NISHAT

3rd Quarter Report
March 31, 2012
(Un-audited)

D.G. KHAN CEMENT COMPANY LIMITED

CONTENTS

CORPORATE PROFILE

Board of Directors	Mrs. Naz Mansha	Chairperson
	Mian Raza Mansha	Chief Executive
	Mr. Khalid Qadeer Qureshi	
	Dr. Arif Bashir	
	Mr. Farid Noor Ali Fazal	
	Mr. Inayat Ullah Niazi	Chief Financial Officer
	Ms. Nabiha Shahnawaz Cheema	
Audit Committee	Mr. Khalid Qadeer Qureshi	Member/Chairman
	Mr. Farid Noor Ali Fazal	Member
	Ms. Nabiha Shahnawaz Cheema	Member
Company Secretary	Mr. Khalid Mahmood Chohan	
Bankers	Allied Bank Limited	Habib Metropolitan Bank Limited
	Askari Bank Limited	MCB Bank Limited
	Bank Alfalah Limited	NIB Bank
	Bank Islami Pakistan Limited	Meezan Bank Limited
	Barclays Bank Plc	National Bank of Pakistan
	Citibank N.A.	Samba Bank Limited
	Deutsche Bank AG	Standard Chartered Bank (Pakistan) Limited
	Dubai Islamic Bank	Silk Bank Limited
	Faysal Bank Limited	The Bank of Punjab
	Habib Bank Limited	United Bank Limited
	HSBC	
External Auditors	A. F. Ferguson & Co. Chartered Accountants	
Cost Auditors	Avais Hyder Liaquat Nauman, 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	

The board of directors is pleased to submit its report along with the condensed interim financial information for the nine months ended 31 March 2012.

Economic Outlook

A pattern that has been developing for some time which continued in 2012: The global economy is changing and developing at different speeds. Unsurprisingly, the impact of this process is particularly noticeable in the building materials industry. Demand in Asia continued to grow robustly. We note with concern how energy and transport costs rose and signs of inflation began to appear here and there.

Here in our country, we are on the verge of closure of financial year 2012 and many of the economic prospects and expectations have attained finality and a very clear and vivid picture of the economy is now becoming available. Looking back at the year so far, management of debt crisis, public sector debt financing, fuel and energy crisis, power generation and public sector development activities have all generated negative results.

During this period our economy has suffered from heaviest levels of debt financing in its entire history. Energy and gas shortage situation is even more severe than we had in the previous year. Political impasse we face certainly has drawn the Government's attention away from these very critical matters. Under utilization of Public Sector Development Fund also indicates non-seriousness of the Government on development projects.

Several construction mega projects promised or announced by the Government have not yet gone beyond the table. Rural sector reforms/ projects have more or less remained at standstill. Energy prices have gone up and are expected to go up further in the later part of the year due to weakening Pak-Rupee against US dollar. The burden on balance of payments is widening. The import bill for the first nine months has increased by more than 17.6% as compared to the previous year while a mere 5.5% growth has been witnessed in exports in USD. This increase in exports in USD terms does not fully depict the export potential of the country.

Despite having bumper crops during the period so far, we have not been able to capitalize on export prices. Border trade negotiations with India are so far in a stalemate although various data has been exchanged between both the countries, but non-tariff barriers from the other side are delaying a major breakthrough on this front.

The overall impact of the current state of economy finally burdens the construction sector of the economy.

Industry overview

As discussed in previous segment, we witnessed bumper crops this season and the rural sector construction segment of our economy has taken a swing. Primarily capitalizing on this seasonal surge in demand of cement, performance of the industry in the third quarter of the financial year 2012 remained on the growth track with cumulative deliveries during the first three quarters displaying an upward trend. This trend, in particular, followed from the second half of the previous financial year when the domestic demand for cement rose across the country amid post-flood construction activities.

Domestic volumes were higher by 8.4% during this period and as anticipated seem only because of seasonal construction boom during the summer season. In our view, the stimulus required from the Government in the form of PSDPs is still not present to its full potential as the numbers tell that only 54% of the PSDP Fund has yet been utilized. Exports on the other hand have declined slightly because of attractive prices in the domestic market.

Company performance

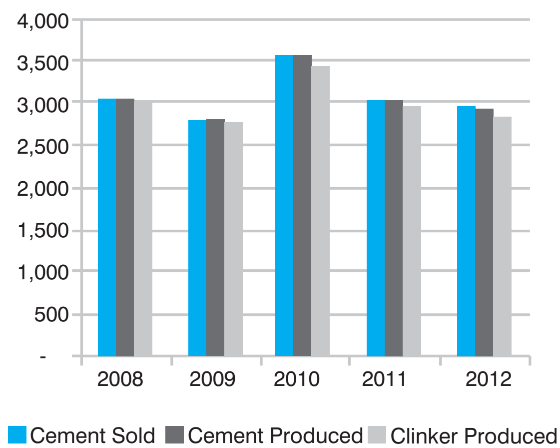
First nine months of the financial year 2012 saw slight decrease in the domestic deliveries. Export volumes increased by 6.4% where primary volume gains were witnessed in the Asian markets. The African markets however, maintained their cumulative export share while country wise ups and downs were also witnessed. Once again, from the East African and Southeast Asian region, Djibouti and Afghanistan topped, respectively, in terms of volumes.

Production Statistics

		9 months ended 31 March 2012 MT	9 months ended 31 March 2011 MT
Clinker Production	4% 119KMT ↓	2,844,748	2,964,254
Cement Production	3.2% 98KMT ↓	2,939,087	3,037,067
Local Sales	6.2% 133KMT ↓	2,013,545	2,146,860
Cement Exports	6% 58KMT ↑	946,933	889,336
Clinker Sales	100% 97KMT ↓	-	97,832

The company's cement production remained pegged with domestic cement demand where it decreased slightly by 4%.

Our domestic sales volumes dropped slightly across all regions. Descending cement demand, as continuously witnessed through the whole financial year, comes from the overall economic situation currently prevailing in the country. Despite stimulus from the realty construction activities in the rural and urban sectors, impetus from government on major public sector development projects is still absent. With election year coming ahead, the government is very likely to take on the planned projects and the market is anticipating an even better performance in terms of volumes.



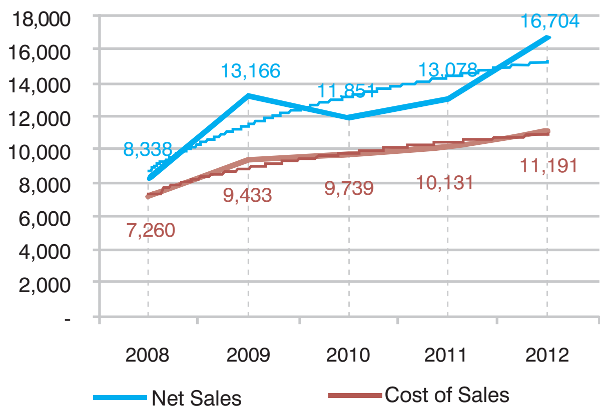
Quantities in Millions of Tons
Periods in terms of Three Qurters of FY

Financial Performance

Rupees in '000'

		9 months ended 31 March 2012	9 months ended 31 March 2011
Net Sales	27% PKR 3.6 Billion ↑	16,704,125	13,078,214
Cost of Sales	PKR 1.06 Billion ↓	-11,191,968	-10,131,466
Gross Profit	87% PKR 2.5 Billion ↑	5,512,157	2,946,748
Profit from operations	106% PKR 2.1 Billion ↑	4,079,003	1,978,765
Finance Cost	16% PKR 0.25Billion ↑	-1,303,355	-1,555,317
Profit Before Tax	5.5 Times PKR 2.3 Billion ↑	2,775,648	423,448
Taxation	PKR 0.45 Billion ↓	-704,053	-246,199
Profit After Tax	10 Times PKR 1.9 Billion ↑	2,071,595	177,249
EPS (Rupees per share)	PKR 4.33 Per share ↑	4.73	0.40

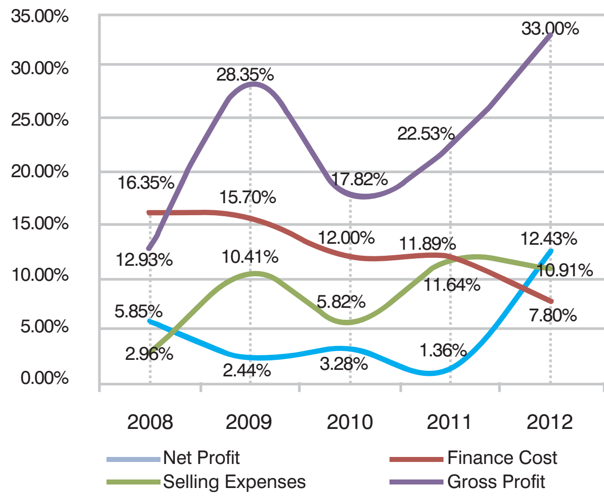
Despite falling volumes across domestic business segments, the company's gross margins went up by almost 10% on the net sales revenues which went up by 27% as compared to last year comparable period. Following the trend from the previous quarters, production expenses continued escalating. This was however successfully managed by switching to alternative fuels. The cost reduction policies have saved us substantial profit margins in terms of savings from electricity generated from waste heat recovery plant and savings from use of alternative fuels as a replacement for imported coal.



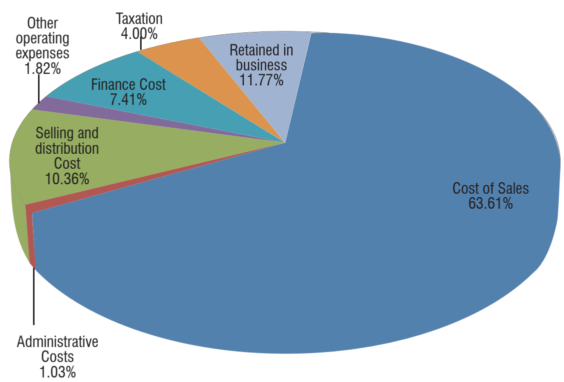
Amount in Millons of Rupees
Periods in terms of Three Qurters of FY

The cumulative administrative and distribution expenses remained higher however; due to sliding export volumes, slight decrease in selling expenses in proportion to net sales was witnessed. Likewise, a reduction of Rs 250 million was witnessed in net finance costs which remarkably improved “finance costs to net turnover” ratio from 11.89% last period to 7.8% in the current period.

Better operating margins: Our net operational profits improved during the first three quarters in comparison to the previous year's comparable period. Sustained demand accompanied by higher levels of inflation for primary input costs made the operating conditions very challenging however, the pressure was very much eased out by higher margins on sales.



Provision for taxation during the period includes deferred tax provision amounting to Rs 497 million. Despite higher operating costs, successful cost management and better cement prices in the market improved our bottom line profits for the current period. Resultantly, significant improvement in the net earnings per share was witnessed during the period where the figure improved from Rs 0.4 per share to Rs 4.73 per share in the current period.



Future Developments

Despite very challenging economic and business conditions prevailing in the country, we expect an upward surge in cement demand in the coming periods. Increasing severity of the current energy crisis has mounted pressure on the Government to undertake a mega hydro project which is very likely to boost the domestic cement demand.

Diamer-Bhasha dam project, which was kicked off in the first half of the current financial year, is expected to generate huge cement demand and provide stimulus to allied construction industry.

On cost management front, forward energy prices are increasingly adding an impetus to use alternative fuels, particularly biomass, which is carbon neutral. We are continuously in search of ways to recover energy and minerals in our solid waste streams. There is a great deal of potential in the supply side of waste-derived fuels. Several public-private ventures have been initiated by the Punjab Government which is commendable.

Alternative Fuel Projects

Development work on the Waste Heat Recovery project at Khairpur site is moving ahead at good pace. RDF project taken up at DG Khan has been made operational this quarter. The phase III of RDF project at the Khairpur site is also going operational. Significant developments have been made on the matter of utilization of Tire Derived Fuels.

Future Outlook

We expect demand for building materials to rise in Africa and Asia in future. In domestic markets, demands are expected to be higher due to growing expectations from the Government to perform on development projects.

Increasing energy, raw material and transportation costs remain key concern for our management and we are doing everything possible to explore new avenues to limit our dependence on such materials to the extent possible. Our approach to new investments will be cautious. We expect that we will achieve organic growth at operating profits level.

A word of thanks to our customers, partners and staff

We want to thank our customers, suppliers, lenders and other partners. In the future we will continue to do our utmost to supply the market with high grade cement. A very special word of thanks is reserved for all our employees. Without their commitment to strength, performance and passion, without their skills and knowledge, and without their efforts, we will not be able to function in the future either.

For and on behalf of the Board

Mian Raza Mansha
Chief Executive Officer

Lahore: 18 April 2012

CONDENSED INTERIM BALANCE SHEET

As at March 31, 2012 (Un-audited)

Rupees in thousands	Note	31 March 2012 un-audited	30 June 2011 audited
Equity and liabilities			
Authorised capital			
- 950,000,000 (30 June 2011: 950,000,000) ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (30 June 2011: 50,000,000) preference shares of Rs 10 each		500,000	500,000
Total authorised capital		**10,000,000**	**10,000,000**
Issued, subscribed and paid up capital			
438,119,119 (30 June, 2011:438,119,119) ordinary shares of Rs 10 each		4,381,192	4,381,192
Reserves		23,227,801	24,957,382
Accumulated profit		2,950,306	878,711
Total shareholders' equity		**30,559,299**	**30,217,285**
Long term finances	5	3,149,249	4,880,579
Long term deposits		69,275	70,893
Retirement and other benefits		160,481	139,213
Deferred taxation		2,204,962	1,707,886
Total non-current liabilities		**5,583,967**	**6,798,571**
Trade and other payables		2,067,923	1,644,045
Accrued markup		245,504	284,511
Short term borrowing-secured		8,926,786	8,691,982
Current portion of non-current liabilities		1,968,306	2,001,566
Provision for taxation		35,090	35,090
Total current liabilities		**13,243,609**	**12,657,194**
Contingencies and commitments	6		
Total equity and liabilities		**49,386,875**	**49,673,050**
ASSETS			
Property, plant and equipment	7	24,707,784	24,611,565
Intangible assets	8	78,421	-
Capital work in progress		1,330,373	1,373,820
Investments	9	4,981,543	5,259,416
Long term loans, advances and deposits		117,171	133,219
Total non-current assets		**31,215,292**	**31,378,020**
Stores, spares and loose tools		4,070,642	3,543,034
Stock-in-trade		1,102,908	862,141
Trade debts		526,505	459,300
Investments	9	10,674,641	12,126,349
Advances, deposits, prepayments and other receivables		1,384,299	1,136,564
Cash and bank balances		412,588	167,642
Total current assets		**18,171,583**	**18,295,030**
Total assets		**49,386,875**	**49,673,050**

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

Chief Executive

Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
For the quarter and nine months ended March 31, 2012 (Un-audited)

Rupees in thousands	Note	2012		2011	
		July to March	January to March	July to March	January to March
Sales		16,704,125	6,002,716	13,078,214	4,903,551
Cost of sales	10	(11,191,968)	(3,967,433)	(10,131,466)	(3,642,880)
Gross profit		**5,512,157**	**2,035,283**	**2,946,748**	**1,260,671**
Administrative expenses		(180,404)	(60,211)	(149,531)	(50,983)
Selling and distribution expenses		(1,822,691)	(584,803)	(1,522,924)	(753,819)
Other operating expenses		(319,983)	(79,697)	(73,474)	(24,087)
Other income		889,924	239,732	777,946	232,109
Profit from operations		**4,079,003**	**1,550,304**	**1,978,765**	**663,891**
Finance cost		(1,303,355)	(417,532)	(1,555,317)	(539,028)
Profit before taxation		**2,775,648**	**1,132,772**	**423,448**	**124,863**
Taxation		(704,053)	(340,617)	(246,199)	(139,750)
Profit/ (loss) after taxation		**2,071,595**	**792,155**	**177,249**	**(14,887)**
				Restated	*Restated*
Earning/ (loss) per share					
(basic and diluted)	*Rupees*	4.73	1.81	0.40	(0.03)

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the quarter and nine months ended March 31, 2012 (Un-audited)

Rupees in thousands	2012		2011	
	July to March	January to March	July to March	January to March
Profit/ (loss) after taxation	2,071,595	792,155	177,249	(14,887)
Other comprehensive income				
Available for sale financial assets				
- Change in fair value	(1,729,581)	3,629,280	1,640,544	(1,458,661)
Other comprehensive (loss)/ income for the period	(1,729,581)	3,629,280	1,640,544	(1,458,661)
Total comprehensive income / (loss) for the period	**342,014**	**4,421,435**	**1,817,793**	**(1,473,548)**

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

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT
For the nine months ended March 31, 2012 (Un-audited)

Rupees in thousands	Note	July to March 2012	July to March 2011
Cash flows from operating activities			
Cash generated from operations	12	3,983,603	995,171
Financial cost paid		(1,342,362)	(1,549,871)
Retirement and other benefits paid		(20,464)	(11,418)
Taxes paid		(452,570)	(201,352)
long term deposits - net		(1,618)	(9,575)
Net cash generated from/ (used in) operating activities		**2,166,589**	**(777,045)**
Cash flows from investing activities			
Fixed capital expenditure including purchase of property, plant and equipment		(1,218,920)	(853,288)
Proceeds from sale of property, plant and equipment		23,098	93,256
Long term loans, advances and deposits - net		16,048	25,018
Interest received		44,818	49,129
Dividend received		805,118	715,509
Net cash (used in) generated from investing activities		**(329,838)**	**29,624**
Cash flows from financing activities			
Proceeds from long term finances		-	1,350,000
Repayment of long term finances		(1,826,609)	(1,560,523)
Net cash used in financing activities		**(1,826,609)**	**(210,523)**
Net increase/ (decrease) in cash and cash equivalents		**10,142**	(957,944)
Cash and cash equivalents at the beginning of period		**(8,524,340)**	(9,354,850)
Cash and cash equivalents at the end of period	13	**(8,514,198)**	(10,312,794)

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
For the nine months ended March 31, 2012 (Un-audited)

Rupees in thousands		Capital reserve			Revenue reserve		
	Share Capital	Share Premium	Fair Value Reserve	Capital Redemption Reserve Fund	General Reserve	Accumulated Profit	Total
Balance as at 30 June 2010 - Audited	3,650,993	3,826,965	12,908,175	353,510	5,071,827	707,750	26,519,220
Total comprehensive income for the period							
- Profit for the period	-	-	-	-	-	177,249	177,249
- Other comprehensive income for the period	-	-	1,640,544	-	-	-	1,640,544
Balance as at 31 March 2011 - Un-audited	3,650,993	3,826,965	14,548,719	353,510	5,071,827	884,999	28,337,013
Capital transactions with owner							
- Right issue	730,199	730,199	-	-	-	-	1,460,398
Total comprehensive income for the period							
- Loss for the period	-	-	-	-	-	(6,288)	(6,288)
- Other comprehensive income for the period	-	-	426,162	-	-	-	426,162
Balance as at 30 June 2011 - Audited	4,381,192	4,557,164	14,974,881	353,510	5,071,827	878,711	30,217,285
Total comprehensive income for the period							
- Profit for the period	-	-	-	-	-	2,071,595	2,071,595
- Other comprehensive loss for the period	-	-	(1,729,581)	-	-	-	(1,729,581)
Balance as at 31 March 2012 - Un-audited	**4,381,192**	**4,557,164**	**13,245,300**	**353,510**	**5,071,827**	**2,950,306**	**30,559,299**

The annexed notes 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 nine months ended March 31, 2012 (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 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 Statement of compliance

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 have not been reviewed by the auditors. The condensed interim financial information should be read in conjunction with the the annual financial statements for the year ended June 30, 2011.

3 Significant accounting policies

3.1 The accounting policies and the methods of computation adopted in 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, 2011 except for the policy in respect of intangible assets described in 3.2 below. The adoption of new standards, amendments or interpretations to existing standards are referred to in note 3.3.

3.2 Intangible assets

Expenditure incurred to acquire ORACLE Enterprise Resource Planning (ERP) System has been capitalized as intangible asset and stated at cost less accumulated amortization and any identified impairment loss. Intangible assets are amortized using the straight line method over a period of five years.

Amortization on additions to intangible assets is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off.

The Company assesses at each balance sheet date whether there is any indication that intangible assets may be impaired. If such an indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

3.3 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:

3.3.1 Standards, amendments to published standards and interpretations that are effective in 2011 and are applicable to the company

Standards or Interpretation	Effective date (accounting periods beginning on or after)
- IAS 24 (revised) - Related party disclosures	January 01, 2011
- IFRS 7 (amendment) - Disclosures on de-recognition	July 01, 2011

3.3.2 Standards, amendments and interpretations to existing standards effective in 2011 that are not relevant to the company

Standards or Interpretation	Effective date (accounting periods beginning on or after)
- IFRS 1 - First time adoption on fixed dates and hyperinflation	July 01, 2011
- IFRIC 14 - Prepayments of a minimum funding requirement	January 01, 2011

3.3.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company

Standards or Interpretation	Effective date (accounting periods beginning on or after)
- IAS 1 (amendments)	July 01, 2012
- IAS 12 - Income taxes	January 01, 2012
- IAS 19 (revised 2011) - Employee benefits	January 01, 2013
- IAS 27 (revised 2011) - Separate financial statements	January 01, 2013
- IAS 28 (revised 2011) - Associates and joint ventures	January 01, 2013
- IFRS 9 - Financial instruments	January 01, 2013
- IFRS 10 - Consolidated financial statements	January 01, 2013
- IFRS 11 - Joint arrangements	January 01, 2013
- IFRS 12 - Disclosures of interests in other entities	January 01, 2013
- IFRS 13 - Fair value measurement	January 01, 2013

4 Taxation

The provision for taxation for the nine months ended 31 March 2012 has been made on an estimated basis.

	Rupees in thousands	Note	31 March 2012 un-audited	30 June 2011 audited
5	**Long term finances**			
	Long term loans		4,345,537	6,067,627
	Loan under musharika arrangement		765,000	807,500
		5.1	5,110,537	6,875,127
	Less: Current portion shown under current liabilities		1,961,288	1,994,548
	Closing balance		**3,149,249**	**4,880,579**
5.1	**Long term loans**			
	Opening balance		6,875,127	7,222,988
	Add: Disbursements during the period		-	1,850,000
	Exchange loss during the period		62,019	6,181
			6,937,146	**9,079,169**
	Less: Repayment during the period/ year		1,826,609	2,204,042
	Closing balance		**5,110,537**	**6,875,127**

6 Contingencies and commitments

6.1 Contingencies

Customs authorities have completed the set aside proceedings through order-in-original number 64/2012 dated 07 March 2012 initiated pursuant the directions of the Supreme Court of Pakistan given in its judgment dated 29 December 2011. Through such order, the charges levied against the company have been re-instated and the claim of exemption from levy of custom duty under SRO 484(I)/1992, 978(I)/1995 and 569(I)/1995 has been denied again on the basis that such items of plant and machinery were on the list of locally manufactured machinery published by the Federal Board of Revenue. The company being aggrieved by the above referred order-in-original has filed an appeal before the Collector Customs (Appeals) to challenge the levy of custom duty on plant and machinery imported during the period under consideration.

Demand raised by the customs authorities in this respect is Rs 897.035 million out of which Rs 200.645 million has already been paid by the company under protest. The provision for the amount has not been provided for in these financial statements since the management believes there are meritorious grounds that the ultimate decision would be in its favour.

6.2 There is no significant change in contingencies from the annual financial statements of the Company for the year ended June 30, 2011 except for as mentioned above.

6.3 Commitments in respect of

(i) Contracts for capital expenditure Rs 191.586 million (June 30 2011: Rs 113.639 million).

(ii) Letters of credit for capital expenditure Rs 1,508.529 million (June 30 2011: Rs 1,364.57 million).

(iii) Letters of credit other than capital expenditure Rs 381.139 million (June 30 2011: Rs 873.36 million).

Rupees in thousands	Note	31 March 2012 un-audited	30 June 2011 audited
7 Property, Plant and Equipment			
Opening book value		24,611,565	25,307,302
Add: Additions during the period/ year	7.1	1,170,107	764,442
		1,170,107	764,442
Less: Disposals during the period/ year - net book value		8,143	29,769
Depreciation charged during the period/ year		1,065,745	1,430,410
		1,073,888	1,460,179
Closing book value		**24,707,784**	**24,611,565**
7.1 Major additions during the period			
Land		-	410
Building on freehold land		262,007	100,981
Office building and housing colony		5,273	111,334
Roads		-	4,089
Plant and machinery		857,198	454,768
Furniture, fixtures and office equipment		28,668	22,132
Motor vehicles		16,961	66,843
Power and water supply lines		-	3,885
		1,170,107	**764,442**

Rupees in thousands	31 March 2012 un-audited	30 June 2011 audited
8 Intangible assets		
Opening book value	-	-
Add: Additions during the period	92,260	-
	92,260	-
Less: Amortization charged during the period	13,839	-
Closing book value	**78,421**	**-**
9. Investments		
Cost of investments	2,781,150	2,781,150
Add: Cumulative fair value gain	13,245,300	14,974,881
Less: Cumulative impairment losses recognized	(370,266)	(370,266)
	12,875,034	14,604,615
	15,656,184	17,385,765
Less: Investments classified in current assets	10,674,641	12,126,349
Closing balance	**4,981,543**	**5,259,416**

Rupees in thousands	2012		2011	
	July to March	January to March	July to March	January to March
10 Cost of sales				
Raw and packing materials consumed	1,372,324	440,180	1,326,106	455,726
Salaries, wages and other benefits	680,577	234,824	564,172	196,657
Electricity and gas	1,568,366	542,127	1,425,981	455,268
Furnace oil and coal	5,526,525	1,517,785	4,807,400	1,617,595
Stores and spares consumed	922,831	349,087	917,594	251,497
Repair and maintenance	146,674	56,934	188,855	63,371
Insurance	43,286	14,333	41,426	14,489
Depreciation on property, plant and equipment	1,053,137	360,234	1,055,436	357,247
Amortization on intangibles	9,687	3,229	-	-
Royalty	110,783	31,500	115,195	36,466
Excise duty	10,329	2,926	10,682	3,385
Vehicle running	16,465	5,475	18,605	5,968
Postage, telephone and telegram	2,444	748	3,116	771
Printing and stationery	3,593	1,275	5,076	1,892
Legal and professional charges	1,252	573	1,263	254
Traveling and conveyance	13,988	4,443	6,731	4,175
Estate development	13,375	4,387	10,814	4,640
Rent, rates and taxes	12,996	3,543	10,054	2,856
Freight charges	4,118	1,345	9,223	2,558
Other expenses	19,297	5,707	24,745	7,184
Total manufacturing cost	**11,532,047**	**3,580,655**	**10,542,474**	**3,481,999**
Opening work-in-process	169,612	962,514	537,539	1,030,470
Closing work-in-process	(550,236)	(550,236)	(901,262)	(901,262)
	(380,624)	412,278	(363,723)	129,208
Cost of goods manufactured	**11,151,423**	**3,992,933**	**10,178,751**	**3,611,207**
Opening stock of finished goods	294,737	212,944	219,365	295,373
Closing stock of finished goods	(232,568)	(232,568)	(262,424)	(262,424)
	62,169	(19,624)	(43,059)	32,949
Less: Own consumption capitalized	(21,624)	(5,876)	(4,226)	(1,276)
	11,191,968	**3,967,433**	**10,131,466**	**3,642,880**

11 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:

Rupees in thousands		July to March 2012	July to March 2011
Relationship with the company	**Nature of transaction**		
Subsidiary company	Purchase of goods and services	776,525	725,748
	Rental income	608	595
	Intrest income	40,449	45,182
Other related parties	Purchase of goods and services	667,534	462,892
	Insurance premium	58,354	66,304
	Sale of goods	73,663	19,624
	Sale of assets	-	23,187
	Mark-up income on balances with related parties	1,412	1,689
	Insurance claim received	4,012	379
	Dividend income	795,078	715,491
Key Management personnel	Salaries and other employment benefits	77,213	65,031
Post employment benefit plans	Expense charged in respect of staff retirement benefits plans	51,523	37,514

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

Rupees in thousands	July to March 2012	July to March 2011
12 Cash flow from operating activities		
Profit before tax	2,775,648	423,448
Adjustment for :		
- Depreciation on property, plant and equipment	1,065,745	1,070,273
- Amortization on intangibles	13,839	-
- Provision for WPPF	-	24,067
- Provision for WWF	-	33,834
- Profit on disposal of property, plant and equipment	(14,955)	(6,907)
- Dividend income	(805,118)	(715,509)
- Retirement and other benefits accrued	41,732	27,475
- Markup income	(43,837)	(48,148)
- Exchange loss - net	62,019	(3,967)
- Finance cost	1,303,355	1,555,317
Profit before working capital changes c/f	**4,398,428**	**2,359,883**

Rupees in thousands	July to March 2012	July to March 2011
Profit before working capital changes b/f	**4,398,428**	**2,359,883**
Effect on cash flow due to working capital changes:		
- Stores, spares and loose tools	(527,608)	(533,430)
- Stock-in-trade	(240,767)	(454,903)
- Trade debts	(67,205)	(343,744)
- Advances, deposits, prepayments and other receivables	(3,123)	(216,221)
- Trade and other payables	423,878	183,586
	(414,825)	(1,364,712)
Cash generated from operations	**3,983,603**	995,171

Rupees in thousands	31 March 2012 un-audited	31 March 2011 un-audited
13 Cash and cash equivalents		
Short term borrowings - secured	(8,926,786)	(10,495,919)
Cash and bank balances	412,588	183,125
	(8,514,198)	**(10,312,794)**

14 Date of authorization

This interim financial information was authorized for issue on 18 April, 2012 by the Board of Directors of the company.

15 Corresponding figures

Corresponding figures have been re-arranged wherever necessary for the purposes of comparison, however, no significant re-arrangements have been made.

Figures have been rounded off to the nearest thousand of Rupees.

Chief Executive

Director

CONSOLIDATED FINANCIAL STATEMENTS

DIRECTORS' REPORT

The board of directors is pleased to submit its report along with the interim consolidated financial information for the third quarter of the financial year 2012. Our discussion of affairs of the holding company has been separately presented.

Group Performance

Group performance in the first three quarters of the financial year 2012 produced good results and again cement segment consolidated on its earnings. Conditions for the paper segment were tough during the period with stiff competition being faced from suppliers of Poly Propylene bags.

Financial Performance

Rupees in '000'

	2012 *9 months ended 31 March*	2011 *9 months ended 31 March*
Net Sales	17,332,797	13,678,529
Cost of Sales	-11,728,880	-10,519,839
Gross Profit	5,603,917	3,158,690
Profit from operations	4,123,333	2,129,794
Finance Cost	-1,401,426	-1,633,656
Profit Before Tax	2,721,907	496,138
Taxation	-693,353	-291,350
Profit After Tax	2,028,554	204,788

During the period of first nine months of the current financial year, the Group achieved sales of Rs 17.33 billion which showed an increase of Rs 3.6 billion from previous period yielding a growth of 27%. Improvement in net revenues improved the relative gross profit margins and an increase of 10.5% was witnessed during the period. The overall better performance during the period resulted in better net margins which showed significant improvement.

Staff and Customers

We wish to record our appreciation of continued commitment of our employees and patronage of our customers. We also wish to thanks our supplier, lenders and other partners.

For and on behalf of the Board

Mian Raza Mansha
Chief Executive Officer

Lahore: 18 April 2012

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

As at March 31, 2012 (Un-audited)

Rupees in thousands	Note	31 March 2012 un-audited	30 June 2011 audited
Equity and liabilities			
Authorised capital			
- 950,000,000 (30 June 2011: 950,000,000) ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (30 June 2011: 50,000,000) preference shares of Rs 10 each		500,000	500,000
Total capital and reserves		**10,000,000**	**10,000,000**
Issued, subscribed and paid up capital		4,381,192	4,381,192
Reserves		23,266,825	24,996,406
Accumulated profit		2,989,991	939,916
Total shareholders' equity		**30,638,008**	**30,317,514**
Non-controlling interest		319,888	341,409
		30,957,896	**30,658,923**
Long term finances	5	3,199,249	4,960,579
Liabilities against assets subject to finance lease		161,026	-
Long term deposits		69,275	70,893
Retirement and other benefits		160,481	139,213
Deferred taxation		2,204,962	1,730,886
Total non-current liabilities		**5,794,993**	**6,901,571**
Trade and other payables		2,322,952	1,847,505
Accrued markup		275,356	304,800
Short term borrowing-secured		9,752,831	9,362,051
Current portion of non-current liabilities		2,029,424	2,131,566
Provision for taxation		35,090	35,090
Total current liabilities		**14,415,653**	**13,681,012**
Contingencies and commitments	6		
Total equity and liabilities		**51,168,542**	**51,241,506**
Assets			
Property, plant and equipment	7	25,601,285	25,707,179
Intangible assets	8	78,421	-
Assets subject to finance lease		172,820	-
Capital work in progress		1,331,806	1,373,820
Investments	9	4,777,914	5,055,787
Long term loans, advances and deposits		135,577	134,125
Total non-current assets		**32,097,823**	**32,270,911**
Stores, spares and loose tools		4,134,699	3,604,954
Stock-in-trade		1,922,641	1,513,014
Trade debts		661,751	650,283
Investments	9	10,674,659	12,126,367
Advances, deposits, prepayments and other receivables		1,213,181	866,678
Cash and bank balances		463,788	209,299
Total current assets		**19,070,719**	**18,970,595**
Total assets		**51,168,542**	**51,241,506**

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

Chief Executive

Director

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the quarter and nine months ended March 31, 2012 (Un-audited)

Rupees in thousands	Note	2012 July to March	2012 January to March	2011 July to March	2011 January to March
Sales		17,332,797	6,233,573	13,678,529	5,131,495
Cost of sales	10	(11,728,880)	(4,179,675)	(10,519,839)	(3,802,009)
Gross profit		**5,603,917**	**2,053,898**	**3,158,690**	**1,329,486**
Administrative expenses		(183,335)	(61,114)	(152,342)	(51,884)
Selling and distribution expenses		(1,833,945)	(590,134)	(1,531,978)	(757,141)
Other operating expenses		(323,104)	(79,696)	(80,373)	(26,356)
Other income		859,800	228,813	735,797	217,485
Profit from operations		**4,123,333**	**1,551,767**	**2,129,794**	**711,590**
Finance cost		(1,401,426)	(462,693)	(1,633,656)	(557,031)
Profit before taxation		**2,721,907**	**1,089,074**	**496,138**	**154,559**
Taxation		(693,353)	(334,517)	(291,350)	(159,882)
Profit/ (loss) after taxation		**2,028,554**	**754,557**	**204,788**	**(5,323)**
Attributable to:					
Equity holders of the parent		2,050,075	773,356	191,018	(10,133)
Non-controlling interest		(21,521)	(18,799)	13,770	4,810
		2,028,554	**754,557**	**204,788**	**(5,323)**
				Restated	*Restated*
Combined earning/ (loss)					
per share (basic and diluted)	*Rupees*	4.63	1.72	0.47	(0.01)

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 nine months ended March 31, 2012 (Un-audited)

Rupees in thousands	2012		2011	
	July to March	January to March	July to March	January to March
Profit/ (loss) after taxation	2,028,554	754,557	204,788	(5,323)
Other comprehensive income				
Available for sale financial assets				
- Change in fair value	(1,729,581)	385,409	1,640,544	(1,458,661)
Other comprehensive (loss) / income for the period	(1,729,581)	385,409	1,640,544	(1,458,661)
Total comprehensive income/ (loss) for the period	**298,973**	**1,139,966**	**1,845,332**	**(1,463,984)**
Attributable to:				
Equity holders of the parent	298,973	1,139,966	1,845,332	(1,463,984)
Non-controlling interest	-	-	-	-
	298,973	**1,139,966**	**1,845,332**	**(1,463,984)**

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 nine months ended March 31, 2012 (Un-audited)

Rupees in thousands	Note	July to March 2012	July to March 2011
Cash flows from operating activities			
Cash generated from/ (used in) operations	12	3,718,011	1,148,786
Financial cost paid		(1,430,870)	(1,628,210)
Retirement and other benefits paid		(20,464)	(11,418)
Taxes paid		(288,018)	(213,503)
long term deposits - net		(1,618)	(9,575)
Net cash generated from/ (used in) operating activities		**1,977,041**	**(713,920)**
Cash flows from investing activities			
Capital expenditure including purchase of property, plant and equipment		(1,224,236)	(854,715)
Proceeds from sale of property, plant and equipment		184,124	91,001
Long term loans and deposits - Net		(1,452)	25,018
Interest received		48,605	49,129
Dividend received		805,118	715,509
Net cash (used in) / generated from investing activities		**(187,841)**	**25,942**
Cash flows from financing activities			
Proceeds from long term finances		-	1,350,000
Repayment of long term finances		(1,925,491)	(1,720,523)
Net cash (used in)/ from financing activities		**(1,925,491)**	**(370,523)**
Net decrease in cash and cash equivalents		**(136,291)**	**(1,058,501)**
Cash and cash equivalents at the beginning of period		**(9,152,752)**	**(9,817,290)**
Cash and cash equivalents at the end of period	13	**(9,289,043)**	**(10,875,791)**

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 nine months ended March 31, 2012 (Un-audited)

Rupees in thousands		Capital reserve			Revenue reserve				
	Share Capital	Share Premium	Fair Value Reserve	Capital Redemption Reserve Fund	General Reserve	Accumulated Profit	Total equity attributable to shareholders of parent company	Non-Controlling interest	Total share holders equity
Balance as at 30 June 2010 - Audited	3,650,993	3,826,965	12,908,175	353,510	5,110,851	755,856	26,606,350	328,308	26,934,658
Total comprehensive income for the period									
- Profit for the period	-	-	-	-	-	191,018	191,018	13,770	204,788
- Other comprehensive income for the period	-	-	1,640,544	-	-	-	1,640,544	-	1,640,544
Balance as at 31 March 2011 - Un-audited	3,650,993	3,826,965	14,548,719	353,510	5,110,851	946,874	28,437,912	342,078	28,779,990
Capital transactions with owner									
- Right issue	730,199	730,199	-	-	-	-	1,460,398	-	1,460,398
Total comprehensive income for the period									
- (Loss) for the period	-	-	-	-	-	(6,958)	(6,958)	(669)	(7,627)
- Other comprehensive income for the period	-	-	426,162	-	-	-	426,162	-	426,162
Balance as at 30 June 2011 - Audited	4,381,192	4,557,164	14,974,881	353,510	5,110,851	939,916	30,317,514	341,409	30,658,923
Total comprehensive income for the period									
- Profit / (loss) for the period	-	-	-	-	-	2,050,075	2,050,075	(21,521)	2,028,554
- Other comprehensive loss for the period	-	-	(1,729,581)	-	-	-	(1,729,581)	-	(1,729,581)
Balance as at 31 March 2012 - Un-audited	**4,381,192**	**4,557,164**	**13,245,300**	**353,510**	**5,110,851**	**2,989,991**	**30,638,008**	**319,888**	**30,957,896**

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

Chief Executive

Director

1. 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.

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.

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.

2. Statement of compliance

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 have not been reviewed by the auditors. The condensed interim financial information should be read in conjunction with the the annual financial statements for the year ended June 30, 2011.

3. Significant accounting policies

3.1 The accounting policies and the methods of computation adopted in 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 group for the year ended June 30, 2011 except for the policy in respect of intangible assets described in 3.2 below. The adoption of new standards, amendments or interpretations to existing standards are referred to in note 3.3.

3.2 Intangible assets

Expenditure incurred to acquire ORACLE Enterprise Resource Planning (ERP) system has been capitalized as intangible assets and stated at cost less accumulated amortization and any identified impairment loss. Intangible assets are amortized using the straight line method over a period of five years.

Amortization on additions to intangible assets is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off.

The group assesses at each balance sheet date whether there is any indication that intangible assets may be impaired. If such an indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

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

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

3.3.1 Standards, amendments to published standards and interpretations that are effective in 2011 and are applicable to the group

Standards or Interpretation	Effective date (accounting periods beginning on or after)
- IAS 24 (revised) - Related party disclosures	January 01, 2011
- IFRS 7 (amendment) - Disclosures on de-recognition	July 01, 2011

3.3.2 Standards, amendments and interpretations to existing standards effective in 2011 that are not relevant to the group

Standards or Interpretation	Effective date (accounting periods beginning on or after)
- IFRS 1 - First time adoption on fixed dates and hyperinflation	July 01, 2011
- IFRIC 14 - Prepayments of a minimum funding requirement	January 01, 2011

3.3.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the group

Standards or Interpretation	Effective date (accounting periods beginning on or after)
- IAS 1 (amendments)	July 01, 2012
- IAS 12 - Income taxes	January 01, 2012
- IAS 19 (revised 2011) - Employee benefits	January 01, 2013
- IAS 27 (revised 2011) - Separate financial statements	January 01, 2013
- IAS 28 (revised 2011) - Associates and joint ventures	January 01, 2013
- IFRS 9 - Financial instruments	January 01, 2013
- IFRS 10 - Consolidated financial statements	January 01, 2013
- IFRS 11 - Joint arrangements	January 01, 2013
- IFRS 12 - Disclosures of interests in other entities	January 01, 2013
- IFRS 13 - Fair value measurement	January 01, 2013

4. The provision for taxation for the nine months ended 31 March 2012 has been made on an estimated basis.

Rupees in thousands	Note	31 March 2012 Un-audited	30 June 2011 Audited
5. Long term finances			
Long term loans		4,456,655	6,277,627
Loan under musharika arrangement		765,000	807,500
	5.1	5,221,655	7,085,127
Less: Current portion shown under current liabilities		2,022,406	2,124,548
		3,199,249	**4,960,579**

	Rupees in thousands	31 March 2012 Un-audited	30 June 2011 Audited
5.1	**Long term loans**		
	Opening balance	7,085,127	7,432,988
	Add: Disbursements during the period/ year	-	1,850,000
	Exchange loss during the period/ year	62,019	6,182
		7,147,146	9,289,170
	Less: Repayment during the period/ year	1,925,491	2,204,043
	Closing balance	**5,221,655**	**7,085,127**

6. Contingencies and commitments

6.1 Contingencies

Customs authorities have completed the set aside proceedings through order-in-original number 64/2012 dated 07 March 2012 initiated pursuant the directions of the Supreme Court of Pakistan given in its judgment dated 29 December 2011. Through such order, the charges levied against the parent company have been re-instated and the claim of exemption from levy of custom duty under SRO 484(I)/1992, 978(I)/1995 and 569(I)/1995 has been denied again on the basis that such items of plant and machinery were on the list of locally manufactured machinery published by the Federal Board of Revenue. Parent company being aggrieved by the above referred order-in-original has filed an appeal before the Collector Customs (Appeals) to challenge the levy of custom duty on plant and machinery imported during the period under consideration.

Demand raised by the customs authorities in this respect is Rs 897.035 million out of which Rs 200.645 million has already been paid by the parent company under protest. The provision for the amount has not been provided for in these financial statements since the management believes there are meritorious grounds that the ultimate decision would be in its favour.

6.2 There is no significant change in contingencies from the annual financial statements of the group for the year ended June 30, 2011 except for as mentioned above.

6.3 Commitments in respect of

(i) Contracts for capital expenditure Rs 191.586 million (June 30 2011: Rs 113.639 million).

(ii) Letters of credit for capital expenditure Rs 1,508.529 million (June 30 2011: Rs 1,364.57 million).

(iii) Letters of credit other than capital expenditure Rs 468.574 million (June 30 2011: Rs 1,233.42 million).

Rupees in thousands	Note	31 March 2012 Un-audited	30 June 2011 Audited
7. Property, Plant and Equipment			
Opening book value		25,707,179	26,446,199
Add: Additions during the period/ year	7.1	1,173,990	765,909
Transfer in during the period/ year		-	673
		1,173,990	766,582
Less: Disposals during the period/ year - net book value		186,265	31,063
Depreciation charged during the period/ year		1,093,619	1,474,539
		1,279,884	1,505,602
Closing book value		**25,601,285**	**25,707,179**
7.1 Major additions during the period			
Land		-	410
Building on freehold land		262,007	100,981
Office building and housing colony		5,273	111,938
Roads		-	4,089
Plant and machinery		860,777	455,263
Furniture, fixtures and office equipment		28,906	22,500
Motor vehicles		17,027	66,843
Power and water supply lines		-	3,885
		1,173,990	**765,909**
8. Intangible assets			
Opening book value		-	-
Add: Additions during the period		92,260	-
		92,260	-
Less: Amortization charged during the period		13,839	-
Closing book value		**78,421**	**-**
9. Investments			
Cost of investments		2,207,273	2,207,273
Add: Fair value adjustments		13,245,300	14,974,881
		15,452,573	17,182,154
Less: Investments classified in current assets		10,674,659	12,126,367
Closing balance		**4,777,914**	**5,055,787**

Rupees in thousands	2012		2011	
	July to March	January to March	July to March	January to March
10. Cost of sales				
Raw and packing materials consumed	1,847,173	601,007	1,659,286	604,173
Salaries, wages and other benefits	696,446	240,534	580,179	202,579
Electricity and gas	1,577,448	551,683	1,430,668	456,830
Furnace oil and coal	5,526,525	1,517,785	4,807,400	1,617,595
Stores and spares consumed	929,825	351,485	927,470	255,534
Repair and maintenance	146,982	57,010	191,341	65,255
Insurance	47,149	15,614	45,429	15,865
Depreciation on property, plant and equipment	1,075,797	366,898	1,085,726	365,662
Depreciation on assets subject to finance lease	2,180	1,635	-	-
Amortization on intangibles	9,687	3,229	-	-
Royalty	110,783	31,500	115,195	36,466
Excise duty	10,329	2,926	10,682	3,385
Vehicle running	17,423	5,881	19,734	4,821
Postage, telephone and telegram	2,459	750	3,127	774
Printing and stationery	3,599	1,275	5,201	1,987
Legal and professional charges	1,452	575	1,388	254
Traveling and conveyance	13,988	4,443	6,731	4,175
Estate development	13,375	4,387	10,814	4,640
Rent, rates and taxes	13,774	3,746	10,783	3,050
Freight charges	4,335	1,474	9,236	2,565
Other expenses	19,591	5,809	24,919	7,272
Total manufacturing cost	**12,070,320**	**3,769,646**	**10,945,309**	**3,652,882**
Opening work-in-process	169,612	962,514	537,539	1,030,470
Closing work-in-process	(550,236)	(550,236)	(901,262)	(901,262)
	(380,624)	412,278	(363,723)	129,208
Cost of goods manufactured	**11,689,696**	**4,181,924**	**10,581,586**	**3,782,090**
Opening stock of finished goods	330,242	273,061	249,740	328,456
Closing stock of finished goods	(269,434)	(269,434)	(307,261)	(307,261)
	60,808	3,627	(57,521)	21,195
Less: Own consumption capitalized	(21,624)	(5,876)	(4,226)	(1,276)
	11,728,880	**4,179,675**	**10,519,839**	**3,802,009**

11. Transactions with related parties

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

Rupees in thousands		July to March 2012	July to March 2011
Relationship with the group	**Nature of transaction**		
Associated companies/ other related parties	Purchase of services	667,534	462,892
	Insurance premium	58,354	68,284
	Sale of goods	73,663	19,624
	Sale of assets	-	23,187
	Mark-up income on balances with related parties	1,412	1,689
	Insurance claim received	4,012	379
	Dividend income	795,078	715,491
Key Management personnel	Salaries and other employment benefits	77,213	65,031
Post employment benefit plans	Expense charged in respect of staff retirement benefits plans	51,523	37,514

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

12.	**Cash flow from operating activities**		
	Profit before tax	2,721,907	496,138
	Adjustment for :		
	- Depreciation on property, plant and equipment	1,093,619	1,100,161
	- Depreciation on assets subject to finance lease	2,180	-
	- Amortization on intangibles	13,839	(2,804)
	- Profit on disposal of property, plant and equipment	(11,833)	-
	- Dividend income	(805,118)	(715,509)
	- Provision for WPPF	-	29,067
	- Provision for WWF	-	35,733
	- Retirement and other benefits accrued	41,732	27,475
	- Markup income	(47,624)	(48,148)
	- Exchange loss - net	62,019	(3,967)
	- Finance cost	1,401,426	1,633,656
	Profit before working capital changes	**4,472,147**	**2,551,802**
	Effect on cash flow due to working capital changes:		
	- Stores, spares and loose tools	(529,745)	(548,810)
	- Stock-in-trade	(409,627)	(378,619)
	- Trade debts	(11,468)	(309,835)
	- Advances, deposits, prepayments and other receivables	(278,743)	(256,196)
	- Trade and other payables	475,447	90,444
		(754,136)	(1,403,016)
	Cash generated from operations	**3,718,011**	**1,148,786**
13.	**Cash and cash equivalents**		
	Short term borrowings - secured	(9,752,831)	(11,095,615)
	Cash and bank balances	463,788	219,824
		(9,289,043)	**(10,875,791)**

14. 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.

14.1 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		Elimination - net		Consolidated	
	July to March 2012	July to March 2011	July to March 2012	July to March 2011	July to March 2012	July to March 2011	July to March 2012	July to March 2011
Revenue from								
- External Customers	16,704,125	13,078,214	628,672	600,315	-	-	17,332,797	13,678,529
- Inter-group	-	-	607,134	614,805	(607,134)	(614,805)	-	-
	16,704,125	**13,078,214**	**1,235,806**	**1,215,120**	**(607,134)**	**(614,805)**	**17,332,797**	**13,678,529**
Segment gross profit	5,512,157	2,946,748	65,668	232,339	26,092	(20,397)	5,603,917	3,158,690
Segment expenses	(2,323,078)	(1,745,929)	(17,915)	(19,359)	609	595	(2,340,384)	(1,764,693)
Other income	889,924	777,946	10,934	3,628	(41,058)	(45,777)	859,800	735,797
Financial charges	(1,303,355)	(1,555,317)	(138,520)	(123,521)	40,449	45,182	(1,401,426)	(1,633,656)
Taxation	(704,053)	(246,199)	10,700	(45,151)	-	-	(693,353)	(291,350)
Profit after taxation	2,071,595	177,249	(69,133)	47,936	26,092	(20,397)	2,028,554	204,788
Depreciation	1,065,745	1,070,273	27,874	29,888	-	-	1,093,619	1,100,161
Capital expenditure	(1,218,920)	(853,288)	(5,316)	(1,427)	-	-	(1,224,236)	(854,715)
Cash to operations	2,166,589	(777,045)	(149,099)	108,307	(40,449)	(45,182)	1,977,041	(713,920)
Cash from investing	(329,838)	29,624	100,939	(49,459)	41,058	45,777	(187,841)	25,942
	March 31, 2012 Un-audited	June 30 2011 Audited	March 31, 2012 Un-audited	June 30 2011 Audited	March 31, 2012 Un-audited	June 30 2011 Audited	March 31, 2012 Un-audited	June 30 2011 Audited
Segment assets	49,386,875	49,673,050	2,064,616	1,885,943	(282,949)	(317,487)	51,168,542	51,241,506
Segment liabilities	18,827,576	19,455,765	1,717,161	1,469,355	(334,091)	(342,537)	20,210,646	20,582,583

14.2 Geographical segments

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

15. Date of authorization

This interim financial information was authorized for issue by the Board of Directors of the parent company on 18 April, 2012.

16. Corresponding figures

Corresponding figures have been re-arranged wherever necessary for the purposes of comparison, however, no significant re-arrangements have been made.

Figures have been rounded off to the nearest thousand of Rupees.

Chief Executive

Director

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