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Company Information

BOARD OF DIRECTORS

Executive Directors

Dewan Muhammad Yousuf Farooqui CEO & Chairman Board of Directors
Mr. Haroon Iqbal
Syed Muhammad Anwar

Non-Executive Directors

Dewan Abdul Baqi Farooqui
Dewan Abdul Rehman Farooqui
Mr. Ihtiaq Ahmad

Independent Director

Mr. Aziz-ul-Haque

AUDIT COMMITTEE MEMBERS

Mr. Aziz-ul-Haque Chairman
Mr. Haroon Iqbal Member
Syed Muhammad Anwar Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Haroon Iqbal Chairman
Dewan Muhammad Yousuf Farooqui Member
Mr. Aziz-ul-Haque Member

CHIEF FINANCIAL OFFICER

Mr. Imran Ahmed Javed

COMPANY SECRETARY

Mr. Muhammad Hanif German

REGISTERED OFFICE

Block-A, 7th Floor, Finance & Trade Centre,
Shahrah-e-Faisal, Karachi, Pakistan.

HEAD OFFICE

Block-A, 2nd Floor, Finance & Trade Centre,
Shahrah-e-Faisal, Karachi, Pakistan.

FACTORY

1. Deh Dhando, Dhabeji District Malir, Karachi.
2. Kamilpur Near Hattar District Haripur, Khyber Pakhtoonkhuwa

AUDITORS

Faruq Ali & Co.
Chartered Accountants

COST AUDITORS

Rafaqat Mansha Mohsin Dossani Masoom & Co.
Chartered Accountants

SHARES REGISTRAR TRANSFER AGENT

BMF Consultants Pakistan (Pvt.) Limited
Anum Estate, Room No. 310 & 311, 3rd Floor,
49, Darul Aman Society, Main Shahrah-e-Faisal,
Adjacent to Baloch Colony Bridge, Karachi, Pakistan.

WEBSITE

www.yousufdewan.com

Directors' Report

IF YE GIVE THANKS, I WILL GIVE YOU MORE (HOLY QURAN)

The Directors are pleased to present un-audited financial results for the third quarter ended March 31, 2013.

Overview of Cement Industry

During the period ended March 31, 2013 the cement Industry witnessed positive growth of 4.14% in overall volume for the 3rd quarter as compared to same period last year.

The domestic demand registered an increase of 6.06% and achieved volume of 18.37 million tons against the last year same period volume of 17.32 million tons.

The export volume of the industry decreased by 1.21% and achieved a volume of 6.17 million tons as compared to last year same period volume of 6.24 million tons. The decline in exports was mainly because of the lower export rate, forcing the players to explore more in the local market.

Overview of Your Company

Production

	<u>Upto March 2013</u> <u>(In tons)</u>	<u>Upto March 2012</u> <u>(In tons)</u>	<u>Variance</u> <u>(% Age)</u>
Clinker	1,056,321	886,458	19.16
Cement	1,036,339	932,003	11.19

Cement Dispatches

	<u>Upto March 2013</u> <u>(In tons)</u>	<u>Upto March 2012</u> <u>(In tons)</u>	<u>Variance</u> <u>(% Age)</u>
Local Sales	953,252	845,895	12.69
Export Sales	107,600	89,375	20.39
Total	<u>1,060,852</u>	<u>935,270</u>	<u>13.43</u>

Operating Performance

The operating results of the Company for the current period and that of the corresponding period last year are highlighted below:

	Upto March 2013 (Rs. '000')	Upto March 2012 (Rs. '000')	Variance (% Age)
Net Sales	6,323,544	4,975,141	27.10
Cost of goods sold	(5,524,710)	(4,497,140)	22.85
Gross Profit	798,834	478,001	67.12
Expenses & Taxes	(451,189)	(332,314)	35.77
Net Profit	<u>347,645</u>	<u>145,687</u>	<u>138.62</u>

Future Outlook

The demand of cement in domestic market is expected to increase as the Government has allocated substantial funds for public sector development projects (PSDP). This will be a key trigger for increase of cement demand in domestic market for the next financial year.

Export sales volume which has been declining for the last few years may stabilize in future. The demand in African countries are fast growing and thus opening a window for Pakistani Cement / Clinker. The consumption of cement in Sri Lanka, Tanzania and Qatar are increasing day by day.

Furthermore the demand of cement in Afghanistan will also increase in export volumes, however the export of cement by sea route as well as by road to India are also growing markets.

Acknowledgement

The Board of Directors places on record its gratitude to its valued customers, Federal and Provincial Governments, dealers and employees of the Company, for their continued co-operation & support.

In conclusion, we bow, beg and pray to **Almighty Allah, Rahman-ur-Rahim**, in the name of our beloved Prophet Mohammad (peace be upon him), for continued showering of His blessings, guidance, strength, health, and prosperity to us, our Company, Country and Nation and also pray to Almighty Allah to bestow peace, harmony, brotherhood and unity in true Islamic spirit to whole of Muslim Ummah, Ameen, Summa Ameen.

LO-MY LORG IS INDEED HEARER OF PRAYER (AL-QURAN)

For and on behalf of Board of Directors



Dewan Abdul Rehman Farooqui
Director



Haroon Iqbal
Director

Statement u/s 241(2) of the Companies Ordinance 1984

The Chief Executive Officer of the Company is presently out of the Country. Therefore, the directors' report has been signed by the two directors of the Company duly authorized by the Board of Directors.

Dated: April 26, 2013
Place: Karachi

DEWAN CEMENT LIMITED

**Interim Condensed Balance Sheet
As At March 31, 2013**

		(Un-audited) March 31, 2013	(Audited) June 30, 2012
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	19,280,637	19,491,501
Long-term deposits		42,717	42,342
Long-term loans		2,879	2,892
		<u>19,326,233</u>	<u>19,536,735</u>
CURRENT ASSETS			
Stores and spare parts		554,426	457,303
Stock in trade		473,700	240,131
Trade debts - Unsecured		385,646	417,830
Loans and advances - Unsecured		236,092	156,295
Trade deposits and short term payments		40,974	26,254
Other receivables - Considered good		18,558	18,358
Short term investments		7,174	4,401
Taxation - Net		37,284	58,270
Cash and bank balances		244,873	125,785
		<u>1,998,727</u>	<u>1,504,627</u>
TOTAL ASSETS		<u>21,324,960</u>	<u>21,041,362</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 500,000,000 (June 30, 2012: 500,000,000) Ordinary shares of Rs. 10/- each		<u>5,000,000</u>	<u>5,000,000</u>
Issued, subscribed and paid-up-capital		3,891,133	3,891,133
Reserves - Net		531,756	138,870
		<u>4,422,889</u>	<u>4,030,003</u>
SURPLUS ON REVALUATION OF FIXED ASSETS - Net of Tax	7	3,791,972	3,837,214
NON-CURRENT LIABILITIES			
Long-term financing	8	149,983	186,637
Advances for investment in term finance certificates	9	3,850,000	3,850,000
Long-term deposits and payables		998,413	1,011,163
Deferred taxation		1,643,047	1,666,608
		<u>6,641,443</u>	<u>6,714,408</u>
CURRENT LIABILITIES			
Trade and other payables		1,790,507	1,827,231
Short-term borrowings		660,875	660,875
Mark-up payable	12	1,038,962	1,038,963
Current and overdue portion of long term borrowings	10	2,908,643	2,886,274
Sales tax payable		69,669	46,394
		<u>6,468,656</u>	<u>6,459,737</u>
CONTINGENCIES AND COMMITMENTS	11	-	-
TOTAL EQUITY AND LIABILITIES		<u>21,324,960</u>	<u>21,041,362</u>

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



Dewan Abdul Rehman Farooqui
Director



Haroon Iqbal
Director

Statement u/s 241(2) of the Companies Ordinance 1984

The Chief Executive Officer of the Company is presently out of the Country. Therefore, these interim condensed financial statements have been signed by the two directors of the Company duly authorized by the Board of Directors.

**Interim Condensed Profit And Loss Account - (Un-audited)
For The Period Ended March 31, 2013**

Note	Nine Months Ended		Quarter Ended	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
-----Rupees in '000'-----				
Turnover - Net	6,323,544	4,975,141	2,338,107	1,853,816
Cost of sales	(5,524,710)	(4,497,140)	(2,020,437)	(1,713,551)
Gross profit	798,834	478,001	317,670	140,265
Distribution cost	(75,175)	(56,092)	(40,021)	(16,343)
Administrative expenses	(333,598)	(217,799)	(141,135)	(82,035)
Other operating expenses	(28,298)	(27,236)	(9,423)	(14,990)
Other operating income	7,385	2,448	2,005	1,155
Operating profit	369,148	179,322	129,096	28,052
Finance cost	12 (13,447)	(2,927)	(9,408)	(1,166)
Profit before taxation	355,701	176,395	119,688	26,886
Taxation - Net	(8,056)	(30,708)	(4,453)	(11,273)
Profit after taxation	347,645	145,687	115,235	15,613
Incremental depreciation transferred from surplus.	68,803	55,909	21,174	21,258
Related Deferred Tax	(23,562)	(19,043)	(7,238)	(7,265)
	45,241	36,866	13,936	13,993
Component of comprehensive income not reflected in equity	--	--	--	--
Total comprehensive Income for the period	392,886	182,553	129,171	29,606
Earnings per share - Basic and diluted (Rupee)	13 0.89	0.37	0.30	0.04

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



Dewan Abdul Rehman Farooqui
Director



Haroon Iqbal
Director

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Interim Condensed Cash Flow Statement - (Un-audited)
For The Period Ended March 31, 2013

	March 31, 2013	March 31, 2012
	----- Rupees in '000' -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	271,798	569,211
Income tax paid	(10,631)	(57,956)
Long-term loans - net	14	619
Long-term deposits - net	(375)	(100)
Long-term deposits and payables - net	(12,750)	(12,791)
Net cash generated from operating activities	248,056	498,983
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(101,620)	(470,626)
Sale proceed of fixed assets	282	205
Dividend received	102	-
Net cash used in investing activities	(101,236)	(470,421)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term financing - net	(14,285)	(9,763)
Finance cost paid	(13,447)	(2,927)
Liabilities against assets subject to finance lease	-	(77)
Net cash used in financing activities	(27,732)	(12,767)
Net Increase in cash and cash equivalents	119,088	15,795
Cash and cash equivalents at the beginning of the period	125,785	71,787
Cash and cash equivalents at the end of the period	244,873	87,582

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



Dewan Abdul Rehman Farooqui
Director



Haroon Iqbal
Director

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**Interim Condensed Statement Of Changes In Equity - (Un-audited)
For The Period Ended March 31, 2013**

	Issued, subscribed and paid-up capital	Reserves			Total equity
		Capital	Revenue	Total	
		Merger reserve	Accumulated loss		
----- Rupees in '000' -----					
Balance as at July 01, 2011	3,891,133	629,444	(885,777)	(256,333)	3,634,800
Total comprehensive income for the period					
Profit for the period	-	-	145,687	145,687	145,687
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of Tax	-	-	36,866	36,866	36,866
	-	-	182,553	182,553	182,553
Balance as at March 31, 2012	<u>3,891,133</u>	<u>629,444</u>	<u>(703,224)</u>	<u>(73,780)</u>	<u>3,817,353</u>
Balance as at July 01, 2012	3,891,133	629,444	(490,574)	138,870	4,030,003
Total comprehensive income for the period					
Profit for the period	-	-	347,645	347,645	347,645
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of Tax	-	-	45,241	45,241	45,241
	-	-	392,886	392,886	392,886
Balance as at March 31, 2013	<u>3,891,133</u>	<u>629,444</u>	<u>(97,688)</u>	<u>531,756</u>	<u>4,422,889</u>

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



Dewan Abdul Rehman Farooqui
Director



Haroon Iqbal
Director

Statement u/s 241(2) of the Companies Ordinance 1984

The Chief Executive Officer of the Company is presently out of the Country. Therefore, these interim condensed financial statements have been signed by the two directors of the Company duly authorized by the Board of Directors.

**Notes To The Interim Condensed Financial Statements - (Un-audited)
For The Period Ended March 31, 2013****1 THE COMPANY AND ITS OPERATIONS**

Dewan Cement Limited (the Company) was incorporated in Pakistan as a public limited company in March, 1980. Its shares are quoted on the Karachi and Lahore Stock Exchanges since June, 1989. The registered office of the Company is situated at 7th Floor, Block A, Finance and Trade Centre, Shahrah-e-Faisal, Karachi. The principal activity of the Company is to manufacture and sale of cement. The Company has two production facilities at Deh Dhando, Dhabeji, Karachi, Sindh and Kamilpur, Hattar Industrial Estate, District Haripur, Khyber Pakhtoonkhwa.

2 BASIS OF PREPARATION

These interim condensed financial statements have been prepared under the historical cost convention except that certain fixed assets and certain investments have been included at fair values in accordance with the relevant International Financial Reporting Standards (IFRSs).

3 GOING CONCERN ASSUMPTION

The interim condensed financial information for the period ended March 31, 2013 reflect that the company has accumulated losses of Rs.97.688 million (June 2012: 490.574 million) and as of that date its current liabilities exceeded its current assets by Rs.4,469.929 million (June 2012:Rs.4,955.110 million). The company's short-term borrowing facilities have expired and not been renewed and the company has been unable to ensure scheduled payments of long term borrowings due to the liquidity problems. Following course, majority of the lenders have gone into litigation for repayment of liabilities through attachment and sale of company's hypothecated / mortgaged properties and certain lenders have also filed winding up petitions. These conditions indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as a going concern therefore the company may be unable to realize its assets and discharge its liabilities in the normal course of business. The liquidity crunch presently faced by the company is due to the fact that the banks / financial institutions did not give due committed support to the company for completion of its line II project in south.

However, the management is of the view that operating cash flows of the company will be positive on account of expected increase in demand of cement and positive margins on account of increasing trend in cement prices, the company as a going concern would be a viable unit. Accordingly, the company has approached its lenders for the restructuring of its entire debt in the following manner:

- (a) All the debt obligations of the company be converted into a Privately Placed TFC of eight years inclusive of grace period of 3 years
- (b) Principal to be repaid in equal half-yearly installments with first such payment falling due after six months from the end of grace period; and
- (c) Mark-up payable as on December 31, 2008 to be freezed and paid quarterly over a period of four years from the date of restructuring.

The management believes that the restructuring proposal presented is workable and would enable the company to service its debts. Therefore, the management is confident that the proposal will be accepted by its lenders in near future, and court cases will be withdrawn by lenders.

Accordingly, these interim condensed financial statements have been prepared on a going concern basis.

4 BASIS OF PREPARATION

These interim condensed financial statements are un-audited. These are required to be presented to the shareholders under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting". The Interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2012.

5 SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

5.1 The accounting policies followed for the preparation of these financial statements are the same as those applied in preparing the annual financial statements for the year ended June 30, 2012.

5.2 Significant accounting estimates and judgments are the same as those applied in preparation of annual financial statements for the year ended June 30, 2012.

6 PROPERTY, PLANT AND EQUIPMENT

	(Un-audited) March 31, 2013	(Audited) June 30, 2012
	----- Rupees in '000' -----	
Operating assets - Owned	6.1 18,077,093	18,385,881
Assets subject to finance lease	2,195	2,583
Capital work-in-progress	6.2 1,201,349	1,103,037
	<u>19,280,637</u>	<u>19,491,501</u>

DEWAN CEMENT LIMITED

	(Un-audited)	(Audited)
	March 31,	June 30,
	2013	2012
	----- Rupees in '000' -----	
6.1 Operating fixed assets		
Opening book value	18,385,881	18,503,627
Additions during the period / year	6.1.1 3,308	261,686
Disposal during the period / year	(282)	(13)
Depreciation charged during the period / year	(311,814)	(379,419)
	<u>18,077,093</u>	<u>18,385,881</u>

6.1.1 Addition during the period amounting to Rs. 3.308 million (June 2012 : Rs.261.686 million).

6.2 Capital work in progress

Opening balance	1,103,037	804,945
Additions during the period / year	98,312	298,092
	<u>1,201,349</u>	<u>1,103,037</u>
Less: capitalized during the period / year	-	-
	<u>1,201,349</u>	<u>1,103,037</u>

7 SURPLUS ON REVALUATION OF FIXED ASSETS - Net of tax

Gross surplus	5,435,019	5,503,821
Less: Related deferred tax	1,643,047	1,666,607
	<u>3,791,972</u>	<u>3,837,214</u>

8 LONG TERM FINANCING

The principal terms and condition of the outstanding loans have remained the same as disclosed in the financial statements of the Company for the year ended June 30, 2012.

9 ADVANCES FOR INVESTMENT IN TERM FINANCE CERTIFICATES

It represents private placement (Pre-IPO) investment of Rs. 3,850 million received as advanced against issue of rated, listed and secured term finance certificates out of total issue of Rs. 5,000 million for a tenure of six years. The company was required to complete the public offering on or before 270 days of signing of the respective agreements. i.e. October 05, 2008. The company was unable to complete the requisite formalities of public offering due to the factors beyond its control (Force Majure) i.e. global recession and unforeseen shut down of stock exchanges. Following course, certain investors have filed suits and winding up petitions in Hon'able High Court of Sindh. Till the matter is resolved suitably with investors, management has decided to classify the same as long term liabilities. The principal terms and conditions for the proposed issue of rated, listed and secured Term Finance Certificates(TFCs) are same as disclosed in financial statements of the Company for the year ended June 30, 2012.

10 CURRENT AND OVERDUE PORTION OF LONG TERM BORROWINGS

It includes overdue portion amounting to Rs.2,189.333 million (June 30, 2012 : Rs. 2,107.333 million).

11 CONTINGENCIES AND COMMITMENTS

There has been no significant change in the status of contingencies and commitments as reported in the annual financial statements for the year ended June 30, 2012.

12 FINANCE COST

Company has not made the provision of markup for the period amounting to Rs.822.634 million (Upto June 30, 2012: Rs.3,672.633 million) keeping in view of the financial restructuring proposed to the lenders as disclosed in note 3. Management is hopeful that the restructuring proposal will be accepted by the lenders. Had the provision been made the loss for the year would have been higher by Rs.251.999 millions and accrued markup would have been higher and shareholders' equity would have been lower by Rs. 3,924.632 million. The said non provisioning is a departure from the requirements of IAS-23 'Borrowing Costs'.

13 EARNINGS PER SHARE - BASIC AND DILUTED

	Nine Months Ended		Quarter Ended	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	-----Rupees In '000'-----			
Profit for the period after taxation	347,645	145,687	115,235	15,613
	----- No. of Shares '000' -----			
Weighted average number of shares in issue	389,113	389,113	389,113	389,113
	----- Rupee -----			
Earning per share - Basic and diluted	0.89	0.37	0.30	0.04

14 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise related group companies, associate, directors and executives. The Company in the normal course of business carries out transactions with various related parties. Material transactions and balances with related parties are given below:

	Nine Months Ended	
	March 31, 2013	March 31, 2012
	----- Rupees '000'-----	
Employee benefit fund	16,426	13,651

15 CAPACITY - CLINKER (Tons)

	Nine Months Ended		Quarter Ended	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	-----Rupees in '000'-----			
Installed capacity for the period	2,205,000	2,205,000	735,000	735,000
Actual production for the period	1,056,321	886,458	360,848	312,531

The under utilization of capacity was due to maintenance of the plant and downfall in demand of cement.

16 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on 26th April, 2013 by the Board of Directors of the Company.

17 GENERAL

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



Dewan Abdul Rehman Farooqui
Director



Haroon Iqbal
Director

Statement u/s 241(2) of the Companies Ordinance 1984

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