



D.G. Khan Cement Company Limited
Half Yearly Report, December 31, 2014 (Un-audited)

Contents

D.G. Khan Cement Company Limited

Corporate profile	02
Directors' Report	03
Auditor Report to the Members	07
Condensed Interim Balance Sheet	08
Condensed Interim Profit and Loss Account	10
Condensed Interim Statement of Comprehensive Income	11
Condensed Interim Cash Flow Statement	12
Condensed Interim Statement of Changes in Equity	13
Notes to the Condensed Interim Financial Information	14

D.G. Khan Cement Company Limited and its Subsidiary

Directors' Report	25
Condensed Interim Consolidated Balance Sheet	26
Condensed Interim Consolidated Profit and Loss Account	28
Condensed Interim Consolidated Statement of Comprehensive Income	29
Condensed Interim Consolidated Cash Flow Statement	30
Condensed Interim Consolidated Statement of Changes in Equity	31
Notes to the Condensed Interim Consolidated Financial Information	32

Company Profile

Board of Directors	Mrs. Naz Mansha Mian Raza Mansha Mr. Khalid Niaz Khawaja Mr. Khalid Qadeer Qureshi Mr. Farid Noor Ali Fazal Mr. Shahzad Ahmad Malik Ms. Nabiha Shahnawaz Cheema	Chairperson Chief Executive
Audit Committee	Mr. Khalid Niaz Khawaja Mr. Khalid Qadeer Qureshi Ms. Nabiha Shahnawaz Cheema	Member/chairman Member Member
Human Resource & Remuneration Committee	Mian Raza Mansha Mr. Khalid Qadeer Qureshi Ms. Nabiha Shahnawaz Cheema	Member Member/Chairman Member
Chief Financial Officer	Mr. Inayat Ullah Niazi	
Company Secretary	Mr. Khalid Mahmood Chohan	
Bankers	Allied Bank Limited Askari Bank Limited Bank Alfalah Limited Bank Al-Habib Limited Bank Islami Pakistan Limited Barclays Bank Plc Citibank N.A. Deutsche Bank AG Dubai Islamic Bank Faysal Bank Limited Habib Bank Limited Limited Habib Metropolitan Bank	KASB Bank Limited MCB Bank Limited Meezan Bank Limited National Bank of Pakistan NIB Bank Limited Samba Bank Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited Silk Bank Limited The Bank of Punjab United Bank Limited
External Auditors	A.F. Ferguson & Co., Chartered Accountants	
Cost Auditors	Qadeer & Company, Chartered Accountants	
Legal Advisors	Mr. Shahid Hamid, Bar-at-Law	
Registered Office	Nishat House, 53-A, Lawrence Road, Lahore-Pakistan Phone: 92-42-36367812-20 UAN: 111 11 33 33 Fax: 92-42-36367414 Email: info@dgcement.com web site: www.dgcement.com	
Factory	1. Khofli Sattai, Distt., Dera Ghazi Khan-Pakistan Phone: 92-641-460025-7 Fax: 92-641-462392 Email: dgsite@dgcement.com 2. 12, K.M. Choa Saidan Shah Road, Khairpur, Tehsil Kallar Kahar, Distt. Chakwal-Pakistan Phone: 92-543-650215-8 Fax: 92-543-650231	
Share Registrar	THK Associates (Pvt) Ltd Head Office, Karachi Ground Floor, State Life Building No. 3, Dr. Zia Uddin Ahmed Road, Karachi Tel: (021) 111 000 322 Fax: (021) 35655595 Branch Office, Lahore 2nd Floor, DYL Motorcycles Ltd. Office Building, Plot No. 346 Block No. G-III, Khokar Chowk, Main Boulevard, Johar Town, Lahore Tel: (042) 35290577, Fax (042) 35290667	

DIRECTORS REPORT



Directors' Report

Half Year FY 2015

The directors of your company are pleased to present their report on financial statements for first six months of FY15.

Whatever be the degree of freedom in economy, there is and should be some restrictions from government based on the philosophy of the respective nation. Progress in haphazard way may not always be termed as progress. Pakistan economy is yet appeared to be without any philosophical ground. While admitting that there is no doubt that Pakistan has capacity to develop on leaps and bounds. Pakistan's geographic location and demographics including youth population percentage in total are very crucial factors for its importance and development. Aim and philosophy-based coherent and integrated regulations and implementation of those, lies at the foundation of development of nation.

Acute changes could be seen in Europe. Euro and Greece relations and its aftermaths are in questions. Uncertainties slumped the Euro from 1.36 in July '14 to around 1.13. Owing to qualms and suspicions Euro is seemed weak. Coal prices tumbled to bottom of USD 55/MT (FOB) and now standing at USD 62/MT (FOB). Another major international development during this period is crashing oil prices. Oil prices fallen to USD 56 from USD 115 in June 2014 with recent bottom of USD 45. Reduced oil prices could favour oil importing countries including Pakistan to cater trade deficits. In homeland the impacts of reducing oil prices may not be given to public completely owing to budgetary shortfall expectations. Falling Euro and Coal prices will also put some positive sign in balance of payments of homeland.

International turmoil in the shape of extremisms and discriminations is becoming evident while other shifts are also taking place side by side like Russia - Eurozone-USA, USA - MiddleEast, India-USA -Pakistan, China-Russia-India-Japan etc.

Despite economic sluggishness, for half year FY15, cement industry of Pakistan showed a 9% growth in local despatches and exports registered reduction of 2% in comparison with last year half period figures. This made an overall growth of about 6%. Industry capacity utilization remained about 75% as compared to 71% for comparative half year. Capacity utilization in Q1FY15 was about 73% while in Q2FY15 it was about 79%.

Financial and operational results of your company for current half year are as under:

PKR in thousands

	HY15	HY14
Sales	12,655,187	12,403,223
Cost of sales	(8,524,240)	(8,198,054)
Gross profit	4,130,947	4,205,169
Administrative expenses	(244,857)	(224,477)
Selling and distribution expenses	(456,559)	(740,517)
Other operating expenses	(314,965)	(352,773)
Other income	1,133,679	963,314
Profit / (Loss) from operations	4,248,245	3,850,716
Finance cost	(155,959)	(365,553)
Profit before taxation	4,092,286	3,485,163
Taxation	(698,752)	(816,092)
Profit after taxation	3,393,534	2,669,071
Earning per share basic and diluted	7.75	6.09



Figures in MT

	HY15	HY14
Clinker Production	1,700,079	1,729,057
Cement Production	1,874,323	1,878,327
Total Sales	1,880,414	1,868,950
Local Sales	1,484,500	1,352,504
Export Sales	395,914	516,446

During these six months under review GP, selling costs, other operating expenses, finance costs, and taxation reduced by 1.77%, 38%, 11%, 57% and 14% respectively while sales, cost of sales, other income, PAT and PBT increased by 2%, 4%, 18%, 17% and 27% respectively when compared with figures of comparative half year . A worthy comparison could be made while seeing the income statement in vertical analysis shape:

	HY15	HY14
Sales	100	100
Cost of sales	(67.36)	(66.10)
Gross profit	32.64	33.90
Administrative expenses	(1.93)	(1.81)
Selling and distribution expenses	(3.61)	(5.97)
Other operating expenses	(2.49)	(2.84)
Other income	8.96	7.77
	33.57	31.05
Finance cost	(1.23)	(2.95)
Profit before taxation	32.34	28.10
Taxation	(5.52)	(6.58)
Profit after taxation	26.82	21.52

Plant was operational for comparative lesser days in current half year which magnified the fixed cost on income statement. GIDC which was subtracted in expense of June'14 is completely reversed and booked again. Falling

coal prices also assisted in controlling cost while jeopardizing the benefits of alternate fuels for the time being. Selling charges decrease is mainly contributed by reduced handling charges owing to reduced exports. Out of total other income, dividend income is PKR 860 million as compared to PKR 792 million in comparative period while major dividend is from MCB. Gain on investments in mutual funds is about PKR 183 million. Good cashflows eventually made finance cost reduced by about 57%. Since June'14 company's networth increased from PKR61 billion to PKR 64 billion.

The company's investments in Nishat Paper Products Limited and Nishat Dairy (private) Limited are now standing at 55% each with face value amounting to PKR 255 million (cost PKR 251 million) and PKR 2700 million (cost PKR 2,332 million) respectively during this half year. These investments are made with a consideration to reap the benefits of diversification & integration.

Provision for taxation calculation includes group taxation relief which arise after buying of aggregate taxation losses of PKR 2.05 billion of Nishat Paper Products Ltd. and Nishat Dairy (Private) Limited, to which the company becomes entitled after acquiring 55% stake. (its impact was not accounted for in first quarter of FY15). Taxation is also affected by capitalization and change in sales mix ratio. The company is also expected to be assessed in current year under normal tax regime as compared to minimum tax regime in last year.

The company foresees present cement prices to persist and sales may grow in second half as winter is over and remaining months of financial year are sunny. Weak Euro could cast a positive impact on company's import bills. Stable PKR/USD is also helpful in maintaining FX exposure favourable. Recently SBP reduced discount rate by 100 bps and ERF rate by 150 bps.



These would cast favourable impacts on company's income in remaining half year. Low furnace oil prices would bring reduction in electricity rates. Indeed the advantages low coal prices would be observable in times to come. South African anti dumping duty case is in progress. Its fate would be determined in few months. Mutual fund investment is expected to make a handsome gain.

Developments at Hub site are going on and company is in process of securing utilities connection. Negotiations with prospective suppliers are in progress. Letter of credit amounting to USD 23.6 million for 30MW coal based captive power project at DG Khan site has been opened in favour of Sinoma Energy Conservation Ltd. of China. The project is expected to be commissioned within about 16 months.

The Board of Directors of the Company in their meeting held on 23 July 2014 has revised the monthly remuneration of Mr. Raza Mansha, Chief Executive Officer of the Company from Rs 1,972,000 to Rs 2,188,900 per month at the rate of 11 % with effect from July 01, 2014 along with a bonus of Rs 1,183,200 to be paid for the year ended June 2014. There is no change in other terms and conditions of his appointment.

We admire our employees and honour our customers, suppliers, lenders for their trust and support.

For and on behalf of the Board



Mian Raza Mansha
Chief Executive Officer

February 17, 2015



A. F. FERGUSON & CO.

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of D.G. Khan Cement Company Limited as at December 31, 2014 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial information for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2013 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2014.

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, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Lahore,

Date: February 17, 2015

Name of engagement partner: **Muhammad Masood**

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
23-C, Aziz Avenue, Canal Bank, Gulberg V, P.O. Box 39, Lahore-54660; Pakistan.
Tel: +92 (42) 3571 5864-71; Fax: +92 (42) 3571 5872

Karachi: State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan.
Tel: +92 (21) 3242 6682-6/3242 6711-5; Fax: +92 (21) 3241 5007/3242 7938; <www.pwc.com/pk>
Islamabad: PIA Building, 3rd Floor, 49 Blue Area, Fazl-ul-Haq Road, P.O. Box 3021, Islamabad-44000; Tel: +92 (51) 2273 457-60; Fax: +92 (51) 227 7924
Kabul: House No. 1916, Street No. 1, Behind Cinema Bariqot, Nahar-e-Darsan, Karte-4, Kobul, Afghanistan; Tel: +92 (779) 315 320



CONDENSED INTERIM BALANCE SHEET

		31 December, 2014	30 June, 2014
	Note	unaudited	audited
		---(Rupees in thousand)---	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
- 950,000,000 (June 30, 2014: 950,000,000)			
ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (June 30, 2014: 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, 2014: 438,119,118)			
ordinary shares of Rs 10 each		4,381,191	4,381,191
Reserves		43,465,321	42,705,394
Accumulated profit		16,290,067	14,429,950
		<u>64,136,579</u>	<u>61,516,535</u>
NON-CURRENT LIABILITIES			
Long term finances - secured	5	1,023,697	1,321,009
Long term deposits		70,987	68,970
Retirement and other benefits		125,837	200,187
Deferred taxation		4,105,169	4,234,805
		<u>5,325,690</u>	<u>5,824,971</u>
CURRENT LIABILITIES			
Trade and other payables	6	3,081,870	2,476,304
Short term borrowings - secured		5,366,327	2,551,676
Current portion of non-current liabilities		705,552	803,174
Accrued finance cost		74,599	59,417
Derivative financial instrument		8,448	14,902
Provision for taxation		35,090	35,090
		<u>9,271,886</u>	<u>5,940,563</u>
CONTINGENCIES AND COMMITMENTS			
	7	-	-
		<u>78,734,155</u>	<u>73,282,069</u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.


Chief Executive



AS AT DECEMBER 31, 2014

		31 December, 2014	30 June, 2014
	Note	unaudited	audited
		----(Rupees in thousand)----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	30,050,417	29,832,625
Intangible assets	9	27,678	36,904
Investments	10	13,740,410	11,258,370
Long term loans, advances and deposits		87,068	85,544
		43,905,573	41,213,443
CURRENT ASSETS			
Stores, spares and loose tools		4,134,299	3,688,795
Stock-in-trade		1,153,360	1,348,742
Trade debts		171,591	168,769
Investments	10	27,938,065	24,405,153
Advances, deposits, prepayments and other receivables		575,250	764,140
Income tax receivable		328,667	384,001
Cash and bank balances		527,350	1,309,026
		34,828,582	32,068,626
		78,734,155	73,282,069

Said Jazal
Director



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2014 - (UN-AUDITED)

	Note	2014		2013	
		July to December	October to December	July to December	October to December
----Rupees in thousands----					
Sales		12,655,187	6,843,642	12,403,223	6,549,150
Cost of sales	11	(8,524,240)	(4,538,729)	(8,198,054)	(4,338,651)
Gross profit		4,130,947	2,304,913	4,205,169	2,210,499
Administrative expenses		(244,857)	(125,454)	(224,477)	(117,245)
Selling and distribution expenses		(456,559)	(247,587)	(740,517)	(419,552)
Other operating expenses		(314,965)	(88,949)	(352,773)	(180,657)
Other income		1,133,679	696,822	963,314	598,105
Profit from operations		4,248,245	2,539,745	3,850,716	2,091,150
Finance cost		(155,959)	(89,264)	(365,553)	(152,233)
Profit before taxation		4,092,286	2,450,481	3,485,163	1,938,917
Taxation	12	(698,752)	(214,386)	(816,092)	(337,099)
Profit after taxation		3,393,534	2,236,095	2,669,071	1,601,818
Earnings per share (basic and diluted)	Rupees	7.75	5.10	6.09	3.66

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive



Director



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2014 - (UN-AUDITED)

	2014		2013	
	July to December	October to December	July to December	October to December
	----Rupees in thousands----			
Profit after taxation	3,393,534	2,236,095	2,669,071	1,601,818
Other comprehensive income for the period				
Items that may be re-classified subsequently to profit or loss				
Change in value of available-for-sale financial assets	759,927	2,453,071	4,728,591	2,670,986
Gain during the year transferred to profit and loss account on derecognition of investment	-	-	(972)	-
	759,927	2,453,071	4,727,619	2,670,986
Items that will not be subsequently re-classified to profit or loss	-	-	-	-
Other comprehensive income for the period	759,927	2,453,071	4,727,619	2,670,986
Total comprehensive income for the period	4,153,461	4,689,166	7,396,690	4,272,804

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.


Chief Executive


Director

CONDENSED INTERIM CASH FLOW STATEMENT

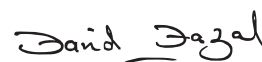
FOR THE HALF YEAR ENDED DECEMBER 31, 2014 - (UN-AUDITED)

		July to December 2014	July to December 2013
		unaudited	unaudited
	Note	---(Rupees in thousand)---	
Cash flows from operating activities			
Cash generated from operations	14	4,748,566	3,928,953
Finance cost paid		(140,716)	(326,498)
Retirement and other benefits paid		(117,756)	(21,209)
Taxes paid		(453,054)	(186,574)
Payment to subsidiary against tax losses		(320,000)	-
Long term deposits - net		2,017	1,493
Net cash generated from operating activities		3,719,057	3,396,165
Cash flows from investing activities			
Fixed capital expenditure		(1,149,183)	(1,545,807)
Proceeds from sale of property, plant and equipment		3,787	58,702
Investments made - net		(5,070,772)	(199,836)
Long term loans, advances and deposits - net		(1,524)	(9,426)
Interest received		43,035	2,387
Dividend received		859,893	791,900
Net cash used in investing activities		(5,314,764)	(902,080)
Cash flows from financing activities			
Repayment of long term finances		(423,753)	(1,148,333)
Settlement of derivative financial instrument		(25,927)	-
Dividend paid		(1,505,547)	(1,308,526)
Net cash used in financing activities		(1,955,227)	(2,456,859)
Net (decrease) / increase in cash and cash equivalents		(3,550,934)	37,226
Cash and cash equivalents at the beginning of the period		(1,242,650)	(4,951,409)
Exchange loss on cash and cash equivalents		(45,393)	-
Cash and cash equivalents at the end of the period	15	(4,838,977)	(4,914,183)

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive



Director

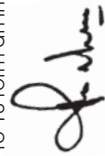


CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED DECEMBER 31, 2014 - (UN-AUDITED)

Rupees in thousands	Capital reserve				Revenue reserve			Total
	Share Capital	Share Premium	Fair Value Reserve	Capital Redemption Reserve Fund	General Reserve	Accumulated Profit	Total	
Balance as at June 30, 2014 - Audited	4,381,191	4,557,163	32,722,894	353,510	5,071,827	14,429,950	61,516,535	
Total comprehensive income for the period								
- Profit for the period	-	-	-	-	-	3,393,534	3,393,534	
- Other comprehensive income for the period	-	-	759,927	-	-	-	759,927	
	-	-	759,927	-	-	3,393,534	4,153,461	
Total contributions by and distributions to owners of the Company recognized directly in equity								
- Final dividend for the year ended June 30, 2014 (Rs 3.5 per share)	-	-	-	-	-	(1,533,417)	(1,533,417)	
Balance as at December 31, 2014 - Unaudited	4,381,191	4,557,163	33,482,821	353,510	5,071,827	16,290,067	64,136,579	
Balance as at June 30, 2013 - Audited	4,381,191	4,557,163	23,802,704	353,510	5,071,827	9,790,403	47,956,798	
Total comprehensive income for the period								
- Profit for the period	-	-	-	-	-	2,669,071	2,669,071	
- Other comprehensive income for the period	-	-	4,727,619	-	-	-	4,727,619	
	-	-	4,727,619	-	-	2,669,071	7,396,690	
Total contributions by and distributions to owners of the Company recognized directly in equity								
- Final dividend for the year ended June 30, 2013 (Rs 3 per share)	-	-	-	-	-	(1,314,357)	(1,314,357)	
Balance as at 31 December 2013 - Unaudited	4,381,191	4,557,163	28,530,323	353,510	5,071,827	11,145,117	54,039,131	

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive



Director



NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2014 - (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 Karachi, Lahore and Islamabad Stock Exchanges. It is principally engaged in production and sale of Clinker, Ordinary Portland and Sulphate Resistant Cement. The registered office of the Company is situated at 53-A Lawrence Road, Lahore.

2. Basis of preparation

This condensed interim financial information is un-audited and is being submitted to the members as required by section 245 of the Companies Ordinance, 1984. The condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The figures for the half year ended December 31, 2014 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, 2014, which have been prepared in accordance with approved accounting standards as applicable in Pakistan.

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, 2014.

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:

3.3 Amendments to published standards effective in current year

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2014 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in this condensed interim financial information.

3.4 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 financial information are the same as those applied to the financial statements as at and for the year ended June 30, 2014.

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, 2014.

4. Taxation

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.

		December 31, 2014	June 30, 2014
		unaudited	audited
		----(Rupees in thousand)----	
5. Long term finances			
Long term loans	- note 5.1	1,716,578	2,111,513
Less: Current portion shown under current liabilities		692,881	790,504
		<u>1,023,697</u>	<u>1,321,009</u>
5.1 Long term finances			
Opening balance		2,111,512	4,327,841
Add: Exchange loss during the period		28,819	15,960
		<u>2,140,331</u>	<u>4,343,801</u>
Less: Repayment during the period		423,753	2,232,289
Closing balance		<u>1,716,578</u>	<u>2,111,512</u>
6. Trade and other payables			
Trade creditors		554,926	393,771
Infrastructure cess		89,164	89,164
Advances from customers		331,660	384,256
Accrued liabilities	- note 6.1	899,295	563,891
Workers' profit participation fund		996,560	880,273
Workers' welfare fund		17,356	-
Federal excise duty payable		24,805	5,062
Withholding tax payable		12,296	11,217
Retention money payable		20,362	26,268
Unclaimed dividends		30,890	9,694
Advances against sale of scrap		5,790	2,791
Advance against sale of fixed assets		-	1,721
Unclaimed dividend on redeemable preference shares		125	125
Export commission payable		60,110	74,902
Others		38,531	33,169
		<u>3,081,870</u>	<u>2,476,304</u>

6.1 This includes an amount of Rs 461.02 million on account of levy of Gas Infrastructure Development Cess (GIDC). The Honourable Supreme Court through its judgement dated August 22, 2014 had upheld decision of the Peshawar High Court declaring the entire levy of GIDC through GIDC Act, 2011 as unconstitutional and invalid. The Government has filed a review petition against the decision of the Honourable Supreme Court, which is pending. In the meanwhile, the President of Pakistan promulgated the GIDC Ordinance, 2014 on September 25, 2014 seeking to impose GIDC levy since 2011. The Company has challenged the validity and promulgation of GIDC Ordinance, 2014 before the Lahore High Court, wherein the Court has been pleased to pass interim orders, thereby restraining Sui Northern Gas Pipelines Limited from charging and/or recovering GIDC till the pendency of the matter.

7. Contingencies and commitments

7.1 Contingencies

There is no significant change in contingencies from the annual financial statements of the Company for the year ended June 30, 2014 except for letters of guarantees issued to various parties aggregating to Rs 955.853 million (June 30, 2014: Rs 938.449 million)

7.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs. 164.589 million (June 2014: Rs. 260.371 million)
- (ii) Letters of credits for capital expenditure Rs. 2,737.670 million (June 2014: Rs. 65.992 million)
- (iii) Letters of credit other than capital expenditure Rs. 58.598 million (June 2014: Rs. 1,212.026 million)
- (iv) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	December 31, 2014	June 30, 2014
	unaudited	audited
	----(Rupees in thousand)----	
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	5,475	5,641
	<u>7,131</u>	<u>7,297</u>

8. Property, plant and equipment

Operating assets	- note 8.1	28,622,653	28,951,966
Capital work-in-progress	- note 8.2	1,322,351	634,318
Major spare parts and stand-by equipment	- note 8.3	105,413	246,341
		<u>30,050,417</u>	<u>29,832,625</u>



	December 31, 2014	June 30, 2014
	unaudited	audited
	---(Rupees in thousand)---	
8.1 Operating assets		
Opening book value	28,951,966	27,324,794
Add: Additions during the period - note 8.1.1	602,078	3,465,403
Less: Disposals during the period - at book value - note 8.1.2	1,953	48,229
Less: Depreciation charged during the period	929,438	1,790,002
	931,391	1,838,231
Closing book value	<u>28,622,653</u>	<u>28,951,966</u>
8.1.1 Additions during the period		
Freehold land	44,379	21,574
Buildings on freehold land	125,042	875,412
Office building and housing colony	10,309	13,496
Roads	5,862	26,246
Plant and machinery	316,297	2,258,580
Quarry equipment	50,448	104,235
Furniture, fixtures and office equipment	29,738	28,164
Motor vehicles	16,752	112,190
Power and water supply lines	3,251	25,506
	<u>602,078</u>	<u>3,465,403</u>
8.1.2 Disposals during the period		
Plant and machinery	-	18,417
Quarry equipment	-	4,796
Office equipment	-	31
Motor vehicles	1,953	24,985
	<u>1,953</u>	<u>48,229</u>
8.2 Capital work-in-progress		
Civil works	396,412	288,234
Plant and machinery	494,525	101,548
Advances for capital expenditure	143,680	60,903
Unallocated expenditure	19,644	16,813
Expansion project:		
-Civil works	36,724	24,701
-Others	231,366	142,119
	268,090	166,820
	<u>1,322,351</u>	<u>634,318</u>

	December 31, 2014	June 30, 2014
	unaudited	audited
	----(Rupees in thousand)----	
8.3 Major spare parts and stand-by equipment		
Balance at the beginning of the year	246,341	194,005
Additions during the year	25,350	121,679
Transfers made during the year	(166,278)	(69,343)
Balance at the end of the year	<u>105,413</u>	<u>246,341</u>
9. Intangible assets		
Opening book value	36,904	55,356
Less: Amortization charged during the period	9,226	18,452
Closing book value	<u>27,678</u>	<u>36,904</u>
10. Investments		
Cost of investments	3,310,626	3,081,130
Add : Cumulative fair value gain	33,482,821	32,722,894
Add : Purchase of new investment	9,793,390	229,919
Add: Fair value gain through profit and loss	184,253	-
Less: Disposal of investments	(4,722,618)	(423)
Less: Cumulative impairment losses recognized	(369,997)	(369,997)
	<u>38,367,849</u>	<u>32,582,393</u>
Total investments	<u>41,678,475</u>	<u>35,663,523</u>
Less: Investments classified in current assets	27,938,065	24,405,153
Closing balance	<u>13,740,410</u>	<u>11,258,370</u>

	2014		2013	
	July to December	October to December	July to December	October to December
	----Rupees in thousands----			
11. Cost of sales				
Raw and packing materials consumed	1,097,840	622,092	1,000,381	516,541
Salaries, wages and other benefits	659,332	343,789	646,814	360,140
Electricity and gas	1,600,603	972,375	1,292,105	748,034
Furnace oil and coal	3,021,428	1,867,616	3,350,003	1,830,191
Stores and spares consumed	834,202	502,492	807,806	477,934
Repair and maintenance	106,521	55,745	158,556	74,982
Insurance	33,905	17,596	32,659	17,644
Depreciation on property, plant and equipment	884,839	445,557	807,735	413,040
Amortization on intangibles	6,458	3,229	6,458	3,229
Royalty	131,093	78,794	133,334	92,117
Excise duty	12,648	7,433	12,907	7,134
Vehicle running expenses	16,967	8,016	17,790	9,291
Postage, telephone and telegram	2,934	1,859	2,212	1,118
Printing and stationery	1,779	715	1,412	577
Legal and professional charges	1,066	470	1,076	713
Travelling and conveyance	5,251	2,846	7,941	3,894
Estate development	9,896	4,454	7,417	4,700
Rent, rates and taxes	21,108	10,864	15,483	7,410
Freight charges	21,016	11,226	3,505	2,018
Other expenses	11,737	6,331	12,007	6,133
Total manufacturing cost	8,480,623	4,963,499	8,317,601	4,576,840
Opening work-in-process	560,634	180,606	856,587	720,015
Closing work-in-process	(527,802)	(527,802)	(892,939)	(892,939)
	32,832	(347,196)	(36,352)	(172,924)
Cost of goods manufactured	8,513,455	4,616,303	8,281,249	4,403,916
Opening stock of finished goods	348,437	256,884	320,318	324,765
Closing stock of finished goods	(332,025)	(332,025)	(366,840)	(366,840)
	16,412	(75,141)	(46,522)	(42,075)
Less: Own consumption capitalized	(5,627)	(2,433)	(36,673)	(23,190)
	8,524,240	4,538,729	8,198,054	4,338,651

	2014		2013	
	July to December	October to December	July to December	October to December
----Rupees in thousands----				
12. Taxation				
Current				
- For the year	508,389	133,389	54,073	16,080
- Prior years	-	-	4,939	4,939
	508,389	133,389	59,012	21,019
Deferred	190,363	80,997	757,080	316,080
	698,752	214,386	816,092	337,099

13. 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:

Relationship with the company	Nature of transaction	July to December 2014	July December 2013
		unaudited	unaudited
----(Rupees in thousand)----			
Subsidiary company	Purchase of goods and services	450,516	480,036
	Rental income	406	406
	Interest income	9,005	14,748
Other related parties	Purchase of goods and services	662,274	689,654
	Insurance premium	62,967	71,221
	Sale of goods	188,889	380,803
	Mark-up income on balances with related parties	483	1,263
	Gain on disposal of investment	84,617	-
	Insurance claim received	1,000	21,505
	Dividend income	855,685	791,900
Key management personnel	Salaries and other employment benefits	71,022	64,905
Post employment benefit plans	Expense charged in respect of staff retirement benefits plans (defined benefit plan)	43,406	59,667
	Expense charged in respect of staff retirement benefits plans (contribution plan)	23,801	21,780



	December 31, 2014	June 30, 2014
	unaudited	audited
	----(Rupees in thousand)----	
Balances with related parties:		
Trade debts	23,381	42,523
Other receivables	25,015	270,367
Short term investments	479,066	479,066
Long term investments - subsidiaries	2,553,774	203,631
Long term investments - associates	1,452,392	1,952,393
Long term investments - others	400,646	275,408
Trade and other payables	2,358	3,199
	July to December 2014	July December 2013
	unaudited	unaudited
	----(Rupees in thousand)----	

14. Cash flow from operating activities

Profit before tax	4,092,286	3,485,163
Adjustment for :		
- Depreciation on property, plant and equipment	929,438	861,013
- Profit on disposal of property, plant and equipment	(1,834)	(32,484)
- Profit on bank deposits	(3,827)	(2,413)
- Amortization on intangibles	9,226	9,226
- Dividend income	(859,893)	(791,900)
- Retirement and other benefits accrued	43,406	37,886
- Mark-up income	(9,487)	(15,485)
- Exchange loss - net	58,703	140,137
- Finance cost	155,959	365,553
- Fair value gain on investments at fair value through profit or loss	(99,636)	-
- Gain on disposal of investments at fair value through profit or loss	(84,617)	-
- Loss on derivative financial instruments	19,473	(40,912)
Profit before working capital changes	4,249,197	4,015,784
Effect on cash flow due to working capital changes:		
- (Increase) / decrease in stores, spares and loose tools	(445,504)	(136,046)
- (Decrease) / Increase in stock-in-trade	195,382	20,840
- (Increase) / decrease in trade debts	4,953	(76,365)
- Increase in advances, deposits, prepayments and other receivables	159,169	(153,910)
- Decrease / (Increase) in trade and other payables	585,369	258,650
	499,369	(86,831)
Cash generated from operations	4,748,566	3,928,953



	December 31, 2014	December 31, 2013
	unaudited	unaudited
	----(Rupees in thousand)----	
15. Cash and cash equivalents		
Short term borrowings - secured	(5,366,327)	(5,579,814)
Cash and bank balances	527,350	665,631
	<u>(4,838,977)</u>	<u>(4,914,183)</u>

16. Financial risk management

16.1 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, 2014.

There have been no changes in the risk management department or in any risk management policies since the year end.

16.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

16.3 Fair value estimation

During the period, there were no significant changes in the business or economic circumstances that affect the fair value of the company's financial assets and financial liabilities. Furthermore, there were no reclassifications of financial assets.


17. Date of authorization for issue

This interim financial information was authorized for issue on February 17, 2015 by the Board of Directors of the Company.

18. Corresponding figures

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet have 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


Director

A vintage-style map with a compass, a rope, and a small dog figurine. The map is aged and shows various geographical features and place names. A thick, braided rope is coiled around the map. A small, black and white dog figurine is resting on the map. A brass compass is also visible, showing the cardinal directions. The overall scene suggests a journey or exploration.

Consolidated Financial Statements

Directors' Report HY15

The directors are pleased to present their report on consolidated financial statements for Half Year of FY15 of DG Khan Cement Company Limited and its subsidiaries Nishat Paper Products Company Limited (NPPL) and Nishat Dairy (Private) Limited (ND).

During the second quarter of FY15 DG Khan Cement Company Limited made its stake to reach 55% in each of two subsidiary companies.

	No. of Shares	Face Value (PKR)	Cost (PKR)
Nishat Paper Products Company Limited	25,595,398	255,953,980	250,927,660
Nishat Dairy (Private) Limited	270,000,000	2,700,000,000	2,331,900,000

Purpose of enhancing stake in both companies is more of strategic in nature. However, benefits in the shape of dividend, consolidated profits, diversification impact and group taxation relief are also expected to arise.

Highlights of consolidated financial results for Half Year of FY15 are as under:

	PKR in thousands	
	HYFY15	HYFY14
Sales	13,944,456	12,932,727
Cost of sales	(9,822,662)	(8,607,610)
Gross profit	4,121,794	4,325,117
Administrative expenses	(264,082)	(227,042)
Selling and distribution expenses	(465,551)	(747,826)
Other operating expenses	(378,425)	(354,292)
Other income	1,138,019	950,181
Profit / (Loss) from operations	4,151,755	3,946,138
Finance cost	(211,315)	(449,774)
Profit before taxation	3,940,440	3,496,364
Taxation	(535,752)	(832,508)
Profit after taxation	3,404,688	2,663,856

Consolidated sales increased by about 7.8% while Gross Profit decreased by about 4.7%. Consolidated profit after tax increased by about 28%.

ND is a newly incorporated company came into existence in 2011 and started operations in 2013. It is in its initial operational phases and presently making gross losses. Company is expected to become profitable by next year with an expectation that new animals will start milking thereby increasing volumes.

NPPL GP margin increased by more than 3% due to better sale prices which increased by about 6% and increase in volume of 1% as compared to comparative period. There is around 35% decline in financial charges due to better inventory management and cash flows and use of cheap lines like USD financing. PAT for HYFY15 is PKR 82 million against PKR 12 million of comparative period which is a phenomenal increase. Accumulated losses are now at PKR 21 million which were in June 14 were at PKR 102 million only.

Prices of paper sacks are expected to be stable and due to growth in cement demand volumetric increase in sales is also expected. Further prices of craft paper – the main raw material of NPPL are declining which is expected to benefit the gross margin further. Dairy business is expected to overcome its gross loss.

A separate report has been issued on affairs of the holding company.

We admire support of all stake holders including our customers, suppliers, lenders and appreciate all our employees for their untiring efforts.



Mian Raza Mansha
Chief Executive Officer

February 17, 2015

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

		31 December, 2014	30 June, 2014
	Note	unaudited	audited
		---(Rupees in thousand)---	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
- 950,000,000 (June 30, 2014: 950,000,000)			
ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (June 30, 2014: 50,000,000)			
preference shares of Rs 10 each		500,000	500,000
		<u>10,000,000</u>	<u>10,000,000</u>
Issued, subscribed and paid up capital		4,381,191	4,381,191
Reserves		43,504,345	42,744,418
Accumulated profit		16,336,898	14,454,708
		<u>64,222,434</u>	<u>61,580,317</u>
Non-controlling interest		2,174,953	304,960
		<u>66,397,387</u>	<u>61,885,277</u>
NON-CURRENT LIABILITIES			
Long term finances	5	1,286,197	1,657,884
Long term deposits		102,316	68,970
Retirement and other benefits		125,837	200,187
Deferred taxation		4,225,691	4,215,327
		<u>5,740,041</u>	<u>6,142,368</u>
CURRENT LIABILITIES			
Trade and other payables	6	3,467,684	2,652,542
Accrued markup		74,599	72,753
Short term borrowing-secured		5,897,434	3,118,137
Current portion of non-current liabilities		866,177	905,049
Derivative financial instrument		8,448	14,902
Provision for taxation		35,090	35,090
		<u>10,349,432</u>	<u>6,798,473</u>
Contingencies and Commitments	7	-	-
		<u>82,486,860</u>	<u>74,826,118</u>

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


Chief Executive



AS AT DECEMBER 31, 2014

		31 December, 2014	30 June, 2014
	Note	unaudited	audited
		----(Rupees in thousand)----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	34,626,558	30,817,019
Intangible assets	9	27,678	36,904
Investments	10	11,199,137	11,054,741
Long term loans, advances and deposits		87,973	86,448
		45,941,346	41,995,112
CURRENT ASSETS			
Stores, spares and loose tools		4,260,250	3,755,732
Stock-in-trade		1,971,648	1,953,976
Trade debts		412,614	419,631
Investments	10	27,938,102	24,405,190
Advances, deposits, prepayments and other receivables		989,609	506,975
Income tax recoverable		405,674	477,278
Cash and bank balances		567,617	1,312,224
		36,545,514	32,831,006
		82,486,860	74,826,118

Said Sajal
Director



CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT

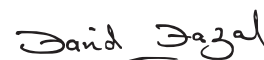
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2014 - (UN-AUDITED)

	Note	2014		2013	
		July to December	October to December	July to December	October to December
----Rupees in thousands----					
Sales		13,944,456	7,810,447	12,932,727	6,895,711
Cost of sales	11	(9,822,662)	(5,593,690)	(8,607,610)	(4,596,905)
Gross profit		4,121,794	2,216,757	4,325,117	2,298,806
Administrative expenses		(264,082)	(143,589)	(227,042)	(118,502)
Selling and distribution expenses		(465,551)	(252,149)	(747,826)	(423,745)
Other operating expenses		(378,425)	(150,419)	(354,292)	(173,255)
Other income		1,138,019	708,923	950,181	593,585
Profit from operations		4,151,755	2,379,523	3,946,138	2,176,889
Finance cost		(211,315)	(115,531)	(449,774)	(204,874)
Profit before taxation		3,940,440	2,263,992	3,496,364	1,972,015
Taxation					
- Deferred Tax		(328,389)	(218,648)	(764,098)	(333,909)
- Current Tax		(207,363)	174,066	(68,410)	(27,080)
		(535,752)	(44,582)	(832,508)	(360,989)
Profit after taxation		3,404,688	2,219,410	2,663,856	1,611,026
Attributable to:					
Equity holders of the parent		3,399,596	2,228,238	2,666,464	1,606,422
Non-controlling interest		5,092	(8,828)	(2,608)	4,604
		3,404,688	2,219,410	2,663,856	1,611,026
Earning per share basic and diluted (Rupees)		7.77	5.07	6.08	3.68

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



Chief Executive



Director

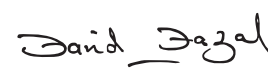


CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2014 - (UN-AUDITED)

	2014		2013	
	July to December	October to December	July to December	October to December
	----Rupees in thousands----			
Profit after taxation	3,404,688	2,219,410	2,663,856	1,611,026
Items that may be re-classified to profit or loss				
Available for sale financial assets				
- Change in fair value of available-for-sale financial assets	759,927	2,453,071	4,728,591	2,670,986
- Gain during the year transferred to profit and loss account on derecognition of investment	-	-	(972)	-
	759,927	2,453,071	4,727,619	2,670,986
Items that will not be subsequently re-classified to profit or loss	-	-	-	-
Other comprehensive income for the period	759,927	2,453,071	4,727,619	2,670,986
Total comprehensive income for the period	4,164,615	4,672,481	7,391,475	4,282,012
Attributable to:				
Equity holders of the parent	4,159,523	4,681,309	7,394,083	4,277,408
Non-controlling interest	5,092	(8,828)	(2,608)	4,604
	4,164,615	4,672,481	7,391,475	4,282,012

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


Chief Executive


Director

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT

FOR THE HALF YEAR ENDED DECEMBER 31, 2014 - (UN-AUDITED)

		July to December 2014	July to December 2013
		unaudited	unaudited
		---(Rupees in thousand)---	
Cash (used in)/ generated from operations	14	4,535,551	3,651,016
Financial cost paid		(209,469)	(346,608)
Retirement and other benefits paid		(117,756)	(21,209)
Taxes paid		(453,784)	(6,802)
Payment to subsidiary against tax losses		(320,000)	-
long term deposits - net		33,346	1,493
Net cash (used in)/ from operating activities [A]		3,467,888	3,277,890
Fixed capital expenditure		(4,869,376)	(1,546,442)
Proceeds from sale of property, plant and equipment		8,776	58,702
Long term loans and deposits - net		(1,525)	(9,426)
Investment - net		(1,036,469)	(199,836)
Interest received		42,194	2,387
Dividend received		855,685	791,900
Net cash from/ (used in) investing activities [B]		(5,000,715)	(902,715)
Repayment of long term finances		(431,733)	(1,148,333)
Settlement of derivative financial instrument		(25,927)	-
Proceeds from long term finances		-	220,000
Dividend paid		(1,533,417)	(1,308,526)
Net cash from/ (used in) financing activities [C]		(1,991,077)	(2,236,859)
In(De)crease in cash and cash equivalents [A+B+C]		(3,523,904)	138,316
Cash and cash equivalents at the beginning of period		(1,805,913)	(5,889,212)
Cash and cash equivalents at the end of period	15	(5,329,817)	(5,750,896)

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



Chief Executive



Director



CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED DECEMBER 31, 2014 - (UN-AUDITED)

	Capital reserve					Revenue reserve			Total share holders equity
	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	
Balance as at June 30, 2014 - Audited	4,381,191	4,557,163	32,722,894	353,510	5,110,851	14,454,708	61,580,317	304,960	61,885,277
Total comprehensive income for the period	-	-	-	-	-	3,399,596	3,399,596	5,092	3,404,688
- Profit for the period	-	-	-	-	-	3,399,596	3,399,596	5,092	3,404,688
- Other comprehensive income for the period	-	-	759,927	-	-	-	759,927	-	759,927
Non-controlling interest acquired on acquisition of subsidiary	-	-	-	-	-	-	-	1,899,156	1,899,156
Further stake acquired in subsidiary	-	-	-	-	-	16,011	16,011	(34,255)	(18,244)
-Final dividend for the year ended June 30, 2014 (Rs 3.5 per share)	-	-	-	-	-	(1,533,417)	(1,533,417)	-	(1,533,417)
Balance as at December 31, 2014 - Unaudited	4,381,191	4,557,163	33,482,821	353,510	5,110,851	16,336,898	64,222,434	2,174,953	66,397,387
Balance as at June 30, 2013	4,381,191	4,557,163	23,802,704	353,510	5,110,851	9,786,150	47,991,569	275,949	48,267,518
Total comprehensive income for the period	-	-	-	-	-	2,666,464	2,666,464	(2,608)	2,663,856
- Profit for the period	-	-	-	-	-	2,666,464	2,666,464	(2,608)	2,663,856
- Other comprehensive income for the period	-	-	4,727,619	-	-	-	4,727,619	-	4,727,619
-Final dividend for the year ended June 30, 2013 (Rs 3 per share)	-	-	-	-	-	(1,314,357)	(1,314,357)	-	(1,314,357)
Balance as at December 31, 2013 - Unaudited	4,381,191	4,557,163	28,530,323	353,510	5,110,851	11,138,257	54,071,295	273,341	54,344,636

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


Chief Executive


Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2014 - (UN-AUDITED)

1. Legal status and nature of business

The group comprises of:

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

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

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

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.

2. Basis of preparation

The condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 June 2014.

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, 2014.

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:

3.3 Amendments to published standards effective in current year

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2014 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in this condensed interim financial information.



3.4 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 financial information are the same as those applied to the financial statements as at and for the year ended June 30, 2014.

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, 2014.

4. Taxation

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.

5. Long term finances

Long term loans 5.1
Less: Current portion shown under current liabilities

December 31, 2014	June 30, 2014
unaudited	audited

----(Rupees in thousand)----

5.1 Long term loans

Opening balance
Add: Disbursements during the period
 Exchange loss during the period

Less: Repayment during the period
Closing balance

2,139,704	2,550,263
853,507	892,379
<u>1,286,197</u>	<u>1,657,884</u>
2,550,263	4,577,841
-	220,000
40,647	15,960
<u>2,590,910</u>	<u>4,813,801</u>
451,206	2,263,538
<u>2,139,704</u>	<u>2,550,263</u>



	December 31, 2014	June 30, 2014
	unaudited	audited
	----(Rupees in thousand)----	
6. Trade and other payables		
Trade creditors	767,161	488,508
Infrastructure cess	134,675	122,867
Advances from customers	331,660	384,256
Accrued liabilities - note 6.1	924,253	566,790
Workers' profit participation fund	1,019,259	900,718
Workers' welfare fund	17,356	-
Federal excise duty payable	24,805	5,062
Custom duty payable	18,547	23,998
Withholding tax payable	28,923	11,369
Retention money payable	24,636	26,268
Unclaimed dividends	30,890	9,694
Advances against sale of scrap	5,790	2,791
Advance against sale of fixed assets	-	1,721
Unclaimed dividend on redeemable preference shares	125	125
Export commission payable	60,110	74,902
Others	79,494	33,473
	<u>3,467,684</u>	<u>2,652,542</u>

6.1 This includes an amount of Rs 461.02 million on account of levy of Gas Infrastructure Development Cess (GIDC). The Honourable Supreme Court through its judgement dated August 22, 2014 had upheld decision of the Peshawar High Court declaring the entire levy of GIDC through GIDC Act, 2011 as unconstitutional and invalid. The Government has filed a review petition against the decision of the Honourable Supreme Court, which is pending. In the meanwhile, the President of Pakistan promulgated the GIDC Ordinance, 2014 on September 25, 2014 seeking to impose GIDC levy since 2011. The Company has challenged the validity and promulgation of GIDC Ordinance, 2014 before the Lahore High Court, wherein the Court has been pleased to pass interim orders, thereby restraining Sui Northern Gas Pipelines Limited from charging and/or recovering GIDC till the pendency of the matter.

7 Contingencies and commitments

7.1 Contingencies

There is no significant change in contingencies from the annual financial statements of the Company for the year ended June 30, 2014 except for letters of guarantees issued to various parties aggregating to Rs 955.853 million (June 30, 2014: Rs 938.449 million)

7.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs. 164.589 million (June 2014: Rs. 260.371 million)
- (ii) Letters of credits for capital expenditure Rs. 2,737.670 million (June 2014: Rs. 65.992 million)
- (iii) Letters of credit other than capital expenditure Rs. 192.416 million (June 2014: Rs. 1,307.327 million)
- (iv) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	December 31, 2014	June 30, 2014
	unaudited	audited
	---(Rupees in thousand)---	
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	5,475	5,641
	<u>7,131</u>	<u>7,297</u>
8. Property, Plant and Equipment		
Operating assets - note 8.1	33,100,772	29,936,360
Capital work-in-progress - note 8.2	1,420,373	634,318
Major spare parts and stand-by equipment - note 8.3	105,413	246,341
	<u>34,626,558</u>	<u>30,817,019</u>
8.1 Operating assets		
Opening book value	29,936,360	28,348,192
Add: Additions during the period/ year - note 8.1.1	4,224,249	3,469,554
	<u>34,160,609</u>	<u>31,817,746</u>
Less: Disposals during the period/ year -net book value	6,942	48,229
Depreciation charged during the period/year	1,052,895	1,833,157
Closing book value	<u>33,100,772</u>	<u>29,936,360</u>
8.1.1 Major additions during the period		
Free hold land	306,475	21,574
Building on freehold land	1,457,448	875,412
Office building and housing colony	10,309	13,496
Roads	5,862	26,246
Plant and machinery	1,279,120	2,262,098
Quarry equipment	50,448	104,235
Furniture, fixtures and office equipment	48,039	28,797
Motor vehicles	62,600	112,190
Biological assets -fair value	1,000,698	-
Power and water supply lines	3,250	25,506
	<u>4,224,249</u>	<u>3,469,554</u>
8.1.2 Disposals during the period		
Plant and machinery	237	18,417
Quarry equipment	-	4,796
Office equipment	-	31
Motor vehicles	6,705	24,985
	<u>6,942</u>	<u>48,229</u>

	December 31, 2014	June 30, 2014
	unaudited	audited
	----(Rupees in thousand)----	
8.2 Capital work-in-progress		
Civil works	401,224	288,234
Plant and machinery	587,735	101,548
Advances for capital expenditure	143,680	60,903
Unallocated expenditure	19,644	16,813
Expansion project:		
-Civil works	36,724	24,701
-Others	231,366	142,119
	268,090	166,820
	<u>1,420,373</u>	<u>634,318</u>
8.3 Major spare parts and stand-by equipment		
Balance at the beginning of the year	246,341	194,005
Additions during the year	25,350	121,679
Transfers made during the year	(166,278)	(69,343)
Balance at the end of the year	<u>105,413</u>	<u>246,341</u>
9. Intangible assets		
Opening book value	36,904	55,356
Less: Amortization charged during the period	9,226	18,452
Closing book value	<u>27,678</u>	<u>36,904</u>
10. Investments		
Cost of investments	2,737,037	2,737,037
Add : Purchase of new investment	2,917,381	-
Fair value adjustment	33,482,821	32,722,894
	36,400,202	32,722,894
Total investments	<u>39,137,239</u>	<u>35,459,931</u>
Less: Investments classified in current assets	27,938,102	24,405,190
Closing balance	<u>11,199,137</u>	<u>11,054,741</u>

	2014		2013	
	July to December	October to December	July to December	October to December
	----Rupees in thousands----			
11. Cost of sales				
Raw and packing materials consumed	1,976,141	1,296,814	1,375,050	729,141
Salaries, wages and other benefits	707,546	383,883	660,611	367,150
Electricity and gas	1,685,221	1,059,352	1,292,107	751,062
Furnace oil and coal	3,021,428	1,867,616	3,350,003	1,825,466
Stores and spares consumed	840,658	506,268	821,916	486,107
Repair and maintenance	122,660	70,854	164,785	78,761
Insurance	107,950	90,521	35,235	18,925
Depreciation on property, plant and equipment	1,006,882	559,507	829,141	426,269
Amortization on intangibles	6,458	3,229	6,458	3,229
Royalty	131,093	78,794	133,334	92,117
Excise duty	12,648	7,433	12,907	7,134
Vehicle running expenses	17,284	8,192	18,094	9,435
Postage, telephone and telegram	2,950	1,869	2,224	1,120
Printing and stationery	1,781	716	1,414	579
Legal and professional charges	1,198	470	1,176	713
Travelling and conveyance	5,251	2,846	8,248	3,919
Estate development	9,896	4,454	7,417	4,700
Rent, rates and taxes	21,143	10,898	15,508	7,421
Freight charges	21,218	11,388	3,683	2,145
Other expenses	105,965	100,470	12,133	6,224
Total manufacturing cost	9,805,371	6,065,574	8,751,444	5,674,857
Opening work-in-process	560,634	180,606	856,587	720,015
Closing work-in-process	(527,802)	(527,802)	(892,939)	(892,939)
	32,832	(347,196)	(36,352)	(172,924)
Cost of goods manufactured	9,838,203	5,718,378	8,715,092	4,648,693
Opening stock of finished goods	437,912	325,571	368,948	411,159
Closing stock of finished goods	(447,826)	(447,826)	(439,757)	(439,757)
	(9,914)	(122,255)	(70,809)	(28,598)
Less: Own consumption capitalized	(5,627)	(2,433)	(36,673)	(23,190)
	9,822,662	5,593,690	8,607,610	4,596,905
12. Taxation				
Current				
- For the year	328,389	(53,040)	63,471	22,141
- Prior years	-	-	4,939	4,939
	328,389	(53,040)	68,410	27,080
Deferred	207,363	97,622	764,098	333,909
	535,752	44,582	832,508	360,989



13. 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:

Relationship with the Group	Nature of transaction	December 31, 2014	December 31, 2013
		unaudited	unaudited
---(Rupees in thousand)---			
Other related parties	Purchase of goods and services	662,274	689,654
	Insurance premium	62,967	71,221
	Sale of goods	188,889	380,803
	Mark-up income	483	1,263
	Gain on disposal of investment	84,617	-
	Insurance claim received	1,000	21,505
	Dividend income	855,685	791,900
Key Management personnel	Salaries and other employment benefits	71,022	64,905
	Post employment benefit plans		
Post employment benefit plans	Expense charged in respect of staff retirement benefits plans	43,406	59,667
	Expense charged in respect of staff retirement benefits plans (contribution plan)	23,801	21,780

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

Balances with related parties:	December 31, 2014	June 30, 2014
	unaudited	audited
---(Rupees in thousand)---		
Trade debts	23,381	42,523
Other receivables	25,015	270,367
Short term investments	479,066	479,066
Long term investments - subsidiaries	2,553,774	203,631
Long term investments - associates	1,452,392	1,952,393
Long term investments - others	400,646	275,408
Trade and other payables	2,358	3,199



	December 31, 2014	December 31, 2013
	unaudited	unaudited
	---(Rupees in thousand)---	
14. Cash flow from operating activities		
Profit before tax	3,940,440	3,496,364
Adjustment for:		
- Depreciation on property, plant and equipment	1,052,895	882,488
- Amortization on Intangible assets	9,226	9,226
- Profit on bank deposits	(3,827)	(2,413)
- Profit on disposal of property, plant and equipment	(1,834)	(32,484)
- Dividend income	(855,685)	(791,900)
- Retirement and other benefits accrued	43,406	37,886
- Markup income	(9,487)	(15,485)
- Exchange loss - net	40,647	140,137
- Finance cost	211,315	365,553
- Unrealized gain on derivative financial instruments	19,473	(40,912)
Profit before working capital changes	4,427,096	4,048,460
- Stores, spares and loose tools	(504,518)	(128,738)
- Stock-in-trade	(17,672)	(265,761)
- Trade debts	7,017	(176,309)
- Advances, deposits, prepayments and other receivables	(191,514)	(217,711)
- Trade and other payables	815,142	391,075
Net working capital changes	108,455	(397,444)
Cash (used in)/ generated from operations	4,535,551	3,651,016
15. Cash and cashequivalents		
Short term borrowings - secured	(5,897,434)	(6,425,549)
Cash and bank balances	567,617	674,653
	(5,329,817)	(5,750,896)

16. Financial risk management

16.1 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, 2014.

There have been no changes in the risk management department or in any risk management policies since the year end.



16.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

16.3 Fair value estimation

During the period, there were no significant changes in the business or economic circumstances that affect the fair value of the company's financial assets and financial liabilities. Furthermore, there were no reclassifications of financial assets.

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		Elimination - net		Consolidated	
	July to December 2014	July to December 2013	July to December 2014	July to December 2013	July to December 2014	July to December 2013	July to December 2014	July to December 2013	July to December 2014	July to December 2013
Revenue from										
- External Customers	12,655,187	12,403,223	571,773	529,504	717,496	259,624	-	-	13,944,456	12,932,727
- Inter-group	-	-	433,981	410,287	-	-	(433,981)	(410,287)	-	-
Segment gross profit/(loss)	4,130,947	4,205,169	178,840	137,199	(189,652)	(296,312)	(187,993)	(17,251)	4,121,794	4,325,117
Segment expenses	(1,016,381)	(1,317,767)	(16,984)	(11,393)	(74,693)	(33,916)	(74,693)	-	(1,108,058)	(1,329,160)
Other income	1,133,679	963,314	1,556	2,021	813	3,356	1,971	(15,154)	1,138,019	950,181
Financial charges	(155,959)	(365,553)	(64,132)	(98,969)	(229)	(133)	9,005	14,748	(211,315)	(449,774)
Taxation	(698,752)	(816,092)	(17,000)	(16,416)	180,000	-	-	-	(535,752)	(832,508)
Profit after taxation	3,393,534	2,669,071	82,280	12,442	(83,761)	(327,005)	(71,126)	(17,657)	3,404,688	2,663,856
Depreciation	929,438	861,013	16,262	16,438	107,197	169,984	(2)	5,037	1,052,895	882,488
Capital expenditure	(1,149,183)	(1,545,807)	(1,949)	(637)	(169,696)	(878,424)	(3,548,548)	2	(4,869,376)	(1,546,442)
Cash to operations	3,719,057	3,396,165	84,940	(119,490)	(134,627)	(787,761)	(201,482)	1,215	3,467,888	3,277,890
Cash from investing	(5,314,764)	(902,080)	(1,933)	581	(142,153)	(1,185,914)	458,135	(1,216)	(5,000,715)	(902,715)
Rupees in thousands	31.12.2014 unaudited	30.06.2014 audited	31.12.2014 unaudited	30.06.2014 audited	31.12.2014 unaudited	30.06.2014 audited	31.12.2014 unaudited	30.06.2014 audited	31.12.2014 unaudited	30.06.2014 audited
Segment assets	78,734,155	73,282,069	1,715,486	1,828,487	4,148,889	4,078,644	(2,111,670)	(284,438)	82,486,860	74,826,118
Segment liabilities	14,597,576	11,765,534	1,270,734	1,466,015	163,896	110,019	57,267	(290,708)	16,089,473	12,940,841

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

This interim financial information was authorized for issue by the Board of Directors of the Company on February 17, 2015.

19. Corresponding figures

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



Chief Executive



Director





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