



First Quarter Report,
September 30,

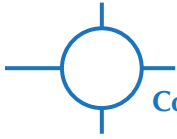
2017
(Un-audited)





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Company Information



Board of Directors

Mrs. Naz Mansha
Mr. Raza Mansha
Mr. Khalid Niaz Khawaja
Mr. Mohammad Arif Hameed
Mr. Khalid Qadeer Qureshi
Mr. Farid Noor Ali Fazal
Mr. Shahzad Ahmad Malik

Chairperson
Chief Executive



Audit Committee

Mr. Khalid Niaz Khawaja
Mr. Khalid Qadeer Qureshi
Mr. Mohammad Arif Hameed

Member/Chairman
Member
Member



Human Resource & Remuneration Committee

Mr. Khalid Qadeer Qureshi
Mr. Raza Mansha
Mr. Shahzad Ahmad Malik

Member/Chairman
Member
Member



Company Secretary

Mr. Khalid Mahmood Chohan



Management

Mr. Raza Mansha
Mr. Aftab Ahmad Khan
Dr. Arif Bashir
Mr. Farid Noor Ali Fazal
Mr. Inayat Ullah Niazi

Chief Executive Officer
Director Finance
Director Technical & Operations
Director Marketing
Chief Financial Officer



Local Bankers

Allied Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank
Faysal Bank Limited
Habib Bank Limited Limited
Habib Metropolitan Bank
MCB Bank Limited

MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Samba Bank Limited
Soneri Bank Limited
Standard Chartered Bank
(Pakistan) Limited
The Bank of Punjab
United Bank Limited



External Auditors

A.F. Ferguson & Co., Chartered Accountants



Legal Advisors

Mr. Shahid Hamid, Bar-at-Law



CUIN

0006469



NTN

1213275-6



STRN

0402252300164



Symbol

DGKC

 **Registered Office**

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web site: www.dgcement.com

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Khairpur, Tehsil Kallar Kahar,
Distt. Chakwal-Pakistan
Phone: 92-543-650215-8
Fax: 92-543-650231

Chichae Gadani Main RCD, Hub,
Distt. Lasbela, Pakistan
UAN: 92 42 111 11 33 33

 **Share Registrar**

THK Associates (Pvt) Ltd
Head Office, Karachi
1st Floor, 40-C, Block-6,
P.E.C.H.S., Karachi.
Tel: (021) 111 000 322
Fax: (021) 34168271

Branch Office, Lahore
DYL Motorcycles Ltd. Office,
147-Q Block, Behind Emporium Mall,
Johar Town, Lahore
Cell: 0303-4444795, 0323-8999514

 **For Investors' Information,
Comments, Inquiries,
Complaints:**

Mr. Inayat Ullah Niazi
Chief Financial Officer
E-mail: iniazid@dgcement.com
Phone: 0092 42 111 11 33 33

Mr. Khalid Mehmood Chohan
Company Secretary
E-mail: kchohan@dgcement.com
Phone: 0092 42 111 11 33 33

The directors of your company are pleased to present you the FY18 first quarter's performance numbers:

PKR in thousands

	Q1FY18	Q1FY17
Sales	7,527,449	6,599,119
Cost of sales	(4,872,232)	(3,688,051)
Gross profit	2,655,217	2,911,068
Administrative expenses	(149,439)	(125,936)
Selling and distribution expenses	(232,751)	(254,499)
Other operating expenses	(196,274)	(208,503)
Other income	485,302	517,240
Profit from operations	2,562,055	2,839,370
Finance cost	(88,691)	(73,813)
Profit before taxation	2,473,364	2,765,557
Taxation	364,064	(858,000)
Profit after taxation	2,837,428	1,907,557
EPS	6.48	4.35

Production and Sales volumetric data is as under:

Figures in MT

	Q1FY18	Q1FY17
Clinker Production	971,818	979,921
Cement Production	1,120,298	1,025,959
Total Sales	1,135,784	978,701
Local Sales (Excluding own consumption)	1,005,421	824,617
Exports Sales	130,363	154,084

During the first quarter of financial year 2018, the Company's gross margin decreased by 9% and profit after tax increased by 49%. The net sales are however, 14% higher. Cost of sales rose by 32%. Gross margin ratio that was 44% in comparative period is slashed down to 35%.

Overall sales increased by 16% in volumes. This is with 22% increase in despatches to local market and 15% decline in exports market. The Company despatch utilization is 108% overall with 95% attributing to local despatches and 13% to exports. Local to exports mix remained at 89:11 in volumetric terms. Unfavourable movements in cement prices obstructed the value impact of volumetric gains. Increased FED has shrunk the margin between gross and net sales value as the complete impact is not passed on to customers.

In cost of sales the considerable increase pertains to coal price hike. This is accompanied by increase in gas price due to RLNG tariff. Electricity cost reduced due to captive power generation and considerably reduced reliance on national grid. Own produced electricity has substantially contained the cost of sales. As far as production is concerned it remained outshined as cement production increased by 9% with 106% cement production efficiency. Clinker production remained at 97% of capacity despite maintenance closure of plant.

Positive taxation impact is registered in this quarter as the Company is expecting commencement of commercial operation of its ongoing Hub project this year. This would bring in depreciation allowance and credit under section 65B of the Income Tax Ordinance 2001 resulting in nil liability for current year tax and consequential deferred tax asset. Therefore, earning per share for first quarter recorded at 6.48 i.e., 49% above of comparative period (Q1FY17: 4.35).

Industrial growth for this first quarter is phenomenal with 22% growth in local market and overall 15% rise in despatches. Exports dipped by 17%. Industrial utilization remained at 88% on overall basis with 77% utilized in local and 11% in exports.

Going forward cement demand in country is intact and growing. Household and private sector are having its major share in driving the demand of cement. A trend is witnessed for investment in real estate from Pakistanis residing abroad. Election year used to herald developmental spending. CPEC is now a reality that is stepping ahead every day. Prices of cement may oscillate but is not expected to leave the comfort zones of manufacturers.

Government expressed not to devalue Pakistani Rupee but it is under pressure. Coal prices are still high and squeezing the margins and expected to remain at same level. While cost saving and efficiency measures are deployed yet we try to pass on the impact of increased coal cost and FED to customers to get margins up.

The Hub project is meeting its milestones and will be available for commercial production in last quarter of current financial year.

Principal activity of the Company is manufacture and sale of cement and following are the principal risks the Company face:

- Tight price market and tough competition
- Capacity utilization
- Interest rate
- Foreign currency fluctuations
- Shrinking exports market

Following are the directors of the Company:

1. Mrs. Naz Mansha (Chairperson)
2. Mr. Raza Mansha
3. Mr. Khalid Niaz Khawaja
4. Mr. Mohammad Arif Hameed
5. Mr. Khalid Qadeer Qureshi
6. Mr. Farid Noor Ali Fazal
7. Mr. Shahzad Ahmad Malik

There are no material post balance sheet events affecting the period end position.

Our plants and operations are complying with international and national environmental standards. DGKC is fully cognizant of its responsibility towards society and welfare. The Company is spending on education, health, medical and fire-fighting facilities, water supply to nearby localities, aiding in emergency and disaster situations in nearby areas, awareness campaigns etc.

There are no changes that have occurred during the period under review concerning the nature of the business of the company or of its subsidiaries, or any other company in which the company has interest.

The Directors of your company state that the system of internal control is sound in design and has been effectively implemented and monitored. Significant deviations from last period in operating results of the company are highlighted and reasoned in other parts of Directors report.

We thank all our stakeholders and admire efforts of our employees.



Raza Mansha
Chief Executive Officer

Lahore
October 18, 2017



Farid Noor Ali Fazal
Director

مندرجہ ذیل کمپنی کے ڈائریکٹر ہیں:

1- محترمہ نازمنشا (چیرپرسن)

2- جناب رضامنشا

3- جناب خالد نیاز خواجہ

4- جناب محمد عارف حمید

5- جناب خالد قدیر قریشی

6- جناب فرید نور علی فضل

7- جناب شہزاد احمد ملک

بعد از بتلنس شیٹ کوئی اہم واقعہ نہیں جو بتلنس شیٹ کو متاثر کرے۔

ہمارے پلانٹس اور آپریشن بین الاقوامی اور قومی ماحولیاتی معیار کے مطابق ہیں۔ ڈی جی خان سیمینٹ کمپنی معاشرے اور فلاح و بہبود کی اپنی ذمہ داری سے پوری طرح واقف ہے۔ کمپنی تعلیم، صحت، طبی اور آگ بچھانے کی سہولیات، قریبی علاقوں میں پانی کی فراہمی، قریبی علاقوں میں ہنگامی اور ناگہانی کے حالات میں مدد، بیداری کی مہم وغیرہ پر خرچ کر رہی ہے۔

کمپنی یا اس کی ماتحت اداروں، یا کسی دیگر کمپنی جس میں کمپنی دلچسپی رکھتی ہے کے کاروبار کی نوعیت سے متعلقہ زیر جائزہ مدت کے دوران کوئی تبدیلیاں وقوع پذیر نہیں ہوئی ہیں۔

آپ کی کمپنی کے ڈائریکٹرز بیان کرتے ہیں کہ اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسے مؤثر طریقے سے لاگو کیا گیا ہے اور نگرانی کی جاتی ہے۔ کمپنی کے آپریٹنگ نتائج میں گزشتہ مدت سے اہم تبدیلیوں کی وضاحت ڈائریکٹرز کی رپورٹ کے دیگر حصوں میں بیان کی گئی ہے۔

ہم اپنے تمام اسٹیک ہولڈرز کی حمایت کے شکر گزار اور اپنے تمام ملازمین کی ان تھک کوششوں کو سراہتے ہیں۔

منجانب بورڈ

Daud Iqbal

فرید نور علی فضل

ڈائریکٹر

Rashid

رضامنشا

چیف ایگزیکٹو آفیسر

لاہور 18 اکتوبر 2017ء

مجموعی فروخت میں حجم کے لحاظ سے 16 فیصد اضافہ ہوا۔ یہ مقامی مارکیٹ کو ترسیلات میں 22 فیصد اضافہ اور برآمد مارکیٹ میں 15 فیصد کمی کی وجہ سے ہے۔ کمپنی کی مستعمل پیداوار کی ترسیل مجموعی طور پر 108 فیصد جس میں مقامی ترسیلات 95 فیصد اور برآمدات 13 فیصد شامل ہیں۔ حجم کے لحاظ سے مقامی سے برآمدات کس کا تناسب 89:11 پر رہا۔ سینٹ کی قیمتوں میں غیر موزوں تبدیلیوں نے حجمی اضافے کے اثرات کو محدود کر دیا۔ ایف ای ڈی میں اضافہ نے مجموعی اور خالص فروخت کے درمیان گنجائش کو کم کر دیا ہے کیونکہ اس کا مکمل اثر صارفین کو منتقل نہیں کیا گیا ہے۔

فروخت کی لاگت میں نمایاں اضافہ کو نئے کی قیمت میں اضافہ سے متعلق ہے۔ مزید برآں یہ آرائل این جی ٹیرف کی وجہ سے گیس کی قیمت میں اضافہ بھی ایک وجہ ہے۔ بجلی کی لاگت ذاتی بجلی کی پیداوار اور قومی گرڈ پر نمایاں کم انحصار کی وجہ سے کم ہوئی ہے۔ ذاتی بجلی کی پیداوار نے فروخت کی لاگت کو محدود کیا۔ جہاں تک پیداوار کا تعلق ہے، یہ بہت بہتر رہی کیونکہ سینٹ کی پیداوار 106 فیصد رہی اور 9 فیصد تک بڑھی۔ پلانٹ کی دیکھ بھال کے لئے بندش کے باوجود کلنگر پیداوار صلاحیت کے 97 فیصد پر برقرار رہی۔

اس سہ ماہی میں ٹیکس کے مثبت اثرات درج کئے گئے ہیں کیونکہ کمپنی اس سال اپنے جاری حب منصوبے کے کمرشل آپریشن کے آغاز کی توقع کر رہی ہے۔ اس سے ڈیپریسی ایشن الاؤنس اور اکم ٹیکس آرڈیننس 2001 کی دفعہ 65B کے تحت کریڈٹ حاصل ہوگا جس سے رواں سال کا کوئی ٹیکس نہیں ہوگا جبکہ ڈیفریڈ ٹیکس اثاثے بنے گا۔ اس لئے پہلی سہ ماہی کے لئے فی شیئر آمدنی 6.48 یعنی تقابلی مدت (Q1FY17: 4.35) سے 49 فی صد زیادہ ہے۔

اس پہلی سہ ماہی کے لئے صنعتی ترقی مقامی مارکیٹ میں 22 فی صد ترقی اور ترسیلات میں 15 فیصد مجموعی اضافہ کے ساتھ غیر معمولی رہی۔ برآمدات 17 فیصد تک گر گئی ہیں۔ صنعتی پیداوار کا استعمال، مقامی سطح پر 77 فیصد اور برآمدات میں 11 فیصد کے ساتھ مجموعی بنیاد پر 88 فیصد پر رہا ہے۔

آگے ملک میں سینٹ کی طلب مستحکم اور بڑھ رہی ہے۔ سینٹ کی طلب کو بڑھانے میں گھریلو اور نجی شعبہ کا بڑا اہم حصہ ہے۔ بیرون ملک مقیم پاکستانیوں کی طرف سے ریئل اسٹیٹ میں سرمایہ کاری کا رجحان قابل ذکر ہے۔ انتخابی سال ترقیاتی اخراجات کو فروغ دیتا ہے۔ سی بیک اب ایک حقیقت ہے جو روز بروز تکمیل کی طرف گامزن ہے۔ سینٹ کی قیمتیں تبدیل ہو سکتی ہیں لیکن مینوفیکچررز کی آرام دہ حد سے نیچے آنے کی توقع نہیں ہے۔

حکومت نے پاکستانی روپیہ کی قدر کو کم نہ کرنے کا اظہار کیا ہے، لیکن یہ دباؤ کے تحت ہے۔ کوئلہ کی قیمتیں اب بھی زیادہ ہیں اور منافع کو کم کر رہی ہیں اور یہ اسی سطح پر برقرار رہنے کی توقع ہے۔ لاگت میں بچت اور بہتر کارکردگی کے اقدامات کرتے ہوئے منافع کے مارجنز کو بڑھانے کے لئے کوئلے کی قیمت کے اثر اور FED میں اضافے کے اثرات صارفین پر منتقل کیے جا سکتے ہیں۔

حب منصوبہ تکمیل کی جانب گامزن ہے اور موجودہ مالی سال کی آخری سہ ماہی میں کمرشل پیداوار کے لئے دستیاب ہوگا۔

کمپنی کی اصل سرگرمی سینٹ کی تیاری اور فروخت کرنا ہے اور کمپنی کو مندرجہ ذیل خطرات کا سامنا ہے:

- مارکیٹ قیمت اور سخت مقابلہ
- مستعمل پیداواری صلاحیت
- سود کی شرح
- غیر ملکی کرنسی کا اتار چڑھاؤ
- برآمد مارکیٹ کا سسکڑاؤ

آپ کی کمپنی کی مجلس نضمام مالی سال 2018ء کی پہلی سہ ماہی کی کارکردگی کے اعداد و شمار پیش کرتے ہوئے خوشی محسوس کرتی ہے۔

پاکستانی روپے ہزاروں میں

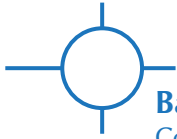
پہلی سہ ماہی مالی سال 2017	پہلی سہ ماہی مالی سال 2018	
6,599,119	7,527,449	فروخت
(3,688,051)	(4,872,232)	قیمت فروخت
2,911,068	2,655,217	مجموعی منافع
(125,936)	(149,439)	انتظامی اخراجات
(254,499)	(232,751)	فروخت اور تقسیم کے اخراجات
(208,503)	(196,274)	دیگر معاملاتی اخراجات
517,240	485,302	دیگر آمدنی
2,839,370	2,562,055	آپریشنز سے نفع / نقصان
(73,813)	(88,691)	مالی لاگت
2,765,557	2,473,364	ٹیکسیشن سے قبل منافع
(858,000)	364,064	ٹیکسیشن
1,907,557	2,837,428	ٹیکسیشن کے بعد منافع
4.35	6.48	فی شیئر آمدنی

پیداوار اور فروختی حجم کے اعداد و شمار درج ذیل ہیں:

اعداد و شمار میٹرک ٹن میں

پہلی سہ ماہی مالی سال 2017	پہلی سہ ماہی مالی سال 2018	
979,921	971,818	کلنٹر کی پیداوار
1,025,959	1,120,298	سیمنٹ کی پیداوار
978,701	1,135,784	کل فروخت
824,617	1,005,421	مقامی فروخت (ذاتی استعمال کے علاوہ)
154,084	130,363	برآمد فروخت

مالی سال 2018ء کی پہلی سہ ماہی کے دوران، کمپنی کے مجموعی منافع میں 9 فیصد کمی اور ٹیکس کے بعد منافع میں 49 فیصد تک اضافہ ہوا۔ تاہم، خالص فروخت 14 فیصد زیادہ ہوئی ہے۔ فروخت کی لاگت 32 فیصد بڑھ گئی۔ مجموعی منافع کا تناسب جو تقابلی مدت میں 44 فی صد تھا، سے کم ہو کر 35% ہو گیا۔



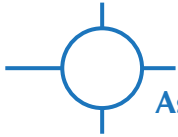
Balance Sheet

Condensed Interim Unconsolidated

	Note	September 2017 unaudited (Rupees in thousand)	June 2017 audited
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
- 950,000,000 (June 30, 2017: 950,000,000) ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (June 30, 2017: 50,000,000) preference shares of Rs 10 each		500,000	500,000
		<u>10,000,000</u>	<u>10,000,000</u>
Issued, subscribed and paid up capital		4,381,191	4,381,191
Reserves		37,345,979	38,014,337
Un-appropriated profit		35,310,779	32,473,351
		<u>77,037,949</u>	<u>74,868,879</u>
NON-CURRENT LIABILITIES			
Long term finances - secured	5	16,279,000	12,520,000
Long term deposits		84,656	79,441
Deferred liabilities		199,626	186,837
Deferred taxation		5,565,213	5,866,359
		<u>22,128,495</u>	<u>18,652,637</u>
CURRENT LIABILITIES			
Trade and other payables		4,869,406	5,454,447
Accrued finance cost		257,345	217,204
Short term borrowing-secured		6,761,578	8,571,228
Current portion of non-current liabilities		523,778	523,778
Derivative financial instrument		48,056	48,056
Provision for taxation		35,090	35,090
		<u>12,495,253</u>	<u>14,849,803</u>
Contingencies and Commitments	6	-	-
		<u>111,661,697</u>	<u>108,371,319</u>

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

Chief Executive

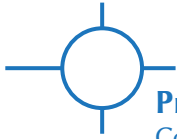


As At September 30, 2017

		<u>September 2017</u>	<u>June 2017</u>
		<u>unaudited</u>	<u>audited</u>
	Note	(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	65,904,135	62,447,737
Investments	8	18,106,775	18,564,054
Long term loans, advances and deposits		58,773	58,844
		<u>84,069,683</u>	<u>81,070,635</u>
CURRENT ASSETS			
Stores, spares and loose tools		5,466,987	4,939,420
Stock-in-trade		810,229	1,162,914
Trade debts		305,518	220,182
Investments - related parties	8	16,928,616	17,044,084
Loans, advances, deposits, prepayments and other receivables		1,759,304	1,987,849
Loan to related party	9	1,000,000	1,000,000
Income tax receivable		879,439	524,355
Cash and bank balances		441,921	421,880
		<u>27,592,014</u>	<u>27,300,684</u>
		<u>111,661,697</u>	<u>108,371,319</u>

Chief Financial Officer

Director



Profit And Loss Account

Condensed Interim Unconsolidated - Unaudited

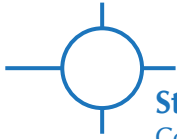
		July to September	
		2017	2016
		(Rupees in thousand)	
	Note		
Sales		7,527,449	6,599,119
Cost of sales	10	(4,872,232)	(3,688,051)
Gross profit		2,655,217	2,911,068
Administrative expenses		(149,439)	(125,936)
Selling and distribution expenses		(232,751)	(254,499)
Other operating expenses		(196,274)	(208,503)
Other income		485,302	517,240
Profit from operations		2,562,055	2,839,370
Finance cost		(88,691)	(73,813)
Profit before taxation		2,473,364	2,765,557
Taxation	11	364,064	(858,000)
Profit after taxation		2,837,428	1,907,557
Earning per share basic and diluted		6.48	4.35

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

Chief Executive

Chief Financial Officer

Director



Statement of Comprehensive Income
Condensed Interim Unconsolidated - Unaudited

July to September
2017 **2016**
(Rupees in thousand)

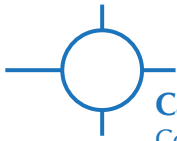
Profit after taxation	2,837,428	1,907,557
Available for sale financial assets		
- Change in fair value	(668,358)	1,261,453
- Realized gain through profit and loss account	-	-
- Tax expense	-	-
Other comprehensive (Loss) / income for the period	(668,358)	1,261,453
Total comprehensive income for the period	2,169,070	3,169,010

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

Chief Executive

Chief Financial Officer

Director



Cash Flow Statement

Condensed Interim Unconsolidated - Unaudited

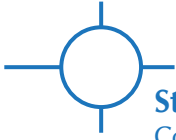
	Note	July to September	
		2017	2016
		(Rupees in thousand)	
Cash generated from operations	13	2,050,834	1,370,947
Financial cost paid		(48,550)	(77,776)
Retirement and other benefits paid		(21,008)	(21,309)
Taxes paid		(292,166)	(888,921)
long term deposits - net		5,215	14,116
Net cash from operating activities [A]		1,694,325	397,057
Capital expenditure including purchase of property, plant and equipment		(3,971,947)	(4,990,112)
Proceeds from sale of property, plant and equipment		16,083	2,687
Long term loans and deposits - net		71	(320)
Investment in equity instruments		(95,611)	(38,012)
Interest received		18,018	65,791
Dividend received		409,752	448,145
Net cash from/ (used in) investing activities [B]		(3,623,634)	(4,511,821)
Repayment of long term finances		(125,000)	(175,000)
Proceeds from long term finances		3,884,000	-
Net cash from/ (used in) financing activities [C]		3,759,000	(175,000)
In(De)crease in cash and cash equivalents [A+B+C]		1,829,691	(4,289,764)
Cash and cash equivalents at the beginning of period		(8,149,348)	3,558,492
Cash and cash equivalents at the end of period	14	(6,319,657)	(731,272)

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

Chief Executive

Chief Financial Officer

Director



Statement of Changes In Equity


Condensed Interim Unconsolidated - Unaudited

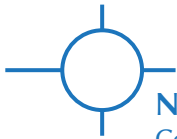
Rupees in thousands	Capital reserve				Revenue reserve		Total
	Share Capital	Share Premium	Fair Value Reserve	Capital Redemption Reserve Fund	General Reserve	Accumulated Profit	
Balance as at June 30, 2017 - Audited	4,381,191	4,557,163	28,031,837	353,510	5,071,827	32,473,351	74,868,879
Total comprehensive income/(loss) for the period							
- Profit for the period	-	-	-	-	-	2,837,428	2,837,428
- Other comprehensive loss for the period	-	-	(668,358)	-	-	-	(668,358)
Balance as at September 30, 2017 - Unaudited	4,381,191	4,557,163	27,363,479	353,510	5,071,827	35,310,779	77,037,949
Balance as at June 30, 2016 - Audited	4,381,191	4,557,163	24,256,385	353,510	5,071,827	27,163,353	65,783,429
Total comprehensive income for the period							
- Profit for the period	-	-	-	-	-	1,907,557	1,907,557
- Other comprehensive income for the period	-	-	1,261,453	-	-	-	1,261,453
Balance as at September 30, 2016 - Unaudited	4,381,191	4,557,163	25,517,838	353,510	5,071,827	29,070,910	68,952,439

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


 Chief Executive


 Chief Financial Officer


 Director



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 the Pakistan Stock Exchange Limited. 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

As per the directions issued by Securities and exchange commission of Pakistan (SECP) through circular number 23 of 2017, these 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 repealed 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, 2017 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.

- 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, 2017.

4. Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

	September 30, 2017	June 30, 2017
	Un-audited	audited
	(Rupees in thousand)	

5. Long term finances

These are composed of:

- Long term loans	-note 5.1	16,779,000	13,020,000
Less: Current portion shown under current liabilities		500,000	500,000
		<u>16,279,000</u>	<u>12,520,000</u>

5.1 Long term loans

Opening balance		13,020,000	3,538,251
Add: Disbursements during the period		3,884,000	11,320,000
Exchange loss during the period		-	641
		<u>16,904,000</u>	<u>14,858,892</u>
Less: Repayment during the period		125,000	1,838,892
Closing balance		<u>16,779,000</u>	<u>13,020,000</u>

6. Contingencies and commitments

6.1 Contingencies

There is no significant change in contingencies from the annual financial statements of the company for the year ended June 30, 2017.

6.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs 160.932 million (June 30, 2017: Rs 183.524 million).
- (ii) Letters of credit for capital expenditure Rs 2,373.610 million (June 30, 2017: Rs 773.728 million).
- (iii) Letters of credit other than capital expenditure Rs 779.608 million (June 30, 2017: Rs 876.794 million).

September 30, 2017	June 30, 2017
Un-audited	audited
(Rupees in thousand)	

7. Property, plant and equipment

Operating assets	-note 7.1	30,572,458	30,987,739
Capital work-in-progress		35,238,738	31,365,859
Major spare parts and stand-by equipment		92,939	94,139
		<u>65,904,135</u>	<u>62,447,737</u>

7.1 Operating assets

Opening book value		30,987,739	31,806,997
Add:			
Additions during the period/ year	-note 7.1.1	100,268	1,264,268
		<u>31,088,007</u>	<u>33,071,265</u>
Less:			
Disposals during the period/ year - net book value		10,188	21,715
Depreciation charged during the period/ year		505,361	2,061,811
Closing book value		<u>30,572,458</u>	<u>30,987,739</u>

7.1.1 Major additions during the period

Free hold land	1,934	28,343
Building on freehold land	-	138,997
Office building and housing colony	-	29,200
Roads	-	60,389
Plant and machinery	33,580	824,927
Quarry equipment	-	16,097
Furniture, fixtures and office equipment	27,591	34,968
Motor vehicles	37,163	118,180
Power and water supply lines	-	13,167
	<u>100,268</u>	<u>1,264,268</u>

8. Investments

Cost of investments	7,671,912	7,576,301
Cumulative fair value gain	27,363,479	28,031,837
	<u>35,035,391</u>	<u>35,608,138</u>
Less: Investments classified in current assets	16,928,616	17,044,084
Closing balance	<u>18,106,775</u>	<u>18,564,054</u>

9. Loan to related party

This represents loan amounting to Rs 1,000 million to Nishat Hotels and Properties Limited ('NHPL'), an associated company, for meeting its working capital requirements. The loan carries markup at the rate of 3 months KIBOR + 0.5% per annum, payable on a monthly basis. The entire amount of the loan is repayable on October 30, 2017. The loan is secured through corporate guarantee of 110% of the loan amount issued by NHPL in favour of the Company. The effective markup rate charged during the period was 6.55% per annum.

In case of default in payment of principal or markup, the borrower shall be liable to pay additional sum equivalent to 7.5% per annum of respective amount of default.

July to September 2017 2016 (Rupees in thousand)

10. Cost of sales

Raw and packing materials consumed	528,179	525,640
Salaries, wages and other benefits	543,090	437,505
Electricity, gas and water	510,106	668,488
Furnace oil/coal	1,978,040	1,355,189
Stores and spares consumed	414,486	313,238
Repair and maintenance	63,847	32,412
Insurance	13,284	16,653
Depreciation on property, plant and equipment	487,485	488,974
Royalty	75,852	76,051
Excise duty	7,225	7,241
Vehicle running	6,762	5,123
Postage, telephone and telegram	1,459	951
Printing and stationery	3,402	2,769
Legal and professional charges	738	1,482
Travelling and conveyance	1,427	2,124
Estate development	5,753	5,023
Rent, rates and taxes	11,622	14,201
Freight charges	6,880	6,228
Other expenses	5,592	4,775
Total manufacturing cost	4,665,229	3,964,067
Opening work-in-process	522,557	166,940
Cost of goods available for manufacture	5,187,786	4,131,007
Closing work-in-process	(345,778)	(282,013)
Cost of goods manufactured	4,842,008	3,848,994
Opening stock of finished goods	332,278	185,342
Cost of goods available for sale	5,174,286	4,034,336
Closing stock of finished goods	(241,692)	(277,265)
Own consumption capitalized	(60,362)	(69,020)
Cost of goods sold	4,872,232	3,688,051

July to September
2017 **2016**

(Rupees in thousand)

11. Taxation

Current tax	-	678,000
Deferred tax	(364,064)	180,000
	<u>(364,064)</u>	<u>858,000</u>

12. 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 to September
2017 **2016**

(Rupees in thousand)

Relationship with the Company	Nature of transaction		
Subsidiary Company	Purchase of goods and services	323,162	219,643
	Sale of goods and services	6,924	11,170
	Rental Income	214	208
	Dividend income	-	38,393
Other related parties	Purchase of goods and services	427,428	555,737
	Insurance premium	42,826	34,648
	Sale of goods	49,020	9,209
	Insurance claim received	-	901
	Dividend income	409,109	409,109
Key Management personnel	Salaries and other employment benefits	61,971	56,198
Post employment benefit plans	Expense charged in respect of staff retirement benefits plans	33,653	28,097

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

13. Cash flow from operating activities

Profit before tax	2,473,364	2,765,557
Adjustment for :		
- Depreciation on property, plant and equipment	505,361	507,278
- Profit on disposal of property, plant and equipment	(5,895)	(44)
- Dividend income	(409,752)	(448,145)
- Retirement and other benefits accrued	33,797	26,642
- Markup income	(18,018)	(65,791)
- Exchange loss - net	-	233
- Finance cost	88,691	73,813
Profit before working capital changes	2,667,548	2,859,543
- Stores, spares and loose tools	(527,567)	(38,645)
- Stock-in-trade	352,685	(97,799)
- Trade debts	(85,336)	(29,121)
- Advances, deposits, prepayments and other receivables	228,545	(438,196)
- Trade and other payables	(585,041)	(884,835)
Net working capital changes	(616,714)	(1,488,596)
Cash generated from operations	<u>2,050,834</u>	<u>1,370,947</u>
14. Cash and cash equivalents		
Short term borrowings - secured	(6,761,578)	(3,664,329)
Cash and bank balances	441,921	2,933,057
Total cash and cash equivalents	<u>(6,319,657)</u>	<u>(731,272)</u>

15. Financial risk management

15.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the company's annual financial statements as at June 30, 2017.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2017.

15.2 Liquidity risk

Compared to the year ended June 30, 2017, the Company has acquired long term borrowings amounting to Rs 3.8 billion as referred to in note 5.1. The contractual undiscounted cash flows for the company's financial liabilities are as follows:

	Carrying Value	Less than 1 year	Between 1 and 3 year	More than 3 years
	(Rupees in thousand)			
As at September 30, 2017				
Long term finances - secured	16,779,000	500,000	4,132,722	12,146,278
Long term deposits	84,656	-	-	84,656
Trade and other payables	4,657,133	4,657,133	-	-
Short term borrowings - secured	6,761,578	6,761,578	-	-
Accrued finance cost	257,345	257,345	-	-
	<u>28,539,712</u>	<u>12,176,056</u>	<u>4,132,722</u>	<u>12,230,934</u>

As at June 30, 2017

Long term finances - secured	13,020,000	500,000	4,132,722	8,387,278
Long term deposits	79,441	-	-	79,441
Trade and other payables	4,659,515	4,659,515	-	-
Short term borrowings - secured	8,571,228	8,571,228	-	-
Accrued finance cost	217,204	217,204	-	-
	<u>26,547,388</u>	<u>13,947,947</u>	<u>4,132,722</u>	<u>8,466,719</u>

15.3 Fair value estimation

The different levels for fair value estimation used by the Company have been defined as follows:

- The fair value of financial instruments traded in active markets (such as publicly traded available for sale securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted market price used for financial assets held by the company is the current bid price. These instruments are included in Level 1.
- The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.
- If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table presents the Company's assets and liabilities that are measured at fair values:

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
As at September 30, 2017				
Assets				
Investments - available for sale	28,430,617	-	4,051,000	32,481,617
Total assets	28,430,617	-	4,051,000	32,481,617

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Liabilities				
Derivative financial instruments	-	48,056	-	48,056
Total liabilities	-	48,056	-	48,056

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
As at June 30, 2017				
Assets				
Investments - Available for sale	29,003,364	-	4,051,000	33,054,364
Total assets	29,003,364	-	4,051,000	33,054,364
Liabilities				
Derivative financial instruments	-	48,056	-	48,056
Total liabilities	-	48,056	-	48,056

There were no transfers between Level 1 and 2 during the period. There were no changes in valuation techniques during the periods.

16. Date of authorization

This interim financial information was authorized for issue by the Board of Directors of the Company on October 18, 2017.

17. 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.



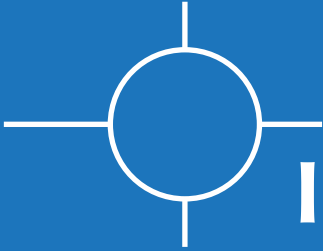
Chief Executive



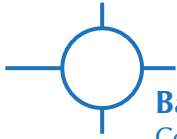
Chief Financial Officer



Director



**Interim Consolidated
Financial
Statements**



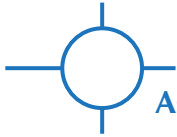
Balance Sheet

Condensed Interim Consolidated

	Note	September 2017 unaudited (Rupees in thousand)	June 2017 audited
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
- 950,000,000 (June 30, 2017: 950,000,000) ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (June 30, 2017: 50,000,000) preference shares of Rs 10 each		500,000	500,000
		<u>10,000,000</u>	<u>10,000,000</u>
Issued, subscribed and paid up capital		4,381,191	4,381,191
Reserves		37,310,661	37,979,019
Un-appropriated profit		35,113,579	32,333,597
Attributable to owners of the parent company		76,805,431	74,693,807
Non-controlling interest		1,924,759	1,971,423
		<u>78,730,190</u>	<u>76,665,230</u>
NON-CURRENT LIABILITIES			
Long term finances - secured	5	16,306,500	12,547,500
Long term deposits		84,656	79,441
Deferred liabilities		199,626	186,838
Deferred taxation		5,945,883	6,245,772
		<u>22,536,665</u>	<u>19,059,551</u>
CURRENT LIABILITIES			
Trade and other payables		5,335,256	5,695,482
Accrued finance cost		257,345	219,927
Short term borrowing-secured		6,856,988	8,614,810
Loan from related party - unsecured		175,000	169,000
Current portion of non-current liabilities		582,704	610,028
Financial instrument - forward		48,056	48,056
Provision for taxation		35,090	35,090
		<u>13,290,439</u>	<u>15,392,393</u>
Contingencies and Commitments	6	-	-
		<u>114,557,294</u>	<u>111,117,174</u>

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

Chief Executive

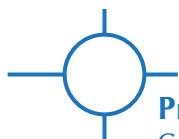


As At September 30, 2017

		<u>September 2017</u> unaudited (Rupees in thousand)	<u>June 2017</u> audited
	Note		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	69,204,611	65,810,012
Biological assets		509,494	591,579
Investments	8	15,724,044	16,126,081
Long term loans, advances and deposits		59,678	59,748
		<u>85,497,827</u>	<u>82,587,420</u>
CURRENT ASSETS			
Stores, spares and loose tools		5,609,689	5,083,011
Stock-in-trade		1,463,180	1,795,345
Trade debts		732,987	497,748
Investments	8	16,922,259	17,044,142
Advances, deposits, prepayments and other receivables		1,968,805	1,983,428
Loan to related party	9	1,000,000	1,000,000
Income tax recoverable		884,837	675,552
Cash and bank balances		477,710	450,528
		<u>29,059,467</u>	<u>28,529,754</u>
		<u>114,557,294</u>	<u>111,117,174</u>

Chief Financial Officer

Director



Profit And Loss Account

Condensed Interim Consolidated - Unaudited

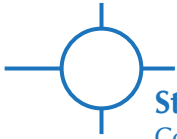
		July to September	
	Note	2017	2016
		(Rupees in thousand)	
Sales		8,110,392	7,117,094
Cost of sales	10	(5,418,234)	(4,167,769)
Gross profit		2,692,158	2,949,325
Administrative expenses		(168,080)	(139,037)
Selling and distribution expenses		(237,724)	(257,548)
Other operating expenses		(281,327)	(297,564)
Other income		491,755	443,739
Profit / (Loss) from operations		2,496,782	2,698,915
Finance cost		(96,499)	(84,837)
Profit before taxation		2,400,283	2,614,078
Taxation	11	333,035	(886,103)
Profit after taxation		2,733,318	1,727,975
Attributable to:			
Equity holders of the parent		2,779,982	1,774,037
Non-controlling interest		(46,664)	(46,062)
		2,733,318	1,727,975
Earning per share basic and diluted (Rupees)		6.24	3.94

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

Chief Executive

Chief Financial Officer

Director



Statement of Comprehensive Income

Condensed Interim Consolidated - Unaudited

July to September
2017 2016
(Rupees in thousand)

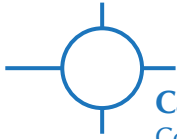
Profit after taxation	2,733,318	1,727,975
Available for sale financial assets		
- Change in fair value	(668,358)	1,261,453
Other comprehensive (loss) / income for the period	(668,358)	1,261,453
Total comprehensive income for the period	2,064,960	2,989,428
Attributable to:		
Equity holders of the parent	2,111,624	3,035,490
Non-controlling interest	(46,664)	(46,062)
	2,064,960	2,989,428

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

Chief Executive

Chief Financial Officer

Director



Cash Flow Statement

Condensed Interim Consolidated - Unaudited

	Note	July to September	
		2017	2016
		(Rupees in thousand)	
Cash generated from operations	13	1,892,074	1,233,741
Financial cost paid		(59,081)	(96,290)
Retirement and other benefits paid.		(21,009)	(21,310)
Taxes paid		(176,139)	(639,660)
long term deposits - net		5,215	14,116
Net cash from operating activities [A]		1,641,060	490,597
Capital expenditure including purchase of property, plant and equipment		(3,893,217)	(4,929,461)
Proceeds from sale of property, plant and equipment		16,083	4,736
Long term loans and deposits - net		70	(321)
Investment - net		(144,438)	(88,981)
Interest received		18,018	67,607
Dividend received		409,752	409,752
Net cash from/ (used in) investing activities [B]		(3,593,732)	(4,536,668)
Repayment of long term finances		(152,324)	(218,125)
Dividend paid to non-controlling intrest		-	(31,413)
Loan from related party		6,000	-
Proceeds from long term finances		3,884,000	-
Net cash from/ (used in) financing activities [C]		3,737,676	(249,538)
In(De)crease in cash and cash equivalents [A+B+C]		1,785,004	(4,295,609)
Cash and cash equivalents at the beginning of period		(8,164,282)	3,272,088
Cash and cash equivalents at the end of period	14	(6,379,278)	(1,023,521)

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

Chief Executive

Chief Financial Officer

Director



Statement of Changes In Equity


Condensed Interim Consolidated - Unaudited

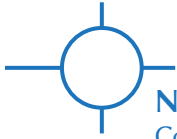
Rupees in thousands	Capital reserve					Revenue reserve			
	Share Capital	Share Premium	Fair Value Reserve	Capital Redemption Reserve Fund	General Reserve	Accumulated Profit	Total equity attributable to shareholders of parent company	Non-Controlling interest	Total share holders equity
Balance as at June 30, 2017 - Audited	4,381,191	4,557,163	27,957,495	353,510	5,110,851	32,333,597	74,693,807	1,971,423	76,665,230
Total comprehensive income for the period									
- Profit for the period	-	-	-	-	-	2,779,982	2,779,982	(46,664)	2,733,318
- Other comprehensive loss for the period	-	-	(668,358)	-	-	-	(668,358)	-	(668,358)
Balance as at September 30, 2017 - Unaudited	4,381,191	4,557,163	27,289,137	353,510	5,110,851	35,113,579	76,805,431	1,924,759	78,730,190
Balance as at June 30, 2016 - Audited	4,381,191	4,557,163	24,183,708	353,510	5,110,851	27,108,337	65,694,760	2,041,337	67,736,097
Total comprehensive income for the period									
- Profit for the period	-	-	-	-	-	1,774,037	1,774,037	(46,062)	1,727,975
- Other comprehensive income for the period	-	-	1,261,453	-	-	-	1,261,453	-	1,261,453
Final dividend for the year ended June 30, 2016 (Rs 1.5 per share)	-	-	-	-	-	-	-	(31,413)	(31,413)
Balance as at September 30, 2016 - Unaudited	4,381,191	4,557,163	25,445,161	353,510	5,110,851	28,882,374	68,730,250	1,963,862	70,694,112

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


 Chief Executive


 Chief Financial Officer


 Director



Notes to and Forming Part of the Condensed Interim Consolidated Financial Information - Unaudited

1. Legal status and nature of business

The group comprises of:

- D. G. Khan Cement Company Limited (the parent company);
- Nishat Paper Products Company Limited;
- Nishat Dairy (Private) Limited; and
- Nishat Farm Supplies (Private) Limited.

The parent company is a public limited company incorporated in Pakistan and is listed on Pakistan Stock Exchange. 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.

Nishat Paper Products Company Limited is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 on July 23, 2004. It is principally engaged in the manufacture and sale of paper products and packaging material.

Nishat Dairy (private) Limited (the company) was incorporated in Pakistan under the Companies Ordinance 1984 on October 28, 2011. The principally activity of the company is to carry on the business of production and sale of raw milk.

Nishat Farm Supplies (Private) Limited is a private limited company incorporated in Pakistan. It is a wholly owned subsidiary of Nishat Dairy (Private) Limited. The principal activity of the company is to carry on the business of sale, marketing and distribution of imported chemicals, medicines, vaccines, cows, other chemicals of all kinds and types (hereinafter referred to as the 'Farm Supplies segment').

2. Basis of preparation

As per the directions issued by Securities and exchange commission of Pakistan (SECP) through circular number 23 of 2017, these unaudited condensed interim consolidated 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 repealed 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, 2017 as they provide an update of previously reported information.

3. Significant accounting policies

3.1 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, 2017.

3.2 Significant accounting estimates, judgements and financial risk:

The preparation of this condensed interim financial information in conformity with the approved accounting standards as applicable in Pakistan for interim reporting to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognised prospectively commencing from the period of revision.

Judgements and estimates made by the management in the preparation of this condensed interim consolidated financial information are the same as those applied to the financial statements as at and for the year ended June 30, 2017.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2017.

4. Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

September 30, 2017	June 30, 2017
Un-audited	audited
(Rupees in thousand)	

5. Long term finances

These are composed of:

- Long term loans

-note 5.1

Less: Current portion shown under current liabilities

16,865,426	13,133,750
16,865,426	13,133,750
558,926	586,250
<u>16,306,500</u>	<u>12,547,500</u>

September 30, 2017	June 30, 2017
Un-audited	audited
(Rupees in thousand)	

5.1 Long term loans

Opening balance	13,133,750	3,785,126
Add: Disbursements during the period	3,884,000	11,320,000
Exchange loss during the period	-	641
	<u>17,017,750</u>	<u>15,105,767</u>
Less: Repayment during the period	152,324	1,972,017
Closing balance	<u>16,865,426</u>	<u>13,133,750</u>

6. Contingencies and commitments

6.1 Contingencies

There is no significant change in contingencies from the annual financial statements of the company for the year ended June 30, 2017.

6.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs 160.932 million (June 30, 2017: Rs 904.364 million).
- (ii) Letters of credit for capital expenditure Rs 2,373.610 million (June 30, 2017: Rs 773.728 million).
- (iii) Letters of credit other than capital expenditure Rs 1,344.691 million (June 30, 2017: Rs 1,087.394 million).

September 30, 2017	June 30, 2017
Un-audited	audited
(Rupees in thousand)	

7. Property, plant and equipment

Operating Assets	-note 7.1	33,857,170	34,336,559
Capital work-in-progress		35,254,502	31,379,314
Major spare parts and stand-by equipment		92,939	94,139
		<u>69,204,611</u>	<u>65,810,012</u>

	September 30, 2017	June 30, 2017
	Un-audited	audited
	(Rupees in thousand)	

7.1 Operating assets

Opening book value	34,336,559	35,288,238
Add:		
Additions during the period/ year	101,314	1,411,506
	<u>34,437,873</u>	<u>36,699,744</u>
Less:		
Disposals during the period/ year - net book value	10,188	25,418
Depreciation charged during the period/ year	570,515	2,337,767
Closing book value	<u>33,857,170</u>	<u>34,336,559</u>

7.1.1 Major additions during the period

Free hold land	1,934	38,525
Building on freehold land	-	221,859
Office building and housing colony	-	29,200
Roads	-	66,354
Plant and machinery	34,393	852,612
Quarry equipment	-	18,722
Furniture, fixtures and office equipment	27,824	39,664
Motor vehicles	37,163	123,240
Power and water supply lines	-	21,330
	<u>101,314</u>	<u>1,411,506</u>

8. Investments

Cost of investments	5,357,166	5,212,728
Add: Fair value adjustments	27,289,137	27,957,495
	<u>32,646,303</u>	<u>33,170,223</u>
Less: Investments classified in current assets	16,922,259	17,044,142
Closing balance	<u>15,724,044</u>	<u>16,126,081</u>

9. Loan to related party

This represents loan amounting to Rs 1,000 million to Nishat Hotels and Properties Limited ('NHPL'), an associated company, for meeting its working capital requirements. The loan carries markup at the rate of 3 months KIBOR + 0.5% per annum, payable on a monthly basis. The entire amount of the loan is repayable on October 30, 2017. The loan is secured through corporate guarantee of 110% of the loan amount issued by NHPL in favour of the Company. The effective markup rate charged during the period was 6.55% per annum.

In case of default in payment of principal or markup, the borrower shall be liable to pay additional sum equivalent to 7.5% per annum of respective amount of default.

July to September
2017 **2016**
(Rupees in thousand)

10. Cost of sales

Raw and packing materials consumed	678,981	702,023
Forage	216,343	187,904
Medicine and related items	22,216	24,239
Salaries, wages and other benefits	579,359	468,178
Electricity, gas and water	553,844	704,778
Furnace oil/coal	1,978,040	1,355,189
Stores and spares consumed	418,359	321,480
Repair and maintenance	76,648	33,694
Insurance	13,947	17,558
Depreciation on property, plant and equipment	551,299	556,075
Royalty	75,852	76,051
Excise duty	7,225	7,241
Vehicle running	6,992	5,313
Postage, telephone and telegram	1,465	961
Printing and stationery	3,402	2,769
Legal and professional charges	738	1,582
Travelling and conveyance	1,427	2,124
Estate development	5,753	5,023
Rent, rates and taxes	11,622	14,205
Freight charges	6,896	6,238
Other expenses	24,176	22,094
Total manufacturing cost	5,234,584	4,514,719
Opening work-in-process	522,557	166,940
Cost of goods available for manufacture	5,757,141	4,681,659
Closing work-in-process	(345,778)	(282,013)
Cost of goods manufactured	5,411,363	4,399,646
Opening stock of finished goods	431,356	292,093
Cost of goods available for sale	5,842,719	4,691,739
Closing stock of finished goods	(364,123)	(454,950)
Own consumption capitalized	(60,362)	(69,020)
Cost of goods sold	5,418,234	4,167,769
11. Taxation		
Current tax	29,772	709,103
Deferred tax	(362,807)	177,000
	(333,035)	886,103

12. 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:

		July to September	
		2017	2016
		(Rupees in thousand)	
Relationship with the Group	Nature of transaction		
Other related parties	Purchase of goods and services	427,428	555,737
	Insurance premium	42,826	34,648
	Sale of goods	49,020	9,209
	Insurance claim received	-	901
	Dividend income	409,109	409,109
Key Management personnel	Salaries and other employment benefits	61,971	56,198
Post employment benefit plans	Expense charged in respect of staff retirement benefits plans	33,653	28,097

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

July to September
2017 **2016**
(Rupees in thousand)

13. Cash flow from operating activities

Profit before tax	2,400,283	2,614,078
Adjustment for :		
- Depreciation on property, plant and equipment	570,515	575,373
- Amortization on Intangible assets	-	4,613
- Profit on disposal of property, plant and equipment	(5,895)	(44)
- Dividend income	(409,752)	(409,752)
- Retirement and other benefits accrued	33,797	26,642
- Markup income	(18,018)	(67,607)
- Exchange loss - net	-	233
- Finance cost	96,499	84,837
Profit before working capital changes	2,667,429	2,828,373
- Stores, spares and loose tools	(526,678)	(52,641)
- Stock-in-trade	332,165	(147,383)
- Trade debts	(235,239)	(80,821)
- Advances, deposits, prepayments and other receivables	14,623	(791,036)
- Trade and other payables	(360,226)	(522,751)
Net working capital changes	(775,355)	(1,594,632)
Cash generated from operations	1,892,074	1,233,741

14. Cash and cash equivalents

Short term borrowings - secured	(6,856,988)	(3,992,361)
Cash and bank balances	477,710	2,968,840
	(6,379,278)	(1,023,521)

15. Financial risk management

15.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The consolidated condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the group's annual financial statements as at June 30, 2017.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2017.

15.2 Liquidity risk

Compared to the year ended June 30, 2017, the Company has acquired long term borrowings amounting to Rs 3.8 billion as referred to in note 5.1. The contractual undiscounted cash flows for the company's financial liabilities are as follows:

	Carrying Value	Less than 1 year	Between 1 and 3 year	More than 3 years
		(Rupees in thousand)		
As at September 30, 2017				
Long term finances - secured	16,865,426	558,926	4,132,722	12,173,778
Long term deposits	84,656	-	-	84,656
Trade and other payables	5,122,982	5,122,982	-	-
Short term borrowings - secured	6,856,988	6,856,988	-	-
Accrued finance cost	257,345	257,345	-	-
	<u>29,187,397</u>	<u>12,796,241</u>	<u>4,132,722</u>	<u>12,258,434</u>

As at June 30, 2017

Long term finances - secured	13,133,750	586,250	4,160,222	8,387,278
Long term deposits	79,441	-	-	79,441
Trade and other payables	4,081,090	4,081,090	-	-
Short term borrowings - secured	8,614,810	8,614,810	-	-
Accrued finance cost	219,927	219,927	-	-
	<u>26,129,018</u>	<u>13,502,077</u>	<u>4,160,222</u>	<u>8,466,719</u>

15.3 Fair value estimation

The different levels for fair value estimation used by the Company have been defined as follows:

- The fair value of financial instruments traded in active markets (such as publicly traded available for sale securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted market price used for financial assets held by the company is the current bid price. These instruments are included in Level 1.
- The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.
- If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table presents the Group's assets and liabilities that are measured at fair values:

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
As at September 30, 2017				
Assets				
Investments - available for sale	28,595,303	-	4,051,000	32,646,303
Biological assets	-	-	509,494	509,494
Total assets	28,595,303	-	4,560,494	33,155,797

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Liabilities				
Financial instruments - forward	-	48,056	-	48,056
Total liabilities	-	48,056	-	48,056

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			

As at June 30, 2017

Assets				
Investments - At fair value through profit or loss	57	-	-	57
Investments - Available for sale	29,119,166	-	4,051,000	33,170,166
Biological assets	-	-	591,579	591,579
Total assets	29,119,166	-	4,642,579	33,761,802

Liabilities				
Financial instruments - forward	-	48,056	-	48,056
Total liabilities	-	48,056	-	48,056

There were no transfers between Level 1 and 2 during the period. There were no changes in valuation techniques during the periods.

16. 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.
Dairy	Production and sale of raw milk.

16.1 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 1st to September 30th

Rupees in thousands	Cement		Paper		Dairy/Farm		Elimination - net		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue from										
- External Customers	7,527,449	6,599,119	286,820	283,223	296,123	234,752	-	-	8,110,392	7,117,094
- Inter-group	-	-	323,162	219,643	-	-	(323,162)	(219,643)	-	-
	7,527,449	6,599,119	609,982	502,866	296,123	234,752	(323,162)	(219,643)	8,110,392	7,117,094
Segment gross profit/(loss)	2,655,217	2,911,068	114,855	122,764	(86,508)	(95,828)	8,594	11,321	2,692,158	2,949,325
Segment expenses	(578,464)	(588,938)	(15,955)	(5,577)	(92,712)	(92,166)	-	(7,468)	(687,131)	(694,149)
Other income	485,302	517,240	4,189	2,099	2,478	1,394	(214)	(76,994)	491,755	443,739
Financial charges	(88,691)	(73,813)	(7,765)	(18,381)	(43)	(112)	-	7,469	(96,499)	(84,837)
Taxation	364,064	(858,000)	(31,029)	(28,103)	-	-	-	-	333,035	(886,103)
Profit after taxation	2,837,428	1,907,557	64,295	72,802	(176,785)	(186,712)	8,380	(65,672)	2,733,318	1,727,975
Depreciation	505,361	507,278	11,896	8,104	48,896	51,443	4,362	8,548	570,515	575,373
Capital expenditure	(3,971,947)	(4,990,112)	(3,599)	(371)	(3,336)	(29,414)	85,665	90,436	(3,893,217)	(4,929,461)
Cash to operations	1,694,325	397,057	22,686	34,685	(15,712)	36,415	(60,239)	22,440	1,641,060	490,597
Cash from investing	(3,623,634)	(4,511,821)	(31,209)	(20,002)	872	(13,820)	60,239	8,975	(3,593,732)	(4,536,668)
Rupees in thousands	30-09-2017	30-6-2017	30-09-2017	30-6-2017	30-09-2017	30-6-2017	30-09-2017	30-6-2017	30-09-2017	30-6-2017
	unaudited	audited	unaudited	audited	unaudited	audited	unaudited	audited	unaudited	audited
Segment assets	111,661,698	108,371,319	1,938,777	1,860,330	3,146,636	3,230,910	(2,189,817)	(2,345,385)	114,557,294	111,117,174
Segment liabilities	34,623,748	33,502,440	692,209	677,241	641,393	548,882	(130,246)	(276,619)	35,827,104	34,451,944

16.2 Geographical segments

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

17. Date of authorization

This interim financial information was authorized for issue by the Board of Directors of the Company on October 18, 2017.

18. 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.



Chief Executive



Chief Financial Officer



Director

Notes



D.G. KHAN CEMENT COMPANY LIMITED

Nishat House, 53-A, Lawrence Road, Lahore-Pakistan.

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