



Half Yearly Report,  
December 31,

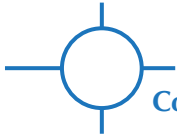
**2017**  
(Un-audited)





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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 Niaz Khawaja  
Mr. Raza Mansha  
Mr. Khalid Qadeer Qureshi

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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Distt. Chakwal-Pakistan  
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Chichae Gadani Main RCD, Hub,  
Distt. Lasbela, Pakistan  
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 **Share Registrar**

THK Associates (Pvt) Ltd  
Head Office, Karachi  
1<sup>st</sup> 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](mailto:iniazid@dgcement.com)  
Phone: 0092 42 111 11 33 33

**Mr. Khalid Mehmood Chohan**  
Company Secretary  
E-mail: [kchohan@dgcement.com](mailto:kchohan@dgcement.com)  
Phone: 0092 42 111 11 33 33

The directors of your company are pleased to present you the FY18 half yearly performance numbers:

**PKR in thousands**

	<b>HYFY18</b>	<b>HYFY17</b>
Sales	15,763,670	14,687,163
Cost of sales	(10,513,750)	(8,347,598)
Gross profit	5,249,920	6,339,565
Administrative expenses	(295,919)	(261,323)
Selling and distribution expenses	(460,165)	(504,705)
Other operating expenses	(469,528)	(506,377)
Other income	1,192,845	1,175,841
Finance cost	(192,644)	(163,113)
Profit before taxation	5,024,509	6,079,888
Taxation	(1,290,654)	(1,574,207)
Profit after taxation	3,733,855	4,505,681
EPS	8.52	10.28

Production and Sales volumetric data is as under:

**Figures in MT**

	<b>HYFY18</b>	<b>HYFY17</b>
Clinker Production	2,133,767	2,065,862
Cement Production	2,440,060	2,249,209
Cement -Total Sales	2,448,267	2,223,449
Cement Local Sales (Excluding own consumption)	2,192,237	1,913,860
Cement Exports Sales	256,030	309,589
Clinker Local Sales	26,576	-

During half year FY18 clinker production reached at 106% (HYFY17: 103%) efficiency level while cement production efficiency reached at 116% (HYFY17: 107%). Cement despatch utilization achieved levels of 116% (HYFY17: 105%) on overall basis, 104% (HYFY17: 91%) in local sales and 12% (HYFY17: 15%) in exports sales. This half year registered 3% increase in clinker production, 8% growth in cement production, 10% upward trend in overall volumetric sales, 14% growth in local market sales while 17% decline in exports sales in comparison with comparative half year. Exports of cement have come to 10% of total sales.

## Volumetric change

	% change for HY18 wrt HY17	% change for Q218 wrt Q118
Clinker Production	3.29	16.36
Cement Production	8.49	15.11
Cement -Total Sales	10.11	13.46
Cement Local Sales (Excluding own consumption)	14.55	15.28
Cement Exports Sales	(17.30)	(3.74)

Overall net sales grew by 7% in value terms with a corresponding increase of 25% in cost of sales. This puts gross margin to reduce by 17% of what was in half year of FY17. Profit before tax decreased by 17%. Taxation expense reduced by 18%. It all reduced profit after tax by 17%. GP margin recorded at 33% (HYFY17: 43%) and PAT ratio to sales remained at 24% (HYFY17: 31%).

	Q1HY18	Q1HY17	Q2HY18	Q2HY17	HY18	HY17
GP margin (%)	35	44	32	42	33	43
PBT margin (%)	33	42	31	41	32	41

For second quarter of this year GP ratio is 32% (HYFY17: 42%). In second quarter sales growth in volumes is 2% and GP decline is 24% in comparison with second quarter of last financial year.

Main reason for this decline in PAT is shrinkage of GP. GP reduction is due to reducing cement prices in local market. Market price situation is tough but not negative. This hampered the conversion of volumetric growth into monetary terms. The market situation presently is also not permitting to pass on the impact of higher FED and input costs. Other main factor for reduction in GP is rising coal prices and increased cost of gas due to RLNG tariff. The Company managed to reduce reliance on national grid due to comparatively cheap captive power generation. Kiln operational days remained 6% more than comparative six months.

Tax credit for investment, estimated to be Rs.2.9 billion under section 65B of the Income Tax Ordinance, 2001 will be recognized upon commencement of operations of our new production line being set up at Hub, Baluchistan. It is expected to start operations by June 2018.

In January 2018, SBP increased discount rate by 25bps to reach at 6%. This was somewhat unexpected move. PKR lost about 5% against USD during 2nd quarter in December and may lose its strength further. SBP expects to achieve real GDP growth rate of 5.8%. This is better than last year but will nearly miss the target for the year. Oil prices increased expected to hover around USD70. This may add to woes in country's economic management. In fiscal terms, this may lead to magnification of inflation in country.

Industrial growth for this half year was 12% with 17% growth in local and 17% decline in exports. Industrial utilization remained at 95% on overall basis with 85% utilized in local and 10% in exports. FY18 Q2 to Q1 local sales are 19% higher with 15% overall growth.

Given the trend of cement sales so far and economic projections of country, it is expected that cement sales will grow on local front. Election year, CPEC activities and household sector all are expected to drive the demand in coming time. Cement prices are in depressing mood yet prolific. Under pressure Pakistani Rupee, high coal prices, increasing inflation and inflated oil prices all are joining hands to reduce the margins in coming months.

The Hub project is expected to be operational in last quarter of this 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.

For and on behalf of the Board



**Raza Mansha**  
Chief Executive Officer



**Farid Noor Ali Fazal**  
Director

Lahore  
February 20, 2018

قیمتیں، بڑھتا ہوا افراط زر اور تیل کی قیمتوں میں اضافہ بھی آئندہ مہینوں میں مارجن کو کم کرتے نظر آ رہے ہیں۔

حب منصوبہ موجودہ مالی سال کی آخری سہ ماہی میں کمرشل پیداوار کے لئے دستیاب ہونے کی توقع ہے۔

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
- مستقل پیداواری صلاحیت
- سود کی شرح
- غیر ملکی کرنسی کا اتار چڑھاؤ
- برآمد مارکیٹ کا سسٹم

مندرجہ ذیل کمپنی کے ڈائریکٹرز ہیں:

1- محترمہ نازمنشا (چیئر پرسن)

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 بیلنس شیٹ کوئی اہم واقعہ نہیں جو درج کیا جائے۔

ہمارے پلانٹس اور آپریشن بین الاقوامی اور قومی ماحولیاتی معیار کے مطابق ہیں۔ ڈی جی خان سینٹ کمپنی معاشرے اور فلاح و بہبود کی اپنی ذمہ داری سے پوری طرح واقف ہے۔ کمپنی تعلیم، صحت، طبی اور آگ بجھانے 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 زبرد 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

David Jazal

فرید نور علی فضل

ڈائریکٹر

رضامنشا

چیف ایگزیکٹو آفیسر

لاہور 20 فروری 2018ء



## تجم کے لحاظ سے تبدیلی

HY17 کے لحاظ سے HY18 کی فیصد تبدیلی	Q118 کے لحاظ سے Q218 کی فیصد تبدیلی	
3.29	16.36	کلنگر پیداوار
8.49	15.11	سینٹ کی پیداوار
10.11	13.46	سینٹ - کل فروخت
14.55	15.28	سینٹ کی مقامی فروخت (ذاتی استعمال کے علاوہ)
(17.30)	(3.74)	سینٹ کی برآمد فروخت

قیمت فروخت میں تقابلی 25 فیصد اضافہ ہوا جبکہ مجموعی خالص فروخت 7 فیصد تک بڑھ گئی۔ اس طرح اس سال کا مجموعی مارجن مالی سال 17 کے مجموعی مارجن سے 17 فیصد کم واقع ہوا ہے۔ ٹیکس سے قبل منافع میں 17 فیصد کمی ہوئی ہے۔ ٹیکس کے اخراجات 18 فیصد تک کم ہو گئے۔ اس وجہ سے بعد از ٹیکس منافع میں 17 فیصد تک کمی ہوئی۔ مجموعی منافع کا مارجن 33 فیصد (HYFY17 : 43 فیصد) درج کیا گیا اور فروخت سے PAT تناسب 24 فیصد (HYFY17 : 31 فیصد) پر رہا۔

HY17	HY18	Q2HY17	Q2HY18	Q1HY17	Q1HY18	
43	33	42	32	44	35	جی پی مارجن (فیصد)
41	32	41	31	42	33	پی پی ٹی مارجن (فیصد)

اس سال کی دوسری سہ ماہی کے لئے جی پی تناسب 32 فیصد (HYFY17 : 42 فیصد) ہے۔ دوسری سہ ماہی میں تجم کے لحاظ سے فروخت نمو 2 فیصد رہی جبکہ جی پی 24 فیصد کم رہا بہ نسبت گزشتہ مالی سال کی دوسری سہ ماہی کے۔

PAT میں اس کمی کی اہم وجہ جی پی کی کمی ہے۔ جی پی کی کمی مقامی مارکیٹ میں سینٹ کی قیمتوں میں کمی کی وجہ سے ہے۔ مارکیٹ قیمت کی صورت حال سخت ہے لیکن منفی نہیں۔ قیمتوں میں کمی کے رجحان کی وجہ سے جی پی اضافہ بھر پور نتیجہ نہیں دے سکا۔ مارکیٹ صورت حال اس وقت ایف ای ڈی اور ان پٹ اخراجات کے اثرات کو منتقل کرنے کی اجازت نہیں رہی۔ جی پی میں کمی کے دیگر اہم عناصر میں کولے کی قیمتوں میں اضافہ اور آریل این جی ٹیرف کی وجہ سے ٹیکس کی قیمت میں اضافہ ہے۔ کمپنی نے نسبتاً سستی ذاتی بجلی کی پیداوار کی وجہ سے قومی گرڈ پر انحصار کم کیا ہے۔ کلن آپریشنل ایام تقابلی مدت سے 6 فیصد زیادہ رہے۔

حب، بلوچستان میں ہماری نئی پیداواری لائن پر، اگم ٹیکس آرڈیننس 2001 کی دفعہ 65B کے تحت ملنے والا سرمایہ کاری ٹیکس کریڈٹ، تقریباً 2.9 بلین روپے اس پراجیکٹ کے آپریشنل ہونے پر کتاہوں میں تسلیم (recognise) کیا جائے گا جبکہ یہ پراجیکٹ جون 2018 تک آپریشنل ہو جائے گا۔

جنوری 2018 میں، ایس بی پی نے سود کی شرح 25bps تک بڑھادی جو 6 فیصد پر پہنچ گئی۔ یہ کچھ غیر متوقع اقدام تھا۔ دسمبر میں دوسری سہ ماہی کے دوران پاکستانی روپے کی قدر امریکی ڈالر کے مقابلے میں 5 فیصد کم ہو گئی اور اس کی قدر مزید کم ہو سکتی ہے۔ ایس بی پی 5.8 فیصد کی حقیقی جی ڈی پی نمو کی شرح حاصل کرنے کی توقع رکھتا ہے۔ یہ گزشتہ سال سے بہتر ہے لیکن سال کے لئے ہدف سے کم ہوگا۔ تیل کی قیمتیں تقریباً 70 امریکی ڈالر کے لگ بھگ ہیں۔ اس سے ملک کے اقتصادی انتظامات کی مشکلات میں اضافہ ہو سکتا ہے۔ مالی لحاظ سے، یہ ملک میں افراط زر کے اضافہ کا باعث بن سکتا ہے۔

اس ششماہی کے لئے صنعتی ترقی مقامی مارکیٹ میں 17 فی صد ترقی اور برآمدات میں 17 فی صد کمی کے ساتھ 12 فی صد ترقی۔ صنعتی پیداوار کا استعمال، مقامی سطح پر 85 فیصد اور برآمدات میں 10 فیصد کے ساتھ مجموعی بنیاد پر 95 فیصد پر رہا ہے۔ مالی سال 18 کی دوسری سہ ماہی بمقابلہ پہلی سہ ماہی مقامی فروخت 19 فیصد زیادہ ہے جبکہ مجموعی طور پر 15 فیصد اضافہ ہے۔

سینٹ کی فروخت کے رجحان اور ملک کی اقتصادی صورت حال کو دیکھتے ہوئے، یہ توقع ہے کہ سینٹ کی فروخت مقامی حماز پر بڑھ جائے گی۔ انتخابی سال، ہی پیک سرگرمیاں اور گھر بلوچہ سے امید ہے کہ آئندہ دنوں میں طلب کو بڑھائیں گے۔ سینٹ کی قیمتیں ابھی تک دباؤ میں ہیں۔ زیر دباؤ پاکستانی روپے، کولے کی بڑھتی

آپ کی کمپنی کی مجلس نظماء مالی سال 2018ء کی ششماہی کی کارکردگی کے اعداد و شمار پیش کرتے ہوئے خوشی محسوس کرتی ہے۔

پاکستانی روپے ہزاروں میں

ششماہی مالی سال 2017	ششماہی مالی سال 2018	
14,687,163	15,763,670	فروخت
(8,347,598)	(10,513,750)	قیمت فروخت
6,339,565	5,249,920	مجموعی منافع
(261,323)	(295,919)	انتظامی اخراجات
(504,705)	(460,165)	فروخت اور تقسیم کے اخراجات
(506,377)	(469,528)	دیگر معاملاتی اخراجات
1,175,841	1,192,845	دیگر آمدنی
(163,113)	(192,644)	مالی لاگت
6,079,888	5,024,509	ٹیکسیشن سے قبل منافع
(1,574,207)	(1,290,654)	ٹیکسیشن
4,505,681	3,733,855	ٹیکسیشن کے بعد منافع
10.28	8.52	فی شیئر آمدنی

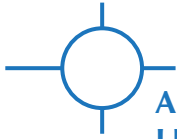
پیداوار اور فروختی حجم کے اعداد و شمار درج ذیل ہیں:

اعداد و شمار میٹرک ٹن میں

ششماہی مالی سال 2017	ششماہی مالی سال 2018	
2,065,862	2,133,767	کلنکر کی پیداوار
2,249,209	2,440,060	سینٹ کی پیداوار
2,223,449	2,448,267	سینٹ - کل فروخت
1,913,860	2,192,237	مقامی فروخت (ذاتی استعمال کے علاوہ)
309,589	256,030	سینٹ کی برآمد فروخت
-	26,576	کلنکر کی مقامی فروخت

مالی سال 2018 کی ششماہی کے دوران کلنکر پیداوار 106 فیصد (HYFY17: 103 فیصد) کی سطح پر پہنچ گئی جبکہ سینٹ کی پیداوار 116 فیصد (HYFY17: 107 فیصد) کی سطح پر پہنچ گئی۔ سینٹ کی ترسیل نے مجموعی بنیاد پر 116 فیصد (HYFY17: 105 فیصد)، مقامی فروخت میں 104 فیصد (HYFY17: 91 فیصد) اور برآمد فروخت میں 12 فیصد (HYFY17: 15 فیصد) کی سطحیں حاصل کیں۔ کلنکر پیداوار میں 3 فیصد کا اضافہ، سینٹ کی پیداوار میں 8 فیصد نمو، مجموعی فروخت میں حجم کے لحاظ سے 10 فیصد اضافہ کا رتخان، مقامی مارکیٹ فروخت میں 14 فیصد نمو جبکہ برآمد فروخت میں 17 فیصد کمی ہوئی گزشتہ سال کی ششماہی کے مقابلہ میں سینٹ کی برآمد کل فروخت کی 10 فیصد ہوئی۔





## Auditors' Report to the Members on Review of Unconsolidated Condensed Interim Financial Information

### Introduction

We have reviewed the accompanying unconsolidated condensed interim balance sheet of D.G. Khan Cement Company Limited (the "Company") as at December 31, 2017 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement, unconsolidated condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as the "unconsolidated condensed interim financial information"). Management is responsible for the preparation and presentation of this unconsolidated condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this unconsolidated condensed interim financial information based on our review. The figures included in the unconsolidated condensed interim profit and loss account for the quarters ended December 31, 2017 and 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

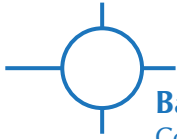
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants,

Engagement Partner: Amer Raza Mir

Lahore,

Dated: February 20, 2018



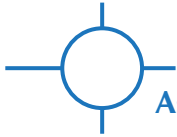
## Balance Sheet

Condensed Interim Unconsolidated

	Note	31 December, 2017 Un-Audited	30 June, 2017 Audited
(Rupees in thousand)			
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorised share 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 share capital 438,119,118 (June 30, 2017: 438,119,118) ordinary shares of Rs 10 each		4,381,191	4,381,191
Reserves		37,475,747	38,014,337
Un-appropriated profit		32,921,313	32,473,351
		<u>74,778,251</u>	<u>74,868,879</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term finances - secured	5	18,372,833	12,520,000
Long term deposits		87,596	79,441
Deferred liabilities		203,382	186,837
Deferred taxation		6,008,600	5,866,359
		<u>24,672,411</u>	<u>18,652,637</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		5,932,882	5,454,447
Accrued finance cost		258,741	217,204
Short term borrowings - secured		8,819,839	8,571,228
Current portion of non-current liabilities		1,304,945	523,778
Derivative financial instrument		-	48,056
Provision for taxation		35,090	35,090
		<u>16,351,497</u>	<u>14,849,803</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	6	<u>115,802,159</u>	<u>108,371,319</u>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

Chief Executive

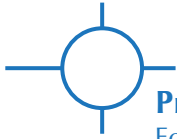


As At December 31, 2017

		<b>31 December, 2017</b>	<b>30 June, 2017</b>
		<b>Un-Audited</b>	<b>Audited</b>
	Note	(Rupees in thousand)	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	69,071,691	62,447,737
Investments	8	18,000,470	18,564,054
Long term loans and deposits		59,223	58,844
		<u>87,131,384</u>	<u>81,070,635</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		6,296,253	4,939,420
Stock-in-trade		601,698	1,162,914
Trade debts		326,877	220,182
Investments - related parties	8	17,196,563	17,044,084
Loans, advances, deposits, prepayments and other receivables		1,551,882	1,987,849
Loan to related party	9	1,000,000	1,000,000
Income tax receivable		75,986	524,355
Cash and bank balances		1,621,516	421,880
		<u>28,670,775</u>	<u>27,300,684</u>
		<u>115,802,159</u>	<u>108,371,319</u>

Chief Financial Officer

Director



## Profit And Loss Account

For the Quarter and Half Year Ended December 31, 2017 (Un-audited)

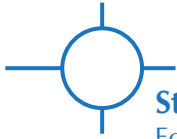
	Note	2017		2016	
		July to December (Rupees in thousand)	October to December (Rupees in thousand)	July to December (Rupees in thousand)	October to December (Rupees in thousand)
<b>Sales</b>		15,763,670	8,236,221	14,687,163	8,088,044
Cost of sales	10	(10,513,750)	(5,641,518)	(8,347,598)	(4,659,547)
<b>Gross profit</b>		5,249,920	2,594,703	6,339,565	3,428,497
Administrative expenses		(295,919)	(146,480)	(261,323)	(135,387)
Selling and distribution expenses		(460,165)	(227,414)	(504,705)	(250,206)
Other expenses		(469,528)	(273,254)	(506,377)	(297,874)
Other income		1,192,845	707,543	1,175,841	658,601
Finance cost		(192,644)	(103,953)	(163,113)	(89,300)
<b>Profit before taxation</b>		5,024,509	2,551,145	6,079,888	3,314,331
Taxation	11	(1,290,654)	(1,654,718)	(1,574,207)	(716,207)
<b>Profit after taxation</b>		3,733,855	896,427	4,505,681	2,598,124
<b>Earnings per share</b>					
<b>(basic and diluted)</b>	Rupees	8.52	2.05	10.28	5.93

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

Chief Executive

Chief Financial Officer

Director



## Statement of Comprehensive Income

For the Quarter and Half Year Ended December 31, 2017 (Un-audited)

	2017		2016	
	July to December (Rupees in thousand)	October to December (Rupees in thousand)	July to December (Rupees in thousand)	October to December (Rupees in thousand)
<b>Profit after taxation</b>	3,733,855	896,427	4,505,681	2,598,124
Other comprehensive (loss)/income for the period - net of tax				
Items that may be reclassified subsequently to profit or loss:				
Change in fair value of available-for-sale investments	(538,590)	129,768	3,923,057	2,661,604
Items that will not be subsequently reclassified to profit or loss	-	-	-	-
Other comprehensive (loss)/income for the period	(538,590)	129,768	3,923,057	2,661,604
<b>Total comprehensive income for the period</b>	<b>3,195,265</b>	<b>1,026,195</b>	<b>8,428,738</b>	<b>5,259,728</b>

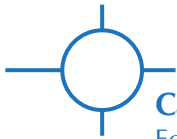
The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

Chief Executive

Chief Financial Officer

Director





## Cash Flow Statement

For the Half Year Ended December 31, 2017 (Un-audited)

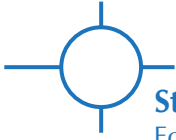
		<b>2017</b>	<b>2016</b>
		<b>July to</b>	<b>July to</b>
		<b>December</b>	<b>December</b>
		<b>(Rupees in thousand)</b>	
	Note		
<b>Cash flows from operating activities</b>			
Cash generated from operations	13	5,255,751	4,362,496
Finance cost paid		(151,107)	(136,925)
Retirement and other benefits paid		(27,519)	(23,014)
Income tax paid		(700,044)	(2,055,314)
Payment to subsidiary against tax losses		-	(37,000)
Long term deposits - net		8,155	1,924
Net cash generated from operating activities		<u>4,385,236</u>	<u>2,112,167</u>
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(7,655,023)	(12,264,747)
Proceeds from disposal of property, plant and equipment		26,976	10,278
Loan to related party		-	(1,000,000)
Investments made - net		(127,485)	(80,058)
Long term loans and deposits - net		(379)	(354)
Interest received		35,450	128,263
Dividends received		1,085,456	1,060,707
Net cash used in investing activities		<u>(6,635,005)</u>	<u>(12,145,911)</u>
<b>Cash flows from financing activities</b>			
Repayment of long term finances		(250,000)	(544,358)
Proceeds from long term finances		6,884,000	6,600,000
Settlement of derivative financial instrument		(35,077)	2,999
Dividend paid		(3,285,893)	(2,646,677)
Net cash generated from financing activities		<u>3,313,030</u>	<u>3,411,964</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>1,063,261</u>	<u>(6,621,780)</u>
<b>Cash and cash equivalents at the beginning of the period</b>		<u>(8,149,348)</u>	<u>3,558,492</u>
Exchange loss on cash and cash equivalents		(112,236)	(7,096)
<b>Cash and cash equivalents at the end of the period</b>	14	<u>(7,198,323)</u>	<u>(3,070,384)</u>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

Chief Executive

Chief Financial Officer

Director



## Statement of Changes In Equity

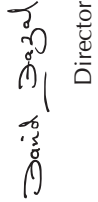
For the Half Year Ended December 31, 2017 (Un-audited)

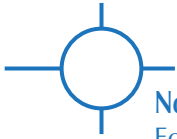
Rupees in thousands	Capital reserve			Revenue reserve		Total	
	Share capital	Share premium	Fair value reserve	Capital redemption reserve fund	General reserve		Unappropriated profit
<b>Balance as at June 30, 2017 - Audited</b>	4,381,191	4,557,163	28,031,837	353,510	5,071,827	32,473,351	74,868,879
Total comprehensive income for the period	-	-	-	-	-	-	-
- Profit for the period	-	-	(538,590)	-	-	3,733,855	3,733,855
- Other comprehensive loss for the period	-	-	(538,590)	-	-	-	(538,590)
	-	-	-	-	-	3,733,855	3,195,265
<b>Transactions with owners in their capacity as owners recognised directly in equity</b>							
- Final dividend for the year ended June 30, 2017 (Rs 7.5 per share)	-	-	-	-	-	(3,285,893)	(3,285,893)
<b>Balance as at December 31, 2017 - Un-Audited</b>	4,381,191	4,557,163	27,493,247	353,510	5,071,827	32,921,313	74,778,251
<b>Balance as at June 30, 2016 - Audited</b>	4,381,191	4,557,163	24,256,385	353,510	5,071,827	27,163,353	65,783,429
<b>Total comprehensive income for the period</b>							
- Profit for the period	-	-	-	-	-	4,505,681	4,505,681
- Other comprehensive income for the period	-	-	3,923,057	-	-	-	3,923,057
	-	-	3,923,057	-	-	4,505,681	8,428,738
<b>Transactions with owners in their capacity as owners recognised directly in equity</b>							
- Final dividend for the year ended June 30, 2016 (Rs 6 per share)	-	-	-	-	-	(2,628,715)	(2,628,715)
<b>Balance as at December 31, 2016 - Un-Audited</b>	4,381,191	4,557,163	28,179,442	353,510	5,071,827	29,040,319	71,583,452

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

  
Chief Executive

  
Chief Financial Officer

  
Director



## Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information For the Quarter and Half Year Ended December 31, 2017 (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 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

This condensed interim financial information is un-audited and is being submitted to the members as required by section 237 of the Companies Act, 2017 (the "Act"). In May 2017, the Companies Ordinance, 1984 (the "Ordinance") was repealed after the enactment of the Act. However, as allowed by SECP vide Circular No. 23 of 2017 dated October 4, 2017 in continuation of SECP's earlier Circular No. 17 of 2017 dated July 20, 2017, companies whose financial year, and other interim period, closes on or before December 31, 2017, shall prepare their financial statements in accordance with the provisions of the repealed Ordinance. Accordingly, this condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard ("IAS") 34 - 'Interim Financial Reporting', and provisions of and directives issued under the repealed Ordinance. In case where requirements differ, the provisions of or directives issued under the repealed Ordinance have been followed. The figures for the half year ended December 31, 2017 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the annual financial statements for the year ended June 30, 2017.

### 3. Significant accounting policies

**3.1** The accounting policies adopted for 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, 2017.

#### **3.2 Initial application of standards, amendments or an interpretation to existing standards**

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

##### **3.2.1 Standards, amendments to published standards and interpretations that are effective in the current period**

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2017 but are considered not to be

relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in this condensed interim financial information except for:

- IAS 7, 'Cashflow statements: Disclosure initiative' (effective for periods beginning on or after January 1, 2017). This amendment requires disclosure to explain changes in liabilities for which cash flows have been, or will be classified as financing activities in the statement of cash flows. The amendment only covers balance sheet items for which cash flows are classified as financing activities. In case other items are included within the reconciliation, the changes in liabilities arising from financing activities will be identified separately. A reconciliation of the opening to closing balance is not specifically required but instead the information can be provided in other ways. In the first year of adoption, comparative information need not be provided. The application of this amendment does not have any material impact on the Company's financial statements.

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

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after July 01, 2018 or later periods, and the Company has not early adopted them:

#### Effective date (accounting periods beginning on or after)

#### Other standards or interpretations

IFRS 9, 'Financial instruments'	July 01, 2018
IFRS 15, 'Revenue from contracts with customers'	July 01, 2018
Amendments to IFRS 15, 'Revenue from contracts with customers' on gross versus net revenue presentation	July 01, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 01, 2018
IFRS 16 'Leases'	January 01, 2019
IFRIC 23	January 01, 2019

The Company will apply these standards/amendments from their respective effective dates and has yet to assess the impact of these amendments on its financial statements.

### 3.3 Significant accounting estimates, judgements and financial risk:

The preparation of this condensed interim financial information requires the management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended June 30, 2017, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in note 4.

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. Taxation

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

<b>December 31, 2017</b>	<b>June 30, 2017</b>
<b>Un-audited</b>	<b>audited</b>
<b>(Rupees in thousand)</b>	

#### 5. Long term finances - secured

Long term loans	- note 5.1	19,654,000	13,020,000
Less: current portion shown under current liabilities		1,281,167	500,000
		<u>18,372,833</u>	<u>12,520,000</u>

##### 5.1 Long term loans

Opening balance		13,020,000	3,538,251
Add:			
Proceeds of borrowing		6,884,000	11,320,000
Exchange loss during the period/year		-	641
		<u>19,904,000</u>	<u>14,858,892</u>
Less:			
Repayments during the period/year		250,000	1,838,892
Closing balance		<u>19,654,000</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 except for letters of guarantees issued to various parties aggregating to Rs 1,196.034 million (June 30, 2017: Rs 1,065.762 million)

##### 6.2 Commitments in respect of:

- (i) Contracts for capital expenditure Rs 61.799 million (June 30, 2017: Rs 183.524 million)
- (ii) Letters of credits for capital expenditure Rs 2,370.929 million (June 30, 2017: Rs 773.728 million)

- (iii) Letters of credit other than capital expenditure Rs 928.627 million (June 30, 2017: Rs 876.794 million)
- (iv) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	<b>December 31, 2017</b>	<b>June 30, 2017</b>
	<b>Un-audited</b>	<b>audited</b>
	<b>(Rupees in thousand)</b>	
Not later than one year	331	331
Later than one year and not later than five years	1,325	1,325
Later than five years	4,480	4,645
	<u>6,136</u>	<u>6,301</u>

## 7. Property, plant and equipment

Operating fixed assets	- note 7.1	30,114,406	30,987,739
Capital work-in-progress	- note 7.2	38,876,585	31,365,859
Major spare parts and stand-by equipment		80,700	94,139
		<u>69,071,691</u>	<u>62,447,737</u>

### 7.1 Operating fixed assets

Opening book value		30,987,739	31,806,997
Add: Additions during the period/year	- note 7.1.1	162,634	1,264,268
Less: Disposals during the period/year			
- at book value		21,569	21,715
Less: Depreciation charged for the period/year		1,014,398	2,061,811
		<u>1,035,967</u>	<u>2,083,526</u>
Closing book value		<u>30,114,406</u>	<u>30,987,739</u>

#### 7.1.1 Additions during the period/year

Freehold land	5,150	28,343
Buildings on freehold land:		
- Factory buildings	-	138,997
- Office building and housing colony	-	29,200
Roads	-	60,389
Plant and machinery	44,038	824,927
Quarry equipment	717	16,097
Furniture and fittings	25,541	15,212
Office equipment	15,662	19,756
Vehicles	71,526	118,180
Power and water supply lines	-	13,167
	<u>162,634</u>	<u>1,264,268</u>

	December 31, 2017	June 30, 2017
	Un-audited	audited
	(Rupees in thousand)	

## 7.2 Capital work-in-progress

Civil works	399,508	282,943
Plant and machinery	723,661	667,647
Advances for capital expenditure	-	202,416
Unallocated expenditure	350	290
Expansion project:		
- Civil works	11,521,453	7,807,172
- Plant and machinery	20,718,479	18,086,304
- Advances to suppliers and contractors	2,104,268	1,370,303
- Others	3,408,866	2,948,784
	<u>37,753,066</u>	<u>30,212,563</u>
	<u>38,876,585</u>	<u>31,365,859</u>

## 8. Investments

Carrying value of investments at the beginning of the period/year	35,608,138	30,766,981
Investments made during the period/year		
- Related parties	127,485	278,193
Fair value (loss)/gain during the period/year on:		
- Available-for-sale investments	(538,590)	4,564,456
Investments disposed off during the period/year	-	(1,492)
Carrying value at the end of the period/year	<u>35,197,033</u>	<u>35,608,138</u>
Investments classified in current assets - related parties	<u>(17,196,563)</u>	<u>(17,044,084)</u>
Carrying value of investments at the end of the period / year	<u>18,000,470</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, an associated company, for meeting its working capital requirements. As per the original terms, the loan amount was repayable on October 30, 2017. However, in September 2017, the Board of Directors of the Company, considering it a viable investment, recommended extension in repayment of the loan amount for a further period of one year starting from the date of approval of extension by the members of the Company on same terms as mentioned below. This extension was approved by the members of the Company in their Annual General Meeting held on October 28, 2017 as per the requirements of section 199 of the Act.

The loan carries markup at the rate of 3 months Karachi Inter-Bank Offered Rate (KIBOR) + 0.5% per annum, payable on a monthly basis. The loan is secured through corporate guarantee of 110% of the loan amount issued by NHPL in favor of the Company. The effective markup rate charged during the period was 6.65% per annum which is above the borrowing cost of the Company. 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.

	2017		2016	
	July to December	October to December	July to December	October to December

(Rupees in thousand)

## 10. Cost of sales

Raw and packing materials consumed	1,228,031	699,852	1,155,186	629,546
Salaries, wages and other benefits	1,047,293	504,203	910,850	473,345
Electricity and gas	1,031,421	521,315	1,230,054	561,566
Furnace oil and coal	4,472,498	2,494,458	3,243,193	1,888,004
Stores and spares consumed	850,362	435,876	658,812	345,574
Repair and maintenance	163,633	99,786	120,089	87,677
Insurance	27,812	14,528	27,115	10,462
Depreciation on operating fixed assets	978,278	490,793	983,244	494,270
Royalty	168,996	93,144	161,076	85,025
Excise duty	16,125	8,900	15,285	8,044
Vehicle running expenses	14,094	7,332	11,821	6,698
Postage, telephone and telegram	2,484	1,025	1,204	253
Printing and stationery	6,595	3,193	4,699	1,930
Legal and professional charges	1,219	481	1,809	327
Travelling and conveyance	3,504	2,077	5,006	2,882
Plant cleaning and gardening	17,538	11,785	12,460	7,437
Rent, rates and taxes	27,884	16,262	29,303	15,102
Freight charges	15,028	8,148	14,359	8,131
Other expenses	19,603	14,011	33,705	28,930
	10,092,398	5,427,169	8,619,270	4,655,203
Opening work-in-process	522,557	345,778	166,940	282,013
Closing work-in-process	(94,028)	(94,028)	(184,974)	(184,974)
	428,529	251,750	(18,034)	97,039
<b>Cost of goods manufactured</b>	10,520,927	5,678,919	8,601,236	4,752,242
Opening stock of finished goods	332,278	241,692	185,342	277,265
Closing stock of finished goods	(228,327)	(228,327)	(272,970)	(272,970)
	103,951	13,365	(87,628)	4,295
Less: Own consumption	(111,128)	(50,766)	(166,010)	(96,990)
	10,513,750	5,641,518	8,347,598	4,659,547
<b>11. Taxation</b>				
Current:				
- For the period	1,206,594	1,206,594	1,560,222	882,222
- Prior year	(58,181)	(58,181)	(33,228)	(33,228)
	1,148,413	1,148,413	1,526,994	848,994
Deferred	142,241	506,305	47,213	(132,787)
	1,290,654	1,654,718	1,574,207	716,207



11.1 The new production line being set up at Hub, Baluchistan is expected to start operations by June 2018 and the applicable tax credit for investment estimated at Rs 2.9 billion under section 65B of the Income Tax Ordinance, 2001 will be recognized accordingly when the operations commence.

## 12. Transactions with related parties

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

Relationship with the Company	Nature of transaction	July to	July to
		December 2017	December 2016
		Un-audited	Un-audited
		(Rupees in thousand)	
<b>Subsidiary companies</b>	Purchase of goods and services	764,634	681,485
	Rental income	429	417
	Dividend income	51,191	38,393
	Sale of goods	12,621	16,304
<b>Other group companies</b>	Purchase of goods and services	36,061	1,011,074
	Insurance premium paid	45,289	57,814
	Sale of goods	92,485	44,237
	Mark-up income on balances with related parties	33,614	6,445
	Insurance claim received	-	1,373
	Dividend income	1,029,407	1,020,452
	Dividends paid	1,058,708	863,102
<b>Key management personnel</b>	Salaries and other employment benefits	107,380	98,851
<b>Post employment benefit plans</b>	Expense charged in respect of defined benefit plan (including capitalized)	44,064	32,506
	Expense charged in respect of defined contribution plan (including capitalized)	32,734	28,539

	<b>December 31, 2017</b>	<b>June 30, 2017</b>
	<b>Un-audited</b>	<b>audited</b>
	<b>(Rupees in thousand)</b>	
<b>Balances with related parties:</b>		
<b>Payable to related parties</b>		
Long term deposits	325	325
Trade and other payables	211,815	219,143
	<u>212,140</u>	<u>219,468</u>
<b>Receivable from related parties</b>		
Trade debts	16,250	22,662
Loans, advances, deposits, prepayments and other receivables	5,792	3,303
	<u>22,042</u>	<u>25,965</u>
	<b>July to December, 2017</b>	<b>July to December, 2016</b>
	<b>Un-audited</b>	<b>Un-audited</b>
	<b>(Rupees in thousand)</b>	

### 13. Cash generated from operations

Profit before tax	5,024,509	6,079,888
Adjustments for non-cash charges and other items:		
- Depreciation on property, plant and equipment	1,014,398	1,019,852
- Profit on disposal of property, plant and equipment	(5,407)	(3,913)
- Profit on bank deposits	(2,823)	(92,132)
- Dividend income	(1,085,456)	(1,060,210)
- Retirement and other benefits accrued	39,166	32,506
- Mark-up income	(33,614)	(6,445)
- Exchange loss - net	151,398	32,152
- Finance cost	192,644	163,113
- (Gain)/loss on derivative financial instruments	(12,979)	4,627
<b>Profit before working capital changes</b>	<u>5,281,836</u>	<u>6,169,438</u>
Effect on cash flow due to working capital changes:		
- Increase in stores, spare parts and loose tools	(1,356,833)	(486,592)
- Decrease in stock-in-trade	561,216	4,833
- Increase in trade debts	(106,695)	(41,907)
- Decrease /(increase) in loans, advances, deposits, prepayments and other receivables	436,954	(731,148)
- Increase/(decrease) in trade and other payables	439,273	(552,128)
	<u>(26,085)</u>	<u>(1,806,942)</u>
Cash generated from operations	<u>5,255,751</u>	<u>4,362,496</u>

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
	<b>Un-audited</b>	<b>Un-audited</b>
	<b>(Rupees in thousand)</b>	

#### 14. Cash and cash equivalents

Short term borrowings - secured	(8,819,839)	(6,072,164)
Cash and bank balances	1,621,516	3,001,780
	<u>(7,198,323)</u>	<u>(3,070,384)</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 6.88 billion as referred to in note 5.1. The contractual undiscounted cash flows for the Company's financial liabilities are as follows:

	<b>Carrying value</b>	<b>Rupees in thousand</b>		
		<b>Less than 1 year</b>	<b>Between 1 and 3 years</b>	<b>More than 3 years</b>
<b>As at December 31, 2017</b>				
Long term finances - secured	19,654,000	1,281,167	7,518,889	10,853,944
Long term deposits	87,596	-	-	87,596
Trade and other payables	5,333,434	5,333,434	-	-
Short term borrowings - secured	8,819,839	8,819,839	-	-
Accrued finance cost	258,741	258,741	-	-
	<u>34,153,610</u>	<u>15,693,181</u>	<u>7,518,889</u>	<u>10,941,540</u>
<b>As at June 30, 2017</b>				
Long term finances - secured	13,020,000	500,000	4,132,722	8,387,278
Long term deposits	79,441	-	-	79,441
Derivative financial instrument	48,056	48,056	-	-
Trade and other payables	4,562,349	4,562,349	-	-
Short term borrowings - secured	8,571,228	8,571,228	-	-
Accrued finance cost	217,204	217,204	-	-
	<u>26,498,278</u>	<u>13,898,837</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 maximize 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 determine fair value of 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)			
<b>As at December 31, 2017</b>				
<b>Assets</b>				
Investments - available-for-sale	32,643,259	-	4,051,000	36,694,259
<b>Liabilities</b>				
	-	-	-	-
<b>As at June 30, 2017</b>				
<b>Assets</b>				
Investments - available-for-sale	29,003,364	-	4,051,000	33,054,364
<b>Liabilities</b>				
Derivative financial instrument	-	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 for issue

This condensed interim financial information was authorized for issue on February 20, 2018 by the Board of Directors of the Company.

#### 17. Corresponding figures

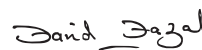
In order to comply with the requirements of IAS 34, the condensed interim balance sheet has been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity have been compared with the balances of comparable period of immediately preceding financial year.



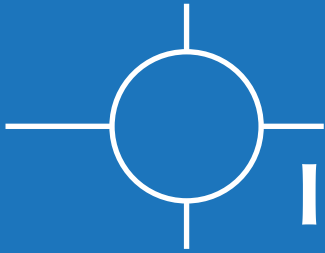
Chief Executive



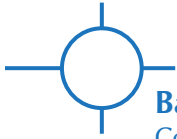
Chief Financial Officer



Director



# **Interim Consolidated Financial Statements**



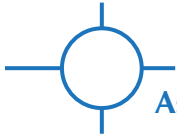
## Balance Sheet

Condensed Interim Consolidated

	Note	31 December, 2017 Un-Audited	30 June, 2017 Audited
(Rupees in thousand)			
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
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 438,119,118 (June 30, 2017: 438,119,118) ordinary shares of Rs 10 each		4,381,191	4,381,191
Reserves		37,442,696	37,979,019
Unappropriated profit		<u>32,610,966</u>	<u>32,333,597</u>
		74,434,853	74,693,807
Non-controlling Interest		<u>1,834,278</u>	<u>1,971,423</u>
		76,269,131	76,665,230
<b>NON-CURRENT LIABILITIES</b>			
Long term finances - secured	5	18,400,333	12,547,500
Long term deposits		87,596	79,441
Deferred liabilities		203,383	186,838
Deferred taxation		<u>6,390,433</u>	<u>6,245,772</u>
		25,081,745	19,059,551
<b>CURRENT LIABILITIES</b>			
Trade and other payables		6,134,009	5,695,482
Accrued finance cost		258,741	219,927
Short term borrowings - secured		9,306,737	8,614,810
Loan from related party - unsecured	6	214,000	169,000
Current portion of non-current liabilities		1,348,070	610,028
Derivative financial instrument		-	48,056
Provision for taxation		<u>35,090</u>	<u>35,090</u>
		17,296,647	15,392,393
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7	<u>118,647,523</u>	<u>111,117,174</u>

The annexed notes 1 to 19 form an integral part of this consolidated condensed interim financial information.

Chief Executive



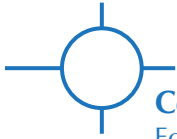
As At December 31, 2017

		<b>31 December, 2017</b>	<b>30 June, 2017</b>
	Note	<b>Un-Audited</b>	<b>Audited</b>
<b>(Rupees in thousand)</b>			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	72,341,791	65,810,012
Biological assets		445,085	591,579
Investments	9	15,611,769	16,126,081
Long term loans and deposits		60,128	59,748
		<u>88,458,773</u>	<u>82,587,420</u>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		6,435,071	5,083,011
Stock-in-trade		1,316,561	1,795,345
Trade debts		638,786	497,748
Short term investments	9	17,196,598	17,044,142
Loans, advances, deposits, prepayments and other receivables		1,623,247	1,983,428
Loan to related party	10	1,000,000	1,000,000
Income tax receivable		314,147	675,552
Cash and bank balances		1,664,340	450,528
		<u>30,188,750</u>	<u>28,529,754</u>
		<u><u>118,647,523</u></u>	<u><u>111,117,174</u></u>

Chief Financial Officer

Director





## Consolidated Profit And Loss Account

For the Quarter and Half Year Ended December 31, 2017 (Un-audited)

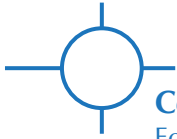
	Note	2017		2016	
		July to December (Rupees in thousand)	October to December (Rupees in thousand)	July to December (Rupees in thousand)	October to December (Rupees in thousand)
<b>Sales</b>		17,018,205	8,907,813	15,746,216	8,629,122
Cost of sales	11	(11,757,266)	(6,339,032)	(9,280,147)	(5,112,378)
<b>Gross profit</b>		5,260,939	2,568,781	6,466,069	3,516,744
Administrative expenses		(332,807)	(164,727)	(287,869)	(148,832)
Selling and distribution expenses		(470,210)	(232,486)	(513,567)	(256,019)
Other operating expenses		(595,130)	(313,803)	(638,611)	(341,047)
Other income		1,156,260	664,505	1,151,994	708,255
Finance cost		(212,616)	(116,117)	(180,066)	(95,229)
<b>Profit before taxation</b>		4,806,436	2,406,153	5,997,950	3,383,872
Taxation	12	(1,340,289)	(1,673,324)	(1,607,759)	(721,656)
<b>Profit after taxation</b>		3,466,147	732,829	4,390,191	2,662,216
<b>Attributable to:</b>					
Equity holders of the parent		3,563,262	783,280	4,424,636	2,650,599
Non-controlling interest		(97,115)	(50,451)	(34,445)	11,617
		3,466,147	732,829	4,390,191	2,662,216
<b>Earnings per share</b>					
<b>(basic and diluted)</b>	Rupees	7.91	1.67	10.02	6.08

The annexed notes 1 to 19 form an integral part of this consolidated condensed interim financial information.

Chief Executive

Chief Financial Officer

Director



## Consolidated Statement of Comprehensive Income

For the Quarter and Half Year Ended December 31, 2017 (Un-audited)

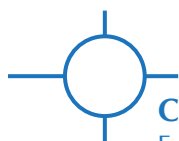
	2017		2016	
	July to December (Rupees in thousand)	October to December (Rupees in thousand)	July to December (Rupees in thousand)	October to December (Rupees in thousand)
<b>Profit after taxation</b>	3,466,147	732,829	4,390,191	2,662,216
<b>Other comprehensive income / (loss) for the period</b>				
<b>Items that may be re-classified subsequently to profit or loss:</b>				
Change in fair value of available-for-sale investments	(534,470)	133,888	3,924,201	2,662,748
	(534,470)	133,888	3,924,201	2,662,748
<b>Items that will not be subsequently re-classified to profit or loss:</b>	-	-	-	-
<b>Other comprehensive income / (loss) for the period</b>	(534,470)	133,888	3,924,201	2,662,748
<b>Total comprehensive income for the period</b>	<u>2,931,677</u>	<u>866,717</u>	<u>8,314,392</u>	<u>5,324,964</u>
<b>Attributable to</b>				
Equity holders of parent	3,026,939	915,315	8,348,322	5,312,832
Non-controlling interest	(95,262)	(48,598)	(33,930)	12,132
	<u>2,931,677</u>	<u>866,717</u>	<u>8,314,392</u>	<u>5,324,964</u>

The annexed notes 1 to 19 form an integral part of this consolidated condensed interim financial information.

Chief Executive

Chief Financial Officer

Director



## Consolidated Cash Flow Statement

For the Half Year Ended December 31, 2017 (Un-audited)

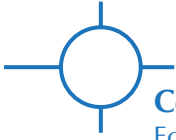
		<b>2017</b>	<b>2016</b>
		<b>July to</b>	<b>July to</b>
		<b>December</b>	<b>December</b>
		<b>(Rupees in thousand)</b>	
	Note		
<b>Cash flows from operating activities</b>			
Cash generated from operations	14	5,120,617	4,381,553
Finance cost paid		(173,802)	(161,368)
Retirement and other benefits paid		(27,519)	(23,014)
Taxes paid		(834,223)	(2,021,167)
Long term deposits - net		8,155	1,924
Net cash generated from operating activities		<u>4,093,228</u>	<u>2,177,928</u>
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(7,704,338)	(12,316,427)
Proceeds from disposal of property, plant and equipment		37,062	10,278
Proceeds from disposal of biological assets		32,387	26,222
Loan to related party		-	(1,000,000)
Investments made - net		(172,614)	(101,181)
Long term loans, advances and deposits - net		(380)	(354)
Interest received		35,450	128,263
Dividends received		1,040,304	1,024,818
Net cash used in investing activities		<u>(6,732,129)</u>	<u>(12,228,381)</u>
<b>Cash flows from financing activities</b>			
Repayment of long term finances		(293,125)	(603,108)
Loan from related party		45,000	-
Proceeds from long term finances		6,884,000	6,600,000
Settlement of derivative financial instrument		(35,077)	2,999
Dividends paid to:			
- Non controlling interests		(41,883)	(31,412)
- Owners of the parent		(3,285,893)	(2,646,677)
Net cash generated from financing activities		<u>3,273,022</u>	<u>3,321,802</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<u>634,121</u>	<u>(6,728,651)</u>
<b>Cash and cash equivalents at the beginning of the period</b>		<u>(8,164,282)</u>	<u>3,272,088</u>
Exchange loss on cash and cash equivalents		(112,236)	(7,096)
<b>Cash and cash equivalents at the end of the period</b>	15	<u>(7,642,397)</u>	<u>(3,463,659)</u>

The annexed notes 1 to 19 form an integral part of this consolidated condensed interim financial information.

Chief Executive

Chief Financial Officer

Director



## Consolidated Statement of Changes In Equity

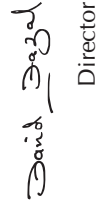
For the Half Year Ended December 31, 2017 (Un-audited)

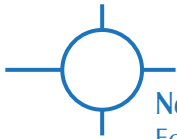
Rupees in thousands	Capital reserve				Revenue reserve				
	Share capital	Share premium	Fair value reserve	Capital redemption reserve fund	General reserve	Unappropriated profit	Total equity attributable to shareholders of parent company	Non-controlling interest	Total
Balance as at June 30, 2016 - Audited	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
<b>Total comprehensive income for the period</b>									
- Profit/(loss) for the period	-	-	-	-	-	4,424,636	4,424,636	(34,445)	4,390,191
- Other comprehensive income for the period	-	-	3,923,686	-	-	-	3,923,686	515	3,924,201
Transactions with owners in their capacity as owners:	-	-	3,923,686	-	-	4,424,636	8,348,322	(33,930)	8,314,392
- Final dividend for the year ended June 30, 2016	-	-	-	-	-	(2,628,715)	(2,628,715)	(31,412)	(2,660,127)
<b>Balance as at December 31, 2016 - Unaudited</b>	4,381,191	4,557,163	28,107,394	353,510	5,110,851	28,904,258	71,414,367	1,975,995	73,390,362
<b>Balance as at June 30, 2017 - Audited</b>	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
<b>Total comprehensive income for the period</b>									
- Profit/(loss) for the period	-	-	-	-	-	3,563,262	3,563,262	(97,115)	3,466,147
- Other comprehensive (loss)/income for the period	-	-	(536,323)	-	-	-	(536,323)	1,853	(534,470)
Transactions with owners in their capacity as owners:	-	-	(536,323)	-	-	3,563,262	3,026,939	(95,262)	2,931,677
- Final dividend for the year ended June 30, 2017	-	-	-	-	-	(3,285,893)	(3,285,893)	(41,883)	(3,327,776)
<b>Balance as at December 31, 2017 - Unaudited</b>	4,381,191	4,557,163	27,421,172	353,510	5,110,851	32,610,966	74,434,853	1,834,278	76,269,131

The annexed notes 1 to 19 form an integral part of this consolidated condensed interim financial information.

  
Chief Executive

  
Chief Financial Officer

  
Director



## Notes to and Forming Part of the Consolidated Condensed Interim Financial Information For the Quarter and Half Year Ended December 31, 2017 (Un-audited)

### 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.

D. G. Khan Cement Company Limited is a public limited company incorporated in Pakistan and is listed on Pakistan Stock Exchange Limited. It is principally engaged in production and sale of Clinker, Ordinary Portland and Sulphate Resistant Cement (hereinafter referred to as the 'Cement segment').

Nishat Paper Products Company Limited is a public limited company incorporated in Pakistan. It is principally engaged in the manufacture and sale of paper products and packaging material (hereinafter referred to as the 'Paper segment').

Nishat Dairy (Private) Limited is a private limited company incorporated in Pakistan. It is principally engaged in the business of production and sale of raw milk (hereinafter referred to as the 'Dairy segment').

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').

The registered office of the Group is situated at 53-A, Lawrence Road, Lahore. The parent company's holding in its subsidiaries is as follows:

#### Effective percentage of holding

- Nishat Paper Products Company Limited	55.00%
- Nishat Dairy (Private) Limited	55.10% (approx)
- Nishat Farm Supplies (Private) Limited	55.10% (approx)

### 2. Basis of preparation

This consolidated condensed interim financial information is un-audited and is being submitted to the members as required by section 237 of the Companies Act, 2017 (the "Act"). In May 2017, the Companies Ordinance, 1984 (the "Ordinance") was repealed after the enactment of the Act. However, as allowed by SECP vide Circular No. 23 of 2017 dated October 4, 2017 in continuation of SECP's earlier Circular No. 17 of 2017 dated July 20, 2017, companies whose financial year, and other interim period, closes on or before December 31, 2017, shall prepare their financial statements in accordance with the provisions of the repealed Ordinance. Accordingly, this condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard ("IAS") 34 - 'Interim Financial Reporting', and provisions of and directives issued under the repealed Ordinance. In case where requirements differ, the provisions of or directives issued under the repealed Ordinance have been followed. This condensed interim financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the consolidated annual financial statements for the year ended June 30, 2017.

### 3. Significant accounting policies

**3.1** The accounting policies adopted for the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of preceding annual published consolidated financial statements of the group for the year ended June 30, 2017.

#### **3.2 Initial application of standards, amendments or an interpretation to existing standards**

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

##### **3.2.1 Standards, amendments to published standards and interpretations that are effective in the current period**

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2017 but are considered not to be relevant or to have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in this condensed interim financial information except for:

- IAS 7, 'Cashflow statements: Disclosure initiative' (effective for periods beginning on or after January 1, 2017). This amendment requires disclosure to explain changes in liabilities for which cash flows have been, or will be classified as financing activities in the statement of cash flows. The amendment only covers balance sheet items for which cash flows are classified as financing activities. In case other items are included within the reconciliation, the changes in liabilities arising from financing activities will be identified separately. A reconciliation of the opening to closing balance is not specifically required but instead the information can be provided in other ways. In the first year of adoption, comparative information need not be provided. The application of this amendment does not have any material impact on the Group's financial statements.

##### **3.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group**

The following amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after July 01, 2018 or later periods, and the Group has not early adopted them:

	<b>Effective date (accounting periods beginning on or after)</b>
<b>Other standards or interpretations</b>	
IFRS 9, 'Financial instruments'	July 01, 2018
IFRS 15, 'Revenue from contracts with customers'	July 01, 2018
Amendments to IFRS 15, 'Revenue from contracts with customers' on gross versus net revenue presentation	July 01, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 01, 2018
IFRS 16 'Leases'	January 01, 2019
IFRIC 23	January 01, 2019

The Group will apply these standards/amendments from their respective effective dates and has yet to assess the impact of these amendments on its financial statements.

### 3.3 Significant accounting estimates, judgements and financial risk:

The preparation of this condensed interim financial information requires the management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended June 30, 2017, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in note 4.

The Group'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. Taxation

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

<b>December 31, 2017</b>	<b>June 30, 2017</b>
<b>Un-audited</b>	<b>audited</b>
<b>(Rupees in thousand)</b>	

## 5. Long term finances - secured

Long term loans - secured	- note 5.1	19,724,625	13,133,750
Less: current portion shown under current liabilities		1,324,292	586,250
		<u>18,400,333</u>	<u>12,547,500</u>

### 5.1 Long term loans

Opening balance		13,133,750	3,785,126
Add:			
Proceeds of borrowing		6,884,000	11,320,000
Exchange loss during the period / year		-	641
		<u>20,017,750</u>	<u>15,105,767</u>
Less:			
Repayments during the period		293,125	1,972,017
Closing balance		<u>19,724,625</u>	<u>13,133,750</u>

## 6. Loan from related party - unsecured

This represents unsecured and interest free loan provided by the three directors of the Dairy Segment. The loan amount shall be payable within one year from the execution date.

## 7. Contingencies and commitments

### 7.1 Contingencies

There is no significant change in contingencies from the preceding annual financial statements of the Group for the year ended June 30, 2017 except for letters of guarantees issued to various parties aggregating to Rs 1,349.824 million (June 30, 2017: Rs 1,189.572 million).

### 7.2 Commitments in respect of:

- (i) Contracts for capital expenditure Rs. 61.799 million (June 30, 2017: Rs 904.364 million)
- (ii) Letters of credits for capital expenditure Rs 2,370.929 million (June 30, 2017: Rs 773.728 million)
- (iii) Letters of credit other than capital expenditure Rs 1,322.172 million (June 30, 2017: Rs 1,087.394 million)
- (iv) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	<b>December 31, 2017 Un-audited</b>	<b>June 30, 2017 audited</b>
	<b>(Rupees in thousand)</b>	
Not later than one year	331	331
Later than one year and not later than five years	1,325	1,325
Later than five years	4,480	4,645
	<u>6,136</u>	<u>6,301</u>

## 8. Property, plant and equipment

Operating assets	- note 8.1	33,355,118	34,336,559
Capital work-in-progress	- note 8.2	38,905,972	31,379,314
Major spare parts and stand-by equipment		80,701	94,139
		<u>72,341,791</u>	<u>65,810,012</u>

### 8.1 Operating fixed assets

Opening book value		34,336,559	35,288,238
Add: Additions during the period / year	- note 8.1.1	196,016	1,411,508
Less: Disposals during the period /year - at book value		31,655	25,418
Less: Depreciation charged during the period / year		1,145,802	2,337,769
		<u>1,177,457</u>	<u>2,363,187</u>
Closing book value		<u>33,355,118</u>	<u>34,336,559</u>



	<b>December 31, 2017</b>	<b>June 30, 2017</b>
	<b>Un-audited</b>	<b>audited</b>
	<b>(Rupees in thousand)</b>	

### 8.1.1 Additions during the period / year

Freehold land	32,452	38,525
Buildings on freehold land:		
- Factory buildings	-	221,859
- Office building and housing colony	-	29,200
Roads	-	66,354
Plant and machinery	44,560	852,612
Factory and quarry equipment	1,397	18,722
Furniture and fittings	26,835	19,908
Office equipment	15,919	19,756
Vehicles	74,853	123,240
Power and water supply lines	-	21,332
	<u>196,016</u>	<u>1,411,508</u>

### 8.2 Capital work-in-progress

Civil works	428,895	288,412
Plant and machinery	723,661	671,644
Advances for capital expenditure	-	204,820
Unallocated expenditure	350	1,875
Expansion project:		
-Civil works	11,521,453	7,807,172
-Plant and machinery	20,718,479	18,086,304
- Advances to suppliers and contractors	2,104,268	1,370,303
-Others	3,408,866	2,948,784
	<u>37,753,066</u>	<u>30,212,563</u>
	<u>38,905,972</u>	<u>31,379,314</u>

## 9. Investments

Carrying value of investments at the beginning of the period / year	33,170,223	28,260,287
Investments made during the period / year		
- Related parties	172,614	349,997
- Others	-	-
	<u>172,614</u>	<u>349,997</u>
Fair value (loss)/gain during the period/year on:		
- Available for sale investments	(534,470)	4,561,430
- Investments disposed off during the period/year	-	(1,491)
Carrying value at the end of the period / year	<u>32,808,367</u>	<u>33,170,223</u>
Investments classified in current assets - related parties	(17,196,598)	(17,044,142)
Carrying value of investments at the end of the period / year	<u>15,611,769</u>	<u>16,126,081</u>

## 10. Loan to related party

This represents loan amounting to Rs 1,000 million to Nishat Hotels and Properties Limited, an associated company, for meeting its working capital requirements. As per the original terms, the loan amount was repayable on October 30, 2017. However, in September 2017, the Board of Directors of the Company, considering it a viable investment, recommended extension in repayment of the loan amount for a further period of one year starting from the date of approval of extension by the members of the Company on same terms as mentioned below. This extension was approved by the members of the Company in their Annual General Meeting held on October 28, 2017 as per the requirements of section 199 of the Act.

The loan carries markup at the rate of 3 months Karachi Inter-Bank Offered Rate (KIBOR) + 0.5% per annum, payable on a monthly basis. The loan is secured through corporate guarantee of 110% of the loan amount issued by NHPL in favor of the Company. The effective markup rate charged during the period was 6.65% per annum which is above the borrowing cost of the Company. 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.

2017		2016	
July to December	October to December	July to December	October to December

(Rupees in thousand)

## 11. Cost of sales

Raw and packing materials consumed	1,671,792	992,811	1,367,643	665,621
Forage	440,388	224,045	378,099	190,195
Medicine and related items	44,329	22,113	44,611	20,372
Salaries, wages and other benefits	1,115,304	535,945	973,094	504,916
Electricity and gas	1,031,421	477,577	1,291,491	586,713
Furnace oil and coal	4,543,876	2,565,836	3,243,193	1,888,004
Stores and spares consumed	861,348	442,989	676,143	354,663
Repair and maintenance	187,087	110,439	143,921	110,227
Insurance	29,248	15,301	28,734	11,176
Depreciation on operating fixed assets	1,106,982	555,683	1,117,575	561,500
Royalty	168,996	93,144	161,076	85,025
Excise duty	16,125	8,900	15,285	8,044
Vehicle running expenses	14,491	7,499	11,821	6,508
Postage, telephone and telegram	2,503	1,038	1,222	261
Printing and stationery	6,600	3,198	4,699	1,930
Legal and professional charges	1,319	581	1,909	327
Travelling and conveyance	3,506	2,079	5,525	3,401
Plant cleaning and gardening	17,538	11,785	12,460	7,437
Rent, rates and taxes	28,303	16,681	29,304	15,099
Freight charges	15,062	8,166	14,359	8,121
Other expenses	67,196	43,020	73,852	51,758
	11,373,414	6,138,830	9,596,016	5,081,298
Opening work-in-process	522,557	345,778	166,940	282,013
Closing work-in-process	(94,028)	(94,028)	(184,974)	(184,974)
	428,529	251,750	(18,034)	97,039
<b>Cost of goods manufactured</b>	<b>11,801,943</b>	<b>6,390,580</b>	<b>9,577,982</b>	<b>5,178,337</b>
Opening stock of finished goods	431,356	364,123	292,094	454,950
Closing stock of finished goods	(364,904)	(364,904)	(418,225)	(418,225)
	66,452	(781)	(126,131)	36,725
Less: Own consumption capitalized	(111,129)	(50,767)	(171,704)	(102,684)
	11,757,266	6,339,032	9,280,147	5,112,378

	2017		2016	
	July to December	October to December	July to December	October to December

(Rupees in thousand)

## 12. Taxation

Current:				
- For the period	1,253,808	1,224,036	1,560,222	882,222
- Prior year	(58,181)	(58,181)	(33,228)	(33,228)
	1,195,627	1,165,855	1,526,994	848,994
Deferred	144,662	507,469	80,765	(127,338)
	1,340,289	1,673,324	1,607,759	721,656

**12.1** The new production line being of the cement segment set up at Hub, Baluchistan is expected to start operations by June 2018 and the applicable tax credit for investment estimated at Rs 2.9 billion under section 65B of the Income Tax Ordinance, 2001 will be recognized accordingly when the operations commence.

## 13. Transactions with related parties

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

Relationship with the Group	Nature of transaction	July to December 2017	July to December 2016
		Un-audited	Un-audited

(Rupees in thousand)

<b>Related parties</b>	Purchase of goods and services	36,061	1,011,074
	Sale of assets	9,900	-
	Purchase of assets	3,172	-
	Insurance premium paid	52,056	57,814
	Sale of goods	92,485	44,237
	Mark-up income on balances with related parties	33,614	6,445
	Insurance claim received	-	1,373
	Dividend income	1,032,209	1,020,452
	Dividends paid	1,100,591	863,102
<b>Key management personnel</b>	Salaries and other employment benefits	107,380	98,851
<b>Post employment benefit plans</b>	Expense charged in respect of staff retirement benefits plans (defined benefit plan)	46,485	32,506
	Expense charged in respect of staff retirement benefits plans (contribution plan)	37,287	28,539

	<b>December 31, 2017</b>	<b>June 30, 2017</b>
	<b>Un-audited</b>	<b>audited</b>
	<b>(Rupees in thousand)</b>	
<b>Balances with related parties:</b>		
<b>Payable to related parties</b>		
Long term deposits	325	325
Trade and other payables	764	10,254
	<u>1,089</u>	<u>10,579</u>
<b>Receivable from related parties</b>		
Trade debts	16,158	25,138
Advances, deposits, prepayments and other receivables	5,792	536
Long term loans, advances and deposits	-	-
	<u>21,950</u>	<u>25,674</u>
	<b>July to December, 2017</b>	<b>July to December, 2016</b>
	<b>Un-audited</b>	<b>Un-audited</b>
	<b>(Rupees in thousand)</b>	

#### 14. Cash generated from operations

Profit before tax	4,806,436	5,997,950
Adjustments for :		
- Depreciation on operating fixed assets	1,145,802	1,156,206
- Profit on disposal of operating fixed assets	(6,164)	(3,913)
- Loss on disposal of biological assets	114,107	139,424
- Profit on bank deposits	(2,823)	(92,132)
- Dividend income	(1,040,304)	(1,024,321)
- Retirement and other benefits accrued	39,166	32,506
- Mark-up income	(33,614)	(6,445)
- Exchange loss - net	151,398	31,776
- Finance cost	212,616	180,066
- (Gain)/loss on derivative financial instruments	(12,979)	4,627
<b>Profit before working capital changes</b>	<u>5,373,641</u>	<u>6,415,744</u>
Effect on cash flow due to working capital changes:		
- Increase in stores, spares and loose tools	(1,352,060)	(506,714)
- Decrease/(increase ) in stock-in-trade	478,784	(196,589)
- Increase in trade debts	(141,038)	(60,051)
- Decrease/(increase) in loans, advances, deposits, prepayments and other receivables	361,168	(972,983)
- Increase/(decrease) in trade and other payables	400,122	(297,854)
	<u>(253,024)</u>	<u>(2,034,191)</u>
Cash generated from operations	<u>5,120,617</u>	<u>4,381,553</u>

<b>December 31, 2017</b>	<b>December 31, 2016</b>
<b>Un-audited</b>	<b>Un-audited</b>
<b>(Rupees in thousand)</b>	

## 15. Cash and cash equivalents

Short term borrowings - secured	(9,306,737)	(6,474,986)
Cash and bank balances	1,664,340	3,011,327
	<u>(7,642,397)</u>	<u>(3,463,659)</u>

## 16. Financial risk management

### 16.1 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.

### 16.2 Liquidity risk

Compared to the year ended June 30, 2017, the group has acquired long term borrowings amounting to Rs 6.8 billion as referred to in note 5.1. The contractual undiscounted cash flows for the group's financial liabilities are as follows:

	<b>Rupees in thousand</b>			
	<b>Carrying value</b>	<b>Less than 1 year</b>	<b>Between 1 and 3 years</b>	<b>More than 3 years</b>
<b>As at December 31, 2017</b>				
Long term finances - secured	19,724,625	1,324,292	10,591,055	7,809,278
Long term deposits	87,596	-	-	87,596
Trade and other payables	4,944,883	4,944,883	-	-
Short term borrowings - secured	9,306,737	9,306,737	-	-
Accrued finance cost	258,741	258,741	-	-
	<u>34,322,582</u>	<u>15,834,653</u>	<u>10,591,055</u>	<u>7,896,874</u>
<b>As at June 30, 2017</b>				
Long term finances - secured	13,133,750	586,250	800,000	1,350,000
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	-	-
Loan from related party - unsecured	169,000	169,000	-	-
Accrued finance cost	219,927	219,927	-	-
Derivative financial instrument	48,056	48,056	-	-
	<u>26,346,074</u>	<u>13,719,133</u>	<u>800,000</u>	<u>1,429,441</u>

### 16.3 Fair value estimation

The different levels for fair value estimation used by the group 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
<b>As at December 31, 2017</b>	<b>(Rupees in thousand)</b>			
<b>Assets</b>				
Investment - At fair value through profit or loss	35	-	-	35
Investments - Available for sale	32,808,332	-	4,051,000	36,859,332
Biological assets	-	-	445,085	445,085
Derivative financial instruments	-	-	-	-
<b>Total assets</b>	<b>32,808,367</b>	<b>-</b>	<b>4,496,085</b>	<b>37,304,452</b>
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>As at June 30, 2017</b>	<b>(Rupees in thousand)</b>			
<b>Assets</b>				
Investment - 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
<b>Total assets</b>	<b>29,119,223</b>	<b>-</b>	<b>4,642,579</b>	<b>33,761,802</b>
<b>Liabilities</b>				
Derivative financial instruments	-	48,056	-	48,056
<b>Total liabilities</b>	<b>-</b>	<b>48,056</b>	<b>-</b>	<b>48,056</b>

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

### Valuation techniques used to measure level 3 assets

The fair value of these assets is determined by an independent professionally qualified valuer. Latest valuation of these assets was carried out on June 30, 2017. Level 3 fair value of Biological assets has been determined using a replacement cost approach, whereby, current cost of similar dairy cattle in the international market has been adjusted for transportation costs to arrive at fair value.

### Valuation inputs and relationship to fair value

The international market prices of similar dairy cattle, when these increase the fair value increases. The fair value is also dependent on the age of the cattle. The fair value increases as the cows mature. This value decreases as cows age and go through lactations.

### Fair value sensitivity analysis for biological assets

If the fair value of biological assets, at the year end date fluctuates by 1% higher/lower with all other variables held constant, pre tax loss for the period would have been Rs 4.451 million (2017: Rs 5.916 million) lower/higher mainly as a result of lower/higher fair value loss on biological assets.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

## 17. 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 of raw milk

### 17.1 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		Dairy/Farm		Elimination - net		Consolidated	
	July to December 2017 un-audited	July to December 2016 un-audited	July to December 2017 un-audited	July to December 2016 un-audited	July to December 2017 un-audited	July to December 2016 un-audited	July to December 2017 un-audited	July to December 2016 un-audited	July to December 2017 un-audited	July to December 2016 un-audited
Revenue from										
- External Customers	15,763,004	14,681,469	658,431	526,392	596,770	538,355	-	-	17,018,205	15,746,216
- Inter-group	666	5,694	653,534	681,485	-	-	(654,200)	(687,179)	-	-
	15,763,670	14,687,163	1,311,965	1,207,877	596,770	538,355	(654,200)	(687,179)	17,018,205	15,746,216
Segment gross profit/(loss)	5,249,920	6,339,564	187,431	296,928	(159,743)	(141,254)	(16,669)	(29,169)	5,260,939	6,466,069
Segment expenses	(1,225,612)	(1,272,400)	(27,583)	(31,499)	(144,952)	(136,523)	-	375	(1,398,147)	(1,440,047)
Other income	1,192,845	1,175,841	9,491	7,395	5,543	7,943	(51,619)	(39,185)	1,156,260	1,151,994
Financial charges	(192,644)	(163,113)	(19,431)	(16,753)	(541)	(200)	-	-	(212,616)	(180,066)
Taxation	(1,290,654)	(1,574,207)	(49,635)	(70,065)	-	28,101	-	8,412	(1,340,289)	(1,607,759)
Profit after taxation	3,733,855	4,505,685	100,273	186,006	(299,693)	(241,933)	(68,288)	(59,567)	3,466,147	4,390,191
Depreciation	1,014,398	1,019,852	22,421	16,318	97,702	103,025	11,281	17,011	1,145,802	1,156,206
Capital expenditure	(7,655,023)	(12,264,747)	(4,011)	(5,181)	(49,279)	(46,585)	3,975	86	(7,704,338)	(12,316,427)
Cash to operations	4,385,236	2,112,167	(184,948)	48,456	(101,981)	17,154	(5,079)	151	4,093,228	2,177,928
Cash from investing	(6,635,005)	(12,145,911)	(43,126)	(23,559)	(7,886)	(20,363)	(46,112)	(38,548)	(6,732,129)	(12,228,381)
Rupees in thousands	31.12.2017 un-audited	30.06.2017 audited	31.12.2017 un-audited	30.06.2017 audited	31.12.2017 un-audited	30.06.2017 audited	31.12.2017 un-audited	30.06.2017 audited	31.12.2017 un-audited	30.06.2017 audited
Segment assets	115,802,159	108,371,316	2,073,024	1,860,330	3,022,622	3,230,910	(2,250,282)	(2,345,382)	118,647,523	111,117,174
Segment liabilities	41,023,909	33,502,440	878,616	677,241	640,288	548,882	(164,421)	(276,619)	42,378,392	34,451,944

## 17.2 Geographical segments

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



## 18. Date of authorization for issue

This consolidated condensed interim financial information was authorized for issue on February 20, 2018 by the Board of Directors of the Parent Company.

## 19. Corresponding figures

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



Chief Executive



Chief Financial Officer



Director



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