adjustment

-

-

-

(177)

2,420

2,420

207,420

207,420

Fair value of investment in associate, based on quoted market price amounted to Rs. (2010: Rs.712.

2011 2010
(Rupees in thousand)

Summarised financial information of an associate

Total assets	64,897	67,812
Total Liabilities	18,751	26,041
Revenue	-	-
Net (loss) /profit for the year	(684)	488

6.1	Name of related party	Place of incorporation	Proportion of ownership interest	Proportion of voting power	Principal activity
	i. Dadabhoy Energy Supply Ltd.	Sindh, Pakistan	47.86%	79.26%	Generation of electricity
	ii. Dadabhoy Sack Ltd.	Sindh, Pakistan	6.9%	6.9%	Manufacture of paper sacks for cement industry

Dadabhoy Energy Supply Company Limited (DESCL) has been treated a subsidiary company as more than 50% of its shares are held by DCIL and its directors thus providing substantial interest in the voting power in DESCL.

6.2 The company has pledged 4,500,000 Ordinary shares of Rs. 10 each of DESCL with a financial institution as a security against the financial assistance extended by the financial institution to Dadabhoy Energy Supply Company Limited.

6.3 Dadabhoy Sack Limited has been presumed to be an associated company as the directors of the company are also members of the board of directors of Dadabhoy Sack Ltd. and also, material transactions are undertaken between the companies. The reporting date of Dadabhoy Sack Limited is also the same as of the company that is, year ended June 30, 2011.

7	LONG TERM LOANS AND ADVANCES	Note	2011 (Rupees in thousand)	2010
	Loans to employees - considered good			
	Executives		5	5
	Employees	7.1	-	-
			<u>5</u>	<u>5</u>
	Less: Receivable within one year			
	Executives		(5)	(5)
	Employees	7.1	-	-
			<u>(5)</u>	<u>(5)</u>
			<u>-</u>	<u>-</u>

7.1 Represents interest-free loans to executives and employees given for personal reasons and for house building. These are granted in accordance with the service rules and recoverable in monthly installments over a period ranging between 5 to 100 months and are secured against their retirement benefits.

8 STORES, SPARES AND LOOSE TOOLS

Stores, spares and loose tools	8.1	259,546	284,491
Provision against slow moving spares in hand		(109,546)	(24,945)
		<u>150,000</u>	<u>259,546</u>

8.1 It was not practicable to bifurcate and distinguish separately stores, spares and loose tools.

9	STOCK-IN-TRADE	Note	2011 (Rupees in thousand)	2010
	Raw materials		-	15,488
	Packing materials		-	3,750
	Work-in-process		-	-
	Finished goods		-	-
			<u>-</u>	<u>19,238</u>
10	TRADE DEBTS - unsecured			
	Considered good		<u>-</u>	<u>-</u>
11	LOANS AND ADVANCES			
	Loans to employees - considered good			
	Executives		5	5
	Others		-	-
			5	5
	Prepayments		40	40
	Advance income tax		7,585	7,585
	Advance to suppliers			
	Advance to local suppliers		14,083	14,083
	Advance to subsidiary company Dadabhoy Energy Supply Co Limited		-	-
			14,083	14,083
			<u>21,713</u>	<u>21,713</u>
12	OTHER RECEIVABLES			
	Excise duty		4,243	4,243
	Others		1,153	1,153
			5,396	5,396
	Provision for doubtful receivable		(1,328)	(1,328)
			<u>4,068</u>	<u>4,068</u>

13	BANK BALANCES	Note	2011 (Rupees in thousand)	2010
	Current account		-	-
	Savings accounts		3	3
	Dividend accounts		-	-
	Collection accounts-Current		2	2
	Cash in Hand		6	6
	Inter Bank Transaction		-	-
			11	11
			11	11

13.1 BANK OVERDRAFT

Current Accounts	-	1472
Inter Bank Transaction	-	142
	-	1614

14 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

(Number of shares)

2011 2010

Ordinary shares of Rs. 10 each

98,236,624	98,236,624	Fully paid up in cash	982,366	982,366
98,236,624	98,236,624		982,366	982,366

15 SURPLUS ON REVALUATION OF FIXED ASSETS

Balance at beginning of year		1,350,687	1,356,564
Revaluation for the year	15.1	110,908	-
		1,461,595	1,356,564
Released to the extent of incremental depreciation for the year-			
Incremental depreciation		3,378	9,041
Related deferred tax liability		(1,182)	(3,164)
Net released to accumulated losses		2,196	5,877
Balance at end of year		1,459,399	1,350,687

15.1 The revaluation of land, building and plant & machinery was carried out by M/S Zafer Iqbal & Company, Surveyors and valuers on the basis of depreciable replacement values, vide report dated 17-09-2009.

16 LONG TERM FINANCING - secured

Loan from banking company-			
Long-term loan	16.1	600,000	600,000
		600,000	600,000

16.1 Long term Loan	Note	2011 (Rupees in thousand)	2010
Balance as at 01 July		600,000	600,000
Transferred from accrued interest		-	-
Repaid during the year		-	-
Paid against proposed settlement terms		-	-
Transferred to income		-	-
Transferred to deferred income		-	-
Balance as at June 30		<u>600,000</u>	<u>600,000</u>

16.1.1 Security

The loan is secured by way of legal mortgage on the immovable properties of the company. Pledge of sponsor director's shares, equitable mortgage on mining leases of the company, pledge and hypothecation of machinery, and all the movable properties, including book debts and receivables of the company, ranking pari passu with other creditors and with charges already existing and personal guarantees of sponsoring directors.

16.1.2 During the year, the company continued its negotiations with the bank for full and final settlement on softer terms. Finally it was principally agreed between the company and the bank that on payment of Rs 600.00 million by the company in lump sum, the entire liability would stand discharged. It was further agreed that the terms and conditions of the understanding between the parties for the settlement of the entire liability cannot be reduced in black and white due to legal binding. However as soon as the payment of Rs 600.0 million is made by the company to the bank the whole process shall be recorded in the form of settlement agreement for further action. In the meantime the company has also requested the bank for resheduling the loan of Rs:600.0 million.

		2011	2010
		(Rupees in thousand)	
17	LONG TERM MORAHABA		
	Balance at beginning of the year	2,271	2,271
	Obtained during the year	-	-
	Adjustment	-	-
	Repaid during the year	(1,879)	-
		<u>392</u>	<u>2,271</u>
	Less: Current maturity	-	-
		<u>392</u>	<u>2,271</u>

		2011	2010
		(Rupees in thousand)	
18	LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
	Opening balance	4,343	5,005
	Obtained during the year	-	-
	Adjustment	-	-
	Paid during the year	(2,319)	(662)
		<u>2,024</u>	<u>4,343</u>
	Less: Current maturity	-	-
		<u>2,024</u>	<u>4,343</u>

18.1 These represent finance lease entered into with leasing companies for motor vehicles. Rates of finance charges ranges from 8.60% to 12.3% (2010: 8.60% to 12.3%) per annum and are used as discounting factors. The lease terms are of 3 to 5 years.

18.2 The company intends to exercise the option to purchase the leased assets upon completion of lease periods.

18.3 Liabilities are secured against demand promissory notes and security deposits.

	Note	2011 (Rupees in thousand)	2010
19 DEFERRED LIABILITIES			
Deferred tax	19.1	773,137	788,954
Staff retirement benefits - gratuity fund	19.2	1,980	3,530
		<u>775,117</u>	<u>792,484</u>
19.1	This comprise the tax effects of the following temporary differences:		
Credit balances arising in respect of:			
- accelerated tax depreciation allowances		1,088,316	1,050,412
- surplus on revaluation of fixed assets		-	-
		<u>1,088,316</u>	<u>1,050,412</u>
Deferred tax asset			
- provision for minimum tax		-	-
- provision for gratuity		-	(1,235)
- unused tax losses		(313,641)	(257,908)
- lease liability		(708)	(479)
- morahaba liability		(137)	(441)
- Current portion of morahaba and lease liabilities		(693)	(1,395)
		<u>(315,179)</u>	<u>(261,458)</u>
		<u>773,137</u>	<u>788,954</u>
Movement for the year			
Balance at 01 July		788,954	826,512
Charge to income for the year		(15,817)	(37,558)
Balance at 30 June		<u>773,137</u>	<u>788,954</u>
19.2 Staff retirement benefits - gratuity fund			
Movement in asset / (liability)			
Balance as at July 1,		3,530	18,023
Charge for the year		-	-
Contributions made		(1,550)	(14,493)
Liability as at June 30,		<u>1,980</u>	<u>3,530</u>
Balance sheet reconciliation as at June 30			
Fair value of plan assets		-	-
Present value of obligations		438	438
Unrecognised actuarial gain		1,542	3,092
		<u>1,980</u>	<u>3,530</u>

20 TRADE AND OTHER PAYABLE

Trade creditors

Local creditors	9,573	9,573
From associated companies		
Dadabhoy Hydrocarbon Limited	30,992	30,992
Dadabhoy Sack Limited	22,080	22,080
	53,072	53,072
	62,645	62,645

Due to Related Parties-Unsecured

Dadabhoy Construction Technology Limited	1,984	1,984
Leo (Pvt) Limited	5,282	5,282
Due to directors	128,164	118,969
	135,430	126,235

Accrued liabilities	8,822	8,672
Advance from customers	22,555	22,555
Unclaimed dividend	566	566
Deferred income	138,311	138,311

Other liabilities

Royalty	2,663	4,552
Sales tax	1,508	1,508
Provident fund	-	-
Workers' profit participation fund	2,484	2,484
Excise duty payable	138,713	138,713
Special excise duty payable	362	362
Tax deducted at source	15,089	15,089
Book overdraft	-	-
Others	110	110
	160,929	162,818
	529,258	521,802

The maximum aggregate amount due to related parties at the end of any month was Rs.126 million (2010: Rs.126 million).

20.1 Workers' Profit Participation Fund	Note	2011 (Rupees in thousand)	2010
Balance at 01, July		2,484	12,526
Add: Allocation for the year		-	-
Less: Payments made during the year		-	(10,042)
Interest thereon		-	-
Balance at 30, June		<u>2,484</u>	<u>2,484</u>

21 SHORT TERM BORROWING-Secured

Packing credit from a bank		<u>25,000</u>	<u>25,000</u>
----------------------------	--	---------------	---------------

The above facility was obtained from a bank on a mark-up basis at the rate of 6 month KIBOR + 3 % (minimum 14%).

The facility is secured by a Hypothecation of stock of cement to the extent of 34.0 million and equitable mortgage of factory land building and machinery of an associate company and personal guarantees of all directors.

22 CURRENT PORTION OF LONG TERM BORROWINGS

Long term morahaba	17	-	-
Liabilities against assets subject to finance lease	18	-	-
Long term deposits		-	-
		<u>-</u>	<u>-</u>

23 PROVISION FOR TAXATION

As at 01, July		10,157	10,157
Provided for the year	33	-	-
Adjusted against advance tax		<u>(5,854)</u>	<u>(5,854)</u>
		<u>4,303</u>	<u>4,303</u>

24 CONTINGENCY AND COMMITMENT

Contingencies

- 24.1** The company has filed a constitutional petition in the High Court of Sindh, Karachi against the demand of Rs 20.303 million on account of Central Excise Duty raised by Superintendent of Excise Nooriabad Circle on stock of clinker in hand as at 03 August, 1991. The company used the stock subsequently in cement produced and paid the duty on finished product. The case was specially heard by the Sales Tax Authorities (FBR) and finally decided the liability on 23046 tons @ Rs:400 against which the company had already paid Rs:4.243 million.

25 SALES - NET

Local sales	-	-
	-	-
Less: Sales tax	-	-
Excise duty	-	-
	-	-
	-	-
	-	-

26 COST OF SALES	Note	2011 (Rupees in thousand)	2010
Opening stock			
Raw material		-	-
Packing Material		-	-
		-	-
Purchases		-	-
		-	-
Closing stock			
Raw material		-	-
Packing Material		-	-
		-	-
Raw and packing material consumed		-	-
Mining and other related costs		-	-
Stores and spares consumed		-	-
Fuel and power		-	-
Salaries, wages and other benefits		-	-
Contract labour		-	-
Rent, rates and taxes		-	-
Security and protection		-	-
Inspection & testing		-	-
Fees and subscription		-	-
Repairs and maintenance		-	-
Depreciation/amortization	4.1.1	-	-
Traveling and conveyance		-	-
Insurance		-	-
Telephone and telex		-	-
Vehicle running expenses		-	-
Printing and stationery		-	-
Entertainment		-	-
Cleaning		-	-
Others		-	-
Manufacturing costs incurred during the year		-	-
Work-in-process			
Opening		-	-
Closing		-	-
		-	-
Cost of goods manufactured		-	-
Finished goods			
Opening		-	-
Closing		-	-
		-	-
		-	-

27 DISTRIBUTION COSTS	Note	2011	2010
		(Rupees in thousand)	
Salaries and other benefits		-	-
Traveling and conveyance		-	-
Entertainment		-	-
Printing and stationery		-	-
Advertisement and publicity		-	-
Freight and cartage		-	-
Vehicle running expenses		-	-
Sales promotion		-	-
Telephone & telex		-	-
Others		-	-
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>

28 ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits		4,262	12,021
Directors utilities		292	4,700
Traveling and conveyance		80	70
Rent, rates and taxes		900	866
Printing and stationery		17	69
Entertainment		12	88
Utilities		28	4,456
Telephone and telex		100	229
Postage and telegram		13	27
Repairs and maintenance		235	313
Security and protection		1,130	1,250
Legal and professional		1,727	2,244
Depreciation/amortization	4.1.1	13,701	68,191
Insurance			35
Fees and subscription		11	215
Others		339	3,097
Fuel and power		1,154	62,000
stocks damage wirtten off		128,784	24,777
Fines and penalties			-
Vehicle running expenses		14	218
Advertisement			251
		<u>152,799</u>	<u>185,117</u>
		<u>152,799</u>	<u>185,117</u>

		2011	2010
	Note	(Rupees in thousand)	
29 OTHER EXPENSES			
Auditors' remuneration	29.1	150	400
Provision against Bad Debts			861
		<u>150</u>	<u>1,261</u>
29.1 Auditors' remuneration			
Audit fee		150	250
Half yearly review			50
Certificate on Code of Corporate Governance			50
Out of pocket expenses			50
		<u>150</u>	<u>400</u>
30 OTHER INCOME			
Loss on sale of fixed assets		(154)	-
Others		1,889	92,679
		<u>1,735</u>	<u>92,679</u>
31 SHARE OF (LOSS)/ PROFIT OF ASSOCIATE			
Share of net (loss)/ profit for the year			177
		<u>-</u>	<u>177</u>
32 FINANCE COST			
Interest on finance lease liability		-	240
Bank charges		8	432
		<u>8</u>	<u>672</u>

	Note	2011 (Rupees in thousand)	2010
33 INCOME TAX			
Current		(11)	-
Deferred	19.1	15,817	37,558
		<u>15,806</u>	<u>37,558</u>

34 (LOSS)/ EARNINGS PER SHARE - BASIC AND DILUTED

(Loss)/ profit after taxation	<u>(135,416)</u>	<u>(56,990)</u>
Weighted average number of outstanding ordinary share	<u>982,366</u>	<u>982,366</u>
(Loss)/ earning per share - Basic	<u>(0.14)</u>	<u>(0.06)</u>

There was no dilutive effect on earning per share.

35 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged for the year are as follows :

	Chief Executive		Directors		Executives	
	2011	2010	2011	2010	2011	2010
	← Rupees'000 →					
Managerial remuneration	-	-	-	-	-	-
Conveyance and utilities	-	-	-	4,700	-	-
Medical expenses	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,700</u>	<u>-</u>	<u>-</u>
Numbers of person(s)	-	-	7	7	4	4

35.1 Working Directors and certain Executives are also provided with free use of Company's owned and maintained cars. They are also entitled for leave fare assistance, free medical cover for self and family and other benefits as per company's rules.

	2011 M. Tonnes	2010
36 CAPACITY - Cement all kind		
Installed capacity	<u>598,000</u>	<u>598,000</u>
Production	<u>-</u>	<u>-</u>
	<u>0%</u>	<u>0%</u>

37 TRANSACTIONS WITH RELATED PARTIES

	(Rupees.'000')					
	Subsidiary company		Associated company		Other related parties	
	2011	2010	2011	2010	2011	2010
Purchase of electricity	-	-	-	-	-	-
Purchase of goods	-	-	-	-	-	-
Payment against purchases	-	-	-	-	-	-
Payments on behalf	-	62,077	-	1,044	-	-
Investment in share capital	-	-	-	-	-	-
Issue right shares	-	-	-	-	-	-
Funds received	-	-	-	-	-	-

37.1 The transactions with associated and subsidiary companies are made at arm's length value under normal commercial terms and conditions.

37.2 There are no transactions with key management personnel other than under the terms of employment.

37.3 Outstanding balances with related parties as at year end have been included in their respective notes to the financial statements.

38 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will affect the value of financial instruments. In respect of income earning financial assets and interest / mark-up bearing financial liabilities, the following table indicate their effective interest / mark-up rates at the balance sheet date.

Description	Rate of markup	2011						Total
		Interest / Mark-up bearing			Non Interest / Mark-up bearing			
		Maturity up to one year	Maturity after one year	Sub Total	Maturity up to one year	Maturity after one year	Sub Total	
Financial Assets								
Long-term investments		-	-	-	-	207,420	207,420	207,420
Long term deposits		-	-	-	-	2,950	2,950	2,950
Loans and advances		-	-	-	30	42	72	72
Bank balances	4.75%	3	-	3	8	-	8	11
		<u>3</u>	<u>-</u>	<u>3</u>	<u>38</u>	<u>210,412</u>	<u>210,450</u>	<u>210,453</u>
Financial Liabilities								
Long-term finance	6 month KIBOR + 2.5% 11%	-	600,000	600,000	-	-	-	600,000
Long-term morahaba		-	392	392	-	-	-	392
Liabilities against assets subject to finance lease	8.60% to 12.30%	-	2,024	2,024	-	-	-	2,024
Long-term deposits		-	-	-	-	-	-	-
Trade and other payables		-	-	-	529,258	-	529,258	529,258
Short term borrowing	6 month KIBOR + 3% (minimum 14%)	25,000	-	25,000	-	-	-	25,000
		<u>25,000</u>	<u>602,416</u>	<u>627,416</u>	<u>529,258</u>	<u>-</u>	<u>529,258</u>	<u>1,156,674</u>
Balance sheet gap		(24,997)	-	(627,413)	(529,220)	210,412	(318,808)	(946,221)

Description	Rate of markup	2010						Total
		Interest / Mark-up bearing			Non Interest / Mark-up bearing			
		Maturity up to one year	Maturity after one year	Sub Total	Maturity up to one year	Maturity after one year	Sub Total	
Financial Assets								
Long-term investments		-	-	-	-	207,420	207,420	207,420
Long term deposits		-	-	-	-	2,950	2,950	2,950
Loans and advances		-	-	-	30	42	72	72
Bank balances	4.75%	-	-	-	11	-	11	11
		-	-	-	41	210,412	210,453	210,453
Financial Liabilities								
Long-term finance	6 month KIBOR + 2.5% 11%	-	600,000	600,000	-	-	-	600,000
Long-term morahaba		-	1,259	1,259	-	-	-	1,259
Liabilities against assets subject to finance lease	8.60% to 12.30%	-	1,369	1,369	-	-	-	1,369
Long-term deposits		-	-	-	-	-	-	-
Trade and other payables		-	-	-	521,802	-	521,802	521,802
Short term borrowing	6 month KIBOR + 3% (minimum 14%)	25,000	-	25,000	-	-	-	25,000
		25,000	602,628	627,628	521,802	-	521,802	1,149,430
Balance sheet gap		(25,000)	-	(627,628)	(521,761)	210,412	(311,349)	(938,977)

38.1 Financial risk management objectives

The company finances its operations through equity, borrowings and management of working capital with a view to maintaining a reasonable mix between the various sources of finance to minimize risk. Taken as a whole, risk arising from the company's financial instruments is limited as there is no significant exposure to market risk in respect of such instruments.

38.1.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if the counter party fails completely to perform as contracted without taking into account the fair value of any collateral. To manage exposure of credit risk, the company applies credit limits to its customers and ensures that sale of products are made to customer with appropriate credit history.

Concentration of credit risk arise when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political and other conditions. Concentration or credit risk indicate the relative sensivity of the company's performance to developments affecting a particular industry.

All the financial assets of the company are exposed to credit risk. The company believes that it is not exposed to major concentration of credit risk. The company seeks to minimize the credit risk exposure through having exposure only to customers considered credit worthy, obtaining securities where applicable and make provision against those balances considered doubtful of recovery.

38.1.2 Interest rate risk management

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at fixed and variable interest rates and contracting floor and cap of interest rates as referred to in note 17.

38.1.3 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions with foreign buyers and suppliers. The company, where considered necessary, uses forward contracts and foreign currency options against payables exposed to foreign currency risks.

38.1.4 Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

38.2 Fair value of financial assets and liabilities

The carrying value of financial assets and liabilities reflected in the financial statements approximates their fair values. Fair value is determined on the basis of objective evidence

38.3 Capital risk management

The primary objective of the Company's capital management is to maintain healthy capital ratio, strong credit rating and optimal capital structures in order to ensure ample availability of finance for existing and potential investment projects, to maximise shareholder value and reduce the cost of capital.

The company manages its capital structure and make adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return the capital to shareholders or issue new shares. No changes were made in the objectives, policy or processes during the year ended June 30, 2010.

The company monitors capital using a gearing ratio, which is net debt dividend by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, trade and other payables less cash and bank balances. Capital signifies equity as shown in the balance sheet plus net debts.

During the year, the company's strategy was to minimize leveraged gearing. The gearing ratios as at June 30, 2010 and 2009 were as follows:

	2011	2010
	(Rupees in thousand)	
Long term financing	600,000	600,000
Trade and other payables	529,258	521,801
Long term Morahaba	392	2,271
Liabilities against assets subject to finance lease	2,024	4,343
Current portion of long term finance	-	3,986
Short term borrowing-Packing facility	25,000	25,000
Total debt	<u>1,156,674</u>	<u>1,157,401</u>
Cash and bank balances	11	11
Net debt	<u>1,156,663</u>	<u>1,157,390</u>
Share capital	982,366	982,366
Reserves	(611,862)	(478,642)
Equity	<u>370,504</u>	<u>503,724</u>
Capital	<u>1,527,167</u>	<u>1,661,114</u>
Gearing Ratio	76%	70%

The company finances its expansion projects through equity, borrowing and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk. A significant decline in the gearing ratio during 2010 resulted primarily from the issue of right shares (note 13) with a view to finance the company's long term investment strategy for sustaining competitive advantage.

39 ACCOUNTING ESTIMATES AND JUDGMENTS

39.1 Staff Retirement Benefits

Certain actuarial assumptions have been adopted as disclosed in Note 19.2 to the financial statement for valuation of present value of defined obligations and fair value of plan assets any changes in these assumptions in future years might effect gains and and losses in those years.

39.2 Property, Plant and Equipment

The company's management estimates useful life and related depreciation charge for its plant and equipment. The company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amount of the respective items of the property, plant and equipment with a corresponding effect on the depreciation charged and impairment.

39.3 Classification of investments

The management has utilized its judgments in respect of classification of investment as disclosed in note 6 of the financial statements. Any change in such judgment might materially affect the accounting policy applied in respect of such investments.

39.4 Income Taxes

In making the estimates for income taxes currently payable by the company, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past.

40 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors in the meeting held on _____.

41 GENERAL

Figures have been rounded off to the nearest thousand of rupees unless stated otherwise.

42 CORRESPONDING FIGURES

Corresponding figures have been re-arranged/Reclassified wherever necessary, for the purposes of comparison and better presentation.



CHIEF EXECUTIVE



DIRECTOR

**DADABHOY CEMENT INDUSTRIES LIMITED
CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
JUNE 30, 2011**

MA

M. AKHTAR & COMPANY

Chartered Accountants

Suit # A-48, Ground floor

Gulshan - e - Iqbal, Block -13

Karachi - 75400

Tel: 021 - 36190659 Cell # 0331 - 2239081

AUDITOR’S REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Dadabhoy Cement Industries Limited (the holding company) and its subsidiary as at June 30, 2011 and the related consolidated profit and loss account, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof for the year then ended. We have also expressed our separate opinion on the financial statements of Dadabhoy Cement industries Limited and its subsidiary company, and state that that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

It is the responsibility of the company’s management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

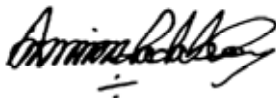
1. The production had been stopped since August 2008 owing to non -availability of working capital. These financial statements have been prepared on going concern based on management proposal stated in note # 17.2.3
2. Except for the matters discussed in Para 1 above, in our opinion the consolidated financial statements examined by us present fairly the financial position of Dadabhoy Cement industries Limited and its subsidiary company as at June 30, 2011 and the results of their operations for the year then ended; and



**DADABHOY CEMENT INDUSTRIES LIMITED
CONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2011**

		2011	2010
	Note	(Rupees in thousand)	
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	4,113,769	4,026,636
Intangible assets	6	-	-
Goodwill		4,538	6,050
Long term investments	7	2,420	2,420
Long term loans and advances	8	-	-
Long term deposits		2,953	2,953
		4,123,680	4,038,059
Current Assets			
Stores, spares parts and loose tools	9	150,798	267,344
Stock-in-trade	10	206	19,444
Trade debts	11	-	-
Loans and advances	12	21,713	21,713
Other receivables	13	6,078	6,478
Cash & Bank balances	14	13	15
		178,808	314,994
Total Assets		<u>4,302,488</u>	<u>4,353,053</u>
EQUITY AND LIABILITIES			
Authorised Capital		<u>1,500,000</u>	<u>1,500,000</u>
150,000,000(June 30, 2009: 150,000,000) Ordinary shares of Rs. 10/- each			
Issued, subscribed and paid up capital	15	982,366	982,366
Capital reserve		33,224	33,224
Accumulated losses		(543,923)	(415,175)
		471,667	600,415
Non controlling interest		59,812	66,503
		531,479	666,918
Surplus on revaluation of fixed assets	16	1,539,294	1,430,582
Non Current Liabilities			
Long term financing	17	740,703	740,703
Long term morahaba	18	392	1,259
Liabilities against assets subject to finance lease	19	2,024	1,369
Deferred liabilities	20	846,633	864,000
		1,589,752	1,607,331
Current Liabilities			
Creditors, accrued and other liabilities	21	560,818	561,477
Short term running finance	22	25,000	25,000
Current portion of long term borrowings	23	51,842	55,828
Provision for taxation	24	4,303	4,303
Accrued markup		-	-
Bank Overdraft		-	1,614
		641,963	648,222
Contingency and Commitment			
Total Equity and liabilities		<u>4,302,488</u>	<u>4,353,053</u>

The annexed notes 1 to 43 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR

**DADABHOY CEMENT INDUSTRIES LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2011**

	Note	2011 (Rupees in thousand)	2010
Sales	26	-	-
Cost of sales	27	-	-
Gross loss		<u>-</u>	<u>-</u>
Distribution cost	28	-	-
Administrative and general expenses	29	(161,794)	(126,919)
Other Expenses	30	(200)	(1,294)
		(161,994)	(128,213)
Other income	31	10,069	92,502
Share of loss from associate	32	-	(177)
		10,069	92,325
Amortization of goodwill		(1,512)	(1,512)
Financial cost	33	(9)	(674)
Profit /(loss) for the year before taxation		(153,446)	(38,074)
Taxation	34	15,806	37,558
Net profit / (loss) after taxation		(137,640)	(516)
Earning / (loss) per share - Basic and diluted (Rupees)	35	(0.14)	(0.00)
Profit attributable to			
Parent		(137,604)	(3,424)
Non controlling interest - 5%		(36)	2,908
		(137,640)	(516)

The annexed notes 1 to 43 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR

DADABHOY CEMENT INDUSTRIES LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2011

	2011	2010
	(Rupees in thousand)	
Cash flows from operating activities		
Loss before taxation	(153,446)	(38,074)
Adjustments:		
Depreciation	15,121	70,375
Amortization of computer software	-	352
Loss on proceeds of Quarry equipment	154	-
Share of loss of associate	-	177
Financial charges	9	674
Provision for staff gratuity	-	-
Amortization of goodwill	1,512	1,512
Stock Write Off	135,784	24,777
Provision for WPPF	-	-
Other receivables	-	-
Operating cash flows before working capital changes	(866)	59,793
(Increase) / decrease in current assets		
Stores spares and loose tools	-	-
Stock in trade	-	-
Trade debts	-	861
Loans and advances	-	3,353
Short term prepayments	-	-
Other receivables	400	(2,221)
	400	1,993
Increase / (decrease) in current liabilities		
Trade and other payable	(654)	(33,265)
Cash generated from operations	(1,120)	28,521
Taxes paid	(11)	(46)
Gratuity paid	(1,550)	(16,083)
Workers' profit participation fund paid	-	(11,442)
Provident fund paid	-	(1,633)
Financial charges paid	(9)	(674)
	(2,690)	(1,357)
Cash flows from investing activities		
Capital expenditure	-	-
Proceeds from sales of fixed assets	8,500	-
Investment	-	-
Long-term loans and advances	-	-
Long term deposits	-	(226)
Net cash used in investing activities	8,500	(226)
Cash flows from financing activities		
Payments of long term morahaba	(1,879)	(2,159)
Payments lease finance installments	(2,319)	-
Net cash outflow from financing activities	(4,198)	(2,159)
Net increase/ (decrease) in cash and cash equivalents	1,612	(3,742)
Cash and cash equivalents at beginning of the year	(1,599)	2,143
Cash and cash equivalents at end of the year	13	(1,599)

The annexed notes form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR

**DADABHOY CEMENT INDUSTRIES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2011**

	Share Capital	Capital Reserve	Accumulated losses	Total
	(Rupees in thousand)			
Balance at Jul 01, 2009	982,366	33,224	(440,350)	575,240
<u>Change in equity for the year 2010</u>				
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	5,876	5,876
Prior year adjustment			22,723	22,723
Loss after taxation for the year 2010	-	-	(3,424)	(3,424)
Total loss recognised for the year	-	-	25,175	25,175
Balance at June 30, 2010	982,366	33,224	(415,175)	600,415
Balance at Jul 01, 2010	982,366	33,224	(415,175)	600,415
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	2,916	2,916
Prior year adjustment			5,940	5,940
Loss after taxation for the year 2010	-	-	(137,604)	(137,604)
Total loss recognised for the year	-	-	(128,748)	(128,748)
Balance at June 30, 2011	982,366	33,224	(543,923)	471,667

The annexed notes 1 to 43 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR

DADABHOY CEMENT INDUSTRIES LIMITED
CONSOLIDATED NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011

1 STATUS AND NATURE OF BUSINESS

Dadabhoy Cement Industries Limited was incorporated on 09 August 1979 as a public limited company with its Registered Office situated at C-30/II, 24th Commercial Street, Phase 2 (Ext). D.H.A, Karachi and is listed on all the Stock Exchan

2 GOING CONCERN BASIS

The directors have taken several positive steps to boost production and sales, this includes successful negotiation with the lender of long term finances (see note 18.2.3) and arrangement with other banks for financing export sales. Consequently, the comp

Given the continuous upward trend in the cement industry, the company expects to achieve its full production capacity (600,000 tons) within first year of operations and generate enough cash flows, mainly through export sales and supplemented by a favorabl

3 BASIS OF CONSOLIDATION

The Consolidated Financial Statement conclude the financial statement of Dadabhoy Cement Industries Limited and its Subsidiary Dadabhoy Energy Supply Company Limited. The Financial Statements of the parent and the subsidiary companies are prepared up to t

All inter-company balances, transactions and resulting unrealized profits, if any, are

Minority interest is calculated on the basis of their proportionate share 27.74 % in the net assets of the subsidiary company.

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Statement of compliance

These Financial Statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan, the requirements of the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of

4.2 Accounting standards, amendments and interpretations effective in 2009

Amendments to IAS 1 Presentations of Financial Statements - Capital Disclosures is mandatory for the company's accounting periods beginning on or after January 1, 2007. It introduces new disclosures relating to Company's objectives, policies and processes

The other new standards, amendments and interpretations are considered not relevant or have any significant effect to the company's financial statements.

Following amendments to approved accounting standards and interpretations have been published that are mandatory for the company's accounting periods beginning on the dates

Standard or Interpretation	Effective date (accounting period beginning on or after)
IAS 1 - Presentation of Financial Statements (Revised)	January 1, 2009
IAS 23 - Borrowing Cost (Revised)	January 1, 2009
IAS 27 - Consolidated and separate Financial Statements (Revised)	January 1, 2009
IFRS 3 - Business Combination (Revised)	January 1, 2009
IFRS 7 - Financial Instruments : Disclosure	July 1, 2008
IFRS 8 - Operating segments	January 1, 2009
IFRIC 12 - Service Concession Arrangements	January 1, 2009
IFRIC 14 - The Limit on Defined Benefit Assets, Minimum Funding Requirements and their Interactions	January 1, 2008

4.3 Accounting Convention

These financial statements have been prepared under the "historical cost convention" except for free hold land, building on free hold land, plant and machinery, quarry equipments and motor vehicles which are stated at revalued amounts and measurement

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make the judgment, estimates and assumptions that affect the application of policies and the reported. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the as is of making judgments about the carrying values of assets a. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and futu

judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are discussed

4.4 Staff retirement benefits (Defined Benefit Plan)

The company operates an approved defined gratuity fund for all of its permanent employees who attain the minimum qualification period for entitlement to gratuity. Contributions to the fund are made based on actuarial recommendations. The most recent actuarial valuation was carried out as at june 30, 2006 using the protected Unit Credit Method.

4.5 Taxation

Current:

Provision for current taxation is based on taxable income at the current rates of taxation or based on turnover at the specified rates whichever is higher, after taking into account tax credits and rebates available and effect of tax on income falling under final Tax Regime.

Deferred:

Deferred income tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be realised.

Deferred income tax assets and liabilities are measured at the rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

4.6 Property, Plant and Equipment

Owned

Fixed assets are stated at cost including exchange differences arising on acquisition or revalued amounts less accumulated depreciation and impairment losses if any except for freehold land and capital work-in-progress which are stated at revalued amount and cost respectively.

Depreciation on additions is charged from the month the assets is put to use while depreciation on disposals is charged up to the month of disposals.

The surplus on revaluation of fixed assets is reversed to the extent of incremental depreciation and is transferred to accumulated loss.

Gains and losses on sale of fixed assets are included in income currently, except that is related to surplus on revaluation of fixed assets (net of deferred taxation), is transferred directly to accumulated loss.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Leased

These are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of the assets acquired on lease. The outstanding obligations under the lease less finance charges allocated to future periods are shown as liabilities.

Capital work in progress:

Capital work in progress is stated at cost including where relevant, related financial costs less impairment losses, if any. These costs are transferred to fixed assets as and when assets are available for use.

4.7 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized on a straight line basis over their estimated useful lives.

4.8 Amortization of good will

Goodwill is amortized on a straight line basis over five years.

4.9 Impairment

The carrying amount of assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. Impairment loss is recognized in Profit and Loss account whenever carrying amount of an asset exceeds its recoverable amount.

4.10 Financial Instruments

The particular recognition methods adopted by the company are disclosed in the individual policy statement associated with each item of financial instruments.

Financial assets

Financial assets are initially recognized at their cost which is the fair value of the consideration given for them at the time when the Company becomes a party to the contractual provisions of the instruments and subsequent to initial recognition, financial asset at fair value except any financial woks fiar can not be relibly measured.

A 'regular way' purchase or sale of financial asset is recognized using trade date accounting.

Financial liabilities

All financial liabilities are initially recognized at cost which is the fair value of consideration received at the time when the Company becomes a party to the contractual provisions of the instruments. After initial recognition, financial liabilities are carried at fair value, amortized cost as the case may be.

Off-setting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements when the Company has a legally enforceable right to set off the recognized amounts or intend either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

De- recognition

Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the Financial liabilities are de-recognized when they are extinguished; that is, when the obligation specified in the contract is discharged, canceled

Recognition of gains / (losses)

Gains or losses, if any, on realization or settlement/ subsequent measurement and de recognition of financial assets and liabilities are included in net profit and loss in the period in which it arises.

Impairment/ un-collectibility of financial assets

An assessment is made at each balance sheet date to determine whether there is an evidence that the financial asset or the group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of the assets is determined and impairment loss is recognized for the difference between the recoverable and the carrying amount.

4.11 Investments**In Associates**

These represent investments in shares of companies that are directly or indirectly controlled by, or are under common control of DCIL or in which a substantive interest in the voting power is owned, directly or indirectly by the directors of DCIL.

Investment in associate is accounted for using the equity method whereby investment is carried in the balance sheet at cost as adjusted by the post-acquisition changes in the company's share of net assets of the associate less any impairment in the value

4.12 Stores, spares and loose tools

These are valued at moving average cost. Items in transit and in bonded warehouse are valued at cost comprising invoice value plus other charges paid thereon up to the date of balance sheet.

4.13 Stock-in-trade

Stock of raw materials, except for those in transit work-in-process and finished goods are valued principally at the lower of average cost and net realisable value. Stock of packing material is valued principally at moving average cost. Cost of work in process

Material in transit are stated at cost comprising invoice value plus other charges paid thereon. Net realizable value signifies the estimated selling price in the ordinary course of business less cost of completion and cost necessary to be incurred in order to make the sale.

4.14 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful receivable balances. Bad Debts are written off when identified.

4.15 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the value of the consideration to be paid in future for goods and services.

4.16 Borrowing costs

Borrowing costs are charged to profit and loss account in the year when they are incurred, except to the extent that they are directly attributable to the construction of a qualifying assets in which case they are capitalized as part of the cost of that a

4.17 Foreign currency transactions

Transactions in foreign currencies are translated into rupees at the rates of exchange ruling on the date of transaction. Assets and liabilities in foreign currencies are translated at the rates of exchange ruling on the balance sheet date. Exchange diffe

4.18 Revenue recognition

Sales are recorded on dispatch of goods to customers.

Dividend income is accounted for when the right to receive the dividend is established.

Return on term deposit and saving accounts is accounted for on an accrual basis.

4.19 Provisions

Provisions are recognized when the company has a present obligation as a result of past event, which it is probable will result in an outflow of economic benefits and a reliable estimate can be made of the amount of the obligation.

4.20 Transactions with related parties

Transactions with related parties are based on the policy that all transactions between the Company and the related parties are carried out at arm's length. These prices are determined in accordance with the methods prescribed in the Companies Ordinance,

4.21 Cash and cash equivalents

Cash and Cash Equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash-in-hand, bonds, current and deposit accounts with banks / financial institutions net of running finance und

4.22 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the company's functional currency. All financial information is stated in Pak Rupees.

	Note	2011 (Rupees in '000')	2010
5 PROPERTY, PLANT AND EQUIPMENT			
Tangible fixed assets	5.1	4,103,129	4,015,996
Capital work-in-progress	5.2	10,640	10,640
		4,113,769	4,026,636

5.1 Tangible fixed assets

	ASSETS OWNED BY THE COMPANY											LEASED ASSETS	Total
	Freehold land	Building on Freehold land	Roads and Pavement	Plant and Machinery	Query Equipment	Generators	Electrical Installation	Furniture and fixture	Other equipment	Computer and accessories	Motor Vehicle	Vehicles	
As at July 01, 2009													
Cost and revaluation	352,200	398,275	15,000	2,705,226	134,574	751,192	7,385	11,578	50,002	430	39,117	6,835	4,471,814
Accumulated depreciation	-	38,156	750	64,707	124,574	63,153	4,904	9,607	34,904	317	39,117	5,254	385,443
Net book value	352,200	360,119	14,250	2,640,519	10,000	688,039	2,481	1,971	15,098	113	-	1,581	4,086,371
Year ended June 30, 2010													
Opening net book value	352,200	360,119	14,250	2,640,519	10,000	688,039	2,481	1,971	15,098	113	-	1,581	4,086,371
Additions during the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals / transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	34,586	375	27,052	1,346	687	248	1,068	4,975	37	-	-	70,375
Closing net book value	352,200	325,533	13,875	2,613,467	8,654	687,352	2,233	903	10,123	76	-	1,581	4,015,996
Year ended June 30, 2011													
Opening net book value	352,200	325,533	13,875	2,613,467	8,654	687,352	2,233	903	10,123	76	-	1,581	4,015,996
Surplus on revaluation	-	50,250	1,125	59,533	-	-	-	-	-	-	-	-	110,908
Disposals / transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	(134,574)	-	-	-	-	-	-	-	(134,574)
Accumulated depreciation	-	-	-	-	125,920	-	-	-	-	-	-	-	125,920
	-	-	-	-	(8,654)	-	-	-	-	-	-	-	(8,654)
Depreciation for the year	-	9,434	375	-	-	-	223	91	4,973	25	-	-	15,121
Closing net book value	352,200	366,349	14,625	2,673,000	-	687,352	2,010	812	5,150	51	-	1,581	4,103,129

5.1.1 Depreciation for the previous year has been allocated in the ratio of 85:8:7 as follows:

	Note	2011 (Rupees in thousand)	2010
Cost of sales	27	-	-
Mining and other related cost	27	-	-
Administrative expenses	29	70,375	19,536
		70,375	19,536

5.1.2 Had there been no revaluation, the net book value of specific classes of Property, Plant and Equipment as at June 30, 2010 would have been as follows:

	2011	2010
	(Rupees in thousand)	
Freehold lands	3,198	3,198
Factory building	80,704	80,704
Plant & Machinery	825,418	825,418
Quarry equipment	69,025	69,025
Vehicles	2,772	2,772
	<u>981,117</u>	<u>981,117</u>

5.1.3 All the fixed assets of the company have been hypothecated and /or mortgaged with the lender of long term finances

5.2 CAPITAL WORK IN PROGRESS

Civil Work & Gas Pipe Lines	9,120	9,120
Machinery	1,520	1,520
	<u>10,640</u>	<u>10,640</u>

6 INTANGIBLES - ERP

ERP

As at July 01, 2008

Cost	6,893
Accumulated amortisation	<u>(6,541)</u>
Net book value	<u>352</u>

Year ended June 30, 2009

Opening net book value	352
Additions during the year	-
Disposals / transfers	-
Amortisation for the year	<u>(298)</u>
Closing net book value	<u>54</u>

As at July 01, 2009

Cost	6,893
Accumulated amortisation	<u>(6,839)</u>
Net book value	<u>54</u>

Year ended June 30, 2010

Opening net book value	54
Additions during the year	-
Disposals / transfers	-
Amortisation for the year	<u>(54)</u>
Closing net book value	<u>-</u>

As at June 30, 2010

Cost	6,893
Accumulated amortisation	<u>(6,893)</u>
Net book value	<u>-</u>

Annual rates of amortisation

15%

6.1 Amortization has been completely charged to administrative expenses.

2011 **2010**
(Rupees in thousand)

7 LONG TERM INVESTMENTS - Investment in Associate

Investment as at July 01	2,420	2,597	
Share of (loss)/Profit	-	(177)	
	2,420	2,420	

7.1 Fair Value of Investment in associate ,based on quoted market price amounts to Rs.712,080 (2009: 1,471,840)

2011 **2010**
(Rupees in thousand)

Summarised financial information of an associate

Total assets	68,194	68,194	
Total Liabilities	27,919	27,919	
Revenue	-	-	
Net (loss) /profit for the year	(2,572)	(2,572)	

7.2	Name of related party	Place of incorporation	Proportion of ownership interest	Proportion of voting power	Principal activity
	i. Dadabhoy Sack Ltd.	Sindh, Pakistan	6.9%	6.9%	Manufacture of paper sacks for cement industry

7.3 Dadabhoy Sack Limited is an associated company as the directors of the company are also members of the board of directors of Dadabhoy Sack Ltd. and also, material transactions are undertaken between the companies. The reporting date of Dadabhoy Sack Limited is also the same as of the company that is, year ended June 30, 2011.

2011 **2010**
(Rupees in thousand)

8 LONG TERM LOANS AND ADVANCES
Loans to Employees - considered good

Employees	42	42	
Less: Receivable within One year	(42)	(42)	
	-	-	

8.1 Represents interest-free loans to executives and employees given for personal reasons and for house building. These are granted in accordance with the service rules and recoverable in monthly installments over a period ranging between 5 to 100 months and are secured against their retirement benefits.

	2011	2010
	(Rupees in thousand)	
9 STORES, SPARES AND LOOSE TOOLS		
Stores, spares and loose tools	292,289	292,289
Provision against slow moving spares in hand	(141,491)	(24,945)
	<u>150,798</u>	<u>267,344</u>
10 STOCK-IN-TRADE		
Raw materials	-	15,488
Packing materials	-	3,750
Furnace Oil	206	206
	<u>206</u>	<u>19,444</u>
11 TRADE DEBTS - unsecured		
Considered good	-	-
12 LOANS AND ADVANCES		
Loans to employees - considered good		
Executives	-	-
Employees	5	5
	5	5
Prepayments	40	40
Advance income tax	7,585	7,585
Advance to suppliers - Local	14,083	14,083
	<u>21,708</u>	<u>21,708</u>
	<u>21,713</u>	<u>21,713</u>
13 OTHER RECEIVABLES		
Excise duty	4,243	4,243
Export rebates	-	-
Others	3,163	3,563
	7,406	7,806
Provision for doubtful receivable	(1,328)	(1,328)
	<u>6,078</u>	<u>6,478</u>
14 CASH AND BANK		
Cash in Hand	6	6
Cash at Bank		
Current accounts	2	4
Savings accounts	3	3
Dividend accounts	-	-
Collection accounts-Current	2	2
Inter Bank Transaction	-	-
	7	9
	<u>13</u>	<u>15</u>
14.1 The average mark-up rate on saver accounts was 4.75% (2010: 4.75%)		

		2011	2010
		(Rupees in thousand)	
15	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
	Numbers		
	98,236,624 ordinary shares of Rs. 10/- each finally paid in cash.	982,366	982,366
	<u>98,236,624</u>	<u>982,366</u>	<u>982,366</u>
16	SURPLUS ON REVALUATION OF FIXED ASSETS		
	Balance at beginning of year	1,430,582	1,436,458
	Revaluation for the year	110,908	-
		1,541,490	1,436,458
	Released to the extent of incremental depreciation for the year-		
	Incremental depreciation	2,196	9,040
	Related deferred tax liability	-	(3,164)
	Net released to accumulated losses	2,196	5,876
	Balance at end of year	1,539,294	1,430,582
17	LONG TERM FINANCING - secured		
	Loan from banking company-		
	National Bank of Pakistan	17.1 740,703	740,703
		740,703	740,703
17.1	National Bank of Pakistan -		
	Long-term loan	600,000	600,000
	Long-term loan - Subsidiary	140,703	140,703
		740,703	740,703

17.2.1 The above represents the amount of loans settled/rescheduled/restructured by NBP pursuant to an agreement reached between the company and the bank as per the directives given by Honourable Supreme Court of Pakistan on review petition filed by the company praying for review of court's earlier order dated October 1, 2001. During the previous year the company and NBP revised the term of charging mark-up at the rate of 13% p.a by replacing with average 6 month KIBOR plus 2.5% per annum with a floor of 9.00% and cap of 12% per annum based on which NBP would revised repayment schedule on six monthly basis. In addition last five installment of Rs. 150 million each have been deleted to reduce the amount of total loan to Rs.1950.960 million payable in 30 quarterly installments with effect from October 01, 2005 till January 01, 2013. As per agreed repayment schedules in the compromise submitted to the court, total amount of respective loan inclusive of markup till the repayment of last installment is as under:

Particulars	Installment Amount	Repayment	period of repayment	Number of Installment	Rate of Interest
Long term Loan	66,240 30,000	Quarterly	Jan 01,2006 - Jan 01,2013.	29 1	6 months KIBOR + 2.5%

17.2.2 Security

The loan is secured by way of legal mortgage on the immovable properties of the company. Pledge of sponsor director's shares, equitable mortgage on mining leases of the company, pledge and hypothecation of machinery, and all the movable properties, including book debts and receivables of the company, ranking pari passu with other creditors and with charges already existing and personal guarantees of sponsoring directors.

17.2.3 During the year, the company continued its negotiations with the bank for full and final settlement on softer terms and has submitted various proposals for settlement of Loan The proposals are under consideration of the bank and management expects a favourable outcome from these negotiations.

	2011 (Rupees in thousand)	2010
17.3 Long-term Loan - Subsidiary		
Balance as at July,01	140,703	140,703
Less: Payment during the year	-	-
Balance as at June,30	<u>140,703</u>	<u>140,703</u>

		2011	2010
		(Rupees in thousand)	
18	LONG TERM MORAHABA		
	Balance at beginning of the year	2,271	2,271
	Obtained during the year	-	-
	Adjustment	-	-
	Repaid during the year	<u>(1,879)</u>	<u>-</u>
		392	2,271
	Less: Current maturity	23	<u>(1,012)</u>
		<u>392</u>	<u>1,259</u>

The purchase prices are repayable by monthly equal installments over periods ranging from three to five years. Each installment contains a mark-up (difference between sale and purchase price) which is accounted for at the effective borrowing rate and charge to the income for the period. The average effective borrowing rate was 8.5% to 10% (2009: 8.5% to 10%). The finance is secured by hypothecation of the purchased motor vehicles and personal guarantees of the Company's Chief Executive.

		2011	2010
		(Rupees in thousand)	
19	LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
	Opening balance	4,343	5,005
	Obtained during the year	-	-
	Adjustment	-	-
	Paid during the year	<u>(2,319)</u>	<u>(662)</u>
		2,024	4,343
	Less: Current maturity	23	<u>(2,974)</u>
		<u>2,024</u>	<u>1,369</u>

19.1 The future minimum lease payments and the period in which they become due are :

Minimum lease payment

Upto one year	3,303	3,303
More than one year but less then five years	6,644	6,644
	9,947	9,947

Amount representing financial cost not yet due

1,291 1,291

Present value of minimum lease payment

Upto one year	2,496	2,496
More than one year but less then five years	6,160	6,160
	8,656	8,656
Current portion shown under current liabilities	(440)	(2,496)
Present value of minimum lease payment payable later than one year but not later then five years	<u>8,216</u>	<u>6,160</u>

- 19.2** These represent finance lease entered into with leasing companies for motor vehicles. Rates of finance charges ranges from 8.60% to 12.3% (2009: 8.60% to 12.3%) per annum and are used as discounting factors. The lease terms are of 3 to 5 years.
- 19.3** The company intends to exercise the option to purchase the leased assets upon completion of lease periods.
- 19.4** Liabilities are secured against demand promissory notes and security deposits.

	Note	2011 (Rupees in '000')	2010
20 DEFERRED LIABILITIES			
Deferred tax	20.1	773,137	788,954
Staff retirement benefits - gratuity fund	20.2	1,980	3,530
Markup on Long Term Loan		71,516	71,516
		<u>846,633</u>	<u>864,000</u>
20.1 This comprise the tax effects of the following temporary differences:			
Credit balances arising in respect of:			
- accelerated tax depreciation allowances		1,088,316	1,050,412
		<u>1,088,316</u>	<u>1,050,412</u>
Deferred tax asset			
- provision for gratuity		(693)	(1,235)
- unused tax losses		(313,641)	(257,908)
- lease liability		(708)	(479)
- morahaba liability		(137)	(441)
- Current portion of morahaba and lease liabilities		-	(1,395)
		<u>(315,179)</u>	<u>(261,458)</u>
		<u>773,137</u>	<u>788,954</u>
Movement for the year			
Balance at 01 July		788,954	826,512
Charge to income for the year		(15,817)	(37,558)
Balance at 30 June		<u>773,137</u>	<u>788,954</u>
20.2 Staff retirement benefits - gratuity fund			
Movement in asset / (liability)			
Balance as at July 1,		3,530	18,023
Charge for the year		-	-
Contributions made		(1,550)	(14,493)
Liability as at June 30,		<u>1,980</u>	<u>3,530</u>
Balance sheet reconciliation as at June 30			
Present value of obligations		437	437
Unrecognised actuarial gain		1,543	3,093
		<u>1,980</u>	<u>3,530</u>
Key actuarial assumptions used are as follows:			
Expected rate of return on investments (%)		9	9
Expected rate of increase in salaries (%)		10	10
Discount factor used (%)		10	10

21 CREDITORS, ACCRUED AND OTHER LIABILITIES	2011	2010
	(Rupees in '000')	
Trade creditors		
Local creditors	10,775	12,363
From associated companies		
Dadabhoy Hydrocarbon Limited	30,992	30,992
Dadabhoy Sack Limited	22,080	22,080
	53,072	53,072
	63,847	65,435
Due to Related Parties-Unsecured		
Dadabhoy Construction Technology Limited	1,984	1,984
Leo (Pvt) Limited	5,282	5,282
Due to directors	140,232	130,863
	147,498	138,129
Accrued liabilities	20,212	20,012
Advance from customers	22,555	29,301
Unclaimed dividend	566	566
Deferred income	17.1	138,311
Other liabilities		
Royalty	2,663	4,552
Sales tax	1,508	1,508
Provident fund	-	-
Workers' profit participation fund	21.1	2,966
Liability no more contingency	-	-
Gratuity payable	90	90
Excise duty payable	138,713	138,713
Special excise duty payable	440	440
Tax deducted at source	21,339	21,339
Book overdraft	-	-
Others	110	115
	167,829	169,723
	560,818	561,478

The maximum aggregate amount due to related parties at the end of any month was Rs. 22.080 million (2010: Rs. 22.080) million.

		2011	2010
	Note	(Rupees in '000')	
21.1 Workers' Profit Participation Fund			
Balance at 01, July		2,966	14,408
Add: Allocation for the year		-	-
Less: Payments made during the year		-	(11,442)
Balance at 30, June		<u>2,966</u>	<u>2,966</u>
22 SHORT TERM BORROWING-Secured			
Packing credit from a bank		<u>25,000</u>	<u>25,000</u>
<p>The above facility was obtained from a a bank on a mark-up basis at the rate of 6 month KIBOR + 3 (minimum 14%).</p> <p>The facility is secured by a Hypothecation of stock of cement to the extent of 34.0 million and equitable mortgage of factory land building and machinery of an associate company and personal guarantees of all directors.</p>			
23 CURRENT PORTION OF LONG TERM BORROWINGS			
Liabilities against assets subject to finance lease	19	-	2,974
Long term morahaba	18	-	1,012
Long term deposits		-	-
Current maturity and overdue of long term loan		<u>51,842</u>	<u>51,842</u>
		<u>51,842</u>	<u>55,828</u>
24 PROVISION FOR TAXATION			
As at 01, July		10,157	10,157
Provided for the year	34	-	-
Adjusted against advance tax		<u>(5,854)</u>	<u>(5,854)</u>
		<u>4,303</u>	<u>4,303</u>
25 CONTINGENCY AND COMMITMENT			
Contingencies			
25.1	<p>The company has filed a constitutional petition in the High Court of Sindh, Karachi against the demand of Rs 20.303 million on account of Central Excise Duty raised by Superintendent of Excise Nooriabad Circle on stock of clinker in hand as at 03 August, 1991. The company used the stock subsequently in cement produced and paid the duty on finished product. It paid an amount of Rs. 4.243 million against the demand under protest. Provision has been made in this respect in the financial statements of Rs. 1.328 million as a matter of prudence.</p>		
26 SALES - NET			
Local sales		-	-
Export sales		-	-
Less:		-	-
Sales tax		-	-
Excise duty		-	-
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>

27	COST OF SALES	Note	2011 (Rupees in '000')	2010
	Opening stock			
	Raw material		-	-
	Packing Material		-	-
			-	-
	Purchases		-	-
			-	-
	Closing stock			
	Raw material		-	-
	Packing Material		-	-
			-	-
	Raw and packing material consumed		-	-
	Mining and other related costs		-	-
	Stores and spares consumed		-	-
	Fuel and power		-	-
	Salaries, wages and other benefits		-	-
	Contract labour		-	-
	Rent, rates and taxes		-	-
	Security and protection		-	-
	Inspection & testing		-	-
	Fees and subscription		-	-
	Repairs and maintenance		-	-
	Depreciation/amortization	4.1.3 & 5.1	-	-
	Traveling and conveyance		-	-
	Insurance		-	-
	Telephone and telex		-	-
	Vehicle running expenses		-	-
	Printing and stationery		-	-
	Entertainment		-	-
	Cleaning		-	-
	Others		-	-
	Manufacturing costs incurred during the year		-	-
	Work-in-process			
	Opening		-	-
	Closing		-	-
			-	-
	Cost of goods manufactured		-	-
	Finished goods			
	Opening		-	-
	Closing		-	-
			-	-
			-	-

28 DISTRIBUTION COSTS	Note	2011	2010
		(Rupees in '000')	
Salaries and other benefits		-	-
Traveling and conveyance		-	-
Entertainment		-	-
Printing and stationery		-	-
Advertisement and publicity		-	-
Freight and cartage		-	-
Vehicle running expenses		-	-
Sales promotion		-	-
Telephone & telex		-	-
Others		-	-
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
29 ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits		4,811	12,172
Directors remuneration		292	4,700
Traveling and conveyance		80	70
Rent, rates and taxes		900	866
Printing and stationery		17	69
Entertainment		13	88
Utilities		28	4,456
Telephone and telex		100	229
Postage and telegram		13	27
Repairs and maintenance		235	1,313
Security and protection		1,130	1,250
Legal and professional		1,747	2,335
Depreciation/amortization	4.1.3 & 5.1	15,121	70,375
Amortization		-	352
Insurance		-	35
Fees and subscription		16	215
Others		136,123	27,898
Liability no more Contingency		-	-
Fuel and power		1,154	-
Lease rentals		-	-
Vehicle running expenses		14	218
Advertisement		-	251
		<u>161,794</u>	<u>126,919</u>
		<u>161,794</u>	<u>126,919</u>

		2011	2010
	Note	(Rupees in '000')	
30 OTHER EXPENSES			
Auditors' remuneration	30.1	200	400
Provision for bad debts		-	862
Others		-	32
		<u>200</u>	<u>1,294</u>
30.1 Auditors' remuneration			
Audit fee		200	250
Half yearly review		-	50
Certificate on Code of Corporate Governance		-	50
Out of pocket expenses		-	50
		<u>200</u>	<u>400</u>
30.2	None of the directors or their spouses have any interest in any donee's fund to which donations were made.		
31 OTHER INCOME			
Gain on sale of fixed assets		(154)	-
Others		10,223	92,502
		<u>10,069</u>	<u>92,502</u>
32 SHARE OF (LOSS) OF ASSOCIATE			
Share of net loss for the year		-	177
33 FINANCE COST			
Interest on finance lease liability		-	240
Bank charges		9	434
		<u>9</u>	<u>674</u>
34 INCOME TAX			
Deferred		(15,806)	(37,558)
		<u>(15,806)</u>	<u>(37,558)</u>

35 (LOSS)/ EARNINGS PER SHARE - BASIC AND DILUTED

Profit / (loss) after taxation	<u>(137,640)</u>	<u>(516)</u>
Weighted average number of outstanding ordinary shares	<u>982,366</u>	<u>982,366</u>
(Loss)/ earning per share - Basic	<u>(0.14)</u>	<u>(0.00)</u>

There was no dilutive effect on earnings per share in 2011 and 2010.

36 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged for the year are as follows :

	Chief Executive		Directors		Executives	
	2011	2010	2011	2010	2011	2010
	Rupees 000's					
Managerial remuneration	-	-	-	-	-	-
Conveyance and utilities	-	-	-	4,700	-	-
Medical expenses	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,700</u>	<u>-</u>	<u>-</u>
Number of persons	-	-	7	7	4	4

36.1 Working Directors and certain Executives are also provided with free use of Company's owned and maintained cars. They are also entitled for leave fare assistance, free medical cover for self and family and other benefits as per company's rules.

37 CAPACITY - Cement all kind	2011	2010
	Metric tonnes	
Installed capacity	<u>598,000</u>	<u>598,000</u>
Production	<u>-</u>	<u>-</u>
	<u>0%</u>	<u>0%</u>

38 TRANSACTIONS WITH RELATED PARTIES

Particulars	Subsidiary company		Associated company		Other related parties	
	2011	2010	2011	2010	2011	2010
	Rupees '000'					
Purchase of electricity	-	-	-	-	-	-
Purchase of goods	-	-	-	-	-	-
Payment against purchases	-	-	-	-	-	-
Payments on behalf	-	62,077	-	1,044	-	-
Investment in share capital	-	-	-	-	-	-
Issue right shares	-	-	-	-	-	-
Funds received	-	-	-	-	-	-

38.1 The transactions with associated and subsidiary companies are made at arm's length value under normal commercial terms and conditions.

38.2 There are no transactions with key management personnel other than under the term of employment.

38.3 Outstanding balances with related parties as at year end have been included in their respective notes to the financial statements.

39 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will affect the value of financial instruments. In respect of income earning financial assets and interest / mark-up bearing financial liabilities, the following table indicate their effective interest / mark-up rates at the balance sheet date.

	2011	2,010
	(Rupees in '000')	
Financial instruments by category		
FINANCIAL ASSETS		
Long term investment	2,420	2,420
Long term loans and advances	-	-
Long term deposits	2,953	2,953
Trade debts	-	-
Loans and advances	21,713	21,713
Cash and bank balances	13	15
	<u>27,099</u>	<u>27,101</u>
FINANCIAL LIABILITIES		
Long term financing	740,703	740,703
Long term morabaha	392	2,271
Liabilities against assets subject to finance lease	2,024	4,343
Trade and other payables	560,818	561,478
Short term borrowings	25,000	25,000
	<u>1,328,937</u>	<u>1,333,795</u>

39.1 Financial risk management objectives

The Company's activities expose it to a variety of financial risks: capital risk, credit risk, liquidity risk and market risk (including foreign exchange or currency risk, interest/mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

39.1.1 Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Due to the company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the company. To manage exposure to credit risk, Company applies credit limits and deal with credit worthy parties. It makes full provision against those balances considered doubtful and by dealing with variety of major banks and financial institutions. The carrying amounts of financial assets against which the Company did not hold any collateral are represent the maximum credit exposure, as specified below:

Trade debts	-	-
Loans and advances	21,713	21,713
Other receivables	6,078	6,478
Bank balances	13	15

39.1.2 Impairment losses

The aging of trade debts at the reporting date was:

	2011		2010	
	Gross value	Impairment	Gross value	Impairment
	(Rupees '000)		(Rupees '000)	
Not past due	-	-	-	-
Past due 1-60 days	-	-	-	-
Past due 61 days to 1 year	-	-	-	-
More than 1 year	-	-	861	861
Total	-	-	861	861

The company believes that no impairment allowance is necessary in respect of trade debts past due other than amount provided. Trade debts are essentially due from credit worthy parities. The company is actively pursuing for recovery of debts and the company does not expect these parties to fail to meet their obligations.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facility. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Company treasury aims at maintaining flexibility in funding by keeping committed credit line available.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	<u>Carrying value</u>	<u>Contractual cash flow</u>	<u>Upto one year</u>	<u>More than one year</u>
		<u>(Rupees '000)</u>		
Long term financing	740,703			
Long term morabaha	392			
Finance lease	2,024			
Trade and other payables		-	-	-
Short term borrowings	25,000		-	-
June 2011	768,119	-	-	-
Long term financing	740,703			
Long term morabaha	2,271			
Finance lease	4,343			
Trade and other payables		-	-	-
Short term borrowings	25,000			
June 2010	772,317	-	-	-

Contractual cash flows include interest related cash flows upto the year end. The future interest related cash flows depends on the interest rates applicable at that time and the extent of utilization of running finance facilities.

Market risk

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Company's market risk comprises of two types of risk: foreign exchange or currency risk and interest/mark up rate risk. The market risks associated with the Company's business activities are discussed as under:

Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The company is not exposed to foreign currency risk.

Interest/mark up rate risk

Interest/mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest/mark-up rates. Sensitivity to interest/mark up rate risk arises from mismatches of financial liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The long-term financing and short term borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in respective notes. At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2011	2010	2011	2010
<u>Fixed rate instruments</u>	Effective interest rate (%)		Carrying amount (in '000)	
Finance lease	-	-	-	-
	-	-	-	-
<u>Variable rate instruments</u>	-	-	-	-
Long term financing	-	-	-	-
Finance lease	-	-	-	-
Short term borrowings	-	-	-	-
			-	-
			-	-

Sensitivity analysis

The Company does not have any fixed rate liabilities at fair value through profit or loss, and any derivatives as hedging instruments recognized under fair value hedge accounting model. Therefore, a change in interest rate at reporting date would not effect fair value of any financial instrument.

Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties at arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of all financial assets and financial liabilities are estimated to approximate their respective carrying amount.

CAPITAL RISK MANAGEMENT

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholders. Debt is calculated as total borrowings ('long term financing' and 'short term borrowings' as shown in the balance sheet). Total capital comprises shareholders' equity and surplus on revaluation of fixed assets as shown in the balance sheet under 'share capital and reserves'.

There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

40 ACCOUNTING ESTIMATES AND JUDGMENTS

40.1 Staff Retirement Benefits

Certain actuarial assumptions have been adopted as disclosed in Note 20.2 to the financial statement for valuation of present value of defined obligations and fair value of plan assets any changes in these assumptions in future years might effect gains and and losses in those years.

40.2 Property, Plant and Equipment

The company's management estimates useful life and related depreciation charge for its plant and equipment. The company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amount of the respective items of the property, plant and equipment with a corresponding effect on the depreciation charged and impairment.

40.3 Classification of investments

The management has utilized its judgments in respect of classification of investment as disclosed in note 2.10 of the financial statements. Any change in such judgment might materially affect the accounting policy applied in respect of such investments.

40.4 Income Taxes

In making the estimates for income taxes currently payable by the company, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past.

41 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors in the meeting held on _____

42 GENERAL

- Figures have been rounded off to the nearest thousand of rupees unless stated otherwise.



CHIEF EXECUTIVE



DIRECTOR

**INFORMATION AS REQUIRED UNDER CODE OF CORPORATE GOVERNANCE
AS ON 30-06-11**

Categories of Shareholders	No. of Shareholders	Shares Held
<u>DIRECTORS</u>		
Mr. Mohammad Hussain Dadabhoy	1	1,568
Mr. Mohammad Amin Dadabhoy	1	1,042,092
Mr. Fazal Karim Dadabhoy	1	938,349
Mrs. Yasmeen Dadabhoy	1	244,314
Mrs. Noor Bakht Dadabhoy	1	1,568
Mr. Nasimuddin	1	1,232
Syed Naseem Ahmed	1	1,568
Individuals	4,730	15,573,472
Others	66	6,122,582
Investment Companies	1	116,250
Insurance Companies	5	104,200
Joint Stock Companies	2	71,069,815
Banks, DFIS, NBFIS Etc.	12	5,242,850
Foreign Companies	4	7,500

CATEGORIES OF SHARE HOLDERS

Categories of Shareholders	No. of Shareholders	Shares Held	Percentage %
Individuals	4,730	15,573,472	15.85
Others	66	6,122,582	6.23
Investment Companies	1	116,250	0.12
Investment Corp of Pakistan			
Insurance Companies	5	104,200	0.11
Joint Stock Companies	2	71,069,815	72.35
Financial Institutions/Banks/DFI	12	5,242,850	5.33
Foreign Companies	4	7,500	0.01
MIDLAND BANK TRUST CORP. (JERSEY) LTD.			
THE NORTHERN TRUST COMPANY			
CHEM BANK NOMINES LTD.			
STATE STREET BANK & TRUST CO. U.S.A.			
	4,820	98,236,669	100.00

DADABHOY CEMENT INDUSTRIES LIMITED

THIRTY ONE ANNUAL GENERAL MEETING 2011

FORM OF PROXY

I / We _____

Of _____ being

A member of DADABHOY CEMENT INDUSTRIES LIMITED and holder of
_____ Ordinary Shares as per registered Folio No. _____ hereby
appoint _____

Or failing him _____

Of _____

Vide Registered Folio No. _____

As my / our proxy to vote for me/us and on my/our behalf at the Thirtieth Annual
General Meeting of the Company to be held on 12th December 2011 and at any
adjournment thereof.

Signed my me/us this _____ day of _____ 2011

Signed by the Shareholders

Important :

This form of Proxy duly complete must be deposited at the Company's

Registered Office, C-30/II, 24th Commercial Street, Phase 2 (Ext). DHA,
Karachi. Not later than 48 hours before the time of
Holding the meeting.

A proxy should also be a shareholder of the Company.

Five Rupees
Revenue Stamps

For Office use

31 ST ANNUAL REPORT
