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Company Information

BOARD OF DIRECTORS

Executive Directors

Dewan Muhammad Yousuf Farooqui
Syed Muhammad Anwar
Mr. Haroon Iqbal

Chairman Board of Directors
Chief Executive Officer

Non-Executive Directors

Dewan Abdul Rehman Farooqui
Mr. Ghazanfar Babar Siddiqi
Mr. Ishfaq Ahmad

Independent Director

Mr. Aziz-ul-Haque

AUDIT COMMITTEE MEMBERS

Mr. Aziz-ul-Haque
Dewan Abdul Rehman Farooqui
Mr. Ghazanfar Babar Siddiqi

Chairman
Member
Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Aziz-ul-Haque
Syed Muhammad Anwar
Mr. Ishfaq Ahmad

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, 3rd Floor,
49, Darul Aman Society, Main Shahrah-e-Faisal,
Adjacent to Baloch Colony Bridge, Karachi, Pakistan.

REGISTERED ADDRESS

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

CORPORATE OFFICE

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

FACTORY

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

2. Kamilpur Near Hattar
District, Haripur, Khyber Pakhtoonkhwa

WEBSITE

www.yousufdewan.com

Directors' Report

The Directors are pleased to present un-audited financial results for the quarter ended September 30, 2015.

Overview

The Cement industry marked a growth of 1.43% in dispatches for the quarter Jul - Sep 2015 as compared to the previous one. The increase in the domestic dispatches was 11.12% and the decrease in exports was 27.24%. Total dispatches were 8.27 million metric tons which includes 6.77 million tons domestic and 1.50 million tons exports. Previous financial quarter total dispatches were 8.16 million tons which comprises 6.10 million domestic and 2.06 million tons exports.

Production

	Upto Sept. 2015 (In tons)	Upto Sept. 2014 (In tons)	Variance (% Age)
Clinker	346,339	356,379	(2.82)
Cement	404,444	421,281	(4.00)

Cement Dispatches

	Upto Sept. 2015 (In tons)	Upto Sept. 2014 (In tons)	Variance (% Age)
Local Sales	334,624	295,253	13.33
Export Sales	57,906	129,343	(55.23)
Total	392,530	424,596	(7.55)

Operating Performance

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

DEWAN CEMENT LIMITED

	Upto Sept. 2015 (Rs. '000')	Upto Sept. 2014 (Rs. '000')	Variance (% Age)
Net Sales	2,575,907	2,719,037	(5.26)
Cost of goods sold	(2,082,534)	(2,360,335)	(11.77)
Gross profit	493,373	358,702	37.54
Expenses & Taxes	(327,758)	(291,096)	12.59
Net profit	<u>165,615</u>	<u>67,606</u>	<u>144.97</u>

During the period the overall volume of the company has decreased comparing with the same period last year. As a result the net sales revenue decreased by 5.26%. Despite of decrease in the volume of sales the profitability of the company has increased due to the fact that the efficiency of the plant improved after spending amount on stores and spares and repair and maintenance. Moreover the company strive to improve the quality of its cement which will again contribute positively towards the profitability of the company.

The company has decided to set up a waste heat recovery plant which will help to setoff high production cost as a result of the continuous hike in electricity tariff and interruption in power supply. In this connection the machinery has been finalized and an agreement has been reached.

Future Outlook

Government has allocated substantial funds for Public Sector Development Projects (PSDP), hence the demand of cement in domestic market is expected to increase. Connecting Gawadar to Kashgar, China-Pakistan Economic Corridor* will span 3,000 km and will cost \$46 billion. It will provide Pakistan with transport, telecommunications and energy infrastructure boosting the requirement of cement exponentially. This will generate an increase of cement demand in domestic market for the next financial quarter.

The export sales volume has been on a declining curve for the last few years mainly due to low margin.

The consumption of cement in Sri Lanka, Tanzania and Qatar is rising day by day. The demand in East & South African countries is escalating and thus opening a prospect for Pakistani Cement and Clinker.

Furthermore, the export of cement by sea and road to India is also a growing market. The demand of cement in Afghanistan will also increase through land route.

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



Syed Muhammad Anwar
Chief Executive Officer



Haroon Iqbal
Director

Dated: October 28, 2015
Place: Karachi

DEWAN CEMENT LIMITED

Interim Condensed Balance Sheet-(Un-audited)

As At September 30, 2015

(Un-audited) (Audited)
September 30, June 30,
2015 2015

ASSETS

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

NON-CURRENT ASSETS

Property, plant and equipment	6	21,423,366	21,291,521
Long-term deposits		109,813	108,798
Long-term loans		1,379	1,500
		<u>21,534,558</u>	<u>21,401,819</u>

CURRENT ASSETS

Stores and spare parts		1,019,578	834,095
Stock-in-trade		633,946	765,142
Trade debts - unsecured		699,896	575,669
Loans and advances - unsecured		328,887	286,317
Trade deposits and short-term payments		131,495	91,932
Other receivables - Considered good		120,018	114,757
Short-term investments		23,205	23,620
Taxation - Net		221,889	216,381
Cash and bank balances		117,617	328,880
		<u>3,296,531</u>	<u>3,236,793</u>

TOTAL ASSETS

24,831,089 24,638,612

EQUITY AND LIABILITIES

SHARE CAPITAL AND RESERVES

Authorised capital			
500,000,000 (June 30, 2015: 500,000,000)			
Ordinary shares of Rs. 10/- each		5,000,000	5,000,000

Issued, subscribed and paid-up-capital		4,841,133	4,341,133
Advance against issue of shares capital		-	500,000
Reserves - Net		2,155,378	1,967,321
		<u>6,996,511</u>	<u>6,808,454</u>

SURPLUS ON REVALUATION OF FIXED ASSETS - Net of Tax 7 4,813,860 4,836,301

NON-CURRENT LIABILITIES

Long-term financing	8	1,021,224	1,162,892
Advances for investment in term finance certificates	9	3,460,000	3,460,000
Long-term deposits and payables		1,198,114	1,328,544
Deferred taxation		1,724,965	1,701,998
		<u>7,404,303</u>	<u>7,653,434</u>

CURRENT LIABILITIES

Trade and other payables		1,707,297	1,522,683
Short-term borrowings		560,875	560,875
Mark-up payable	12	1,037,300	1,037,300
Current and overdue portion of long term borrowings	10	2,238,658	2,120,083
Sales tax payable		72,285	99,482
		<u>5,616,415</u>	<u>5,340,423</u>

CONTINGENCIES AND COMMITMENTS 11

TOTAL EQUITY AND LIABILITIES 24,831,089 24,638,612

The annexed notes from 1 to 17 form an integral part of these interim condensed financial statements.



Syed Muhammad Anwar
Chief Executive Officer



Haroon Iqbal
Director

**Interim Condensed Profit And Loss Account-(Un-audited)
For The Quarter Ended September 30, 2015**

	Quarter ended	
	September 30, 2015	September 30, 2014
	Note ----- Rupees in '000' -----	
Turnover - Net	2,575,907	2,719,037
Cost of sales	<u>(2,082,534)</u>	<u>(2,360,335)</u>
Gross profit	493,373	358,702
Distribution cost	(53,444)	(115,404)
Administrative expenses	(186,468)	(111,013)
Other operating expenses	(28,888)	(39,939)
Other operating income	5,474	<u>1,249</u>
Operating profit	230,047	93,595
Finance cost	12 (6,818)	<u>(8,673)</u>
Profit before taxation	223,229	84,922
Taxation - Net	<u>(57,614)</u>	<u>(17,316)</u>
Profit after taxation	165,615	67,606
Other comprehensive Income for the period:		
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	32,692	29,043
Related deferred tax	<u>(10,250)</u>	<u>(9,874)</u>
	22,442	19,169
Total comprehensive income for the period	<u>188,057</u>	<u>86,775</u>
Earnings per share -		
Basic and diluted (Rupees)	13 0.35	<u>0.17</u>

The annexed notes from 1 to 17 form an integral part of these interim condensed financial statements.



Syed Muhammad Anwar
Chief Executive Officer



Haroon Iqbal
Director

DEWAN CEMENT LIMITED

**Interim Condensed Cash Flow Statement - (Un-audited)
For The Quarter Ended September 30, 2015**

	September 30, 2015	September 30, 2014
	----- Rupees in '000' -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash (used in)/ generated from operations	258,698	351,586
Income tax paid	(40,155)	(52,469)
Payment of WPPF	(10,863)	(8,635)
Long-term loans - net	121	2,184
Long-term deposits - net	(1,015)	(2,665)
Finance cost	(6,162)	(3,577)
Long-term deposits and payables - net	(135,291)	19,386
Net cash generated from operating activities	65,333	305,810
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(248,818)	(211,642)
Net cash used in investing activities	(248,818)	(211,642)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term financing - net	(27,778)	(29,762)
Net cash used in financing activities	(27,778)	(29,762)
Net (decrease) / increase in cash and cash equivalents	(211,263)	64,406
Cash and cash equivalents at the beginning of the period	328,880	149,722
Cash and cash equivalents at the end of the period	<u>117,617</u>	<u>214,128</u>

The annexed notes from 1 to 17 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 Quarter Ended September 30, 2015**

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

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

Balance as at July 01, 2014	3,891,133	-	629,444	520,883	1,150,327	5,041,460
Total comprehensive income for the period						
Profit for the period	-	-	-	67,606	67,606	67,606
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - net of Tax	-	-	-	19,169	19,169	19,169
	-	-	-	86,775	86,775	86,775
Balance as at September 30, 2014	<u>3,891,133</u>	<u>-</u>	<u>629,444</u>	<u>607,658</u>	<u>1,237,102</u>	<u>5,128,235</u>
Balance as at July 01, 2015	4,341,133	500,000	629,444	1,337,877	1,967,321	6,808,454
Total comprehensive income for the period						
Profit for the period	-	-	-	165,615	165,615	165,615
Shares issued during the period	500,000	(500,000)	-	-	-	-
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - net of Tax	-	-	-	22,442	22,442	22,442
	500,000	(500,000)	-	188,057	188,057	188,057
Balance as at September 30, 2015	<u>4,841,133</u>	<u>-</u>	<u>629,444</u>	<u>1,525,934</u>	<u>2,155,378</u>	<u>6,996,511</u>

The annexed notes from 1 to 17 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 Quarter Ended September 30, 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 BASIS OF PREPARATION

These 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 statements for the Quarter ended September 30, 2015 reflect as of that date company's current liabilities exceeded its current assets by Rs. 2,319.884 million (June 2015:Rs.2,103.630 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, 2015) and expects that all debt will be restructured in near future. The restructuring of entire debt of the Company is in advanced stage as the term sheet has been finalized and circulated by the coordinating bank to all the lenders for their internal approvals.

The terms and conditions of restructuring will be disclosed upon finalization of restructuring, thereafter the 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, 2015.

5 SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

- 5.1** The accounting policies followed for the preparation of these interim condensed financial statements are the same as those applied in preparing the annual financial statements for the year ended June 30, 2015.
- 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, 2015.

	(Un-audited)	(Audited)
	September 30,	June 30,
	2015	2015
	----- Rupees in '000' -----	
6 PROPERTY, PLANT AND EQUIPMENT		
Operating assets - Owned	6.1 18,553,016	18,668,622
Assets subject to finance lease	986	1,039
Capital work-in-progress	6.2 2,869,364	2,621,860
	<u>21,423,366</u>	<u>21,291,521</u>
6.1 Operating fixed assets		
Opening book value	18,668,622	18,969,408
Additions during the period / year	6.1.1 1,315	231,032
Disposal during the period / year	-	(1,659)
Depreciation charged during the period / year	(116,921)	(530,159)
	<u>18,553,016</u>	<u>18,668,622</u>
6.1.1 Addition / transfer during the period amounting of Rs. 1.315 million (June 2015 : Rs.231.032 million).		

DEWAN CEMENT LIMITED

	(Un-audited) September 30, 2015	(Audited) June 30, 2015
	----- Rupees in '000' -----	
6.2 Capital work in progress		
Opening balance	2,621,860	1,682,949
Additions during the period / year	247,504	1,135,147
	<u>2,869,364</u>	<u>2,818,096</u>
Less: capitalized during the period / year	-	196,236
	<u>2,869,364</u>	<u>2,621,860</u>

7 SURPLUS ON REVALUATION OF FIXED ASSETS - Net of tax

Gross surplus	6,517,765	6,550,456
Less: Related deferred tax	1,703,905	1,714,155
	<u>4,813,860</u>	<u>4,836,301</u>

8 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, 2015.

9 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 Majeure) 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, 2015. 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".

10 CURRENT AND OVERDUE PORTION OF LONG TERM BORROWINGS

It includes over due portion amounting to Rs. 2,035.113 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, 2015.

12 FINANCE COST

Company has not made the provision of markup for the period amounting to Rs. 140.177 million (Upto June 30, 2015: Rs.6,252.940 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 profit for the period would have been higher by Rs. 140.177 millions and accrued markup would have been higher and shareholders' equity would have been lower by Rs. 6,393.057 million. The said non provisioning is a departure from the requirements of IAS-23 'Borrowing Costs'.

13 EARNINGS PER SHARE - BASIC AND DILUTED

	Quarter Ended	
	September 30, 2015	September 30, 2014
	----- Rupees in '000' -----	
Profit for the period after taxation	165,615	67,606
	----- No. of Shares '000' -----	
Weighted average number of shares in issue	475,961	389,113
	----- Rupee -----	
Earning per share - Basic and diluted	0.35	0.17

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:

	Quarter Ended	
	September 30, 2015	September 30, 2014
	----- Rupees '000' -----	
Purchases	-	18,000
Employee benefit fund		
Contribution to staff retirement fund	8,870	7,449

15 CAPACITY - CLINKER (Tons)

	Quarter Ended	
	September 30, 2015	September 30, 2014
	----- Metric Tones -----	
Installed capacity for the period	<u>735,000</u>	<u>735,000</u>
Actual production for the period	<u>346,339</u>	<u>356,379</u>

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 28th October 2015 by the Board of Directors of the Company.

17 GENERAL

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



Syed Muhammad Anwar
Chief Executive Officer



Haroon Iqbal
Director