

Contents

Company Information	2
Directors' Report	3
Auditor's Review Report.....	6
Statement of Financial Position	8
Statement of Profit or Loss	9
Statement of Comprehensive Income.....	10
Statement of Cash Flows.....	11
Statement of Changes in Equity	12
Notes to the Account	13
Directors' Report - Urdu	22

DEWAN CEMENT LIMITED

Company Information

BOARD OF DIRECTORS

Executive Directors

Syed Muhammad Anwar
Mr. Haroon Iqbal

Chief Executive Officer

Non-Executive Directors

Mr. Ishtiaq Ahmad
Mr. Waseem-ul-Haque Ansari
Mr. Ghazanfar Babar Siddiqui
Mr. Muhammad Naeemuddin Malik

Chairman Board of Directors

Independent Director

Mr. Aziz-ul-Haque

AUDIT COMMITTEE MEMBERS

Mr. Aziz-ul-Haque
Mr. Ishtiaq Ahmad
Mr. Ghazanfar Babar Siddiqui

Chairman
Member
Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

Chairman
Member
Member

CHIEF FINANCIAL OFFICER

Mr. Imran Ahmed Javed

COMPANY SECRETARY

Mr. Muhammad Hanif German

AUDITORS

Faruq Ali & 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

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

The Directors are pleased to present un-audited financial results for the half year ended December 31, 2018 duly reviewed by the auditors.

Overview of Cement Industry

The Cement industry posted a growth of 3.93% in dispatches for the half year July 2018 to December 2018 as compared to July 2017 to December 2017. The decrease in the local dispatches was 1.41% and the increase in exports was massive 47.96%. Total dispatches were 23.117 million tons which includes 19.557 million tons local and 3.559 million tons exports. Previous half year total dispatches were 22.242 million tons which comprises 19.835 million tons local and 2.404 million tons exports.

Overview of Your Company

Production

	Upto December 2018 (In tons)	Upto December 2017 (In tons)	Variance (% Age)
Clinker	1,013,681	992,007	2.18
Cement	1,008,845	1,050,866	(3.99)

Dispatches

	Upto December 2018 (In tons)	Upto December 2017 (In tons)	Variance (% Age)
Local Sales-Cement	959,774	1,000,585	(4.07)
Local sales-GGBS	4,050	11,963	(66.14)
Export Sales-Cement	43,674	44,296	(1.40)
Export Sales-Clinker	55,000	--	100
Total	1,062,498	1,056,844	0.53

Operating Performance

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

DEWAN CEMENT LIMITED

	Upto December 2018 (Rs. '000')	Upto December 2017 (Rs. '000')	Variance (% Age)
Net Sales	6,466,207	6,457,726	0.13
Cost of goods sold	(5,331,783)	(5,288,954)	(0.81)
Gross Profit	1,134,424	1,168,772	(2.93)
Expenses & Taxes	(805,902)	(618,572)	30.28
Net Profit	<u>328,522</u>	<u>550,200</u>	<u>(40.29)</u>

With increase in the volume by 0.53%, the Company was able to increase its net revenue by 0.13% from same period last year. Beside increase in revenue, Production cost increased by 0.81%, which was mainly due to increase in international coal price and devaluation of Pak Rupee, resulting in decrease in gross margin by 2.93% from same period last year.

Future Outlook

Economic development continues to grow despite the widening of macroeconomic imbalances. It is a major concern for the near future. China Pakistan Economic Corridor (CPEC), Public Sector Development Projects (PSDP), dams along with million homes / year project as announced by the new government will boost the local cement consumption.

With the addition of new plants, capacity utilization has reached 80%. Excess supply situation may arise if the demand drops. By 2021 production capacity is expected to reach 72 million ton per annum.

Observations in the Auditors' Review Report

The auditors have qualified their report on the following basis, which are duly explained.

Advance for Pre-IPO Investment:

The auditors do not concur with the management assertion regarding the classification of advance for Pre-IPO investment amounting to Rs. 3,110 million as long-term liability.

The management is of the view that since IPO was not closed by the arrangers so TFC's could not be issued. We have offered them revised terms of restructuring and are very much hopeful that it will be closed in near future. It is pertinent to mention here that almost 27% of the loan was restructured and timely payment are being made as committed.

Provision for markup:

The Company has not made provision of markup for the period amounting to Rs. 307.580 million. The management has approached its bankers / financial institutions for restructuring of its long term and short-term obligations. The management is confident that the Company's restructuring proposals will be accepted by the financial institutions / bankers. Therefore, the Company has not made any provision of mark-up.

Going Concern Assumption:

The auditors have added an emphasis of matter paragraph on the company's ability to continue as going concern as more fully explained in note 2 to the condensed interim financial information.

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: February 25, 2019
Place: Karachi

DEWAN CEMENT LIMITED

FARUQ ALI & CO
CHARTERED ACCOUNTANTS

C-88 Ground Floor, KDA Scheme No.1,
Main Kanaz Road Opp. Maritime
Museum, Karachi-75350
E-mail: info@faz.com.pk

Telephone : (021 34301966)
: (021 34301967)
: (021 34301968)
: (021 34301969)
Fax : (021 34301965)

Independent Auditors' Report To The Members On Review Of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Dewan Cement Limited ('the Company') as at 31 December 2018 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended 31 December 2018 and 31 December 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 December 2018.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, 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.

Bases for qualified conclusion

- a) The Company has classified 'advances for investment in term finance certificates' amounting to Rs.3,110 million as long term liability. We do not concur with the management's assertion regarding its classification as long-term liability. In our opinion the entire liability should be classified as current liability as per terms of agreement with the investors.



- b) The Company has not made provision of markup for the period amounting to Rs. 307.580 million (up to 31 December 2018: Rs. 5,002.862 million) (refer note 10) keeping in view of the settlement reached with lenders. Had the provision of markup been made in the condensed interim financial statement, the profit for the period would have been lower by Rs.307.580 million and accrued mark-up would have been higher and shareholders' equity would have been lower by Rs. 5,002,862 million.

Qualified conclusion

Based on our review, except for the matters described in Para (a) and (b) above, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statement is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Emphasis of matter

Without further qualifying our conclusion, we draw attention of the members to note 2 to the condensed interim financial statements which indicates that as of 31 December 2018 the Company's current liabilities exceeded its current assets by Rs.1,338.080 million, a consent decree was obtained majority of the lenders on the terms and conditions stipulated in standstill agreement and certain lenders have gone into litigation for recovery of their liabilities through attachment and sale of the Company's hypothecated / mortgaged properties and some of the lenders have also filed winding up petitions. These conditions, along with other matters as set forth in note 2, indicate the existence of material uncertainty which may cast significant doubt about Company's ability to continue as going concern therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The amounts of current liabilities reported in note 2 do not include the effect of matters discussed in para (a) and (b) above. The going concern assumption used in preparation of these condensed interim financial statements is dependent on settlement of the liabilities as per standstill agreements and pending litigations.

The engagement partner on the review engagement resulting in this independent auditor's review report is Muhammad Faisal Nini.

Dated: February 25, 2019
Place: Karachi

CHARTERED ACCOUNTANTS

Engagement partner: Muhammad Faisal Nini

DEWAN CEMENT LIMITED

Condensed Interim Statement of Financial Position

As At December 31, 2018

(Un-audited) (Audited)
December 31, June 30,
2018 2018

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

ASSETS

NON-CURRENT ASSETS

Property, plant and equipment	6	26,757,979	26,791,269
Long term deposits		127,411	127,411
Long term loans		18,450	17,690
		26,903,840	26,936,370

CURRENT ASSETS

Stores and spare parts	1,575,828	1,515,203
Stock in trade	891,767	828,195
Trade debts - Unsecured	262,470	293,660
Loans and advances - Unsecured	248,008	145,095
Trade deposits and short term payments	44,164	12,866
Other receivables - Considered good	127,597	129,934
Short term investments	331	9,551
Taxation - Net	266,548	277,811
Cash and bank balances	147,630	98,485
	3,564,343	3,310,800
	30,468,183	30,247,170

EQUITY AND LIABILITIES

SHARE CAPITAL AND RESERVES

Authorised Share capital		
500,000,000 (June 2018: 500,000,000) Ordinary shares of Rs. 10/- each	5,000,000	5,000,000
Issued, subscribed and paid-up share capital	4,841,133	4,841,133
Revenue reserve		
Un-appropriated profit	5,930,270	5,493,314
Capital reserves		
Merger reserve	629,444	629,444
Surplus on revaluation of property, plant & equipment	7	6,299,996
	17,700,843	17,265,808

NON-CURRENT LIABILITIES

Long term financing	181,913	241,267
Advances for investment in term finance certificates	3,110,000	3,110,000
Long term deposits and payables	1,313,237	1,224,135
Deferred tax liability - Net	8	3,259,767
	7,864,917	7,685,281

CURRENT LIABILITIES

Trade and other payables	1,389,299	1,748,548
Short term borrowings	579,159	579,159
Mark-up payable	792,661	792,661
Current and overdue portion of non-current liabilities	2,030,270	2,030,270
Dividend payable	12,927	12,927
Unpaid and unclaimed dividend	1,780	1,780
Sales tax payable	96,327	130,736
	4,902,423	5,296,081

CONTINGENCIES AND COMMITMENTS

9	---	---
	30,468,183	30,247,170

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



Syed Muhammad Anwar
Chief Executive Officer



Imran Ahmed Javed
Chief Financial Officer



Haroon Iqbal
Director

Condensed Interim Statement of Profit or Loss - (Un-audited)
For The Half Year Ended December 31, 2018

	Half Year Ended		Quarter Ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Note	-----Rupees in '000'-----			
Turnover - Net	6,466,207	6,457,726	3,548,432	3,470,940
Cost of sales	(5,331,783)	(5,288,954)	(2,880,714)	(2,911,457)
Gross profit	1,134,424	1,168,772	667,718	559,483
Operating expenses				
Distribution cost	(111,004)	(106,127)	(65,128)	(62,801)
Administrative expenses	(217,779)	(294,363)	(111,120)	(186,969)
Other operating expenses	(73,917)	(99,961)	(49,370)	(53,746)
	(402,700)	(500,451)	(225,618)	(303,516)
Operating profit	731,724	668,321	442,100	255,967
Other income	1,188	180,473	506	180,283
Finance cost	10 (19,586)	(29,624)	(6,942)	(21,286)
Profit before taxation	713,326	819,170	435,664	414,964
Taxation - Net	(384,804)	(268,970)	(291,967)	(110,511)
Profit after taxation	328,522	550,200	143,697	304,453
Earnings per share - basic and diluted (Rupees)	11 0.68	1.14	0.30	0.63

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


Syed Muhammad Anwar
 Chief Executive Officer


Imran Ahmed Javed
 Chief Financial Officer


Haroon Iqbal
 Director

DEWAN CEMENT LIMITED

**Condensed Interim Statement of Comprehensive Income - (Un-audited)
For The Half Year Ended December 31, 2018**

	Half Year Ended		Quarter Ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	(Restated)		(Restated)	
	----- Rupees in '000' -----		----- Rupees in '000' -----	
Profit for the period	328,522	550,200	143,697	304,453
Other comprehensive income:				
Effect of change in tax rates on balance of revaluation on property, plant & equipment	106,513	(8,399)	89,283	(11,586)
Total comprehensive income for the period	<u>435,035</u>	<u>541,801</u>	<u>232,980</u>	<u>292,867</u>

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



Syed Muhammad Anwar
Chief Executive Officer



Imran Ahmed Javed
Chief Financial Officer



Haroon Iqbal
Director

Condensed Interim Statement of Cash Flows - (Un-audited)
For The Half Year Ended December 31, 2018

		December 31, 2018	December 31, 2017
	Note	----- Rupees in '000' -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	12	578,524	1,571,137
Payment for:			
Taxes		(117,140)	(23,193)
Workers profit participation fund		(38,522)	—
Finance cost		(11,285)	(2,428)
Net cash generated from operating activities		<u>411,577</u>	<u>1,545,516</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditures		(376,181)	(192,247)
Sale proceeds on sale of short term investment		9,485	—
Net change in long term loans		(760)	(3,177)
Sale proceeds on disposal of operating fixed assets		—	3,602
Dividend received		—	938
Net change in long term deposits		—	(20,560)
Net cash outflows from investing activities		<u>(367,456)</u>	<u>(211,444)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loans		(63,931)	(63,934)
Net change in long term deposits and payables		68,955	(1,233,242)
Net cash inflows / (outflows) from financing activities		<u>5,024</u>	<u>(1,297,176)</u>
Net increase in cash and cash equivalents		<u>49,145</u>	<u>36,896</u>
Cash and cash equivalents at the beginning of the period		98,485	122,722
Cash and cash equivalents at the end of the period		<u>147,630</u>	<u>159,618</u>

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


Syed Muhammad Anwar
Chief Executive Officer


Imran Ahmed Javed
Chief Financial Officer


Haroon Iqbal
Director

DEWAN CEMENT LIMITED

**Condensed Interim Statement of Changes in Equity - (Un-audited)
For The Half Year Ended December 31, 2018**

Issued, subscribed and paid-up capital	Revenue Reserves	Capital reserves			Total equity
	Un- appropriated profit	Merger reserve	Surplus on revaluation of Property, Plant and equipment	Total Capital reserves	

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

Balance as on 1 July 2017 - As restated	4,841,133	4,371,622	629,444	6,538,165	7,167,609	16,380,364
Profit for the period ended 31 December 2017	—	550,200	—	—	—	550,200
Other comprehensive loss - As restated	—	—	—	(8,399)	(8,399)	(8,399)
Total comprehensive income for the period - As restated	—	550,200	—	(8,399)	(8,399)	541,801
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of tax	—	109,725	—	(109,725)	(109,725)	—
Balance as at 31 December 2017 - As restated	4,841,133	5,031,547	629,444	6,420,041	7,049,485	16,922,165
Balance as on 1 July 2018	4,841,133	5,493,314	629,444	6,301,917	6,931,361	17,265,808
Profit for the period ended 31 December 2018	—	328,522	—	—	—	328,522
Other comprehensive income	—	—	—	106,513	106,513	106,513
Total comprehensive income for the period	—	328,522	—	106,513	106,513	435,035
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of tax	—	108,434	—	(108,434)	(108,434)	—
Balance as at 31 December 2018	4,841,133	5,930,270	629,444	6,299,996	6,929,440	17,700,843

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



Syed Muhammad Anwar
Chief Executive Officer



Imran Ahmed Javed
Chief Financial Officer



Haroon Iqbal
Director

Notes To The Condensed Interim Financial Information - (Un-audited) For The Half Year Ended December 31, 2018

1 STATUS AND NATURE OF BUSINESS

Dewan Cement Limited ('the Company / DCL') was incorporated in Pakistan as a public limited company in March, 1980. Its shares are quoted in the Pakistan Stock Exchange. The principal activity of the Company is manufacturing and selling of cement.

The registered office of the Company is situated at 7th Floor, Block A, Finance and Trade Centre, Shahr-e-Faisal, Karachi. The Company has two production facilities at Deh Dhando, Dhabeji Karachi, Sindh and Kamilpur Hattar Industrial Estate, district Khyber Pakhtunkhwa. The Company has regional offices located in Hyderabad, Islamabad and Peshawar.

2 GOING CONCERN ASSUMPTION

The condensed interim financial statements for the period ended 31 December 2018 reflect as of that date the Company's current liabilities exceeded its current assets by Rs.1,338.080 million (30 June 2018: Rs.1,985.281 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 had gone into litigation for repayment of liabilities through attachment and sale of Company's hypothecated / mortgaged properties and certain lenders had also filed winding up petitions as more fully explained in the annual financial statements of the Company for the year ended 30 June 2018. 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 Company is fully committed to discharge its admitted liability in stand still agreements as more fully explained in the annual financial statements of the Company for the year ended 30 June 2018.. Furthermore, the Company has increased its performance over the period of years, its cash flows are positive and expected growth in the economy are positively linked to the Company's growth. Accordingly, these condensed interim financial statements have been prepared on a going concern basis.

3 BASIS OF PREPARATION

3.1 These condensed interim financial statements of the Company for the six months ended 31 December 2018 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions

DEWAN CEMENT LIMITED

of and directives issued under the Companies Act, 2017 differ from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 3.2** These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended 30 June 2018.
- 3.3** The figures included in the condensed interim statement of profit or loss and other comprehensive income account for the quarters ended 31 December 2018 and 2017 and in the notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the half years ended 31 December 2018 and 2017.

4 SIGNIFICANT ACCOUNTING POLICIES

- 4.1** The accounting policies and methods of computation adopted and applied in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2018, except as described below:

4.1.1 New standards, amendments and interpretation to published approved accounting and reporting standards which are effective during the half year ended 31 December 2018

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period which began on 1 July 2018. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these condensed interim financial statements.

In addition to that two new standards (i.e. IFRS 9 and IFRS 15) have become applicable to the Company effective 1 July 2018. Because of these new standards certain changes to the Company's accounting policies have been made in light of the following paragraphs:

- IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.
- IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The changes laid down by these standard do not have any significant impact on these condensed interim financial statements of the Company.

4.1.2 New standards and amendments to published approved accounting and reporting standards that are not yet effective

There is a new standard, certain amendments and an interpretation to the approved accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after 1 July 2019. However, these will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

5 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions.

However, the management believes that the change in outcome of judgements, estimates and assumptions would not have a material impact on the amounts disclosed in these condensed interim financial statements.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements and financial risk management objectives and policies are the same as those applied in the Company's annual audited financial statements for the year ended 30 June 2018.

6 PROPERTY, PLANT AND EQUIPMENT

	(Un-audited) December 31, 2018	(Audited) June 30, 2018
	Note	----- Rupees in '000' -----
Operating fixed assets - At cost		
less accumulated depreciation	6.1 24,637,013	25,032,286
Assets subject to finance lease	479	532
Capital work in progress - At cost	6.2 2,120,487	1,758,451
	<u>26,757,979</u>	<u>26,791,269</u>

DEWAN CEMENT LIMITED

(Un-audited) (Audited)
December 31, June 30,
2018 2018

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

6.1 Operating fixed assets - At cost less accumulated depreciation

Opening carrying value	25,032,286	25,878,729
Additions during the period / year	6.1.1 14,145	32,643
Disposal during the period / year (book value)	—	(12,225)
Depreciation charged during the period / year	(409,418)	(866,861)
Closing carrying value	<u>24,637,013</u>	<u>25,032,286</u>

**6.1.1 Additions and disposals during the period
(Operating fixed assets)**

	December 31, 2018	
	Additions Cost	Disposals Cost
	----- Rupees in '000' -----	
Freehold land	2,125	—
Furniture and fixture	183	—
Office equipment	10,450	—
Computers	400	—
Vehicles	987	—
	<u>14,145</u>	<u>—</u>

(Un-audited) (Audited)
December 31, June 30,
2018 2018

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

6.2 Capital work-in-progress

Opening balance	1,758,451	1,137,839
Additions during the period / year	362,036	620,612
	<u>2,120,487</u>	<u>1,758,451</u>
Capitalized during the period / year	—	—
	<u>2,120,487</u>	<u>1,758,451</u>

7 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Gross surplus	8,393,941	8,541,534
Deferred tax liability	(2,093,945)	(2,239,617)
	<u>6,299,996</u>	<u>6,301,917</u>

(Un-audited) (Audited)
December 31, June 30,
2017 2017
----- Rupees in '000' -----

8 DEFERRED TAX LIABILITY - Net

Deferred taxation comprises temporary difference relating to:

Accelerated tax depreciation	3,243,932	3,345,784
Surplus on revaluation of fixed assets	2,128,802	2,248,256
Provisions and others	23,431	(53,098)
	<u>5,396,165</u>	<u>5,540,942</u>

Effect of reduction in effective tax rate on account of transfer of income of the company being assessed under Final Tax Regime	(466,829)	(389,267)
	<u>4,929,336</u>	<u>5,151,675</u>

Accumulated tax losses and available tax credits	(1,669,569)	(2,041,796)
	<u>3,259,767</u>	<u>3,109,879</u>

9 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 30 June 2018.

10 FINANCE COST

Company has not made the provision of mark-up for the period amounting to Rs.307.580 million (Up to 31 December 2018: Rs.5,002.862 million) keeping in view that the admitted liability will be reduced to the principle amounts on account of settlement of liabilities in accordance with the standstill agreements with lenders executed during the period. Had the provision been made the profit for the period would have been lower by Rs.307.580 million and accrued mark-up would have been higher and shareholders' equity would have been lower by Rs.5,002.862 million. The said non-provisioning is a departure from the requirements of IAS-23 'Borrowing Costs'.

11 EARNING PER SHARE - Basic and diluted

	Half Year Ended		Quarter Ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	----- Rupees in '000' -----			
Profit after taxation	328,522	550,200	143,697	304,453
	----- No. of Shares '000' -----			
Weighted average number of outstanding shares	484,113	484,113	484,113	484,113
	----- Rupees -----			
Earnings per share - basic and diluted	0.68	1.14	0.30	0.63

DEWAN CEMENT LIMITED

12 CASH GENERATED FROM OPERATIONS

CASH FLOWS FROM OPERATING ACTIVITIES

	(Un-audited) December 31, 2018	(Un-audited) December 31, 2017
	----- Rupees in '000' -----	
Profit before taxation	713,326	819,170
Adjustments for non-cash charges and other items:		
Depreciation	409,471	438,707
Workers' Profit Participation Fund	38,310	44,065
Unwinding of discount	4,577	5,242
Workers' Welfare Fund	18,282	18,069
Finance cost	11,285	24,382
Exchange loss	20,147	10,054
Loss on remeasurement of short term investments	2	18,249
Gain on disposal of short term investment	(267)	-
Loss on disposal of operating fixed assets	-	8,624
Liabilities no longer payable written back	-	(178,635)
Dividend income	-	(938)
Cash inflows before working capital changes	1,215,133	1,206,989

Movement in working capital

(increase) / decrease in current assets

Stores and spare parts	(60,625)	(19,920)
Stock in trade	(63,572)	(796)
Trade debts - Unsecured	31,190	5,541
Loans and advances - Unsecured	(102,913)	52,166
Trade deposits & short term prepayments	(31,298)	(29,013)
Other receivables - Considered good	2,337	32,186
	(224,881)	(131,836)

Increase / (decrease) in current liabilities

Trade and other payables	(377,319)	422,079
Sales tax payable	(34,409)	73,905
	(411,728)	495,984

Cash generated from operations	578,524	1,571,137
--------------------------------	---------	-----------

13 TRANSACTIONS WITH RELATED PARTIES

Related parties include subsidiaries, associated entities, directors, the other key management personnel and close family members of directors and other key management personnel. Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these condensed interim financial statements, are as follows:

Employee Provident Fund Trust

Company's and employees contributions during the period	30,600	28,371
---	--------	--------

14 CAPACITY - CLINKER (Tons)

	Half Year Ended		Quarter Ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	----- Metric Tones -----			
Installed capacity for the period	1,470,000	1,470,000	735,000	735,000
Actual production for the period	1,013,681	992,007	559,294	467,764

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

15 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 "Interim Financial Reporting", condensed interim statement of financial position has been compared with the balances of annual financial statements, whereas condensed interim statement of profit or loss, statement of comprehensive income, statement of cash flows and statement of changes in equity have been compared with the balances of comparable period of immediately preceding financial year.

Consequent to the introduction of changes in accounting and reporting standards applicable to the listed companies through Companies Act, 2017, the Company's accounting policy of the revaluation surplus on property, plant and equipment have been changed and applied retrospectively to comply with the accounting and reporting standards applicable to the Company.

Accordingly, the comparative figures of the condensed interim statement of profit or loss, other comprehensive income and equity have been restated, as more fully explained in note 4.16 of the annual financial statement for the year ended 30 June 2018.

16 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements was authorized for issue on **February 25, 2019** in accordance with the resolution of 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



Imran Ahmed Javed
Chief Financial Officer



Haroon Iqbal
Director

عملی کارکردگی:

موجودہ ششماہی کیلئے کمپنی کے عملی نتائج اور گزشتہ سال اسی مدت کی تفصیلات درج ذیل ہیں:

دسمبر 2018 تک	دسمبر 2017 تک	تغیر
(روپے '000)	(روپے '000)	(فیصد)
6,466,207	6,457,726	0.13
(5,331,783)	(5,288,954)	(0.81)
1,134,424	1,168,772	(2.93)
(805,902)	(618,572)	30.28
328,522	550,200	(40.29)

کمپنی نے مجموعی حجم میں 0.53 فیصد کے اضافے کے ساتھ گزشتہ سال اسی مدت میں اپنی خالص آمدنی میں 0.81% کا اضافہ کیا ہے۔ آمدنی میں اضافے کے ساتھ پیداواری قیمت میں 0.81% اضافہ دیکھا گیا ہے، جس کی بڑی وجہ عالمی طور پر کونکے کی قیمتوں میں اضافہ اور پاکستانی روپیہ کی قدر میں کمی ہے، جس کے نتیجے میں گزشتہ سال اسی مدت سے مجموعی منافع میں 2.93% کی آئی۔

مستقبل کا نظریہ:

میکرو اکنامک میں عدم توازن کے باوجود اقتصادی ترقی جاری ہے۔ مستقبل قریب کیلئے یہ ایک اہم مسئلہ ہے۔ چائنا پاکستان اقتصادی راہداری (CPEC)، پبلک سیکٹر ڈیولپمنٹ پروڈیکٹس (PSDP)، نئی حکومت کی طرف سے اعلان کردہ ڈیز پمپنگ لاکھوں گھنٹہ سالانہ منصوبوں سے مقامی سینٹ کی کھیت کو فروغ ملے گا۔

نئے پلانٹس کے اضافہ کے ساتھ 80% گنجائش کے تحت استعمال میں زبردست اضافہ ہوا ہے۔ اگر طلب کم ہو جائے تو اضافی فراہمی کی صورت حال پیدا ہو سکتی ہے۔ سال 2021 تک پیداواری صلاحیت 72MTP تک پہنچنے کی امید ہے۔

آڈیٹرز رپورٹ کا جائزہ:

آڈیٹرز نے درج ذیل بنیاد پر اپنی رپورٹ مکمل کی ہے جس کی وضاحت کر دی گئی ہے۔

پری آئی بی اوائلیسٹ کے لئے ایڈوائس:

آڈیٹرز انتظامیہ کے ساتھ پری آئی بی اوائلیسٹ کیلئے ایڈوائس کی درجہ بندی ملٹن 3,110 ملین روپے بطور طویل مدتی قرضہ جات پر متفق نہیں ہیں۔

انتظامیہ کی رائے کے مطابق آئی بی اوائلیسٹ نے بند نہیں کیا تھا لہذا ایف سی جاری نہیں کی جاسکی۔ ہم نے انہیں دوبارہ ترمیم کیلئے نظر ثانی کی پیشکش کی تھی اور پوری امید ہے کہ یہ مستقبل قریب میں حل ہو جائے گا۔ یہاں یہ بھی تحریر کرنا ضروری ہے کہ تقریباً 27% قرضہ جات پر نظر ثانی کی جا چکی ہے۔

ڈائریکٹرز رپورٹ

ڈائریکٹرز 31 دسمبر 2018ء کو ختم ہونے والی ششماہی کیلئے غیر آڈٹ شدہ مالیاتی نتائج پیش کر رہے ہیں۔

چائزہ:

جولائی 2018ء سے دسمبر 2018ء کی ششماہی میں سینٹ انڈسٹری کی فروخت میں 3.93 فیصد کا اضافہ دیکھا گیا ہے، جس کا موازنہ جولائی 2017ء تا دسمبر 2017ء سے کیا جاسکتا ہے۔ مقامی فروخت میں 1.41 فیصد کمی ہوئی اور برآمدات میں وسیع پیمانے پر 47.96 فیصد کا اضافہ ہوا۔ کل فروخت 23.116 ملین ٹن جس میں 19.557 ملین ٹن مقامی اور 3.559 ملین ٹن کی برآمدات شامل تھیں۔ گزشتہ مالیاتی ششماہی میں فروخت 22.239 ملین ٹن جس میں 19.835 ملین ٹن مقامی اور 2.404 ملین ٹن کی برآمدات شامل تھی۔

پیداوار:

دسمبر 2018ء تک	دسمبر 2017ء تک	تغیر
(ٹن میں)	(ٹن میں)	(فیصد)
1,013,681	992,007	2.18
1,008,845	1,050,866	(3.99)
کلنر		
سینٹ		

ترسیلات:

دسمبر 2018ء تک	دسمبر 2017ء تک	تغیر
(ٹن میں)	(ٹن میں)	(فیصد)
959,774	1,000,585	(4.07)
4,050	11,963	(66.14)
43,674	44,296	(1.40)
55,000	--	100
1,062,498	1,056,844	0.53
مقامی ترسیلات - سینٹ		
مقامی ترسیلات - GGBS		
برآمداتی ترسیلات - سینٹ		
برآمداتی ترسیلات - کلنر		
ٹول		