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## Company Information

### BOARD OF DIRECTORS

#### Executive Directors

Dewan Muhammad Yousuf Farooqui  
Syed Muhammad Anwar  
Mr. Haroon Iqbal

Chairman Board of Director  
Chief Executive Officer

#### Non-Executive Directors

Dewan Abdul Baqi Farooqui  
Dewan Abdul Rehman Farooqui  
Mr. Ghazanfar Baber Siddiqui

#### Independent Director

Mr. Aziz-ul-Haque

### AUDIT COMMITTEE MEMBERS

Mr. Aziz-ul-Haque  
Dewan Abdul Rehman Farooqui  
Mr. Haroon Iqbal

Chairman  
Member  
Member

### HUMAN RESOURCE & REMUNERATION COMMITTEE

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

Chairman  
Member  
Member

### CHIEF FINANCIAL OFFICER

Mr. Imran Ahmed Javed

### COMPANY SECRETARY

Mr. Muhammad Hanif German

### AUDITORS

Faruq Ali & Co.  
Chartered Accountants

### COST AUDITORS

Rafaqat Mansha Mohsin Dossani Masoom & Co.  
Chartered Accountants

### LEGAL ADVISOR

Muhammad Azhar Faridi (Advocate)

### SHARES REGISTRAR TRANSFER AGENT

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

### REGISTERED ADDRESS

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

### CORPORATE OFFICE

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

### FACTORY

1. Deh Dhand, Dhabeji  
District, Malir, Karachi.

2. Kamilpur Near Hattar  
District, Haripur, Khyber Pakhtoonkhuwa

### WEBSITE

[www.yousufdewan.com](http://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, 2015.

#### Overview of Cement Industry

The cement industry of Pakistan concluded the nine months of financial year ending March 31, 2015 with a growth of 4.06% with overall volume of 25.78 million tons as compared to 24.78 million tons achieved during the same period last year. The overall sales volume increased by 1 million tons.

The local Sales were 20.34 million tons as compared to 18.76 million tons marking a growth of 8.43%.

The export Sales volume of the industry decreased by 9.58% with a volume drop of 0.58 million tons during the same period last Year.

#### Overview of Your Company

##### Production

	<b>Upto March 2015 (In tons)</b>	<b>Upto March 2014 (In tons)</b>	<b>Variance (% Age)</b>
Clinker	1,214,184	1,013,855	19.76
Cement	1,280,212	1,048,436	22.11

##### Cement Dispatches

	<b>Upto March 2015 (In tons)</b>	<b>Upto March 2014 (In tons)</b>	<b>Variance (% Age)</b>
Local Sales	1,066,117	875,047	21.84
Export Sales	207,419	185,668	11.71
<b>Total</b>	<b>1,273,536</b>	<b>1,060,715</b>	<b>20.06</b>

**Operating Performance**

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

	<b>Upto March 2015 (Rs. '000')</b>	<b>Upto March 2014 (Rs. '000')</b>	<b>Variance (% Age)</b>
Net Sales	8,344,523	6,812,330	22.49
Cost of goods sold	(7,086,005)	(5,984,884)	18.40
Gross Profit	1,258,518	827,446	52.10
Expenses & Taxes	(934,675)	(540,545)	72.91
Net Profit	<u>323,843</u>	<u>286,901</u>	<u>12.88</u>

Increase in the cost of production is due to the increase in production of clinker and cement. Further the increase in electricity tariff by 73% in the off peak hours and 52% in peak hours impacted negatively to the cost.

**Future Outlook**

The demand of cement in domestic market has picked up as the government has allocated substantial funds for Public Sector Development Projects (PSDP) and this will be a key trigger for increase of cement demand in domestic market.

Various African countries are fast-growing export markets for Pakistani cement and today, Pakistani Cement / Clinker is being exported to Sri Lanka, India, Qatar, Sudan, Yemen, Mauritius, Somalia, Tanzania and other countries by sea route. It will not be viable for the units located in the North to compete in the International market due to high inland freight cost. It is expected that the plants in the North region will prefer export to India and Afghanistan by road. The Export of cement through land route to Afghanistan and India is expected to increase.

**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 LORD IS INDEED HEARER OF PRAYER (AL-QURAN)**

For and on behalf of Board of Directors



**Dewan Muhammad Yousuf Farooqui**  
Chairman Board of Directors

Dated: April 23, 2015  
Place: Karachi

## Interim Condensed Balance Sheet - (Un-audited)

As At March 31, 2015

	(Un-audited) March 31, 2015	(Audited) June 30, 2014
<b>ASSETS</b>	Note	
----- Rupees in '000' -----		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	5	20,888,688
Long-term deposits		101,813
Long-term loans		1,697
		<u>20,992,198</u>
<b>CURRENT ASSETS</b>		
Stores and spare parts		717,793
Stock in trade		805,817
Trade debts - Unsecured		601,024
Loans and advances - Unsecured		128,802
Trade deposits and short term payments		145,886
Other receivables - Considered good		114,778
Short term investments		13,783
Taxation - Net		232,877
Cash and bank balances		257,958
		<u>3,018,718</u>
		<u>24,010,916</u>
<b>TOTAL ASSETS</b>		
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorised capital		
500,000,000 (June 30, 2014: 500,000,000)		
Ordinary shares of Rs. 10/- each		5,000,000
		<u>5,000,000</u>
Issued, subscribed and paid-up-capital		3,891,133
Reserves - Net		1,554,329
		<u>5,445,462</u>
<b>SURPLUS ON REVALUATION OF FIXED ASSETS - Net of Tax</b>	6	4,651,275
<b>NON-CURRENT LIABILITIES</b>		
Long-term financing	7	1,036,284
Advances for investment in term finance certificates	8	3,460,000
Long-term deposits and payables		1,201,378
Deferred taxation		2,121,879
		<u>7,819,541</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables		2,105,076
Short-term borrowings		560,875
Mark-up payable	11	1,038,963
Current and overdue portion of long term borrowings	9	2,273,599
Sales tax payable		116,125
		<u>6,094,638</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	10	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>24,010,916</u>

The annexed notes from 1 to 16 form an integral part of these interim condensed financial statements.



**Syed Muhammad Anwar**  
Chief Executive Officer



**Haroon Iqbal**  
Director

DEWAN CEMENT LIMITED

**Interim Condensed Profit And Loss Account - (Un-audited)**  
**For The Period Ended March 31, 2015**

	Nine Months Ended		Quarter Ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	-----Rupees in '000'-----			
Turnover - Net	8,344,523	6,812,330	2,922,617	2,364,404
Cost of sales	(7,086,005)	(5,984,884)	(2,447,829)	(2,089,285)
<b>Gross profit</b>	1,258,518	827,446	474,788	275,119
Distribution cost	(240,104)	(140,067)	(42,350)	(65,995)
Administrative expenses	(444,507)	(357,845)	(204,149)	(145,809)
Other operating expenses	(55,420)	(28,082)	(22,832)	30,115
Other operating income	5,697	12,173	1,351	7,848
<b>Operating profit</b>	524,184	313,625	206,808	101,278
Finance cost	11 (21,218)	(8,951)	(5,760)	(2,516)
<b>Profit before taxation</b>	502,966	304,674	201,048	98,762
Taxation - Net	(179,123)	(17,773)	(79,281)	(3,024)
<b>Profit after taxation</b>	323,843	286,901	121,767	95,738
<b>Other comprehensive income for the period:</b>				
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	120,420	60,427	46,753	20,537
Related deferred tax	(40,261)	(20,635)	(15,214)	(7,016)
	80,159	39,792	31,539	13,521
<b>Total comprehensive income for the period</b>	404,002	326,693	153,306	109,259
<b>Earnings per share - Basic and diluted (Rupees)</b> 12	0.83	0.74	0.31	0.25

The annexed notes from 1 to 16 form an integral part of these interim condensed financial statements.



**Syed Muhammad Anwar**  
Chief Executive Officer



**Haroon Iqbal**  
Director



**Interim Condensed Cash Flow Statement - (Un-audited)**  
**For The Period Ended March 31, 2015**

	March 31, 2015	March 31, 2014
	----- Rupees in '000' -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from operations	1,070,704	623,336
Income tax paid	(152,790)	(121,225)
Long-term loans - net	2,594	(2,867)
Long-term deposits - net	(1,585)	(74,573)
Workers profit participation fund	(28,846)	(61,744)
Long-term deposits and payables - net	(41,603)	(455)
<b>Net cash generated from operating activities</b>	<b>848,474</b>	<b>362,472</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(635,205)	(199,150)
Proceeds from sale of property, plant and equipment	-	937
Short Term Investment	(3,232)	-
<b>Net cash used in investing activities</b>	<b>(638,437)</b>	<b>(198,213)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long-term financing - net	(94,838)	(89,285)
Finance cost paid	(6,963)	(5,582)
<b>Net cash used in financing activities</b>	<b>(101,801)</b>	<b>(94,867)</b>
Net Increase in cash and cash equivalents	108,236	69,392
Cash and cash equivalents at the beginning of the period	149,722	64,067
Cash and cash equivalents at the end of the period	<b>257,958</b>	<b>133,459</b>

The annexed notes from 1 to 16 form an integral part of these interim condensed financial statements.



**Syed Muhammad Anwar**  
Chief Executive Officer



**Haroon Iqbal**  
Director

## Interim Condensed Statement Of Changes In Equity - (Un-audited) For The Period Ended March 31, 2015

Issued, subscribed and paid-up capital	Reserves			Total equity
	Capital	Revenue	Total	
	Merger reserve	(Accumulated loss) / unappropriated profit		

----- Rupees in '000' -----

<b>Balance as at July 01, 2013</b>	3,891,133	629,444	(40,994)	588,450	4,479,583
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	286,901	286,901	286,901
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of Tax	-	-	39,792	39,792	39,792
	-	-	326,693	326,693	326,693
<b>Balance as at March 31, 2014</b>	<u>3,891,133</u>	<u>629,444</u>	<u>285,699</u>	<u>915,143</u>	<u>4,806,276</u>
<b>Balance as at July 01, 2014</b>	3,891,133	629,444	520,883	1,150,327	5,041,460
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	323,843	323,843	323,843
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of Tax	-	-	80,159	80,159	80,159
	-	-	404,002	404,002	404,002
<b>Balance as at March 31, 2015</b>	<u>3,891,133</u>	<u>629,444</u>	<u>924,885</u>	<u>1,554,329</u>	<u>5,445,462</u>

The annexed notes from 1 to 16 form an integral part of these interim condensed financial statements.



**Syed Muhammad Anwar**  
Chief Executive Officer



**Haroon Iqbal**  
Director

**Notes To The Interim Condensed Financial Statements - (Un-audited)  
For The Period Ended March 31, 2015****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 GOING CONCERN ASSUMPTION**

The interim condensed financial statements for the period ended March 31, 2015 reflect Profit after taxation of Rs. 323.843 million (June 2014: 437.442 million) and as of that date its current liabilities exceeded its current assets by Rs.3,075.920 million (June 2014: Rs.3,088.449 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 remain 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. The Company was able to reach at settlement with certain lenders (as disclosed in annual financial statements for the year ended June 30, 2014) and expects that all debt will be restructured in near future. Accordingly, the company has proposed restructuring of its entire debt in the following manner:

- (a) That principal to be repaid in 36 equal quarterly installments starting after grace period of one year;
- (b) That the grace period of one year to commence from the date of restructuring;

- (c) Markup relating to previous as well as for future periods will not be charged, hence will not be paid.

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.

### 3 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, 2014.

### 4 SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

- 4.1 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, 2014.
- 4.2 Significant accounting estimates and judgments are the same as those applied in preparation of annual financial statements for the year ended June 30, 2014.

### 5 PROPERTY, PLANT AND EQUIPMENT

		(Un-audited) March 31, 2015	(Audited) June 30, 2014
		----- Rupees in '000' -----	
Operating assets - Owned	5.1	18,593,430	18,969,408
Assets subject to finance lease		1,103	1,299
Capital work-in-progress	5.2	<u>2,294,155</u>	<u>1,682,949</u>
		<u>20,888,688</u>	<u>20,653,656</u>

DEWAN CEMENT LIMITED

	<b>(Un-audited)</b>	<b>(Audited)</b>	
	<b>March 31,</b>	<b>June 30,</b>	
	<b>2015</b>	<b>2014</b>	
	----- Rupees in '000' -----		
<b>5.1 Operating fixed assets</b>			
Opening book value	18,969,408	17,961,686	
Additions / Revaluation during period/year	5.1.1 23,999	1,444,046	
Disposal during the period / year	-	(1,189)	
Depreciation charged during the period / year	(399,977)	(435,135)	
	<u>18,593,430</u>	<u>18,969,408</u>	

5.1.1 Addition during the period amounting of Rs.23.999 million (June 2014 : Rs.50.814 million).

**5.2 Capital work in progress**

Opening balance	1,682,949	1,484,963
Additions during the period / year	611,206	208,392
	<u>2,294,155</u>	<u>1,693,355</u>
Less: capitalized during the period / year	-	10,406
	<u>2,294,155</u>	<u>1,682,949</u>

**6 SURPLUS ON REVALUATION OF FIXED ASSETS - Net of tax**

Gross surplus	6,588,909	6,709,328
Less: Related deferred tax	1,937,634	1,977,895
	<u>4,651,275</u>	<u>4,731,433</u>

**7 LONG TERM FINANCING**

Principal terms and conditions of outstanding loans have remained the same as disclosed in the financial statements of the Company for the year ended June 30, 2014.

**8 ADVANCES FOR INVESTMENT IN TERM FINANCE CERTIFICATES**

It represents private placement (Pre-IPO) investment of Rs. 3,460 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 as more fully explained in annual financial statements for the year ended June 30, 2014. Till the matter is resolved suitably with investors, management has decided to classify the same as long term liability which is a departure with the requirements of IAS-1 "presentation of financial statements".

## 9 CURRENT AND OVERDUE PORTION OF LONG TERM BORROWINGS

It includes over due portion amounting to Rs.2,023.984 million.

## 10 CONTINGENCIES AND COMMITMENTS

During the period the company has filed Suit in the Hon'able High Court of Sind against FBR against the Order in Original No. 45 & 46/2015 of Sales Tax and Excise Duty amounting to Rs. 1,599.932 million, the company has filed an appeal in the tribunal against the said order. Pending adjudication, the company expects favorable outcome. There has been no other significant change in the status of contingencies and commitments as reported in the annual financial statements for the year ended June 30, 2014.

## 11 FINANCE COST

Company has not made the provision of markup for the period amounting to Rs. 673.957 million (Upto June 30, 2014: Rs.5,471.942 million) keeping in view of the financial restructuring proposed to the lenders as disclosed in note 2. Management is hopeful that the restructuring proposal will be accepted by the lenders. Had the provision been made the profit for the year would have been lower by Rs.673.957 millions and accrued markup would have been higher and shareholders' equity would have been lower by Rs. 6,145.899 million. The said non provisioning is a departure from the requirements of IAS-23 'Borrowing Costs".

## 12 EARNINGS PER SHARE - BASIC AND DILUTED

	Nine Months Ended		Quarter Ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	-----Rupees in '000'-----			
Profit for the period after taxation	323,843	286,901	121,767	95,738
	----- No. of Shares '000' -----			
Weighted average number of shares in issue	389,113	389,113	389,113	389,113
	----- Rupee -----			
Eaminge per share - Basic and diluted	0.83	0.74	0.31	0.25

**13 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:

	March 31, 2015	March 31, 2014
	----- Rupees '000' -----	
Employee benefit fund		
Contribution to staff retirement fund.	24,224	20,406
Transaction with associated companies		
Purchases	18,000	14,927

**14 CAPACITY - CLINKER (Tons)**

	Nine Months Ended		Quarter Ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	-----Rupees in '000' -----			
Installed capacity for the period	<u>2,205,000</u>	<u>2,205,000</u>	<u>735,000</u>	<u>735,000</u>
Actual production for the period	<u>1,214,184</u>	<u>1,013,855</u>	<u>465,500</u>	<u>345,211</u>

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

**15 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements have been authorized for issue on 23rd April, 2015 by the Board of Directors of the Company.

**16 GENERAL**

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



**Syed Muhammad Anwar**  
Chief Executive Officer



**Haroon Iqbal**  
Director