CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS

Dewan M. Yousuf Farooqui	Chairman/Chief Executive
Dewan Abdul Rehman Farooqui	Director
Dewan Abdul Baqi Farooqui	Director
Mr. Maudood Ahmed Lodhi	Director
Mr. Haroon Iqbal	Director
Mr. Aziz-ul-Haque	Director
Syed Muhammad Anwar	Director
Mr. Wajahat A. Baqai	Nominee Director of Creditors

AUDIT COMMITTEE MEMBERS

Mr. Wajahat A. Baqai	Chairman
Mr. Haroon Iqbal	Member
Mr. Aziz-ul-Haque	Member
Syed Muhammad Anwar	Member

CHIEF FINANCIAL OFFICER

Mr. Imran Ahmed Javed

COMPANY SECRETARY

Mr. Inam-ur-Rehman

REGISTERED OFFICE

Block-A, 7th Floor, Finance & Trade Centre,
Shahrah-e-Faisal, Karachi, Pakistan.

HEAD OFFICE

Block-A, 2nd Floor, Finance & Trade Centre,
Shahrah-e-Faisal, Karachi, Pakistan.

FACTORY

1. Deh Dhando, Dhabeji
   District Malir, Karachi.
2. Kamilpur Near Hattar
   District Haripur, K.P

AUDITORS

Faruq Ali & Co.
Chartered Accountants

COST AUDITORS

Rafaqat Mansha Mohsin Dossani Masoom & Co.
Chartered Accountants

LEGAL ADVISOR

Sardar M. Ajaz Khan (Advocate)

WEBSITE

www.dewangroup.com.pk

DIRECTORS' REPORT

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

The Directors are pleased to present un-audited financial results for the third quarter ended March 31, 2011.

Overview of Cement Industry

The aggregate sales volume of the cement industry witnessed 7% negative growth during 3rd quarter and 10% negative growth during cumulative 9th months of this financial year as compared to same period last year. Despite odds, the industry achieved an aggregate sales volume of 8.004 million tons and 22.741 million tons during 3rd quarter and cumulative 9 months of this financial year respectively.

On domestic sales, the volume of the industry declined by 7% during 3rd quarter and 8% during cumulative 9 months as compared to same period last year. Similar trends were also witnessed in export sale where volume of the industry declined by 8% during 3rd quarter and 14% during cumulative 9 months of this financial year.

The demand of cement in domestic market declined marginally due to depressed construction activities, inflation which impacted Pakistan during past few years had crippled the economy and the construction sector was its first victim observed during this quarter March, 2011.

On export front the industry also witnessed pressure in regional market due to capacity additions.

Overview of Your Company

Production

	Upto March 2011 (In tons)	Upto March 2010 (In tons)	Variance (% Age)
Clinker	849,429	654,146	29.85
Cement	882,897	721,312	22.40

Cement Dispatches

	Upto March 2011 (In tons)	Upto March 2010 (In tons)	Variance (% Age)
Local Sales	803,376	637,787	25.96
Export Sales	75,133	107,881	(30.36)
Total	**878,509**	**745,668**	**17.82**

Operating Performance

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

	Upto March 2011 (Rs. '000')	Upto March 2010 (Rs. '000')	Variance (% Age)
Net sales	3,518,648	2,792,853	25.99
Cost of goods sold	(3,724,209)	(2,995,548)	(24.32)
Gross loss	(205,561)	(202,695)	(1.41)
Expenses & taxes	(213,414)	(244,497)	12.71
Net loss	(418,975)	(447,192)	6.31

Future Outlook

The demand of cement in domestic market has started picking up day by day, despite drastic cut in spending on public sector development projects by the government.

The export of cement by sea route to regional countries except Iraq and African markets will continue to be under pressure due to over supply and slow construction activities in international region. Due to substantive inland freight, factories situated in the northern region of the country operate with the comparative disadvantage of transportation of cement through sea ports. This has made export of cement from upper parts of country unfeasible.

Acknowledgement

The Board of Directors places on record its gratitude to its valued customers, Federal and Provincial Governments, dealers and employees of the Company, for their continued co-operation & support.

In conclusion, we bow, beg and pray to **Almighty Allah**, **Rahman-ur-Rahim**, in the name of our beloved Prophet Mohammad (peace be upon him), for continued showering of His blessings, guidance, strength, health, and prosperity to us, our Company, Country and Nation and also pray to Almighty Allah to bestow peace, harmony, brotherhood and unity in true Islamic spirit to whole of Muslim Ummah, Ameen, Summa Ameen.

LO-MY LORD IS INDEED HEARER OF PRAYER (AL QURAN)

For and on behalf of the Board of Directors

Dewan Muhammad Yousuf Farooqui
Chairman / Chief Executive

Dated: April 27, 2011
Place: Karachi

INTERIM CONDENSED BALANCE SHEET - (UN-AUDITED)
AS AT MARCH 31, 2011

	Note	(Un-audited) March 31, 2011	(Audited) June 30, 2010
		Rupees in '000'	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
-Property, plant and equipment	5	**19,415,912**	19,679,623
Long-term deposits		**55,920**	55,920
Long-term loans		**1,122**	1,050
		19,472,954	19,736,593
CURRENT ASSETS			
Stores and spare parts		**398,347**	336,016
Stock-in-trade		**76,708**	120,024
Trade debts		**358,937**	347,983
Loans and advances		**123,903**	146,492
Trade deposits and short-term prepayments		**32,622**	26,109
Other receivables		**19,963**	19,959
Short-term investments		**1,473**	1,473
Advance income tax		**27,914**	74,801
Cash and bank balances		**159,591**	60,016
		1,199,458	1,132,873
TOTAL ASSETS		**20,672,412**	20,869,466
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
500,000,000 (June 30, 2010: 500,000,000) Ordinary shares of Rs. 10/- each		**5,000,000**	5,000,000
Issued, subscribed and paid-up-capital		**3,891,133**	3,573,750
Reserves - Net		**(326,733)**	54,349
		3,564,400	3,628,099
SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX	6	**4,007,631**	4,045,524
NON-CURRENT LIABILITIES			
Long-term financing	7	**471,208**	1,077,611
Advances for investment in term finance certificates	8	**3,850,000**	3,850,000
Liabilities against assets subject to finance lease		**14,203**	14,408
Long-term deposits and payables		**922,144**	922,284
Deferred taxation		**1,603,513**	1,623,102
		6,861,068	7,487,405
CURRENT LIABILITIES			
Trade and other payables		**1,824,664**	1,653,861
Short-term borrowings		**660,875**	660,875
Mark-up payable	11	**1,038,963**	1,038,963
Current portion of long term borrowings	9	**2,622,465**	2,345,781
Sales tax payable		**92,346**	8,958
		6,239,313	5,708,438
CONTINGENCIES AND COMMITMENTS	10	**-**	-
TOTAL EQUITY AND LIABILITIES		**20,672,412**	20,869,466

The annexed notes from 1 to 16 form an integral part of these interim condensed financial statements.

Haroon Iqbal
Director

Dewan Muhammad Yousuf Farooqui
Chief Executive

INTERIM CONDENSED PROFIT AND LOSS ACCOUNT - (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2011

	Note	Nine months ended March 31, 2011	Nine months ended March 31, 2010	Quarter ended March 31, 2011	Quarter ended March 31, 2010
		Rupees in '000'			
Turnover - net		**3,518,648**	2,792,853	**1,425,195**	671,297
Cost of sales		**(3,724,209)**	(2,995,548)	**(1,458,837)**	(746,237)
Gross loss		**(205,561)**	(202,695)	**(33,642)**	(74,940)
Distribution cost		**(44,260)**	(97,371)	**(10,615)**	(36,914)
Administrative expenses		**(150,565)**	(139,452)	**(42,731)**	(46,812)
Other operating expenses		**(1,082)**	(1,698)	**(928)**	(935)
Other operating income		**544**	2,229	**195**	309
Operating loss		**(400,924)**	(438,987)	**(87,721)**	(159,292)
Finance cost	11	**(2,453)**	(6,411)	**(893)**	(1,024)
Loss before taxation		**(403,377)**	(445,398)	**(88,614)**	(160,316)
Taxation - net		**(15,598)**	(1,794)	**(5,301)**	(2,163)
Loss after taxation		**(418,975)**	(447,192)	**(93,915)**	(162,479)
Other comprehensive income for the period:					
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment		**57,482**	36,620	**20,642**	4,029
Related deferred tax		**(19,589)**	(12,170)	**(8,950)**	(1,194)
		37,893	24,450	**11,692**	2,835
Total comprehensive income for the period		**(381,082)**	(422,742)	**(82,223)**	(159,644)
Loss per share Basic and diluted (Rupees)	12	**(1.13)**	(1.25)	**(0.24)**	(0.45)

The annexed notes from 1 to 16 form an integral part of these interim condensed financial statements.

Haroon Iqbal
Director

Dewan Muhammad Yousuf Farooqui
Chief Executive

INTERIM CONDENSED CASH FLOW STATEMENT - (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2011

	March 31, 2011	March 31, 2010
	---------------- Rupees in '000' ----------------	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from / (used in) operations	**103,082**	(84,533)
Income tax refund	**11,701**	30,098
Long-term loans - net	**(72)**	266
Long-term deposits and payables - net	**(142)**	(745)
Net cash generated from / (used in) operating activities	**114,569**	(54,914)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance cost paid	**(2,453)**	(10,156)
Liabilities against assets subject to finance lease - net	**(12,541)**	(16,553)
Net cash used in financing activities	**(14,994)**	(26,709)
Net Increase / (decrease) in cash and cash equivalents	**99,575**	(81,623)
Cash and cash equivalents at the beginning of the period	**60,016**	122,311
Cash and cash equivalents at the end of the period	**159,591**	40,688

The annexed notes from 1 to 16 form an integral part of these interim condensed financial statements.

Haroon Iqbal	**Dewan Muhammad Yousuf Farooqui**
Director	Chief Executive

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY - (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2011

	Issued, subscribed and paid-up capital	Reserves			Total equity
		Capital	Revenue		
		Merger reserve	(Accumulated loss) / unappropriated profit	Total	
	Rupees in '000'				
Balance as at July 01, 2009	3,573,750	629,444	18,843	648,287	4,222,037
Total comprehensive income for the period	-	-	(422,742)	(422,742)	(422,742)
Balance as at March 31, 2010	3,573,750	629,444	(403,899)	225,545	3,799,295
Balance as at July 01, 2010	**3,573,750**	**629,444**	**(575,095)**	**54,349**	**3,628,099**
Total comprehensive income for the period	**-**	**-**	**(381,082)**	**(381,082)**	**(381,082)**
Issue of shares to sponsors on conversion of loan	**317,383**	**-**	**-**	**-**	**317,383**
Balance as at March 31, 2011	**3,891,133**	**629,444**	**(956,177)**	**(326,733)**	**3,564,400**

The annexed notes from 1 to 16 form an integral part of these interim condensed financial statements.

Haroon Iqbal
Director

Dewan Muhammad Yousuf Farooqui
Chief Executive

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2011

1 THE COMPANY AND ITS OPERATIONS

Dewan Cement Limited (the Company) was incorporated in Pakistan as a public limited company in March, 1980. Its shares are quoted on the Karachi and Lahore Stock Exchanges since June, 1989. The registered office of the Company is situated at 7th Floor, Block A, Finance and Trade Centre, Shahrah-e-Faisal, Karachi. The principal activity of the Company is to manufacture and sale of cement. The Company has two production facilities at Deh Dhando, Dhabeji, Karachi, Sindh and Kamilpur, Hattar Industrial Estate, District Haripur, Khyber Pakhtoonkhuwa.

2 GOING CONCERN ASSUMPTION

The financial statements for the period ended March 31, 2011 reflect loss after taxation of Rs. 418.975 million (June 2010: Rs. 622.764 million) and as of that date its current liabilities exceeded its current assets by Rs. 5,039.855 million (June 2010: Rs. 4,575.518 million). The company's short-term borrowing facilities have expired and not been renewed and the company has been unable to ensure scheduled payments of long term borrowings due to the liquidity problems. Following course, majority of the lenders have gone into litigation for repayment of liabilities through attachment and sale of company's hypothecated / mortgaged properties and certain lenders have also filed winding up petitions. These conditions indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as a going concern, therefore, the company may be unable to realize its assets and discharge its liabilities in the normal course of business. The liquidity crunch presently faced by the company is due to the fact that the banks / financial institutions did not give due committed support to the company for completion of its line II project in south.

However, the management is of the view that operating cash flows of the company will be positive on account of expected increase in demand of cement and positive margins on account of increasing trend in cement prices, the company as a going concern would be a viable unit. Accordingly, the company has approached its lenders for the restructuring of its entire debt in the following manner:

(a) All the debt obligations of the company be converted into a Privately Placed TFC of eight years inclusive of grace period of 3 years.

(b) Principal to be repaid in equal half-yearly installments with first such payment falling due after six months from the end of grace period; and

(c) Mark-up payable as on December 31, 2008 to be freezed and paid quarterly over a period of four years from the date of restructuring.

The management believes that the restructuring proposal presented is workable and would enable the company to service its debts. Therefore, the management is confident that the proposal will be accepted by its lenders in near future, and court cases will be withdrawn by lenders.

Accordingly, these financial statements have been prepared on a going concern basis.

3 BASIS OF PREPARATION

These interim condensed financial statements are un-audited. These are required to be presented to the shareholders under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting". The Interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2010.

4 SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

4.1 The accounting policies followed for the preparation of these financial statements are the same as those applied in preparing the annual financial statements for the year ended June 30, 2010.

4.2 Signifcant accounting estimates and judgements are the same as those applied in preparation of annual financial statements for the year ended June 30, 2010.

		(Un-audited) March 31, 2011	(Audited) June 30, 2010
		------------- Rupees in '000' -------------	
5	**PROPERTY, PLANT AND EQUIPMENT**		
	Operating property, plant and equipment	**18,608,140**	18,871,447
	Assets subject to finance lease	**2,827**	3,231
	Capital work-in-progress	**804,945**	804,945
		19,415,912	19,679,623
6	**SURPLUS ON REVALUATION OF FIXED ASSETS - Net of tax**		
	Gross surplus	**5,611,144**	5,668,626
	Less: Related deferred tax	**1,603,513**	1,623,102
		4,007,631	4,045,524

7 LONG-TERM FINANCING

7.1 The principal terms and condition of the outstanding loans have remained the same as disclosed in the financial statements of the Company for the year ended June 30, 2010.

7.2 During the period loan from sponsor amounting to Rs. 317.383 million has been converted into 31,738,343 ordinary shares of Rs.10/- each under first proviso of section 86(1) of the Companies Ordinance, 1984.

8 ADVANCES FOR INVESTMENT IN TERM FINANCE CERTIFICATES

It represents private placement (Pre-IPO) investment of Rs. 3,850 million received as advanced against issue of rated, listed and secured term finance certificates out of total issue of Rs. 5,000 million for a tenure of six years. The company was required to complete the public offering on or before 270 days of signing of the respective agreements. i.e. October 05, 2008. The company was unable to complete the requisite formalities of public offering due to the factors beyond its control (Force majeure) i.e. global recession and unforeseen shut-down of stock exchanges. Following course, certain investors have filed suits and winding up petitions in Hon'able High Court of Sindh.Till the matter is resolved suitably with investors, management has decided to classify the same as long-term liabilities.

9 CURRENT PORTION OF LONG-TERM BORROWINGS

It includes over due portion amounting to Rs. 2,012.076 milliion (June 30, 2010: Rs. 1,057.377 million)

10 CONTINGENCIES AND COMMITMENTS

There has been no significant change in the status of contingencies and commitments as reported in the annual financial statements for the year ended June 30, 2010.

11 FINANCE COST

Company has not made the provision of mark-up for the period amounting to Rs. 836.488 million (for the year ended June 30, 2010: Rs. 1,022.682 million) keeping in view of the financial restructuring proposed to the lenders as disclosed in note 3. Management is hopeful that the restructuring proposal will be accepted by the lenders. Had the provision been made the loss for the year would have been higher by Rs. 836.488 millions and accrued mark-up would have been higher and shareholders' equity would have been lower by Rs. 2,302.625 million. The said non provisioning is a departure from the requirements of IAS-23 'Borrowing Costs".

	Nine months ended		Quarter ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
	Rupees in '000'			
12 LOSS PER SHARE - BASIC AND DILUTED				
Loss for the period after taxation	**(418,975)**	(447,192)	**(93,915)**	(162,479)
	No. of Shares '000'			
Weighted average number of shares in issue	**370,279**	357,375	**389,113**	357,375
	Rupees			
Loss per share - Basic and diluted	**(1.13)**	(1.25)	**(0.24)**	(0.45)

13 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise related group companies, associate, directors and executives. The Company in the normal course of business carries out transactions with various related parties. Material transactions and balances with related parties are given below:

		March 31, 2011	March 31, 2010
		Rupees in '000'	
Employee benefit fund	Contribution to staff retirement fund.	**5,902**	6,826
Other related parties	Shared expenses	**515**	249

	Nine months ended		Quarter ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
14 CAPACITY - CLINKER (Tons)	Metric Tonnes			
Installed capacity for the period	**2,205,000**	2,205,000	**735,000**	735,000
Actual production for the period	**849,429**	654,146	**344,655**	152,859

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

15 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorised for issue on April 27, 2011 by the Board of Directors of the Company.

16 GENERAL

Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

Haroon Iqbal
Director

Dewan Muhammad Yousuf Farooqui
Chief Executive