



**Half Yearly Report
December 31,
2021**

DANDOT CEMENT COMPANY LIMITED

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COMPANY INFORMATION

Board of Directors (BOD)

Taha Muhammad Naseem	Chief Executive
Muhammad Farooq Naseem	Chairman of BOD
Mrs. Roohi Farooq Naseem	
Zaka Muhammad Naseem	
Hamid Mahmood	
Murtaza Yousuf Mandviwala	
Shafqaat Ahmed	

Audit Committee

Shafqaat Ahmed	Member / Chairman / Secretary
Muhammad Farooq Naseem	Member
Hamid Mahmood	Member

Human Resources & Remuneration Committee

Murtaza Yousuf Mandviwala	Member / Chairman
Muhammad Farooq Naseem	Member
Taha Muhammad Naseem	Member

Chief Financial Officer

Muhammad Kamran

Statutory Auditors

Amin, Mudassar & Co.
Chartered Accountants, Lahore.

Company Secretary

Muhammad Kamran

Legal Advisor

International Legal Services

Bankers

Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
BankIslami Pakistan Limited
Habib Bank Limited
JS Bank Limited
National Bank of Pakistan
The Bank of Punjab
United Bank Limited

Registered Office

5-Zafar Ali Road, Gulberg V, Lahore.

Postal Address

43-A/S Zafar Ali Road, Gulberg V, Lahore.
Telephone: +92-42-35758614-15

Factory

Dandot R.S., Distt. Jhelum.
Telephone: +92-544-211371

Share Registrar

Corplink (Pvt.) Limited.
Wings Arcade 1-K-Commercial, Model Town, Lahore.
Telephone: +92-42-35839182, Fax: +92-42-35869037

Website

www.dandotcement.com

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors presents the un-audited condensed financial statements of the company for the period ended December 31, 2021.

Principal Activity and Operational Performance

Dandot Cement Company Limited (the Company) is a Public Listed Company. The principal activity of the Company is production and sale of cement. During the period under review, cement production & related sales volume remained suspended due to closure of plant operations for BMR activity since September 2019. Net loss for the period is Rs. 116.92 million (Dec 2020: Rs. 22.59 million) and loss per share is Rs. 0.56 (Restated: Dec 2020: Rs.0.23). Due to closure of operations and financial losses, dividend has not been recommended by the board of directors for the current period.

Future Prospects

Industry:

The past year was challenging for the entire world due to the adverse effects of the Covid-19 pandemic, but the measures which were taken by the government have resulted in the sustainable recovery of Pakistan's economy. There is a remarkable increase in industry sales volume because of the resumption of construction activities after the lock-down situation and announcement of construction related incentive packages by the Government of Pakistan. In Pakistan, the projects of housing sectors and dams are the key drivers for the consumption of cement. Further, the distribution of the COVID-19 vaccine has been started throughout the country to control the effects of the virus.

Principal Risks and Uncertainties

- Increasing supply with stagnant demand.
- Impact of the COVID-19 pandemic.
- Further devaluation of Pak Rupee against the dollar

Company's Plan

In order to meet the legal standards and to avoid any adverse action from the Environmental Department, the company commenced activities related to the Balancing, Modernization and Replacement (BMR). After signing of Memorandum of Understanding (MOU) with a renowned cement contractor and arrangement of adequate facility limits from financial institutions, the company has made advance payments to import of new machinery and equipment. The Company hopes to complete the BMR within its time lines and get back to its commercial operations.

Right Shares Issue

During the period under review, pursuance of strategic financial management strategy of the company, the Board of Directors approved the allotment of right shares. The main purpose of Right issue is re-profiling of financial credentials through capitalization and repayment of sponsors' loan.

Auditor's Observations

The company commenced activities related to the Balancing, Modernization and Replacement (BMR). After arrangement of adequate facility limits from financial institutions, the company has made advance payments to import of new machinery and equipment. Based on the efforts of the new management in the right direction, the management is fully confident that the Company will continue its operations as a going concern. Workers' compensation benefits in excess of statutory/legal requirements will be subject to recognition after final determination and verification by the Competent Authority. Due to suspension of operations for the purpose of BMR activity, depreciation relating to cost of sale and distribution has been directly charged to the statement of changes in equity. Letters for the balance confirmation have been circulated during the audit for the year

ended June 30, 2021 but no reply received. However, the balance has been confirmed by external auditors' through alternative audit procedures.

Subsequent Events

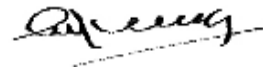
All subsequent events have been properly disclosed in the relevant notes of these un-audited condensed financial statements.

Acknowledgement

The board of directors is thankful to all stakeholders including but not limited to bankers, employees, suppliers, distributors as well as regulators and shareholders for their continued support, cooperation and trust especially in crises tenure faced by the company in the current period.



TAHA MUHAMMAD NASEEM
Chief Executive
Lahore: March 01, 2022.



MUHAMMAD FAROOQ NASEEM
Director

INDEPENDENT AUDITOR'S REVIEW REPORT

Report On Review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Dandot Cement Company Limited** as at December 31, 2021 and the related condensed interim statement of profit or loss, condensed interim statement of 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 accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2021 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2021.

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 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

- i. As explained in note 12 to the condensed interim financial statements, the company had written back outstanding liability in respect of some Past Dues Payable, Payable against Gratuity and Interest on Workers’ Profit Participation Fund Payable retrospectively aggregating Rs. 317.12 million and not accounted for related expense and liability during the previous years and current period amounting Rs.60.45 million and Rs.0.25 million respectively. The company did not account for expense and liability of salaries and benefits pertaining to previous years aggregating amounting Rs.118.63 million since September 01, 2019 for which petition was filed in Hon’ble Labour Court by the company for their retrenchment as referred to note 20(h) to the audited financial statements for the year ended June 30, 2021. However, basis of balances written back and non-provisioning of benefits remained unsubstantiated in the absence of any agreement(s) or related approval(s). Had the company accounted for and not reversed the outstanding liability related to prior years, loss for the period would have been higher by Rs.0.25 million, current liabilities and accumulated loss as at December 31, 2021 would have been higher by Rs.496.47 million.
- ii. The company has not charged depreciation expense to statement of profit or loss amounting Rs.64.90 million and the same has been charged directly to accumulated loss in statement of changes in equity. Had the company charged the depreciation through statement of profit or loss, the loss for the period would have been higher by the aforesaid amount.

Qualified Conclusion

Based on our review, with the exception of the matters described in the preceding paragraphs, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Material Uncertainty relating to Going Concern

We draw attention to note no. 1.2 to the condensed interim financial statements, which indicates that the condensed interim financial statements have been prepared on going concern basis as the company has commenced the Balancing, Modernization and Replacement (BMR) related activities. After arrangement of adequate facility limits from financial institutions, the company has made advance payments to import the equipment for Balancing, Modernization and Replacement (BMR) of existing Plant. As stated in note no. 1.2 to the financial statements, the company has sustained loss amounting Rs. 116.92 million during the period ended December 31, 2021 excluding the effects of matters as described in Basis for Qualified Conclusion section and as of that date its accumulated loss was amounting Rs. 5,349.16 million. As of December 30, 2021, the company's current liabilities exceeded its current assets by Rs.277.31 million. These events or conditions, along with other matters as set forth in note no. 1.2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

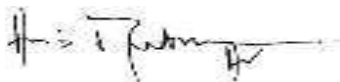
Emphasis of Matter

We draw attention to the following matter:

As referred to note 10 and note 11 to the condensed interim financial statements respectively, there is overdue liability in respect of loan obtained from Economic Affairs Division (EAD) and accrued interest thereon amounting Rs.35.23 million and Rs.69.75 million respectively. During the audit for the year ended June 30, 2021, we had not received reply of direct balance confirmation circulated in respect of these balances, however, carrying amount of aforesaid balances has been confirmed through alternative procedures.

Our conclusion is not modified in respect of this matter.

The engagement partner on the review resulting in this independent auditor's report is Ghulam Mudassar.



CHARTERED ACCOUNTANTS

Faisalabad: March 01, 2022

UDIN: RR202110203vGCWaboYX

CONDENSED STATEMENT OF FINANCIAL POSITION

	Note	(Un-Audited) Dec 31, 2021	(Audited) June 30, 2021
(Rupees in thousand)			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital		5,000,000	5,000,000
Issued, subscribed and paid up share capital	4	2,481,733	948,400
Share premium reserve		787,988	31,801
Share Deposit Money	5	-	2,001,870
Accumulated loss		(5,349,160)	(5,203,552)
Revaluation surplus on property, plant and equipment		2,307,252	2,343,466
Long term loan from holding company	6	969,303	738,420
		<u>1,197,116</u>	<u>860,405</u>
NON CURRENT LIABILITIES			
Long term financing from banking companies	7	2,121,526	1,873,250
Government grant	8	88,076	-
Payable to Provident fund trust	9	243,079	-
Other loans and liabilities	10	-	-
Deferred liabilities		943,766	958,678
Long term advances and deposits		3,563	3,563
		<u>3,400,011</u>	<u>2,835,491</u>
CURRENT LIABILITIES			
Trade and other payables		502,588	597,108
Deposits, accrued liabilities and advances		56,835	54,028
Unclaimed dividend		1,082	1,082
Payable to provident fund trust	9	6,000	89,307
Mark up accrued	11	82,493	240,830
Current portion of non-current liabilities		62,930	65,038
Current portion of government grant		14,428	-
Provision for taxation		-	-
		<u>726,356</u>	<u>1,047,393</u>
CONTINGENCIES AND COMMITMENTS	12	-	-
		<u>5,323,483</u>	<u>4,743,289</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



TAHA MUHAMMAD NASEEM
Chief Executive



MUHAMMAD KAMRAN
Chief Financial Officer

AS AT DECEMBER 31, 2021

	Note	(Un-Audited) Dec 31, 2021	(Audited) June 30, 2021
ASSETS			
NON CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	13	4,180,645	4,182,493
Capital work in progress	14	674,423	133,190
Intangible assets		1,333	1,408
LONG TERM DEPOSITS AND ADVANCES		<u>18,036</u>	<u>10,287</u>
		4,874,437	4,327,378
CURRENT ASSETS			
Stores, spares and loose tools		225,433	225,733
Stock in trade		89,993	89,993
Trade debts		-	-
Loans and advances		13,092	9,810
Trade deposits, short term prepayments and current account balances with statutory authorities		69,280	69,257
Cash and bank balances		51,248	21,118
		<u>449,046</u>	<u>415,911</u>
		<u>5,323,483</u>	<u>4,743,289</u>



ZAKA MUHAMMAD NASEEM
Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

For The Half Year Ended December 31, 2021

	Half year ended		Second quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(Rupees in thousand)		(Rupees in thousand)	
Note				
Sales - Net	-	-	-	-
Cost of sales	-	-	-	-
Gross loss	-	-	-	-
Operating expenses				
Distribution cost	-	-	-	-
Administrative expenses	(23,826)	(17,504)	(14,882)	(11,780)
	(23,826)	(17,504)	(14,882)	(11,780)
Operating loss	(23,826)	(17,504)	(14,882)	(11,780)
Other operating income/(expense)-net	160	(564)	97	(680)
	(23,666)	(18,068)	(14,785)	(12,460)
Finance costs	(108,159)	(2,259)	(91,189)	1,592
Loss before taxation	(131,825)	(20,327)	(105,974)	(10,868)
Taxation				
Current	(2)	(3)	(1)	(1)
Deferred	14,912	(2,255)	14,912	(2,255)
	14,910	(2,258)	14,911	(2,256)
Net loss after taxation	(116,915)	(22,585)	(91,063)	(13,124)
	Rupees	Restated Rupees	Restated Rupees	Restated Rupees
Earnings Per Share- Basic and Diluted	(0.56)	(0.23)	(0.43)	(0.13)

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



TAHA MUHAMMAD NASEEM
Chief Executive



MUHAMMAD KAMRAN
Chief Financial Officer



ZAKA MUHAMMAD NASEEM
Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For The Half Year Ended December 31, 2021

	Half year ended		Second quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(Rupees in thousand)		(Rupees in thousand)	
Loss for the period	(116,915)	(22,585)	(91,063)	(13,124)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	(116,915)	(22,585)	(91,063)	(13,124)

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



TAHA MUHAMMAD NASEEM
Chief Executive



MUHAMMAD KAMRAN
Chief Financial Officer



ZAKA MUHAMMAD NASEEM
Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

For The Half Year Ended December 31, 2021

	December 31, 2021	December 31, 2020
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(131,825)	(20,327)
Adjustment of items not involving movement of cash:		
Depreciation	1,162	1,358
Amortization	75	-
Reversal of provision for doubtful balances	-	(5)
Profit on deposit / saving accounts	(160)	(185)
Provision for doubtful debts	-	754
Short term lease payment	1,950	1,950
Finance income from long term loan	-	(92,003)
Unwinding of long term finances	60,282	49,657
Finance cost	47,646	44,567
	<u>110,955</u>	<u>6,094</u>
Operating cash used before working capital changes	(20,870)	(14,234)
(Increase)/Decrease in operating assets:		
Trade debts	-	10,688
Loans and advances	(3,282)	(122)
Stores, spares and loose tools	300	-
Increase / (decrease) in current liabilities		
Trade and other payables	(94,517)	(54,790)
Deposits, accrued liabilities and advances	2,807	(19,862)
	<u>(94,692)</u>	<u>(64,086)</u>
Cash used in operating activities	(115,562)	(78,320)
Finance cost paid	(46,212)	-
interest received	160	185
Short term lease payment	(1,950)	(1,625)
Income taxes (paid)/ refunded - net	(24)	102,387
Net Cash (Outflows In) /Inflows Operating Activities	(163,588)	22,627
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(64,221)	-
Capital work in progress	(541,234)	(15,341)
Long term deposits and advances	(7,750)	(5,516)
Net Cash Used Investing activities	(613,205)	(20,857)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loan received from holding company-net	230,883	43,800
Long term loan received from banking companies-net	288,390	-
Receipts against issuance of paid up capital	293,922	-
Right subscription expenditures	(6,272)	-
Net Cash Inflows From Financing Activities	806,923	43,800
Net Increase in Cash and Cash Equivalents	30,130	45,570
Cash and Cash Equivalents at Beginning of the Period	21,118	6,764
Cash and Cash Equivalents at End of the Period	51,248	52,334

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



TAHA MUHAMMAD NASEEM
Chief Executive



MUHAMMAD KAMRAN
Chief Financial Officer



ZAKA MUHAMMAD NASEEM
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For The Half Year Ended December 31, 2021

Share Capital	Capital Reserve	Share Deposit Money			Revenue Reserves	Capital Reserve	Loan from Holding Company	Total
	Share premium reserve	Face value	Premium	Total Value	Accumulated loss	Revaluation surplus on property, plant and equipment		

<----- Rupees in thousand ----->

Balance as at June 30, 2020 - Audited	948,400	31,801	-	-	-	(5,201,977)	2,419,633	2,532,527	730,384
Total comprehensive loss for the period	-	-	-	-	-	(182,531)	-	-	(182,531)
Loan received during the period	-	-	-	-	-	-	-	43,800	43,800
Incremental depreciation on revaluation surplus on property, plant and equipment - net of deferred tax	-	-	-	-	-	623	(623)	-	-
Balance as at December 31, 2020 - Unaudited	948,400	31,801	-	-	-	(5,383,885)	2,419,010	2,576,327	591,653
Balance as at June 30, 2021 - Audited	948,400	31,801	1,337,385	664,485	2,001,870	(5,203,552)	2,343,466	738,420	860,405
Total comprehensive loss for the period	-	-	-	-	-	(116,915)	-	-	(116,915)
Share deposit money received/ paid during the period	-	-	195,948	97,974	293,922	-	-	-	293,922
Loan received during the period	-	-	-	-	-	-	-	230,883	230,883
Right subscription expenditures	-	-	-	(6,272)	(6,272)	-	-	-	(6,272)
Right shares issued during the period	1,533,333	756,187	(1,533,333)	(756,187)	(2,289,520)	-	-	-	-
Incremental depreciation on revaluation surplus on property, plant and equipment - net of deferred tax	-	-	-	-	-	36,214	(36,214)	-	-
Depreciation related to cost of sale and distribution	-	-	-	-	-	(64,907)	-	-	(64,907)
Balance as at December 31, 2021 - Unaudited	2,481,733	787,988	-	-	-	(5,349,160)	2,307,252	969,303	1,197,116

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



TAHA MUHAMMAD NASEEM
Chief Executive



MUHAMMAD KAMRAN
Chief Financial Officer



ZAKA MUHAMMAD NASEEM
Director

1. THE COMPANY AND ITS OPERATIONS

- 1.1** The Company is a public limited Company incorporated in Pakistan and is listed on Pakistan Stock Exchange. The Company started its production on 1983 and has been engaged in production and marketing of cement. Since 2019, the company is a subsidiary of Calicom Industries (Pvt.) Limited (Holding Company) having shareholding of 81.01% and acquired under the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017. The registered office of the company is situated at 5-Zafar Ali Road, Gulberg - V, Lahore. The factory is situated at Dandot Railway Station, District Jhelum, Pakistan.
- 1.2** After the acquisition, sponsors arranged significant funds to bridge the deficits of cash flows of the company. Despite comprehensive annual maintenance, the company could not achieve feasible production levels which could control financial losses and more importantly plant's emission levels as prescribed by relevant environmental standards. Earlier, the Provincial Cabinet of the Government of Punjab also directed the company to upgrade the plant on both economical viable scale and on modern technology to mitigate the environmental risks.

In order to meet the legal standards and to avoid any adverse action from Environmental department, the company decided to close down the operations during the financial year 2019-20 and move towards upgrading it through Balancing, Modernization and Replacement (BMR). For the purpose, the Company signed a Memorandum of Understanding (MOU) with a renowned cement contractor from China for BMR. The total financial outlay of the BMR is estimated at Rs. 3.8 billion including \$13.3 million for import of new machinery and equipment. During the previous year, an amount of Rs. 1.85 billion has already been approved for BMR by consortium of financial institutions under the TERF scheme of State Bank of Pakistan (SBP) and remaining amount shall be arranged by the sponsors. Further, all the Letters of Credit (LCs) for import of the said machinery have been established by financial institutions of \$13.3 million including LCs of \$1.72 million established from own sources by the sponsors. During the period, advance payment amounting Rs. 348.78 million made against LCs including Rs. 45.44 million managed through sponsor's own source.

During the period, pursuance of strategic financial management strategy of the company, the Board of Directors approved the allotment of right shares in its meeting. The main purpose of right issue is re-profiling of financial credentials through capitalization and repayment of sponsors' loan.

On the basis of these steps by new sponsors, the management of the company is fully confident that the company will continue its operations as a going concern. Accordingly, these condensed interim financial statements have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded assets and liabilities that may be necessary if the company is unable to continue as a going concern. However, company's current period net loss amounting Rs. 116.92 million, accumulated loss was Rs. 5,349.16 million and the company's current liabilities are exceeding its current assets by Rs. 277.310 million that indicate a material uncertainty exists that may cast a significant doubt on the company's ability to continue as a going concern, and the company may not be able to realise its assets and discharge its liabilities in the normal course of business.

2. BASIS OF PREPARATION

2.1 Statement Of Compliance

These condensed interim financial statements of the Company for the half year ended December 31, 2021 have been prepared in accordance with the accounting and reporting standards 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 34, 'Interim Financial Reporting' (IAS 34), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and
- Where the provisions of and directives issued under the Companies Act, 2017.

Where the provisions of or directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.

2.2 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 June 30, 2021.

2.3 Functional And Presentation Currency

These condensed interim financial statements have been prepared and presented in Pakistani Rupee which is the Company's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements for the year ended June 30, 2021 except those which are disclosed in these financial statements.

3.2 Government Grant

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and all attached conditions will be complied with. It is recognised as income on a systematic basis over the periods in which the related costs, for which it is intended to compensate, are recorded.

3.3 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 December 31, 2021.

There were certain amendments to accounting and reporting standards which became mandatory for the Company during the period. However, the amendments did not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

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

There are certain amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2022. However, these amendments 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.

3.4 Accounting Estimates and Judgements

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 annual audited financial statements of the Company for the year ended June 30, 2021.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

	December 31, 2021	June 30, 2021
	(Rupees in thousand)	
Note	(Un-Audited)	(Audited)
4. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL		
239,423,314 (2021: 86,089,980) ordinary shares of Rs.10 each fully paid in cash	2,394,233	860,900
8,750,000 (2021: 8,750,000) ordinary shares of Rs.10 each issued as bonus shares	87,500	87,500
	<u>2,481,733</u>	<u>948,400</u>
4.1 During the period, the Board of Directors approved the allotment of 153.33 million right shares at premium of Rs. 5 each to strengthen and maintain a healthy debt to equity ratio through repayment of sponsors' loan. Resultantly, the paid up capital of the Company enhanced to amounting Rs. 2,481.73 million.		
5. SHARE DEPOSIT MONEY		
Opening share deposit money	2,00,0870	-
Add: Share deposit money received/adjusted during the period	293,922	2,006,078
Less: Right subscription expenditures	(6,272)	(4,208)
	2,289,520	2,001,870
Less: Right Share Issued		
-Nominal value	(1,533,333)	-
-Premium	(756,187)	-
	<u>(2,289,520)</u>	<u>-</u>
	<u>-</u>	<u>2,001,870</u>
6. LONG TERM LOAN FROM HOLDING COMPANY		
Un-secured and interest free		
Balance as at July 01,	738,420	2,532,527
Add: Loan obtained during the period - net	230,883	211,886
	969,303	2,744,413
Less: Transferred to share deposit money	-	(2,005,993)
	<u>-</u>	<u>(2,005,993)</u>
	<u>969,303</u>	<u>738,420</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

		December 31, 2021	June 30, 2021
		(Rupees in thousand)	
	Note	(Un-Audited)	(Audited)
7. LONG TERM FINANCING FROM BANKING COMPANIES			
Financing under:			
- Demand finance facility - From Bank of Punjab Limited (BOP)	7.1	1,961,619	1,902,762
- Temporary economic refinance facility (TERF)	7.2	187,311	-
		2,148,930	1,902,762
Less: Current portion		(27,404)	(29,512)
		<u>2,121,526</u>	<u>1,83,250</u>
7.1 Demand finance facility - From Bank of Punjab Limited (BOP)			
Demand finance facility - DF 1	7.1.1	1,376,786	1,348,695
Demand finance facility - DF 2	7.1.1	571,502	554,067
Demand finance facility - DF 3 (For BMR)	7.1.2	13,331	-
		1,961,619	1,902,762
Less: Payable within next 12 months		(27,404)	(29,512)
		<u>1,934,215</u>	<u>1,873,250</u>

7.1.1 There is no change in terms and condition of these loans which are disclosed in financial statements for the year ended June 30, 2021.

7.1.2 This represents the loan having sanctioned limit of Rs. 250 million obtained for a term of 10 years including 2 years grace period and the principal repayment will take place in 32 equal quarterly installments after the grace period. Markup shall be paid on every quarter at the rate 3 month KIBOR + 2% p.a. This loan secured against ranking charge of Rs. 1,333.34 million over projects assets (Land, Building, Plant and Machinery) to be upgraded to JPP/ 1st pari passu within 120 days of LC establishment, pledge of 51% shares of the company, directors' personal guarantee, corporate guarantee of holding company and its associated companies.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

		December 31, 2021 (Rupees in thousand) (Un-Audited)	June 30, 2021 (Audited)
7.2 Temporary Economic Refinance Facility (TERF)			
Loan from:			
- The Bank of Punjab		150,000	-
- Bank Islami Pakistan Limited		50,118	-
- Bank Al-Habib Limited		41,152	-
- JS Bank Limited		48,516	-
	7.2.1	289,816	-
Less: Transferred to Government Grant	8	(103,694)	-
Add: Un-winding for the period		1,190	-
Less: Current portion		-	-
		<u>187,311</u>	<u>-</u>

7.2.1 These loans represent the financing obtained under Temporary Economic Refinance Facility scheme (TERF) of State Bank of Pakistan for a term of 10 years including 2 years grace period and the principal repayment will take place in 32 equal quarterly installments after the grace period. During the period, the Financial Institutions made partial disbursements to import new machinery for the purpose of BMR on following terms and condition:

Lender	Sanctioned Limit	Mark-up as per Agreement	Security
(Rupees in million)			
The Bank of Punjab	750	SBP rate (1%)+3% p.a	Ranking charge of Rs. 1,333.34 million over projects assets (Land, Building, Plant and Machinery) to be upgraded to JPP/ 1st pari passu within 120 days of LC establishment. Further, pledged 51% shares of the company.
Bank Islami Pakistan Limited	300	SBP rate (1%)+3% p.a	Ranking charge of Rs. 400 million on moveable and immovable fixed assets to be upgraded to JPP/ 1st pari passu within 180 days of disbursement.
Bank Al-Habib Limited	250	SBP rate (1%)+3% p.a	Ranking charge of Rs. 334 million over plant and machinery to be upgraded to 1st pari passu charge within 6 months from the date of 1st LCs establishment.
JS Bank Limited	300	SBP rate (1%)+4% p.a	Ranking charge of Rs. 315 million over plant and machinery to be upgraded to 1st pari passu charge within 6 month of disbursement.
	<u>1,600</u>		

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

7.2.2 These loans have been recognized at amortized cost. The differential markup has been recognized as Government Grants (as mentioned in note 8) which will be amortized to un-allocated capital expenditures over the period of facility

	December 31, 2021	June 30, 2021
	(Rupees in thousand)	
Note	(Un-Audited)	(Audited)
8 GOVERNMENT GRANT		
Opening balance	-	-
Received/adjusted during the period	103,694	-
Charged during the period	<u>(1,190)</u>	-
Closing balance	<u>102,505</u>	<u>-</u>
Current portion of government grant	14,428	-
Non-Current portion of government grant	<u>88,076</u>	-
	<u>102,505</u>	<u>-</u>

8.1 Government Grants have been recorded against subsidized loans obtained from the financial institutions under temporary economic refinance facility (TERF) introduced by the State Bank of Pakistan (SBP).

9 PAYABLE TO PROVIDENT FUND TRUST

Principal	89,307	-
Markup	<u>159,772</u>	-
	249,079	-
Less: Payable within next 12 months	<u>(6000)</u>	-
	<u>243,079</u>	<u>-</u>

9.1 During the period, the company submitted requisite explanations and payment plan to HOD, Adjudication Department, SECP Islamabad through its Corporate Advisor. The Securities & Exchange Commission of Pakistan (SECP) has approved the payment plan and advised to pay whole outstanding dues of Provident Fund Trust starting from July 01, 2022 in 36 installments of Rs.1.00 million, 72 installments of Rs. 2.50 million and 12 installments of Rs. 2.76 million. Further, the company has been providing markup on dues of Provident Fund in the books of account without any default.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

	December 31, 2021	June 30, 2021
	(Rupees in thousand)	
Note	(Un-Audited)	(Audited)
10 OTHER LOAN AND LIABILITIES-Unsecured LOAN		
From Economic Affairs Division, Government of Pakistan (EAD)	35,232	35,232
OTHER LIABILITIES		
Peace agreement arrears	294	294
	<u>35,526</u>	<u>35,526</u>
Less: Current Portion		
Payable within next 12 month	-	-
Overdue	(35,526)	(35,526)
	<u>(35,526)</u>	<u>(35,526)</u>
	<u>-</u>	<u>-</u>

11 ACCRUED MARKUP

This includes the accrued mark up on loan payable to Economic Affair Division (EAD) amounting Rs. 69.75 million.

12 CONTINGENCIES AND COMMITMENTS

There has been no significant change in contingencies and commitments since the date of preceding published annual financial statements as at June 30, 2021 except the following:

- 12.1** During the year ended June 30, 2019, the company reversed the contractual liabilities of the workers amounting Rs.317.12 million in respect of provision against some Past Dues Payable, interest on Workers' Profit Participation Fund Payable and Payable against workers Gratuity and ceased to account for the aforesaid benefits. Accordingly, the company has not accounted for accumulated provision against interest on Workers' Profit Participation Fund Payable, Payable against workers Gratuity, past dues payables, provision of salary and employee benefits amounting Rs.1.49 million, Rs.49.89 million, Rs. 9.32 million, Rs. 113.29 million and Rs. 5.34 million respectively. As per opinion of the new management, these liabilities are not valid and based on unjustified agreements. However, workers' compensation benefits, will be subject to final determination by the competent authority and the company undertakes to comply with the consequential implications of such determination.

12.2 Capital Commitments against

Letters of credit	<u>1,993,045</u>	<u>1,821,231</u>
Civil work	<u>28,403</u>	<u>-</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

		December 31, 2021	June 30, 2021
		(Rupees in thousand)	
	Note	(Un-Audited)	(Audited)
13 OPERATING FIXED ASSETS			
Opening fixed assets at W.D.V.		4,182,493	4,306,965
Additions		64,221	14,200
		4,246,714	4,321,165
Less: Depreciation		(66,069)	(138,672)
		4,180,645	4,182,493

13.1 Due to suspension of operation for BMR activity, depreciation relating to cost of sale and distribution has been directly charged to the statement of changes in equity.

14 CAPITAL WORK IN PROGRESS

Machinery:

- Margin against letters of credit	184,403	28,803
- Advances against immature letters of credit	348,590	-
- Miscellaneous charges against immature letters of credit	21,489	17,116
- Other capital expenditure	113,338	69,468
	667,820	115,387
Advance against civil work	6,603	-
Advance against purchase of land	-	17,803
	674,423	133,190

15 TRANSACTIONS WITH RELATED PARTIES

All transactions with related parties have been properly disclosed in the relevant notes of these condensed interim financial statements except the loan received and repaid to holding company amounting Rs. 524.89 million and Rs. 294.01 million respectively.

16 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended June 30, 2021.

17 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. However, no significant rearrangements or reclassifications have been made in this condensed interim financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

18 DATE OF AUTHORISATION

These condensed interim financial statements were authorized for issue on March 01, 2022 by the Board of Directors of the company.

19 FIGURES

Figures in this condensed interim financial statements have been rounded off to the nearest thousands of Rupee unless otherwise stated.



TAHA MUHAMMAD NASEEM
Chief Executive



MUHAMMAD KAMRAN
Chief Financial Officer



ZAKA MUHAMMAD NASEEM
Director

حصص داران کو ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے بغیر پڑتال کیے گوشوارہ جات مالی بیانات برائے کمپنی بابت سال کے نصف عرصہ کے دوران ہونے والے کاروبار کے اختتام 31 دسمبر 2021 کو پیش کیا گیا۔

پرنسپل سرگرمی اور آپریشنل کارکردگی

ڈیڈ وٹ سیمنٹ کمپنی لمیٹڈ (کمپنی) ایک پبلک لسڈ کمپنی ہے۔ کمپنی کی بنیادی سرگرمی سیمنٹ کی پیداوار اور فروخت ہے۔ زیر جائزہ مدت کے دوران، ستمبر 2019 سے BMR سرگرمی کے لیے پلانٹ کے آپریشنز بند ہونے کی وجہ سے سیمنٹ کی پیداوار اور متعلقہ فروخت کا حجم معطل رہا۔ اس مدت کے لیے خالص نقصان 116.92 ملین (دسمبر 2020، Rs.22.59 ملین) روپے ہے اور فی شیئر نقصان 0.56 روپے ہے (دہرایا: دسمبر 2020، 0.23 روپے)۔ آپریشنز کی بندش اور مالی نقصانات کی وجہ سے بورڈ آف ڈائریکٹرز نے موجودہ مدت کے لیے ڈیویڈنڈ کی سفارش نہیں کی ہے۔

مستقبل کے امکانات

صنعت:

کورونا وائرس کی عالمگیر وبا کے بدترین اثرات کے باعث گذشتہ برس دنیا کے لئے مشکل ترین سال رہا۔ لیکن حکومتی اقدامات کے باعث پاکستان کی معیشت کی پائیدار بحالی ممکن ہوئی۔ لاک ڈاؤن کے بعد تعمیراتی سرگرمیوں کی بحالی اور حکومت پاکستان کی جانب سے تعمیراتی صنعت کے لئے رعایتی پیکج کے اعلان کی وجہ سے اس صنعت کے فروخت کے حجم میں نمایاں بہتری ہوئی۔ پاکستان میں ہاؤسنگ سیکٹر اور ڈیموں کے منصوبہ جات سیمنٹ کی کھپت میں اضافے کے مرکزی کردار ہیں۔ مزید برآں، وائرس کے اثرات کو کنٹرول کرنے کے لئے ملک بھر میں کرونا ویکسین کی تقسیم کا بھی آغاز ہو گیا ہے۔

بنیادی خطرات اور غیر یقینی صورتحال

- ☆ جمود کی طلب کے ساتھ رسد میں اضافہ
- ☆ کورونا وائرس کی عالمگیر وبا کے اثرات
- ☆ ڈالر کے مقابلے میں پاکستانی روپے کی مزید قدر میں کمی

کمپنی کا منصوبہ

قانونی معیارات پر پورا اترنے اور محکمہ ماحولیات کی جانب سے کسی منفی کارروائی سے بچنے کے لیے، کمپنی نے توازن، جدید کاری اور تبدیلی (BMR) سے متعلق سرگرمیاں شروع کی ہیں۔ معروف سیمنٹ کنٹریکٹر کے ساتھ مفاہمت کی یادداشت (MOU) پر دستخط کرنے اور مالیاتی اداروں سے مناسب سہولت کی حد کے انتظام کے بعد، کمپنی نے نئی مشینری اور آلات کی درآمد کے لیے پیشگی ادائیگی کر دی ہے۔ کمپنی کو امید ہے کہ BMR کو اپنی ٹائم ٹائم کے اندر مکمل کر کے اپنے تجارتی آپریشنز پر واپس آ جائے گا۔

رائٹ شیئرز کا اجراء

زیر جائزہ مدت کے دوران، کمپنی کی مالیاتی انتظامی حکمت عملی کی پیروی کرتے ہوئے، بورڈ آف ڈائریکٹرز نے اپنے اجلاس میں رائٹ شیئرز کی الاٹمنٹ کی منظوری دی۔ رائٹ ایجوکیشن کا بنیادی مقصد کپھلا نریشن اور اسپانسرز کے قرض کی ادائیگی کے ذریعے مالیاتی اسناد کی دوبارہ پروفائٹنگ ہے۔

آڈیٹرز کے مشاہدات

کمپنی نے توازن، جدید کاری اور تبدیلی (BMR) سے متعلق سرگرمیاں شروع کی ہیں۔ مالیاتی اداروں سے مناسب سہولت کی حد کے انتظام کے بعد، کمپنی نے نئی مشینری اور آلات کی درآمد کے لیے پیشگی ادائیگی کر دی ہے۔ نئی انتظامیہ کی درست سمت کاوشوں کی بنیاد پر انتظامیہ پر عزم ہے کہ کمپنی جاری کاروباری کے طور پر اپنے آپریشنز جاری رکھے گی۔ لازمی۔ قانونی ضروریات سے زائد ورکرز کمیشن مراعات مجاز اتھارٹی کی جانب سے حتمی تعین اور تصدیق کے بعد تسلیم کی جائے گی۔ BMR سرگرمی کے مقصد کے لیے کارروائیوں کی معطلی کی وجہ سے، فروخت اور تقسیم کی لاگت سے متعلق فرسودگی کو براہ راست ایکویٹی میں تبدیلیوں کے بیان پر چارج کیا گیا ہے۔ بیلنس کی تصدیق کیلئے خطوط ارسال کیے جا چکے ہیں لیکن تا حال کوئی جواب موصول نہ ہوا ہے۔ البتہ بیرونی آڈٹ کے متبادل آڈٹ طریقہ کار کے تحت بیلنس کی تصدیق کر دی ہے۔

ما بعد واقعات

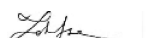
کمپنی کے پڑتال شدہ مالیاتی اسٹیٹمنٹس کے متعلقہ نوٹس میں تمام ما بعد واقعات کا باقاعدگی سے ذکر کیا گیا ہے۔

اعتراف

بورڈ آف ڈائریکٹرز اپنے بینکرز، ملازمین، سپلائرز، ڈسٹی بیوٹرز، ریگولیٹرز اور حصص داران کی مسلسل حمایت، تعاون، بھروسہ اور رواں سال بحرانی کیفیت میں خصوصی ساتھ پران کا تہہ دل سے شکریہ ادا کرتا ہے۔



محمد فاروق نسیم
ڈائریکٹر



طاہر محمد نسیم
چیف ایکزیکٹو