

## INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

### *Introduction*

We have reviewed the accompanying condensed interim balance sheet of **Dadabhoy Cement Industries Limited** as at December 31, 2009, and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the six months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2009 and 2008 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2009.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquires, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Basis of Conclusion*

The financial statements of the company for the year ended June 30, 2009 were audited by the another firm of Chartered Accountants who expressed their opinion thereon vide their report dated October 08, 2009, without qualifying they divert attention to Note 2 and 16.2.3 to the financial statements which fully described the matters respectively.

1. The company's ability to meet its current and long term liabilities and continue its operation is contingent on the availability of continued financial support from its directors and other successful implementation of the plans in Note 2 to the financial statements.
2. Should the settlement process with the National Bank of Pakistan abandoned, the entire liability before any adjustment, would become overdue by the company.

Based on information provided to us by management, we draw attention to Note 1.1, regarding going concern and Note 6.1 regarding settlement process with NBP, in case of negotiation become unsuccessful the entire liability before adjustment will become due. The management has prepared these condensed interim financial information on going concern basis which is completely dependent on the positive outcome of the forecasts disclosed by the management in Note 1.1.

### *Qualified Conclusion*

Based on our review, except for the matters mentioned in paragraph 1 and 2 above, nothing has come to our attention that causes us to believe the accompanying interim financial information as at and for the six months period ended December 31, 2009 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Without qualifying our conclusion, we draw the attention to Note 9 to this condensed interim financial information. 

  
Chartered Accountants

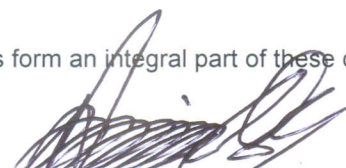
Karachi.

Date: 11/03/2010

**DADABHOY CEMENT INDUSTRIES LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
**AS AT DECEMBER 31, 2009**

	(Un-audited) December 31, 2009	(Audited) June 30, 2009
Note	(Rupees in `000')	
<b>PROPERTY AND ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3,354,526	3,359,473
Intangible assets	54	54
Long-term investment	207,467	207,597
Long-term loans and advances	42	42
Long-term deposits	2,949	2,724
	<u>3,565,038</u>	<u>3,569,890</u>
<b>Current assets</b>		
Stores, spares parts and loose tools	259,546	259,546
Stock-in-trade	44,015	44,015
Trade debtors	861	861
Loan, advances and other receivables	87,892	88,477
Cash and bank balances	(758)	2,055
	<u>391,556</u>	<u>394,954</u>
	<u>3,956,594</u>	<u>3,964,844</u>
<b>CAPITAL AND LIABILITIES</b>		
<b>Share capital and reserves</b>		
Authorized capital 150,000,000 (June 30, 2009: 150,000,000) Ordinary shares of Rs.10 each	<u>1,500,000</u>	<u>1,500,000</u>
Issued, subscribed and paid-up capital 98,236,624 (June 30, 2009: 98,236,624) Ordinary shares of Rs.10 each	982,366	982,366
Capital reserves	33,224	33,224
Accumulated (loss)	(373,471)	(460,752)
	642,119	554,838
Surplus on revaluation of land	1,353,626	1,356,563
<b>Non-current liabilities</b>		
Long-term financing	600,000	600,000
Long-term morahaba	1,259	1,259
Liabilities against assets subject to finance lease	1,369	1,369
Deferred liabilities	807,724	844,534
	<u>1,410,352</u>	<u>1,447,162</u>
<b>Current liabilities</b>		
Short-term running finance	25,000	25,000
Creditors, accrued and other liabilities	515,470	570,832
Current portion of long-term borrowings	5,723	6,145
Provision for taxation	4,303	4,303
	<u>550,496</u>	<u>606,280</u>
<b>Contingencies and commitments</b>	4	-
	<u>3,956,594</u>	<u>3,964,844</u>

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

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

**DADABHOY CEMENT INDUSTRIES LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 31, 2009**

	Note	Six month period ended		Quarter ended	
		(Un-audited) December 31, 2009	(Un-audited) December 31, 2008	(Un-audited) December 31, 2009	(Un-audited) December 31, 2008
		(Rupees in '000')			
Sales	7	-	30,940	-	-
Cost of sales	8	-	(30,814)	-	(914)
Gross loss		-	126	-	(914)
Selling and distribution expense		-	(833)	-	(217)
Administrative and general expenses		(19,633)	(37,636)	(11,832)	(14,895)
		(19,633)	(38,343)	(11,832)	(16,026)
Other income	9	82,222	9,641	81,162	9,000
		62,589	(28,702)	69,331	(7,026)
Finance cost		(433)	(4,871)	(430)	(3,558)
Profit /(loss) for the half year before taxation		62,156	(33,573)	68,901	(10,584)
Taxation					
- current		-	-	-	-
- deferred		22,187	12,275	22,187	-
		22,187	12,275	22,187	-
Net profit / (loss) after taxation		84,343	(21,298)	91,088	(10,584)
Earning / (loss) per share - basic and diluted (Rupees)		0.09	(0.02)	0.09	(0.01)

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**CHIEF EXECUTIVE**

  
**DIRECTOR**

**DADABHOY CEMENT INDUSTRIES LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2009**

	<b>(Un-audited) December 31, 2009</b>	<b>(Un-audited) December 31, 2008</b>
	<b>(Rupees in `000')</b>	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit / (loss) before taxation	62,156	(33,573)
Adjustment for:		
Depreciation charges	4,947	6,354
Finance cost	433	4,067
Share of loss of associates	130	97
Provision for staff gratuity	-	1,092
Provision for workers profit participation fund	-	804
Gain on disposal of property, plant and equipment	(1,560)	(3,290)
	3,950	9,124
Cash flow before working capital changes	66,106	(24,449)
<b>(Increase) / decrease in current assets</b>		
Stock-in-trade	-	(7,022)
Trade debtors	-	(1,018)
Loan, advance and other receivables	585	(22,799)
	585	(30,839)
	66,691	(55,288)
<b>Increase / (decrease) in current liabilities</b>		
Creditors, accrued and other liabilities	(55,362)	52,483
	(55,362)	52,483
<b>Net cash generated from operations</b>	11,329	(2,803)
Gratuity paid	(14,622)	(145)
Finance cost	(433)	(4,871)
	(15,055)	(5,015)
<b>Net cash (outflow) from operating activities</b>	(3,726)	(7,819)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Scrap sales	-	3,535
Sale proceeds from disposal of property, plant and equipment	1,561	-
<b>Net cash (outflow) / inflow from investing activities</b>	1,561	3,535
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long-term deposits	(225)	-
Payment of finance lease installments	(422)	(1,643)
<b>Net cash inflows from financing activities</b>	(648)	(1,643)
Net (decrease) / increase in cash and cash equivalents	(2,813)	(5,926)
Cash and cash equivalents at the beginning of the period	2,055	9,210
Cash and cash equivalents at the end of the period	(758)	3,284

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

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

**DADABHOY CEMENT INDUSTRIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2009**

	Issued, subscribed and paid-up capital	Capital reserves	Accumulated loss	Total
(Rupees in `000')				
<b>Balance as at June 30, 2008</b>	982,366	33,224	(458,105)	557,485
<b>Changes in equity for the six months period ended December 31, 2008</b>				
(Loss) for the six months period ended December 31, 2008	-	-	(21,298)	(21,298)
<b>Balance as at December 31, 2008</b>	<u>982,366</u>	<u>33,224</u>	<u>(479,403)</u>	<u>536,187</u>
<b>Balance as at June 30, 2009</b>	982,366	33,224	(460,752)	554,838
<b>Changes in equity for the six months period ended December 31, 2009</b>				
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	2,938	2,938
Profit for the six months period ended December 31, 2009	-	-	84,343	84,343
<b>Balance as at December 31, 2009</b>	<u>982,366</u>	<u>33,224</u>	<u>(373,471)</u>	<u>642,119</u>

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

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

**DADABHOY CEMENT INDUSTRIES LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 31, 2009**

**1. STATUS AND NATURE OF BUSINESS**

Dadabhoj Cement Industries Limited was incorporated on August 09, 1979 as a public limited company with its registered office situated at C-30/II, 24th Commercial Street, Phase II Extension D.H.A. Karachi and is listed on all the Stock Exchange in Pakistan. The company is engaged in manufacturing and sale of Ordinary Portland, slag and sulphate resistant cement.

**1.1 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 finance and arrangement with other banks for financing export sales. Consequently, the company expects to increase its productions by the end of March, 2010 and is in advance stages of negotiation 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.

Given the continuous upward trend in the current industry, the company expects to achieve its full production capacity (300,000 tons) within the first year of operations and generate enough cash flows, mainly through export sales and supplemented by a favorable US dollar conversion rate, to meet all its liabilities when due.

**2. BASIS OF PREPARATION**

The condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS) IAS 34 Interim Financial Reporting as applicable in Pakistan. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended June 30, 2009.

This condensed interim financial information is being submitted to the shareholders as required by the Listing regulation of Karachi, Lahore and Islamabad Stock Exchange section 245 of the Companies Ordinance, 1984.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted and the method of computation followed for the preparation of these financial information are same as those applied in the preparation of the preceding annual published financial statements of the company for the year ended June 30, 2009.

**4. CONTINGENCIES AND COMMITMENTS**

During the year, the company continued its negotiation 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 discharge, it was further agreed that the terms and conditions of the understanding between the parties for the settlement of the entire liability can not be reduced in black and white due legal binding. However as soon as the payment of Rs.600.00 million is made by the company to the bank the whole process shall be recorded in the form of settlement agreement for further action.

Taken cognizance of the effect of compromise reached with bank on the settlement of the loan the company has transferred Rs.138.11 million to deferred income out of the book liability of Rs.738.41 million as benefit to be received on the execution of the compromised settlement terms.

In case the compromised terms are not fulfilled, the amount of adjustment of Rs.454.732 million to the original liability and accrued interest of approximately Rs.320.00 million for the year ended June 30, 2007 and June 30, 2008 would be recognized as liability.

	(Un-audited) Dec 31, 2009 (Rupees	(Audited) June 30, 2009 in `000')
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets	3,343,886	3,348,833
Capital work-in-progress	10,640	10,640
	<u>3,354,526</u>	<u>3,359,473</u>
<b>6. LONG-TERM FINANCE</b>		
<b>Long-term loan</b>	<u>600,000</u>	<u>600,000</u>

6.1 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 01, 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.1,950.960 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:

	Installment amount (Rupees in '000')	Repayment	Period of repayment	No. of installments	Rate of interest
Consortium loan	478	Quarterly	July 01, 2003 - June 01, 2013	40	11%
Long-term loan	66,420	Quarterly	July 01, 2003 - June 01, 2013	29	6 months KIBOR + 2.5%
Long-term loan	30,000	Quarterly	July 01, 2003 - June 01, 2013	1	6 months KIBOR + 2.5%

## 6.2 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.

	Six months period ended		Quarter ended	
	December 31	December 31	December 31	December 31
	2009	2008	2009	2008

(Rupees in '000')

## 7. SALES

Sales - gorss	-	37,992	-	-
Excise duty	-	(666)	-	-
Special excise duty	-	(303)	-	-
Sale tax	-	(6,083)	-	-
	-	(7,052)	-	-
	-	30,940	-	-

## 8. COST OF SALES

Opening stock				
Raw material	-	2,149	-	8,398
Packing material	-	589	-	-
	-	2,738	-	8,398
Purchases	-	19,606	-	-
Mining and other related costs	-	729	-	327
	-	23,073	-	8,725
<b>Closing stock</b>				
Raw material	-	(8,398)	-	(8,398)
	-	(8,398)	-	(8,398)
	-	14,675	-	327
Manufacturing expenses	-	17,500	-	626
	-	32,175	-	953
Work-in-process				
Opening balance	-	53,338	-	53,338
Closing balance	-	(53,338)	-	(53,338)
	-	-	-	-
	-	32,175	-	953
Cost of goods manufactured				
Finished goods				
Opening balance	-	-	-	1,362
Closing balance	-	(1,362)	-	(1,362)
	-	(1,362)	-	-
	-	30,813	-	953

## 9. OTHER INCOME

It includes adjustment of liabilities of Rs. 79.602 million during the six months period ended Decemeber 31, 2009.

## 10. RELATED PARTY TRANSACTIONS

The related party comprises of parties related to group companies and directors.

Loan from directors			11,956	-
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## 11. CAPACITY - CEMENT ALL KIND (METRIC TON)

Installed capacity (annual)			598,000	598,000
Production (six months period ended)			-	-



## 12. DATE OF AUTHORIZATION

These condensed interim financial information were authorized for issue in the Board of Directors meeting held on \_\_\_\_\_.

## 13. GENERAL

13.1 Figures have been rounded off to nearest rupees.

13.1 The figures of previous year have been rearranged and reclassified, if any, where necessary, to facilitates comparison.



CHIEF EXECUTIVE



DIRECTOR