36th ANNUAL REPORT 2016

DADABHOY GROUP

DADABHOY CEMENT INDUSTRIES LTD.

Vision

Is recognized and accepted as leader in the country for manufacturing one of the best quality cement in Pakistan

Mission

- To have a diversified customer base
- To serve the market through innovation & creations
- To offer a high rate of return to Shareholders
- To create a good work environment for our employees and faster team work & career development
- To operate ethically
- To serve the country to achieve the national goals

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Muhammad Hussain Dadabhoy	Chairman
Mr. Muhammad Amin Dadabhoy	Chief Executive
Mr. Fazal Karim Dadabhoy	
Mrs. Noor Bakht Dadabhoy	
Mr. Danish Dadabhoy	

CHIEF FINANCIAL OFFICER
Mr. Muhammad Rashid

COMPANY SECRETARY
Mr. Muhammad Rashid.

AUDITORS
M/s Haroon Zakaria & Company, Chartered Accountants

LEGAL ADVISOR
Mr. Salim Thepdawala & Company

BANKER
Summit Bank Limited

REGISTERED OFFICE
Noor Centre Office No.4, 2nd Floor
Plot No. 30-C Ittehad Lane 12
Phase VII D.O.H.A, Karachi.
Tel : 021-35312007-9
URL : www.mhdadabhoy.com

SHARE REGISTRAR
M/s. Technology Trade (Pvt) Ltd.
Dagia House, 241-C, Block 2, P.E.C.H.S.
Off Shahrah-e-Quaideen, Karachi.
Telephone No. 43913 16-17, Fax No. 4391318

FACTORY
Nooriabad Deh Kalu Kohar,
District Dadu (Sindh)

HUMAN RESOURCE & REMUNERATION COMMITTEE
Mr. Syed Nasim Ahmed
Mr. Syed Amjad Raza Rizvi
Mr. Muhammad Amin Dadabhoy

AUDIT COMMITTEE

Mr. Muhammad Hussain Dadabhoy	Chairman
Mr. Fazal Karim Dadabhoy	Member
Mr. Muhammad Amin Dadabhoy	Member

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 36th Annual General Meeting of Dadabhoy Cement Industries Limited will be held on Tuesday the January 24th 2017 at 03:30 p.m. at Jinnah Club, Jinnah Co-operative Housing Society behind KESC Office, Tipu Sultan Road Karachi, to transact the following business:

ORDINARY BUSINESS:

1. To read and confirm the minutes of 35th Annual General Meeting of the company held on 10th October, 2015.

2. To receive, consider and adopt the Audited Accounts of the company for the year ended June 30, 2016 together with Directors and Auditors Reports thereon.

3. To appoint auditors for the year ending June 30, 2017 and fix their remuneration.

4. To transact any other business with the permission of the Chair.

Karachi.
2nd January, 2017

Muhammad Rashid
Company Secretary

Note

1. The Share Transfer Books of the company will remain closed from to 18th January, 2017 to 24th January, 2017 (both days inclusive).

2. Any member of the company entitled to attend and vote may appoint another member as his / her proxy to attend and vote on his / her behalf.

3. Proxies must be received at the registered office of the company not less than 48 hours before the meeting.

DIRECTORS' REPORT

In the name of Allah the Most Merciful and the Most Benevolent

The directors of your company are pleased to present the Annual report and the audited financial statements for the year ended June 30, 2016 together with the auditor's report thereon.

OPERATING AND FINANCIAL RESULTS

The Comparative financial results of the company are summarized below:-

	June 30, 2016	*June 30 2015*
	--- (Rupees in '000) ---	
Sales-Net	**-**	-
Cost of sales	**-**	-
Gross profit	**-**	-
Administrative Expenses	**(15,935)**	(22,072)
Finance Cost	**(2)**	(3)
Operating loss	**((15,937)**	(22,075)
Other operating expenses	**(51,555)**	(200)
Other Income	**40,283**	-
Loss before Taxation	**(27,209)**	(22,275)
Taxation	**27,854**	21,476
(Loss) / profit after taxation	**(645)**	799
(Loss) / profit per share - basic and diluted	**0.01**	(0.01)

During the current year, DCIL has entered into an agreement with a renowned Chinese firm, which has taken interest in the refurbishment and "Operations and Maintenance (O & M)" of the existing plant of DCIL and for setting up a new cement plant with the capacity of 5,000 tons per day. Necessary financing for the project will be arranged by the firm, on behalf of DCIL, from Chinese financial institutions for which the negotiations are at the final stages.

OBSERVATION OF THE AUDITORS

As regards the material uncertainty to continue as a going concern, the company is trying to recover from the current position as the Company has entered into an agreement with a renowned Chinese firm, which has taken interest in the refurbishment and "Operations and Maintenance (O & M)" of the existing plant of DCIL and for setting up a new cement plant with the capacity of 5,000 tons per day. Necessary financing for the project will be arranged by the firm, on behalf of DCIL, from Chinese financial institutions for which the negotiations are at the final stages and the management do not see that there is any significant doubt to continue as going concern.

In respect of auditors' observation with respect to existence and valuation of long term and short term borrowings amounting to Rs. 600 million and Rs. 25 million respectively, the bank obtained the consent decree and execution application in 1998 from the Honourable High Court of Sindh amounting to Rs. 717 million against which the Company has paid Rs. 584.272 million. The management is of the view that the amount paid has been adjusted by the bank entirely against the markup instead of decretal amount. Accordingly, the Company got the execution application disposed of in 2002 from the Court. Then the second execution application has been filed in 2014 by the bank. The management is of the view that the above decree has been lapsed / time barred as per the law, as the second execution application was filed after the expiry of six years from the date of disposal of first execution application. Hence this liability stands nil due to which the additional amount in pursuant of the decree has not been recorded nor the markup has been accrued in these financial statements. The case is subjudice in the court for which the management expects the favorable outcome.

The auditors have also observed the non-compliances with the requirements of the Code as reflected in the paragraph references where these are stated in the Statement of Compliance as we stated above the company is in process of revival and can assure the future compliance with the requirements of the Code.

AUDITORS

The present Auditors M/s. Haroon Zakaria & Company, Chartered Accountants, retired and being eligible have offered themselves for reappointment. Audit committee has recommended the reappointment.

PATTERN OF SHARES HOLDING

Pattern of share holding as at June 30, 2016 required under the reporting framework is annexed.

SUBSIDIARY COMPANY AND CONSOLIDATED ACCOUNTS

Consolidated financial statements of the company with its subsidiary Dadabhoy Energy Supply Company Limited.

FUTURE PROSPECTS

The Board of directors and its management team are fully determined to move the Company from present situation of uncertainties and for this a strategic plan has been developed and you will see positive improvements in the foreseeable future as discussed above.

EARNING PER SHARE

The loss per share of the company as at 2016 stood at 0.01 (2015: 0.01)

STATEMENT ON CORPORATE AND FINANCIAL FRAME WORK

The Directors of the Company are well aware of their responsibilities under the Code of Corporate Governance incorporated in the Listing Regulations of the stock exchange where the Company is listed. All necessary steps are being taken to ensure Good Corporate Governance in the Company as required by the Code.

a) The Financial Statements prepared by the Management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

b) Proper books of account of the Company have been maintained in the manner required under the Companies Ordinance 1984.

c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d) International Accounting and Financial reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

e) There is no internal audit function in the Company.

f) We have an Audit Committee, majority of the members of which are amongst executive directors and the chairman is a non-executive director.

g) As already stated above the company is trying to recover from the current position to agreement with a renowned Chinese firm, which has taken interest in the refurbishment and "Operations and Maintenance (O & M)" of the existing plant of DCIL and for setting up a new cement plant with the capacity of 5,000 tons per day. Necessary financing for the project will be arranged by the firm, on behalf of DCIL, from Chinese financial institutions for which the negotiations are at the final stages and the management do not see that there is no significant doubt to continue as going concern.

h) Key operating and financial data for last six years is annexed with financial statement.

i) The Company has neither declared dividend nor issued bonus shares for the current financial year because of operating and accumulated losses incurred.

j) There has been nothing outstanding against your company on account of taxes, duties, Levies and other charges except for those which are being made in the normal course of business.

k) The Company does not have any schemes for its employees.

l) During the year 4 meetings of the Board of Directors and 4 audit committee meetings were held separately. Attendance by each Director and member of the company is annexed.

m) The Company has no overdue of any loan.

n) Directors have not attended any training program during the year but will obtain the required certification within the stipulated time.

o) There was no trading in shares of the Company by its directors, CEO, CFO, Company Secretary and their spouses and minor children.

MEETINGS OF THE BOARD OF DIRECTORS

During the year four meetings of Board of directors were held. Attendance by each director is as follows.

Name of Directors	*No. of Meetings Attended*
Mr. Muhammad Hussain Dadabhoy	4
Mr. Muhammad Amin Dadabhoy	4
Mr. Fazal Karim Dadabhoy	4
Mrs. Humaira Dadabhoy	2
Mrs. Yasmeen Dadabhoy	2
Mrs. Noor Bakht Dadabhoy	4
Mr. Danish Dadabhoy	4

MEETINGS OF THE AUDIT COMMITTEE

During the year four meetings of Audit Committee were held. Attendance by each director is as follows.

Name of Directors	*No. of Meetings Attended*
Mr. Muhammad Hussain Dadabhoy	4
Mr. Muhammad Amin Dadabhoy	4
Mr. Fazal Karim Dadabhoy	4

ACKNOWLEDGEMENT

Your Directors are pleased to record their appreciation for the continued dedications, commitment and loyalty of the employees of your company.

Your Directors are also thankful to all stakeholders for the loyalty they have shown during our difficult period.

Your directors also appreciate the assistance and continued support of the various Government Departments, Bankers, Customers and Shareholders.

For and On behalf of the Board

Muhammad Amin Dadabhoy
Chief executive

Karachi: January 2, 2017

DADABHOY CEMENT INDUSTRIES LIMITED

DADABHOY GROUP

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STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE DADABHOY CEMENT INDUSTRIES LIMITED FOR THE YEAR ENDED JUNE 30, 2016

This statement is being presented to comply with the requirements of Code of Corporate Governance (the Code) contained in the Regulations of Pakistan Stock Exchange Limited, for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors (the Board). At present the Board includes:

Category	**Names**
Non-Executive Director	Mr. Muhammad Hussain Dadabhoy
Executive Directors	Mr. Amin Dadabhoy
	Mr. Fazal Karim Dadabhoy
	Mr. Danish Dadabhoy
	Mrs. Humaira Dadabhoy
	Mrs. Yasmeen Dadabhoy
	Mrs. Noor Bakht Dadabhoy

   The Company does not have any independent directors on its board at present.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loans to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as defaulter by that stock exchange.

4. No casual vacancy occurred on the Board during the year.

5. The Company has prepared a 'Code of Conduct' and has ensured that the appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman. Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. None of the Directors have done the prescribed training program. The Directors will be trained within the prescribed time period. All the Directors on the Board are fully conversant with their duties and responsibilities.

10. There has been no change in the position of Chief Financial Officer and the Company Secretory. While no appointment of head of internal audit has been made due to operational inactivity of the Company.

11. The Directors' report for the year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) before approval of the Board.

13. The Directors, CEO, and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of Code.

15. The Board has formed an Audit Committee which comprises of three members, of whom all are executive directors and chairman is a non-executive director.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members, of whom one is an executive director while remaining members are not the directors of the Company.

18. Due to operational inactivity of the Company, the Board has not formed any internal audit function during the year.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim and final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to directors, employees and stock exchange.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

23. We confirm that all other material principles enshrined in the Code have been complied with except for the following, towards which reasonable progress is being made by the Company to seek compliance by the end of next accounting year:

    i. Executive directors of the Company are more than one-third of the elected directors.
    ii. Half year review for the period ended December 31, 2015 was conducted by a non-QCR rated firm of Chartered Accountants.

Karachi
Dated:

Chief Executive Officer

DADABHOY CEMENT INDUSTRIES LIMITED

FINANCIAL REVIEW FOR SIX YEARS

Particulars	2016	2015	2014	2013	2012	2011
PRODUCTION SUMMARY						
Clinker Production	-	-	-	-	-	-
Cement Production	-	-	-	-	-	-
Cement Dispatch	-	-	-	-	-	-
ASSETS EMPLOYED						
Fixed Assets	3,590,505	3,340,640	3,349,390	3,358,140	3,366,515	3,379,835
Long term Loan & Investments	189,215	209,350	209,305	210,370	210,370	210,370
Current Assets	20	31,186	31,234	77,838	175,793	175,792
Total Assets Employed	3,779,740	3,581,176	3,589,974	3,646,348	3,752,678	3,765,997
FINANCED BY						
Shareholders' Equity	154,151	151,219	170,782	233,938	350,611	370,504
Surplus on Revaluation	1,964,971	1,444,705	1,455,539	1,459,399	1,459,399	1,459,399
Long term Liabilities	600,000	602,416	602,416	602,416	602,416	602,416
Deferred Liabilities	896,686	921,550	775,117	775,117	775,117	775,117
Current Liabilities	433,932	461,286	588,144	577,502	567,159	560,585
Total Funds Invested	3,779,740	3,581,176	3,589,974	3,646,348	3,752,678	3,765,997
FINANCED BY						
Turnover (Net)	-	-	-	-	-	-
Operating Profit (Loss)	-	-	-	-	-	-
Profit (loss) before Taxation	(27,209)	(22,275)	(67,016)	(116,673)	(19,893)	(151,222)
Profit / (Loss) after Taxation	645	(799)	(67,016)	(116,673)	(19,893)	(135,416)
Cash Dividend	-	-	-	-	-	-
Profit (Loss) carried forward	(861,439)	(864,371)	(848,668)	(781,652)	(664,979)	(645,086)

HAROON ZAKARIA & COMPANY
CHARTERED ACCOUNTANTS

DADABHOY CONSTRUCTION TECHNOLOGY LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

A member of
msi Global Alliance
Independent legal & accounting firms

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REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **DADABHOY CEMENT INDUSTRIES LIMITED**, (the Company) for the year ended June 30, 2016 to comply with the Regulations of Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited) where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company (the Board). Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirement of the Code. A review is limited primarily to inquiries of the management personnel and review of various documents prepared by the management to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the management's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2016.

Further, we highlight below instances of non-compliances with the requirements of the Code as reflected in the paragraph references where these are stated in the Statement of Compliance:

Paragraph 1	There is no representation of any independent director on the Board.
Paragraph 10 and 18	There is no internal audit function in the Company.
Paragraph 15	Code prescribes the Chairman of the Audit Committee to be an independent director and other members should be amongst the non-executive directors. While the Company has Audit Committee comprising of executive directors and the chairman is a non-executive director.
Paragraph 17	Human Resource and Remuneration Committee comprises of members not on the board of the Company.
Paragraph 23 (i)	Executive directors of the Company are more than one-third of the elected directors.
Paragraph 23 (ii)	Half year review was conducted by a non-QCR rated Chartered Accountant.

Haroon Zakaria &Co
Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: 02 JAN 2017

Engagement Partner:
Mohammad Iqbal

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **DADABHOY CEMENT INDUSTRIES LIMITED** as at June 30, 2016 and related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on test basis evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) During the current year, the Company has incurred loss before tax amounting to Rs. 27.209 (2015: Rs. 22.275) million resulting in the accumulated losses as on the balance sheet date amounting to Rs. 861.439 (2015: Rs. 864.371) million while current liabilities of the Company exceed the current assets by Rs. 433.912 (2015: 430.100) million. The operations of the Company are closed since financial year 2009 and the Company has been reporting nil sales since then due to which, it is suffering from continuous losses together with the liquidity issues. The Company is fully dependent upon the financial support of Directors and Sponsors to fulfill its operational and financial obligations.

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Karachi-75530 Pakistan.
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Web: http:www.hzco.com.pk

These factors indicate the existence of material uncertainty that may cast doubts regarding the Company's ability to continue as a going concern and accordingly, Company may not be able to realize its assets and settle its liabilities at stated amounts in the normal course of business. The financial statements do not disclose this fact. Further, the mitigating factors disclosed by the management in the financial statements in note # 1.2 reflect only initial steps taken by the management for restarting the operational activities of the Company which have not been materialized till the issue of these financial statements.

b) We could not substantiate the existence and valuation of long term and short term borrowings amounting to Rs. 600 million and Rs. 25 million respectively. Further, we could not obtain sufficient appropriate audit evidence with respect to the classification of long term loan.

In addition, there is a material uncertainty in relation to the settlement of suits filed by the banking companies as disclosed in note # 11 and 16.1. The financial statements do not disclose this fact. The Company has under recorded the liability when compared with the decretal amount and disclosed the under recorded amount of Rs. 122.5 million as contingency in note # 17 to these financial statements.

c) in our opinion, except as stated in paragraph (a) and (b) above, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

d) in our opinion:

i) except as stated in paragraph (a) and (b) above, the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;

ii) the expenditure incurred during the year was for the purpose of the Company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.

e) Owing to the significance of the matters stated in paragraph (a) and (b) above, in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof do not give a true and fair view of the state of the Company's affairs as at June 30, 2016 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

f) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

As part of our audit of the financial statements for the year ended June 30, 2016, we also audited the adjustments as described in note # 4.2.1, note # 10.4, note # 14.1.2 and note # 15.2 to the annexed financial statements that are applied to amend the prior period financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the prior period financial statements of the Company other than with respect to the adjustments mentioned above and, accordingly, we do not express an opinion or any other form of assurance on the prior period financial statements taken as a whole.

The Company is required to convene its annual general meeting (AGM) of the shareholders and lay therein audited financial statements within four months from the close of the year end. The said required AGM and subsequent corporate actions of the financial year ended on June 30, 2016 have been delayed which entails penalties from the regulator. The disclosure and attributable reasons whereof have not been stated in these financial statements.

The financial statements of the Company for the year ended June 30, 2015 were audited by another firm of Chartered Accountants who expressed an unmodified opinion on those statements in their report dated September 11, 2015.

Haroon Zakaria &Co

Haroon Zakaria &Company
Chartered Accountants

Engagement Partner:
Mohammad Iqbal

Place: Karachi
Dated: 02 JAN 2017

DADABHOY CEMENT INDUSTRIES LIMITED
BALANCE SHEET
AS AT JUNE 30, 2016

	Note	2016	2015
		(Rupees in thousand)	
			Restated
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	**3,590,505**	3,340,640
Long term investments	5	**189,215**	207,420
Long term deposit	19	**-**	1,930
		3,779,720	3,549,990
Current Assets			
Stores, spare parts and loose tools	6	**-**	23,535
Advances and prepayments	7	**-**	7,625
Cash and bank balances	8	**20**	26
		20	31,186
Total Assets		**3,779,740**	3,581,176
EQUITY AND LIABILITIES			
Authorized Capital			
150,000,000 Ordinary shares of Rs. 10 each		**1,500,000**	1,500,000
Issued, subscribed and paid up capital	9	**982,366**	982,366
Capital reserve		**33,224**	33,224
Accumulated losses		**(861,439)**	(864,371)
		154,151	151,219
Surplus on revaluation of fixed assets	10	**1,694,971**	1,444,705
Non Current Liabilities			
Long term financing	11	**600,000**	600,000
Long term Murabaha	12	**-**	392
Liabilities against assets subject to finance lease	13	**-**	2,024
Deferred liabilities	14	**896,686**	921,550
		1,496,686	1,523,966
Current Liabilities			
Trade and other payable	15	**210,721**	247,972
Short term borrowings	16	**218,908**	209,011
Provision for taxation		**4,303**	4,303
		433,932	461,286
Contingencies and Commitments	17	**-**	-
Total Equity and Liabilities		**3,779,740**	3,581,176

The annexed notes from 1 to 30 form an integral part of these financial statements.

Chief Executive	***Director***

DADABHOY CEMENT INDUSTRIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		(Rupees in thousand)	
			Restated
Sales		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses	18	**(15,935)**	(22,072)
Financial cost		**(2)**	(3)
Operating loss		**(15,937)**	(22,075)
Other operating expenses	19	**(51,555)**	(200)
Other income	20	**40,283**	-
Loss before taxation		**(27,209)**	(22,275)
Taxation	21	**27,854**	21,476
Profit / (loss) after taxation		**645**	(799)
Earning / (loss) per share - basic and diluted (Rupees)	22	**0.01**	(0.01)

The annexed notes from 1 to 30 form an integral part of these financial statements.

Chief Executive ***Director***

DADABHOY CEMENT INDUSTRIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	(Rupees in thousand)	
		Restated
Profit / (loss) after taxation	**645**	(799)
Other comprehensive income for the year:	-	-
Total comprehensive income / (loss) for the year	**645**	(799)

The annexed notes from 1 to 30 form an integral part of these financial statements.

Chief Executive ***Director***

DADABHOY CEMENT INDUSTRIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

	Share Capital	*Capital Reserve*	*Accumulated losses*	*Total*
	- - - - - - - - - - -Rupees in '000 - - - - - - - - - - -			
Balance as at June 30, 2014 - before restatement	982,366	33,224	(844,808)	170,782
Effect of restatement				
- Transferred from surplus on revaluation on account of incremental depreciation - net of deferred tax (note 10.4)	-	-	6,336	6,336
- unrecognized deferred tax (note 14.1.2)	-	-	(165,708)	(165,708)
- unrecognized deferred income (note 15.2)	-	-	138,311	138,311
Balance as at June 30, 2014 - restated	982,366	33,224	(865,869)	149,721
Total comprehensive loss for the year - restated	-	-	(799)	(799)
Transferred from surplus on revaluation on account of incremental depreciation - net of deferred tax - restated	-	-	2,297	2,297
Balance as at June 30, 2015 - restated	**982,366**	**33,224**	**(864,371)**	**151,219**
Total comprehensive income for the year	-	-	**645**	**645**
Transferred from surplus on revaluation on account of incremental depreciation - net of deferred tax	-	-	**2,287**	**2,287**
Balance as at June 30, 2016	**982,366**	**33,224**	**(861,439)**	**154,151**

The annexed notes from 1 to 30 form an integral part of these financial statements.

Chief Executive

Director

DADABHOY CEMENT INDUSTRIES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	(Rupees in thousand)	
		Restated
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	**(27,209)**	(22,275)
Adjustments for:		
Depreciation	**8,687**	8,750
Impairment loss on investment in associate	**2,420**	-
Impairment loss on investment in subsidiary	**15,785**	-
Long term deposits written off	**1,930**	-
Provision for slow moving and obsolete items of stores	**23,535**	-
Advances written off	**7,585**	-
Prepayments written off	**40**	-
Gain on disposal of fixed asset	**(1,961)**	-
Liabilities written back	**(38,322)**	-
Financial charges	**2**	3
Cash outflow before working capital changes	**(7,508)**	(13,522)
Working capital changes:		
Decrease in current liabilities		
Trade and other payable	**(2,001)**	(196)
Cash used in operations	**(9,509)**	(13,718)
Financial charges paid	**(2)**	(3)
Net cash used in operating activities	**(9,511)**	(13,721)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Proceed from disposal of fixed assets	**1,961**	-
Net cash generated from investing activities	**1,961**	-
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Loans from directors received	**9,897**	13,673
Repayment of lease liability	**(1,961)**	-
Repayment of Murabaha liability	**(392)**	-
Net cash generated from financing activities	**7,544**	13,673
Net decrease in cash and cash equivalents	**(6)**	(48)
Cash and cash equivalents at beginning of the year	**26**	74
Cash and cash equivalents at end of the year	**20**	26

The annexed notes from 1 to 30 form an integral part of these financial statements.

Chief Executive ***Director***

DADABHOY CEMENT INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1 STATUS AND NATURE OF BUSINESS

1.1 Dadabhoy Cement Industries Limited (DCIL) was incorporated on 09 August 1979 as a public limited company and is listed on Pakistan Stock Exchange Limited - PSX (previously Karachi Stock Exchange Limited - KSEL). The Company is engaged in the manufacturing and sale of ordinary Portland, slag and sulphate resistant cement. The Company's registered office is situated at Suite # 4, 2nd Floor, Plot no. 28-30 / C, Noor Centre, Khayaban-e-Ittehad, Lane no.12, Phase VII, D.H.A., Karachi.

Trading in shares of the Company was suspended by the Stock Exchanges on April 13, 2015 due to non compliances with respect to PSX regulations.

1.2 Going Concern Assumption:

During the current year, the Company has incurred loss before tax amounting to Rs. 27.209 (2015: 22.275) million resulting in the accumulated losses as on the balance sheet date amounting to Rs. 861.439 (2015: Rs. 864.371) million. Further, its current liabilities exceed its current assets by Rs. 433.912 (2015: Rs. 430.1) million. The operations of the Company are closed since financial year 2009 due to which the Company is facing financial and operational difficulties and is unable to discharge its financial and operational liabilities in due course of business. The Company is reporting nil sales since then and is totally dependent on the financial support of its Directors and sponsors.

The management of the Company has prepared these financial statements on going concern basis due to the following reasons:

a) The Company has revaluation surplus on fixed assets amounting to Rs. 1.695 billion as on the balance sheet date, which is far more than the accumulated losses of the Company as stated above.

b) During the year, the Company has entered into an agreement with a renowned Chinese firm, which has taken interest in the refurbishment and "Operations and Maintenance (O & M)" of the existing plant of the Company and for setting up a new cement plant with the capacity of 5,000 tones per day. Necessary financing for the project will be arranged by the firm, on behalf of the Company, from Chinese financial institutions for which the negotiations are at the final stages.

Management is confident that the planned work of refurbishment at plant will be commenced by the end of June 30, 2017.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 *Basis of measurement*

These financial statements have been prepared under the historical cost convention, except as otherwise disclosed in these notes. Further accrual basis of accounting is followed except for cash flow information.

2.3 *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pak Rupees, which is also the functional currency of the Company.

2.4 *Use of estimates and judgments*

The preparation of financial statements in conformity with the approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standard as, applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows: -

Property, plant and equipment

The Company's management determines the estimated useful lives and related depreciation charge for its property, plant and equipment. This also includes estimating the residual values and depreciable lives. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property and equipment with a corresponding affect on the depreciation charge and impairment (if any).

2.5 *New / revised standards that became effective for the year*

The following new / revised standards are effective for the year ended June 30, 2016. These standards are, either not relevant to the company's operations or are not expected to have significant impact on the company's financial statements other than certain additional disclosures:

- IFRS 10 'Consolidated Financial Statements'
- IFRS 11 'Joint Arrangements'
- IFRS 12 'Disclosure of Interests in Other Entities'
- IAS 27 (Revised 2011) 'Separate Financial Statements'
- IAS 28 (Revised 2011) 'Investments in Associates and Joint Ventures'

IFRS 13 ‘Fair Value Measurement’ also became effective in the current year. IFRS 13 consolidates the guidance on how to measure fair value, which was spread across various IFRSs, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 did not have an impact on the financial statements of the company, except for certain additional disclosures.

2.6 Amendments to published approved accounting standards that are not yet effective

The following amendments to approved accounting standards are effective for accounting periods beginning on or after the date mentioned against each of them. These amendments are either not relevant to the company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

	Effective Date (accounting periods beginning on or after)
- Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 1, 2018
- Amendments to IFRS 10 ‘Consolidated Financial Statements’, IFRS 12 ‘Disclosure of Interests in Other Entities’ and IAS 28 ‘Investments in Associates and Joint Ventures’ - Applying the consolidation exception	January 1, 2016
- Amendments to IFRS 11 ‘Joint Arrangements’ - Amendments regarding the accounting for acquisitions for an interest in a joint venture	January 1, 2016
- Amendments to IAS 1 ‘Presentation of Financial Statements’ - Amendments as a result of the disclosure initiative	January 1, 2016
- Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 1, 2017
- Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealized losses	January 1, 2017
- Amendments to IAS 16 ‘Property, Plant and Equipment’ and IAS 38 ‘Intangible Assets’ - Clarification of acceptable methods of depreciation and amortization	January 1, 2016
- Amendments to IAS 16 ‘Property, Plant and Equipment’ and IAS 41 ‘Agriculture’ - Bearer plants	January 1, 2016
- Amendments to IAS 27 ‘Separate Financial Statements’ – equity method in separate financial statements	January 1, 2016

2.7 In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

- IFRS 1 - First Time Adoption of International Financial Reporting Standards
- IFRS 9 - Financial Instruments
- IFRS 14 - Regulatory Deferral Accounts
- IFRS 15 - Revenue from Contracts with Customers
- IFRS 16 - Leases

3 *SIGNIFICANT ACCOUNTING POLICIES*

3.1 Property, plant and equipment

Owned

Fixed assets are stated at cost including exchange differences arising on acquisition or revalued amounts less accumulated depreciation and impairment loses if any except for freehold land which is stated at revalued amount. Depreciation on plant and machinery is charged on the basis of unit of production method. Depreciation on other assets is charged on straight line method at the rates stated in note 4.

Depreciation on additions is charged from the month when the assets are available for use while depreciation on disposals is charged up to the month of disposals.

The surplus on revaluation of fixed assets is reversed to the extent of incremental depreciation and is transferred to accumulated losses.

Gains and losses on sale of fixed assets are included in income currently, except that is related to surplus on revaluation of fixed assets (net of deferred taxation), is transferred directly to accumulated loss.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Leased

These are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of the assets acquired on lease. The outstanding obligations under the lease less finance charges allocated to future periods are shown as liability. Financial charges are calculated at the interest rate implicit in the lease and are charged to the profit and loss account. Depreciation is charged to income applying the same basis as for owned assets.

3.2 Impairment

The carrying amount of assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. Impairment loss is recognized in Profit and Loss account whenever carrying amount of an asset exceeds its recoverable amount.

3.3 Long term investments

These represents investments in shares of companies that are directly controlled by the Company or in which a substantive interest in the voting power is owned directly by the directors of the Company.

Investment in subsidiary company is stated at cost less any impairment in the value of investment.

Investment in associate is accounted for using the equity method whereby investment is carried in the balance sheet at cost as adjusted by the post-acquisition changes in the company's share of net assets of the associate less any impairment in the value of investment.

3.4 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand and cash at banks in current and deposit accounts.

3.5 *Trade and other payables*

Liabilities for trade and other payables are carried at cost which is the value of the consideration to be paid in future for goods and services.

3.6 *Borrowing costs*

Borrowing costs are charged to profit and loss account in the year when they are incurred, except to the extent that they are directly attributable to the construction of a qualifying assets in which case they are capitalized as part of the cost of that assets.

3.7 *Provisions*

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.8 *Taxation*

Current:

Provision for current taxation is computed in accordance with the provisions of the Income Tax Ordinance, 2001.

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemptions available, if any, or minimum tax on turnover or Alternate Corporate Tax (ACT), whichever is higher.

Deferred:

Deferred income tax is provided using the balance sheet liability method for all temporary differences at the balance sheet date between tax base of assets and liabilities and their carrying amounts for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realization or the settlement of the carrying amounts of assets and liabilities, using the tax rates enacted or substantively enacted at the balance sheet date.

Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit for the foreseeable future will be available against which such temporary differences and tax losses can be utilized.

3.9 *Impairment*

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Non-Financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization. if no impairment loss had been recognized.

3.10 Financial instruments

All financial assets and liabilities are initially measured at fair value, and subsequently measured at fair value or amortized cost as the case may be. The Company derecognizes the financial assets and financial liabilities when it ceases to be a party to such contractual provisions of the instruments.

3.11 Off setting of financial assets and financial liabilities

Financial assets and financial liabilities offsets each other and the net amount is reported in the balance sheet if the Company has a legal enforceable right to set off the transaction and also intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.12 Dividend and appropriation to reserves

Dividend and appropriations to reserves are recognized in the statement of changes in equity in the period in which theses are approved.

	Note	2016	2015
		Rupees in '000'	
			Restated

4 PROPERTY, PLANT AND EQUIPMENT

	Note	2016	2015
Tangible fixed assets	4.1	**3,590,505**	3,340,640
Capital work in process	4.2	-	-
		3,590,505	3,340,640

4.1 Tangible fixed assets

Description	As at June 30, 2016									
	Cost / Revalued Amounts*				Accumulated Depreciation				WDV	
	As on July 01, 2015	Surplus on Revaluation	Disposal / Adjustment of Depreciation on Account of Revaluation*	As on June 30, 2016	As on July 01, 2015	Disposal / Adjustment of Depreciation on Account of Revaluation*	Charge for the year	As on June 30, 2016	As on June 30, 2016	Rate %
	Rupees in '000'									
Owned Assets										
Freehold land*	**350,000**	**250,000**	-	**600,000**	-	-	-	-	**600,000**	**0%**
Building on freehold land*	**335,000**	**19,352**	**(49,552)**	**304,800**	**41,875**	**(49,552)**	**8,312**	**635**	**304,165**	**2.5%**
Road pavement	**15,000**	-	-	**15,000**	**1,125**	-	**375**	**1,500**	**13,500**	**2.5%**
Plant and machinery*	**2,683,640**	**(10,800)**	-	**2,672,840**	-	-	-	-	**2,672,840**	**1%**
	3,383,640	**258,552**	**(49,552)**	**3,592,640**	**43,000**	**(49,552)**	**8,687**	**2,135**	**3,590,505**	
Leased Assets										
Motor vehicles	**6,835**		**(6,835)**	-	**6,835**	**(6,835)**	-	-	-	**20%**
2016	**3,390,475**	**258,552**	**(56,387)**	**3,592,640**	**49,835**	**(56,387)**	**8,687**	**2,135**	**3,590,505**	

Description	As at June 30, 2015							Rate %
	Cost / Revalued Amounts*			Accumulated Depreciation			WDV	
	As on July 01, 2014	Transfers	As on June 30, 2015	As on July 01, 2014	Charge for the year	As on June 30, 2015	As on June 30, 2015	
	Rupees in '000'							
Owned Assets								
Freehold land*	350,000	-	350,000	-	-	-	350,000	0%
Building on freehold land*	335,000	-	335,000	33,500	8,375	41,875	293,125	2.5%
Road pavement	15,000	-	15,000	750	375	1,125	13,875	2.5%
Plant and machinery*	2,673,000	10,640	2,683,640	-	-	-	2,683,640	1%
	3,373,000	10,640	3,383,640	34,250	8,750	43,000	3,340,640	
Leased Assets								
Motor vehicles	6,835	-	6,835	6,835	-	6,835	-	20%
2015 - restated	3,379,835	10,640	3,390,475	41,085	8,750	49,835	3,340,640	

4.1.1 Cost of fully depreciated asset as on the balance sheet date amounted to Rs. 98.641 (2015: 98.641) million.

4.1.2 All the fixed assets of the Company are hypothecated and / or mortgage with the lenders of the long term finances.

4.1.3 Due to stoppage of the plant, depreciation on plant and machinery is not charged in pursuant of the provisions given under para 55 of IAS 16 (IFRS). Further, plant and machinery has been impaired during the year in pursuant of the latest revaluation report dated June 20, 2016. Therefore, all the depreciation is charged to administrative expenses, hence no production related depreciation has been charged in these financial statements.

4.1.4 Leased vehicle having cost and WDV of Rs. 6.835 million and Rs. nil respectively has been sold to one of the Directors of the Company against the proceeds of Rs. 1.961 million resulting in the gain on disposal amounting to Rs. 1.961 million.

	Note	***2016***	*2015*
		(Rupees in thousand)	
			Restated
4.2 *Capital work in process*			
Balance as on July 01,		-	10,640
Transfer during the year	4.2.1	-	(10,640)
Balance as on June 30,		-	-
		-	-

4.2.1 CORRECTION OF PRIOR PERIOD ERROR:

The Company had not transferred the capital work in process to fixed assets despite their completion and meeting the recognition criteria as per IAS - 16. This was an inadvertent error on the part of management which has been rectified in the current financial year by restating the comparative figures.

	Note	***2016***	*2015*
		(Rupees in thousand)	
5 LONG TERM INVESTMENTS			
Investments in related parties			
5.1 At cost			
Dadabhoy Energy Supply Company Limited			
Investment as at July 01,		**205,000**	205,000
Provision for impairment	5.3.1	**(15,785)**	-
Investment as at June 30,	5.3	**189,215**	205,000
5.2 Equity method			
Dadabhoy Sack Limited			
Investment as at July 01,		**2,420**	2,420
Provision for impairment		**(2,420)**	-
Investment as at June 30,	5.4	-	2,420
		189,215	207,420

5.3 Dadabhoy Energy Supply Company Limited (DESCL) has been treated as a subsidiary company as the Company holds 47.86% equity interest (20.5 million shares) in the DESCL alone and 79.26% together with its directors thus providing substantial interest in the voting power in DESCL. The plea of the Company to treat the DESCL as its subsidiary has been accepted by the SECP.

5.3.1 As at June 30, 2016, the breakup value per share of the subsidiary company amounting to Rs. 9.23 per share resulting in the impairment of Rs. 0.77 per share which has been recognized in these financial statements.

5.3.2 The company has pledged 4,500,000 Ordinary shares of Rs. 10 each of DESCL with a financial institution as a security against the financial assistance extended by the financial institution to DESCL.

5.4 The Company holds 6.90% equity interest in the Dadabhoy Sack Limited (DSL) which has been presumed to be an associated company due to the fact that all the Directors of the Company are also the members of the Board of Directors of DSL. The reporting date of DSL is also the same as of the Company, i.e. June 30.

5.4.1 The investment in associate has been impaired during the year due to the fact the during the current financial year, the associated company has incurred after tax loss amounting to Rs. 2.961 million rising its accumulated losses to Rs. 20.246 million. Further, the operations of the associated company are closed since financial year 2009 due to which the Company is facing financial and operational difficulties and is unable to discharge its liabilities in due course of business. The Company is reporting nil sales since then and is totally dependent on the financial support of its Directors. Furthermore, trading in shares of the DSL is also suspended in the PSX.

5.4.2 ***Summarized financial information of an associate:***

	Note	*2016*	*2015*
		(Rupees in thousand)	
Total assets		**206,262**	45,489
Total liabilities		**59,212**	14,583
Revenue		-	-
Loss after taxation		**(2,961)**	(3,527)

6 STORES, SPARE PARTS AND LOOSE TOOLS

Stores, spares and loose tools		**23,535**	23,535
Provision for slow moving and obsolete items		**(23,535)**	-
		-	23,535

7 ADVANCES AND PREPAYMENTS

Advance against income tax	19	-	7,585
Prepayments	19	-	40
		-	7,625

	Note	2016	2015
		(Rupees in thousand)	

8 CASH AND BANK BALANCES

	Note	2016	2015
Cash in hand		**10**	11
Cash at banks			
- in current accounts		**7**	12
- in savings accounts	8.1	**3**	3
		10	15
		20	26

8.1 These accounts are dormant / inactive, and therefore no interest is earned.

9 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

(Number of shares) 2016	2015		2016 (Rupees in thousand)	2015
98,236,624	98,236,624	Ordinary shares of Rs. 10 each fully paid up in cash	**982,366**	982,366

9.1 Number of shares held by the associated company as on the balance sheet date are 61,889,073 (2015: 61,889,073).

9.2 The ordinary share holders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry one vote per share without restriction.

10 SURPLUS ON REVALUATION OF FIXED ASSETS

	Note	2016	2015
		(Rupees in thousand)	Restated
Balance as at July 01,		**1,444,705**	1,448,083
Revaluation surplus arising during the year	10.1	**258,552**	-
		1,703,257	1,448,083
Transfer to equity in respect of incremental depreciation - net of deferred tax		**(2,287)**	(2,297)
Related deferred tax liability of incremental depreciation		**(1,028)**	(1,081)
		(3,315)	(3,378)
		1,699,942	1,444,705
Less: Related deferred tax liability			
- at the beginning of the year		**-**	214
- effect of revaluation surplus during the year		**5,999**	-
- effect of tax rate adjustment		**-**	(146)
- on incremental depreciation for the year		**(1,028)**	(68)
		4,971	-
Balance as at June 30,		**1,694,971**	1,444,705

10.1 The latest revaluation was carried out under market value basis by an independent valuer, M/s. Zafar Iqbal & Company as on June 20, 2016, resulting in a surplus of Rs. 258.552 million, over book values which were credited to surplus on revaluation of fixed assets.

Earlier, the Company had carried out revaluations as at August 29, 1994, May 01, 2000, September 29, 2001, July 18, 2007 and September 17, 2009 under market value basis which resulted in surplus of Rs. 487.688 million, Rs. 303.692 million, Rs. 1,091 million, Rs. 496.667 million and Rs. 110,908 million respectively which were credited to surplus on revaluation of fixed assets.

10.2 Had there been no revaluation, the written down values of specific classes of property, plant and equipment would have been amounted to:

	2016	*2015*
	(Rupees in thousand)	
Freehold land*	**3,198**	3,198
Building on freehold land*	**74,752**	76,719
Plant and machinery*	**825,418**	825,418
	903,368	905,335

10.3 In accordance with the requirements of IFRS 13 Fair value measurement, the Company classifies its property, plant and equipment and long term investments in terms of following fair value hierarchy:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Fair value measurements using Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs).

Details of the Company's property, plant and equipment and long term investments in terms of fair value hierarchy, explained above, at June 30, 2016 is as follows:

Assets measured at fair value	***Level 1***	***Level 2***	***Level 3***
		- - - - - - - - - - - Rupees in thousand - - - - - - - - - - -	
Operating fixed assets - Freehold Land	-	**600,000**	-
- Buildings on freehold land	-	**304,165**	-
- Plant and machinery	-	**2,672,840**	-
Long term investments	-	-	**189,215**
Total	-	**3,577,005**	**189,215**

10.4 ***<u>CORRECTION OF PRIOR PERIOD ERROR:</u>***

The Company had inadvertently not applied the provision of IAS - 12 with respect to the treatment of deferred tax on account of revaluation surplus. Error has been rectified in the current financial year by restating the comparative figures and opening accumulated losses of the corresponding period.

11 LONG TERM FINANCING

	2016	*2015*
	(Rupees in thousand)	
Loan from banking company - secured	**600,000**	600,000

11.1 The above loan represents the long term loan taken from National Bank of Pakistan (NBP) which has been rescheduled by the bank from time to time. It carries markup at the rate of 12% per annum. Due to operational and working capital crunch being faced by the Company, the Company defaulted in timely payments of principal and markup.

11.2 The bank obtained the consent decree and execution application in 1998 from the Honourable High Court of Sindh amounting to Rs. 717 million against which the Company has paid Rs. 584.272 million. The management is of the view that the amount paid been adjusted by the bank entirely against the markup instead of decretal amount. Accordingly, the Company got the execution application disposed of in 2005 from the Court. Then the second execution application has been filed in 2014 by the bank.

The management is of the view that the above decree has been lapsed / time barred as per the law, as the second execution application was filed after the expiry of six years from the date of disposal of first execution application. Hence this liability stands nil due to which the additional amount in pursuant of the decree has not been recorded nor the markup has been accrued in these financial statements. The case is subjudice in the court for which the management expects the favourable outcome.

11.3 Security

The loan is secured by way of legal mortgage on the immovable properties of the Company. Pledge of sponsor director's shares, equitable mortgage on mining leases of the Company, pledge and hypothecation of machinery, and all the movable properties, including book debts and receivables of the Company, ranking pari passu with other creditors and with charges already existing and personal guarantees of sponsoring directors.

	Note	2016	2015
		(Rupees in thousand)	
12 LONG TERM MURABAHA		**-**	392

12.1 The liability has been repaid during the year by one of the Directors of the Company.

13 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2016	2015
Balance as on July 01,		**2,024**	2,024
Payments made during the year		**(2,024)**	-
Balance as on June 30,	13.1	**-**	2,024

13.1 The liability has been repaid during the year by one of the Directors of the Company by purchasing the vehicle from the Company.

	Note	2016	2015
		(Rupees in thousand)	
14 DEFERRED LIABILITIES			Restated
Deferred tax liability	14.1	**896,686**	919,570
Staff retirement benefits - gratuity fund	14.2	**-**	1,980
		896,686	921,550

	Note	2016	2015
		(Rupees in thousand)	
14.1 Deferred taxation comprises differences relating to:			*Restated*
Taxable temporary differences			
Accelerated depreciation for tax purposes		**896,686**	920,343
Deductible temporary differences			
- unused tax losses		**(252,881)**	(273,486)
- lease liability		**-**	(648)
- Murabaha liability		**-**	(125)
		(252,881)	(274,259)
		643,805	646,084
Less: unrecognized deferred tax asset	14.1.1	**252,881**	273,486
	14.1.2	**896,686**	919,570

14.1.1 The Company has not recognized its deferred tax asset relating to tax losses amounting to Rs. 252.881 (2015: 273.486) million as the Compnay is uncertain about the timing and extent of future taxable profits against which such benefits can be utilized.

14.1.2 ***CORRECTION OF PRIOR PERIOD ERROR:***

Deferred tax expense was not recognized in prior years as per the requirements of IAS - 12. This was an inadvertent error on the part of management which has been rectified in the current financial year by restating the comparative figures and opening accumulated losses of the corresponding period.

14.2 Staff retirement benefits - gratuity fund

Since there is no permanent employee of the Company as on the balance sheet date, therefore no provision for gratuity has been made in these financial statements while opening liability has been written back.

15 TRADE AND OTHER PAYABLE

	Note	2016	2015
		(Rupees in thousand)	*Restated*
Trade creditors	15.1	**51,739**	59,873
Accrued liabilities		**17,219**	23,671
Advance from customers		**-**	22,555
Unclaimed dividend		**566**	566
Deferred income	15.2	**-**	-
Workers' Profit Participation Fund payable		**2,484**	2,484
Excise duty payable		**138,713**	138,713
Other payable		**-**	110
		210,721	247,972

15.1 This represents amount payable to associated companies.

15.2 ***CORRECTION OF PRIOR PERIOD ERROR:***

During the year 2008, having negotiated with the NBP, the Company was successful to get reduced the long term loan by Rs. 125.898 million and consortium loan by Rs. 12.413 million aggregated to Rs. 138.311 million. The amount was erroneously transferred to deferred income instead of writing back the liability and recognizing the other income. This was an inadvertent error on the part of management which has been rectified in the current financial year by restating the opening accumulated losses of the corresponding period.

	Note	2016	2015
		(Rupees in thousand)	
16 SHORT TERM BORROWINGS			
From banking companies - secured			
Packing credit	16.1	**25,000**	25,000
From related parties - unsecured			
Directors		**188,626**	178,729
Leo (Pvt.) Limited		**5,282**	5,282
	16.2	**193,908**	184,011
		218,908	209,011

16.1 The above facility was obtained from Habib Metropolitan Bank in financial year 2008 at the rate of 6 month Kibor + 3% with the flooring rate of 14%.

The facility is secured by hypothecation of stock of cement and equitable mortgage of factory land, building and machinery of an associate company and personal guarantees of all the Directors of the Company.

The Company is unable to discharge its obligation under the facility due to which the bank obtained the decree from the court amounting to Rs. 30 million as a final discharge of liability including the markup. The additional amount has not been recorded in these financial statements as the matter is subjudice in the court. Further, the Company is in negotiation with the bank to reduce the liability and waive the markup for which the Company expects the favourable outcome.

16.2 These loans are unsecured, interest free and payable on demand. These have been given by the Directors to facilitate the Company for fulfilling its operational and financial obligations. The treatment has been done in accordance with the guidelines given under Technical Release (TR) 32 "Accounting Directors' Loan" as issued by the Institute of Chartered Accountants of Pakistan (ICAP).

	Note	2016	2015
		(Rupees in thousand)	
17 CONTINGENCIES AND COMMITMENTS			
17.1 Contingencies			
Under recorded decretal amount in case of long term loan	11.1	**117,000**	117,000
Under recorded decretal amount in case of packing credit - short term borrowings	16.1	**5,500**	5,500

17.2 Commitments

There are no commitments binding on the Company as on the balance sheet date.

	Note	2016	2015
		(Rupees in thousand)	

18 ADMINISTRATIVE EXPENSES

	Note	2016	2015
Salaries and other benefits		**1,910**	2,668
Traveling and conveyance		**142**	5
Rent, rates and taxes		**1,068**	1,261
Printing and stationery		**29**	18
Entertainment		**43**	51
Utilities		**363**	417
Telephone and telex		**93**	109
Postage and telegram		**5**	7
Repairs and maintenance		**197**	192
Security and protection		**1,423**	1,987
Legal and professional		**897**	5,125
Depreciation	4.1	**8,687**	8,750
Fees and subscription		**429**	264
Fuel and power		**387**	467
Others		**262**	751
		15,935	22,072

19 OTHER OPERATING EXPENSES

	Note	2016	2015
Auditors' remuneration	19.1	**260**	200
Impairment loss on investment in subsidiary	5.3.1	**15,785**	-
Impairment loss on investment in associate	5.4.1	**2,420**	-
Long term deposits written off		**1,930**	-
Provision for slow moving and obsolete items of stores	6	**23,535**	-
Advances written off	7	**7,585**	-
Prepayments written off	7	**40**	-
		51,555	200

19.1 Auditors' remuneration

	Note	2016	2015
Audit fee		**200**	200
Review of Code of Corporate Governance		**50**	-
Out of pocket expenses		**10**	-
		260	200

	Note	2016	2015
		(Rupees in thousand)	Restated

20 OTHER INCOME

	Note	2016	2015
Income from other than financial asset			
Gain on disposal of fixed asset	4.1.4	**1,961**	-
Liabilities written back	15.2	**38,322**	-
		40,283	-

	Note	2016	2015
		(Rupees in thousand)	
			Restated

21 TAXATION

	Note	2016	2015
Current	21.1	-	-
Deferred		**(27,854)**	(21,476)
		(27,854)	(21,476)

21.1 The Company is not liable to current tax, including minimum tax, on account of gross loss.

21.2 Income Tax Returns of the Company have been finalized up to and including the tax year 2015 which are considered to be the deemed assessment subject to amendment u/s 122 of the Income Tax Ordinance, 2001.

22 EARNING / (LOSS) PER SHARE - BASIC AND DILUTED (RUPEES)

	2016	2015
	(Rupees in thousand)	
		Restated
Profit / (loss) after taxation	**645**	(799)
Weighted average number of outstanding ordinary shares	**98,236,624**	98,236,624
Earning / (loss) per share - basic and diluted (Rupees)	**0.01**	(0.01)

23 REMUNERATION TO CHIEF EXECUTIVE OFFICER AND DIRECTORS

In view of the current operational and financial position of the Company, the Directors of the Company have voluntarily waived their remuneration.

24 PLANT CAPACITY

	2016	2015
	M. Tones	
Installed capacity	**598,000**	598,000
Utilized capacity	-	-
Utilized capacity % age	-	-

25 TRANSACTIONS WITH RELATED PARTIES

25.1 The related parties comprise of group companies (associated companies), Directors and their close family members, executives, major shareholders of the Company. The transactions with related parties are as follows:

	2016	2015
	(Rupees in thousand)	
Loan received from Directors	**9,897**	13,673
Proceeds from disposal of vehicle to Director	**1,961**	-

	Note	*2016*	*2015*
		(Rupees in thousand)	
			Restated
26 FINANCIAL INSTRUMENTS BY CATEGORY			
Financial Assets			
- Available for sale			
Long term investments	5	**189,215**	207,420
- Loans and receivables at amortized cost			
Cash and bank balances	8	**20**	26
		189,235	207,446
Financial Liabilities			
- At amortized cost			
Long term financing	11	**600,000**	600,000
Long term Murabaha	12	**-**	392
Liabilities against assets subject to finance lease	13	**-**	2,024
Trade and other payable	15	**52,565**	67,261
Short term borrowings	16	**218,908**	209,011
		871,473	878,688

27 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest / mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company’s risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

27.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fails to meet its contractual obligation and it mainly arises from balances with banks and financial institutions, trade debts, loans, advances, deposits and other receivables. The credit risk on liquid fund is limited because the counter parties are banks with reasonably high credit ratings.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk before any provisions at the reporting date is:

	2016	2015
	(Rupees in thousand)	
Long term investments	**189,215**	207,420
Bank balances	**10**	15
	189,225	207,435

Quality of financial assets

The Company keeps its fund with banks having good credit ratings. Currently the funds are kept with the banks having rating of A-1.

27.2 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with the financial liabilities as they fall due. The Company’s approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or at the risk of Company's reputation. The Company’s liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfill its obligation, monitoring balance sheet liquidity ratios against internal and external requirements and maintaining debt financing plans.

Following are the contractual maturities of the financial liabilities:

	2016				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	More than twelve months
	(Rupees in thousand)				
Financial Liabilities					
Long term financing	**600,000**	**600,000**	**-**	**-**	**600,000**
Long term Murabaha	**-**	**-**	**-**	**-**	**-**
Liabilities against assets subject to finance lease	**-**	**-**	**-**	**-**	**-**
Trade and other payable	**52,565**	**52,565**	**17,219**	**35,346**	**-**
Short term borrowings	**218,908**	**218,908**	**-**	**218,908**	**-**
	871,473	**871,473**	**17,219**	**254,254**	**600,000**

	2015				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	More than twelve months
	(Rupees in thousand)				
Financial Liabilities					
Long term financing	600,000	600,000	-	-	600,000
Long term Murabaha	392	392	-	-	392
Liabilities against assets subject to finance lease	2,024	2,024	-	-	2,024
Trade and other payable	67,261	67,261	23,671	43,590	-
Short term borrowings	209,011	209,011	-	209,011	-
	878,688	878,688	23,671	252,601	602,416

27.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates, foreign exchange rates or the equity prices due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is not exposed to any foreign exchange risk, interest rate risk and other price risk as at the balance sheet date.

27.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The carrying values of all the financial assets and liabilities reported in the financial statements approximate their fair values.

27.5 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares and take other measures commensuration to the circumstances. The Company finances its expansions projects through equity, borrowings and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk and maximizing profitability.

The Company monitors capital using a gearing ratio, which is net debt divided by total shareholders equity plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, less cash and bank balances. The Company's strategy is to maintain leveraged gearing. The gearing ratios as at the balance sheet are as follows:

		2016	*2015*
		(Rupees in thousand)	
Long term financing		**600,000**	600,000
Long term Murabaha		**-**	392
Liabilities against assets subject to finance lease		**-**	2,024
Short term borrowings		**25,000**	25,000
Total debt		**625,000**	627,416
Less: cash and bank balances		**(20)**	(26)
Net debt	**A**	**624,980**	627,390
Total shareholders' equity		**154,151**	151,219
Capital and equity	**B**	**779,131**	778,609
Gearing ratio	**(C=A/B)**	**80.22%**	80.58%

28 CORRESPONDING FIGURES

Corresponding figures have been re-arranged / reclassified, whenever necessary, for the purpose of compliance, comparison and better presentation. Major changes made during the year are as follows:

Reclassification from the caption component	*Reclassification to the caption component*	*Note*	*(Rupees in thousand)*
Trade and other payable	**Trade and other payable**	15	
- Sales tax payable	- Accrued liabilities		**1,508**
- Special excise duty payable	- Accrued liabilities		**362**
- Withholding tax payable	- Accrued liabilities		**15,089**

29 GENERAL

- Figures have been rounded off to the nearest thousand of Rupees, unless otherwise stated.

- Number of employees as on the balance sheet date and average number of employees during the year were 12 (2015: 14) and 13 (2015: 13).

30 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on 02 January 2017 by the Board of Directors of the Company.

Chief Executive ***Director***

INFORMATION AS REQUIRED UNDER CODE OF CORPORATE GOVERNANCE
AS ON 30-06-16

Catagories of Shareholders	No. of Shareholders	Shares Held

DIRECTORS

Mr. Mohammad Hussain Dadabhoy	1	1,568
Mr. Mohammad Amin Dadabhoy	1	1,042,092
Mr. Fazal Karim Dadabhoy	1	938,349
Mrs. Yasmeen Dadabhoy	1	244,314
Mrs. Noor Bakht Dadabhoy	1	1,568
Mr.Danish Dadabhoy	1	1,232
Mrs. Humaira Dadabhoy	1	1,568
Individuals	4,730	15,573,427
Others	66	6,122,582
Investment Companies	1	116,250
Insurance Companies	5	104,200
Joint Stock Companies	2	71,069,815
Banks, DFIS, NBFIS Etc.	12	5,242,850
Foreign Companies	4	7,500

C A T E G O R I E S O F S H A R E H O L D E R S

Catagories of Shareholders	No. of Shareholders	Shares Held	Percentage %
Individuals	4,730	15,573,427	15.85
Others	66	6,122,582	6.23
Investment Companies	1	116,250	0.12
Investment Corp of Pakistan			
Insurance Companies	5	104,200	0.11
Joint Stock Companies	2	71,069,815	72.35
Financial Institutions/Banks/DFI	12	5,242,850	5.33
Foreign Companies	4	7,500	0.01
MIDLAND BANK TRUST CORP. (JERSEY) LTD.			
THE NORTHERN TRUST COMPANY			
CHEM BANK NOMINES LTD.			
STATE STREET BANK & TRUST CO. U.S.A.			
	4,820	98,236,624	100.00

DADABHOY CEMENT INDUSTRIES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Room M1-M4, Mezzanine Floor,
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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **DADABHOY CEMENT INDUSTRIES LIMITED** (the Holding Company) and its subsidiary company namely **DADABHOY ENERGY SUPPLY COMPANY LIMITED** (the subsidiary company) as at June 30, 2016 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of the Holding Company. The financial statements of the subsidiary company were audited by another firm of auditor whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such Company, is based solely on the report of such other auditor. These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) During the current year, the Group has incurred loss before tax amounting to Rs. 4.815 (2015: Rs. 23.649) million and its accumulated losses as on the balance sheet date amounting to Rs. 794.984 (2015: Rs. 819.367) million while current liabilities of the Company exceed the current assets by Rs. 554.89 (2015: Rs. 558.102) million. The operations of the Group are closed since financial year 2009 and the Group has been reporting nil sales since then due to which, it is suffering from continuous losses together with the liquidity issues. The Company is fully dependent upon the financial support of Directors and Sponsors to fulfill its operational and financial obligations.

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These factors indicate the existence of material uncertainty that may cast doubts regarding the Company's ability to continue as a going concern and accordingly, Company may not be able to realize its assets and settle its liabilities at stated amounts in the normal course of business. The financial statements do not disclose this fact. Further, the mitigating factors disclosed by the management in the financial statements in note # 1.2 reflect only initial steps taken by the management for restarting the operational activities of the Company which have not been materialized till the issue of these financial statements.

b) We could not substantiate the existence and valuation of long term and short term borrowings of the Holding Company amounting to Rs. 600 million and Rs. 25 million respectively. Further, we could not obtain sufficient appropriate audit evidence with respect to the classification of long term loan.
In addition, there is a material uncertainty in relation to the settlement of suits filed by the banking companies as disclosed in note # 11.1 and 16.1. The financial statements do not disclose this fact. The Holding Company has under recorded the liability when compared with the decretal amount and disclosed the under recorded amount of Rs. 122.5 million as contingency in note # 17 to these financial statements.

Owing to the significance of the matters stated in paragraph (a) and (b) above, in our opinion, the consolidated financial statements do not present fairly the financial position of the Holding Company and its subsidiary company as at June 30, 2016 and the results of their operations for the year then ended.

As part of our audit of the consolidated financial statements for the year ended June 30, 2016, we also audited the adjustments as described in note # 4.2.1, note # 9.3, note # 10.4, note # 14.1.2 and note # 15.2 to the annexed consolidated financial statements that are applied to amend the prior period consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the prior period consolidated financial statements of the Company other than with respect to the adjustments mentioned above and, accordingly, we do not express an opinion or any other form of assurance on the prior period financial statements taken as a whole.

The Holding is required to convene its annual general meeting (AGM) of the shareholders and lay therein audited financial statements within four months from the close of the year end. The said required AGM and subsequent corporate actions of the financial year ended on June 30, 2016 have been delayed which entails penalties from the regulator. The disclosure and attributable reasons whereof have not been stated in these financial statements.

The consolidated financial statements for the year ended June 30, 2015 were audited by another firm of Chartered Accountant who expressed an unmodified opinion on those statements in their report dated September 11, 2015.

Haroon Zakaria & Co

Haroon Zakaria &Company
Chartered Accountants

Place: Karachi
Dated: 0 2 JAN 2017

Engagement Partner:
Mohammad Iqbal

DADABHOY CEMENT INDUSTRIES LIMITED
CONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2016

	Note	*2016*	*2015*
		(Rupees in thousand)	
			Restated
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	**4,318,525**	4,069,824
Long term investments	5	**-**	2,420
Long term deposit	19	**3**	1,933
		4,318,528	4,074,177
Current Assets			
Stores, spare parts and loose tools	6	**-**	23,535
Advances and prepayments	7	**-**	7,900
Cash and bank balances	8	**24**	30
		24	31,465
Total Assets		**4,318,552**	4,105,642
EQUITY AND LIABILITIES			
Authorized Capital			
150,000,000 Ordinary shares of Rs. 10 each		**1,500,000**	1,500,000
Issued, subscribed and paid up capital	9	**982,366**	982,366
Capital reserve		**33,224**	33,224
Accumulated losses		**(794,984)**	(819,367)
		220,606	196,223
Non-controlling interest		**60,755**	59,228
Surplus on revaluation of fixed assets	10	**1,774,120**	1,524,438
Non Current Liabilities			
Long term financing	11	**740,704**	740,704
Long term Murabaha	12	**-**	392
Liabilities against assets subject to finance lease	13	**-**	2,024
Deferred liabilities	14	**967,453**	993,066
		1,708,157	1,736,186
Current Liabilities			
Trade and other payables	15	**210,876**	260,502
Short term borrowings	16	**236,948**	221,975
Current maturity of long term borrowings		**102,787**	102,787
Provision for taxation		**4,303**	4,303
		554,914	589,567
Contingencies and Commitments	17	**-**	-
Total Equity and Liabilities		**4,318,552**	4,105,642

The annexed notes from 1 to 30 form an integral part of these financial statements.

Chief Executive	***Director***

DADABHOY CEMENT INDUSTRIES LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		(Rupees in thousand)	
			Restated
Sales		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses	18	**(17,301)**	(23,396)
Financial cost		**(2)**	(3)
Operating loss		**(17,303)**	(23,399)
Other operating expenses	19	**(36,045)**	(250)
Other income	20	**48,533**	-
Loss before taxation		**(4,815)**	(23,649)
Taxation	21	**28,304**	21,476
Profit / (loss) after taxation		**23,489**	(2,173)
Earning / (loss) per share - basic and diluted (Rupees)	22	**0.24**	(0.02)
Profit / (loss) attributable to:			
Parent		**21,962**	(1,855)
Non controlling interest		**1,527**	(318)
		23,489	(2,173)

The annexed notes from 1 to 30 form an integral part of these financial statements.

Chief Executive

Director

DADABHOY CEMENT INDUSTRIES LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	(Rupees in thousand)	Restated
Profit / (loss) after taxation	**23,489**	(2,173)
Other comprehensive income for the year:	-	-
Total comprehensive income / (loss) for the year	**23,489**	(2,173)
Profit / (loss) attributable to:		
Parent	**21,962**	(1,855)
Non controlling interest	**1,527**	(318)
	23,489	(2,173)

The annexed notes from 1 to 30 form an integral part of these financial statements.

Chief Executive ***Director***

DADABHOY CEMENT INDUSTRIES LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	(Rupees in thousand)	
		Restated
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	**(4,815)**	(23,649)
Adjustments for:		
Depreciation	**9,852**	9,967
Impairment loss on investment in associate	**2,420**	-
Long term deposits written off	**1,930**	-
Provision for slow moving and obsolete items of stores	**23,535**	-
Advances written off	**7,735**	-
Prepayments written off	**115**	-
Gain on disposal of fixed asset	**(1,961)**	-
Liabilities written back	**(46,572)**	-
Financial charges	**2**	3
Cash outflow before working capital changes	**(7,759)**	(13,679)
Working capital changes:		
Decrease in current liabilities		
Trade and other payable	**(6,826)**	(122)
Net cash used in operations	**(14,585)**	(13,801)
Financial charges paid	**(2)**	(3)
Net cash used in operating activities	**(14,587)**	(13,804)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Proceed from disposal of fixed assets	**1,961**	-
Net cash generated from investing activities	**1,961**	-
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Loans from directors received	**14,973**	13,756
Repayment of lease liability	**(1,961)**	-
Repayment of Murabaha liability	**(392)**	-
Net cash generated from financing activities	**12,620**	13,756
Net decrease in cash and cash equivalents	**(6)**	(48)
Cash and cash equivalents at beginning of the year	**30**	78
Cash and cash equivalents at end of the year	**24**	30

The annexed notes from 1 to 30 form an integral part of these financial statements.

Chief Executive ***Director***

DADABHOY CEMENT INDUSTRIES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

	Share Capital	*Capital Reserve*	*Accumulated losses*	*Non-controlling interest*	*Total*
			-Rupees in '000		
Balance as at June 30, 2014 - before restatement	982,366	33,224	(747,726)	59,546	327,410
Effect of restatement					
- Transferred from surplus on revaluation on account of incremental depreciation - net of deferred tax (note 10.4)	-	-	6,336	-	6,336
- unrecognized deferred tax (note 14.1.2)	-	-	(165,708)	-	(165,708)
- unrecognized deferred income (note 15.2)	-	-	138,311	-	138,311
- effect of restatement due to revised share of NCI (note 9.3)	-	-	(51,022)	-	(51,022)
Balance as at June 30, 2014 - restated	982,366	33,224	(819,809)	59,546	255,327
Total comprehensive loss for the year - restated	-	-	(1,855)	(318)	(2,173)
Transferred from surplus on revaluation on account of incremental depreciation - net of deferred tax - restated	-	-	2,297	-	2,297
Balance as at June 30, 2015 - restated	**982,366**	**33,224**	**(819,367)**	**59,228**	**255,451**
Total comprehensive income for the year	-	-	**21,962**	**1,527**	**23,489**
Transferred from surplus on revaluation on account of incremental depreciation - net of deferred tax	-	-	**2,421**	-	**2,421**
Balance as at June 30, 2016	**982,366**	**33,224**	**(794,984)**	**60,755**	**281,361**

The annexed notes from 1 to 30 form an integral part of these financial statements.

Chief Executive

Director

DADABHOY CEMENT INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1 THE GROUP AND ITS OPERATIONS

1.1 The Group consists of Dadabhoy Cement Industries Limited ("the Holding Company") and its subsidiary company Dadabhoy Energy Supply Company Limited (DESCL - the Subsidiary Company). Brief profiles of the Holding Company and its Subsidiary Company are as follows:

Dadabhoy Cement Limited

The Holding Company was incorporated on 09 August 1979 as a public limited company and is listed on Pakistan Stock Exchange Limited - PSX (previously Karachi Stock Exchange Limited - KSEL). The Company is engaged in the manufacturing and sale of ordinary Portland, slag and sulphate resistant cement. The Company's registered office is situated at Suite # 4, 2nd Floor, Plot no. 28-30 / C, Noor Centre, Khayaban-e-Ittehad, Lane no.12, Phase VII, D.H.A., Karachi.

Trading in shares of the Holding Company was suspended by the Stock Exchanges on April 13, 2015 due to non compliances with respect to PSX regulations.

Dadabhoy Energy Supply Company Limited

The Subsidiary Company was incorporated in Pakistan on May 29, 1994 as a public limited company under the Companies Ordinance 1984. The principle activity of the Company is to generate and supply electric power to Dadabhoy Cement Industries Limited (DCIL), the Holding Company . The captive power project is located at Nooriabad , District Dadu in the province of Sindh. The power plant commenced trial generation of electricity from November 1998. Generation and supply of electricity on commercial basis started from January 10 , 1999. The plant is closed since August 2008 owing to plant closure of its main customer - DCIL.

The Subsidiary is domiciled in Karachi, Pakistan and the registered office is situated at Suite # 4, 2nd Floor, Plot no. 28-30 / C, Noor Centre, Khayaban-e-Ittehad, Lane no.12, Phase VII, D.H.A., Karachi.

1.2 Going Concern Assumption:

During the current year, the Group has incurred loss before tax amounting to Rs. 4.815 (2015: Rs. 23.649) million and its accumulated losses as on the balance sheet date amounting to Rs. 794.984 (2015: Rs. 819.367) million. Further, its current liabilities exceed its current assets by Rs. 554.89 (2015: Rs. 558.102) million. The operations of the Group are closed since financial year 2009 due to which the Group is facing financial and operational difficulties and is unable to discharge its financial and operational liabilities in due course of business. The Group is reporting nil sales since then and is totally dependent on the financial support of its Directors and sponsors.

The management of the Holding Company has prepared these financial statements on going concern basis due to the following reasons:

a) The Group has revaluation surplus on fixed assets amounting to Rs. 1.774 billion as on the balance sheet date, which is far more than the accumulated losses of the Group as stated above.

b) During the year, the Holding Company has entered into an agreement with a renowned Chinese firm, which has taken interest in the refurbishment and "Operations and Maintenance (O & M)" of the existing plant of the Holding Company and for setting up a new cement plant with the capacity of 5,000 tones per day. Necessary financing for the project will be arranged by the firm, on behalf of the Holding Company, from Chinese financial institutions for which the negotiations are at the final stages.

Management of the Holding Company is confident that the planned work of refurbishment at plant will be commenced by the end of June 30, 2017.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of consolidation

These consolidated financial statements include the financial statements of the Holding Company and its subsidiary company, here-in-after referred to as “the Group”.

A company is a subsidiary, if an entity (the Holding Company) directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors.

Subsidiary is consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiary are prepared for the same reporting period as the Holding Company, using consistent accounting policies. The accounting policies of the subsidiary are changed to conform with accounting policies of the Group, where required.

All intra-group balances, transactions and unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Since the ownership in the subsidiary is less than 100%, i.e. 76.89%, therefore, a non controlling interest (NCI) exists representing 23.11%, for which the NCI is allocated its share of the total comprehensive income of the period, even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the assets (including goodwill) and liabilities of the subsidiary, carrying amount of any NCI, cumulative translation differences recognized in equity, and recognizes fair value of consideration received, any investment retained, surplus or deficit in profit and loss account, and reclassifies the Holding Company share of components previously recognized in other comprehensive income to profit and loss account or retained earnings, as appropriate.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against the subsidiary companies’ shareholders’ equity in the consolidated financial statements.

2.3 Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except as otherwise disclosed in these notes. Further accrual basis of accounting is followed except for cash flow information.

2.4 Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. The financial statements are presented in Pak Rupees, which is also the functional currency of the Company.

2.5 Use of estimates and judgments

The preparation of consolidated financial statements in conformity with the approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standard as, applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows: **-**

Property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charge for its property, plant and equipment. This also includes estimating the residual values and depreciable lives. Further, the Group management reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property and equipment with a corresponding affect on the depreciation charge and impairment (if any).

2.6 New / revised standards that became effective for the year

The following new / revised standards are effective for the year ended June 30, 2016. These standards are, either not relevant to the Group's operations or are not expected to have significant impact on the consolidated financial statements other than certain additional disclosures:

- IFRS 10 'Consolidated Financial Statements'
- IFRS 11 'Joint Arrangements'
- IFRS 12 'Disclosure of Interests in Other Entities'
- IAS 27 (Revised 2011) 'Separate Financial Statements'
- IAS 28 (Revised 2011) 'Investments in Associates and Joint Ventures'

IFRS 13 ‘Fair Value Measurement’ also became effective in the current year. IFRS 13 consolidates the guidance on how to measure fair value, which was spread across various IFRSs, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 did not have an impact on the financial statements of the company, except for certain additional disclosures.

2.7 Amendments to published approved accounting standards that are not yet effective

The following amendments to approved accounting standards are effective for accounting periods beginning on or after the date mentioned against each of them. These amendments are either not relevant to the Group's operations or are not expected to have significant impact on the consolidated financial statements other than certain additional disclosures:

		Effective Date (accounting periods beginning on or after)
-	Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 1, 2018
-	Amendments to IFRS 10 ‘Consolidated Financial Statements’, IFRS 12 ‘Disclosure of Interests in Other Entities’ and IAS 28 ‘Investments in Associates and Joint Ventures’ - Applying the consolidation exception	January 1, 2016
-	Amendments to IFRS 11 ‘Joint Arrangements’ - Amendments regarding the accounting for acquisitions for an interest in a joint venture	January 1, 2016
-	Amendments to IAS 1 ‘Presentation of Financial Statements’ - Amendments as a result of the disclosure initiative	January 1, 2016
-	Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 1, 2017
-	Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealized losses	January 1, 2017
-	Amendments to IAS 16 ‘Property, Plant and Equipment’ and IAS 38 ‘Intangible Assets’ - Clarification of acceptable methods of depreciation and amortization	January 1, 2016
-	Amendments to IAS 16 ‘Property, Plant and Equipment’ and IAS 41 ‘Agriculture’ - Bearer plants	January 1, 2016
-	Amendments to IAS 27 ‘Separate Financial Statements’ – equity method in separate financial statements	January 1, 2016

2.8 In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

- IFRS 1 - First Time Adoption of International Financial Reporting Standards
- IFRS 9 - Financial Instruments
- IFRS 14 - Regulatory Deferral Accounts
- IFRS 15 - Revenue from Contracts with Customers
- IFRS 16 - Leases

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

Owned

Fixed assets are stated at cost including exchange differences arising on acquisition or revalued amounts less accumulated depreciation and impairment loses if any except for freehold land which is stated at revalued amount. Depreciation on plant and machinery is charged on the basis of unit of production method. Depreciation on other assets is charged on straight line method at the rates stated in note 4.

Depreciation on additions is charged from the month when the assets are available for use while depreciation on disposals is charged up to the month of disposals.

The surplus on revaluation of fixed assets is reversed to the extent of incremental depreciation and is transferred to accumulated losses.

Gains and losses on sale of fixed assets are included in income currently, except that is related to surplus on revaluation of fixed assets (net of deferred taxation), is transferred directly to accumulated loss.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Leased

These are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of the assets acquired on lease. The outstanding obligations under the lease less finance charges allocated to future periods are shown as liability. Financial charges are calculated at the interest rate implicit in the lease and are charged to the profit and loss account. Depreciation is charged to income applying the same basis as for owned assets.

3.2 Impairment

The carrying amount of assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. Impairment loss is recognized in Profit and Loss account whenever carrying amount of an asset exceeds its recoverable amount.

3.3 Long term investments

These represents investments in shares of companies that are directly controlled by the Company or in which a substantive interest in the voting power is owned directly by the directors of the Company.

Investment in associate is accounted for using the equity method whereby investment is carried in the balance sheet at cost as adjusted by the post-acquisition changes in the company's share of net assets of the associate less any impairment in the value of investment.

3.4 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand and cash at banks in current and deposit accounts.

3.5 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the value of the consideration to be paid in future for goods and services.

3.6 Borrowing costs

Borrowing costs are charged to profit and loss account in the year when they are incurred, except to the extent that they are directly attributable to the construction of a qualifying assets in which case they are capitalized as part of the cost of that assets.

3.7 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.8 Taxation

Current:

Provision for current taxation is computed in accordance with the provisions of the Income Tax Ordinance, 2001.

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemptions available, if any, or minimum tax on turnover or Alternate Corporate Tax (ACT), whichever is higher.

Deferred:

Deferred income tax is provided using the balance sheet liability method for all temporary differences at the balance sheet date between tax base of assets and liabilities and their carrying amounts for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realization or the settlement of the carrying amounts of assets and liabilities, using the tax rates enacted or substantively enacted at the balance sheet date.

Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit for the foreseeable future will be available against which such temporary differences and tax losses can be utilized.

3.9 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Non-Financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization. if no impairment loss had been recognized.

3.10 Financial instruments

All financial assets and liabilities are initially measured at fair value, and subsequently measured at fair value or amortized cost as the case may be. The Group derecognizes the financial assets and financial liabilities when it ceases to be a party to such contractual provisions of the instruments.

3.11 Off setting of financial assets and financial liabilities

Financial assets and financial liabilities offsets each other and the net amount is reported in the balance sheet if the Group has a legal enforceable right to set off the transaction and also intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.12 Dividend and appropriation to reserves

Dividend and appropriations to reserves are recognized in the statement of changes in equity in the period in which theses are approved.

3.13 Earnings per share

The Group presents basic and diluted earnings / loss per share data for its ordinary shares. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Holding Company by the weighted average number of ordinary shares outstanding during the period.

	Note	2016	2015
		(Rupees in thousand)	
			Restated

4 PROPERTY, PLANT AND EQUIPMENT

	Note	2016	2015
Tangible fixed assets	4.1	**4,318,525**	4,069,824
Capital work-in-progress	4.2	-	-
		4,318,525	4,069,824

4.1 Tangible fixed assets

	As at June 30, 2016									
	Cost / Revalued Amounts*				Accumulated Depreciation				WDV	
Description	As on July 01, 2015	Surplus on Revaluation	Disposal / Adjustment of Depreciation on Account of Revaluation*	As on June 30, 2016	As on July 01, 2015	Disposal / Adjustment of Depreciation on Account of Revaluation*	Charge for the year	As on June 30, 2016	As on June 30, 2016	Rate %
	Rupees in '000'									
Owned Assets										
Freehold land*	352,200	250,000	-	602,200	-	-	-	-	602,200	0%
Building on freehold land*	398,275	19,352	(49,552)	368,075	67,823	(49,552)	9,245	27,516	340,559	2.5%
Road pavement	15,000	-	-	15,000	1,125	-	375	1,500	13,500	2.5%
Generators*	751,192	-	-	751,192	63,840	-	-	63,840	687,352	0.0%
Electric Installation	7,385	-	-	7,385	5,757	-	163	5,920	1,465	10.0%
Furniture and Fixture	1,558	-	-	1,558	1,025	-	53	1,078	480	10.0%
Office Equipment	498	-	-	498	364	-	13	377	121	10.0%
Computer and accessories	430	-	-	430	419	-	3	422	8	33.0%
Plant and machinery*	2,683,640	(10,800)	-	2,672,840	-	-	-	-	2,672,840	1%
	4,210,177	258,552	(49,552)	4,419,177	140,353	(49,552)	9,852	100,653	4,318,525	
Leased Assets										
Motor vehicles	6,835		(6,835)	-	6,835	(6,835)	-	-	-	20%
2016	4,217,012	258,552	(56,387)	4,419,177	147,188	(56,387)	9,852	100,653	4,318,525	

Description	As at June 30, 2015							Rate %
	*Cost / Revalued Amounts**			*Accumulated Depreciation*			*WDV*	
	As on July 01, 2014	*Transfers*	*As on June 30, 2015*	*As on July 01, 2014*	*Charge for the year*	*As on June 30, 2015*	*As on June 30, 2015*	
	Rupees in '000'							
Owned Assets								
Freehold land*	352,200	-	352,200	-	-	-	352,200	0%
Building on freehold land*	398,275	-	398,275	58,491	9,332	67,823	330,452	2.5%
Road pavement	15,000	-	15,000	750	375	1,125	13,875	2.5%
Generators*	751,192	-	751,192	63,840	-	63,840	687,352	0.0%
Electric Installation	7,385	-	7,385	5,576	181	5,757	1,628	10.0%
Furniture and Fixture	1,558	-	1,558	966	59	1,025	532	10.0%
	-							
Office Equipment	498	-	498	349	15	364	134	10.0%
	-							
Computer and accessories	430	-	430	414	5	419	10	33.0%
Plant and machinery*	2,673,000	10,640	2,683,640	-	-	-	2,683,640	1%
	4,199,537	10,640	4,210,177	130,386	9,967	140,353	4,069,824	
Leased Assets								
Motor vehicles	6,835	-	6,835	6,835	-	6,835	-	20%
2015 - restated	4,206,372	10,640	4,217,012	137,221	9,967	147,188	4,069,824	

4.1.1 Cost of fully depreciated asset as on the balance sheet date amounted to Rs. 98.641 (2015: Rs. 98.641) million.

4.1.2 All the fixed assets of the Group are hypothecated and / or mortgage with the lenders of the long term finances.

4.1.3 Due to stoppage of the plants of the Holding and Subsidiary Company, depreciation on plant and machinery and generators is not charged in pursuant of the provisions given under paragraph 55 of IAS 16 (IFRS). Further, plant and machinery has been impaired during the year in pursuant of the latest revaluation report dated June 20, 2016. Therefore, all the depreciation is charged to administrative expenses, hence no production related depreciation has been charged in these consolidated financial statements.

4.1.4 Leased vehicle having cost and WDV of Rs. 6.835 million and Rs. nil respectively has been sold to one of the Directors of the Holding Company against the proceeds of Rs. 1.961 million resulting in the gain on disposal amounting to Rs. 1.961 million.

	Note	***2016***	*2015*
		(Rupees in thousand)	
			Restated
4.2 Capital work in process			
Balance as on July 01,		-	10,640
Transfer during the year	4.2.1	-	(10,640)
Balance as on June 30,		-	-
		-	-

4.2.1 ***<u>CORRECTION OF PRIOR PERIOD ERROR:</u>***

The Holding Company had not transferred the capital work in process to fixed assets despite their completion and meeting the recognition criteria as per IAS - 16. This was an inadvertent error on the part of management which has been rectified in the current financial year by restating the comparative figures.

	Note	***2016***	*2015*
		(Rupees in thousand)	
5 LONG TERM INVESTMENTS			
Investments in related party			
5.1 Equity method			
Dadabhoy Sack Limited			
Investment as at July 01,		**2,420**	2,420
Provision for impairment		**(2,420)**	-
Investment as at June 30,	5.2	-	2,420

5.2 The Holding Company holds 6.90% equity interest in the Dadabhoy Sack Limited (DSL) which has been presumed to be an associated company due to the fact that all the Directors of the Holding Company are also the members of the Board of Directors of DSL. The reporting date of DSL is also the same as of the Holding Company, i.e. June 30.

5.2.1 The investment in associate has been impaired during the year due to the fact the during the current financial year, the associated company has incurred after tax loss amounting to Rs. 2.961 million rising its accumulated losses to Rs. 20.246 million. Further, the operations of the associated company are closed since financial year 2009 due to which the Company is facing financial and operational difficulties and is unable to discharge its liabilities in due course of business. The Company is reporting nil sales since then and is totally dependent on the financial support of its Directors. Furthermore, trading in shares of the DSL is also suspended in the PSX.

	Note	***2016***	*2015*
		(Rupees in thousand)	
5.2.2 Summarized financial information of an associate:			
Total assets		**206,262**	45,489
Total liabilities		**59,212**	14,583
Accumulated losses		**(20,246)**	(18,774)
Revenue		**-**	-
Loss after taxation		**(2,961)**	(3,527)

6 STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2016	2015
Stores, spares and loose tools		**23,535**	23,535
Provision for slow moving and obsolete items		**(23,535)**	-
		-	23,535

7 ADVANCES AND PREPAYMENTS

	Note	2016	2015
Advances			
- against income tax	19	**-**	7,717
- to employees		**-**	18
- to associated company		**-**	50
		-	7,785
Prepayments	19	**-**	115
		-	7,900

8 CASH AND BANK BALANCES

	Note	2016	2015
Cash in hand		**10**	11
Cash at banks			
- in current accounts		**11**	16
- in savings accounts	8.1	**3**	3
		14	19
		24	30

8.1 These accounts are dormant / inactive, and therefore no interest is earned.

9 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

(Number of shares) 2016	2015		2016	2015
			(Rupees in thousand)	
		Ordinary shares of Rs. 10 each		
98,236,624	98,236,624	fully paid up in cash	**982,366**	982,366

9.1 Number of shares held by the associated company as on the balance sheet date are 61,889,073 (2015: 61,889,073).

9.2 The ordinary share holders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Holding Company. All shares carry one vote per share without restriction.

9.3 ***CORRECTION OF PRIOR PERIOD ERROR:***

The Holding Company had not accounted for the share of NCI in accordance with the share of ownership in the Subsidiary and in accordance with the requirements of IFRS. This was an inadvertent error on the part of management which has been rectified in the current financial year by restating the comparative figures and opening accumulated losses of the corresponding period.

10 SURPLUS ON REVALUATION OF FIXED ASSETS

	Note	2016	2015
		(Rupees in thousand)	Restated
Balance as at July 01,		**1,524,438**	1,527,816
Revaluation surplus arising during the year	10.1	**258,552**	-
		1,782,990	1,527,816
Transfer to equity in respect of incremental depreciation - net of deferred tax		**(2,421)**	(2,297)
Related deferred tax liability of incremental depreciation		**(1,028)**	(1,081)
		(3,449)	(3,378)
		1,779,541	1,524,438
Less: Related deferred tax liability			
- at the beginning of the year		**-**	214
- effect of revaluation surplus during the year		**6,449**	-
- effect of tax rate adjustment		**-**	(146)
- on incremental depreciation for the year		**(1,028)**	(68)
		5,421	-
Balance as at June 30,		**1,774,120**	1,524,438

10.1 The Holding Company carried out the latest revaluation under market value basis by an independent valuer, M/s. Zafar Iqbal & Company as on June 20, 2016, resulting in a surplus of Rs. 258.552 million, over book values which were credited to surplus on revaluation of fixed assets.

Earlier, the Holding Company had carried out revaluations as at August 29, 1994, May 01, 2000, September 29, 2001, July 18, 2007 and September 17, 2009 under market value basis which resulted in surplus of Rs. 487.688 million, Rs. 303.692 million, Rs. 1,091 million, Rs. 496.667 million and Rs. 110,908 million respectively which were credited to surplus on revaluation of fixed assets.

10.2 Had there been no revaluation, the written down values of specific classes of property, plant and equipment would have been amounted to:

	2016	2015
	(Rupees in thousand)	
Freehold land*	**3,198**	3,198
Building on freehold land*	**74,752**	76,719
Plant and machinery*	**825,418**	825,418
	903,368	905,335

10.3 In accordance with the requirements of IFRS 13 Fair value measurement, the Company classifies its property, plant and equipment and long term investments in terms of following fair value hierarchy:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Fair value measurements using Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs).

Details of the Group's property, plant and equipment in terms of fair value hierarchy, explained above, at June 30, 2016 is as follows:

Assets measured at fair value	***Level 1***	***Level 2***	***Level 3***
	- - - - - - - - - - -	***Rupees in thousand***	- - - - - - - - - - -
Operating fixed assets - Freehold Land	-	**602,200**	-
- Buildings on freehold land	-	**340,559**	-
- Plant and machinery	-	**2,672,840**	-
- Generators	-	**687,352**	-
Total	-	**4,302,951**	-

10.4 ***<u>CORRECTION OF PRIOR PERIOD ERROR:</u>***

The Holding Company had inadvertently not applied the provision of IAS - 12 with respect to the treatment of deferred tax on account of revaluation surplus. Error has been rectified in the current financial year by restating the comparative figures and opening accumulated losses of the corresponding period.

	Note	2016	2015
		(Rupees in thousand)	
11 LONG TERM FINANCING			
Loan from - banking company - secured	11.1 & 11.2	**720,457**	720,457
- Directors - unsecured	11.3	**20,247**	20,247
		740,704	740,704

11.1 This includes Rs. 600 million representing the long term loan taken by the Holding Company from National Bank of Pakistan (NBP) which has been rescheduled by the bank from time to time. It carries markup at the rate of 12% per annum. Due to operational and working capital crunch being faced by the Holding Company, the Holding Company defaulted in timely payments of principal and markup.

11.1.1 The bank obtained the consent decree and execution application in 1998 from the Honourable High Court of Sindh amounting to Rs. 717 million against which the Holding Company has paid Rs. 584.272 million. The management is of the view that the amount paid been adjusted by the bank entirely against the markup instead of decretal amount. Accordingly, the Holding Company got the execution application disposed of in 2002 from the Court. Then the second execution application has been filed in 2014 by the bank.

The management is of the view that the above decree has been lapsed / time barred as per the law, as the second execution application was filed after the expiry of six years from the date of disposal of first execution application. Hence this liability stands nil due to which the additional amount in pursuant of the decree has not been recorded nor the markup has been accrued in these financial statements. The case is subjudice in the court for which the management expects the favourable outcome.

11.1.2 Security

The loan is secured by way of legal mortgage on the immovable properties of the Holding Company. Pledge of sponsor director's shares, equitable mortgage on mining leases of the Company, pledge and hypothecation of machinery, and all the movable properties, including book debts and receivables of the Company, ranking pari passu with other creditors and with charges already existing and personal guarantees of sponsoring directors.

11.2 The above loan also includes Rs. 120.457 million taken by the Subsidiary from NBP, representing the principal amounts of various loans merged into one in 2003 under the terms of out of Court Compromise agreement between the Subsidiary and the NBP dated May 09, 2003. The principal shall be repaid in 34 equal quarterly installments of Rs. 7.406 million with effect from April 2005. However interest @ 10% p.a. is payable on quarterly basis w.e.f... May 2003. Due to operational and working capital crunch being faced by the Subsidiary, the Subsidiary defaulted in timely payments of principal and markup.

The Bank has filed the case in the Honourable High Court of Sindh against the Subsidiary, which is subjudice in the court for which the management of the Subsidiary expects the favourable outcome.

The security against the loan is same as mentioned in note 11.1.2 above.

11.3 This represents the agreed value of shares deposited and transferred by the Directors of the Subsidiary to the National Bank of Pakistan against settlement of the bank's loan of the Subsidiary. The shares are purchasable by the Directors.

	2016	2015
	(Rupees in thousand)	
12 LONG TERM MURABAHA	-	392

12.1 The liability has been repaid during the year by one of the Directors of the Holding Company.

	Note	2016	2015
		(Rupees in thousand)	

13 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2016	2015
Balance as on July 01,		**2,024**	2,024
Payments made during the year		**(2,024)**	-
Balance as on June 30,	13.1	**-**	2,024

13.1 The liability has been repaid during the year by one of the Directors of the Holding Company by purchasing the vehicle from the Holding Company.

	Note	2016	2015
		(Rupees in thousand)	
			Restated

14 DEFERRED LIABILITIES

	Note	2016	2015
Deferred tax liability	14.1	**896,686**	919,570
Staff retirement benefits - gratuity fund	14.2	**-**	2,729
Markup on long term loan		**70,767**	70,767
		967,453	993,066

14.1 Deferred taxation comprises differences relating to:

	Note	2016	2015
Taxable temporary differences			
Accelerated depreciation for tax purposes		**896,686**	920,343
Deductible temporary differences			
- unused tax losses		**(252,881)**	(273,486)
- lease liability		**-**	(648)
- Murabaha liability		**-**	(125)
		(252,881)	(274,259)
		643,805	646,084
Less: unrecognized deferred tax asset	14.1.1	**252,881**	273,486
	14.1.2	**896,686**	919,570

14.1.1 The Holding Company has not recognized its deferred tax asset relating to tax losses amounting to Rs. 252.881 (2015: 273.486) million as the Compnay is uncertain about the timing and extent of future taxable profits against which such benefits can be utilized.

14.1.2 ***CORRECTION OF PRIOR PERIOD ERROR:***

Deferred tax expense was not recognized in prior years as per the requirements of IAS - 12. This was an inadvertent error on the part of management of the Holding Company which has been rectified in the current financial year by restating the comparative figures and opening accumulated losses of the corresponding period.

14.2 Staff retirement benefits - gratuity fund

Since there is no permanent employee of the Subsidiary and the Holding Company as on the balance sheet date, therefore no provision for gratuity has been made in these consolidated financial statements while opening liability has been written back.

	Note	2016	2015
		(Rupees in thousand)	
15 TRADE AND OTHER PAYABLES			Restated
Trade creditors	15.1	**51,739**	60,474
Accrued liabilities		**17,374**	34,950
Advance from customers		**-**	22,555
Unclaimed dividend		**566**	566
Deferred income	15.2	**-**	-
Workers' Profit Participation Fund payable		**2,484**	2,966
Excise duty payable		**138,713**	138,791
Other payable		**-**	200
		210,876	260,502

15.1 This represents amount payable to associated companies by the Holding Company.

15.2 ***CORRECTION OF PRIOR PERIOD ERROR:***

During the year 2008, having negotiated with the NBP, the Holding Company was successful to get reduced the long term loan by Rs. 125.898 million and consortium loan by Rs. 12.413 million aggregated to Rs. 138.311 million. The amount was erroneously transferred to deferred income instead of writing back the liability and recognizing the other income. This was an inadvertent error on the part of management which has been rectified in the current financial year by restating the opening accumulated losses of the corresponding period.

	Note	2016	2015
		(Rupees in thousand)	
16 SHORT TERM BORROWINGS			
From banking companies - secured			
Packing credit	16.1	**25,000**	25,000
From related parties - unsecured			
Directors		**206,666**	191,693
Leo (Pvt.) Limited		**5,282**	5,282
	16.2	**211,948**	196,975
		236,948	221,975

16.1 The above facility was obtained by the Holding Company from Habib Metropolitan Bank in financial year 2008 at the rate of 6 month Kibor + 3% with the flooring rate of 14%.

The facility is secured by hypothecation of stock of cement and equitable mortgage of factory land, building and machinery of an associate company and personal guarantees of all the Directors of the Holding Company.

The Holding Company is unable to discharge its obligation under the facility due to which the bank obtained the decree from the court amounting to Rs. 30 million as a final discharge of liability including the markup. The additional amount has not been recorded in these consolidated financial statements as the matter is subjudice in the court. Further, the Holding Company is in negotiation with the bank to reduce the liability and waive the markup for which the Holding Company expects the favourable outcome.

16.2 These loans are unsecured, interest free and payable on demand. These have been given by the Directors to facilitate the Group for fulfilling its operational and financial obligations. The treatment has been done in accordance with the guidelines given under Technical Release (TR) 32 "Accounting Directors' Loan" as issued by the Institute of Chartered Accountants of Pakistan (ICAP).

	Note	2016	2015
		(Rupees in thousand)	

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

	Note	2016	2015
Under recorded decretal amount in case of long term loan	11.1	**117,000**	117,000
Under recorded decretal amount in case of packing credit - short term borrowings	16.1	**5,500**	5,500

17.2 Commitments

There are no commitments binding on the Group as on the balance sheet date.

	Note	2016	2015
		(Rupees in thousand)	

18 ADMINISTRATIVE EXPENSES

	Note	2016	2015
Salaries and other benefits		**2,111**	2,775
Traveling and conveyance		**142**	5
Rent, rates and taxes		**1,068**	1,261
Printing and stationery		**29**	18
Entertainment		**43**	51
Utilities		**363**	417
Telephone and telex		**93**	109
Postage and telegram		**5**	7
Repairs and maintenance		**197**	192
Security and protection		**1,423**	1,987
Legal and professional		**897**	5,125
Depreciation	4.1	**9,852**	9,967
Fees and subscription		**429**	264
Fuel and power		**387**	467
Others		**262**	751
		17,301	23,396

19 OTHER OPERATING EXPENSES

	Note	2016	2015
Auditors' remuneration	19.1	**310**	250
Impairment loss on investment in associate	5.2.1	**2,420**	-
Long term deposits written off		**1,930**	-
Provision for slow moving and obsolete items of stores	6	**23,535**	-
Advances written off	7	**7,735**	-
Prepayments written off	7	**115**	-
		36,045	250

19.1 Auditors' remuneration

	2016	2015
Audit fee	**250**	250
Review of Code of Corporate Governance	**50**	-
Out of pocket expenses	**10**	-
	310	250

	Note	2016	2015
		(Rupees in thousand)	
			Restated

20 OTHER INCOME

	Note	2016	2015
Income from other than financial assets			
Gain on disposal of fixed asset	4.1.4	**1,961**	-
Liabilities written back	15.2	**46,572**	-
		48,533	-

21 TAXATION

	Note	2016	2015 Restated
Current	21.1	-	-
Deferred		**(28,304)**	(21,476)
		(28,304)	(21,476)

21.1 The Group is not liable to current tax, including minimum tax, on account of gross loss.

21.2 Income Tax Returns of the Group have been finalized up to and including the tax year 2015 which are considered to be the deemed assessment subject to amendment u/s 122 of the Income Tax Ordinance, 2001.

22 EARNING / (LOSS) PER SHARE - BASIC AND DILUTED (RUPEES)

	2016 (Rupees in thousand)	2015 Restated
Profit / (loss) after taxation	**23,489**	(2,173)
Weighted average number of outstanding ordinary shares	**98,236,624**	98,236,624
Earning / (loss) per share - basic and diluted (Rupees)	**0.24**	(0.02)

23 REMUNERATION TO CHIEF EXECUTIVE OFFICER AND DIRECTORS

In view of the current operational and financial position of the Group, the Directors of the Group have voluntarily waived their remuneration.

24 PLANT CAPACITY

	2016	2015
	Metric Tones / Annum	
Holding Company		
Installed capacity	**598,000**	598,000
Utilized capacity	-	-
Utilized capacity % age	-	-
	Kilowatt / Day	
Subsidiary Company		
Installed capacity	**364,795**	364,795
Utilized capacity	-	-
Utilized capacity % age	-	-

25 TRANSACTIONS WITH RELATED PARTIES

25.1 The related parties comprise of group companies (associated companies), Directors and their close family members, executives, major shareholders of the Company. The transactions with related parties are as follows:

	2016	2015
	(Rupees in thousand)	
Loan received from Directors	**14,973**	13,673
Proceeds from disposal of vehicle to Director	**1,961**	-

	Note	2016	2015
		(Rupees in thousand)	Restated
26 FINANCIAL INSTRUMENTS BY CATEGORY			
Financial Assets			
- Available for sale			
Long term investments	5	-	2,420
- Loans and receivables at amortized cost			
Cash and bank balances	8	**24**	30
		24	2,450
Financial Liabilities			
- At amortized cost			
Long term financing	11	**740,704**	740,704
Long term Murabaha	12	-	392
Liabilities against assets subject to finance lease	13	-	2,024
Trade and other payables	15	**52,720**	79,231
Short term borrowings	16	**236,948**	221,975
Current maturity of long term borrowings		**102,787**	102,787
		1,133,159	1,147,113

27 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest / mark-up rate risk and price risk). The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Group's financial assets and liabilities are limited. The Group consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors of the Holding Company has overall responsibility for the establishment and oversight of Group’s risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

27.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fails to meet its contractual obligation and it mainly arises from balances with banks and financial institutions. The credit risk on liquid fund is limited because the counter parties are banks with reasonably high credit ratings.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Group believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk before any provisions at the reporting date is:

	2016	*2015*
	(Rupees in thousand)	
Long term investments	**-**	2,420
Bank balances	**14**	19
	14	2,439

Quality of financial assets

The Group keeps its fund with banks having good credit ratings. Currently the funds are kept with the banks having rating of A-1.

27.2 Liquidity risk

Liquidity risk reflects the Group's inability in raising funds to meet commitments. Liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with the financial liabilities as they fall due. The Group’s approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or at the risk of Group's reputation. The Group’s liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfill its obligation, monitoring balance sheet liquidity ratios against internal and external requirements and maintaining debt financing plans.

Following are the contractual maturities of the financial liabilities:

	2016				
	Carrying amount	***Contractual cash flows***	***Six months or less***	***Six to twelve months***	***More than twelve months***
	- - - - - - - - - - - - - - - (Rupees in thousand) - - - - - - - - - - - - - - -				
Financial Liabilities					
Long term financing	**740,704**	**740,704**	**-**	**-**	**740,704**
Trade and other payables	**52,720**	**52,720**	**17,374**	**35,346**	**-**
Short term borrowings	**236,948**	**236,948**	**-**	**236,948**	**-**
Current maturity of long term borrowings	**102,787**	**102,787**	**-**	**102,787**	
	1,133,159	**1,133,159**	**17,374**	**375,081**	**740,704**

	2015				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	More than twelve months
	- - - - - - - - - -	- - - - - - (Rupees in thousand)	- - - - - -	- - - - - -	- - - - - -
Financial Liabilities					
Long term financing	740,704	740,704	-	-	740,704
Long term Murabaha	392	392	-	-	392
Liabilities against assets subject to finance lease	2,024	2,024	-	-	2,024
Trade and other payables	79,231	79,231	34,950	44,281	-
Short term borrowings	221,975	221,975	-	221,975	-
Current maturity of long term borrowings	102,787	102,787	-	102,787	-
	1,147,113	1,147,113	34,950	369,043	743,120

27.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates, foreign exchange rates or the equity prices due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Group is not exposed to any foreign exchange risk, interest rate risk and other price risk as at the balance sheet date.

27.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The carrying values of all the financial assets and liabilities reported in the financial statements approximate their fair values.

27.5 Capital risk management

The Group's management objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares and take other measures commensuration to the circumstances. The Group finances its expansions projects through equity, borrowings and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk and maximizing profitability.

The Group management monitors capital using a gearing ratio, which is net debt divided by total shareholders equity plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, less cash and bank balances. The Group's strategy is to maintain leveraged gearing. The gearing ratios as at the balance sheet are as follows:

		2016	*2015*
		(Rupees in thousand)	
Long term financing		**740,704**	740,704
Long term Murabaha		**-**	392
Liabilities against assets subject to finance lease		**-**	2,024
Short term borrowings		**25,000**	25,000
Current maturity of long term borrowings		**102,787**	102,787
Total debt		**868,491**	870,907
Less: cash and bank balances		**(24)**	(30)
Net debt	**A**	**868,467**	870,877
Total shareholders' equity		**220,606**	196,223
Capital and equity	**B**	**1,089,073**	1,067,100
Gearing ratio	**(C=A/B)**	**79.74%**	81.61%

28 CORRESPONDING FIGURES

Corresponding figures have been re-arranged / reclassified, whenever necessary, for the purpose of compliance, comparison and better presentation. Major changes made during the year are as follows:

Reclassification from the caption component	***Reclassification to the caption component***	***Note***	***(Rupees in thousand)***
Trade and other payables	***Trade and other payables***	15	
- Sales tax payable	- Accrued liabilities		**1,508**
- Special excise duty payable	- Accrued liabilities		**362**
- Withholding tax payable	- Accrued liabilities		**15,089**

29 GENERAL

- Figures have been rounded off to the nearest thousand of Rupees, unless otherwise stated.
- Number of employees as on the balance sheet date and average number of employees during the year were 13 (2015: 14) and 14 (2015: 14).

30 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on 02 January 2017 by the Board of Directors of the Holding Company.

Chief Executive ***Director***

DADABHOY CEMENT INDUSTRIES LIMITED

THIRTY SIX ANNUAL GENERAL MEETING 2016

FORM OF PROXY

I / We ____

Of____being

A member of DADABHOY CEMENT INDUSTRIES LIMITED and holder of
_________ Ordinary Shares as per registered Folio No. ____________ Hereby
appoint ____
Or failing him ____
Of ____
Vide Registered Folio No. ____

As my / our proxy to vote for me/us and on my/our behalf at the Thirty Six Annual General Meeting of the Company to be held on 24th January 2017 and at any adjournment thereof.

Signed my me/us this ___________________ day of ____________ 2017

Signed by the Shareholders

____

Important :

This form of Proxy duly complete must be deposited at the Company's

Registered Office, Noor Centre Office No. 4, 2nd Floor, Plot No.30-C Ittehad Lane 12 Phase VII, D.O.A.H., Karachi. Not later then 48 hours before the time of holding the meeting.
A proxy should also be a shareholder of the Company.

Five Rupees Revenue Stamps

For Office use