Company Information

Board of Directors

Mr. Abdur Rafique Khan (Chairman & Chief Executive)
Mr. M. Tousif Peracha
Mrs. Tabassum Tousif Peracha
Mr. A. Shoeb Piracha
Mr. Ali Rashid Khan
Mr. M. Ishaque Khokhar
Mr. Abbas Rashid Siddiqi

Audit Committe

Mr. M. Tousif Peracha (Chairman)
Mr. A. Shoeb Piracha
Mr. M. Ishaque Khokhar

Chief Financial Officer

Mr. Waqar Naeem

Company Secretary

Mr. Abdul Khabir

Statutory Auditors

Amin, Mudassar & Co.
Chartered Accountants

Legal Advisor

International Legal Services

Bankers

Habib Bank Limited
KASB Bank Limited
National Bank of Pakistan
The Bank of Punjab
United Bank Limited
PICIC Commercial Bank Limited
Saudi Pak Commercial Bank Limited
Citibank N.A.

Registered Office

3-A/3 Gulberg - III, Lahore.
Telephone: 5871057-58, Fax: 5871056

Factory

DANDOT R.S., Distt. Jhelum.
Telephone:(0544) 211371, 211491 Fax: (0544) 211490

Share Registrar

Corplink (Pvt.) Ltd.
Wings Arcade 1-K-Commercial, Model Town, Lahore.
Telephone: 5839182, 5887262 Fax: 5869037

Website

www.dandotcement.com

Directors' Report to the Share Holders

Your Directors are pleased to present the accounts of the Company for the third quarter ended March 31, 2007.

The comparative data for production of clinker & cement and dispatches of cement for the third quarter is summarized hereunder:-

	Third quarter ended		**Nine months ended**	
	Mar. 2007	**Mar. 2006**	**Mar. 2007**	**Mar. 2006**
	(Tonnes)		**(Tonnes)**	
Clinker Production	73,025	94,733	241,730	253,393
Cement				
Production	81,590	100,700	267,667	273,421
Despatches	83,315	99,633	267,842	272,059

During the period under review, the operating performance of the Company declined as compared to the preceding comparable quarter and nine months due to extended curtailment of gas supply to the Company.

Likewise, a summary of the Company's financial results for the third quarter and nine months ended March, 2007 along with the comparative data of the preceding comparable periods is provided here under:

	Third quarter ended		**Nine months ended**	
	Mar. 2007	**Mar. 2006**	**Mar. 2007**	**Mar. 2006**
	(Rs. In Million)		**(Rs. In Million)**	
Gross Profit / (loss)	(54.6)	56.4	(188.1)	173.2
Operating Profit / (loss)	(71.7)	40.1	(247.9)	125.9
Profit / (loss) before taxation	(110.5)	12.1	(363.9)	75.1
Net Profit / (loss) after taxation	(111.4)	19.8	(399.8)	24.0

The Company's reduced financial performance as discussed above is mainly attributed to stiff market competition which resulted in steep decline in the Company's average net sale price from Rs. 3,700 per tonne in the previous comparable quarter to Rs. 2,544 per tonne in the current quarter under review. Further the Company suffered exchange fluctuation loss of Rs. 30.9 million as compared to exchange fluctuation gain of Rs.11.1 million in the previous comparable period.

The Board of Directors appreciates the efforts and devotion of the employees, the executives and the entire team of management and anticipates that they will contribute towards the enhancement of the productivity and well being of the Company in future with greater zeal & spirit. The Board extends its gratitude to the financial institutions for their valued support and co-operation for the Company's prosperity.

For and on behalf of the Board

ABDUR RAFIQUE KHAN
Chairman

Lahore : April 25, 2007

ISO 9001:2000
Cert No CI/6356

Balance Sheet

	March 2007	June 2006
	(Rupees in Thousand)	
CAPITAL AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital 70,000,000 ordinary shares of Rs. 10/- each	700,000	700,000
Issued, subscribed and paid up capital	678,400	678,400
Share premium reserve	31,801	31,801
Accumulated loss	(1,499,338)	(1,134,936)
	(789,137)	(424,735)
SURPLUS ON REVALUATION OF FIXED ASSETS	857,752	893,191
SPONSORS FRESH FUNDS	262,230	-
NON CURRENT LIABILITIES		
SPONSORS' AND ASSOCIATES' LOANS	482,663	664,000
LONG TERM LOANS AND LIABILITIES	934,225	383,171
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	690	1,907
DEFERRED LIABILITIES	336,703	304,112
LONG TERM ADVANCES AND DEPOSITS	6,755	6,736
	1,761,036	1,359,926
CURRENT LIABILITIES		
Trade and other payables	252,256	226,069
Mark up accrued	41,057	14,820
Short term borrowings	162,412	91,561
Current maturity of long term loans and liabilities	98,725	102,847
Taxation	11,756	8,409
	566,206	443,706
Contingencies and commitments (note 3)		
	2,658,087	2,272,088

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

A. SHOEB PIRACHA
Director

As At March 31, 2007 (un-audited)

	March 2007	June 2006
	(Rupees in Thousand)	
PROPERTY AND ASSETS		
NON CURRENT ASSETS		
Operating fixed assets	1,764,609	1,796,726
Capital work in progress	1,145	261
	1,765,754	1,796,987
LONG TERM LOANS	467	1,087
LONG TERM SECURITY DEPOSITS	9,926	9,938
DEFERRED COST	78,356	108,384
	1,854,503	1,916,396
CURRENT ASSETS		
Stores, spares and loose tools	127,629	186,848
Stock in trade	18,955	32,179
Loans and advances	225,127	20,737
Deposits and short term prepayments	11,236	9,646
Balance with statutory authorities	21,200	20,514
Other receivables	733	1,053
Cash and bank balances	398,704	84,715
	803,584	355,692
	2,658,087	2,272,088

ABDUR RAFIQUE KHAN
Chief Executive

Profit and Loss Account

for the period ended March 31, 2007 (un-audited)

	Note	Third Quarter Ended Mar. 2007	Mar. 2006	Nine Months Ended Mar. 2007	Mar. 2006
		(Rupees in Thousand)		(Rupees in Thousand)	
SALES (Net)		211,920	368,664	690,550	1,007,671
COST OF SALES	4	266,488	312,281	878,601	834,469
GROSS (LOSS) / PROFIT		(54,568)	56,383	(188,051)	173,202
OPERATING EXPENSES					
Administration and general		16,574	15,558	57,751	44,343
distribution cost		518	761	2,125	2,902
		(17,092)	(16,319)	(59,876)	(47,245)
OPERATING (LOSS) / PROFIT		(71,660)	40,064	(247,927)	125,957
Financial Charges	5	(47,647)	(27,413)	(128,251)	(48,375)
Other income / (charges)		8,809	173	12,274	1,564
Workers' profit participation fund		-	(776)	-	(4,092)
PROFIT / (LOSS) BEFORE TAXATION		(110,498)	12,048	(363,904)	75,054
TAXATION					
- Current		917	1,862	3,347	5,090
- Prior		-	(9,606)	-	(9,606)
- Deferred		-	-	32,591	55,600
		917	(7,744)	35,938	51,084
NET PROFIT / (LOSS) AFTER TAXATION		(111,415)	19,792	(399,842)	23,970
Dividend for the year ended June 30, 2005 @ 5%		-	-	-	(13,715)
		(111,415)	19,792	(399,842)	10,255
Accumulated loss brought forward		(1,399,736)	(1,142,315)	(1,134,936)	(1,157,950)
Incremental depreciation due to revaluation of fixed assets for the period		11,813	32,917	35,440	58,089
Accumulated loss carried to balance sheet		(1,499,338)	(1,089,606)	(1,499,338)	(1,089,606)
Earning/(loss) per share - Basic (Rupees)		(1.64)	0.29	(5.89)	0.35

The annexed notes form an integral part of these accounts.

A. SHOEB PIRACHA
Director

ABDUR RAFIQUE KHAN
Chief Executive

Cash Flow Statement

for the period ended March 31, 2007 (un-audited)

	March 2007	March 2006
	(Rupees in Thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(363,904)	75,054
Adjustments of items not involving movement of cash:		
Depreciation	74,262	78,181
Provision for Gratuity	5,146	6,076
Exchange fluctuations	(30,898)	(11,062)
Amortization of deferred cost	30,027	30,027
Financial charges	128,251	59,437
	206,788	162,659
Operating cash flows before working capital changes	(157,116)	237,713
(Increase)/Decrease in operating assets:		
Stores, spares and loose tools	59,218	(37,417)
Stock in trade	13,224	232
Loans and advances	(204,389)	(16,678)
Deposits and short term prepayments	(1,587)	(1,256)
Other receivables	320	(14,623)
Increase/(Decrease) in creditors, accrued and other liabilities	29,560	33,780
	(103,654)	(35,962)
	(260,770)	201,751
Long term advances and deposits	19	(280)
Gratuity paid	(8,385)	(760)
Financial charges paid	(66,687)	(47,235)
Dividend paid	-	(13,263)
Income tax paid	(1,376)	(7,274)
Net Cash Flows From Operating Activities	(337,200)	132,939
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed assets - Tangible	(43,029)	(9,854)
Long term loans and deposits	632	198
Net Cash Flows From Investing Activities	(42,397)	(9,656)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liability (Net)	(5,340)	(4,140)
Sponsors fresh funds	256,164	-
Past dues - CBA	(30,934)	(23,547)
Sponsors loans	(179,142)	36,645
Short term borrowings	70,851	(25,857)
Long term loans and liabilities	581,987	(33,301)
Net Cash Flows From Financing Activities	693,586	(50,200)
Net Increase/(Decrease) in Cash and Cash Equivalents	313,989	73,083
Cash and cash equivalents at beginning of the period	84,715	8,028
Cash and cash equivalents at end of the period	398,704	81,111

A. SHOEB PIRACHA
Director

ABDUR RAFIQUE KHAN
Chief Executive

Statement of Changes in Equity

for the period ended March 31, 2007 (un-audited)

	Share capital	Share premium reserve	Accumulated Loss	Total share capital and reserves	Surplus on revaluation of fixed assets	Total
	(Rupees in Thousand)					
Balance as at June 30, 2005	678,400	31,801	(1,157,950)	(447,749)	943,535	495,786
Profit for the period	-	-	23,970	23,970	-	23,970
Dividend for the year ended June 30, 2005	-	-	(13,715)	(13,715)	-	(13,715)
Incremental depreciation transferred to surplus on revaluation of fixed assets' account	-	-	58,089	58,089	(58,089)	-
Balance as at March 31, 2006	678,400	31,801	(1,089,606)	(379,405)	885,446	506,041
Loss for the period	-	-	(37,584)	(37,584)	-	(37,584)
Incremental depreciation due to revaluation charged to surplus	-	-	(7,746)	(7,746)	7,746	-
Balance as at June 30, 2006	678,400	31,801	(1,134,936)	(424,735)	893,192	468,457
Loss for the period	-	-	(399,842)	(399,842)	-	(399,842)
Incremental depreciation due to revaluation charged to surplus:	-	-	35,440	35,440	(35,440)	-
Balance as at March 31, 2007	678,400	31,801	(1,499,338)	(789,137)	857,752	68,615

A. SHOEB PIRACHA
Director

ABDUR RAFIQUE KHAN
Chief Executive

Notes to the Accounts

for the period ended March 31, 2007 (un-audited)

1. These financial statements have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting". The accounting policies adopted in these accounts are the same as those applied in the preparation of the preceding annual published accounts.

2. Figures have been rounded off to the nearest thousand rupees and figures of previous year have been rearranged wherever necessary to facilitate the comparison. Cosequently, following significant corresponding figures have been rearranged.

   - Exchange fluctuation has been classified as finance cost. Previously, it was classifed as other (expenses) / income.

3. CONTINGENCIES AND COMMITMENTS
   Contingencies and commitments are unchanged since last published half year accounts of the Company.

4. COST OF SALES

	Note	Third Quarter Ended Mar. 2007	Third Quarter Ended Mar. 2006	Nine Months Ended Mar. 2007	Nine Months Ended Mar. 2006
		(Rupees in Thousand)		(Rupees in Thousand)	
Raw materials consumed	4.1	16,790	31,363	99,617	82,941
Salaries, wages and benefits		32,914	35,797	117,506	107,097
Fuel, gas and electricity		143,430	167,406	436,916	447,531
Stores and spares		6,683	19,839	42,027	35,979
Rent, rates and taxes		330	26	1,639	572
Vehicle running and maintenance		2,777	2,927	9,224	8,091
Packing material		17,867	18,426	53,855	48,041
Clinker consumption		-	11,312	21,247	11,312
Depreciation		23,991	25,223	71,712	75,553
Others		2,580	3,853	15,660	15,781
		247,362	316,172	869,403	832,898
Adjustment of work in process		14,641	(542)	7,292	6,216
Cost of goods manufactured		262,003	315,630	876,695	839,114
Adjustment of finished goods		4,485	(3,349)	1,906	(4,645)
		266,488	312,281	878,601	834,469

   4.1 It includes Golden Handshake expense of Rs. 28.859 millions (2006: Rs. Nill).

5. It includes Exchange Fluctuation loss of Rs.30.9 million (2006: Exchange fluctuation income of Rs. 11.1 million).

6. DATE OF AUTHORISATION
   These financial statements were authorised for issue on April 25, 2007 by the Board of Directors of the company.

A. SHOEB PIRACHA
Director

ABDUR RAFIQUE KHAN
Chief Executive