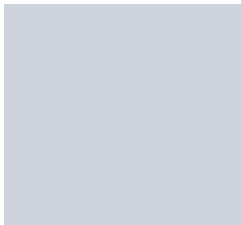




3rd Quarter Report
(Un-audited)
March 31,

20
13



**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 The Bank of Punjab	Habib Bank Limited Habib Metropolitan Bank MCB Bank Limited Meezan Bank Limited National Bank of Pakistan NIB Bank Limited Samba Bank Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited Silk Bank Limited
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 its report along with the condensed interim financial information for the third quarter of the financial year 2013.

Business Outlook

Pakistan's economic trajectory over the last five years and its current state is a cause of serious concern. Poor law and order situation, severe energy crises, and mismanagement in financial resources has impeded the investors' confidence and restrained the economic potential of the country. Depleted foreign exchange reserves, massive borrowings and falling level of domestic and foreign investment also made the economic targets unattainable.

Cement industry during the first 9 months of the current financial year capitalized its potential mainly due to revival of construction sector and government spending on infrastructural projects in election year. Local cement volumes increase by more than 6 % to 18.373 million metric tons. While, there is a slight decrease in export volumes mainly due to entry of gulf countries and Iran in export market. Increase in fuel prices, power tariff and continued energy crises could not allow local manufacturers to compete in international market on cost. However, various cost cutting measures like power generation through waste heat recovery were implemented by many manufacturers to reduce dependence on national grid.

Company's performance

Production and sales statistics

	Jul - Mar FY 2013 MT	Jul - Mar FY 2012 MT
Clinker production	2,836,686	2,844,748
Capacity Utilization	94%	94%
Cement production	2,930,581	2,939,087
Local sales	2,122,436	2,013,545
Cement exports	800,209	946,933
Clinker sale	6,000	-

Our production remained static over the period. However decrease in production in last quarter is mainly due to planned shutdown for routine maintenance. Local sales volumes showed a marginal growth. While, export volumes decrease by 16 % due to severe price competition in international markets.

Financial performance

Rupees in thousands	2013 July to March	2012 July to March
Sales	18,131,993	16,704,125
Cost of sales	(11,304,883)	(11,191,968)
Gross profit	6,827,110	5,512,157
Profit from operations	5,931,445	4,079,003
Finance cost	(802,065)	(1,303,355)
Profit before taxation	5,129,380	2,775,648
Taxation	(887,632)	(704,053)
Profit after taxation	4,241,748	2,071,595



Despite static sales volumes, increase in sales is mainly attributed to effective marketing to achieve stable sales prices in local market.

Cost of sales showed a marginal increase which is attributed to effective implementation of various cost cutting measures.

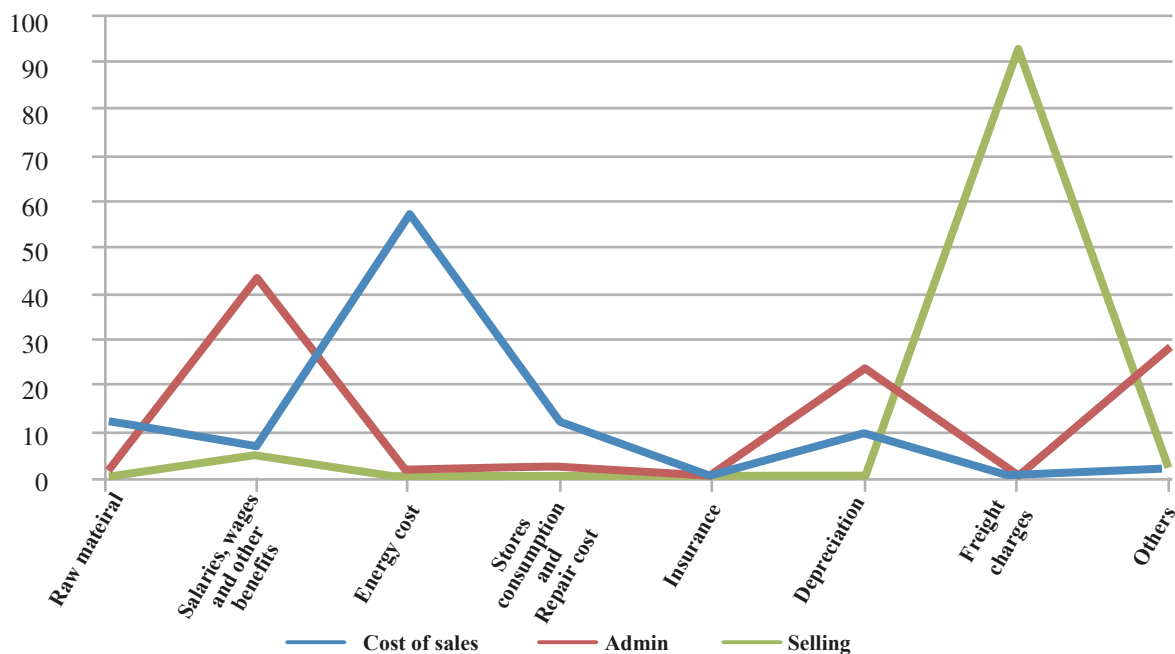
Decrease in selling and distribution cost is attributed to decrease in export through sea route.

Decrease in Finance cost is mainly attributed to better cash flow planning, effective utilization of financing lines and stable discount rate.

Your company also earned a dividend of Rs. 966 Millions on investment made by it.

Taxation includes provision for deferred taxation amounting to Rs. 771.447 millions that is calculated on estimated annualized tax rate applicable to expected annuals earnings and capitalization of plant and machinery.

Following is the composition of cost as percentage of total cost.



Future Outlook

Considering the current trend in cement consumption and stable cement prices, your company is expecting increase in its profitability and shareholder's wealth.

Energy crises and power cost would affect the company's profitability. Moreover, your company would not be able to reap expected benefit from stable prices of imported raw materials in International market due to devaluation of Pak Rupee.

Recent heave in transportation cost for both cement and coal would notably increase freight cost for the local manufacturers. If this pronouncement is not compromised by the Government or burden is not transferred to end consumer, it would influence the industry's profitability.

Installation of Waste Heat Recovery plant at Khairpur plant is complete and cold commissioning is in progress. The plant will be operational in last month of current financial year and would help to reduce energy cost and also share the burden of national grid.

In order to explore the potential in African market, your company has signed a Memorandum of Understanding with Sumaria Cement Holdings to setup a green field cement plant in Mozambique.

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: 17 April 2013

CONDENSED INTERIM BALANCE SHEET

As at March 31, 2013 (Un-audited)

Rupees in thousands	Note	31 March 2013 un-audited	30 June 2012 audited
EQUITY AND LIABILITIES			
Capital And Reserves			
Authorised capital			
- 950,000,000 (30 June 2012: 950,000,000) ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (30 June 2012: 50,000,000) preference shares of Rs 10 each		500,000	500,000
		10,000,000	10,000,000
Issued, subscribed and paid up capital 438,119,119 (June 30, 2012: 438,119,119) ordinary shares of Rs 10 each		4,381,191	4,381,191
Reserves		28,444,657	23,562,612
Accumulated profit		8,571,398	4,986,829
Shareholders' equity		41,397,246	32,930,632
Long term finances	5	3,738,440	4,629,083
Long term deposits		66,415	68,355
Retirement and other benefits		213,536	185,116
Deferred taxation		2,363,135	1,666,069
Non-current Liabilities		6,381,526	6,548,623
Trade and other payables		2,327,546	2,108,894
Accrued markup		137,240	162,931
Short term borrowing-secured		5,747,463	6,733,467
Current portion of non-current liabilities		1,020,324	2,165,561
Provision for taxation		35,090	35,090
Current Liabilities		9,267,663	11,205,943
Contingencies and commitments	6		
Total equity and liabilities		57,046,435	50,685,198
ASSETS			
Property, plant and equipment	7	28,335,696	27,185,726
Intangible assets	8	59,969	73,808
Investments	9	7,234,813	4,864,945
Long term loans, advances and deposits		104,427	120,342
Non-current Assets		35,734,905	32,244,821
Stores, spares and loose tools		3,544,484	4,137,262
Stock-in-trade		1,322,748	954,645
Trade debts		447,923	317,970
Investments	9	13,938,208	11,126,051
Advances, deposits, prepayments and other receivables		1,706,376	1,476,008
Cash and bank balances		351,791	428,441
Current Assets		21,311,530	18,440,377
Total Assets		57,046,435	50,685,198

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



Chief Executive



Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
For the quarter and nine months ended March 31, 2013 (Un-audited)

Rupees in thousands	Note	2013		2012	
		July to March	January to March	July to March	January to March
Sales		18,131,993	6,306,172	16,704,125	6,002,716
Cost of sales	10	(11,304,883)	(4,095,662)	(11,191,968)	(3,967,433)
Gross profit		6,827,110	2,210,510	5,512,157	2,035,283
Administrative expenses		(289,760)	(101,911)	(180,404)	(60,211)
Selling and distribution expenses		(1,281,593)	(393,883)	(1,822,691)	(584,803)
Other operating expenses		(409,504)	(127,885)	(319,983)	(79,697)
Other income		1,085,192	312,626	889,924	239,732
Profit from operations		5,931,445	1,899,457	4,079,003	1,550,304
Finance cost		(802,065)	(224,669)	(1,303,355)	(417,532)
Profit before taxation		5,129,380	1,674,788	2,775,648	1,132,772
Taxation		(887,632)	(346,340)	(704,053)	(340,617)
Profit after taxation		4,241,748	1,328,448	2,071,595	792,155
Earning per share (basic and diluted)	Rupees	9.68	3.03	4.73	1.81

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



Chief Executive



Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the quarter and nine months ended March 31, 2013 (Un-audited)

Rupees in thousands	2013		2012	
	July to March	January to March	July to March	January to March
Income for the period	4,241,748	1,328,448	2,071,595	792,155
Other comprehensive income				
Available for sale financial assets				
- Change in fair value	4,882,045	569,230	(1,729,581)	3,629,280
Other comprehensive income /(loss) for the period	4,882,045	569,230	(1,729,581)	3,629,280
Total comprehensive income for the period	9,123,793	1,897,678	342,014	4,421,435

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



Chief Executive



Director

CONDENSED INTERIM CASH FLOW STATEMENT
For the nine months ended March 31, 2013 (Un-audited)

Rupees in thousands	Note	July to March 2013	July to March 2012
Cash flows from operating activities			
Cash generated from operations	12	6,279,796	3,983,603
Financial cost paid		(827,755)	(1,342,362)
Retirement and other benefits paid		(19,976)	(20,464)
Taxes paid		(363,996)	(452,570)
Long term deposits - net		(1,940)	(1,618)
Net cash generated from operating activities		5,066,129	2,166,589
Cash flows from investing activities			
Fixed capital expenditure		(2,352,706)	(1,218,920)
Proceeds from sale of property, plant and equipment		49,443	23,098
Investments made		(299,980)	-
Long term loans, advances and deposits - net		189,344	16,048
Interest received		81,930	44,818
Dividend received		966,637	805,118
Net cash (used in) / generated from investing activities		(1,365,332)	(329,838)
Cash flows from financing activities			
Proceeds from long term finances		800,000	-
Repayment of long term finances		(2,936,186)	(1,826,609)
Dividend Paid		(655,257)	-
Net cash used in financing activities		(2,791,443)	(1,826,609)
Net increase / (decrease) in cash and cash equivalents		909,354	10,142
Cash and cash equivalents at the beginning of the period		(6,305,026)	(8,524,340)
Cash and cash equivalents at the end of the period	13	(5,395,672)	(8,514,198)

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



Chief Executive



Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the nine months ended March 31, 2013 (Un-audited)

Rupees in thousands	Capital reserve				Revenue reserve			Total
	Share Capital	Share Premium	Fair Value Reserve	Capital Redemption Reserve Fund	General Reserve	Accumulated Profit	-	
Balance as at 30 June 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	-	-	-	-	-	4,241,748	-	4,241,748
- Other comprehensive profit for the period	-	-	4,882,045	-	-	-	-	4,882,045
Total Contributions by and distributions to owners of the Company recognized directly in equity								
- Final dividend for the year ended June 30, 2012 (Rs 1.5 per share)	-	-	-	-	-	(657,179)	-	(657,179)
Balance as at 31 March 2013 - Unaudited	4,381,191	4,557,163	18,462,157	353,510	5,071,827	8,571,398	-	41,397,246
Balance as at 30 June 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 period	-	-	-	-	-	2,071,595	-	2,071,595
- Other comprehensive loss for the period	-	-	(1,729,581)	-	-	-	-	(1,729,581)
Balance as at 31 March 2012 - Unaudited	4,381,191	4,557,163	13,245,300	353,510	5,071,827	2,950,306	-	30,559,297

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



Chief Executive



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

For the quarter and nine months ended March 31, 2013 (Un-audited)

1 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 Statement of compliance

This condensed interim financial information is un-audited and is being submitted to the members as required by section 245 of the Companies Ordinance, 1984. The condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting' and have been reviewed by the auditors as required by the Code of Corporate Governance. The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended June 30, 2012.

3 Significant accounting policies

3.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the company for the year ended June 30, 2012. Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 1, 2012 but are considered not to be relevant or to have any significant effect on the company's operations and are, therefore, not detailed in this condensed interim financial information.

3.2 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 19, 'Employee Benefits'- IAS 1 (amendments)

January 01, 2013

4 Taxation

The provision for taxation for the nine months ended March 31, 2013 has been made on an estimated basis.

Rupees in thousands		31 March 2013 un-audited	30 June 2012 audited
5 Long term finances			
Long term loans	- note 5.1	4,749,970	6,785,851
Less: Current portion shown under current liabilities		1,011,530	2,156,768
		3,738,440	4,629,083
5.1 Long term loans			
Opening balance		6,785,851	6,875,127
Add: Disbursements during the period		800,000	1,906,382
Exchange loss during the period		100,305	136,390
		7,686,156	8,917,899
Less: Repayment during the period		2,936,186	2,132,048
Closing balance		4,749,970	6,785,851

6 Contingencies and commitments

6.1 Contingencies

During the period 1994 to 1996, the Company imported plant and machinery relating to expansion unit, for which exemption was claimed under various SROs from the levy of custom duty and other duties including sales tax. As per the provisions of SRO 484 (I)/92, 978 (I)/95 and 569 (I)/95, the exemption from the statutory duty would be available only if the said plant and machinery was not manufactured locally. However, the Custom Authorities rejected the claim of the Company by arguing that the said machinery was on the list of locally manufactured machinery, published by the Federal Board of Revenue. Consequently, the Company appealed before the Lahore High Court, Multan Bench, which allowed the Company to release the machinery on furnishing indemnity bonds with the Custom Authorities.

Collector of Customs and Central Excise, Multan has passed an order dated November 26, 1999, against the Company on the grounds that the said machinery was being manufactured locally during the time when it was imported.

An appeal against the order was filed with the Lahore High Court, which has been decided in favour of the Company. However, the Custom Authorities have filed an appeal with the Supreme Court of Pakistan against the orders of the Lahore High Court. The Honorable court remanded back the case to Customs authorities to reassess the liability of the company. The matter is pending with the Appellate Tribunal. No provision for the outstanding balance of Rs 634.388 million has been made in the financial statements as according to the management of the company there are meritorious grounds that the ultimate decision would be in its favour.

6.2 There is no significant change in contingencies from the annual financial statements of the Company for the year ended June 30, 2012 except for as mentioned above.

6.3 Commitments in respect of

- (i) Contracts for capital expenditure Rs 257.644 million (June 30 2012: Rs 156.17 million).
- (ii) Letters of credit for capital expenditure Rs 897.17 million (June 30 2012: Rs 760.127 million).
- (iii) Letters of credit other than capital expenditure Rs 274.217 million (June 30 2012: Rs 952.872 million).

Rupees in thousands		31 March 2013 un-audited	30 June 2012 audited
7	Property, plant and equipment		
	Operating assets - note 7.1	24,911,907	25,192,214
	Capital work-in-progress - note 7.2	3,423,789	1,993,512
		28,335,696	27,185,726
	7.1 Operating assets		
	Opening book value	25,192,214	24,611,565
	Add: Additions during the period - note 7.1.1	922,429	2,039,499
		922,429	2,039,499
	Less: Disposals during the period	39,090	26,633
	Depreciation charged during the period	1,163,646	1,432,217
		1,202,736	1,458,850
	Closing book value	24,911,907	25,192,214
	7.1.1 Additions during the period		
	Freehold land	53,642	168,117
	Building on freehold land	139,150	317,485
	Office building and housing colony	8,341	8,424
	Roads	-	107,271
	Plant and machinery	300,820	1,265,789
	Quarry equipment	-	40,106
	Furniture, fixtures and office equipment	23,149	52,018
	Aircraft	328,751	-
	Motor vehicles	68,194	79,828
	Power and water supply lines	382	461
		922,429	2,039,499
	7.2 Capital work-in-progress		
	Civil works	460,562	334,490
	Plant and machinery	2,822,297	1,549,765
	Advances	69,152	31,108
	Others	11,961	16,206
	Expansion project:		
	-Civil works	15,386	18,992
	-Others	44,431	42,951
		59,817	61,943
		3,423,789	1,993,512
8	Intangible assets		
	Opening book value	73,808	-
	Add: Additions during the period	-	92,260
		-	92,260
	Less: Amortization charged during the period	13,839	18,452
		13,839	18,452
	Closing book value	59,969	73,808

Rupees in thousands	31 March 2013 un-audited	30 June 2012 audited
9 Investments		
Cost of investments	2,781,130	2,781,150
Add : Cumulative fair value gain	18,462,157	13,580,112
Add : Purchase of new investment	300,000	-
Less: Cumulative impairment losses recognized	(370,266)	(370,266)
Fair value gain	18,391,891	13,209,846
Total investments	21,173,021	15,990,996
Less: Investments classified in current assets	13,938,208	11,126,051
Closing balance	7,234,813	4,864,945

Rupees in thousands	2013		2012	
	July to March	January to March	July to March	January to March
10 Cost of sales				
Raw and packing materials consumed	1,432,852	477,559	1,372,324	440,180
Salaries, wages and other benefits	812,363	275,701	680,577	234,824
Electricity and gas	1,657,185	463,128	1,568,366	542,127
Furnace oil and coal	5,017,570	1,491,878	5,526,525	1,517,785
Stores and spares consumed	1,162,628	420,225	922,831	349,087
Repair and maintenance	221,414	108,426	146,674	56,934
Insurance	45,283	15,009	43,286	14,333
Depreciation on property, plant and equipment	1,093,811	366,802	1,053,137	360,234
Amortization on intangibles	9,687	3,229	9,687	3,229
Royalty	110,787	30,785	110,783	31,500
Excise duty	10,339	2,873	10,329	2,926
Vehicle running	14,980	412	16,465	5,475
Postage, telephone and telegram	2,099	569	2,444	748
Printing and stationery	4,479	1,829	3,593	1,275
Legal and professional charges	1,965	1,098	1,252	573
Travelling and conveyance	16,873	4,020	13,988	4,443
Estate development	10,258	3,926	13,375	4,387
Rent, rates and taxes	16,661	4,760	12,996	3,543
Freight charges	7,312	3,565	4,118	1,345
Other expenses	22,927	5,549	19,297	5,707
Total manufacturing cost	11,671,473	3,681,343	11,532,047	3,580,655
Opening work-in-process	322,049	1,163,509	169,612	962,514
Closing work-in-process	(651,490)	(651,490)	(550,236)	(550,236)
	(329,441)	512,019	(380,624)	412,278
Cost of goods manufactured	11,342,032	4,193,362	11,151,423	3,992,933
Opening stock of finished goods	254,990	185,018	294,737	212,944
Closing stock of finished goods	(277,665)	(277,665)	(232,568)	(232,568)
	(22,675)	(92,647)	62,169	(19,624)
Less: Own consumption capitalized	(14,474)	(5,053)	(21,624)	(5,876)
	11,304,883	4,095,662	11,191,968	3,967,433

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:

Rupees in thousands		July to March 2013	July to March 2012
Relationship with the company	Nature of transaction		
Subsidiary company	Purchase of goods and services	792,998	776,525
	Rental income	609	608
	Interest income	31,812	40,449
Other related parties	Purchase of goods and services	895,277	667,534
	Insurance premium	78,172	58,354
	Sale of goods	96,288	73,663
	Purchase of asset	328,751	-
	Mark-up income on balances with related parties	1,198	1,412
	Insurance claim received	-	4,012
	Dividend income	956,592	759,078
Key management personnel	Salaries and other employment benefits	78,947	77,213
Post employment benefit plans	Expense charged in respect of staff retirement benefits plans	68,931	51,523

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

Rupees in thousands		July to March 2013	July to March 2012
12 Cash flow from operating activities			
	Profit before tax	5,129,380	2,775,648
	Adjustment for :		
	- Depreciation on property, plant and equipment	1,163,646	1,065,745
	- Profit on disposal of property, plant and equipment	(10,353)	(14,955)
	- Profit on bank deposits	(2,524)	-
	- Amortization on intangibles	13,839	13,839
	- Dividend income	(966,637)	(805,118)
	- Provision of WPPF	269,967	-
	- Retirement and other benefits accrued	48,396	41,732
	- Markup income	(33,010)	(43,837)
	- Exchange loss - net	100,306	62,019
	- Finance cost	802,065	1,303,355
	Profit before working capital changes	6,515,075	4,398,428
	Effect on cash flow due to working capital changes:		
	- (Increase)/decrease in stores, spares and loose tools	592,778	(527,608)
	- increase in stock-in-trade	(368,103)	(240,767)
	- decrease in trade debts	(129,953)	(67,205)
	- increase in advances, deposits, prepayments and other receivables	(276,764)	(3,123)
	- (Decrease)/increase in trade and other payables	(53,237)	423,878
		(235,279)	(414,825)
	Cash generated from operations	6,279,796	3,983,603



Rupees in thousands	July to March 2013	July to March 2012
13 Cash and cash equivalents		
Short term borrowings - secured	(5,747,463)	(8,926,786)
Cash and bank balances	351,791	412,588
	(5,395,672)	(8,514,198)

14 Date of authorization for issue

This interim financial information was authorized for issue on 17 April 2013 by the Board of Directors of the Company.

15 Corresponding figures

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

Chief Executive

Director



CONSOLIDATED FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Board of Directors is pleased to submit their report along with the condensed interim consolidated financial statements for the third quarter of the financial year 2013. Our discussion of affairs of the holding company has been separately presented

Consolidated Financial Performance

Rupees in thousands	July to March 2013	July to March 2012
Sales	18,713,927	17,332,797
Cost of sales	(11,842,597)	(11,728,880)
Gross profit	6,871,330	5,603,917
Profit from operations	5,923,033	4,123,333
Finance cost	(878,473)	(1,401,426)
Taxation	(918,332)	(693,353)
Profit after taxation	4,126,228	2,028,554

Consolidated net sales increase by 8% compared to same period of Last Financial year. While, consolidated gross profit increased by more than 23 % with group absorbing losses incurred by paper segment. Higher production cost of paper segment mainly due to increase in prices of Kraft paper.

Future Prospects

We foresees reduction in losses of Paper segment due to decrease in prices of Kraft paper and expected increase in paper bag sales volumes due to improved marketing strategies.

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: 17 April 2013

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

As at March 31, 2013 (Un-audited)

Rupees in thousands	Note	31 March 2013 un-audited	30 June 2012 audited
EQUITY AND LIABILITIES			
Capital And Reserves			
Authorised capital			
- 950,000,000 (30 June 2012: 950,000,000) ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (30 June 2012: 50,000,000) preference shares of Rs 10 each		500,000	500,000
		10,000,000	10,000,000
Issued, subscribed and paid up capital		4,381,191	4,381,191
Reserves		28,483,681	23,601,636
Accumulated profit		8,563,700	5,036,891
		41,428,572	33,019,718
Non-controlling interest		272,505	330,265
		41,701,077	33,349,983
Long term finances	5	3,972,815	4,649,083
Long term deposits		66,415	68,355
Retirement and other benefits		213,536	185,116
Deferred taxation		2,318,816	1,602,750
Non-current Liabilities		6,571,582	6,505,304
Trade and other payables		2,479,515	2,231,863
Accrued markup		137,240	178,652
Short term borrowing-secured		6,627,296	7,559,348
Current portion of non-current liabilities		1,035,949	2,245,561
Provision for taxation		35,090	35,090
Current Liabilities		10,315,090	12,250,514
Contingencies and commitments	6		
		58,587,749	52,105,801
ASSETS			
Property, plant and equipment	7	29,363,145	28,073,573
Intangible assets	8	59,969	73,808
Investments	9	7,031,184	4,661,314
Long term loans, advances and deposits		105,333	138,748
Non-current Assets		36,559,631	32,947,443
Stores, spares and loose tools		3,609,418	4,198,477
Stock-in-trade		1,903,552	1,596,784
Trade debts		609,658	486,597
Investments	9	13,938,228	11,126,071
Advances, deposits, prepayments and other receivables		1,587,085	1,288,036
Cash and bank balances		380,177	462,393
Current Assets		22,028,118	19,158,358
		58,587,749	52,105,801

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



Chief Executive



Director

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the quarter and nine months ended March 31, 2013 (Un-audited)

Rupees in thousands	Note	2013		2012	
		July to March	January to March	July to March	January to March
Sales		18,713,927	6,472,893	17,332,797	6,233,573
Cost of sales	10	(11,842,597)	(4,240,223)	(11,728,880)	(4,179,675)
Gross profit		6,871,330	2,232,670	5,603,917	2,053,898
Administrative expenses		(293,606)	(103,283)	(183,335)	(61,114)
Selling and distribution expenses		(1,291,990)	(397,535)	(1,833,945)	(590,134)
Other operating expenses		(418,425)	(127,682)	(323,104)	(79,696)
Other income		1,055,724	302,744	859,800	228,813
Profit from operations		5,923,033	1,906,914	4,123,333	1,551,767
Finance cost		(878,473)	(254,107)	(1,401,426)	(462,693)
Profit before taxation		5,044,560	1,652,807	2,721,907	1,089,074
Taxation		(918,332)	(353,040)	(693,353)	(334,517)
Profit after taxation		4,126,228	1,299,767	2,028,554	754,557
Attributable to:					
Equity holders of the parent		4,183,988	2,756,412	2,050,075	773,356
Non-controlling interest		(57,760)	(46,438)	(21,521)	(18,799)
		4,126,228	1,299,767	2,028,554	754,557
Earning per share					
(basic and diluted)	Rupees	9.42	2.97	4.63	1.72

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



Chief Executive



Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the quarter and nine months ended March 31, 2013 (Un-audited)

Rupees in thousands	2013		2012	
	July to March	January to March	July to March	January to March
Profit after taxation	4,126,228	1,299,767	2,028,554	754,557
Other comprehensive income				
Available for sale financial assets				
- Change in fair value	4,882,045	569,230	(1,729,581)	385,409
Other comprehensive income / (loss) for the period	4,882,045	569,230	(1,729,581)	385,409
Total comprehensive income for the period	9,008,273	1,868,997	298,973	1,139,966
<i>Attributable to:</i>				
Equity holders of the parent	9,066,033	5,642,306	320,494	1,158,765
Non-controlling interest	(57,760)	(46,438)	(21,521)	(18,799)
	9,008,273	1,868,997	298,973	1,139,966

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



Chief Executive



Director

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT

For the nine months ended March 31, 2013 (Un-audited)

Rupees in thousands	Note	July to March 2013	July to March 2012
Cash flows from operating activities			
Cash generated from operations	12	6,325,808	3,718,011
Financial cost paid		(919,885)	(1,430,870)
Retirement and other benefits paid		(19,976)	(20,464)
Taxes paid		(375,696)	(288,018)
Long term deposits - net		(1,940)	(1,618)
Net cash generated from operating activities		5,008,311	1,977,041
Cash flows from investing activities			
Fixed capital expenditure		(2,521,974)	(1,224,236)
Proceeds from sale of property, plant and equipment		49,511	184,124
Investments made		(299,982)	-
Long term loans, advances and deposits - net		206,845	(1,452)
Interest received		81,930	48,605
Dividend received		966,637	805,118
Net cash (used in) / generated from investing activities		(1,517,033)	(187,841)
Cash flows from financing activities			
Proceeds from long term finances		1,050,000	-
Repayment of long term finances		(3,036,185)	(1,925,491)
Dividend paid		(655,257)	-
Net cash used in financing activities		(2,641,442)	(1,925,491)
Net increase / (decrease) in cash and cash equivalents		849,836	(136,291)
Cash and cash equivalents at the beginning of the period		(7,096,955)	(9,152,752)
Cash and cash equivalents at the end of the period	13	(6,247,119)	(9,289,043)

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**
For the nine months ended March 31, 2013 (Un-audited)

	Capital reserve					Revenue reserve			
	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 30 June 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
-Final dividend for the year ended	-	-	-	-	-	(657,179)	(657,179)	-	(657,179)
-Ordinary dividend Rs 1.5 per share	-	-	-	-	-	4,183,988	4,183,988	(57,760)	4,126,228
Total comprehensive income for the period	-	-	4,882,045	-	-	-	4,882,045	-	4,882,045
- Profit for the period	-	-	4,882,045	-	-	-	4,882,045	-	4,882,045
- Other comprehensive income for the period	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2013 - Un-audited	4,381,191	4,557,163	18,462,157	353,510	5,110,851	8,563,700	41,428,572	272,505	41,701,077
Balance as at 30 June 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	-	-	-	-	-	2,050,075	2,050,075	(21,521)	2,028,554
- Profit for the period	-	-	-	-	-	2,050,075	2,050,075	(21,521)	2,028,554
- Other comprehensive loss for the period	-	-	(1,729,581)	-	-	-	(1,729,581)	-	(1,729,581)
Balance as at 31 March 2012 - Un-audited	4,381,191	4,557,163	13,245,300	353,510	5,110,851	2,989,991	30,638,006	319,888	30,957,894

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



Chief Executive



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the quarter and nine months ended March 31, 2013

1. 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. Statement of compliance

This condensed interim financial information is un-audited and is being submitted to the members as required by section 245 of the Companies Ordinance, 1984. The condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting' and have been reviewed by the auditors as required by the Code of Corporate Governance. The condensed interim financial information should be read in conjunction with the the annual financial statements for the year ended June 30, 2012.

3. Significant accounting policies

3.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the company for the year ended June 30, 2012. Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 1, 2012 but are considered not to be relevant or to have any significant effect on the company's operations and are, therefore, not detailed in this condensed interim financial information.

3.2 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 19, 'Employee Benefits'- IAS 1 (amendments)

January 01, 2013

4. The provision for taxation for the nine months ended 31 March 2013 has been made on an estimated basis.

Rupees in thousands	31 March 2013 un-audited	30 June 2012 audited
5. Long term finances		
Long term loans	4,298,721	6,184,601
Loan under musharika arrangement- secured	701,250	701,250
	-note 5.1	
Less: Current portion shown under current liabilities	1,027,156	2,236,768
	3,972,815	4,649,083
5.1 Long term loans		
Opening balance	6,885,851	6,923,252
Add: Disbursements during the period/ year	1,050,000	1,906,382
Exchange loss during the period/ year	100,305	161,368
	8,036,156	8,991,002
Less: Repayment during the period/ year	3,036,185	2,105,151
Closing balance	4,999,971	6,885,851

6. Contingencies and commitments

6.1 Contingencies

During the period 1994 to 1996, the Company imported plant and machinery relating to expansion unit, for which exemption was claimed under various SROs from the levy of custom duty and other duties including sales tax. As per the provisions of SRO 484 (I)/92, 978 (I)/95 and 569 (I)/95, the exemption from the statutory duty would be available only if the said plant and machinery was not manufactured locally. However, the Custom Authorities rejected the claim of the Company by arguing that the said machinery was on the list of locally manufactured machinery, published by the Federal Board of Revenue. Consequently, the Company appealed before the Lahore High Court, Multan Bench, which allowed the Company to release the machinery on furnishing indemnity bonds with the Custom Authorities.

Collector of Customs and Central Excise, Multan has passed an order dated November 26, 1999, against the Company on the grounds that the said machinery was being manufactured locally during the time when it was imported.

An appeal against the order was filed with the Lahore High Court, which has been decided in favour of the Company. However, the Custom Authorities have filed an appeal with the Supreme Court of Pakistan against the orders of the Lahore High Court. The Honorable court remanded back the case to Customs authorities to reassess the liability of the company. The matter is pending with the Appellate Tribunal. No provision for the outstanding balance of Rs 634.388 million has been made in the financial statements as according to the management of the company there are meritorious grounds that the ultimate decision would be in its favour.

6.2 There is no significant change in contingencies from the annual financial statements of the Company for the year ended June 30, 2012 except for as mentioned above.

6.3 Commitments in respect of

- (i) Contracts for capital expenditure Rs 257.644 million (June 30 2012: Rs 156.17 million).
- (ii) Letters of credit for capital expenditure Rs 897.17 million (June 30 2012: Rs 760.127 million).
- (iii) Letters of credit other than capital expenditure Rs 474.202 million (June 30 2012: Rs 1,035.213 million).

Rupees in thousands		31 March 2013 un-audited	30 June 2012 audited
7 Property, Plant and Equipment			
Operating assets	-note 7.1	25,935,924	26,076,700
Capital work -in-progress	-note 7.2	3,427,221	1,996,873
		29,363,145	28,073,573
7.1 Operating Assets			
Opening book value		26,076,700	25,707,179
Add: Additions during the period/ year	-note 7.1.1	1,091,626	2,046,180
		27,168,326	27,753,359
Less: Disposals during the period/ year - net book value		39,147	189,260
Depreciation charged during the period/ year		1,193,255	1,487,399
		1,232,402	1,676,659
Closing book value		25,935,924	26,076,700
7.1.1 Additions during the period			
Freehold land		53,642	168,117
Building on freehold land		139,150	327,592
Office building and housing colony		8,342	-
Roads		-	107,271
Plant and machinery		469,991	1,269,366
Quarry equipment		-	40,106
Furniture, fixtures and office equipment		23,174	52,435
Motor vehicles		68,194	80,832
Power and water supply lines		382	461
Aircraft		328,751	-
		1,091,626	2,046,180
7.2 Capital Work-in-progress			
Civil Works		460,562	337,851
Plant and machinery		2,825,729	1,549,765
Advances		69,152	31,108
Others		11,961	16,206
Expansion project:			
-Civil works		15,386	18,992
-Others		44,431	42,951
		59,817	61,943
		3,427,221	1,996,873
8. Intangible assets			
Opening book value		73,808	-
Add: Additions during the period		-	92,260
		-	92,260
Less: Amortization charged during the period		13,839	18,452
		13,839	18,452
Closing book value		59,969	73,808

Rupees in thousands	31 March 2013 un-audited	30 June 2012 audited
9. Investments		
Cost of investments	2,207,255	2,207,273
Add: Fair value adjustments	18,462,157	13,580,112
Add: Purchase of new investment	300,000	-
	18,762,157	13,580,112
Total investments	20,969,412	15,787,385
Less: Investments classified in current assets	13,938,228	11,126,071
Closing balance	7,031,184	4,661,314

Rupees in thousands	2013		2012	
	July to March	January to March	July to March	January to March
10. Cost of sales				
Raw and packing materials consumed	1,934,200	626,265	1,847,173	601,007
Salaries, wages and other benefits	830,238	281,534	696,446	240,534
Electricity, gas and water	1,668,752	474,207	1,577,448	551,683
Furnace oil and coal	5,017,570	1,491,878	5,526,525	1,517,785
Stores and spares consumed	1,185,264	426,656	929,825	351,485
Repair and maintenance	222,135	108,609	146,982	57,010
Insurance	48,602	15,745	47,149	15,614
Depreciation on property, plant and equipment	1,123,291	382,036	1,075,797	366,898
Lease rentals - Ijara financing	16,008	89	2,180	1,635
Amortization on intangibles	9,687	3,229	9,687	3,229
Royalty	110,787	30,785	110,783	31,500
Excise duty	10,339	2,873	10,329	2,926
Vehicle running	15,337	584	17,423	5,881
Postage, telephone and telegram	2,123	581	2,459	750
Printing and stationery	4,481	1,829	3,599	1,275
Legal and professional charges	2,065	1,098	1,452	575
Traveling and conveyance	16,873	4,020	13,988	4,443
Estate development	10,258	3,926	13,375	4,387
Rent, rates and taxes	16,993	4,354	13,774	3,746
Freight charges	7,581	3,734	4,335	1,474
Other expenses	23,218	5,626	19,591	5,809
Total manufacturing cost	12,275,802	3,869,658	12,070,320	3,769,646
Opening work-in-process	322,049	1,163,509	169,612	962,514
Closing work-in-process	(651,490)	(651,490)	(550,236)	(550,236)
	(329,441)	512,019	(380,624)	412,278
Cost of goods manufactured	11,946,361	4,381,677	11,689,696	4,181,924
Opening stock of finished goods	300,619	253,508	330,242	273,061
Closing stock of finished goods	(389,909)	(389,909)	(269,434)	(269,434)
	(89,290)	(136,401)	60,808	3,627
Less: Own consumption capitalized	(14,474)	(5,053)	(21,624)	(5,876)
	11,842,597	4,240,223	11,728,880	4,179,675

11. Transactions with related parties

The related parties comprise 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:

Rupees in thousands		July to March 2013	July to March 2012
Relationship with the group	Nature of transaction		
Associated companies/ other related parties	Purchase of goods and services	895,277	667,534
	Insurance premium	78,172	58,354
	Sale of goods	96,288	73,663
	Purchase of Assets	328,751	-
	Mark-up income on balances with related parties	1,198	1,412
	Insurance claim received	-	4,012
	Dividend income	956,592	795,078
Key management personnel	Salaries and other employment benefits	78,947	77,213
	Post employment benefit plans		
	Expense charged in respect of staff retirement benefits plans	68,931	51,523

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

Rupees in thousands		July to March 2013	July to March 2012
12. Cash flow from operating activities			
	Profit before tax	5,044,560	2,721,907
	Adjustment for :		
	- Depreciation on property, plant and equipment	1,193,255	1,093,619
	- Depreciation on assets subject to finance lease	-	2,180
	- Amortization on intangibles	13,839	13,839
	- Profit on disposal of property, plant and equipment	(10,364)	(11,833)
	- Profit on bank deposits	(2,524)	-
	- Dividend income	(966,637)	(805,118)
	- Provision of WPPF	269,967	-
	- Retirement and other benefits accrued	48,396	41,732
	- Markup income	(33,010)	(47,624)
	- Exchange loss - net	100,305	62,019
	- Finance cost	878,473	1,401,426
	Profit before working capital changes	6,536,260	4,472,147
	Effect on cash flow due to working capital changes:		
	- Stores, spares and loose tools	589,059	(529,745)
	- Stock-in-trade	(306,768)	(409,627)
	- Trade debts	(123,061)	(11,468)
	- Advances, deposits, prepayments and other receivables	(345,445)	(278,743)
	- Trade and other payables	(24,237)	475,447
		(210,452)	(754,136)
	Cash generated from operations	6,325,808	3,718,011

Rupees in thousands	July to March 2013	July to March 2012
13. Cash and cash equivalents		
Short term borrowings - secured	(6,627,296)	(9,752,831)
Cash and bank balances	380,177	463,788
	(6,247,119)	(9,289,043)

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.

Rupees in thousands	Cement		Paper		Elimination - net		Consolidated	
	July to March 2013	July to March 2012	July to March 2013	July to March 2012	July to March 2013	July to March 2012	July to March 2013	July to March 2012
Revenue from								
- External Customers	18,131,993	16,704,125	581,934	628,672	-	-	18,713,927	17,332,797
- Inter-group	-	-	591,844	607,134	(591,844)	(607,134)	-	-
	18,131,993	16,704,125	1,173,778	1,235,806	(591,844)	(607,134)	18,713,927	17,332,797
Segment gross profit	6,827,110	5,512,157	48,525	65,668	(4,305)	26,092	6,871,330	5,603,917
Segment expenses	(1,980,857)	(2,323,078)	(14,243)	(17,915)	(8,921)	609	(2,004,021)	(2,340,384)
Other income	1,085,192	889,924	3,562	10,934	(33,030)	(41,058)	1,055,724	859,800
Financial charges	(802,065)	(1,303,355)	(117,750)	(138,520)	41,342	40,449	(878,473)	(1,401,426)
Taxation	(983,938)	(704,053)	(30,700)	10,700	96,306	-	(918,332)	(693,353)
Profit after taxation	4,145,442	2,071,595	(110,606)	(69,133)	91,392	26,092	4,126,228	2,028,554
Depreciation	1,163,646	1,065,745	29,609	27,874	-	-	1,193,255	1,093,619
Capital expenditure	(2,352,706)	(1,218,920)	(169,268)	(5,316)	-	-	(2,521,974)	(1,224,236)
Cash to operations	5,066,129	2,166,589	(16,476)	(149,099)	(41,342)	(40,449)	5,008,311	1,977,041
Cash from investing	(1,365,332)	(329,838)	(184,731)	100,939	33,030	41,058	(1,517,033)	(187,841)
	March 31, 2013 un-audited	June 30, 2012 audited	March 31, 2013 un-audited	June 30, 2012 audited	March 31, 2013 un-audited	June 30, 2012 audited	March 31, 2013 un-audited	June 30, 2012 audited
Segment assets	57,046,435	50,685,198	1,897,802	1,774,872	(356,488)	(354,269)	58,587,749	52,105,801
Segment liabilities	15,649,189	17,754,566	1,636,985	1,403,509	(399,502)	(402,257)	16,886,672	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 parent company on 17 April 2013.

16. Corresponding figures

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

Chief Executive

Director



Notes

A series of horizontal lines for writing notes, starting from the second line below the header and continuing down to the bottom of the page.



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