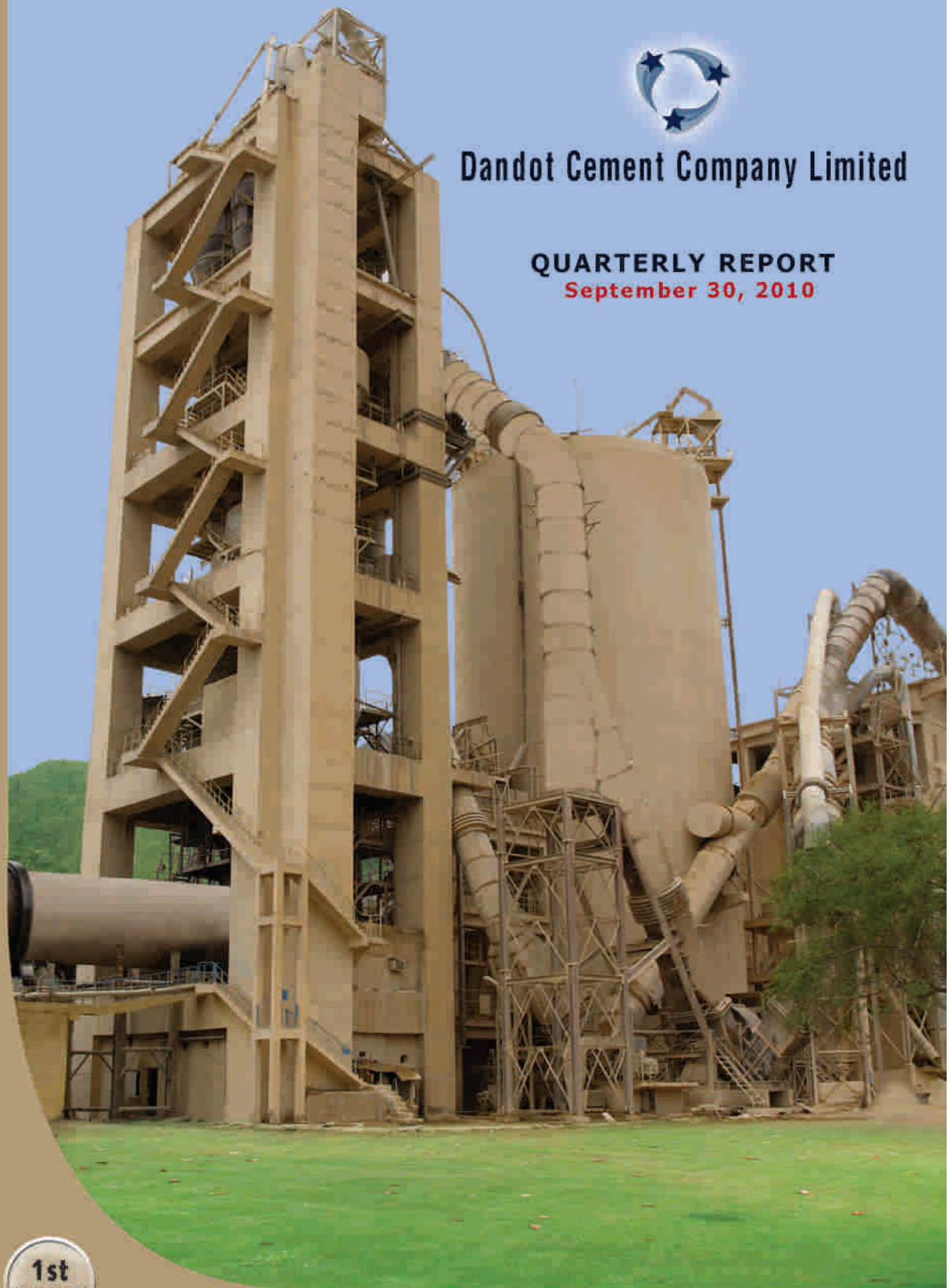




**Dandot Cement Company Limited**

**QUARTERLY REPORT**  
**September 30, 2010**



**1st**  
**QUARTER**

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## **Company Information**

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### **Board of Directors**

Mr. Muhammad Rasheed (Chairman)  
Mrs. Tanveer Rasheed  
Mr. Mansoor Rasheed (Chief Executive)  
Mr. Saud Rasheed  
Ms. Rizwana Rasheed  
Mrs. Ayesha Mansoor  
Mrs. Amina Saud

### **Audit Committee**

Mr. Saud Rasheed (Chairman)  
Mrs. Ayesha Mansoor  
Mrs. Amina Saud

### **Chief Financial Officer**

Mr. Muhammad Kamran

### **Company Secretary**

Mr. Muhammad Kamran

### **Statutory Auditors**

Amin, Mudassar & Co.  
Chartered Accountants

### **Legal Advisor**

International Legal Services

### **Bankers**

The Bank of Punjab  
KASB Bank Limited  
United Bank Limited  
National Bank of Pakistan  
Habib Bank Limited  
Bank Alfalah Limited  
Saudi Pak Commercial Bank Limited

### **Registered Office**

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

### **Factory**

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

### **Share Registrar**

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

### **Website**

[www.dandotcement.com](http://www.dandotcement.com)



## Directors' Report to the Shareholders

The Board of Directors presents the un-audited condensed interim financial statements of the company for the quarter ended September 30, 2010.

### Operational Performance

As disclosed in note-1 of these interim financial statements, the operations of the company were temporarily suspended during the quarter which were resumed in October, 2010. Due to the fact, there was no production/dispatch of clinker or cement during this quarter.

### Operating Results

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

	Sep. 2010	Sep. 2009
	(Rupees in Thousands)	
- Net sales	-	188,595
- Gross loss	61,974	51,595
- Operating loss	65,648	65,568
- Net loss	120,556	128,339

### Future Prospects

#### Industry:

Demand of the cement is directly linked to economic growth. Unfortunately prevailing economic conditions is not encouraging due to geo-political instability, out of control inflation, deteriorating Pak Rupee valuation, power shedding, rising utility prices and liquidity crunch. However, immense flood, during the year, has considerably created a demand of cement in the near future.

#### Company:

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

### Acknowledgement

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



Mansoor Rasheed  
Chief Executive  
Lahore: January 19, 2011.

## Condensed Interim Balance Sheet

	Note	(un-audited) Sep. 30, 2010	(audited) Jun. 30, 2010
(Rupees in '000)			
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital		1,000,000	1,000,000
Issued, subscribed and paid up capital		948,400	948,400
Share premium reserve		31,801	31,801
Accumulated loss		(2,682,064)	(2,576,474)
		(1,701,863)	(1,596,273)
Surplus on revaluation of fixed assets		1,162,663	1,177,629
		(539,200)	(418,644)
<b>NON CURRENT LIABILITIES</b>			
Loan from banking companies		1,020,000	1,020,000
Other loans		377,945	378,366
Liabilities against assets subject to finance lease		-	-
Deferred liabilities		60,224	60,224
Long term advances and deposits		7,365	7,357
		1,465,534	1,465,947
<b>CURRENT LIABILITIES</b>			
Trade and other payables		829,956	801,321
Mark-up accrued		727,965	664,113
Short term borrowings		461,295	446,066
Current portion of long term loans and liabilities		56,170	56,170
Taxation		15,790	15,790
		2,091,176	1,983,460
<b>CONTINGENCIES AND COMMITMENTS</b>	5	-	-
		3,017,510	3,030,763

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.



MANSOOR RASHEED  
Chief Executive



**As At September 30, 2010**

	Note	(un-audited) Sep. 30, 2010	(audited) Jun. 30, 2010
(Rupees in '000)			
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment :			
Operating fixed assets		2,211,783	2,230,649
Capital work in progress		190,681	190,681
		2,402,464	2,421,330
Long term loans		352	202
Long term security deposits		10,312	10,325
Deferred cost		-	-
		2,413,128	2,431,857
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		141,276	141,276
Stock in trade		41,860	41,860
Loans and advances		349,874	348,034
Trade deposits and short term prepayments		-	-
Balance with statutory authorities		54,018	53,969
Interest accrued		9,420	9,408
Other receivables		650	569
Cash and bank balances		7,284	3,790
		604,382	598,906
		3,017,510	3,030,763



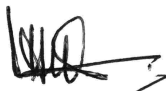
SAUD RASHEED  
Director

## **Condensed Interim Profit and Loss Account (un-audited)**

**for the quarter ended September 30, 2010**

	Note	Quarter Ended	
		Sep. 30, 2010	Sep. 30, 2009
(Rupees in '000)			
Sales - net		-	188,595
Cost of sales		61,974	240,190
Gross loss		(61,974)	(51,595)
Operating expenses:			
Administrative expenses		3,577	13,263
Distribution cost		97	710
		(3,674)	(13,973)
Operating loss for the period		(65,648)	(65,568)
Finance cost		(63,858)	(61,839)
Other income	6	8,950	20
Loss before taxation		(120,556)	(127,387)
Taxation:			
Current - For the period		-	952
Deferred		-	-
		-	952
Net loss for the period		(120,556)	(128,339)
Loss per share - Basic & Diluted		(1.27)	(1.35)

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.



MANSOOR RASHEED  
Chief Executive




SAUD RASHEED  
Director

## **Condensed Interim Statement of Comprehensive Income (un-audited)**

**for the quarter ended September 30, 2010**

	Quarter Ended	
	Sep. 30, 2010	Sep. 30, 2009
	(Rupees in '000)	
Net loss for the period	(120,556)	(128,339)
Other comprehensive income - net of taxation	-	-
Total comprehensive loss for the period - net of tax	<u>(120,556)</u>	<u>(128,339)</u>

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.



MANSOOR RASHEED  
Chief Executive



SAUD RASHEED  
Director

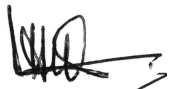


## **Condensed Interim Cash Flow Statement (un-audited)**

**for the quarter ended September 30, 2010**

	Quarter Ended	
	Sep. 30, 2010	Sep. 30, 2009
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(120,556)	(127,387)
Adjustments of items not involving movement of cash:		
Depreciation	18,867	20,049
Finance cost	63,857	61,839
	82,724	81,888
Operating cash flows before working capital changes	(37,832)	(45,499)
(Increase)/Decrease in operating asset :		
Stores, spares and loose tools	-	(3,137)
Stock in trade	-	(13,929)
Loans and advances	(1,839)	(13,409)
Deposits and short term prepayments	-	522
Other receivables	(94)	(495)
Increase in trade and other payables	28,634	97,927
	26,701	67,479
Long term security deposit	(11,131)	21,980
Gratuity paid	7	96
Finance cost paid	-	(301)
Income tax paid	(5)	(338)
	(47)	(5,317)
<b>Net Cash Flows From operating activities</b>	(11,176)	16,120
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	-	-
Long term loans	(138)	(142)
<b>Net Cash Flows From investing activities</b>	(138)	(142)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term advances and deposits	(421)	1,357
Short term borrowings	15,229	(14,960)
<b>Net Cash Flows From financing activities</b>	14,808	(13,603)
Net Increase in Cash and Cash Equivalents	3,494	2,375
Cash and cash equivalents at beginning of the period	3,790	3,867
Cash and cash equivalents at end of the period	7,284	6,242

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.



**MANSOOR RASHEED**  
Chief Executive



**SAUD RASHEED**  
Director

## **Condensed Interim Statement of Changes in Equity (Unaudited)**

**for the quarter ended September 30, 2010**

	Share capital	Share premium reserve	Accumulated Loss	Total share capital and reserves	Surplus on revaluation of fixed assets	Total
( Rupees in Thousand )						
Balance as at June 30, 2009	948,400	31,801	(2,182,389)	(1,202,188)	1,219,669	17,481
Total comprehensive loss for the quarter ended September 30, 2009	-	-	(128,339)	(128,339)	-	(128,339)
Incremental depreciation due to revaluation charged to surplus	-	-	15,739	15,739	(15,739)	-
Balance as at September 30, 2009	948,400	31,801	(2,294,989)	(1,314,788)	1,203,930	(110,858)
Balance as at June 30, 2010	948,400	31,801	(2,576,474)	(1,596,273)	1,177,629	(418,644)
Total comprehensive loss for the quarter ended September 30, 2010	-	-	(120,556)	(120,556)	-	(120,556)
Incremental depreciation due to revaluation charged to surplus	-	-	14,966	14,966	(14,966)	-
Balance as at September 30, 2010	948,400	31,801	(2,682,064)	(1,701,863)	1,162,663	(539,200)

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.



MANSOOR RASHEED  
Chief Executive



SAUD RASHEED  
Director

## **Notes to the Condensed Interim Financial Statements (un-audited)**

**for the quarter ended September 30, 2010**

### **1. THE COMPANY AND ITS OPERATIONS**

The Company is a public limited company incorporated in Pakistan and is listed on Karachi and Lahore Stock Exchanges. The Company started its production on March 01, 1983 and has been engaged in production and making of cement. The company is a subsidiary of Three Stars Cement (Pvt.) Limited.

In October 2009, due to poor economic conditions, low prices of cement and financial crunch, management decided the temporary shutdown of the operations of the company. However, in October 2010, with the increase in cement prices and rise in demand of cement, the operations of the company have been resumed after arranging necessary funds by the management.

### **2. STATEMENT OF COMPLIANCE**

These financial statements are un-audited and have been prepared in accordance with International Financial Reporting Standard 'IAS-34 - Interim Financial Reporting' and should be read in conjunction with the Annual Audited Financial Report for the year ended June 30, 2010. These Financial Statements are being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984.

### **3. STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted for the preparation of these financial statements are the same as those adopted in preparation of financial statements for the year ended June 30, 2010.

### **4. SIGNIFICANT ESTIMATES**

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

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

### **5. CONTINGENCIES AND COMMITMENTS**

There is no change in the contingencies and commitments of the company since the last audited annual balance sheet date.

### **6. OTHER INCOME**

Other income includes an amount of Rs. 8.950 million in respect of tenderable gain surrendered by the two directors of the company under section 224 of the Companies Ordinance, 1984.

### **7. TRANSACTIONS WITH RELATED PARTIES**

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

### **8. CORRESPONDING FIGURES**

Figures have been rounded off to the nearest thousand of Rupees.

### **9. DATE OF AUTHORIZATION FOR ISSUE**

These un-audited condensed interim financial statements were authorized for issue by the board of directors of the company on January 19, 2011.



  
MANSOOR RASHEED  
Chief Executive

  
SAUD RASHEED  
Director