



First Quarter Report,
September 30,

2018
(Un-audited)



NISHAT



Contents

Company Information	02
Contact Us	03
Directors' Report	04
Condensed Interim Unconsolidated	
Statement of Financial Position	10
Statement of Profit or Loss - Unaudited	12
Statement of Comprehensive Income - Unaudited	13
Statement of Cash Flows - Unaudited	14
Statement of Changes In Equity - Unaudited	15
Notes to and Forming Part of the Condensed Interim Unconsolidated Financial Information - Unaudited	16
Condensed Interim Consolidated	
Statement of Financial Position	26
Statement of Profit or Loss - Unaudited	28
Statement of Comprehensive Income - Unaudited	29
Statement of Cash Flows - Unaudited	30
Statement of Changes In Equity - Unaudited	31
Notes to and Forming Part of the Condensed Interim Consolidated Financial Information - Unaudited	32

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	

Contact Us

Registered Office

Nishat House, 53-A, Lawrence Road,
Lahore-Pakistan
UAN: 92 42 111 11 33 33
Fax: 92 42 36367414
Email: info@dgcement.com
web site: www.dgcement.com

Factories

Khofli Sattai, Distt., Dera Ghazi Khan-Pakistan
Phone: 92-641-460025-7
Fax: 92-641-462392
Email: dgsite@dgcement.com

12, K.M. Choa Saidan Shah Road,
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: iniazi@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

Directors' Report

The directors of your company are pleased to present you the results of first quarter of FY19:

PKR in thousands

	Q1FY19	Q1FY18
Sales	8,185,893	7,527,449
Cost of sales	(7,148,528)	(4,872,232)
Gross profit	1,037,365	2,655,217
Administrative expenses	(169,646)	(149,439)
Selling and distribution expenses	(177,119)	(232,751)
Other operating expenses	(27,989)	(196,274)
Other income	469,292	485,302
Finance cost	(612,029)	(88,691)
Profit before taxation	519,874	2,473,364
Taxation	(102,051)	364,064
Profit after taxation	417,823	2,837,428
EPS	0.95	6.48

Production and Sales volumetric data is as under:

Figures in MT

	Q1FY19	Q1FY18
Clinker Production	1,506,435	971,818
Cement Production	1,202,574	1,120,298
Cement -Total Sales	1,160,975	1,135,784
Cement Local Sales (Excluding own consumption)	1,085,888	1,005,421
Cement Exports Sales	75,087	130,363
Clinker Exports	102,684	-

Volumetric change

	% change for Q1FY19 wrt Q1FY18
Clinker Production	55%
Cement Production	7%
Cement -Total Sales	2%
Cement Local Sales (Excluding own consumption)	8%
Cement Exports Sales	-42%

	Q1HY19	Q1HY18	Q1HY17
GP margin (%)	13	35	44
PBT margin (%)	6	33	42

Company cement sales grew by 2% in volumes with 8% growth in local despatches. In value terms sales grew by about 9%. GP margin decreased by about 61%. PBT and PAT decreased by 79% and 85% respectively. GP margin remained at about 13% (Q1FY18: 35%), PBT margin at 6% (Q1FY18: 33%) and PAT margin at 5% (Q1FY18: 38%).

Major reason for this decline in profitability is reduction in gross margins. COGS increased by about 47%. This is majorly result of new plant's operational cost, depreciation charge jumped up, two kilns shut down for some days for maintenance and high coal prices. On the other hand, sales volumetric increase could not be translated effectively into value due to tough market conditions. Prices continue to move downward in first two months of Q1. In later part of the quarter however, prices started picking up backed by strong demand across country. Finance cost also contributed to bottom line decline as it now includes financing charges for Hub plant loans as well besides higher utilization of short-term lines and comparatively higher markup rates on pretext of higher benchmark rates.

Industrial cement despatches were down by about 0.4% (Q1FY18: 22%) in local market, up by 39% (Q1FY18: -17%) in exports market with overall growth of about 4.5% (Q1FY18: 15%). Industrial utilization remained 66.57% (Q1FY18:77%) for domestic, 13.22% (Q1FY18: 11%) for exports and 79.79% (Q1FY18: 88%) for overall despatches.

GDP growth expectations for FY19 are around 4-5%. During first quarter of FY19, PKR lost about 1.5% against USD. Post quarter end PKR lost further 8% value. SBP policy rate increase by further 100 bps effective October 01, 2018.

	29/6/18	31/8/18	28/9/18	1/10/2018
1 Month	7.03	8.01	8.42	8.98
3 Month	6.92	7.93	8.32	8.88
6 Month	7.04	8.05	8.59	8.98
1 Year	7.53	8.47	9.06	9.34

Cement volumetric sales to remain in positive side. With new plant at south, the Company will export clinker and cement at better margins. Prices of cement in local market may remain volatile but range bound. Profitability of the Company is expected to get improvement as cement sales will keep positive trend, exports will increase and operational costs may get normalized at new plant. However, FX devaluation, inflationary pressure and economic slow down may hit expected profitability.

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:

Mrs. Naz Mansha (Chairperson)	Non- Executive
Mr. Raza Mansha	Executive
Mr. Khalid Niaz Khawaja	Independent
Mr. Mohammad Arif Hameed	Non-Executive

Mr. Khalid Qadeer Qureshi	Non-Executive
Mr. Farid Noor Ali Fazal	Executive
Mr. Shahzad Ahmad Malik	Non-Executive

Female Directors:	01
Male Directors:	06

Audit Committee	
Mr. Khalid Niaz Khawaja	Chairman
Mr. Mohammad Arif Hameed	Member
Mr. Khalid Qadeer Qureshi	Member

Human Resource & Remuneration Committee	
Mr. Khalid Niaz Khawaja	Chairman
Mr. Raza Mansha	Member
Mr. Khalid Qadeer Qureshi	Member

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
October 25, 2018

مندرجہ ذیل کمپنی کے ڈائریکٹرز ہیں:

حضرتہ نازمنشا (چیئر پرسن)	نان ایگزیکٹو
جناب رضامنشا	ایگزیکٹو
جناب خالد نیاز خواجہ	آزاد
جناب محمد عارف حمید	نان ایگزیکٹو
جناب خالد قدر تیریشی	نان ایگزیکٹو
جناب فرید نور علی فضل	ایگزیکٹو
جناب شہزاد احمد ملک	نان ایگزیکٹو

خانقون ڈائریکٹرز: 01

مرد ڈائریکٹرز: 06

آڈٹ کمیٹی

جناب خالد نیاز خواجہ

جناب محمد عارف حمید

جناب خالد قدر تیریشی

ہیومن ریسورس اینڈ ریمیزیشن کمیٹی

جناب خالد نیاز خواجہ

جناب رضامنشا

جناب خالد قدر تیریشی

اختتام پذیر مدت کی حیثیت کو متاثر کرنے والے کوئی بعد از تیلنس شیٹ نمایاں واقعات رونما نہیں ہوئے ہیں۔ ہمارے پلانٹس اور آپریٹنگز بین الاقوامی اور قومی ماحولیاتی معیارات کی تعمیل کر رہے ہیں۔ DGKC سوسائٹی اور ویلفیئر کی اپنی ذمہ داریوں کو مکمل طور پر پبچاتی ہے۔ کمپنی نزدیکی آبادیوں کے لئے تعلیم، صحت، طبی اور آگ بجھانے کی سہولیات، واٹر سپلائی، نزدیکی علاقوں میں ایمر جنسی اور آفاقی حالات میں مدد، آگاہی مہمات وغیرہ پر خرچ کر رہی ہے۔

کمپنی یا اس کی ذیلی کمپنیوں یا کسی دیگر کمپنی جس میں کمپنی دلچسپی رکھتی ہے کے کاروبار کی نوعیت سے متعلقہ کوئی تبدیلیاں نہیں ہیں جو زیر جائزہ مدت کے دوران رونما ہوئی ہوں۔

آپ کی کمپنی کے ڈائریکٹرز بیان کرتے ہیں کہ داخلی کنٹرول کا نظام ڈیزائن میں مستحکم ہے اور اسکی مؤثر طریقہ سے عملدرآمد اور نگرانی کی جاتی ہے۔ کمپنی کے آپریٹنگ نتائج میں گزشتہ مدت سے اہم تغیرات ڈائریکٹرز رپورٹ کے دیگر حصوں میں اجاگر کئے گئے ہیں اور وجوہات بیان کی گئی ہیں۔

ہم اپنے تمام اسٹیک ہولڈرز کا شکریہ ادا کرتے ہیں اور اپنے تمام ملازمین کی ان تھک کوششوں کو سراہتے ہیں۔
منجانب بورڈ

David Jazal

فرید نور علی فضل

ڈائریکٹر

Rashid

رضامنشا

چیف ایگزیکٹو آفیسر

لاہور

25 اکتوبر 2018ء

Q1HY17	Q1HY18	Q1HY19	
44	35	13	GP مارجن (%)
42	33	6	PBT مارجن (%)

کمپنی کی سینٹ کی جی فروخت مقامی ترسیل میں 8% نمو کے ساتھ کلی طور پر 2% تک بڑھ گئی۔ قدر کے لحاظ سے فروخت تقریباً 9% تک بڑھی۔ جی پی مارجن تقریباً 61% تک کم ہو گیا۔ PBT اور PAT بالترتیب 79% اور 85% تک کم ہوا۔ جی پی مارجن تقریباً 13% (35%: Q1FY18)؛ PBT مارجن 6% (33%: Q1FY18) اور PAT مارجن 5% (38%: Q1FY18) پر برقرار رہا۔

منافع میں اس کمی کی بڑی وجہ مجموعی مارجنز میں کمی ہے۔ COGS تقریباً 47% زیادہ ہوئی۔ جو بنیادی طور پر نئے پلانٹ کے انتظامی اخراجات، ڈیپریسی ایشن چارج میں اضافہ، مینٹی نینس کے لئے دو (2) کلنز کی بندش اور کونکر کی قیمت میں اضافہ کا نتیجہ ہے۔ دوسری طرف، فروخت، حجم میں اضافہ، سخت مارکیٹ حالات کی وجہ سے موثر نتائج حاصل نہیں کر سکا۔ پہلی سہ ماہی کے پہلے دو ماہ میں قیمتیں مسلسل کم ہوئیں۔ تاہم سہ ماہی کے باقی عرصہ میں، قیمتیں پورے ملک میں مضبوط طلب کی بدولت بڑھنا شروع ہو گئیں۔ مالی اخراجات بھی منافع کی کمی میں حصہ دار بنے کیونکہ اب اس میں جب پلانٹ کے قرضوں کے لئے فنانسنگ چارجز بھی شامل ہیں اور اس کے علاوہ مختصر مدتی لائونوں کے زیادہ استعمال اور بیچ مارک ریٹس میں نسبتاً اضافہ بھی اس کے بڑھنے کا سبب ہیں۔

صنعتی سینٹ کی ترسیلات تقریباً 4.5% (15%: Q1FY18) کی مجموعی نمو کے ساتھ مقامی مارکیٹ میں تقریباً 0.4% (22%: Q1FY18)، برآمد مارکیٹ میں 39% (17%: Q1FY18) کم رہیں۔ صنعتی استعمال مقامی سطح پر 66.57% (77%: Q1FY18)، برآمدات کے لئے 13.22% (11%: Q1FY18) اور مجموعی ترسیلات کے لئے 79.79% (88%: Q1FY18) پر رہا ہے۔

مالی سال 19 کے لئے جی ڈی پی نمو کی توقعات تقریباً 4-5% ہیں۔ مالی سال کی پہلی سہ ماہی کے دوران، امریکی ڈالر کے مقابلے پاکستانی روپیہ کی قدر تقریباً 1.5% کم ہوئی۔ سہ ماہی کے اختتام کے بعد پاکستانی روپیہ کی قدر مزید 8% کم ہو گئی۔ ایس بی پی پالیسی ریٹ کیلیم اکتوبر 2018 سے مزید 100bps زیادہ ہو گیا۔

مختلف تواریخ کے KIBOR ریٹس

1/10/2018	28/9/18	31/8/18	29/6/18	
8.98	8.42	8.01	7.03	1 ماہ
8.88	8.32	7.93	6.92	3 ماہ
8.98	8.59	8.05	7.04	6 ماہ
9.34	9.06	8.47	7.53	1 سال

سینٹ کی جی فروخت مثبت رہنے کی توقع ہے۔ جنوب میں نئے پلانٹ کے ساتھ، کمپنی بہتر مارجنز میں کلنکر اور سینٹ برآمد کرنے کی امید رکھتی ہے۔ کمپنی کی منافع یا بی بہتر ہونے کی توقع ہے کیونکہ سینٹ کی فروخت مثبت رجحان رکھے گی، برآمدات میں اضافہ ہوگا اور نئے پلانٹ میں مالی اخراجات معمول پر آسکتے ہیں۔ تاہم، FX کی قدر میں کمی، افراط زر کا دباؤ اور اقتصادی سست روی متوقع منافع یا بی کو متاثر کر سکتی ہے۔

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

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

حصص داران کیلئے ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز آپ کو مالی سال 19 کی پہلی سہ ماہی کے نتائج پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

پاکستانی روپے ہزاروں میں

پہلی سہ ماہی مالی سال 2018	پہلی سہ ماہی مالی سال 2019	
7,527,449	8,185,893	فروخت
(4,872,232)	(7,148,528)	قیمت فروخت
2,655,217	1,037,365	مجموعی منافع
(149,439)	(169,646)	انتظامی اخراجات
(232,751)	(177,119)	فروخت اور تقسیم کے اخراجات
(196,274)	(27,989)	دیگر معاملاتی اخراجات
469,292	485,302	دیگر آمدنی
(88,691)	(612,029)	مالی لاگت
2,473,364	519,874	ٹیکسیشن سے قبل منافع
364,064	(102,051)	ٹیکسیشن
2,837,428	417,823	ٹیکسیشن کے بعد منافع
6.48	0.95	فی شیئر آمدنی

اس سال کے لئے آپ کی کمپنی کی پیداوار اور فروخت حجم کے اعداد و شمار درج ذیل ہیں:

اعداد و شمار میٹرک ٹن میں

پہلی سہ ماہی مالی سال 2018	پہلی سہ ماہی مالی سال 2019	
971,818	1,506,435	کلنر کی پیداوار
1,120,298	1,202,574	سیمنٹ کی پیداوار
1,135,784	1,160,975	سیمنٹ کی کل فروخت
1,005,421	1,085,888	سیمنٹ کی مقامی فروخت (علاوہ ذاتی استعمال)
130,363	75,087	سیمنٹ کی برآمد فروخت
-	102,684	کلنر کی برآمد

تجزی تبدیلی

Q1FY18 کے لحاظ سے Q1FY19 کی فیصد تبدیلی	
55%	کلنر پیداوار
7%	سیمنٹ کی پیداوار
2%	سیمنٹ کی کل فروخت
8%	سیمنٹ کی مقامی فروخت (علاوہ ذاتی استعمال)
-42%	سیمنٹ کی برآمد فروخت

Condensed Interim Unconsolidated Statement of Financial Position

	Note	September 2018 unaudited	June 2018 audited
(Rupees in thousand)			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
- 950,000,000 (June 30, 2018: 950,000,000) ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (June 30, 2018: 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 (2018: 438,119,118) ordinary shares of Rs 10 each		4,381,191	4,381,191
Reserves		35,023,475	34,761,625
Revenue Reserve: Un-appropriated profit		38,409,428	37,991,605
		<u>77,814,094</u>	<u>77,134,421</u>
NON-CURRENT LIABILITIES			
Long term finances - secured	5	18,024,158	17,730,324
Long term deposits		148,036	109,726
Deferred liabilities		294,796	278,379
Deferred taxation		4,131,113	4,082,974
		<u>22,598,103</u>	<u>22,201,403</u>
CURRENT LIABILITIES			
Trade and other payables		8,578,363	7,595,299
Accrued finance cost		505,869	347,880
Short term borrowing-secured		14,981,956	12,209,667
Current portion of non-current liabilities		2,451,411	2,336,910
Unclaimed dividend		28,109	28,347
Provision for taxation		35,090	35,090
		<u>26,580,798</u>	<u>22,553,193</u>
Contingencies and Commitments	6	-	-
		<u>126,992,995</u>	<u>121,889,017</u>

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



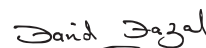
Chief Executive

As At September 30, 2018

		September 2018	June 2018
		unaudited	audited
	Note	(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	76,364,130	76,493,984
Investments	8	16,292,501	16,259,564
Long term loans to employees		574	574
Long term deposits		60,721	59,269
		<u>92,717,926</u>	<u>92,813,391</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		7,813,685	5,114,227
Stock-in-trade		3,155,868	1,377,596
Trade debts		919,172	188,293
Investments	8	16,297,507	16,018,594
Loans, advances, deposits, prepayments and other receivables		1,687,468	2,637,675
Loan to related party	9	1,000,000	1,000,000
Income tax receivable		2,626,584	2,270,137
Cash and bank balances		774,785	469,104
		<u>34,275,069</u>	<u>29,075,626</u>
		<u>126,992,995</u>	<u>121,889,017</u>



Chief Financial Officer



Director

Condensed Interim Unconsolidated Statement of Profit or Loss - Unaudited

	Note	July to September	
		2018	2017
(Rupees in thousand)			
Sales		8,185,893	7,527,449
Cost of sales	10	(7,148,528)	(4,872,232)
Gross profit		1,037,365	2,655,217
Administrative expenses		(169,646)	(149,439)
Selling and distribution expenses		(177,119)	(232,751)
Other operating expenses		(27,989)	(196,274)
Other income		469,292	485,302
Profit from operations		1,131,903	2,562,055
Finance cost		(612,029)	(88,691)
Profit before taxation		519,874	2,473,364
Taxation	11	(102,051)	364,064
Profit for the year		417,823	2,837,428
Earning per share basic and diluted		0.95	6.48

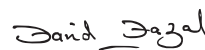
The annexed notes form an integral part of this condensed interim unconsolidated financial information.



Chief Executive



Chief Financial Officer



Director

Condensed Interim Unconsolidated Statement of Comprehensive Income - Unaudited

July to September
2018 **2017**
(Rupees in thousand)

Profit for the year	417,823	2,837,428
Available for sale financial assets		
- Change in fair value	261,850	(668,358)
- Realized gain through profit or loss account	-	-
- Tax expense	-	-
Other comprehensive income for the period	261,850	(668,358)
Total comprehensive income for the period	<u>679,673</u>	<u>2,169,070</u>

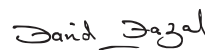
The annexed notes form an integral part of this condensed interim unconsolidated financial information.



Chief Executive



Chief Financial Officer



Director

Condensed Interim Unconsolidated Statement of Cash Flows - Unaudited

	Note	July to September	
		2018	2017
		(Rupees in thousand)	
Cash (used in)/ generated from operations	13	(1,362,431)	2,050,834
Financial cost paid		(454,040)	(48,550)
Retirement and other benefits paid		(24,499)	(21,008)
Taxes paid		(410,359)	(292,166)
long term deposits - net		38,310	5,215
Net cash (used in)/ from operating activities [A]		(2,213,019)	1,694,325
Capital expenditure including purchase of property, plant and equipment		(1,054,492)	(3,971,947)
Proceeds from sale of property, plant and equipment		12,407	16,083
Long term loans and deposits - net		(1,452)	71
Investment in equity instruments		(50,000)	(95,611)
Interest received		21,861	18,018
Dividend received		409,752	409,752
Net cash (used in) investing activities [B]		(661,924)	(3,623,634)
Repayment of long term finances		(291,665)	3,059,000
Proceeds from long term finances		700,000	700,000
Net cash from financing activities [C]		408,335	3,759,000
In(De)crease in cash and cash equivalents [A+B+C]		(2,466,608)	1,829,691
Cash and cash equivalents at the beginning of period		(11,740,563)	(8,149,348)
Cash and cash equivalents at the end of period	14	(14,207,171)	(6,319,657)

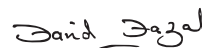
The annexed notes form an integral part of this condensed interim unconsolidated financial information.



Chief Executive



Chief Financial Officer



Director

Condensed Interim Unconsolidated Statement of Changes In Equity - Unaudited

Rupees in thousands	Capital reserve			Revenue reserve		Total
	Share Capital	Share Premium	Fair Value Reserve	Capital Redemption Reserve Fund	General Reserve	
Balance as at June 30, 2018 - Audited	4,381,191	4,557,163	24,779,125	353,510	5,071,827	37,991,605
Total comprehensive income for the period						77,134,421
- Profit for the period	-	-	-	-	-	417,823
- Other comprehensive income for the period	-	-	261,850	-	-	-
Balance as at September 30, 2018 - Unaudited	4,381,191	4,557,163	25,040,975	353,510	5,071,827	38,409,428
Balance as at June 30, 2017 - Audited	4,381,191	4,557,163	28,031,837	353,510	5,071,827	32,473,351
Total comprehensive income for the period						74,868,879
- Profit for the period	-	-	-	-	-	2,837,428
- Other comprehensive (loss) for the period	-	-	(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

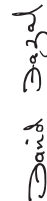
The annexed notes form an integral part of this condensed interim unconsolidated financial information.



Chief Executive



Chief Financial Officer



Director

Notes 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

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.1 Initial application of standards, amendments or an interpretation to existing standards.

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Company's accounting periods beginning from July 01, 2018 but are not considered to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in this condensed interim financial information.

2.2 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
- Provision for taxation
- Retirements and other benefits
- Provisions and Contingencies
- Fair value of unquoted available-for-sale investment

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, 2018.

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, 2018	June 30, 2018
	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

Total long term finances

	20,448,806	20,040,471
	20,448,806	20,040,471
	2,424,648	2,310,147
	<u>18,024,158</u>	<u>17,730,324</u>
	20,040,471	13,020,000
	700,000	7,853,804
	<u>20,740,471</u>	<u>20,873,804</u>
	291,665	833,333
	<u>20,448,806</u>	<u>20,040,471</u>

5.1 Long term loans

Opening balance

Add: Disbursements during the period

Less: Repayment during the period

Closing balance

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, 2018.

6.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs 446.198 million (June 30, 2018: Rs 224.277 million).
- (ii) Letters of credit for capital expenditure Rs 126.582 million (June 30, 2018: Rs 235.266 million).
- (iii) Letters of credit other than capital expenditure Rs 1,281.829 million (June 30, 2018: Rs 3,091.684 million).

September 30, 2018	June 30, 2018
Un-audited	audited
(Rupees in thousand)	

7. Property, plant and equipment

Operating Assets	-note 7.1	72,344,969	73,434,283
Capital work-in-progress		3,927,395	2,967,935
Major spare parts and stand-by equipment		91,766	91,766
		<u>76,364,130</u>	<u>76,493,984</u>

7.1 Operating assets

Opening book value		73,434,283	30,987,739
Add:			
Additions during the period/ year	-note 7.1.1	91,912	46,233,538
		<u>73,526,195</u>	<u>77,221,277</u>
Less:			
Impairment charge for the year		-	1,270,120
Disposals during the period/ year - net book value		7,068	212,625
Depreciation charged during the period/ year		1,174,158	2,304,249
Closing book value		<u>72,344,969</u>	<u>73,434,283</u>

7.1.1 Major additions during the period

Free hold land	1,542	175,361
Building on freehold land	-	12,251,170
Office building and housing colony	-	1,411,901
Roads	-	827,897
Plant and machinery	20,592	26,516,470
Quarry equipment	25,860	1,876,865
Furniture, fixtures and office equipment	26,592	181,894
Motor vehicles	17,326	142,727
Power and water supply lines	-	2,849,253
	<u>91,912</u>	<u>46,233,538</u>

8. Investments

Cost of investments	7,549,033	7,499,033
Cumulative fair value gain	25,040,975	24,779,125
Total investments	<u>32,590,008</u>	<u>32,278,158</u>
Less: Investments classified in current assets	16,297,507	16,018,594
Closing balance	<u>16,292,501</u>	<u>16,259,564</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
2018 **2017**

(Rupees in thousand)

10. Cost of sales

Raw and packing materials consumed	818,704	528,179
Salaries, wages and other benefits	754,095	543,090
Electricity, gas and water	1,176,485	510,106
Furnace oil/coal	3,893,403	1,978,040
Stores and spares consumed	604,401	414,486
Repair and maintenance	110,351	63,847
Insurance	22,280	13,284
Depreciation on property, plant and equipment	1,162,283	487,485
Royalty	162,428	75,852
Excise duty	10,315	7,225
Vehicle running	17,054	6,762
Postage, telephone and telegram	2,898	1,459
Printing and stationery	4,497	3,402
Legal and professional charges	728	738
Travelling and conveyance	2,662	1,427
Estate development	6,349	5,753
Rent, rates and taxes	21,422	11,622
Freight charges	17,997	6,880
Other expenses	17,592	5,592
Total manufacturing cost	8,805,944	4,665,229
Opening work-in-process	493,431	522,557
Cost of goods available for manufacture	9,299,375	5,187,786
Closing work-in-process	(1,851,912)	(345,778)
Cost of goods manufactured	7,447,463	4,842,008
Opening stock of finished goods	385,626	332,278
Cost of goods available for sale	7,833,089	5,174,286
Closing stock of finished goods	(636,124)	(241,692)
Own consumption capitalized	(48,437)	(60,362)
Cost of goods sold	7,148,528	4,872,232

July to September
2018 **2017**

(Rupees in thousand)

11. Taxation

Current tax	53,911	-
Deferred tax	48,140	(364,064)
	<u>102,051</u>	<u>(364,064)</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
2018 **2017**

(Rupees in thousand)

Relationship with the Company	Nature of transaction		
Subsidiary Company	Purchase of goods and services	641,419	323,162
	Sale of goods and services	6,872	6,924
	Rental Income	232	214
Other related parties	Purchase of goods and services	9,212	427,428
	Insurance premium	27,878	42,826
	Sale of goods	26,685	49,020
	Mark-up income	20,453	16,745
	Insurance claim received	1,059	-
	Dividend income	409,109	409,109
Key Management personnel	Salaries and other employment benefits	56,414	61,971
Post employment benefit plans	Expense charged in respect of staff retirement benefits plans	40,923	33,653

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

July to September
2018 **2017**
(Rupees in thousand)

13. Cash flow from operating activities

Profit before tax	519,874	2,473,364
Adjustment for :		
- Depreciation on property, plant and equipment	1,174,158	505,361
- Profit on disposal of property, plant and equipment	(2,219)	(5,895)
- Dividend income	(409,752)	(409,752)
- Retirement and other benefits accrued	40,916	33,797
- Markup income	(21,861)	(18,018)
- Finance cost	612,029	88,691
Profit before working capital changes	1,913,145	2,667,548
- Stores, spares and loose tools	(2,699,458)	(527,567)
- Stock-in-trade	(1,778,272)	352,685
- Trade debts	(730,879)	(85,336)
- Advances, deposits, prepayments and other receivables	950,207	228,545
- Trade and other payables	982,826	(585,041)
Net working capital changes	(3,275,576)	(616,714)
Cash (used in)/ generated from operations	(1,362,431)	2,050,834

14. Cash and cash equivalents

Short term borrowings - secured	(14,981,956)	(6,761,578)
Cash and bank balances	774,785	441,921
Total cash and cash equivalents	(14,207,171)	(6,319,657)

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, 2018.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2018.

15.2 Liquidity risk

Compared to the year ended June 30, 2018, the Company has acquired long term borrowings amounting to Rs 0.7 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 years	More than 3 years
		(Rupees in thousand)		
As at September 30, 2018				
Long term finances - secured	18,524,158	2,424,648	4,305,294	11,794,216
Trade and other payables	7,211,246	7,211,246	-	-
Short term borrowings - secured	14,981,956	14,981,956	-	-
Accrued finance cost	505,869	505,869	-	-
	<u>41,223,229</u>	<u>25,123,719</u>	<u>4,305,294</u>	<u>11,794,216</u>

As at June 30, 2018

Long term finances	20,040,471	2,310,147	3,978,405	13,751,919
Trade and other payables	6,580,186	6,580,186	-	-
Short term borrowings - secured	12,209,667	12,209,667	-	-
Accrued finance cost	347,880	347,880	-	-
	<u>39,178,204</u>	<u>21,447,880</u>	<u>3,978,405</u>	<u>13,751,919</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, 2018				
Assets				
Investments - available for sale	29,197,838	-	3,392,170	32,590,008
Total assets	29,197,838	-	3,392,170	32,590,008

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

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
As at June 30, 2018				
Assets				
Investments - Available for sale	26,332,214	-	3,392,170	29,724,384
Total assets	26,332,214	-	3,392,170	29,724,384
Liabilities				
Derivative financial instruments	-	-	-	-
Total liabilities	-	-	-	-

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 25, 2018.

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

Condensed Interim Consolidated Statement of Financial Position

	Note	September 2018 unaudited	June 2018 audited
(Rupees in thousand)			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
- 950,000,000 (June 30, 2018: 950,000,000) ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (June 30, 2018: 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 (2017: 438,119,118) ordinary shares of Rs 10 each		4,381,191	4,381,191
Reserves		34,984,202	34,722,352
Un-appropriated profit		38,260,006	37,884,238
Attributable to owners of the parent company		<u>77,625,399</u>	<u>76,987,781</u>
Non-controlling interest		1,960,637	1,994,849
		<u>79,586,036</u>	<u>78,982,630</u>
NON-CURRENT LIABILITIES			
Long term finances - secured	5	18,504,158	18,330,324
Long term deposits		148,036	109,726
Deferred liabilities		294,796	278,379
Deferred taxation		4,365,511	4,299,861
		<u>23,312,501</u>	<u>23,018,290</u>
CURRENT LIABILITIES			
Trade and other payables		9,257,720	7,787,966
Accrued finance cost		506,544	370,028
Short term borrowing-secured		16,960,610	13,614,942
Loan from related party - unsecured		214,000	214,000
Current portion of non-current liabilities		2,571,411	2,364,410
Unclaimed dividend		28,109	28,347
Provision for taxation		35,090	35,090
		<u>29,573,484</u>	<u>24,414,783</u>
Contingencies and Commitments	6	-	-
		<u>132,472,021</u>	<u>126,415,703</u>

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



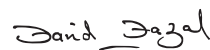
Chief Executive

As At September 30, 2018

	Note	September 2018 unaudited	June 2018 audited
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	80,383,006	80,582,245
Biological assets		625,395	636,403
Investments	8	13,920,811	13,859,552
Long term loans to employees		574	574
Long term loans, advances and deposits		61,626	60,173
		<u>94,991,412</u>	<u>95,138,947</u>
CURRENT ASSETS			
Stores, spares and loose tools		8,236,955	5,272,192
Stock-in-trade		4,698,278	2,428,200
Trade debts		1,434,058	519,802
Investments	8	16,279,142	16,018,629
Advances, deposits, prepayments and other receivables		1,873,618	2,824,034
Loan to related party	9	1,000,000	1,000,000
Income tax recoverable		3,173,800	2,714,926
Cash and bank balances		784,758	498,973
		<u>37,480,609</u>	<u>31,276,756</u>
		<u>132,472,021</u>	<u>126,415,703</u>



Chief Financial Officer



Director

Condensed Interim Consolidated statement of Profit or Loss - Unaudited

	Note	July to September	
		2018	2017
(Rupees in thousand)			
Sales		8,788,734	8,110,392
Cost of sales	10	(7,709,856)	(5,418,234)
Gross profit		1,078,878	2,692,158
Administrative expenses		(187,198)	(168,080)
Selling and distribution expenses		(183,919)	(237,724)
Other operating expenses		(83,621)	(281,327)
Changes in fair value of biological assets		27,196	-
Other income		475,048	491,755
Profit from operations		1,126,384	2,496,782
Finance cost		(650,853)	(96,499)
Profit before taxation		475,531	2,400,283
Taxation	11	(133,975)	333,035
Profit for the year		341,556	2,733,318
Attributable to:			
Equity holders of the parent		375,768	2,779,982
Non-controlling interest		(34,212)	(46,664)
		341,556	2,733,318
Earning per share basic and diluted (Rupees)		0.78	6.24

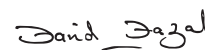
The annexed notes form an integral part of this condensed interim consolidated financial information.



Chief Executive



Chief Financial Officer



Director

Condensed Interim Consolidated Statement of Comprehensive Income - Unaudited

July to September
2018 **2017**
(Rupees in thousand)

Profit for the year	341,556	2,733,318
Available for sale financial assets		
- Change in fair value	261,850	(668,358)
Other comprehensive income / (loss) for the period	261,850	(668,358)
Total comprehensive income for the period	<u>603,406</u>	<u>2,064,960</u>
Attributable to:		
Equity holders of the parent	637,618	2,111,624
Non-controlling interest	(34,212)	(46,664)
	<u>603,406</u>	<u>2,064,960</u>

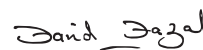
The annexed notes form an integral part of this condensed interim consolidated financial information.



Chief Executive



Chief Financial Officer



Director

Condensed Interim Consolidated Statement of Cash Flows - Unaudited

	Note	July to September	
		2018	2017
		(Rupees in thousand)	
Cash (used in)/ generated from operations	13	(1,750,294)	1,892,074
Financial cost paid		(514,337)	(59,081)
Retirement and other benefits paid.		(24,499)	(21,009)
Taxes paid		(527,199)	(176,139)
long term deposits - net		38,310	5,215
Net cash (used in)/ from operating activities [A]		(2,778,019)	1,641,060
Capital expenditure including purchase of property, plant and equipment		(1,045,930)	(3,893,217)
Proceeds from sale of property, plant and equipment		12,993	16,083
Long term loans and deposits - net		(1,453)	70
Investment - net		(59,922)	(144,438)
Interest received		21,861	18,018
Dividend received		409,752	409,752
Net cash (used in) investing activities [B]		(662,699)	(3,593,732)
Repayment of long term finances		(319,165)	(152,324)
Loan from related party		-	6,000
Proceeds from long term finances		700,000	3,884,000
Net cash from financing activities [C]		380,835	3,737,676
In(De)crease in cash and cash equivalents [A+B+C]		(3,059,883)	1,785,004
Cash and cash equivalents at the beginning of period		(13,115,969)	(8,164,282)
Cash and cash equivalents at the end of period	14	(16,175,852)	(6,379,278)

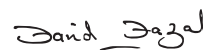
The annexed notes form an integral part of this condensed interim consolidated financial information.



Chief Executive



Chief Financial Officer



Director

Condensed Interim Consolidated statement of Changes In Equity - Unaudited

	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, 2018 - Audited	4,381,191	4,557,163	24,700,828	353,510	5,110,851	37,884,238	76,987,781	1,994,849	78,982,630
Total comprehensive income for the period									
- Profit for the period	-	-	-	-	-	375,768	375,768	(34,212)	341,556
- Other comprehensive income for the period	-	-	261,850	-	-	-	261,850	-	261,850
Balance as at September 30, 2018 - Unaudited	4,381,191	4,557,163	24,962,678	353,510	5,110,851	38,260,006	77,625,399	1,960,637	79,586,036
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

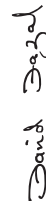
The annexed notes form an integral part of this condensed interim consolidated financial information.



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 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

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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

Initial application of standards, amendments or an interpretation to existing standards There are

certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Company's accounting periods beginning from July 01, 2018 but are not considered to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in this condensed interim financial information.

2.2 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
- Provision for taxation
- Retirements and other benefits
- Provisions and Contingencies
- Fair value of unquoted available-for-sale investment
- Fair valuation of biological assets

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, 2018.

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, 2018.

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, 2018.

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, 2018	June 30, 2018
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

21,048,806	20,667,971
21,048,806	20,667,971
2,544,648	2,337,647
<u>18,504,158</u>	<u>18,330,324</u>

5.1 Long term loans

Opening balance

Add: Disbursements during the period

Less: Repayment during the period

Closing balance

20,667,971	13,133,750
700,000	8,453,805
<u>21,367,971</u>	<u>21,587,555</u>
319,165	919,584
<u>21,048,806</u>	<u>20,667,971</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, 2018.

6.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs 446.198 million (June 30, 2018: Rs 224.277 million).
- (ii) Letters of credit for capital expenditure Rs 126.582 million (June 30, 2018: Rs 235.266 million).
- (iii) Letters of credit other than capital expenditure Rs 1,712.819 million (June 30, 2018: Rs 3,685.854 million).

September 30, 2018	June 30, 2018
Un-audited	audited
(Rupees in thousand)	

7. Property, plant and equipment

Operating Assets

Capital work-in-progress

Major spare parts and stand-by equipment

-note 7.1

76,357,170	77,509,420
3,934,070	2,981,059
91,766	91,766
<u>80,383,006</u>	<u>80,582,245</u>

September 30, 2018	June 30, 2018
Un-audited	audited
(Rupees in thousand)	

7.1 Operating assets

Opening book value		77,509,420	34,336,559
Add:			
Additions during the period/ year	-note 7.1.1	103,927	47,234,857
		<u>77,613,347</u>	<u>81,571,416</u>
Less:			
Impairment charge for the year		-	1,270,120
Disposals during the period/ year - net book value		14,458	222,769
Depreciation charged during the period/ year		1,241,719	2,569,107
Closing book value		<u>76,357,170</u>	<u>77,509,420</u>

7.1.1 Major additions during the period

Free hold land	1,542	38,525
Building on freehold land	-	221,859
Office building and housing colony	-	29,200
Roads	-	66,354
Plant and machinery	27,093	852,612
Quarry equipment	25,860	18,722
Furniture, fixtures and office equipment	27,090	39,664
Motor vehicles	22,342	123,240
Power and water supply lines	-	21,330
	<u>103,927</u>	<u>1,411,506</u>

8. Investments

Cost of investments	5,237,275	5,177,353
Add: Fair value adjustments	24,962,678	24,700,828
	<u>30,199,953</u>	<u>29,878,181</u>
Less: Investments classified in current assets	16,279,142	16,018,629
Closing balance	<u>13,920,811</u>	<u>13,859,552</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
2018 **2017**
(Rupees in thousand)

10. Cost of sales

Raw and packing materials consumed	961,806	678,981
Forage	238,409	216,343
Medicine and related items	22,984	22,216
Salaries, wages and other benefits	792,779	579,359
Electricity, gas and water	1,223,523	553,844
Furnace oil/coal	3,893,403	1,978,040
Stores and spares consumed	609,211	418,359
Repair and maintenance	122,974	76,648
Insurance	22,783	13,947
Depreciation on property, plant and equipment	1,228,691	551,299
Royalty	162,428	75,852
Excise duty	10,315	7,225
Vehicle running	17,360	6,992
Postage, telephone and telegram	2,908	1,465
Printing and stationery	4,497	3,402
Legal and professional charges	828	738
Travelling and conveyance	2,662	1,427
Estate development	6,349	5,753
Rent, rates and taxes	21,422	11,622
Freight charges	18,105	6,896
Other expenses	35,506	24,176
Total manufacturing cost	9,398,943	5,234,584
Opening work-in-process	493,431	522,557
Cost of goods available for manufacture	9,892,374	5,757,141
Closing work-in-process	(1,851,912)	(345,778)
Cost of goods manufactured	8,040,462	5,411,363
Opening stock of finished goods	535,499	431,356
Cost of goods available for sale	8,575,961	5,842,719
Closing stock of finished goods	(817,668)	(364,123)
Own consumption capitalized	(48,437)	(60,362)
Cost of goods sold	7,709,856	5,418,234
11. Taxation		
Current tax	68,297	29,772
Deferred tax	65,678	(362,807)
	133,975	(333,035)

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	
		2018	2017
		(Rupees in thousand)	
Relationship with the Group	Nature of transaction		
Other related parties	Purchase of goods and services	9,212	427,428
	Insurance premium	27,878	42,826
	Sale of goods	26,685	49,020
	Mark-up income	20,453	16,745
	Insurance claim received	1,059	-
	Dividend income	409,109	409,109
Key Management personnel	Salaries and other employment benefits	56,414	61,971
	Expense charged in respect of staff retirement benefits plans	40,923	33,653

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

July to September
2018 **2017**
(Rupees in thousand)

13. Cash flow from operating activities

Profit before tax	475,531	2,400,283
Adjustment for :		
- Depreciation on property, plant and equipment	1,241,719	570,515
- Profit on disposal of property, plant and equipment	1,465	(5,895)
- Dividend income	(409,752)	(409,752)
- Retirement and other benefits accrued	40,916	33,797
- Markup income	(21,861)	(18,018)
- Finance cost	650,853	96,499
Profit before working capital changes	1,978,871	2,667,429
- Stores, spares and loose tools	(2,964,763)	(526,678)
- Stock-in-trade	(2,270,078)	332,165
- Trade debts	(914,256)	(235,239)
- Advances, deposits, prepayments and other receivables	950,416	14,623
- Trade and other payables	1,469,516	(360,226)
Net working capital changes	(3,729,165)	(775,355)
Cash (used in)/ generated from operations	(1,750,294)	1,892,074

14. Cash and cash equivalents

Short term borrowings - secured	(16,960,610)	(6,856,988)
Cash and bank balances	784,758	477,710
Total cash and cash equivalents	<u>(16,175,852)</u>	<u>(6,379,278)</u>

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, 2018.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2018.

15.2 Liquidity risk

Compared to the year ended June 30, 2018, the Company has acquired long term borrowings amounting to Rs 0.7 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, 2018				
Long term finances	21,048,806	2,544,648	4,332,794	14,171,364
Trade and other payables	9,045,446	9,045,446	-	-
Accrued finance cost	506,544	506,544	-	-
Short term borrowings - secured	16,960,610	16,960,610	-	-
Loans from related parties - unsecured	214,000	214,000	-	-
	<u>47,561,406</u>	<u>29,057,248</u>	<u>4,332,794</u>	<u>14,171,364</u>

As at June 30, 2018

Long term finances	20,667,971	2,337,647	4,279,098	14,051,226
Trade and other payables	6,578,519	6,578,519	-	-
Accrued finance cost	370,028	370,028	-	-
Short term borrowings - secured	13,614,942	13,614,942	-	-
Loans from related parties - unsecured	214,000	214,000	-	-
	<u>41,445,460</u>	<u>23,115,136</u>	<u>4,279,098</u>	<u>14,051,226</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:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	(Rupees in thousand)			
As at September 30, 2018				
Assets				
Investments - available for sale	26,807,783	-	3,392,170	30,199,953
Biological assets	-	-	625,395	625,395
Total assets	<u>26,807,783</u>	<u>-</u>	<u>4,017,565</u>	<u>30,825,348</u>

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	(Rupees in thousand)			
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	(Rupees in thousand)			
As at June 30, 2018				
Assets				
Investments - At fair value through profit or loss	35	-	-	35
Investments - Available for sale	26,485,976	-	3,392,170	29,878,146
Biological assets	-	-	636,403	636,403
Total assets	<u>26,486,011</u>	<u>-</u>	<u>4,028,573</u>	<u>30,514,584</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue from										
- External Customers	8,185,893	7,527,449	283,625	286,820	319,216	296,123	-	-	8,788,734	8,110,392
- Inter-group	-	-	650,574	323,162	-	-	(650,574)	(323,162)	-	-
	8,185,893	7,527,449	934,199	609,982	319,216	296,123	(650,574)	(323,162)	8,788,734	8,110,392
Segment gross profit/(loss)	1,037,365	2,655,217	170,455	114,855	(81,557)	(86,508)	(47,385)	8,594	1,078,878	2,692,158
Segment expenses	(374,754)	(578,464)	(34,674)	(15,955)	(45,310)	(92,712)	-	-	(454,738)	(687,131)
Changes in fair value of biological assets	-	-	-	-	27,196	-	-	-	27,196	-
Other income	469,292	485,302	4,093	4,189	1,895	2,478	(232)	(214)	475,048	491,755
Financial charges	(612,029)	(88,691)	(38,104)	(7,765)	(720)	(43)	-	-	(650,853)	(96,499)
Taxation	(102,051)	364,064	(29,516)	(31,029)	(2,408)	-	-	-	(133,975)	333,035
Profit after taxation	417,823	2,837,428	72,254	64,295	(100,904)	(176,785)	(47,617)	8,380	341,556	2,733,318
Depreciation	1,174,158	505,361	11,896	11,896	48,896	48,896	6,769	4,362	1,241,719	570,515
Capital expenditure	(1,054,492)	(3,971,947)	(3,599)	(3,599)	(3,336)	(3,336)	15,497	85,665	(1,045,930)	(3,893,217)
Cash to operations	(2,213,019)	1,694,325	22,686	22,686	(15,712)	(15,712)	(571,974)	(60,239)	(2,778,019)	1,641,060
Cash from investing	(661,924)	(3,623,634)	(31,209)	(31,209)	872	872	29,562	60,239	(662,699)	(3,593,732)
Rupees in thousands	30-09-2018	30-6-2018	30-09-2018	30-6-2018	30-09-2018	30-6-2018	30-09-2018	30-6-2018	30-09-2018	30-6-2018
	unaudited	audited	unaudited	audited	unaudited	audited	unaudited	audited	unaudited	audited
Segment assets	126,992,995	121,889,017	4,744,232	3,819,136	3,060,694	3,133,181	(2,325,900)	(2,425,631)	132,472,021	126,415,703
Segment liabilities	49,178,901	44,754,596	3,033,617	2,481,753	546,274	517,857	127,193	(321,133)	52,885,985	47,433,073

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 25, 2018.

18. Corresponding figures

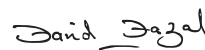
In order to comply with the requirements of the International Accounting Standard 34: 'Interim Financial Reporting', the condensed interim consolidated balance sheet and condensed interim consolidated statement of changes in equity have been compared with the balances of annual audited financial statements 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



D.G. KHAN CEMENT COMPANY LIMITED
Nishat House, 53-A, Lawrence Road, Lahore-Pakistan.
UAN: +92-42-111-11-33-33