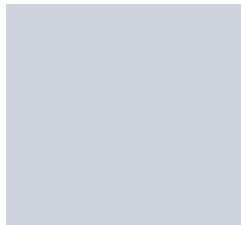
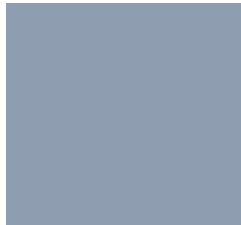




1st QUARTER Report
(Un-audited)
September 30,

20
12



**D.G. KHAN
CEMENT COMPANY
LIMITED**

D.G Khan Cement Company Limited

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CORPORATE PROFILE

Board of Directors	Mrs. Naz Mansha Mian Raza Mansha Mr. Khalid Qadeer Qureshi Dr. Arif Bashir Mr. Farid Noor Ali Fazal Mr. Inayat Ullah Niazi Ms. Nabiha Shahnawaz Cheema	Chairperson Chief Executive Chief Financial Officer
Audit Committee	Mr. Khalid Qadeer Qureshi Mr. Farid Noor Ali Fazal Ms. Nabiha Shahnawaz Cheema	Member/Chairman Member Member
Human Resource & Remuneration Committee	Mian Raza Mansha Mr. Khalid Qadeer Qureshi Ms. Nabiha Shahnawaz Cheema	Member Member/Chairman Member
Company Secretary	Mr. Khalid Mahmood Chohan	
Bankers	Allied Bank Limited Askari Bank Limited Bank Alfalah Limited Bank Islami Pakistan Limited Barclays Bank Plc Citibank N.A. Deutsche Bank AG Dubai Islamic Bank Faysal Bank Limited HSBC Bank Middle East Limited United Bank Limited	Habib Bank Limited Limited Habib Metropolitan Bank MCB Bank Limited Meezan Bank Limited National Bank of Pakistan NIB Bank Limited Samba Bank Limited Standard Chartered Bank (Pakistan) Limited Silk Bank Limited The Bank of Punjab
External Auditors	A.F. Ferguson & Co, Chartered Accountants	
Cost Auditors	Avais Hyder Liaquat Nauman, Chartered Accountants	
Legal Advisors	Mr. Shahid Hamid, Bar-at-Law	
Registered Office	Nishat House, 53-A, Lawrence Road, Lahore-Pakistan Phone: 92-42-36367812-20 UAN: 111 11 33 33 Fax: 92-42-36367414 Email: info@dgcement.com web site: www.dgcement.com	
Factory	1. Khofli Sattai, Distt. Dera Ghazi Khan-Pakistan Phone: 92-641-460025-7 Fax: 92-641-462392 Email: dgsite@dgcement.com 2. 12, K.M. Choa Saidan Shah Road, Khairpur, Tehsil Kallar Kahar, Distt. Chakwal-Pakistan Phone: 92-543-650215-8 Fax: 92-543-650231	

DIRECTORS' REPORT

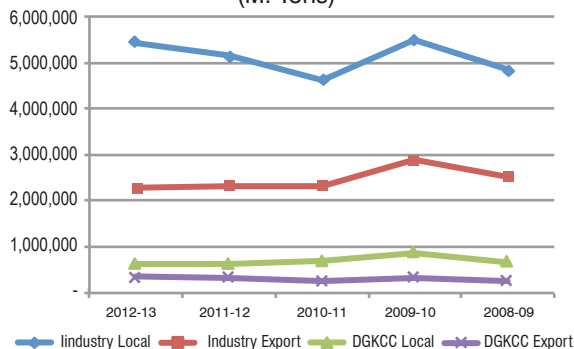
The board of Directors is pleased to submit report along with the interim financial statements for the September quarter of the financial year 2013.

Economic Review

Despite government efforts, the economy continues to struggle with low growth, higher inflation, security situation and macroeconomic imbalance. Energy crises are also a binding constraint to low growth. Sluggish growth and uncertain economic environment have undermined foreign direct investment and raised concern over the future growth prospects. Current account deficit is also a major concern due to increase in Oil Import bill and import of fertilizer and devaluation of Pak Rupee against international currencies. However, increase in worker's remittances and better export prices kept the check on current account deficit. High Level of government borrowing put an immense pressure on economic cycle while recent flood in southern Punjab and Sindh also made economic targets difficult. The GDP growth this year is expected to be 3 - 3.5% against the target 4.5% that was set in Finance Act 2012 .

The cement industry in Pakistan showed a marginal growth of 2.81% over the same period of last year. Local sales increase by 5.3% which is attributed to government spending on infrastructure projects and revival activities in construction sector. Despite sluggish demand in African countries, non tariff barriers from India are mainly contributed towards decreasing trend in export volumes which remained at -2.68%.

Quantity despatches over the period
(M. Tons)



Company Performance During First Quarter 2012-13

Production and Sales Statistics

Period ended September 30

	2012	2011	Change	
	MT	MT	MT	%
Clinker Production	1,021,062	975,735	45,327	4.44
Capacity Utilization	102%	97%		
Cement Production	972,331	954,860	17,471	1.80
Local Sales	624,654	625,586	(942)	(0.15)
Export Sales	338,725	344,485	(5,760)	(1.70)

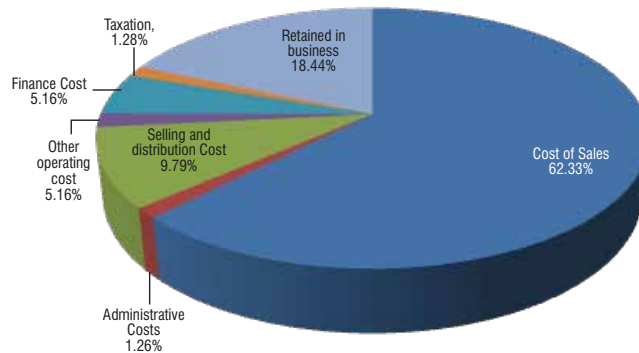
The company's volumes remained consistent over the period

Financial performance

Period ended September 30

	2012	2011	Variance	
	(Rupees in thousand)		YOY	%
Sales	5,874,038	5,088,013	786,025	15
Gross profit	2,212,880	1,531,197	681,683	45
Other income	355,743	261,430	94,313	36
Profit from operations	1,816,654	1,010,144	806,510	80
Profit before taxation	1,513,803	561,281	952,522	170
Taxation	(74,905)	(243,532)	168,627	(69)
Profit after taxation	1,438,898	317,749	1,121,149	353
Earnings per share	3.28	0.73		

Following is the composition of cost as percentage of sales



Despite stagnant volumes, our sales increase by 15% due to stable cement prices in Local and export market, devaluation of Pak Rupee against major currencies.

Stable coal prices and cost cutting measures by the management helped to maintain cost of sales which is marginally in excess of the cost in the corresponding period despite energy shortfall and increase in energy cost.

Increase in company's export through Land route also lead to decrease in selling and distribution expense by 10%. While Increase in other income is mainly attributed to dividend received during the period.

During the period, the company also benefitted from decreasing trend in SBP discount rate that lead to decrease in finance cost.

Provision for taxation during the period includes deferred tax provision amounting to Rs 90 million. The charge for deferred tax has been computed in the light of management's judgment based on the conditions and circumstances existing at the balance sheet date.

Corporate Social Activities

Your company took active part in rehabilitation activities of flood affected people of Dera Ghazi Khan and adjoining areas.

Future Prospects

2012-13 being an election year, the management of the company foresees growth in local sales volume due to government spending on infrastructure project and stable cement prices.

Increasing trend in local dispatches will also get height as construction sector is also expected to boost after monsoon season.

Various cost cutting measures are in process to enhance shareholder's value. Our waste heat recovery project at Khairpur site will be operational from December 2012. Refused derived fuel Project in DG Plant site will also be operational this year.

As a measure to boost economic activity, the State Bank of Pakistan reduced the discount rate and the management also envisages reduction in finance cost and improvement in profitability.

The devaluation of Pak Rupee against international currencies would expose companies' liability to currency risk however this risk is going to be offset by export proceeds which are negotiated in US dollar.

Company's staff and customers

We wish to record our appreciation of continued commitment of our employees and patronage of our customers.

For and on behalf of the Board



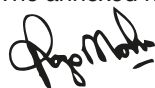
Mian Raza Mansha
Chief Executive Officer

Lahore: 24 October 2012

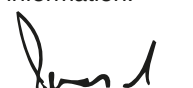
CONDENSED INTERIM UNCONSOLIDATED BALANCE SHEET

Rupees in thousands	Note	30.09.2012 unaudited	30.06.2012 audited
Authorised capital			
- 950,000,000 (June 30, 2012: 950,000,000) ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (June 30, 2012: 50,000,000) preference shares of Rs 10 each		500,000	500,000
Total authorized capital		10,000,000	10,000,000
Issued, subscribed and paid up capital			
Reserves		4,381,191	4,381,191
Accumulated profit		25,558,763	23,562,612
Total shareholders' equity		36,365,681	32,930,632
Total non-current liabilities			
Long term finances	5	4,321,386	4,629,083
Long term deposits		66,690	68,355
Retirement and other benefits		191,882	185,116
Deferred taxation		1,756,743	1,666,069
Total non-current liabilities		6,336,701	6,548,623
Total current liabilities			
Trade and other payables		2,023,678	2,108,894
Accrued markup		188,250	162,931
Short term borrowing-secured		6,931,064	6,733,467
Current portion of non-current liabilities		1,703,743	2,165,561
Provision for taxation		35,090	35,090
Total current liabilities		10,881,825	11,205,943
Total liabilities and shareholders' equity		53,584,207	50,685,198
Total non-current assets			
Property, plant and equipment	6	27,391,590	27,185,726
Intangible assets		69,195	73,808
Investments	7	5,536,368	4,864,945
Long term loans, advances and deposits		120,181	120,342
Total non-current assets		33,117,334	32,244,821
Total current assets			
Stores, spares and loose tools		4,120,013	4,137,262
Stock-in-trade		1,301,328	954,645
Trade debts		404,778	317,970
Investments	7	12,450,777	11,126,051
Advances, deposits, prepayments and other receivables		1,845,113	1,476,008
Cash and bank balances		344,864	428,441
Total current assets		20,466,873	18,440,377
Total assets		53,584,207	50,685,198
Contingencies and Commitments	8		

The annexed notes form an integral part of this condensed interim unconsolidated financial information.



Chief Executive



Director

CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT - UNAUDITED

July 1 to September 30

Rupees in thousands	Note	2012	2011
Sales - net		5,874,038	5,088,013
Cost of sales	9	(3,661,158)	(3,556,816)
Gross profit		2,212,880	1,531,197
Administrative expenses		(73,944)	(51,370)
Selling and distribution expenses		(575,011)	(635,688)
Other operating expenses		(103,014)	(95,425)
Other income		355,743	261,430
Profit from operations		1,816,654	1,010,144
Finance cost		(302,851)	(448,863)
Profit before taxation		1,513,803	561,281
Taxation		(74,905)	(243,532)
Profit after taxation		1,438,898	317,749
Earning per share basic and diluted (Rupees)		3.28	0.73

The annexed notes form an integral part of this condensed interim unconsolidated financial information.



Chief Executive



Director

**CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME - UNAUDITED**

July 1 to September 30

Rupees in thousands	2012	2011
Profit after taxation	1,438,898	317,749
Available for sale financial assets		
- Change in fair value	1,996,151	(2,114,990)
- Realized gain through profit and loss account	-	-
- Tax expense	-	-
Other comprehensive income / (loss) for the period	1,996,151	(2,114,990)
Total comprehensive income / (loss) for the period	3,435,049	(1,797,241)

The annexed notes form an integral part of this condensed interim unconsolidated financial information.



Chief Executive



Director

CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT - UNAUDITED

July 1 to September 30

Rupees in thousands	Note	2012	2011
Cash (used in)/ generated from operations	11	1,080,363	57,344
Financial cost paid		(277,532)	(490,399)
Retirement and other benefits paid		(1,482)	(11,196)
Taxes paid		(72,476)	(67,996)
Long term deposits - net		(1,665)	(953)
Net cash (used in)/ from operating activities [A]		727,208	(513,200)
Capital expenditure including purchase of property, plant and equipment		(574,051)	(217,525)
Proceeds from sale of property, plant and equipment		2,008	15,999
Long term loans and deposits - net		161	(527)
Interest received		10,152	16,105
Dividend received		338,110	230,535
Net cash from/ (used in) investing activities [B]		(223,618)	44,587
Repayment of long term finances		(784,764)	(771,932)
Net cash from/ (used in) financing activities [C]		(784,764)	(771,932)
In(De)crease in cash and cash equivalents [A+B+C]		(281,174)	(1,240,545)
Cash and cash equivalents at the beginning of period		(6,305,026)	(8,524,340)
Cash and cash equivalents at the end of period	12	(6,586,200)	(9,764,885)

The annexed notes form an integral part of this condensed interim unconsolidated financial information.



Chief Executive



Director

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY - UNAUDITED

Rupees in thousands	Share Capital	Share Premium	Fair Value Reserve	Capital Redemption Reserve Fund	General Reserve	Accumulated Profit	Total
Balance as at June 30, 2011 - Audited	4,381,191	4,557,163	14,974,881	353,510	5,071,827	878,711	30,217,283
Total comprehensive income for the period							
- Profit for the year	-	-	-	-	-	317,749	317,749
- Other comprehensive loss for the period	-	-	(2,114,990)	-	-	-	(2,114,990)
Balance as at September 30, 2011 - Unaudited	4,381,191	4,557,163	12,859,891	353,510	5,071,827	1,196,460	28,420,042
Total comprehensive income for the year							
- Profit for the year	-	-	-	-	-	3,790,369	3,790,369
- Other comprehensive income for the year	-	-	720,221	-	-	-	720,221
Balance as at June 30, 2012 - Audited	4,381,191	4,557,163	13,580,112	353,510	5,071,827	4,986,829	32,930,632
Total comprehensive income for the period							
- Profit for the period	-	-	-	-	-	1,438,898	1,438,898
- Other comprehensive income for the period	-	-	1,996,151	-	-	-	1,996,151
Balance as at September 30, 2012 - Unaudited	4,381,191	4,557,163	15,576,263	353,510	5,071,827	6,425,727	36,365,681

The annexed notes form an integral part of this condensed interim unconsolidated financial information.


Chief Executive


Director

SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION - UNAUDITED

1. Legal status and nature of business

D. G. Khan Cement Company Limited ("the Company") is a public limited company incorporated in Pakistan and is listed on Karachi, Lahore and Islamabad Stock Exchanges. It is principally engaged in production and sale of Clinker, Ordinary Portland and Sulphate Resistant Cement. The registered office of the Company is situated at 53-A Lawrence Road, Lahore.

2. Basis of preparation

The unaudited condensed interim unconsolidated financial information (hereafter "interim financial information") for the quarter has been prepared and is being submitted to shareholders in accordance with the provisions contained in section 245 of the Companies Ordinance, 1984 and the pronouncements of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting'. The interim financial information does not include all of the information required for full annual financial statements and accordingly, should be read in conjunction with the annual financial statements for the year ended June 30, 2012 as they provide an update of previously reported information.

The preparation of the interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies, the presentation of assets, liabilities, incomes and expenses and the amounts reported there against as well as disclosure of contingent liabilities at the date of the interim financial information. If in future such estimates and assumptions, which are based on management's best judgment at the date of the interim financial information, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate during the period in which the circumstances change.

In preparing the interim financial information, the significant judgments made by the management in applying accounting policies, key estimates and uncertainty includes:

- Residual value and useful life estimation of fixed assets
- Taxation
- Retirements and other benefits
- Provisions and Contingencies
- Fair value of derivatives

3. Significant accounting policies

The accounting policies and methods of computation adopted in the preparation of the interim financial information are generally based on the same policies and methods as applied in preparation of the annual financial statements for the year ended June 30, 2012.

3.1 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

3.1.1 Standards, amendments to published standards and interpretations that are effective in the current year and are relevant to the company.

Standards or Interpretation	Effective date (accounting periods beginning on or after)
- IAS 24 (revised) - Related party disclosures	July 01, 2011
- IFRS 7 (amendments) - Financial instruments	July 01, 2011
- IFRS 7 (amendment) - Disclosures on transfers of financial assets	July 01, 2011
- IAS 1 (amendments)	January 01, 2011
- IAS 32 - Classification of rights issues (amendment)	1-Oct-09
- IFRIC 14 - Prepayments of a minimum funding requirement	July 01, 2011
- IFRIC 19 - Extinguishing financial liabilities with equity instruments	

3.1.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company.

Standards or Interpretation	Effective date (accounting periods beginning on or after)
- IAS 1 -Financial statement presentation (amendments)	July 01, 2012
- IFRS 7 - Disclosures on offsetting financial assets and financial liabilities (Amendment)	July 01, 2013
- IFRS 9 - Financial instruments	January 01, 2013
- IFRS 10 - Consolidated financial statements	January 01, 2013
- IFRS 11 - Joint arrangements	January 01, 2013
- IFRS 12 - Disclosures of interests in other entities	January 01, 2013
- IFRS 13 - Fair value measurement	January 01, 2013

4. The provision for taxation for the quarter September 30, 2012 has been made on an estimated basis.

Rupees in thousands	Note	30.09.2012 unaudited	30.06.2012 audited
5. Long term finances			
These are composed of:			
- Long term loans		5,315,086	6,084,601
- Loan under musharika arrangement		701,250	701,250
	5.1	6,016,336	6,785,851
Less: Current portion shown under current liabilities		1,694,950	2,156,768
Total long term finances		4,321,386	4,629,083

Rupees in thousands	Note	30.09.2012 unaudited	30.06.2012 audited
5.1 Long term loans			
Opening balance		6,785,851	6,843,252
Add: Disbursements during the period		-	1,906,382
Exchange loss during the period		15,249	161,368
		6,801,100	8,911,002
Less: Repayment during the period		784,764	2,125,151
Closing balance		6,016,336	6,785,851
6. Property, Plant and Equipment			
Opening book value		25,192,214	24,611,565
Add: Additions during the period/ year	6.1	15,170	2,039,499
		25,207,384	26,651,064
Less: Disposals during the period/ year - net book value		1,619	11,138
Depreciation charged during the period/ year		366,568	1,447,712
Closing book value		24,839,197	25,192,214
6.1 Major additions during the period			
Free hold land		-	168,117
Building on freehold land		-	325,909
Roads		-	107,271
Plant and machinery		5,950	1,265,789
Quarry equipment		-	40,106
Furniture, fixtures and office equipment		2,023	52,018
Motor vehicles		7,197	79,828
Power and water supply lines		-	461
		15,170	2,039,499
7. Investments			
Cost of investments		2,410,882	2,410,882
Add: Fair value adjustments		15,576,263	13,580,114
		17,987,145	15,990,996
Less: Investments classified in current assets		12,450,777	11,126,051
Closing balance		5,536,368	4,864,945

8. Contingencies and commitments

8.1 Contingencies

There is no significant change in contingencies from the annual financial statements of the company for the year ended June 30, 2012.

8.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs 122.566 million (June 30, 2012: Rs 156.17 million).
- (ii) Letters of credit for capital expenditure Rs 1,940.025 million (June 30, 2012: Rs 760.127 million).
- (iii) Letters of credit other than capital expenditure Rs 772.165 million (June 30, 2012: Rs 952.872 million).

July 1 to September 30

Rupees in thousands	2012	2011
9. Cost of sales		
Raw and packing materials consumed	474,514	451,960
Salaries, wages and other benefits	253,836	211,092
Electricity, gas and water	607,874	472,820
Furnace oil/coal	1,771,273	1,954,193
Stores and spares consumed	404,317	242,936
Repair and maintenance	55,729	46,744
Insurance	14,388	13,833
Depreciation on property, plant and equipment	360,614	344,332
Amortization of intangible assets	3,229	-
Royalty	40,084	37,665
Excise duty	3,744	3,489
Vehicle running	6,579	5,370
Postage, telephone and telegram	817	696
Printing and stationery	1,706	859
Legal and professional charges	565	252
Travelling and conveyance	5,754	3,212
Estate development	2,497	4,266
Rent, rates and taxes	5,807	5,561
Freight charges	1,355	1,350
Other expenses	9,288	5,941
Total manufacturing cost	4,023,970	3,806,571
Opening work-in-process	322,049	169,612
Cost of goods available for manufacture	4,346,019	3,976,183
Closing work-in-process	(647,372)	(443,002)
Cost of goods manufactured	3,698,647	3,533,181
Opening stock of finished goods	254,990	294,737
Cost of goods available for sale	3,953,637	3,827,918
Closing stock of finished goods	(287,251)	(261,514)
Own consumption capitalized	(5,228)	(9,588)
Cost of goods sold	3,661,158	3,556,816

10. Transactions with related parties

The related parties comprise subsidiary company, associated companies, other related companies, directors of the company, key management personnel and post employment benefit plans. Significant transactions with related parties are as follows:

July 1 to September 30

Rupees in thousands		2012	2011
Relationship with the Company	Nature of transaction		
Subsidiary Company	Purchase of goods and services	201,469	177,664
	Rental Income	203	203
	Interest Income	9,530	13,910
Other related parties	Purchase of goods and services	352,571	226,091
	Insurance premium	28,367	5,614
	Sale of goods	24,993	10,230
	Mark-up income	399	446
	Insurance claim received	-	65
	Dividend income	338,107	230,527
Key Management personnel	Salaries and other employment benefits	28,904	23,352
Post employment benefit plans	Expense charged in respect of staff retirement benefits plans	18,096	11,627

All transactions with related parties have been carried out on commercial terms and conditions.

July 1 to September 30

Rupees in thousands		2012	2011
11. Cash flow from operating activities			
	Profit before tax	1,513,803	561,281
	Adjustment for :		
	- Depreciation on property, plant and equipment	366,568	348,329
	- Amortization on Intangible assets	4,613	-
	- Profit on disposal of property, plant and equipment	(389)	(10,608)
	- Dividend income	(338,110)	(230,535)
	- Retirement and other benefits accrued	8,248	8,248
	- Markup income	(10,152)	(15,124)
	- Exchange loss - net	15,249	22,266
	- Finance cost	302,851	448,863
	Profit before working capital changes	1,862,681	1,132,720
	- Stores, spares and loose tools	17,249	(737,501)
	- Stock-in-trade	(346,683)	(51,032)
	- Trade debts	(86,808)	160,385
	- Advances, deposits, prepayments and other receivables	(280,860)	(362,498)
	- Trade and other payables	(85,216)	(84,730)
	Net working capital changes	(782,318)	(1,075,376)
	Cash (used in)/ generated from operations	1,080,363	57,344

July 1 to September 30

Rupees in thousands	2012	2011
12. Cash and cash equivalents		
Short term borrowings - secured	(6,931,064)	(10,141,037)
Cash and bank balances	344,864	376,152
Total cash and cash equivalents	(6,586,200)	(9,764,885)

13. Date of authorization

This interim financial information was authorized for issue by the Board of Directors of the Company on October 24, 2012.

14. Corresponding figures

In order to comply with the requirements of the International Accounting Standard 34: 'Interim Financial Reporting', the condensed interim unconsolidated balance sheet and condensed interim unconsolidated statement of changes in equity have been compared with the balances of annual audited financial statements of preceding year, whereas, the condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income and condensed interim unconsolidated cash flow statement have been compared with the balances of comparable period of immediately preceding year.

Corresponding figures have been re-arranged wherever necessary for the purposes of comparison, however, no significant re-arrangements have been made.

Figures have been rounded off to the nearest thousand of Rupees.



Chief Executive



Director



CONSOLIDATED FINANCIAL STATEMENTS

DIRECTORS' REPORT

The board of directors is pleased to submit their report along with the consolidated financial statements for the period ended September 30th 2012. Our discussion of affairs of the holding company has been separately presented.

Consolidated Financial Performance

	2012	2011
	Quarter ended 30 September	Quarter ended 30 September
Sales	6,072,510	5,296,449
Cost of sales	(3,846,952)	(3,682,226)
Gross profit	2,225,558	1,614,223
Profit from operations	1,806,318	1,075,939
Finance cost	(322,959)	(474,815)
Profit before taxation	1,483,359	601,124
Taxation	(67,105)	(245,596)
Profit after taxation	1,416,254	355,528

Consolidated sales increased by Rs. 6,072 million from Rs. 5,296 million while gross profit increased to Rs. 2,225 million. The consolidated Profit after tax increased by Rs. 1060 million amounting to Rs. 1,416 million.

Future Prospects

Keeping in view the expected increase in sales volume in the current year and expected decrease in prices of Kraft paper, the management foresees increase in margins of Nishat Papers as well as consolidated profits.

Staff and customer

We wish to record our appreciation of continued commitment of our employees and patronage of our customers.

For and on behalf of the Board



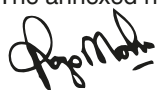
Mian Raza Mansha
Chief Executive Officer

Lahore: 24 October 2012

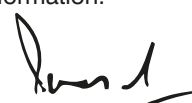
CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

Rupees in thousands	Note	30.09.2012 unaudited	30.06.2012 audited
Authorised capital			
- 950,000,000 (June 30, 2012: 950,000,000) ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (June 30, 2012: 50,000,000) preference shares of Rs 10 each		500,000	500,000
Total authorized capital		10,000,000	10,000,000
Issued, subscribed and paid up capital		4,381,191	4,381,191
Reserves		25,597,787	23,601,636
Accumulated profit		6,464,467	5,036,891
Total shareholders' equity		36,443,445	33,019,718
Non-controlling interest		318,943	330,265
		36,762,388	33,349,983
Long term finances	6	4,331,386	4,649,083
Long term deposits		66,690	68,355
Retirement and other benefits		191,882	185,116
Deferred taxation		1,681,924	1,602,750
Total non-current liabilities		6,271,882	6,505,304
Trade and other payables		2,202,309	2,231,863
Accrued markup		188,250	178,652
Short term borrowing-secured		7,883,925	7,559,348
Current portion of non-current liabilities		1,763,743	2,245,561
Provision for taxation		35,090	35,090
Total current liabilities		12,073,317	12,250,514
Total liabilities and shareholders' equity		55,107,587	52,105,801
Property, plant and equipment	7	28,270,484	28,073,573
Intangible assets		69,195	73,808
Investments	8	5,332,739	4,661,314
Long term loans, advances and deposits		138,587	138,748
Total non-current assets		33,811,005	32,947,443
Stores, spares and loose tools		4,189,819	4,198,477
Stock-in-trade		1,968,074	1,596,784
Trade debts		550,775	486,597
Investments	8	12,450,797	11,126,071
Advances, deposits, prepayments and other receivables		1,766,038	1,288,036
Cash and bank balances		371,079	462,393
Total current assets		21,296,582	19,158,358
Total assets		55,107,587	52,105,801
Contingencies and Commitments	9		

The annexed notes form an integral part of this condensed interim consolidated financial information.



Chief Executive



Director

**CONDENSED INTERIM CONSOLIDATED
PROFIT AND LOSS ACCOUNT - UNAUDITED**

July 1 to September 30

Rupees in thousands	Note	2012	2011
Sales - net		6,072,510	5,296,449
Cost of sales	10	(3,846,952)	(3,682,226)
Gross profit		2,225,558	1,614,223
Administrative expenses		(75,185)	(52,483)
Selling and distribution expenses		(578,600)	(639,379)
Other operating expenses		(112,341)	(95,425)
Other income		346,886	249,003
Profit / (Loss) from operations		1,806,318	1,075,939
Finance cost		(322,959)	(474,815)
Profit before taxation		1,483,359	601,124
Taxation		(67,105)	(245,596)
Profit after taxation		1,416,254	355,528
Attributable to:			
Equity holders of the parent		1,427,576	336,638
Non-controlling interest		(11,322)	18,890
		1,416,254	355,528
Earning per share basic and diluted (Rupees)		3.23	0.81

The annexed notes form an integral part of this condensed interim consolidated financial information.



Chief Executive



Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - UNAUDITED

July 1 to September 30

Rupees in thousands	2012	2011
Profit after taxation	1,416,254	355,528
Available for sale financial assets		
- Change in fair value	1,996,151	(2,114,990)
- Realized gain through profit and loss account	-	-
- Tax expense	-	-
Other comprehensive income / (loss) for the period	1,996,151	(2,114,990)
Total comprehensive income / (loss) for the period	3,412,405	(1,759,462)
Attributable to:		
Equity holders of the parent	3,423,727	(1,778,352)
Non-controlling interest	(11,322)	18,890
	3,412,405	(1,759,462)

The annexed notes form an integral part of this condensed interim consolidated financial information.



Chief Executive



Director

**CONDENSED INTERIM CONSOLIDATED
CASH FLOW STATEMENT - UNAUDITED**

July 1 to September 30

Rupees in thousands	Note	2012	2011
Cash (used in)/ generated from operations	12	1,022,216	(58,236)
Financial cost paid		(313,361)	(506,788)
Retirement and other benefits paid.		(1,482)	(11,196)
Taxes paid		(76,176)	(72,039)
Long term deposits - net		(1,665)	(953)
Net cash (used in)/ from operating activities [A]		629,532	(649,212)
Capital expenditure including purchase of property, plant and equipment		(582,169)	(226,141)
Proceeds from sale of property, plant and equipment		2,008	15,999
Long term loans and deposits - net		161	(527)
Interest received		11,231	17,542
Dividend received		338,110	230,535
Net cash from/ (used in) investing activities [B]		(230,659)	37,408
Repayment of long term finances		(814,764)	(851,932)
Net cash from/ (used in) financing activities [C]		(814,764)	(851,932)
In(De)crease in cash and cash equivalents [A+B+C]		(415,891)	(1,463,736)
Cash and cash equivalents at the beginning of period		(7,096,955)	(9,152,752)
Cash and cash equivalents at the end of period	13	(7,512,846)	(10,616,488)

The annexed notes form an integral part of this condensed interim consolidated financial information.



Chief Executive



Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - UNAUDITED

Rupees in thousands	Share Capital	Share Premium	Fair Value Reserve	Capital Redemption Reserve Fund	General Reserve	Accumulated Profit	Total equity attributable to shareholders of parent company	Non-Controlling interest	Total share holders equity
Balance as at June 30, 2011 - Audited	4,381,191	4,557,163	14,974,881	353,510	5,110,851	939,916	30,317,512	341,409	30,658,921
Total comprehensive income for the period									
- Profit for the period	-	-	-	-	-	336,638	336,638	18,890	355,528
- Other comprehensive income for the period	-	-	(2,114,990)	-	-	-	(2,114,990)	-	(2,114,990)
Balance as at September 30, 2011 - Unaudited	4,381,191	4,557,163	12,859,891	353,510	5,110,851	1,276,554	28,539,160	360,299	28,899,459
Total comprehensive income for the year									
- Profit for the year	-	-	-	-	-	3,760,337	3,760,337	(30,034)	3,730,303
- Other comprehensive income for the year	-	-	720,221	-	-	-	720,221	-	720,221
Balance as at June 30, 2012 - Audited	4,381,191	4,557,163	13,580,112	353,510	5,110,851	5,036,891	33,019,718	330,265	33,349,983
Total comprehensive income for the period									
- Profit for the period	-	-	-	-	-	1,427,576	1,427,576	(11,322)	1,416,254
- Other comprehensive income for the period	-	-	1,996,151	-	-	-	1,996,151	-	1,996,151
Balance as at September 30, 2012 - Unaudited	4,381,191	4,557,163	15,576,263	353,510	5,110,851	6,464,467	36,443,445	318,943	36,762,388

The annexed notes form an integral part of this condensed interim consolidated financial information.



Chief Executive



Director

1. Legal status and nature of business

The group comprises of:

- D. G. Khan Cement Company Limited, the parent company; and
- Nishat Paper Products Company Limited, the subsidiary company.

The parent company is a public limited company incorporated in Pakistan and is listed on Karachi, Lahore and Islamabad Stock Exchanges. It is principally engaged in production and sale of Clinker, Ordinary Portland and Sulphate Resistant Cement. The registered office of the Company is situated at 53-A Lawrence Road, Lahore.

The subsidiary company is an unlisted public limited company incorporated in Pakistan under the Companies Ordinance 1984 on July 23, 2004. It is principally engaged in manufacture and sale of paper products and packaging material.

2. Basis of preparation

The condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 June, 2012.

3. Estimates

The preparation of the condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this financial information the significant judgments made by the management in applying accounting policies, key estimates and uncertainty includes:

- Residual value and useful life estimation of fixed assets
- Taxation
- Retirements and other benefits
- Provisions and Contingencies
- Fair value of derivatives

4. Significant accounting policies

The accounting policies adopted for the preparation of this interim consolidated financial information are the same as those applied in the preparation of the preceding annual published consolidated financial statements of the group for the year ended June 30, 2012.

4.1 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

4.1.1 Standards, amendments to published standards and interpretations that are effective in the current year and are relevant to the company.

Standards or Interpretation	Effective date (accounting periods beginning on or after)
- IAS 24 (revised) - Related party disclosures	July 01, 2011
- IFRS 7 (amendments) - Financial instruments	July 01, 2011
- IFRS 7 (amendment) - Disclosures on transfers of financial assets	July 01, 2011
- IAS 1 (amendments)	January 01, 2011
- IAS 32 - Classification of rights issues (amendment)	October 1, 2009
- IFRIC 14 - Prepayments of a minimum funding requirement	July 01, 2011
- IFRIC 19 - Extinguishing financial liabilities with equity instruments	

4.1.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company.

Standards or Interpretation	Effective date (accounting periods beginning on or after)
- IAS 1 - Financial statement presentation (amendments)	July 01, 2012
- IFRS 7 - Disclosures on offsetting financial assets and financial liabilities (Amendment)	July 01, 2013
- IFRS 9 - Financial instruments	January 01, 2013
- IFRS 10 - Consolidated financial statements	January 01, 2013
- IFRS 11 - Joint arrangements	January 01, 2013
- IFRS 12 - Disclosures of interests in other entities	January 01, 2013
- IFRS 13 - Fair value measurement	January 01, 2013

5. The provision for taxation for the quarter September 30, 2012 has been made on an estimated basis.

Rupees in thousands	Note	30.09.2012 unaudited	30.06.2012 audited
6. Long term finances			
These are composed of:			
- Long term loans		5,385,086	6,184,601
- Loan under musharika arrangement		701,250	701,250
	6.1	6,086,336	6,885,851
Less: Current portion shown under current liabilities		1,754,950	2,236,768
Total long term finances		4,331,386	4,649,083

Rupees in thousands	Note	30.09.2012 unaudited	30.06.2012 audited
6.1 Long term loans			
Opening balance		6,885,851	6,923,252
Add: Disbursements during the period		-	1,906,382
Exchange loss during the period		15,249	161,368
		6,901,100	8,991,002
Less: Repayment during the period		814,764	2,105,151
Closing balance		6,086,336	6,885,851
7. Property, Plant and Equipment			
Opening book value		26,076,700	25,707,179
Add: Additions during the period/ year	7.1	15,260	2,046,180
		26,091,960	27,753,359
Less: Disposals during the period/ year - net book value		1,619	189,260
Depreciation charged during the period/ year		375,682	1,487,399
Closing book value		25,714,659	26,076,700
7.1 Major additions during the period			
Free hold land		-	168,117
Building on freehold land		-	327,592
Roads		-	107,271
Plant and machinery		6,015	1,269,366
Quarry equipment		-	40,106
Furniture, fixtures and office equipment		2,048	52,435
Motor vehicles		7,197	80,832
Power and water supply lines		-	461
		15,260	2,046,180
8. Investments			
Cost of investments		2,207,273	2,207,273
Add: Fair value adjustments		15,576,263	13,580,112
		17,783,536	15,787,385
Less: Investments classified in current assets		12,450,797	11,126,071
Closing balance		5,332,739	4,661,314

9. Contingencies and commitments

9.1 Contingencies

There is no significant change in contingencies from the annual financial statements of the company for the year ended June 30, 2012.

9.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs 122.566 million (June 30, 2012: Rs 156.17 million).
- (ii) Letters of credit for capital expenditure Rs 1,940.025 million (June 30, 2012: Rs 760.127 million).
- (iii) Letters of credit other than capital expenditure Rs 931.871 million (June 30, 2012: Rs 1,035.213 million).

July 1 to September 30

Rupees in thousands	2012	2011
10 Cost of sales		
Raw and packing materials consumed	646,976	558,938
Salaries, wages and other benefits	259,835	215,791
Electricity, gas and water	612,668	477,409
Furnace oil/coal	1,771,273	1,954,193
Stores and spares consumed	417,218	244,510
Repair and maintenance	56,041	46,874
Insurance	15,687	15,134
Depreciation on property, plant and equipment	369,705	352,588
Depreciation on assets subject to finance lease	7,957	-
Amortization of intangible assets	3,229	-
Royalty	40,084	37,665
Excise duty	3,744	3,489
Vehicle running	6,679	5,657
Postage, telephone and telegram	819	705
Printing and stationery	1,708	865
Legal and professional charges	565	252
Travelling and conveyance	5,754	3,212
Estate development	2,497	4,266
Rent, rates and taxes	6,010	5,907
Freight charges	1,440	1,396
Other expenses	9,443	6,034
Total manufacturing cost	4,239,332	3,934,885
Opening work-in-process	322,049	169,612
Cost of goods available for manufacture	4,561,381	4,104,497
Closing work-in-process	(647,372)	(443,002)
Cost of goods manufactured	3,914,009	3,661,495
Opening stock of finished goods	300,619	330,242
Cost of goods available for sale	4,214,628	3,991,737
Closing stock of finished goods	(362,448)	(299,923)
Own consumption capitalized	(5,228)	(9,588)
Cost of goods sold	3,846,952	3,682,226

11. Transactions with related parties

The related parties comprise subsidiary company, associated companies, other related companies, directors of the company, key management personnel and post employment benefit plans. Significant transactions with related parties are as follows:

July 1 to September 30

Rupees in thousands		2012	2011
Relationship with the Company	Nature of transaction		
Other related parties	Purchase of goods and services	352,571	226,091
	Insurance premium	28,367	5,614
	Sale of goods	24,993	10,230
	Mark-up income	399	446
	Insurance claim received	-	65
	Dividend income	338,107	230,527
Key Management personnel	Salaries and other employment benefits	28,904	23,352
Post employment benefit plans	Expense charged in respect of staff retirement benefits plans	18,096	11,627

All transactions with related parties have been carried out on commercial terms and conditions.

July 1 to September 30

Rupees in thousands		2012	2011
12. Cash flow from operating activities			
	Profit before tax	1,483,359	601,124
	Adjustment for :		
	- Depreciation on property, plant and equipment	375,682	356,644
	- Amortization on Intangible assets	4,613	-
	- Depreciation on assets subject to finance lease	7,957	-
	- Profit on disposal of property, plant and equipment	(389)	(10,608)
	- Dividend income	(338,110)	(230,535)
	- Retirement and other benefits accrued	8,248	8,248
	- Markup income	(11,231)	(16,561)
	- Exchange loss - net	15,249	22,266
	- Finance cost	322,959	474,815
	Profit before working capital changes	1,868,337	1,205,393
	- Stores, spares and loose tools	8,658	(736,170)
	- Stock-in-trade	(371,290)	(302,558)
	- Trade debts	(64,178)	217,771
	- Advances, deposits, prepayments and other receivables	(389,757)	(353,597)
	- Trade and other payables	(29,554)	(89,075)
	Net working capital changes	(846,121)	(1,263,629)
	Cash (used in)/ generated from operations	1,022,216	(58,236)

July 1 to September 30

Rupees in thousands	2012	2011
13. Cash and cash equivalents		
Short term borrowings - secured	(7,883,925)	(11,040,735)
Cash and bank balances	371,079	424,247
Total cash and cash equivalents	(7,512,846)	(10,616,488)

14. Operating segments

Segment information is presented in respect of the group's business. The primary format, business segment, is based on the group's management reporting structure.

The group's operations comprise of the following main business segment types:

Type of segments	Nature of business
Cement	Production and sale of clinker, Ordinary Portland and Sulphate Resistant Cements.
Paper	Manufacture and supply of paper products and packing material.

14.1 Segment analysis and reconciliation - condensed

The information by operating segment is based on internal reporting to the Group executive committee, identified as the 'Chief Operating Decision Maker' as defined by IFRS 8. This information is prepared under the IFRS's applicable to the consolidated financial statements. All group financial data are assigned to the operating segments.

July 1 to September 30

Rupees in thousands	Cement		Paper		Elimination - net		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2,011
Revenue from								
- External Customers	5,874,038	5,088,013	198,472	208,436	-	-	6,072,510	5,296,449
- Inter-group	-	-	173,680	195,660	(173,680)	(195,660)	-	-
	5,874,038	5,088,013	372,152	404,096	(173,680)	(195,660)	6,072,510	5,296,449
Segment gross profit	2,212,880	1,531,197	12,217	37,137	461	45,889	2,225,558	1,614,223
Segment expenses	(751,969)	(782,483)	(4,831)	(5,007)	(9,326)	203	(766,126)	(787,287)
Other income	355,743	261,430	1,079	1,686	(9,936)	(14,113)	346,886	249,003
Financial charges	(302,851)	(448,863)	(39,168)	(39,862)	19,060	13,910	(322,959)	(474,815)
Taxation	(74,905)	(243,532)	7,800	(2,064)	-	-	(67,105)	(245,596)
Profit after taxation	1,438,898	317,749	(22,903)	(8,109)	259	45,888	1,416,254	355,528
Depreciation	366,639	348,329	6,617	8,315	(3,551)	-	369,705	356,644
Capital expenditure	(574,122)	(217,525)	(182)	(3,579)	(7,865)	(5,037)	(582,169)	(226,141)
Cash to operations	727,279	(513,200)	(104,970)	(157,634)	7,223	21,622	629,532	(649,212)
Cash from investing	(223,689)	44,587	252	(1,362)	(7,222)	(5,817)	(230,659)	37,408
Rupees in thousands	30.09.2012	30.06.2012	30.09.2012	30.06.2012	30.09.2012	30.06.2012	30.09.2012	30.06.2012
	unaudited	audited	unaudited	audited	unaudited	audited	unaudited	audited
Segment assets	53,584,207	50,685,198	1,874,347	1,774,872	(350,967)	(354,269)	55,107,587	52,105,801
Segment liabilities	17,875,705	17,754,566	1,525,822	1,403,509	(1,056,328)	(402,257)	18,345,199	18,755,818

14.2 Geographical segments

All segments of the group are managed on nation-wide basis and operate manufacturing facilities and sales offices in Pakistan only.

15. Date of authorization

This interim financial information was authorized for issue by the Board of Directors of the Company on October 24, 2012.

16. Corresponding figures

In order to comply with the requirements of the International Accounting Standard 34: 'Interim Financial Reporting', the condensed interim consolidated balance sheet and condensed interim consolidated statement of changes in equity have been compared with the balances of annual audited financial statements of preceding year, whereas, the condensed interim consolidated profit and loss account, condensed interim consolidated statement of comprehensive income and condensed interim consolidated cash flow statement have been compared with the balances of comparable period of immediately preceding year.

Corresponding figures have been re-arranged wherever necessary for the purposes of comparison, however, no significant re-arrangements have been made.

Figures have been rounded off to the nearest thousand of Rupees.



Chief Executive



Director



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