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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 Baqar Jafferri

Chairman Board of Directors

Independent Director

Mr. Aziz-ul-Haque

AUDIT COMMITTEE MEMBERS

Mr. Aziz-ul-Haque
Mr. Ishtiaq Ahmad
Mr. Ghazanfar Baber Siddiqi

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

Dewan Centre, 3-A, Lalazar, Beach Hotel Road,
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 Pakhtoonkhuwa.

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, 2019 duly reviewed by the auditors.

Overview of Cement Industry

The demand is gradually increasing, signifying on the whole an upward trend of 6.51%. Local sales increased by 3.54% and the exports improved by 22.91%. Local sales gained from 19.67 to 20.37 million tons and exports expanded from 3.56 to 4.38 million tons.

Overview of Your Company

Production

	Upto December 2019 (In tons)	Upto December 2018 (In tons)	Variance (% Age)
Clinker	694,429	1,013,681	(31.49)
Cement	696,385	1,008,845	(30.97)

Dispatches

	Upto December 2019 (In tons)	Upto December 2018 (In tons)	Variance (% Age)
Local Sales-Cement	675,655	959,774	(29.50)
Local Sales-GGBS	723	4,050	(82.15)
Export Sales-Cement	15,089	43,674	(65.45)
Export Sales-Clinker	25,000	55,000	(54.55)
Total	716,467	1,062,498	(32.57)

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 2019 (Rs. '000')	Upto December 2018 (Rs. '000')	Variance (% Age)
Net Sales	4,040,196	6,420,224	(37.07)
Cost of goods sold	(3,838,185)	(5,331,783)	28.01
Gross Profit	202,011	1,088,441	(81.44)
Expenses & Taxes	(374,760)	(759,919)	50.68
Net Profit	<u>(172,749)</u>	<u>328,522</u>	<u>(152.58)</u>

Overall sales volume and net sales decreased by 32.57 % and 37.07 % comparing with the same period last year, which was mainly due to decrease in retention and high competition in the market.

The profitability of the Company has reduced due to increase in cost of production resultant decrease in margin. Moreover, the company strive to improve the quality of its cement which would contribute positively towards the profitability of the company in future.

Future Outlook

GDP growth is expected to go down in future from 3.3% to 2.4%. Cement demand may steadily rise in short and medium term owing to dams and million homes/year project.

Addition of production capacities have impacted the prices and will continue to do so. Economic indicators remain subdued and may impact profits.

Exports will climb and local dispatches may grow step by step.

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. 393.57 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 24, 2020
Place: Karachi



C-88 Ground Floor, KDA Scheme No.1,
Main Karsaz Road Opp. Maritime
Museum, Karachi-75350
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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 2019, 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 condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with approved 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 2019 and 31 December 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 December 2019.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the condensed 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.

Basis 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. 393.565 million (up to 31 December 2019: Rs. 5,875.978 million) (refer note 10) keeping in view of the settlement reached with lenders. In our opinion, since the Company admitted the liability in the standstill agreements executed with the lenders during the year and for which consent decrees were obtained, the provision of markup should have been made in these financial statements. Had the provision of markup been made in the condensed interim financial statement, the profit for the period would have been lower by Rs.393.565 million and accrued mark-up would have been higher and shareholders' equity would have been lower by Rs. 5,875.978 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 are not prepared, in all material respects, in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

Without further qualifying our conclusion, we draw attention of the members to note 2 to the financial statements which indicates loss after taxation of Rs.172.749 million, and as of that date its current liabilities exceeded its current assets by Rs.2,586.064 million, a consent decree was obtained by the 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 realise its assets and discharge its liabilities in the normal course of business. The amounts of current liabilities reported in said note do not include the effect of matters discussed in basis for qualified conclusion.

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

Dated: February 24, 2020
Place: Karachi



CHARTERED ACCOUNTANTS

Engagement partner: Muhammad Faisal Nini

DEWAN CEMENT LIMITED

Condensed Interim Statement of Financial Position

As At December 31, 2019

(Un-audited) (Audited)
December 31, June 30,
2019 2019

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

ASSETS

NON-CURRENT ASSETS

Property, plant and equipment	6	26,959,429	26,865,212
Long term deposits		128,631	128,256
Long term loans		10,811	12,147
		<u>27,098,871</u>	<u>27,005,615</u>

CURRENT ASSETS

Stores and spare parts		1,274,690	1,322,484
Stock in trade		377,993	471,698
Trade debts - Unsecured		379,876	313,952
Loans and advances - Unsecured, considered good		196,755	170,093
Trade deposits and short term prepayments		39,221	13,183
Other receivables - Considered good		108,578	121,986
Short term investments		301	291
Taxation - Net		350,911	404,856
Cash and bank balances		77,749	71,018
		<u>2,806,074</u>	<u>2,889,561</u>
		<u>29,904,945</u>	<u>29,895,176</u>

EQUITY AND LIABILITIES

SHARE CAPITAL AND RESERVES

Authorised Share capital			
850,000,000 (June 2019: 850,000,000) Ordinary shares of Rs. 10/- each		<u>8,500,000</u>	<u>8,500,000</u>
Issued, subscribed and paid-up share capital		4,841,133	4,841,133
Revenue reserve			
Un-appropriated profit		5,348,817	5,413,615
Capital reserves			
Merger reserve		629,444	629,444
Surplus on revaluation of property, plant & equipment	7	6,023,110	6,132,920
		<u>16,842,504</u>	<u>17,017,112</u>

NON-CURRENT LIABILITIES

Long term financing		68,891	122,207
Advances for investment in term finance certificates		3,110,000	3,110,000
Long term deposits and payables		905,955	946,553
Deferred tax liability - Net	8	3,585,457	3,571,394
		<u>7,670,303</u>	<u>7,750,154</u>

CURRENT LIABILITIES

Trade and other payables		1,700,814	1,563,824
Short term borrowings		579,159	579,159
Mark-up payable		792,661	792,661
Current and overdue portion of non-current liabilities		2,023,516	2,030,270
Dividend payable		12,927	12,927
Unpaid and unclaimed dividend		1,780	1,780
Sales tax payable		281,281	147,289
		<u>5,392,138</u>	<u>5,127,910</u>

CONTINGENCIES AND COMMITMENTS

	9	--	--
		<u>29,904,945</u>	<u>29,895,176</u>

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



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, 2019

	Half Year Ended		Quarter Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Notes -----Rupees in '000' -----				
Turnover - Net	4,040,196	6,420,224	2,245,370	3,502,449
Cost of sales	(3,838,185)	(5,331,783)	(2,132,525)	(2,880,714)
Gross profit	202,011	1,088,441	112,845	621,735
Operating expenses				
Distribution cost	(70,362)	(65,021)	(41,602)	(19,145)
Administrative expenses	(239,559)	(217,779)	(91,975)	(111,120)
Other operating expenses	(900)	(73,917)	1,434	(49,370)
	(310,821)	(356,717)	(132,143)	(179,635)
Operating (loss) / profit	(108,810)	731,724	(19,298)	442,100
Other income	15,769	1,188	1,442	506
Finance cost	10 (7,399)	(19,586)	(2,527)	(6,942)
(Loss) / profit before taxation	(100,440)	713,326	(20,383)	435,664
Taxation - Net	(72,309)	(384,804)	(89,432)	(291,967)
(Loss) / profit after taxation	(172,749)	328,522	(109,815)	143,697
(Loss) / earnings per share - Basic and diluted (Rupee)	11 (0.36)	0.68	(0.23)	0.30

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



Syed Muhammad Anwar
Chief Executive Officer



Imran Ahmed Javed
Chief Financial Officer



Haroon Iqbal
Director

**Condensed Interim Statement of Comprehensive Income - (Un-audited)
For The Half Year Ended December 31, 2019**

	Half Year Ended		Quarter Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	----- Rupees in '000' -----		----- Rupees in '000' -----	
(Loss) / profit for the period	(172,749)	328,522	(109,815)	143,697
Other comprehensive income:				
Items that will not be subsequently reclassified to profit or loss:				
Effect of change in tax rates on balance of revaluation on property, plant and equipment	(1,859)	106,513	(1,859)	89,283
Total comprehensive (loss) / income for the period	<u>(174,608)</u>	<u>435,035</u>	<u>(111,674)</u>	<u>232,980</u>

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



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, 2019

		December 31, 2019	December 31, 2018
	Notes	----- Rupees in '000' -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	12	529,243	578,524
Payment for:			
Taxes		(6,160)	(117,140)
Workers' Profit Participation Fund		--	(38,522)
Finance cost		(3,535)	(11,285)
Net cash inflows from operating activities		<u>519,548</u>	<u>411,577</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditures		(426,281)	(376,181)
Sale proceeds on disposal of operating fixed assets		565	9,485
Net change in long term loans		1,336	(760)
Net change in long term deposits		(375)	--
Net cash outflows from investing activities		<u>(424,755)</u>	<u>(367,456)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loans		(63,934)	(63,931)
Net change in long term deposits and payables		(24,128)	68,955
Net cash (outflows) / inflows from financing activities		<u>(88,062)</u>	<u>5,024</u>
Net increase in cash and cash equivalents		6,731	49,145
Cash and cash equivalents at the beginning of the period		71,018	98,485
Cash and cash equivalents at the end of the period		<u><u>77,749</u></u>	<u><u>147,630</u></u>

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



Syed Muhammad Anwar
Chief Executive Officer



Imran Ahmed Javed
Chief Financial Officer



Haroon Iqbal
Director

Condensed Interim Statement of Changes in Equity - (Un-audited)
For The Half Year Ended December 31, 2019

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

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

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 - Unaudited	4,841,133	5,930,270	629,444	6,299,996	6,929,440	17,700,843
Balance as at 1 July 2019	4,841,133	5,413,615	629,444	6,132,920	6,762,364	17,017,112
Loss for the period ended 31 December 2019	-	(172,749)	-	-	-	(172,749)
Other comprehensive loss	-	-	-	(1,859)	(1,859)	(1,859)
Total comprehensive loss for the period	-	(172,749)	-	(1,859)	(1,859)	(174,608)
Incremental depreciation transfer from surplus on revaluation of property, plant and equipment - Net of tax	-	107,951	-	(107,951)	(107,951)	-
Balance as at 31 December 2019 - Unaudited	4,841,133	5,348,817	629,444	6,023,110	6,652,554	16,842,504

The annexed notes form an integral part of these 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, 2019

1 THE COMPANY AND ITS OPERATIONS

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 Dewan Centre, 3-A, Lalazar, Beach Hotel Road, Karachi, Pakistan. The Company has two production facilities at Deh Dhando, Dhabeji Karachi, Sindh and Kamilpur Hattar Industrial Estate, district Khyber Pakhtunkhwa. The Company has regional office located in Islamabad.

2 GOING CONCERN ASSUMPTION

The condensed interim financial statements for the period ended 31 December 2019 reflects loss after taxation of Rs.172.749 million (June 2019: Rs. Rs.275.304 million), and as of that date its current liabilities exceeded its current assets by Rs.2,586.064 million (June 2019: Rs.2,238.349 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 2019. 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 2019. 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 half year ended 31 December 2019 have been prepared in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as 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 the provisions of and directives issued under the Companies Act, 2017 differ with 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 2019.
- 3.3 The figures included in the condensed interim statement of profit or loss and other comprehensive income for the quarters ended 31 December 2019 and 2018 and 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 2019 and 2018.

4 SIGNIFICANT ACCOUNTING POLICIES

- 4.1 The accounting policies and methods of computation adopted in the preparation of these condensed interim financial information are consistent with those applied in the preparation of annual audited financial statements of the Company for the year ended 30 June 2019 except those that stated in note 4.2 (a) below.
- 4.2 **Change in accounting standards, Interpretations and amendments to published accounting and reporting standards**
 - a) Standards and amendments to published accounting and reporting standards which were effective during the half year ended 31 December 2019

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17: Leases. As the distinction between operating and finance lease is eliminated, it has resulted in leases being recognised on the statement of financial position except for short-term and low-value leases. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised.

However, the application of IFRS 16 does not have any material impact on the Company's books of account.

The amendments that were mandatory for the half year ended 31 December 2019 are considered not to be relevant for the Company's financial reporting process and hence have not been disclosed here.

b) Standards and amendments to approved accounting and reporting standards that are not yet effective

There is a new standard and certain amendments and interpretation to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after 01 July 2020. However, these standard, amendments and interpretation 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.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied in the Company's annual audited financial statements for the year ended 30 June 2019.

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's annual audited financial statements for the year ended 30 June 2019.

		(Un-audited) December 31, 2019	(Audited) June 30, 2019
	Notes	----- Rupees in '000' -----	
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - At cost			
less accumulated depreciation	6.1	24,939,524	25,268,498
Assets subject to finance lease		383	426
Capital work in progress - At cost	6.2	2,019,522	1,596,288
		<u>26,959,429</u>	<u>26,865,212</u>

6.1 Operating fixed assets - At cost less accumulated depreciation

Opening carrying value		25,268,498	25,032,286
Additions during the period / year	6.1.1	3,047	1,004,520
Disposal during the period / year (book value)		(111)	(340)
Depreciation charged during the period / year		(331,910)	(767,968)
Closing carrying value		<u>24,939,524</u>	<u>25,268,498</u>

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

	December 31, 2019	
	Additions Cost	Disposals Cost
	----- Rupees in '000' -----	
Office equipment	626	--
Computers	--	39
Vehicles	2,421	1,242
	<u>3,047</u>	<u>1,281</u>
	(Un-audited) December 31, 2019	(Audited) June 30, 2019
	----- Rupees in '000' -----	

6.2 Capital work-in-progress

Opening balance	1,596,288	1,758,451
Additions during the period / year	423,234	825,408
	<u>2,019,522</u>	<u>2,583,859</u>
Capitalized during the period / year	--	(987,571)
	<u>2,019,522</u>	<u>1,596,288</u>

7 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Gross surplus	8,117,118	8,268,126
Related deferred tax liability	(2,094,008)	(2,135,206)
	<u>6,023,110</u>	<u>6,132,920</u>

8 DEFERRED TAX LIABILITY - Net

Deferred taxation comprises temporary difference relating to:

Accelerated tax depreciation	3,591,748	3,609,491
Surplus on revaluation of fixed assets	2,207,690	2,250,747
Provisions and others	(60,705)	(65,468)
	<u>5,738,733</u>	<u>5,794,770</u>
Effect of reduction in effective tax rate on account of transfer of income of the company being assessed under Final Tax Regime	(295,507)	(297,472)
	<u>5,443,226</u>	<u>5,497,298</u>
Accumulated tax losses and available tax credits	(1,857,769)	(1,925,904)
	<u>3,585,457</u>	<u>3,571,394</u>

9 CONTINGENCIES AND COMMITMENTS

There are no significant change in the status of contingencies and commitments as reported in note 26 to the annual audited financial statements of the Company for the year ended 30 June 2019.

10 FINANCE COST

Company has not made the provision of mark-up for the period amounting to Rs.393.565 million (Up to 31 December 2019: Rs.5,875.978 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.393.565 million and accrued mark-up would have been higher and shareholders' equity would have been lower by Rs.5,875.978 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, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	-----Rupees in '000'-----			
(Loss) / Profit after taxation	(172,749)	328,522	(109,815)	143,697
	----- No. of Shares '000' -----			
Weighted average number of outstanding shares	484,113	484,113	484,113	484,113
	----- Rupee -----			
(Loss) / Earnings per share - basic and diluted	(0.36)	0.68	(0.23)	0.30

12 CASH GENERATED FROM OPERATIONS

	(Un-audited) December 31, 2019	(Un-audited) December 31, 2018
	----- Rupees in '000' -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(100,440)	713,326
Adjustments for non-cash charges & other items:		
Depreciation	331,953	409,471
Workers' Profit Participation Fund	--	38,310
Interest on Workers' Profit Participation Fund	1,196	3,724
Unwinding of discount	3,864	4,577
Workers' Welfare Fund	--	18,282
Finance cost	3,535	7,561
Exchange (gain) / loss	(16,470)	20,147
Loss on remeasurement of short term investments	--	2
Gain on disposal of short term investment	(10)	(267)
Gain on disposal of operating fixed assets	(454)	--
Cash inflows before working capital changes	223,174	1,215,133

DEWAN CEMENT LIMITED

	(Un-audited) December 31, 2019	(Un-audited) December 31, 2018
	----- Rupees in '000' -----	
Movement in working capital		
Decrease / (increase) in current assets		
Stores and spare parts	47,794	(60,625)
Stock in trade	93,705	(63,572)
Trade debts - Unsecured	(65,924)	31,190
Loans and advances - Unsecured	(26,662)	(102,913)
Trade deposits & short term prepayments	(26,038)	(31,298)
Other receivables - Considered good	13,408	2,337
	36,283	(224,881)
Increase / (decrease) in current liabilities		
Trade and other payables	135,794	(377,319)
Sales tax payable	133,992	(34,409)
	269,786	(411,728)
Cash generated from operations	529,243	578,524

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	30,028	30,600
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14 CAPACITY - CLINKER (Tons)

	Half Year Ended		Quarter Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	----- Metric Tons -----			
Installed capacity for the period	1,470,000	1,470,000	735,000	735,000
Actual production for the period	694,429	1,013,681	379,170	559,294

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.

16 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements was authorized for issue on **February 24, 2020** 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



Imran Ahmed Javed
Chief Financial Officer



Haroon Iqbal
Director

اظہار تشکر:

بورڈ آف ڈائریکٹرز اپنے محترم صارفین، وفاقی اور صوبائی حکومت میں کام کرنے والوں، ڈیلرز اور کینی کے ملازمین کا ان کی جانب سے مستقل تعاون اور سپورٹ پر شکر یہ ادا کرنا چاہتے ہیں۔

ہم آخر میں اللہ تعالیٰ رحمن و رحیم سے دعا کرتے ہیں اور حضرت محمد ﷺ سے فضل و کرم کی دعا مانگتے ہیں کہ ہماری کمپنی، ہمارے ملک کو ترقی و طاقت عطا کرے، ہم اللہ تعالیٰ سے یہ بھی دعا کرتے ہیں کہ وہ تمام مسلم ائمہ کے مابین صحیح اسلامی جذبہ، اخوت اور بھائی چارگی پیدا کرے۔ آمین
شمہ آمین۔

میرا پروردگار یقیناً ہماری دعاؤں کو سنتا ہے۔ (قرآن کریم)
بورڈ آف ڈائریکٹرز کی جانب سے



بارون اقبال
ڈائریکٹر



سید محمد انوار
چیف ایگزیکٹو آفیسر

کراچی،

مورخہ: 24 فروری 2020ء

فروخت کے حجم اور کل فروخت میں مجموعی طور پر 32.57 فیصد اور 37.07 فیصد کی کمی ہوئی جس کا موازنہ گزشتہ سال کی اسی مدت سے کیا جاسکتا ہے جس کی بنیادی وجہ مارکیٹ میں سخت مقابلہ تھا۔

پیداواری لاگت میں اضافے کے باعث کمپنی کے منافع میں کمی واقع ہوئی ہے جس کے نتیجے میں مارجن کم ہوا ہے۔ مزید یہ کہ کمپنی اپنے سیمینٹ کے معیار کو بہتر بنانے کیلئے کوشاں ہے جو کہ مستقبل میں کمپنی کے منافع بخش حصول میں مثبت کردار ادا کرے گا۔

مستقبل کا نظریہ:

توقع ہے کہ مستقبل میں GDP کی شرح نمو 3.3 فیصد سے کم ہو کر 2.4 فیصد ہو جائے گی۔ ڈیز اور لاکھوں گھروں/سالانہ منصوبہ کے باعث سیمینٹ کی طلب مختصر اور درمیانی مدت میں مستقل طور پر بڑھ سکتی ہے۔

پیداواری صلاحیتوں میں جاری اضافے نے قیمتوں کو متاثر کیا ہے۔ معاشی صورتحال کے باعث منافع بھی متاثر ہو سکتا ہے۔

برآمدات میں اضافہ ہوگا اور مقامی ترسیلات میں بھی قدم بدم اضافہ ہوگا۔

آڈیٹرز کی جائزہ رپورٹ کا مشاہدہ:

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

پری آئی بی او انویسٹمنٹ کے لئے ایڈوائس:

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

انتظامیہ کی رائے کے مطابق آئی بی او تنظیم 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 جاسکتی ہے۔

مارک اپ کیلئے قواعد:

کمپنی اس مدت کیلئے مارک اپ مبلغ 393.57 ملین روپے کا حساب درج نہیں کیا۔ انتظامیہ نے طویل مدتی اور قلیل مدتی قرضہ جات کے سلسلے میں اپنے بینکرز/مالیاتی اداروں سے رابطہ قائم کیا ہے اور انتظامیہ کو یقین ہے کہ کمپنی کی یہ تجاویز جو کہ انتظامیہ نے دی ہے اسے مالیاتی ادارے/بینکرز منظور کر لیں گے۔ لہذا کمپنی نے مارک اپ درج نہیں کیا ہے کیونکہ مارک اپ کی ادائیگی نہیں کی جائے گی۔

مفروضہ سے متعلق امور:

آڈیٹرز نے کمپنی کی کاروباری صلاحیت کے متعلق تشویش پر بیرونی گراف کا اضافہ کیا ہے جیسا کہ نوٹ 2 میں عبوری مالیاتی حسابات کو مکمل طور پر بیان کیا گیا ہے۔

ڈائریکٹرز رپورٹ

ڈائریکٹرز 31 دسمبر 2019ء کو ختم ہونے والی ششماہی کیلئے آڈیٹرز کی جانب سے نظر ثانی شدہ غیر آڈٹ شدہ مالیاتی حسابات پیش کر رہے ہیں۔

جائزہ:

طلب میں بتدریج اضافہ ہو رہا ہے جو 6.51 فیصد اضافے کے رجحان کی نشاندہی کرتا ہے۔ مقامی فروخت میں 3.54 فیصد اور برآمدات میں 22.91 فیصد اضافہ ہوا۔ مقامی فروخت 19.67 سے 20.37 ملین ٹن ہو گئیں اور برآمدات 3.56 سے بڑھ کر 4.38 ملین ٹن ہو گئیں۔

پیداوار:

متغیر	دسمبر 2018ء تک	دسمبر 2019ء تک	
(فیصد)	(ٹن میں)	(ٹن میں)	
(31.49)	1,013,681	694,429	کلنکر
(30.97)	1,008,845	696,385	سینٹ

ترسیلات:

متغیر	دسمبر 2018ء تک	دسمبر 2019ء تک	
(فیصد)	(ٹن میں)	(ٹن میں)	
(29.50)	959,774	675,655	مقامی ترسیلات - سینٹ
(82.15)	4,050	723	مقامی ترسیلات - GGBS
(65.45)	43,674	15,089	برآمداتی ترسیلات - سینٹ
(54.55)	55,000	25,000	برآمداتی ترسیلات - کلنکر
(32.57)	1,062,498	716,467	ٹوٹل

عملی کارکردگی:

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

متغیر	دسمبر 2018ء تک	دسمبر 2019ء تک	
(فیصد)	(روپے '000)	(روپے '000)	
(37.07)	6,420,224	4,040,196	صافی فروخت
28.01	(5,331,783)	(3,838,185)	فروخت کردہ مال کی قیمت
(8 1.44)	1,088,441	202,011	خام منافع
59.09	(759,919)	(310,821)	اخراجات اور ٹیکسز
(152.58)	328,522	(172,749)	بعد از ٹیکس صافی منافع / (نقصان)