38th ANNUAL REPORT 2018

MH

DADABHOY GROUP

DADABHOY CEMENT INDUSTRIES LTD.

CONTENTS

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

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Muhammad Hussain Dadabhoy	Chairman
Mr. Muhammad Amin Dadabhoy	Chief Executive
Mr. Fazal Karim Dadabhoy	
Mr. Danish Dadabhoy	
Mr. Shahban Ali	
Mr. Jumma Baig	
Mr. Mohammad Zaman	

CHIEF FINANCIAL OFFICER
Mr. Aslam Motan

COMPANY SECRETARY
Mr. Muhammad Rashid.

AUDITORS
M/s Salman Arshad, Chartered Accountants

LEGAL ADVISOR
Mr. Salim Thepdawala & Company

BANKER
Silk Bank Limited
Bank Al Habib Limited

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

SHARE REGISTRAR
Formerly 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. Jumma Baig	Chairman
Mr. Muhammad Hussain Dadabhoy	Member
Mr. Fazal Karim Dadabhoy	Member

AUDIT COMMITTEE

Mr. Shahban Ali	Chairman
Mr. Muhammad Hussain Dadabhoy	Member
Mr. Muhammad Amin Dadabhoy	Member

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 38th Annual General Meeting of Dadabhoy Cement Industries Limited will be held on Friday the October 26th 2018 at 03:45 p.m. at Jinnah Club, Jinnah Co-operative Housing Society behind K-Electric Office, Tipu Sultan Road Karachi, to transact the following business:

ORDINARY BUSINESS:

1. To read and confirm the minutes of 37th Annual General Meeting of the company held on October 24th, 2017.

2. To receive, consider and adopt the Audited Accounts of the company for the year ended June 30, 2018 together with Directors and Auditors Reports thereon.

3. To appoint auditors for the year ending June 30, 2019 and fix their remuneration.

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

Karachi.
October 05th, 2018

Muhammad Rashid
Company Secretary

Note

1. The Share Transfer Books of the company will remain closed from 19-10-2018 to 26-10-2018 (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.

4. The Financial Statement of the Company for the year ended June 30, 2018 will also be available at its official website:- www.mhdadabhoy.com

REVIEW REPORT BY THE CHAIRMAN

I am pleased to inform that for the financial year ended June 30, 2018, the overall performance of the Board has been satisfactory. However, there will always be room for improvement. Although the Company has been going through rough times in the recent past, the Board has coped up well and have shown to be effective to the best of their abilities. The Board of Directors of the Company received agendas and supporting written material including follow up materials in sufficient time prior to the board and its committee meetings.

A big positive this year has been the payment of substantial long-term loans of the banks. Furthermore, exciting times lie ahead for the Company as diversification strategies are being explored which will eventually benefit our shareholders.

Muhammad Hussain Dadabhoy
Chairman

Karachi – October 05, 2018

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, 2018 together with the auditor's report thereon.

FINANCIAL POSITION AT A GLANCE

The Comparative financial results of the company are summarized below:

	June 30, 2018	*June 30 2017*
	--- (Rupees in '000) ---	
Sales-Net	**-**	-
Cost of sales	**-**	-
Gross profit	**-**	-
Administrative expenses	**(31,369)**	(11,049)
Finance cost	**(11)**	(0)
Operating loss	**(31,650)**	(11,049)
Other charges	**(1,125,381)**	(895)
Other income	**1,214**	16,909
Loss before taxation	**(1,155,817)**	4,965
Taxation	**264,293**	(106,227)
Loss after taxation	**(890,894)**	(101,262)
Loss per share	**(9.07)**	(1.03)

The Company continued to be in a loss position because operationally it continued to stay inactive. Other charges increased because of fixed assets.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is exposed to certain inherent risks and uncertainties. However, we consider the following as key risks:

• Re-structuring of the management team to align with the new strategic direction of the Company;
• Exploring new ventures for diversification.

The Company works with internal and external stakeholders to mitigate / reduce to acceptable level the likely impacts of aforesaid risks.

BUSINESS PERFORMANCE HIGHLIGHTS

The Company's performance from a business viewpoint remained status quo this year since the focus was on preparing and developing a strong strategic and financial plan. We are confident that in the coming years the Company's performance will see an upward growth.

CORPORATE SOCIAL RESPONSIBILITY

No significant activities were undertaken from the platform of the Company as far as CSR is concerned since the Company was not operationally active this year. However, in the coming years as the revenue grows the management will allocate a certain percentage to initiatives such as child education and health as we believe these are the two key areas which require the most attention.

OBSERVATION OF THE AUDITORS

As regards the material uncertainty to continue as a going concern, we would like state that the management is focused on reviving the operations of the Company which is further elaborated in 'Future Outlook' section of this Report.

AUDITORS

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

REMUNERATION POLICY OF NON-EXECUTIVE DIRECTORS

Owing to the financial outlook of the Company, Non-Executive and Independent Directors of the Company have voluntarily waived their remuneration for attending the Board and Committee meetings of the Company.

PATTERN OF SHARES HOLDING

Pattern of shareholding as at June 30, 2018 required under the reporting framework is annexed.

FUTURE OUTLOOK

We are fully determined to move the Company from present situation of uncertainties and give a strong strategic direction to the Company. Firstly, the Company was able to successfully discharge the long-term bank loans and other liabilities. This was achieved through disposal of operating fixed assets.

With the liabilities paid off, we want to give the Company a fresh start. In this regard, it has been decided to shift focus to the leisure and hospitality sector which we believe to be a fast-growing industry. Negotiations are in final stages with prospective investors who belong to the hospitality sector and have shown a strong interest in making a sizeable investment in the Company. A viable business plan has also been prepared and the next steps are execution of the same.

INTERNAL FINANCIAL CONTROLS

The directors are aware of their responsibility with respect to internal financial controls. Currently there are weak or no financial controls as the Company is not operationally active. However, strong controls will be implemented once the Company is in operation.

EARNING PER SHARE

The loss per share of the company as at 2018 stood at Rs. 9.07 (2017: Rs. 1.03) per share.

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 appropriate 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.

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) As already stated above the Company has already developed a business plan and negotiations are underway with prospective investors from the hospitality sector. As such the management does not see any significant doubt to continue as going concern.

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

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

h) Information about taxes and levies is given in the notes to and forming part of financial statements.

i) The Company does not have any scheme for its employees.

j) During the year, 5 meetings of the Board of Directors, 5 meetings of the audit committee and 1 meeting of the Human Resource and Remuneration (HR&R) Committee were held separately. Attendance by each Director and member of the Committees is annexed below.

k) The Company has no overdue of any substantial bank loan since now the same have been cleared.

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

THE COMPOSITION OF THE BOARD

Total number of directors are seven as per the following:

a) Male: Seven
b) Female: None

Composition of the Board is as follows:

Category	Names
a. Independent Directors	Mr. Shahban Ali Mr. Muhammad Zaman Mr. Jumma Baig
b. Other Non-Executive Director	Mr. Muhammad Hussain - Chairman
c. Executive Directors	Mr. Amin Dadabhoy Mr. Fazal Karim Dadabhoy Mr. Danish Dadabhoy

MEETINGS OF THE BOARD OF DIRECTORS

During the year five 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	5
Mr. Muhammad Amin Dadabhoy	5
Mr. Fazal Karim Dadabhoy	5
Mr. Jumma Baig	5
Mr. Shaban Ali	5
Mr. Muhammad Zaman	1
Mr. Danish Dadabhoy	5

MEETINGS OF THE AUDIT COMMITTEE

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

Name of Directors	***No. of Meetings Attended***
Mr. Shaban Ali – Chairman	5
Mr. Muhammad Hussain Dadabhoy	5
Mr. Muhammad Amin Dadabhoy	5

MEETINGS OF THE HUMAN RESOURCE AND REMUNERATION COMMITTEE

During the year one meeting of HR&R Committee were held. Attendance by each director is as follows.

Name of Directors	***No. of Meeting Attended***
Mr. Jumma Baig - Chairman	1
Mr. Muhammad Hussain Dadabhoy	1
Mr. Fazal Karim Dadabhoy	1

ACKNOWLEDGEMENT

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

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

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

For and on behalf of the Board

Fazal Karim Dadabhoy	**Danish Dadabhoy**
Director	**Director**

Karachi: October 05, 2018

DADABHOY
CEMENT
INDUSTRIES
LIMITED

DADABHOY GROUP

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D.H.A, Karachi, Pakistan.
Ph # 021-3531 2004 – 07 - 09
Fax # 021-3531 2006
Website www.mhdadabhoy.com
E-mail: mhdadabhoygroup@gmail.com

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017 Dadabhoy Cement Industries Limited For the Year Ended June 30, 2018

The company has complied with the requirements of the Regulations in the following manner:

1) The total number of directors are seven as per the following:

    a) Male: Seven
    b) Female: None

    Board ensures the compliance with respect to representation of female member(s) on the Board within the time frame given under the Regulations.

2) The composition of board is as follows:

Category	Names
a. Independent Directors	Mr. Shahban Ali Mr. Muhammad Zaman Mr. Jumma Baig
b. Other Non-Executive Director	Mr. Muhammad Hussain Dadabhoy
c. Executive Directors	Mr. Amin Dadabhoy Mr. Fazal Karim Dadabhoy Mr. Danish Dadabhoy

3) The directors have confirmed that none of them is serving as a director on more than five listedcompanies, including this Company.

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

5) The board has developed a vision/mission statement, overall corporate strategy.While significant policies of the company arein the process of formulation as the Company is planning for revival within the next financial year.

6) All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7) The meetings of the board were presided over by the Chairman. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8) The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9) The Board has not arranged any training program during the year but ensures that, other than the exempt Directors, all the Directors acquire the prescribed certification under thetraining program within the stipulated time.

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 during the year due to operational inactivity of the Company.

11) CFO and CEO duly endorsed the financial statements before approval of the board.

12) The board has formed committees comprising of members given below:

Committees	Names and Designation
a. Audit Committee	Mr. Shahban Ali– Chairman Mr. Muhammad Hussain Dadabhoy Mr. Muhammad Amin Dadabhoy
b. HR and Remuneration Committee	Mr. Jumma Baig - Chairman Mr. Muhammad Hussain Dadabhoy Mr. Fazal Karim Dadabhoy

13) The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14) The frequency of meetings of the committees were as per following:

Committees	Frequency of Meetings
a. Audit Committee	Five meetings were held in FY 2017-18.
b. HR and Remuneration Committee	One annual meeting held before June 30, 2018

15) Due to operational inactivity of the Company, the Boardhas not formed any internalaudit function during the year.

16) 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 and registered with Audit Oversight Board of Pakistan, 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 code of ethics as adopted by the ICAP.

17) The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18) We confirm that all other requirements of the Regulations have been complied with except the following non-compliances with the Regulations which occurred due to the operational inactivity of the Company, but we assure our members thatreasonable progress is being made by the Company's management and its Board to seek compliance by the end of next financial year:

a) Executive directors of the Company are more than one-third of the elected directors;

b) Formal and effective mechanism is yet to be put in place for the annual evaluation of Board members;

c) Related party transactions could not be reviewed by the Audit Committee nor approved by the Board;

d) No orientation program could be arranged for the Directors during the year;

e) Subsequent to year end, CFO has been appointed who is qualified for the position under the Regulations;

f) Audit Committee and Human Resource and Remuneration Committee include executive members of the Board;

g) Code of conduct along with supporting policies and procedures are yet to be put on the Company's website;

h) Directors' Report on the affairs of the Company could not be annexed with the financial statements for the period ended September 30, 2017; and

i) Half yearly financial statements for the period ended December 31, 2017 could not be prepared by the management.

Fazal Karim Dadabhoy
Director

Danish Dadabhoy
Director

Karachi
Dated: October 5, 2018

DADABHOY CEMENT INDUSTRIES LIMITED

FINANCIAL REVIEW FOR SIX YEARS

Particulars	2018	2017	2016	2015	2014	2013
PRODUCTION SUMMARY						
Clinker Production	-	-	-	-	-	-
Cement Production	-	-	-	-	-	-
Cement Dispatch	-	-	-	-	-	-
ASSETS EMPLOYED						
Fixed Assets	-	3,582,510	3,590,505	3,340,640	3,349,390	3,358,140
Long term Loan & Investments	-	188,600	189,215	209,350	209,305	210,370
Current Assets	180,279	13	20	31,186	31,234	77,838
Total Assets Employed	298,962	3,771,123	3,779,740	3,581,176	3,589,974	3,646,348
FINANCED BY						
Shareholders' Equity	128,922	2,007,839	2,097,092	151,219	170,782	233,938
Surplus on Revaluation	-	1,709,561	1,964,971	1,444,705	1,455,539	1,459,399
Long term Liabilities	-	600,000	600,000	602,416	602,416	602,416
Deferred Liabilities	-	585,505	491,287	921,550	775,117	775,117
Current Liabilities	170,040	577,779	591,361	461,286	588,144	577,502
Total Funds Invested	298,962	3,771,123	3,779,740	3,581,176	3,589,974	3,646,348
FINANCED BY						
Turnover (Net)	-	-	-	-	-	-
Operating Profit (Loss)	-	-	-	-	-	-
(Loss) / profit before Taxation	(1,155,817)	4965	(27,209)	(22,275)	(67,016)	(116,673)
Loss after Taxation	(890,894)	(101,262)	645	(799)	(67,016)	(116,673)
Cash Dividend	-	-	-	-	-	-
Profit (Loss) carried forward	(886,668)	(343,499)	(244,902)	(864,371)	(848,668)	(781,652)

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF DADABHOY CEMENT INDUSTRIES LIMITED

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the 'Regulations'), prepared by the Board of Directors of **Dadabhoy Cement Industries Limited** for the year ended **June 30, 2018** in accordance with the requirements of Regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the 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 of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of Section 208 of the Companies Act, 2017. 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 of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken 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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph references, where it is stated in the Statement of Compliance:

	Reference	Description
i	**Para 5**	Company does not have significant policies.
ii	**Para 10 and 15**	There is no internal audit function in the Company.
iii	**Para 18 a**	Executive directors of the Company are more than one-third of the elected directors
iv	**Para 18 b**	There is no formal mechanism for the annual evaluation of Board members.
v	**Para 18 c**	Related party transactions could not be reviewed by the Audit Committee nor approved by the Board.
vi	**Para 18 d**	No orientation program could be arranged for the Directors during the year.
vii	**Para 18 e**	CFO during the year was not qualified for the position.
viii	**Para 18 f**	Audit Committee and Human Resource and Remuneration Committee include executive members of the Board.
ix	**Para 18 g**	Code of conduct and related policies are not displayed on the Company's website.
x	**Para 18 h**	Directors' Report was not annexed with the 1st quarter financial statements.
xi	**Para 18 i**	Half yearly financial statements for the period ended December 31, 2017 could not be initialed by the external auditors as these were not prepared by the management.

Salman Arshad
Chartered Accountants

Place: Lahore
Dated: October 5, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Dadabhoy Cement Industries Limited

Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the annexed financial statements of **Dadabhoy Cement Industries Limited** which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

Owing to the significance of the matter stated in the *Basis for Adverse Opinion* Section of our report, in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the loss and its comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

- During the current year, the Company has incurred loss before tax amounting to Rs. 1,155.817 million and have accumulated losses as on the balance sheet date amounting to Rs. 886.668 million. The operations of the Company are closed since financial year 2009 due to which the Company has been facing financial and operational difficulties and was unable to discharge its financial and operational liabilities in ordinary course of business. The Company was reporting nil sales since then and was totally dependent upon the financial support of its directors and sponsors to fulfill its operational and financial obligations. During the year, the Company has also disposed off all of its operating fixed assets and settled its outstanding bank loan and other obligations. Moreover, management has not made the assessment of going concern of the Company.

  These factors indicate the existence of material uncertainty that may cast significant doubts regarding the Company's ability to continue as a going concern. The financial statements do not disclose this fact. Further, the mitigating factors disclosed by the management in the financial statements in note no. 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.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the

Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Basis for Adverse Opinion* Section, we have determined the matter described below to be the key audit matter to be communicated in our report:

Key audit matter	*How the matter was addressed in our audit*
1. Disposal of Operating Fixed Assets and Repayment of Long-Term Loan	
(Refer note nos. 5.1.1 and 12.1 to the accompanying financial statements) During the year, Company disposed of its operating fixed assets at Rs. 1,380 million to satisfy the bank decree and to comply with the execution application filed with the Honourable High Court of Sindh. Proceeds were utilized to settle the bank loan which was settled at Rs. 754.137 million and other outstanding obligations of the Company. The above transaction and event have been considered as important and a key audit matter because of the significance of the resulting changes in the financial statements.	We assessed that the transaction was adequately supported by the agreement. We reviewed the documentation relating to legal proceedings in respect of the said matter. We have obtained sufficient appropriate audit evidence with respect to the receipts of disposal proceeds and repayment of bank loan in accordance with the terms of agreement. We ensured that adequate disclosures were made in the financial statements to discuss the transaction in accordance with the applicable financial reporting standards and evaluated its application in the context of the Company.
2. Preparation of financial statements under the Companies Act, 2017	
(Refer note no. 3.1 to the accompanying financial statements)	Our audit procedures included the following:

Key audit matter	*How the matter was addressed in our audit*
As referred to in note 3.1 to the annexed financial statements, the third and fourth schedules to the Companies Act, 2017 became applicable for the first time for the preparation of the Company's annual financial statements for the year ended June 30, 2018. The Companies Act, 2017 (including third and fourth schedules) forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. As part of this transition to the requirements of the said third and fourth schedules, the management performed a gap analysis to identify differences between the previous reporting framework and the current reporting framework and as a result assessed the amendments (as specified in the said note 3.1 relating to disclosures) required in the Company's financial statements. Further, the Company has also changed its accounting policy relating to presentation and measurement of surplus on revaluation of property, plant and equipment as a consequence of the application of the Act with retrospective effect. The impact of the said change in accounting policies has been disclosed in note no. 4.1 to the financial statements. We consider it as a key audit matter in view of the extensive impacts in the financial statements due to the Companies Act, 2017.	Considering the management's process to identify the necessary amendments required in the Company's financial statements. Evaluating the results of management's analysis and key decisions taken in respect of the transition, using our knowledge of the relevant requirements of the third and fourth schedules to the Companies Act, 2017 and our understanding of the Company's operations and business. Assessing the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures made in the annexed financial statements based on the new requirements. In respect of the change in accounting policy for the measurement and presentation of revaluation surplus as referred to note no. 4.1 to the financial statements, we assessed the accounting implications in accordance with the applicable financial reporting standards and evaluated its application in the context of the Company.
3. Rectification of prior period errors	
(Refer note no. 11.3, 13.3 and 14.1 to the accompanying financial statements) During the year, the Company has rectified a prior period error with respect to revaluation surplus by reversing it with corresponding credit to equity amounting to Rs. 368.567 million. The error has been rectified by restating the comparative figures, opening	We discussed the errors with the management and obtained an understanding of the nature of errors. We performed re-calculations relating to revaluation surplus and deferred tax.

Key audit matter	*How the matter was addressed in our audit*
balance of the corresponding period and opening accumulated losses of the corresponding period. Further, during the year, the Company has also rectified the error with respect to deferred tax and reversed the liability with corresponding credit to equity amounting to Rs. 405.399 million. Error has been rectified by restating the comparative figures, opening balance of the corresponding period and opening accumulated losses of the corresponding period. Furthermore, corresponding balance of trade and other payables includes Rs. 157.429 million (out of which Rs. 139.388 million have been paid during the year) on account of expenses which were not accrued in prior years due to which the error has been rectified in the current financial year by restating the comparative figures, opening balance of the corresponding period and opening accumulated losses of the corresponding period. The above transactions and events have been considered as important and a key audit matter because of the significance of the resulting changes in the financial statements.	We obtained sufficient appropriate audit evidence with respect to the calculations of revaluation surplus and deferred tax. We obtained supporting evidence regarding rectification of error in trade and other payables in the form of invoices/bills, third party confirmation(s), review of respective prior period's audited financial statements, court orders and third party/their auditor's certificate(s). We ensured that adequate disclosures were made in the financial statements to discuss the transaction in accordance with the applicable financial reporting standards and evaluated its application in the context of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, except for the matter stated in *Basis for Adverse Opinion* Section, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other Matter

The financial statements of the Company for the year ended June 30, 2017 were audited by another firm of Chartered Accountants, who vide their report dated October 02, 2017, expressed an adverse opinion thereon due to the existence of material uncertainty regarding the Company's ability to continue as a going concern and also due to non-verification of existence and valuation assertions of long-term and short-term liabilities.

The engagement partner on the audit resulting in this independent auditor's report is **Ahmad Salman Arshad**.

Salman Arshad
Chartered Accountants

Place: Lahore
Dated: October 5, 2018

DADABHOY CEMENT INDUSTRIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	2018	2017	2016
			(Rupees in thousand)	
			---- Restated ----	
ASSETS				
Non-Current Assets				
Property, plant and equipment	5	-	3,582,510	3,590,505
Long term investments	6	-	188,600	189,215
		-	3,771,110	3,779,720
Current Assets				
Advances and other receivables	7	**15,097**	-	-
Advance income tax		**135**	-	-
Cash and bank balances	8	**165,047**	13	20
		180,279	13	20
Short term investment	9	**118,683**	-	-
Total Assets		**298,962**	3,771,123	3,779,740
EQUITY AND LIABILITIES				
Authorized Capital				
150,000,000 Ordinary shares of Rs. 10 each		**1,500,000**	1,500,000	1,500,000
Issued, subscribed and paid up capital	10	**982,366**	982,366	982,366
Capital reserves				
Revaluation surplus on property, plant and equipment	11	-	1,335,748	1,326,404
Other capital reserve		**33,224**	33,224	33,224
Revenue reserve				
Accumulated losses		**(886,668)**	(343,499)	(244,902)
Shareholders' equity		**128,922**	2,007,839	2,097,092
Non Current Liabilities				
Long term financing	12	-	600,000	600,000
Deferred liabilities	13	-	585,505	491,287
		-	1,185,505	1,091,287
Current Liabilities				
Trade and other payable	14	**165,171**	350,779	367,584
Short term borrowings	15	-	222,131	218,908
Unclaimed dividend		**566**	566	566
Provision for taxation		**4,303**	4,303	4,303
		170,040	577,779	591,361
Contingencies and Commitments	16			
Total Equity and Liabilities		**298,962**	3,771,123	3,779,740

The annexed notes from 1 to 28 form an integral part of these financial statements.

Director	***Chief Financial Officer***	***Director***

DADABHOY CEMENT INDUSTRIES LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
		(Rupees in thousand)	
			Restated
Sales		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses	17	**(31,639)**	(11,049)
Financial cost - bank charges		**(11)**	-
Operating loss		**(31,650)**	(11,049)
Other charges	18	**(1,125,381)**	(895)
Other income	19	**1,214**	16,909
(Loss) / profit before taxation		**(1,155,817)**	4,965
Taxation	20	**264,923**	(106,227)
Loss after taxation		**(890,894)**	(101,262)
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Deficit on account of revaluation of operating fixed assets	11	**(1,308,605)**	-
Deferred tax thereon	11	**320,582**	-
Total other comprehensive loss for the year		**(988,023)**	-
Total comprehensive loss for the year		**(1,878,917)**	(101,262)
Loss per share - basic and diluted (Rupees)	21	**(9.07)**	(1.03)

The annexed notes from 1 to 28 form an integral part of these financial statements.

Director	Chief Financial Officer	Director

DADABHOY CEMENT INDUSTRIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018

	Share Capital	------- *Capital Reserves* -------			*Revenue Reserve*	*Total Shareholders' Equity*
	Issued, subscribed and paid up capital	*Other Capital Reserve*	*Surplus on revaluation of fixed assets*	*Total Capital Reserves*	*Accumulated Losses*	
	----------- *(Rupees in thousand)* -----------					
Balance as at June 30, 2016 - before restatement	982,366	33,224	-	33,224	(861,439)	154,151
Effect of correction of error on account of revaluation surplus (note no. 11.3)	-	-	(368,567)	(368,567)	368,567	-
Effect of correction of error on account of deferred tax (note no. 13.3)	-	-	-	-	405,399	405,399
Effect of restatements (note no. 4.1 & 14.1)	-	-	1,694,971	1,694,971	(157,429)	1,537,542
Balance as at June 30, 2016 - restated	**982,366**	**33,224**	**1,326,404**	**1,359,628**	**(244,902)**	**2,097,092**
Total comprehensive loss for the year						
Loss for the year	-	-	-	-	(101,262)	(101,262)
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	(101,262)	(101,262)
Transferred from surplus on revaluation on account of incremental depreciation - net of deferred tax	-	-	(2,665)	(2,665)	2,665	-
Effect of tax rate adjustment on revaluation surplus	-	-	12,009	12,009	-	12,009
Balance as at June 30, 2017 - restated	**982,366**	**33,224**	**1,335,748**	**1,368,972**	**(343,499)**	**2,007,839**
Total comprehensive loss for the year						
Loss after taxation	-	-	-	-	(890,894)	(890,894)
Other comprehensive loss						
Deficit on account of revaluation of operating fixed assets - net of deferred tax	-	-	(988,023)	(988,023)	-	(988,023)
	-	-	(988,023)	(988,023)	(890,894)	(1,878,917)
Transferred from surplus on revaluation on account of incremental depreciation - net of deferred tax	-	-	(676)	(676)	676	-
Transferred from surplus on revaluation on account of disposal of assets - net of deferred tax	-	-	(347,049)	(347,049)	347,049	-
Balance as at June 30, 2018	**982,366**	**33,224**	**-**	**33,224**	**(886,668)**	**128,922**

The annexed notes from 1 to 28 form an integral part of these financial statements.

Director	***Chief Financial Officer***	***Director***

DADABHOY CEMENT INDUSTRIES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
		(Rupees in thousand)	Restated
A. CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		**(1,155,817)**	4,965
Adjustments for:			
Depreciation	17	**1,999**	7,995
Impairment loss on investment in subsidiary	18	**69,917**	615
Loss on settlement of packing credit	18	**1,500**	-
Loss on settlement of long term loan	18	**154,137**	-
Impairment on account revaluation deficit	18	**391,637**	-
Loss on disposal of fixed assets	18	**500,270**	-
Liabilities written back	19	**-**	(16,909)
Financial charges		**11**	-
Cash outflow before working capital changes		**(36,347)**	(3,334)
Working capital changes:			
Increase in current assets			
Advances and other receivables		**(15,097)**	-
Increase / (decrease) in current liabilities			
Trade and other payable		**(185,608)**	104
Cash used in operations		**(237,052)**	(3,230)
Financial charges paid		**(11)**	-
Taxes paid		**(135)**	-
Net cash used in operating activities		**(237,198)**	(3,230)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Proceed from disposal of fixed assets		**1,380,000**	-
Net cash generated from investing activities		**1,380,000**	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings (repaid) / obtained - net		**(223,631)**	3,223
Repayment of long term loan		**(754,137)**	-
Net cash (used in) / generated from financing activities		**(977,768)**	3,223
Net increase / (decrease) in cash and cash equivalents		**165,034**	(7)
Cash and cash equivalents at beginning of the year		**13**	20
Cash and cash equivalents at end of the year	8	**165,047**	13

The annexed notes from 1 to 28 form an integral part of these financial statements.

Director	*Chief Financial Officer*	*Director*

DADABHOY CEMENT INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1 STATUS AND NATURE OF BUSINESS

1.1 Dadabhoy Cement Industries Limited (DCIL) was incorporated on 09 August 1979 as a public limited company in Pakistan and is listed on Pakistan Stock Exchange Limited - PSX. Company is a subsidiary of Leo (Pvt.) Limited. 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.

These unconsolidated financial statements are the separate financial statements of the Company in which the investment in subsidiary is accounted at cost less impairment loss.

1.2 Going Concern Assumption:

During the current year, the Company has incurred loss before tax amounting to Rs. 1.156 billion (2017: Rs. 4.965 million profit) and having accumulated losses as on the balance sheet date amounting to Rs. 886.668 (2017: Rs. 343.499) million. The operations of the Company are closed since financial year 2009 due to which the Company has been facing financial and operational difficulties and was unable to discharge its financial and operational liabilities in due course of business. The Company was reporting nil sales since then and was totally dependent upon 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) As fully disclosed in note no. 5.1.1 to these financial statements, the Company has disposed off its operating fixed assets at the consideration of Rs. 1,380 million due to which it was able to discharge its long outstanding banking and other liabilities.

b) The management intends to revive the operations of the Company by diversifying its operations towards hoteling and other related sectors for which the planning is still on the initial stage as on the reporting date.

c) To achieve the objective mentioned in para (b) above, the Company has been corresponding with the prospective investors to attract the investment in the Company.

Management is confident that the Company will be able revive its operations in the foreseeable future which will result in improving the overall financial and operational outlook of the Company.

2 SIGNIFICANT EVENTS AND TRANSACTIONS AFFECTING THE FINANCIAL POSITION

i Due to the applicability of Companies Act, 2017 certain disclosures of the financial statements have been presented in accordance with the Fourth Schedule of the Act as notified by the Securities and Exchange Commission of Pakistan vide S.R.O. 1169 dated November 7, 2017. Major changes include the change in accounting policy with respect to surplus on revaluation of property, plant and equipment (note no. 4.1), additional requirements with respect to related party transactions (note no. 24), classification of unclaimed dividend on the face of the statement of financial position, etc.(note 27).

ii Company has disposed off its operating fixed assets during the year (note no. 5.1.1) and incurred loss on disposal amounting to Rs. 500.27 million.

iii During the year, Company has recognized impairment on investment in DESCL amounting to Rs. 69.917 million (note no. 6.1.3) and classified as held for sale (note 9).

iv Company has rectified prior period errors relating to deferred tax liability amounting Rs. 405.399 million (note no. 13.3) and revaluation surplus amounting Rs. 368.567 million (note no. 11.3) by restating the comparitive figures, opening balance of the corresponding period and opening accumlated losses of the correspoding period.

v Company has settled its long term loan including markup accrued thereon (note no. 12) and incurred loss on settlement amounting to Rs. 154.137 million.

vi Corresponding balance of trade and other payable have been restated by Rs. 157.429 million (note no. 14.1).

vii Company has incurred legal and professional expenses during the year amounting to Rs. 24.196 million (note no. 17.1).

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (Act); and

- provisions and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 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.

3.3 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.

3.4 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).

Advances and other receivables

Company reviews its advances and other receivables for any provision required for any doubtful balances on an on-going balance. The provision is made while taking into consideration expected recoveries, if any.

Income Taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax laws as applicable in Pakistan.

Long term investment

Company has made judgments and assumptions in determining that it has control over subsidiary and significant influence over associates and impairment of investments in subsidiaries and associates.

Provision for contingencies

Company has made judgments and assumptions in disclosure and assessment of provision for contingencies.

3.5 Amendments to standards that are effective for the year ended June 30, 2018

The following amendments to accounting standards are effective for the year ended June 30, 2018. 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 for period beginning on or after
IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 1, 2017
IAS 12 'Income Taxes' - Amendments with respect to recognition of deferred tax assets for unrealized losses	January 1, 2017

Certain annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

3.6 Amendments to standards and IFRS interpretations that are not yet effective

The following amendments to accounting standards and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and 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 from accounting period beginning on or after
IFRS 2 'Share-based Payment' - Amendments with respect to clarification on the classification and measurement of share-based payment transactions	January 1, 2018
IFRS 4 'Insurance Contracts': Applying IFRS 9 with IFRS 4	January 1, 2018
IFRS 9 'Financial Instruments'	January 1, 2018
IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Amendments with respect to sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
IFRS 15 'Revenue From Contracts With Customers'	January 1, 2018
IFRS 16 'Leases'	January 1, 2019
IAS 19 'Employee Benefits': Amendments with respect to plan amendments, curtailments or settlements	January 1, 2019
IAS 40 'Investment Property': Amendments with respect to clarification on transfers of property to or from investment property	January 01, 2018 Earlier application is permitted.
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018 Earlier application is permitted.
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 1, 2019

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual period beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Certain annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1 - First Time Adoption of International Financial Reporting Standards
IFRS 14 - Regulatory Deferral Accounts
IFRS 17 - Insurance Contracts

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, plant and equipment

Owned

Fixed assets are stated at cost 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 5.

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.

Gain or loss on disposal, if any, are included in statement of profit or loss currently.

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

Revalued assets

Revaluation of property, plant and equipment is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. Any revaluation increase in the carrying amount of property, plant and equipment is recognized, net of tax, in other comprehensive income and presented as a separate component of equity as “surplus on revaluation of property, plant and equipment", in accordance with the change in accounting policy during the current year as fully disclosed below, except to the extent that it reverses a revaluation decrease / deficit for the same asset previously recognised in the statement of profit or loss, in which case the increase is first recognized in the statement of profit or loss to the extent of the decrease previously charged. Any decrease that reverses previous increase of the same asset is first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset, all other decrease are charged to the statement of profit or loss. The revaluation reserve is not available for distribution to the Company’s shareholders. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the asset’s original cost, net of tax, is reclassified from revaluation surplus to retained earnings.

Gains and losses on disposal of revalued assets

Gains and losses on disposal of assets are taken to the statement of profit or loss, and the related surplus on revaluation of property, plant and equipment, if any, is transferred directly to retained earnings.

Change in accounting policy

During the year, the Company changed its accounting policy in respect of the measurement and presentation of surplus on revaluation of property, plant and equipment due to the adoption of the Companies Act, 2017 (the Act) which became applicable for the first time for the preparation of financial statements for the year ended June 30, 2018. Previously, the Company's accounting policy was in accordance with the provisions of the repealed Companies Ordinance, 1984 according to which the surplus on revaluation of property, plant and equipment was shown as a separate item below equity. The Company has changed the accounting policy to bring it in conformity with the accounting treatment and presentation of surplus on revaluation of property, plant and equipment as specified in IAS 16 - "Property, Plant and Equipment", accordingly the surplus on revaluation of property, plant and equipment is now presented as part of equity in the statement of financial position and the statement of changes in equity as a capital reserve.

In accordance with the requirements of IAS 8 'Accounting policies, estimates and errors', the above explained changes in accounting policy has been accounted for retrospectively, with the restatement of the comparative information. As a result, a third statement of financial position as at the beginning of the preceding period is presented (i.e. July 01, 2016) in accordance with the requirements of IAS 1 - "Presentation of Financial Statements".

Retrospective impact of change in accounting policy

Statement of Financial Position

	2017			*2016*		
	As Previously Reported	*Adjustments - Increase / (Decrease)*	*As Restated*	*As Previously Reported*	*Adjustments - Increase / (Decrease)*	*As Restated*
	Rupees					
Surplus on revaluation of property and equipment (within equity)	-	1,335,748	1,335,748	-	1,326,404	1,326,404
Net impact on equity	**-**	**1,335,748**	**1,335,748**	**-**	**1,326,404**	**1,326,404**
Surplus on revaluation of property and equipment (below equity)	**1,335,748**	**(1,335,748)**	**-**	**1,326,404**	**(1,326,404)**	**-**

There was no change in the reported amount of the statement of profit or loss and other comprehensive income as there was no decrease in the carrying amount of asset as a result of revaluation except the retrospective effect stated above for the year ended June 30, 2018. There was no cash flow impact as a result of the retrospective application of change in accounting policy.

4.2 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 associates is accounted for using the equity method whereby investment is carried in the statement of financial position 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.

4.3 Advances and other receivables

These are initially stated at nominal values. Provision for doubtful balance is established where there is an objective evidence that the Company will not be able to collect the due amounts. Balances considered irrecoverable are written off.

4.4 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.

4.5 Trade and other payables

Accrued and other payables are stated at their nominal values which is the fair value of the consideration required to settle the related obligations whether or not billed to the Company. Liabilities are written back and recognized as other income when these are considered to be no longer payable.

4.6 Borrowing costs

Borrowing costs are charged to the statement of profit or loss 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.

4.7 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 reporting date and adjusted to reflect the current best estimate. Provisions are not recognised for future operating losses. Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

4.8 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of profit or loss, except to the extent that it relates to the items recognized directly in other comprehensive income or in equity, in which case it is recognized there.

Current

Provision for taxation is based on current year taxable income determined in accordance with the provisions of Income Tax Ordinance, 2001, enactive on the date of statement of financial position and carry adjustment to tax payable in respect of previous year.

Deferred

Deferred tax is provided using the balance sheet liability method for all temporary differences at the reporting 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 reporting date.

Deferred 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.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited to profit or loss account, except in the case of items credited or charged to equity in which case it is included in equity.

4.9 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 statement of profit or loss, 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.

4.10 Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Company classifies its financial assets in the following categories: loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash) are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Held to maturity

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity with a positive intention and ability to hold to maturity.

Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose off it within 12 months of the end of the reporting date.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised as "Other comprehensive Income" are included in the profit or loss statement as gains and losses on disposal of short term investments. Interest on available for sale securities calculated using effective interest method is recognised in the profit or loss statement. Dividends on available for sale equity instruments are recognised in the profit or loss statement when the Company's right to receive payments is established.

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised at trade date i.e. the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss statement.

Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. 'Loans and receivables' and 'held to maturity' investments are carried at amortized cost using effective interest rate method.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities, other than those at fair value through profit or loss, are measured at amortized cost using the effective yield method.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss statement.

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument and are measured initially at fair value. Fair value is the amount for which assets could be exchanged, or liabilities settled, between knowledgeable willing parties in an arm's length transaction on the measurement date. When available, the company measures the fair value of an investment using quoted price in an active market for the instrument. A market is regarded as active if quoted price are readily and regularly available and represent actual and regularly occurring market transaction on an arm's length basis.

Financial assets are derecognized when the contractual right to cash flow from the financial assets expired or is transferred. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired. The particular recognition method adopted are disclosed in the individual policy statement associated with each item.

Financial assets and financial liabilities offsets each other and the net amount is reported in the statement of financial position 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.

4.11 Earning per share

The company presents basic and diluted earnings per share for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the company by the weighted average number of ordinary shares. Diluted EPS is determined by adjusting profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares.

	Note	***2018***	*2017*
		(Rupees in thousand)	
5 *PROPERTY, PLANT AND EQUIPMENT*			
Tangible fixed assets	5.1	-	3,582,510

5.1 Tangible fixed assets

Description	***As at June 30, 2018***										
	- - - - - - - - - - - - - - Revalued Amounts - - - - - - - - - - - - - -					***- - - - - - - - Accumulated Depreciation - - - - - - - -***					
	As on July 01, 2017	***Surplus / (deficit) on account of revaluation during the year***	***Adjustment of depreciation on account of revaluation***	***Disposals during the year***	***As on June 30, 2018***	***As on July 01, 2017***	***Disposals / adjustment of depreciation on account of revaluation****	***Charge for the year***	***As on June 30, 2018***	***Written down value as on June 30, 2018***	***Rate %***
	- (Rupees in thousand) -- - - - - - - -										
Owned Assets											
Freehold land	**600,000**	**(240,000)**	**-**	**(360,000)**	**-**	**-**	**-**	**-**	**-**	**-**	**0%**
Building on freehold land	**319,800**	**12,547**	**(12,129)**	**(320,218)**	**-**	**10,130**	**(12,129)**	**1,999**	**-**	**-**	**2.5%**
Plant and machinery	**2,672,840**	**(1,472,788)**	**-**	**(1,200,052)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	3,592,640	**(1,700,241)**	**(12,129)**	**(1,880,270)**	**-**	**10,130**	**(12,129)**	**1,999**	**-**	**-**	

Description	*As at June 30, 2017*									
	- - - - - - - - - - - - - - Revalued Amounts - - - - - - - - - - - - - -				*- - - - - - - - Accumulated Depreciation - - - - - - - -*					
	As on July 01, 2016	*Additions during the year*	*Disposals during the year*	*As on June 30, 2017*	*As on July 01, 2016*	*On disposals*	*Charge for the year*	*As on June 30, 2017*	*Written down value as on June 30, 2017*	*Rate %*
	- (Rupees in thousand) -- - - - - - - -									
Owned Assets										
Freehold land	600,000	-	-	600,000	-	-	-	-	600,000	0%
Building on freehold land	319,800	-	-	319,800	2,135	-	7,995	10,130	309,670	2.5%
Plant and machinery	2,672,840	-	-	2,672,840	-	-	-	-	2,672,840	-
	3,592,640	-	-	3,592,640	2,135	-	7,995	10,130	3,582,510	

5.1.1 The Company had obtained loan from National Bank of Pakistan (NBP - the bank) which was rescheduled by the bank from time to time. It carried markup at the rate of 12% per annum. Due to operational and working capital crunch faced by the Company, the Company defaulted in timely repayments of principal and markup.

The bank obtained the consent decree from the Honorable High Court of Sindh, Karachi (the Court) and filed Execution Application No. 16 of 2014.

The matter for the sale of assets of the Company to satisfy the decree of NBP and other claims against the Company were pending since last several years but no good offer was received.

During the year, the bank received the maximum / the best offer for sale of operating fixed assets of the Company from a buyer in compliance of the execution application filed by the bank at Rs. 1.380 billion on which the management had no choice but to accept the same and to become part of the compromise application filed with the Court.

In pursuance of the Compromise application, the Court issued its Order on January 16, 2018, to allow the said transaction with the consent of the decree holder i.e. the bank and the judgement debtor i.e. the Company, for the transfer of all the assets to the buyer under the supervision of the Nazir, High Court of Sindh, Karachi.

Accordingly, property, plant and equipment were classified as held for sale during the year and fresh revaluation was carried out under market value basis by an independent valuer, M/s. RBS Associates as on October 08, 2017, resulting in a net deficit of Rs. 1.7 billion, over book values which were adjusted against revaluation surplus in accordance with the requirements of IFRS Standards.

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

	2018	*2017*
	(Rupees in thousand)	
Freehold land	**104,878**	104,878
Building on freehold land	**188,343**	189,926
Plant and machinery	**1,591,688**	1,591,688
	1,884,909	1,886,492

5.2 Due to stoppage of the plant, depreciation on plant and machinery is not charged in pursuance of the provisions given under para 55 of IAS 16. Therefore, all the depreciation is charged to administrative expenses, hence no production related depreciation has been charged in these financial statements.

5.3 Following are the particulars of the assets disposed off during the year:

Description	*Cost / Revalued amount*	*Written down value*	*Sales proceeds*	*Gain / (Loss)*	*Mode of disposal*	*Particular of buyer*
	(Rupees in thousand)					
Freehold land	360,000	360,000	275,000	(85,000)	Execution through Bank	Popular Cement Industries (Pvt.) Ltd
Building on freehold land	320,218	320,218	150,000	(170,218)	Execution through Bank	Popular Cement Industries (Pvt.) Ltd
Plant and machinery	1,200,052	1,200,052	955,000	(245,052)	Execution through Bank	Popular Cement Industries (Pvt.) Ltd
	1,880,270	**1,880,270**	**1,380,000**	**(500,270)**		

6 LONG TERM INVESTMENTS

	Note	***2018***	*2017*
		(Rupees in thousand)	
Investments in related parties			
Subsidiary			
Dadabhoy Energy Supply Company Limited	6.1	-	188,600
Associate			
Dadabhoy Sack Limited	6.2	-	-
Others			
Dadabhoy Construction Technology Limited	6.3	-	-
	6.4	-	188,600

6.1 *Dadabhoy Energy Supply Company Limited - at cost*

6.1.1 Dadabhoy Energy Supply Company Limited (DESCL) was incorporated in Pakistan on May 29, 1994 having its registered office and principal place of business located at Noor Centre, office No.4, 2nd floor, plot no. 30-C, Ittehad Lane No.12, Phase VII, D.H.A., Karachi. During the year, management of the subsidiary company has decided to windup the company, therefore, investment in the subsidiary company has been classified as short term as it is likely that the Company will receive its due share of net assets of the subsidiary company within the next financial year.

	Note	***2018***	*2017*
		(Rupees in thousand)	
6.1.2 Investment at cost			
Investment - cost	6.1.3	**205,000**	205,000
Provision for impairment		**(86,317)**	(16,400)
Book value of investment as at June 30,		**118,683**	188,600
Book value of investment as at July 01,		**188,600**	189,215
Provision for impairment for the year		**(69,917)**	(615)
Book value of investment as at June 30,	6.1.4	**118,683**	188,600

6.1.3 DESCL was treated as a subsidiary of the Company as the Company was holding 47.86% equity interest (20,500,000 shares) in the DESCL alone and 68.72% (29,437,815 shares) together with its directors thus providing substantial interest in the voting power of the DESCL. The plea of the Company to treat DESCL as its subsidiary was accepted by the SECP.

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.

Subsequent Event:

On August 17, 2018, directors of the Company disposed off their 20.86% (8,936,615 shares) shareholding in the subsidiary, thereby, making DESCL as an associate of the Company.

6.1.4 As at June 30, 2018, the breakup value per share of the subsidiary company was Rs. 5.789 (2017: Rs. 9.200) per share resulting in the impairment of Rs. 3.410 (2017: Rs. 0.030) per share which has been recognized in these financial statements. The breakup value is considered as recoverable value/ value in use of the Company based on the facts as disclosed in note 6.1.1

	Note	***2018***	*2017*
		(Rupees in thousand)	
6.2 Dadabhoy Sack Limited - at equity method			
Investment - cost	6.2.1	**2,420**	2,420
Provision for impairment	6.2.2	**(2,420)**	(2,420)
Book value of investment as at June 30,		**-**	-

6.2.1 Dadabhoy Sack Limited (DSL) was incorporated in Pakistan on September 27, 1983. The Company's registered office is situated at suite # 4, 2nd floor, plot no. 28-30/C, Noor center, Khayaban-e-Ittehad, Lane no.12, Phase VII, D.H.A., Karachi, Sindh. Manufacturing facility of the Company is located at Deh, Hatal Buth, Thana Bula Khan, Main Super Highway, Jamshoro, Sindh. The Company holds 6.90% equity interest (276,000 shares) in the Dadabhoy Sack Limited (DSL) which has been presumed to be an associated company due to the fact that majority of the Directors of the Company are also the members on the Board of Directors of DSL. The reporting date of DSL is also the same as of the Company, i.e. June 30.

6.2.2 The investment in associate is fully impaired due to the fact that during the current financial year, the associated company has incurred after tax loss amounting to Rs. 13.893 (2017: Rs. 12.326) million rising its accumulated losses to Rs. 23.493 (2017: Rs. 20.563) million. Further, the operations of the associated company are closed since financial year 2008 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 company is also suspended in the PSX.

	Note	***2018***	*2017*
		(Rupees in thousand)	
6.3 Dadabhoy Construction Technology Limited - Available for sale			
Investment - cost	6.3.1	**6**	6
Provision for impairment	6.3.2	**(6)**	(6)
Book value of investment as at June 30,		**-**	-

6.3.1 Dadabhoy Construction Technology Limited (DCTL) was incorporated in Pakistan on May 29, 1994 having its registered office and principal place of business located at Noor Centre, office No.4, 2nd floor, plot no. 30-C, Ittehad Lane no.12, Phase VII, D.H.A., Karachi. The Company holds 0.02% (2017: 0.02%) equity interest (550 shares (2017: 550 shares)) in DCTL which has been presumed to be an associated company due to common directorship between the companies.

6.3.2 The investment in the associated company is fully impaired due to the fact that during the year, the Company has disposed off its factory land and building, its operating fixed assets, which indicates the existence of material uncertainty over the Company's ability to continue as a going concern and accordingly, the Company may not be able to realize its assets and settle its liabilities at stated amounts in the normal course of business. The operations of the Company are very slow since financial year 2014 and reporting meager / nil sales while the operations were completely closed during the current financial year 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 totally dependent on the financial support of its Directors. Since trading in shares of the company is suspended in the PSX therefore fair value of share price cannot be measured reliably.

6.4 Investment in associated companies have been made in accordance with the requirements under the Act.

	2018	*2017*
6.5 Summarized financial information of associated companies:	***(Rupees in thousand)***	
Dadabhoy Sack Limited		
Non-current assets	**168,514**	167,777
Current assets	**3**	20,842
Non-current liabilities	**42,008**	42,130
Current liabilities	**1,996**	10,223
Revenue	**-**	-
Other income	**5,259**	500
Loss before taxation	**(12,625)**	(17,662)
Loss after taxation	**13,143**	(12,327)
Other comprehensive income	**-**	-
Total comprehensive loss	**13,143**	(12,327)
Unrecognized losses of associates		
For the year	**(959)**	(851)
As On June 30,	**(1,621)**	(1,419)
Dadabhoy Construction Technology Limited		
Non-current assets	**-**	3,835
Current assets	**60,077**	5
Non-current liabilities	**-**	1,093
Current liabilities	**58,484**	44,438
Revenue	**-**	-
Other income	**47,010**	110
Profit / (loss) before taxation	**42,041**	(212)
Profit / (loss) after taxation	**43,284**	(114)
Other comprehensive income	**-**	-
Total comprehensive income / (loss)	**43,284**	(114)
Unrecognized profits / (losses) of associates		
For the Year	**9**	(13)
As On June 30,	**(4)**	(1,419)

Summarized financial information have been prepared on the basis of audited financial statements of the associated companies.

	Note	2018	2017
		(Rupees in thousand)	
7 ADVANCES AND OTHER RECEIVABLES			
- Considered good			
Advances - against expenses			
To Director	7.1	**13,617**	-
Other receivables			
From related parties	7.2	**1,480**	-
		15,097	-

7.1 This represents advance given to Muhammad Hussain Dadabhoy, the Director of the Company, for incurring company related expenses which has been adjusted subsequent to year end. Maximum aggregate amount outstanding at any time during the year with respect to month end balance was amounting to Rs. 25.6 million.

7.2 This includes receivable from Dadabhoy Sack Limited amounting to Rs. 0.677 million, Dadabhoy Energy Supply Limited amounting to Rs. 0.321 million and Dadabhoy Hydro Carbon Limited amounting to Rs. 0.482 million. This represents the reimbursable expenses incurred on behalf of the related parties and are recoverable on demand. Closing balance represents the maximum aggregate amount outstanding at any time during the year with respect to month end balances.

These receivables have been outstanding for a period less than one year

	Note	2018	2017
		(Rupees in thousand)	
8 CASH AND BANK BALANCES			
Cash in hand		-	10
Cash at banks			
- in current account		**40**	3
- in saving account	8.1	**165,007**	-
		165,047	3
		165,047	13

8.1 It carries markup ranging between 4% to 5% per annum.

	Note	2018	2017
9 SHORT TERM INVESTMENT			
Available for sale investment			
Investments in related party			
Dadabhoy Energy Supply Company Limited	9.1	**118,683**	-

9 Investment in DESCL has been classified as short term during the current financial year as discussed in note no. 6.1.1 to these financial statements.

10 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

(Number of shares) 2018	2017		2018	2017
			(Rupees in thousand)	
		Ordinary shares of Rs. 10 each		
98,236,624	98,236,624	fully paid up in cash	**982,366**	982,366

10.1 Number of shares held by Leo (Pvt.) Limited, the holding company, and Dadabhoy Trading Corporation (Pvt.) Limited, the associated company, as on the reporting date are 61,938,455 shares and 9,131,360 shares respectively, representing 63.05% and 9.295% shareholding in the Company (2017: 61,938,455 - 63.05% and 9,131,360 - 9.295%).

10.2 Reconciliation of issued, subscribed and paid up capital

(Number of shares)		
2018	*2017*	
98,236,624	98,236,624	Ordinary shares of Rs. 10 each fully paid up in cash - at beginning
-	-	Ordinary shares issued during the year
98,236,624	98,236,624	Ordinary shares of Rs. 10 each at the end of the year

10.3 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.

	2018	*2017*
	(Rupees in thousand)	
		Restated
11 REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT		
Balance as at July 01,	**1,696,017**	1,699,879
Revaluation deficit incurred during the year	**(1,308,605)**	-
	387,412	1,699,879
Transfer to equity in respect of incremental depreciation - net of deferred tax	**(676)**	(2,665)
Related deferred tax liability of incremental depreciation	**(290)**	(1,197)
Effect of disposal during the year	**(386,446)**	-
	(387,412)	(3,862)
Balance as at June 30,	**-**	1,696,017
Less: Related deferred tax liability		
- at the beginning of the year	**360,269**	373,475
- effect of revaluation deficit during the year	**(320,582)**	-
- effect of disposal during the year	**(39,397)**	-
- effect of tax rate adjustment	**-**	(12,009)
- on incremental depreciation for the year	**(290)**	(1,197)
	-	360,269
	-	1,335,748

11.1 Assets have been disposed off during the year as fully discussed in note no. 5.1.1 to these financial statements.

11.2 Earlier, the Company had carried out revaluation under market value basis by an independent valuer, M/s. RBS Associates (Pvt.) Limited as on October 08, 2017, resulting in a deficit of Rs. 1.7 billion, over book values which were debited to surplus on revaluation of property, plant and equipment. Forced sale value at the time of revaluation was amounting to Rs. 1.504 billion.

Earlier, the Company had carried out 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 property, plant and equipment.

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 property, plant and equipment.

11.3 During the year, Company has rectified a prior period error with respect to revaluation surplus by reversing it with corresponding credit to equity amounting to Rs. 368.567 million. The error has been rectified by restating the comparative figures, opening balance of the corresponding period and opening accumulated losses of the corresponding period.

In accordance with the requirements of IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”, the effect of the restatement is as follows:

	2017	***2016***
	(Rupees in thousand)	
Effect on statement of financial position		
Decrease in revaluation surplus	**368,567**	**368,567**
Decrease in accumulated losses	**368,567**	**368,567**
Increase in shareholders' equity	**368,567**	**368,567**

There was no effect of restatement of revaluation surplus on the statement of profit or loss and other comprehensive income and statement of cash flows and on the EPS for the financial year ended June 30, 2016 and June 30, 2017.

	2018	*2017*
	(Rupees in thousand)	
12 LONG TERM FINANCING		
Loan from banking company - secured	-	600,000

12.1 The above loan has been repaid during the year which represented the long term loan taken from National Bank of Pakistan (NBP) which was rescheduled by the bank from time to time. It carried mark-up at the rate of 12% per annum. The loan was 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 assets, 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.

Due to the operational and working capital crunch being faced by the Company, the Company defaulted in timely payments of principal and mark-up.

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 paid Rs. 584.272 million. The management was of the view that the amount paid been adjusted by the bank entirely against the mark-up instead of decretal amount. Accordingly, the Company got the execution application disposed of in 2002 from the Court. Then the second execution application was filed in 2014 by the bank.

During the year, compromise application was filed by the bank, as fully disclosed in note no. 5.1.1 of these financial statements, the settlement amount of loan, including markup accrued and other charges thereon, was negotiated and paid during the year at Rs. 754.137 million, resulting in loss on settlement amounting to Rs. 154.137 which is charged to the statement of profit or loss.

	Note	2018	2017
		(Rupees in thousand)	
			Restated

13 DEFERRED LIABILITIES

Deferred tax liability	13.1	**-**	585,505

13.1 Deferred taxation comprises differences relating to:

	Note	2018	2017
Taxable temporary differences			
Accelerated depreciation for tax purposes		**-**	869,612
Investment in subsidiary		**61,747**	63,876
		61,747	933,488
Deductible temporary differences			
- unused tax losses		**(97,642)**	(347,983)
		(35,895)	585,505
Add: unrecognized deferred tax asset	13.2	**35,895**	-
	13.3	**-**	585,505

13.2 The Company has not recognized its deferred tax asset relating to tax losses amounting to Rs. 35.895 (2017: Rs. nil) million as the Company is uncertain about the timing and extent of future taxable profits against which such benefits can be utilized.

Unrecognized deductible temporary differences represent the unabsorbed tax depreciation, having indefinite availing period under the Income Tax Ordinance, 2001, which can be utilized by the Company against the taxable income arising in future.

13.3 During the year, Company has rectified the error with respect to deferred tax and reversed the liability with corresponding credit to equity amounting to Rs. 405.399 million. Error has been rectified by restating the comparative figures, opening balance of the corresponding period and opening accumulated losses of the corresponding period. Summary of the rectification is as follows:

In accordance with the requirements of IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”, the effect of the restatement is as follows:

	2017	2016
	(Rupees in thousand)	
Effect on statement of financial position		
Decrease in non current liabilities		
Deferred tax liability	**405,399**	**405,399**
Decrease in accumulated losses	**405,399**	**405,399**
Increase in shareholders' equity	**405,399**	**405,399**
Effect on profit or loss statement		
Decrease in tax income	**(120,485)**	**-**
Increase in loss for the year	**(120,485)**	**-**
Effect on EPS		
Increase in loss per share	**1.23**	**-**

There is no effect of restatement on cash flows for the financial year ended June 30, 2016 and June 30, 2017.

13.4 Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate and numerical reconciliation between the average effective tax rate and the applicable tax rate are not provided due to the reason as stated in note 20.1.

14 TRADE AND OTHER PAYABLE

	Note	***2018***	*2017*
		(Rupees in thousand)	
			Restated
Trade creditors		**950**	93,954
Accrued liabilities		**8,769**	5,300
Advance from customers - unsecured		**4,880**	90,968
Royalty payable		**-**	9,985
SESSI payable		**583**	583
EOBI payable		**600**	600
Sales tax payable		**2,666**	2,666
Workers' Profit Participation Fund payable		**2,484**	2,484
Excise duty payable		**144,239**	144,239
	14.1	**165,171**	350,779

14.1 Corresponding balance includes Rs. 157.429 million (out of which Rs. 139.388 million have been paid during the year) on account of expenses which were not accrued in prior years due to which the error has been rectified in the current financial year by restating the comparative figures, opening balance of the corresponding period and opening accumulated losses of the corresponding period. The breakup of these expenses is as follows:

	Note	***2018***	*2017*
		(Rupees in thousand)	
Trade creditors		**950**	42,216
Accrued liabilities		**2,836**	4,885
Advance from customers - unsecured		**4,880**	90,968
Royalty payable	14.1.1	**-**	9,985
SESSI payable		**583**	583
EOBI payable		**600**	600
Sales tax payable		**2,666**	2,666
Excise duty payable		**5,526**	5,526
		18,041	157,429

In accordance with the requirements of IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”, the effect of the restatement is as follows:

	2017	***2016***
	(Rupees in thousand)	
Effect on statement of financial position		
Increase in current liabilities		
Trade and other payable	**157,429**	**157,429**
Increase in accumulated losses	**157,429**	**157,429**
Decrease in shareholders' equity	**157,429**	**157,429**

There was no effect of restatement on the statement of profit or loss and other comprehensive income and statement of cash flows for the financial year ended June 30, 2016 and June 30, 2017 as these expenses were related to financial year 2008 and before, and therefore the effects on the basic and diluted EPS could not be determined for each of the affected financial years of the earlier periods.

14.1.1 Royalty was paid to settle the outstanding dues of Mines and Mineral Development Department of Sindh.

	Note	***2018***	*2017*
		(Rupees in thousand)	
15 SHORT TERM BORROWINGS			
From banking companies - secured			
Packing credit	15.1	-	25,000
From related parties - unsecured			
Directors		-	191,849
Leo (Pvt.) Limited		-	5,282
	15.2	-	197,131
		-	222,131

15.1 The loan has been repaid during the current period and settled at a negotiated amount of Rs. 26.5 million, charging the settlement loss in the statement of profit or loss. The 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% and was 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. Due to the operational and working capital crunch being faced by the Company, the Company defaulted in timely payments of principal and mark-up.

15.2 These loans have been repaid during the current financial year which were unsecured, interest free and payable on demand and were given by the related parties to facilitate the Company for fulfilling its operational and financial obligations.

16 CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

16.1.1 The Company has recorded excise duty payable to FBR equal to Rs. 144.239 million and sales tax payable amounting to Rs. 2.666 million as a principal amount of liability as disclosed in note no. 14 to these financial statements. While the Company is contesting the case against the decision of Commissioner Inland Revenue in the Appellate Forum, against the disallowance of sale tax input adjustments amounting to Rs. 11.453 million and penalty payable on late payment of excise duty and sales tax payable amounting to Rs. 7.135 million and Rs. 0.706 million respectively.

Late payment surcharge is also payable at the amount of liability to be settled which cannot be determined for now as surcharge is calculated from due date till the date of payment of settled liability.

16.1.2 The Company had made late payment of listing fee to the Pakistan Stock Exchange (PSE) and penalty was imposed by PSE in this respect. SECP has also imposed a penalty on the Company for this late filing, which is being contested by the Company before a High Court on the grounds that the same penalty cannot be imposed by two different regulatory bodies. The management is hopeful of a favourable decision.

The management is confident that the case will be decided in favour of the Company. Hence no provision has been made in the financial statements.

		2018	2017
		(Rupees in thousand)	
16.2	Under recorded decretal amount in case of long term loan	-	117,000
	Under recorded decretal amount in case of packing credit - short term borrowings	-	5,500

16.3 Commitments

There are no commitments binding on the Company as on the reporting date.

17 ADMINISTRATIVE EXPENSES

	Note	2018	2017
		(Rupees in thousand)	
Salaries and other benefits		**2,004**	1,303
Traveling and conveyance		**24**	32
Rent, rates and taxes		**693**	199
Printing and stationery		**40**	11
Entertainment		**1,193**	35
Utilities		**133**	29
Telephone and telex		**89**	15
Postage and telegram		**9**	5
Repairs and maintenance		**203**	61
Legal and professional	17.1	**24,196**	902
Depreciation	5.1	**1,999**	7,995
Fees and subscription		**433**	65
Fuel and power		**263**	-
Others		**360**	397
		31,639	11,049

17.1 These were incurred mainly in relation to the disposal of fixed assets and settlement of banking liabilities as fully described in note no. 5.1.1 to these financial statements.

18 OTHER CHARGES

	Note	2018	2017
		(Rupees in thousand)	
Auditors' remuneration	18.1	**600**	280
Impairment loss on investment in subsidiary	6.1	**69,917**	615
Impairment on account revaluation deficit		**391,637**	-
Loss on disposal of fixed assets	5.3	**500,270**	-
Loss on settlement of packing credit	15.1	**1,500**	-
Loss on settlement of long term loan	12.1	**154,137**	-
Settlement of mark-up against bridge loan facility	18.2	**6,910**	-
Penalties paid to regulators		**411**	-
		1,125,381	895

	2018	2017
	(Rupees in thousand)	

18.1 Auditors' remuneration

Audit fee	**500**	220
Review of Code of Corporate Governance	**75**	50
Out of pocket expenses	**25**	10
	600	280

18.2 This represents one off payment of settlement of mark-up against bridge loan facility previously availed by the Company from NBP.

19 OTHER INCOME

	2018	2017
	(Rupees in thousand)	
Income from financial asset		
Profit on saving account	**1,214**	-
Income from other than financial asset		
Liabilities written back	**-**	16,909
	1,214	16,909

20 TAXATION

	Note	2018	2017
		(Rupees in thousand)	Restated
Current	20.1	**-**	-
Deferred		**(264,923)**	106,227
		(264,923)	106,227

20.1 The Company is not liable to current tax, including minimum tax and ACT, on account of available unused losses and unabsorbed tax depreciation.

21.1 The Company computes tax provisions based on the generally accepted interpretations of the tax laws to ensure that sufficient provision for the purpose of taxation is available. Accordingly, the management of the Company has assessed that no tax provision is required in the financial statements. A comparison of last three years of income tax provision with tax assessed is not presented as the Company had nil tax liability on account of operational inactivity.

21 LOSS PER SHARE - BASIC AND DILUTED (RUPEES)

	2018	2017
	(Rupees in thousand)	*Restated*
Loss after taxation	**(890,894)**	(101,262)
Weighted average number of outstanding ordinary shares	**98,236,624**	98,236,624
Loss per share - basic and diluted (Rupees)	**(9.07)**	(1.03)

	2018	2017
	M. Tones	

22 PLANT CAPACITY

Installed capacity	-	598,000
Utilized capacity	-	-
Utilized capacity % age	-	-

22.1 Plant has been disposed off during the current financial year as fully discussed in note no. 5.3 to these financial statements. (2017: The operations of the Company are closed since financial year 2009).

23 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

Directors of the Company including Chief Executive Officer and executives have not drawn any remuneration during the year.

24 TRANSACTIONS WITH RELATED PARTIES

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:

	Note	2018	2017
		(Rupees in thousand)	
Key Management Personnel - Directors			
Loan received		**10,760**	3,223
Loan repaid		**202,609**	-
Advance against expenses given		**25,600**	
Advance against expenses adjusted		**11,983**	-
Parent companies			
Leo (Pvt.) Limited - holding company 63.05%			
Loan repaid		**5,282**	-
Dadabhoy Energy Supply Limited - subsidiary company			
Reimbursable expenses incurred		**321**	-
Dadabhoy Sack Limited - common directorship and 6.90% holding			
Payment against purchases		**20,842**	-
Reimbursable expenses incurred		**677**	-
Dadabhoy Hydrocarbon Limited - common directorship and 71.42% holding			
Payment against purchases		**65,000**	-
Reimbursable expenses incurred		**482**	-

24.1 Related party balances have been disclosed in the relevant notes.

	Note	2018	2017
		(Rupees in thousand)	

25 FINANCIAL INSTRUMENTS BY CATEGORY

	Note	2018	2017
Financial Assets			
- Loans and receivables at amortized cost			
Other receivables	7	**1,480**	-
Cash and bank balances	8	**165,047**	13
		166,527	13

	Note	2018	2017
		(Rupees in thousand)	
			Restated
Financial Liabilities			
- At amortized cost			
Long term financing	12	**-**	600,000
Trade and other payable	14	**9,719**	99,254
Short term borrowings	15	**-**	222,131
Unclaimed dividend		**566**	566
		10,285	921,951

26 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
- Operational 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.

26.1 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’s financial assets include receivable from related party which are credit worthy parties thereby mitigating any significant concentration risk. 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:

	2018	*2017*
	(Rupees in thousand)	
Other receivables	**1,480**	-
Bank balances	**165,047**	3
	166,527	3

Quality of financial assets

The Company keeps its fund with banks having good credit ratings. Currently the funds are kept with banks having short term rating of A1+ to A-2 and long term rating of AA+ to A-.

Other receivable are outstanding for a period less than 360 days.

26.2 *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 fulfil its obligation, monitoring financial position liquidity ratios against internal and external requirements and maintaining debt financing plans.

Following are the contractual maturities of the financial liabilities:

	2018				
	Carrying amount	***Contractual cash flows***	***Upto one year***	***More than one year but less than five years***	***More than than five years***
	- - - - - - - - (Rupees in thousand) - - - - - - - -				
Financial Liabilities					
Trade and other payable	**9,719**	**9,719**	**9,719**	-	-
Unclaimed dividend	**566**	**566**	**566**		-
	10,285	**10,285**	**10,285**	-	-

	2017 - restated				
	Carrying amount	*Contractual cash flows*	*Upto one year*	*More than one year but less than five years*	*More than than five years*
	- - - - - - - - (Rupees in thousand) - - - - - - - -				
Financial Liabilities					
Long term financing	600,000	600,000	-	600,000	-
Trade and other payable	99,254	99,254	99,254	-	-
Unclaimed dividend	566	566	566	-	-
Short term borrowings	222,131	222,131	222,131	-	-
	921,951	921,951	321,951	600,000	-

26.3 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.

26.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with processes technology and infrastructure supporting the company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risk arises from the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. The responsibility encompasses the controls in the following areas:

i Requirements for appropriate segregation of duties between various functions, roles and responsibility;

ii Requirements for the reconciliation and monitoring of transactions;

iii Compliance with regulatory and other legal requirements;

iv Documentation of control and procedures;

v Requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risk identified;

vi Ethical and business standards; and

vii Risk mitigation, including insurance where this is effective.

26.4 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

In accordance with the requirements of IFRS 13 Fair value measurement, the Company classifies its financial and non-financial assets 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).

26.5 Fair value of non-financial assets

The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis:

		Level 1	Level 2	Level 3
		- - - - - - - - Rupees in thousand - - - - - - -		
Property, plant and equipment		-	-	-
	2018	-	-	-
	2017	-	-	3,582,510

The fair value of the property, plant and equipment is estimated based on appraisals performed by independent, professionally-qualified valuers. The valuation processes and fair value changes are reviewed by the board of directors and audit committee at each reporting date.

26.6 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 from financial institutions including any finance cost thereon, less cash and bank balances. The Company's strategy is to maintain leveraged gearing. The gearing ratio as at the reporting date is nil as the Company has repaid all the liabilities to financial institutions.

		2018	*2017*
		(Rupees in thousand)	
Long term financing		-	600,000
Short term borrowings		-	25,000
Total debt		-	625,000
Less: cash and bank balances		**(165,047)**	(13)
Net debt	**A**	-	624,987
Total shareholders' equity		**128,922**	2,007,839
Debt and equity	**B**	**128,922**	2,632,826
Gearing ratio	**(C=A/B)**	**0.00%**	23.74%

27 *GENERAL*

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

- Comparative figures have been reclassified where ever considered necessary for better presentation and compliance. Major reclassification include road pavement (note no. 5.1) having cost and carrying value amounting to Rs. 15 million and Rs. 13.125 million respectively which is reclassified to building on freehold land and unclaimed dividend amounting to Rs. 0.566 million reclassified from trade and other payables to the face of the statement of financial position.

- Number of employees as on the balance sheet date and average number of employees during the year were 2 (2017: 15) and 8 (2017: 14).

28 *DATE OF AUTHORIZATION FOR ISSUE*

These financial statements have been authorized for issue on 05 OCT 2018 by the Board of Directors of the Company.

Director	***Chief Financial Officer***	***Director***

INFORMATION AS REQUIRED UNDER CODE OF CORPORATE GOVERNANCE
AS ON 30-06-2018

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
Mr.Danish Dadabhoy	1	1,232
Mr. Shahban Ali	1	500
Mr. Jumma Baig	1	500
Mr. Mohammad Zaman	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 OF 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

38TH ANNUAL GENERAL MEETING 2018

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 38TH Annual General Meeting of the Company to be held on 26th October 2018 and at any adjournment thereof.

Signed my me/us this ___________________ day of ____________ 2018

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.H.A, 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