



D.G. Khan Cement Company Limited

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D.G. Khan Cement Company Limited

CORPORATE PROFILE

Board of Directors	Mrs. Naz Mansha Mian Raza Mansha Mr. Manzar Mushtaq Mr. Khalid Qadeer Qureshi Mr. Zaka-ud-Din Mr. Muhammad Azam Mr. Inayat Ullah Niazi	Chairperson Chief Executive Chief Financial Officer
Audit Committee	Mr. Manzar Mushtaq Mr. Khalid Qadeer Qureshi Mr. Muhammad Azam	Member/Chairman Member Member
Company Secretary	Mr. Khalid Mahmood Chohan	
Bankers	Allied Bank Limited Askari Bank Limited Bank Alfalah Limited Citibank N.A. Deutsche Bank AG Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Bank Limited HSBC Limited MCB Bank Limited Meezan Bank Limited National Bank of Pakistan NIB Bank Limited Standard Chartered Bank (Pakistan) Limited The Bank of Punjab The Royal Bank of Scotland (Formerly ABN AMRO Bank (Pakistan) Limited) United Bank Limited	
Auditors	KPMG Taseer Hadi & Co., Chartered Accountants	
Legal Advisor	Mr. Shahid Hamid, Bar-at-Law	
Registered Office	Nishat House, 53-A, Lawrence Road, Lahore-Pakistan UAN: 92-42-111-11- 33 - 33 92-42-6367812 Fax: 92-42-6367414 Email: info@dgcement.com web site: www.dgcement.com	
Factory	1. Khofli Sattai, Distt. Dera Ghazi Khan-Pakistan UAN: 92-642-111-11- 33 - 33 92-642-460025 Fax: 92-642-462392 Email: dgbsite@dgcement.com 2. 12, K.M. Choa Saidan Shah Road, Khairpur, Tehsil Kallar Kahar, Distt. Chakwal-Pakistan UAN: 92-543-111-11- 33 - 33 92-543-650215 Fax: 92-543-650231	

D.G. Khan Cement Company Limited

DIRECTORS' REPORT

I am pleased to present the un-audited accounts for the 1st quarter ended 30th September 2008.

MARKET REVIEW

Tumbling economic indicators, severe liquidity crunch, rising lending rates and ballooning inflation in the country plunged the cement demand sharply during the first quarter of FY 2009. During first three months of current financial year, which is traditionally considered as the peak off take season of cement in the country, total cement sales were 4.834M tons against 5.715M tons last year same period. The decline is about 15.4% which is attributed to the down turn in construction activities in the country. Export of Cement from the country is 2.497M tons against 1.564M tons during the corresponding period of last year. The growth in export is nearly 60%. The rising trend of export of cement from the country also slashed due to the ever worst financial crisis the world.

Prices of the cement during the period under report remained stable but the declining demand of cement, rising input costs and rising mark up rates posed negative effects on the financial health of the cement industry of the country.

PLANT OPERATION

Detailed production data is as follow:

During period under report plants operated smoothly. Clinker and cement production is slightly less than the corresponding period due to routine maintenance and cement demand.

	Clinker Production		Cement Production	
	July-September		July-September	
	2008	2007	2008	2007
	M.Tons		M.Tons	
DGK-Unit-1	206,732	234,655	208,569	232,769
DGK-Unit-2	227,714	353,470	276,753	334,279
KHP-Unit-1	548,784	452,595	450,430	385,219
Total	983,230	1,040,720	935,752	952,267
Utilization	98%	104%	88%	90%

OPERATING RESULTS

During the period under report the sale revenue registered a decent growth due to increase in sales volume and stable sales prices in the local market. Cost of production also witnessed a corresponding hike due to all time high coal prices, devaluation of Rupee and unprecedented inflationary wave in the country.

	2008-09 (Quarter July-September) (Rupees in million)	2007-08 (Quarter July-September) (Rupees in million)
-Net Sales	4,337.432	2,233.183
-Cost of Goods Sold	3,037.322	1,859.520
-Gross Profit	1,300.110	373.663
-(Loss)/Profit before tax	(346.651)	110.261
-(Loss)/Profit after tax	(168.651)	267.927
-Basic (Loss)/Earning per share (Rs.)	(0.67)	1.06

D.G. Khan Cement Company Limited

During July-September, the surrounds of world's financial crisis also put pressure on liquidity in the country which resulted in sharp increase in lending rates, and hence affected the finance cost of the company considerably. In addition, steep fall in value of Pak Rupee relevant to other major currencies severely hit the profitability of the company.

After accounting for depreciation/amortization of Rs. 331.245 million and provision for taxation of Rs. (178.0) million, your company has suffered a net Loss of Rs. (168.651) million (2007: Net Profit Rs. 267.927 million).

ON GOING PROJECTS:

The world's largest Vertical Cement Grinding Mill at Dera Ghazi Khan has been commissioned and operating under trial. The results are encouraging and mill is expected to start its commercial operation soon.

The work on power generation from waste heat at D.G. Khan Site is also in progress. The shipments from plant supplier are expected to start in third quarter of FY 2009. In addition, work on using the municipal solid waste as Refused Derived Fuel (RDF) in the Kiln is also moving on fast track at Khairpur Plant Site. MOU has been signed with M/s FL Smidth for supply of equipment for RDE

FUTURE OUTLOOK

Prevailing economic conditions of the country coupled with deteriorating value of Pak Rupee are posing serious threats on financial health of the cement industry. Despite the ease out of fuel prices in international markets, its impact has not been passed on to the consumer as yet. The rising gas and electricity tariff, gas and power shedding, withdrawals of subsidies on electricity and petroleum products has badly impacted the purchasing power of common man. In addition, it is also expected that the Govt. would not be able to spend full PSDP announced in Federal budget of FY 2009. All these factors have affected the cement demand in country and is expected to hit further in the periods to come.

Although during the first three months of FY 2009, the exports of cement from the country increased but the trickle down impacts of world recession is now being felt on our export markets as well. The cement demand in export markets is giving some signs of decline which is expected to lead to competition and fall in prices.

ACKNOWLEDGMENT

The Directors place on record their appreciation for the efforts and hard work put in by both the officers and staff/workers for smooth running of company affairs.

for and on behalf of the Board

(Mian Raza Mansha)
Chief Executive

Lahore: October 28, 2008

D.G. Khan Cement Company Limited

CONDENSED INTERIM BALANCE SHEET AS AT

	Note	September 30, 2008	June 30, 2008
(Rupees in thousand)			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
- 950,000,000 (June 30,2008: 950,000,000) ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (June 30,2008: 50,000,000) preference shares of Rs 10 each		<u>500,000</u>	<u>500,000</u>
		<u>10,000,000</u>	<u>10,000,000</u>
Issued, subscribed and paid up capital		2,535,412	2,535,412
Share deposit money			
Reserves		21,255,973	27,595,698
Accumulated (loss)		<u>(219,504)</u>	<u>(50,853)</u>
		<u>23,571,881</u>	<u>30,080,257</u>
NON-CURRENT LIABILITIES			
Long term finances	4	7,515,507	8,411,051
Long term deposits		74,721	73,890
Retirement and other benefits		60,624	54,018
Deferred taxation		<u>1,109,000</u>	<u>1,319,000</u>
		8,759,852	9,857,959
CURRENT LIABILITIES			
Trade and other payables		1,631,868	1,370,336
Accrue mark up		484,690	364,664
Short term borrowing-secured		8,442,949	7,597,020
Current portion of non-current liabilities		3,626,857	2,687,608
Provision for taxation		<u>35,090</u>	<u>35,090</u>
		14,221,454	12,054,718
CONTINGENCIES AND COMMITMENTS			
	5		
		<u>46,553,187</u>	<u>51,992,934</u>

The annexed notes form an integral part of these financial statements

Chief Executive

D.G. Khan Cement Company Limited

SEPTEMBER 30, 2008 (UN-AUDITED)

	Note	September 30, 2008 (Rupees in thousand)	June 30, 2008
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	22,800,031	22,977,894
Assets subject to finance lease		-	5,135
Capital work in progress		2,589,518	2,488,307
Investments	7	4,673,957	6,795,961
Long term loans, advances and deposits		525,536	523,046
		30,589,042	32,790,343
CURRENT ASSETS			
Stores, spares and loose tools		2,629,261	2,299,250
Stock-in-trade		771,561	445,856
Trade debts		436,359	366,173
Investments	7	10,864,861	15,082,582
Advances, deposits, prepayments and other receivables		1,022,322	782,358
Cash and bank balances		239,781	226,372
		15,964,145	19,202,591
		46,553,187	51,992,934

Director

D.G. Khan Cement Company Limited

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE QUARTER ENDED SEPTEMBER 30, 2008 (UN-AUDITED)

	Note	September 30, 2008	September 30, 2007
		(Rupees in thousand)	
Sales		4,337,432	2,233,183
Cost of sales	8	<u>(3,037,322)</u>	<u>(1,859,520)</u>
Gross profit		1,300,110	373,663
Administrative expenses		(31,467)	(24,993)
Selling and distribution expenses		(428,179)	(46,168)
Other operating expenses		(6,098)	(17,479)
Other income		192,584	198,363
Profit from operations		<u>1,026,950</u>	<u>483,386</u>
Finance cost		(1,373,601)	(373,281)
Share of gain of associated company		-	156
(Loss)/profit before tax		<u>(346,651)</u>	<u>110,261</u>
Taxation		178,000	157,666
(Loss)/profit after tax		<u>(168,651)</u>	<u>267,927</u>
(Loss)/earnings per share-basic and diluted		<u>(0.67)</u>	<u>1.06</u>

The annexed notes form an integral part of these financial statements.

Chief Executive

Director

D.G. Khan Cement Company Limited

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2008 (UN-AUDITED)

	Note	September 30, 2008	September 30, 2007
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	10	1,359,370	204,521
Finance cost paid		(1,253,575)	(208,530)
Retirement and other benefits paid.		(7,370)	(4,548)
Taxes paid		(52,335)	(22,374)
Net increase in long term deposits		831	102
Net cash from operating activities		46,921	(30,829)
Cash flows from investing activities			
Purchase of property, plant and equipment		(250,172)	(285,637)
Purchase of investments		-	(9,059)
Sales proceeds of property, plant and equipment		844	3,210
Long term loans and deposits		(2,806)	(930)
Dividend received		173,210	144,435
Net cash used in investing activities		(78,924)	(147,981)
Cash flows from financing activities			
Proceeds from long term loans		-	1,000,000
Repayment of long term loans		(799,228)	(245,195)
Repayment of liabilities against assets subject to finance lease		(1,141)	(13,067)
Dividend paid		(148)	(5)
Net cash from financing activities		(800,517)	741,733
Net (decrease)/increase in cash and cash equivalents		(832,520)	562,923
Cash and cash equivalents at the beginning of year		(7,370,648)	(3,826,799)
Cash and cash equivalents at the end of the period		(8,203,168)	(3,263,876)

The annexed notes form an integral part of these financial statements.

Chief Executive

Director

D.G. Khan Cement Company Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2008 (UN-AUDITED)

	CAPITAL RESERVE				REVENUE RESERVE		
	Share capital	Share premium	Fair value reserve	Capital redemption reserve fund	General reserve	Accumulated profit/(Loss)	Total
	Rupees in thousand						
Balance as at June 30, 2007	2,535,412	2,711,384	22,868,363	353,510	3,696,827	1,757,689	33,923,185
Final dividend for the year ended June 30, 2007- Rs 1.5 per share	-	-	-	-	-	(380,312)	(380,312)
Transfer from profit and loss account	-	-	(3,409,386)	-	1,375,000	(1,375,000)	-
Fair value loss during the year	-	-	-	-	-	-	(3,409,386)
Loss for the year	-	-	-	-	-	(53,230)	(53,230)
Balance as at June 30, 2008	2,535,412	2,711,384	19,458,977	353,510	5,071,827	(50,853)	30,080,257
Fair value loss during the period (Loss) for the period	-	-	(6,339,725)	-	-	-	(6,339,725)
Transfer from profit and loss account	-	-	-	-	-	(168,651)	(168,651)
Balance as at Sep. 30, 2008	2,535,412	2,711,384	13,119,252	353,510	5,071,827	(219,504)	23,571,881

Chief Executive

Director

D.G. Khan Cement Company Limited

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2008 (UN-AUDITED)

- 1 These interim financial statements are unaudited and are being submitted to share holders as required by section 245 of the Companies Ordinance, 1984. These interim financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" as applicable in Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP).
- 2 The accounting policies adopted for the preparation of these quarterly accounts are the same as those applied in the preparation of preceding annual published accounts of the company for the year ended June 30, 2008.
- 3 These financial statements were authorized for issue on October 28, 2008 by the board of directors of the Company.

	September 30, 2008	June 30, 2008
	(Rupees in thousand)	
4 Long term finances		
These are composed of:		
Long term loans -secured	note 4.1 11,142,364	11,094,112
Less: Current portion shown under current liabilities	<u>3,626,857</u> <u>7,515,507</u>	<u>2,683,061</u> <u>8,411,051</u>
4.1 Long term loans - secured		
Opening balance	11,094,112	10,705,016
Add: Disbursement during the period	-	3,000,000
Exchange loss	<u>847,480</u>	<u>567,179</u>
	11,941,592	14,272,195
Less: Repayment during the period	<u>799,228</u> <u>11,142,364</u>	<u>3,178,083</u> <u>11,094,112</u>
5 Contingencies and commitments		
There is no significant change in contingencies from the preceding annual published accounts of the company for the year ended June 30, 2008.		
6 Operating fixed assets		
Opening book value	22,977,894	22,117,551
Add: Additions during the period	note 6.1 <u>154,007</u>	<u>2,251,659</u>
	23,131,901	24,369,210
Less:		
Disposal during the period (at book value)	<u>714</u>	<u>21,987</u>
Written off (book value)	<u>331,156</u>	<u>9,734</u>
Depreciation charged during the period	<u>331,870</u>	<u>1,359,595</u>
	<u>22,800,031</u>	<u>22,977,894</u>

D.G. Khan Cement Company Limited

	September 30, 2008	June 30, 2008
	(Rupees in thousand)	
6.1 Additions during the period		
Free hold land	41,333	69,261
Lease hold land	-	63,000
Building on freehold land:		
Factory building	52,050	107,273
Housing colony & Office buliding	23,467	38,085
Ancillary building	-	
Roads	-	5,401
Plant and machinery	21,438	1,770,166
Quarry equipment	-	69,905
Furniture, fixture & other office equipments	4,129	39,077
Vehicles	9,014	27,689
Power ,Gas & water supply line	2,576	61,802
	154,007	2,251,659
7 Investments		
Cost	2,419,566	2,419,566
Add: Fair value adjustmets	13,119,252	19,458,977
	15,538,818	21,878,543
Less: Investment classified in current assets	10,864,861	15,082,582
	4,673,957	6,795,961
	September 30, 2008	September 30, 2007
	(Rupees in thousand)	
8 Cost of sales		
Raw and packing materials consumed	347,383	284,164
Electricity and gas	368,399	410,343
Furnace oil /coal	1,822,745	800,375
Stores and spares consumed	197,900	131,001
Salaries, wages and other benefits	165,323	112,236
Repair and maintenance	32,287	13,731
Insurance	10,079	11,409
Depreciation on property, plant and equipment	328,360	325,371
Depreciation on assets subject to finance lease	80	1,679
Royalty	19,693	21,212
Excise duty	7,193	6,461
Freight charges	1,305	1,443
Vehicle running	4,722	3,571
Postage, telephone and telegram	1,092	2,114
Printing and stationery	523	1,162
Legal and professional charges	1,308	373
Estate development	2,088	1,142
Rent, rates and taxes	1,581	1,741
Other expenses	7,811	3,938
	3,319,872	2,133,466

D.G. Khan Cement Company Limited

	September 30, 2008	September 30, 2007
(Rupees in thousand)		
Work-in-process		
Opening work-in-process	118,292	142,686
Closing work-in-process	(320,514)	(370,724)
	(202,222)	(228,038)
Cost of goods manufactured	3,117,650	1,905,428
Finished goods		
Opening stock of finished goods	78,369	69,728
Closing stock of finished goods	(158,162)	(110,471)
	(79,793)	(40,743)
Less: own consumption capitalised	535	5,165
	3,037,322	1,859,520

9 Related Parties Transactions

i. Subsidiary Company

Sale of goods	-	-
Purchase of goods	202,611	206,049
Purchase of services	-	-
Insurance claim received	-	-
Rental Income	190	36
Mark up income on balances	15,922	-

ii. Other related parties

Sale of goods	21,239	2,513
Insurance premium	13,809	16,109
Purchase of services	262,505	253,598
Insurance claim received	190	125
Mark up income on balances with related parties	745	807

10 Cash flow from operating activities

Profit before tax	(346,651)	110,262
Adjustment for :		
Depreciation on property, plant and equipment	331,156	328,325
Depreciation on assets subject to finance lease	89	1,706
Profit/(loss) on disposal of property, plant and equipments	(131)	(1,914)
Gain on Foreign Currency	-	-
Share of loss of associated company	-	(156)
Retirement and other benefits accrued	10,571	2,425
Exchange loss-net	847,480	-
Dividend Income	(173,199)	(194,828)
Finance cost	1,373,601	373,281
	2,042,916	619,101

D.G. Khan Cement Company Limited

September 30, September 30,
2008 2007
(Rupees in thousand)

Cash flow from working capital changes

Effects on cash flow due to working capital changes:

(Increase) in stores, spares and loose tools	(330,011)	(378,110)
(Increase) in stock in trade	(325,705)	(272,354)
(Increase) in trade debts	(70,186)	(8,701)
(Increase) in advances, deposits, prepayments and other receivable	(219,324)	(11,305)
	(945,226)	(670,470)
Increase in creditors, accrued and other liabilities	261,680	255,891
Cash generated from operation	<u>1,359,370</u>	<u>204,522</u>

11 Cash and cash equivalents

Short term borrowing-secured	8,442,949	3,464,884
Cash and bank balances	(239,781)	(201,009)
	<u>8,203,168</u>	<u>3,263,875</u>

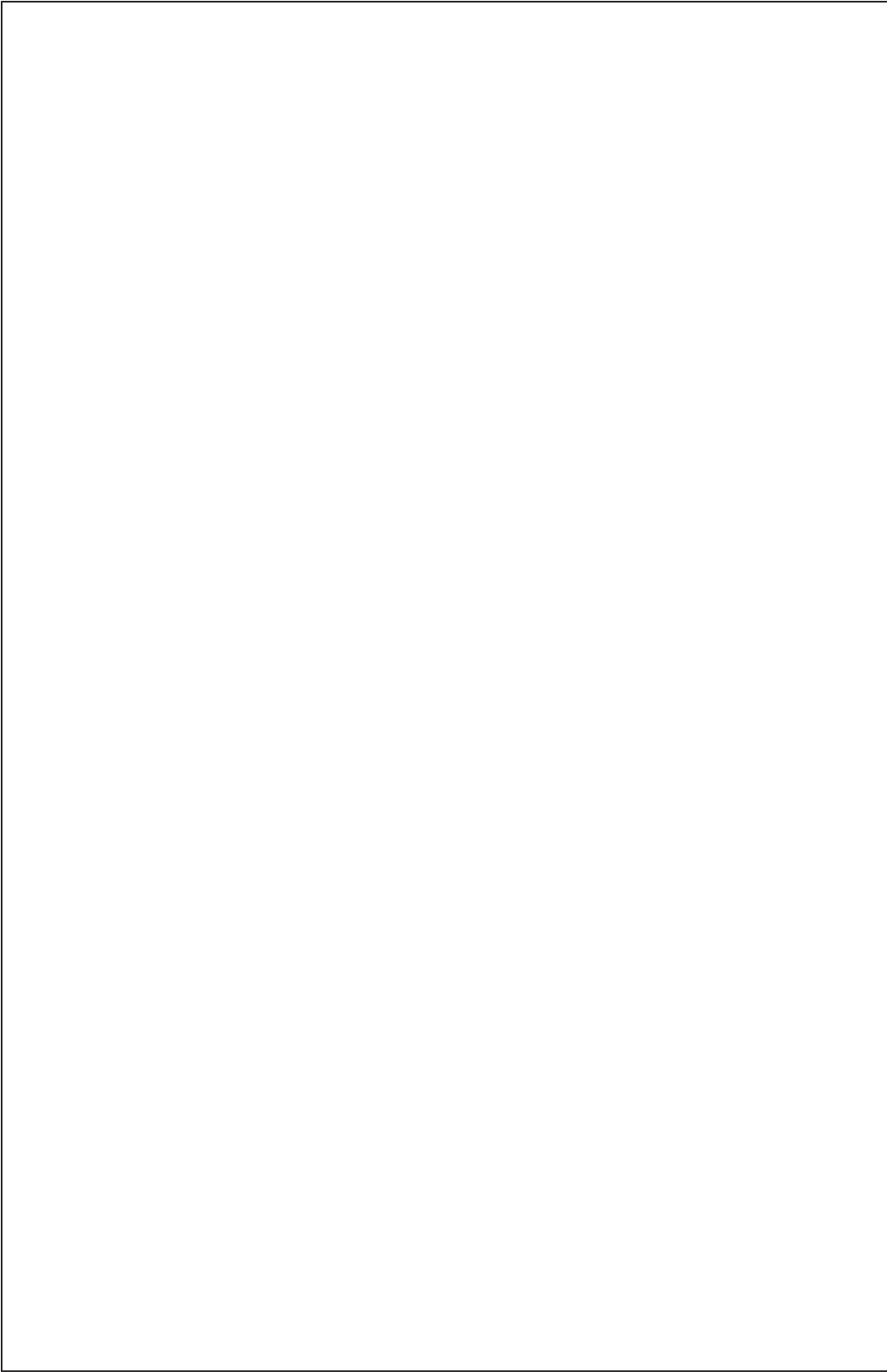
12 Corresponding figures

Corresponding figures have been rearranged, wherever necessary, for the purpose of comparison

Chief Executive

Director

D.G. Khan Cement Company Limited
Condensed Interim Consolidated
Financial Statements for the quarter ended
September 30, 2008 (Un-Audited)



D.G. Khan Cement Company Limited and its Subsidiary

Director's Report on Condensed Interim Consolidated Financial Statements

I am pleased to present before you the consolidated financial statements of D.G. Khan Cement Company Ltd. and its subsidiary Nishat Paper Products Company Ltd.

Consolidated financial performance of the both companies is as follows:

	July-September 2008 (Rupees in thousand)
Sale revenue	4,410,317
Gross profit	1,339,812
(Loss) before tax	(391,012)
(Loss) after tax	(223,012)

A review on affairs of D.G. Khan Cement Company Ltd has been separately appended.

for and on behalf of the Board

(Mian Raza Mansha)
Chief Executive

Lahore: October 28, 2008

D.G. Khan Cement Company Limited and its Subsidiary

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT

	Note	September 30, 2008 (Rupees in thousand)	June 30, 2008
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
950,000,000 (June 30, 2008: 950,000,000) ordinary shares of Rs 10/- each		9,500,000	9,500,000
50,000,000 (June 30, 2008: 50,000,000) preference shares of Rs 10/- each		<u>500,000</u>	<u>500,000</u>
		<u>10,000,000</u>	<u>10,000,000</u>
Issued, subscribed and paid up capital		2,535,412	2,535,412
Reserves		21,294,997	27,634,722
Accumulated (loss)/profit		<u>(163,432)</u>	<u>32,399</u>
		23,666,977	30,202,533
Minority interest		<u>298,726</u>	<u>325,907</u>
		23,965,703	30,528,440
NON-CURRENT LIABILITIES			
Long term finances	4	7,965,507	8,871,051
Liabilities against assets subject to finance lease		54	393
Long term deposits		74,721	73,890
Retirement and other benefits		60,624	54,018
Deferred taxation		<u>1,051,000</u>	<u>1,251,000</u>
		9,151,906	10,250,352
CURRENT LIABILITIES			
Trade and other payables		1,758,653	1,450,074
Accrue mark up		484,690	391,610
Short term borrowing-secured		8,996,038	8,194,330
Current portion of non-current liabilities		3,777,638	2,828,202
Provision for taxation		<u>35,090</u>	<u>35,090</u>
		15,052,109	12,899,306
CONTINGENCIES AND COMMITMENTS	5	-	-
		<u>48,169,718</u>	<u>53,678,098</u>

The annexed notes form an integral part of these financial statements.

Chief Executive

D.G. Khan Cement Company Limited and its Subsidiary

SEPTEMBER 30, 2008 (UN-AUDITED)

	Note	September 30, 2008 (Rupees in thousand)	June 30, 2008
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	24,037,772	24,224,273
Assets subject to finance lease		1,665	6,839
Capital work in progress		2,589,518	2,488,307
Investments	7	4,470,328	6,592,332
Long term loans, advances and deposits		<u>526,666</u>	<u>524,176</u>
		<u>31,625,949</u>	<u>33,835,927</u>
CURRENT ASSETS			
Stores, spares and loose tools		2,648,493	2,323,883
Stock-in-trade		1,543,604	1,300,325
Trade debts		565,550	463,446
Investments	7	10,864,884	15,082,605
Advances, deposits, prepayments and other receivables		639,161	427,832
Cash and bank balances		282,077	244,080
		<u>16,543,769</u>	<u>19,842,171</u>
		<u><u>48,169,718</u></u>	<u><u>53,678,098</u></u>

Director

D.G. Khan Cement Company Limited and its Subsidiary

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE QUARTER ENDED SEPTEMBER 30, 2008 (UN-AUDITED)

	Note	September 30, 2008	September 30, 2007
		(Rupees in thousand)	
Sales		4,410,317	2,233,183
Cost of sales	8	<u>(3,070,505)</u>	<u>(1,859,520)</u>
Gross profit		1,339,812	373,663
Administrative expenses		(32,163)	(24,993)
Selling and distribution expenses		(430,305)	(46,168)
Other operating expenses		(6,098)	(17,479)
Other income		<u>176,840</u>	<u>198,363</u>
Profit from operations		1,048,086	483,386
Finance cost		(1,439,098)	(373,281)
Share of gain of associated company		-	156
(Loss)/profit before tax		<u>(391,012)</u>	<u>110,261</u>
Taxation		168,000	157,666
(Loss)/Profit after tax		<u><u>(223,012)</u></u>	<u><u>267,927</u></u>
Attributable to:			
Equity holders of the parent		(195,831)	-
Minority interest		<u>(27,181)</u>	-
		<u><u>(223,012)</u></u>	<u><u>-</u></u>
(Loss)/earnings per share-basic and diluted		<u><u>(0.88)</u></u>	<u><u>1.06</u></u>

The annexed notes form an integral part of these financial statements.

Chief Executive

Director

D.G. Khan Cement Company Limited and its Subsidiary

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBERR 30, 2008 (UN-AUDITED)

	Note	September 30, 2008	September 30, 2007
(Rupees in thousand)			
Cash flows from operating activities			
Cash generated from operations	10	1,512,790	204,521
Finance cost paid		(1,330,044)	(208,530)
Retirement and other benefits paid.		(7,370)	(4,548)
Taxes paid		(58,104)	(22,374)
Net increase in long term deposits		831	102
		<hr/>	<hr/>
Net cash from operating activities		118,103	(30,829)
Cash flows from investing activities			
Purchase of property,plant and equipment		(252,393)	(285,637)
Purchase of investments		-	(9,059)
Sales proceeds of property,plant and equipment		844	3,210
Long term loans and deposits		(2,806)	(930)
Dividend received		173,210	144,435
		<hr/>	<hr/>
Net cash used in investing activities		(81,145)	(147,981)
Cash flows from financing activities			
Proceeds from long term loans		-	1,000,000
Repayment of long term loans		(799,228)	(245,195)
Repayment of liabilities against assets subject to finance lease		(1,293)	(13,067)
Dividend paid		(148)	(5)
		<hr/>	<hr/>
Net cash from financing activities		(800,669)	741,733
Net increase/(decrease) in cash and cash equivalents		(763,711)	562,923
Cash and cash equivalents at the beginning of year		(7,950,250)	(3,826,799)
Cash and cash equivalents at the end of the period		(8,713,961)	(3,263,876)

The annexed notes form an integral part of these financial statements.

Chief Executive

Director

D.G. Khan Cement Company Limited and its Subsidiary

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2008 (UN-AUDITED)

	CAPITAL RESERVE			REVENUE RESERVE				Total	Minority interest
	Share capital	Share premium	Fair value reserve	Capital redemption reserve fund	General reserve	Accumulated profit/(Loss)	Minority interest		
Balance as at 30 June 2007	2,535,412	2,711,384	22,868,363	353,510	3,696,827	1,757,689	33,923,185	-	
Final dividend for the year ended 30 June 2007 - Rs 1.5 per share	-	-	-	-	-	(880,312)	(380,312)	-	
Transfer from profit and loss account	-	-	-	-	1,375,000	(1,375,000)	-	-	
Fair value loss during the year	-	-	(3,409,386)	-	-	-	(3,409,386)	-	
Minority interest arising on business combination	-	-	-	-	-	-	-	330,244	
Post acquisition reserve	-	-	-	-	39,024	-	39,024	-	
Profit for the year	-	-	-	-	-	30,022	30,022	(4,337)	
Balance as at 30 June 2008	2,535,412	2,711,384	19,458,977	353,510	5,110,851	32,399	30,202,533	325,907	
Fair value loss during the period (Loss) for the period	-	-	(6,339,725)	-	-	-	(6,339,725)	-	
Balance as at 30 September 2008	2,535,412	2,711,384	13,119,252	353,510	5,110,851	(163,432)	23,666,977	298,726	

The annexed notes form an integral part of these financial statements.

Chief Executive

Director

D.G. Khan Cement Company Limited and its Subsidiary

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2008 (UN-AUDITED)

1. These condensed interim consolidated financial statements are unaudited and are being submitted to share holders as required by section 245 of the Companies Ordinance, 1984. These interim financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and (IAS) 27 "Consolidated and separate financial statements" as applicable in Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP).
2. The accounting policies adopted for the preparation of these quarterly accounts are the same as those applied in the preparation of preceding annual published accounts of the company for the year ended June 30, 2008.
3. These financial statements were authorized for issue on October 28, 2008 by the board of the Company.

		September 30, 2008	June 30, 2008
(Rupees in thousand)			
4 Long term finances			
These are composed of:			
Long term loans -secured	note4.1	11,742,364	11,694,112
Less: Current portion shown under current liabilities		<u>3,776,857</u>	<u>2,823,061</u>
		<u>7,965,507</u>	<u>8,871,051</u>
4.1 Long term loans - secured			
Opening balance		11,694,112	10,705,016
Add: Disbursement during the period		-	3,600,000
Exchange loss		<u>847,480</u>	<u>567,179</u>
		12,541,592	14,872,195
Less: Repayment during the period		<u>799,228</u>	<u>3,178,083</u>
		<u>11,742,364</u>	<u>11,694,112</u>
5 Contingencies and commitments			
There is no significant change in contingencies from the preceding annual published accounts of the company for the year ended June 30, 2008.			
6 Operating fixed assets			
Opening book value		24,224,273	22,117,551
Add: Additions during the period	note 6.1	<u>156,248</u>	<u>3,514,807</u>
		24,380,521	25,632,358
Less:			
Disposal during the period (at book value)		714	30,861
Written off (book value)		-	9,734
Depreciation charged during the period		<u>342,035</u>	<u>1,367,490</u>
		<u>342,749</u>	<u>1,408,085</u>
		<u>24,037,772</u>	<u>24,224,273</u>

D.G. Khan Cement Company Limited and its Subsidiary

	September 30, 2008	June 30, 2008
	(Rupees in thousand)	
6.1 Additions during the period		
Free hold land	41,332	81,261
Lease hold land	-	63,000
Building on freehold land:	-	-
Factory building	52,050	357,798
Housing colony & Office buliding	23,467	49,167
Ancillary building	-	-
Roads	-	14,579
Plant and machinery	23,680	2,734,774
Quarry equipment	-	69,905
Furniture, fixture & other office equipments	4,129	42,928
Vehicles	9,014	28,275
Power,Gas & water supply line	2,576	73,120
	<u>156,248</u>	<u>3,514,807</u>
 7 Investments		
Cost	2,215,960	2,215,960
Add: Fair value adjustmets	13,119,252	19,458,977
	<u>15,335,212</u>	<u>21,674,937</u>
Less: Investment classified in current assets	10,864,884	15,082,605
	<u>4,470,328</u>	<u>6,592,332</u>
	September 30, 2008	September 30, 2007
	(Rupees in thousand)	
 8 Cost of sales		
Raw and packing materials consumed	357,847	284,164
Electricity and gas	168,163	410,343
Furnace oil /coal	368,399	800,375
Stores and spares consumed	1,825,001	131,001
Salaries, wages and other benefits	200,399	112,236
Repair and maintenance	32,291	13,731
Insurance	11,508	11,409
Depreciation on property, plant and equipment	339,102	325,371
Depreciation on assets subject to finance lease	98	1,679
Royalty	19,693	21,212
Excise duty	7,193	6,461
Freight charges	4,839	1,443
Vehicle running	1,098	3,571
Postage, telephone and telegram	529	2,114
Printing and stationery	1,308	1,162
Legal and professional charges	2,088	373
Estate development	1,771	1,142
Rent, rates and taxes	1,127	1,741
Other expenses	7,917	3,938
	<u>3,350,371</u>	<u>2,133,466</u>

D.G. Khan Cement Company Limited and its Subsidiary

	September 30, 2008	September 30, 2007
(Rupees in thousand)		
Work-in-process		
Opening work-in-process	118,292	142,686
Closing work-in-process	(320,514)	(370,724)
	(202,222)	(228,038)
Cost of goods manufactured	3,148,149	1,905,428
Finished goods		
Opening stock of finished goods	118,864	69,728
Closing stock of finished goods	(195,973)	(110,471)
	(77,109)	(40,743)
Less: own consumption capitalised	535	5,165
	3,070,505	1,859,520

9 Related Parties Transactions

Sale of goods	21,239	2,513
Insurance premium	13,809	16,109
Purchase of services	262,505	253,598
Insurance claim received	190	125
Mark up income on balances with-related parties	745	807

10 Cash flow from operating activities

Profit before tax	(391,012)	110,262
Adjustment for :		
Depreciation on property, plant and equipment	342,035	328,325
Depreciation on assets subject to finance lease	107	1,706
(Loss) on disposal of property, plant and equipments	(131)	(1,914)
Share of Loss of Associated Companies	-	(156)
Retirement and other benefits accrued	10,571	2,425
Exchange loss-net	847,480	-
Dividend Income	(173,199)	(194,828)
Finance cost	1,455,019	373,281
Profit before working capital changes	2,090,870	619,101
Cash flow from working capital changes		
Effects on cash flow due to working capital changes:		
(Increase) in stores, spares and loose tools	(324,610)	(378,110)
(Increase) in stock in trade	(243,281)	(272,354)
(Increase) in trade debts	(119,753)	(8,701)
(Increase) in advances, deposits, prepayments and other receivables	(221,765)	(11,305)
	(909,409)	(670,470)

D.G. Khan Cement Company Limited and its Subsidiary

	September 30, 2008	September 30, 2007
	(Rupees in thousand)	
Increase in creditors, accrued and other liabilities	331,329	255,891
Cash generated from operation	<u>1,512,790</u>	<u>204,522</u>
11 Cash and cash equivalents		
Short term borrowing-secured	8,996,038	8,194,330
Cash and bank balances	<u>(282,077)</u>	<u>(244,080)</u>
	<u>8,713,961</u>	<u>7,950,250</u>

12 Corresponding figures

Corresponding figures have been rearranged, wherever necessary, for the purpose of comparison

Chief Executive

Director