NISHAT

3rd Quarter Report (Un-audited) March 31, 2014

D.G. Khan Cement Company Limited

Contents

D.G Khan Cement Company Limited

D.G Khan Cement Company Limited and its Subsidiary

Company Profile

Board of Directors	Mrs. Naz Mansha	Chairperson
	Mian Raza Mansha	Chief Executive
	Mr. Khalid Niaz Khawaja	
	Mr. Khalid Qadeer Qureshi	
	Mr. Farid Noor Ali Fazal	
	Mr. Shahzad Ahmad Malik	
	Ms. Nabiha Shahnawaz Cheema	
Audit Committee	Mr. Khalid Niaz Khawaja	Member/chairman
	Mr. Khalid Qadeer Qureshi	Member
	Ms. Nabiha Shahnawaz Cheema	Member
Human Resource & Remuneration Committee	Mian Raza Mansha	Member
	Mr. Khalid Qadeer Qureshi	Member/Chairman
	Ms. Nabiha Shahnawaz Cheema	Member
Chief Financial Officer	Mr. Inayat Ullah Niazi	
Company Secretary	Mr. Khalid Mahmood Chohan	
Bankers	Allied Bank Limited	KASB Bank Limited
	Askari Bank Limited	MCB Bank Limited
	Bank Alfalah Limited	Meezan Bank Limited
	Bank Al-Habib Limited	National Bank of Pakistan
	Bank Islami Pakistan Limited	NIB Bank Limited
	Barclays Bank Plc	Samba Bank Limited
	Citibank N.A.	Soneri Bank Limited
	Deutsche Bank AG	Standard Chartered Bank (Pakistan) Limited
	Dubai Islamic Bank	Silk Bank Limited
	Faysal Bank Limited	The Bank of Punjab
	HSBC Bank Middle East Limited	United Bank Limited
	Habib Bank Limited Limited	
	Habib Metropolitan Bank	

External Auditors A.F. Ferguson & Co., Chartered Accountants

Cost Auditors Qadeer & Company, Chartered Accountants

Legal Advisors Mr. Shahid Hamid, Bar-at-Law

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Factory

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   Fax: 92-543-650231

Directors' Rpeort

NINE MONTHS FY14

The Directors of your company are pleased to present their report on the Nine Months ended on March 31, 2014 alongwith the financial statement for the said period.

Political front is volatile and stern. Widespread differences are creating a messy atmosphere. Law and Order and safety of citizens is still the biggest challenge. Long disconnection of electricity is aggravating the situation. Ceasing of power lifeline brings many-fold adverse impacts like shut down of industry, loss in GDP, increase in unemployment, loss of governmental tax revenues, criminal activities etc.

SBP kept the rate of 10 percent as discount rate in March'14 MPS owing to some positive indications by some economic signals. However, balance of payment and governmental borrowing are still not at desirable level. According to SBP LSM is showing improvement, which is supported by an increase in credit to the private sector. According to SBP inflation may remain in the range of 8.5 - 9.5 during current fiscal year. FX reserves of country crossed USD 10 billion mark.

During Q3FY14 the industrial despatches were comparatively better than the preceding last two quarters. Industrial exports were however on declining trend. About 2% increase in local despatches and 2.5% decrease in export despatches is observed in industry when compared with despatches of comparative period, while overall 1% nominal increase is observed.

Your Company's financial results for the Nine months ended March 31, 2014 are:

(PKR in thousands)

Particulars	NMFY14	NMFY13
Sales (Net)	19,606,096	18,131,993
Cost of Sales	13,233,299	11,304,883
Administrative Cost	343,488	289,760
Selling Cost	1,190,286	1,281,593
Other Costs	308,978	409,504
Finance Cost	571,658	802,065
Total Costs	15,647,709	14,087,805
Other Income	1,283,048	1,085,192
Taxation	1,297,640	887,632
Income After Tax	3,943,795	4,241,748

(NM: Nine Months)

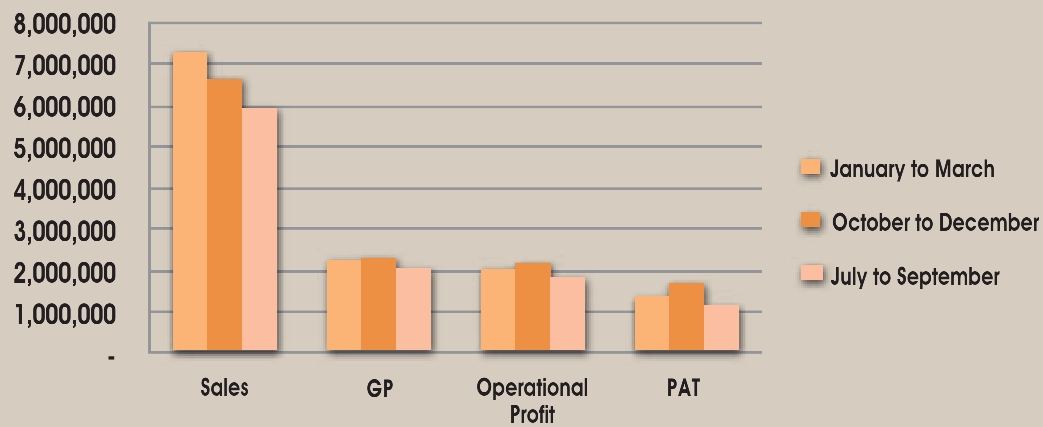
During the nine months of current financial year, the clinker production declined by 9% while cement production remained high in comparison with comparing nine months.

Local despatches picked up in the third quarter and were at highest in comparison with immediate last two quarters. However, total dispatches for nine months remained almost equal to last year's nine months period. Exports recorded a momentous increase in Q3 of 35% in comparison with Q2 exports. Overall exports for nine months increased by 4%.

	Q1FY14	Q2FY14	Q3FY14	NMFY14	Q1FY13	Q2FY13	Q3FY13	NMFY13
Clinker Production (MT)	773,196	955,861	847,744	2,576,801	1,021,062	1,039,429	776,195	2,836,686
Cement Production (MT)	897,171	981,156	1,082,219	2,960,546	972,331	932,862	1,025,388	2,930,581
Cement Sales (MT) (Local)	620,966	731,538	763,093	2,115,597	624,654	739,800	757,982	2,122,436
Cement Sales (MT) (Export)	282,505	233,941	315,973	832,419	338,725	218,420	243,064	800,209

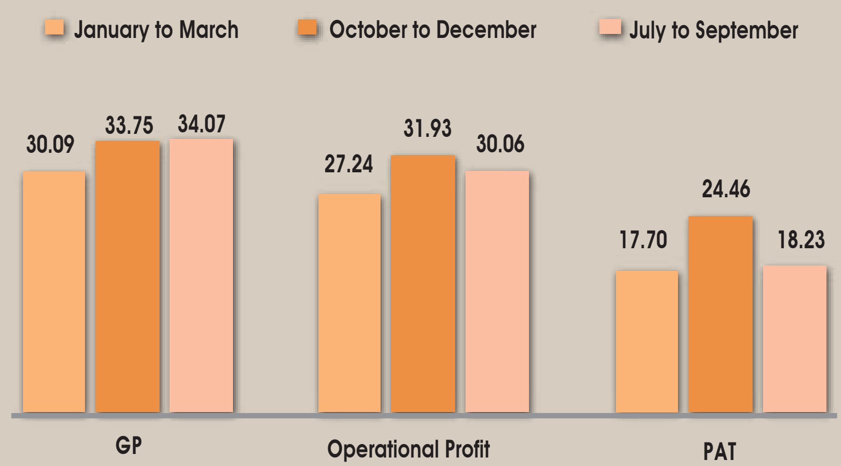
While price remains almost unchanged the sales value increased in Q3FY14. For the nine months cost of sales to sales increased from 62% to 67%. Cost of sales increased due to hike in electricity and gas prices. Plants also remained closed for comparatively more days in current nine months. This give more fixed charge on income statement. Increase in inland freights and PKR devaluation have impact of cost increase.

Quater wise Journey (in PKR)



Better cash flows eased out pressure on company to use financing lines. Taxation is mainly composed of deferred portion which comprised of timing gaps, expected capitalizations and sales mix changes. Dividend income of PKR 1,117 million is earned in these nine months as compared to PKR 966 million in comparative period.

Quater wise Percentages



It is expected that the trend of Q3FY14 will prevail in the last quarter of this financial year. Prices are expected to remain favourable. Governmental projects if materliased may have a positive impact on sales. Exports are expected to be low due to lesser margins than in local market. Exports markets are now becoming less attractive in terms of profitability. PKR appreciation is expected to cast negative shadow on exports as well and this may halt our exports. Any further increase in inflation and power prices will have negative marks on income. However, as coal prices are now depressed combined with weakened USD for imports may produce positive impression on company's income. It is expected that cement demand will increase locally due to infrastructure development and on materialsation of government's announced mega projects. Our RDF projects of Lahore and Multan Green will be viable once WAPDA electricity connection is established. We have plans to produce electricity from RDF through biogas mechanism which will be used for running of these RDF plants. For this purpose we have hired international consultants. Workings are in progress for our local expansion plans.

We appreciate the efforts of our employees and value our customers' patronage and loyalty.

For and on behalf of the board

Mian Raza Mansha
Chief Executive Officer

Lahore: April 24, 2014

CONDENSED INTERIM UNCONSOLIDATED BALANCE SHEET

	Note	31 March, 2014 unaudited	30 June 2013 audited (re-stated)
		----(Rupees in thousand)----	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
- 950,000,000 (30 June 2013: 950,000,000) ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (30 June 2013: 50,000,000) preference shares of Rs 10 each		500,000	500,000
		10,000,000	10,000,000
Issued, subscribed and paid up capital 438,119,119 (June 30, 2013: 438,119,119) ordinary shares of Rs 10 each		4,381,191	4,381,191
Reserves		37,759,266	33,785,204
Accumulated profit		12,419,841	9,790,403
		54,560,298	47,956,798
NON-CURRENT LIABILITIES			
Long term finances	5	1,579,952	2,899,187
Long term deposits		68,706	65,383
Retirement and other benefits		188,368	153,020
Deferred taxation		4,342,818	3,144,738
		6,179,844	6,262,328
CURRENT LIABILITIES			
Trade and other payables		3,272,940	2,286,351
Accrued markup		96,053	125,830
Short term borrowing-secured		3,695,891	5,420,290
Current portion of non-current liabilities		845,874	1,440,032
Provision for taxation		35,090	35,090
		7,945,848	9,307,593
CONTINGENCIES AND COMMITMENTS	6		
		68,685,990	63,526,719

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Chief Executive

AS AT MARCH 31, 2014

	Note	31 March, 2014 unaudited	30 June 2013 audited (re-stated)
		----(Rupees in thousand)----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	29,700,165	28,740,974
Intangible assets	8	41,517	55,356
Investments	9	10,340,133	8,650,860
Long term loans, advances and deposits		85,993	95,535
		40,167,808	37,542,725
CURRENT ASSETS			
Stores, spares and loose tools		3,755,032	4,107,003
Stock-in-trade		1,082,977	1,661,721
Trade debts		391,213	273,535
Investments	9	20,347,343	17,862,718
Advances, deposits, prepayments and other receivables		1,296,506	611,777
Income tax receivable		1,191,771	996,522
Derivative financial instrument		1,837	1,837
Cash and bank balances		451,503	468,881
		28,518,182	25,983,994
		68,685,990	63,526,719

Director

CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2014 (UN-AUDITED)

	Note	2014		2013	
		July to March	January to March	July to March	January to March
		----Rupees in thousands----			
Sales		19,606,096	7,202,873	18,131,993	6,306,172
Cost of sales	10	(13,233,299)	(5,035,245)	(11,304,883)	(4,095,662)
Gross profit		6,372,797	2,167,628	6,827,110	2,210,510
Administrative expenses		(343,488)	(119,011)	(289,760)	(101,911)
Selling and distribution expenses		(1,190,286)	(449,769)	(1,281,593)	(393,883)
Other operating expenses		(308,978)	43,795	(409,504)	(127,885)
Other income		1,283,048	319,734	1,085,192	312,626
Profit from operations		5,813,093	1,962,377	5,931,445	1,899,457
Finance cost		(571,658)	(206,105)	(802,065)	(224,669)
Profit before taxation		5,241,435	1,756,272	5,129,380	1,674,788
Taxation	11	(1,297,640)	(481,548)	(887,632)	(346,340)
Profit after taxation		3,943,795	1,274,724	4,241,748	1,328,448
Earning per share (basic and diluted)	Rupees	9.00	2.91	9.68	3.03

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Chief Executive

Director

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2014 (UN-AUDITED)

	2014		2013	
	July to March	January to March	July to March	January to March
	----Rupees in thousands----			
Income for the period	3,943,795	1,274,724	4,241,748	1,328,448
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Change in value of available-for-sale financial assets	3,975,034	1,917,429	4,882,045	569,230
Gain during the year transferred to profit and loss account on derecognition of shares	(972)	-	-	-
Other comprehensive income for the period	3,974,062	1,917,429	4,882,045	569,230
Total comprehensive income for the period	7,917,857	3,192,153	9,123,793	1,897,678

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Chief Executive

Director

CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT
FOR THE NINE MONTHS ENDED MARCH 31, 2014 (UN-AUDITED)

	Note	July to March 2014 unaudited	July to March 2013 unaudited
		----(Rupees in thousand)----	
Cash flows from operating activities			
Cash generated from operations	13	7,144,554	6,279,796
Financial cost paid		(601,905)	(827,755)
Retirement and other benefits paid		(27,548)	(19,976)
Taxes paid		(294,809)	(363,996)
Long term deposits - net		3,323	(1,940)
Net cash generated from operating activities		6,223,615	5,066,129
Cash flows from investing activities			
Fixed capital expenditure		(2,296,051)	(2,352,706)
Proceeds from sale of property, plant and equipment		61,261	49,443
Investments made - net		(199,836)	(299,980)
Long term loans, advances and deposits - net		9,542	189,344
Interest received		4,036	81,930
Dividend received		1,117,328	966,637
Net cash used in investing activities		(1,303,720)	(1,365,332)
Cash flows from financing activities			
Proceeds from long term finances		-	800,000
Repayment of long term finances		(1,908,468)	(2,936,186)
Dividend Paid		(1,304,406)	(655,257)
Net cash used in financing activities		(3,212,874)	(2,791,443)
Net increase in cash and cash equivalents		1,707,021	909,354
Cash and cash equivalents at the beginning of the period		(4,951,409)	(6,305,026)
Cash and cash equivalents at the end of the period	14	(3,244,388)	(5,395,672)

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Chief Executive

Director

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED MARCH 31, 2014 (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 2013 - Audited and restated	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	-	-	-	-	-	3,943,795	3,943,795
- Other comprehensive income for the period	-	-	3,974,062	-	-	-	3,974,062
	-	-	3,974,062	-	-	3,943,795	7,917,857
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 March 2014 - Unaudited	4,381,191	4,557,163	27,776,766	353,510	5,071,827	12,419,841	54,560,298
Balance as at 30 June 2012 - Audited and restated	4,381,191	4,557,163	13,580,112	353,510	5,071,827	4,955,722	32,899,525
Total comprehensive income for the period							
- Profit for the period	-	-	-	-	-	2,913,300	2,913,300
- Other comprehensive income for the period	-	-	4,312,815	-	-	-	4,312,815
	-	-	4,312,815	-	-	2,913,300	7,226,115
Total Contributions by and distributions to owners of the Company recognized directly in equity							
- Final dividend for the year ended June 30, 2012 (Rs 1.5 per share)	-	-	-	-	-	(657,179)	(657,179)
Balance as at 31 March 2013 - Unaudited	4,381,191	4,557,163	17,892,927	353,510	5,071,827	7,211,843	39,468,461

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Chief Executive

Director

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. 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 nine months ended March 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, 2013, 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, 2013 except for the adoption of a new accounting policy referred to in note 3.3.1.

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, 2013 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 except for IAS 19 (Amendment), 'Employee Benefits'. The impact of this amendment on the condensed interim financial information is as follows:

3.3.1 Change in accounting policy

IAS 19 (revised) - 'Employee Benefits' effective for annual periods beginning on or after January 01, 2013 amends the accounting for employee benefits. The standard requires immediate recognition of past service cost in the profit and loss account and also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year.

Further, the corridor approach has been eliminated and a new term "remeasurements" has been introduced. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The standard requires "remeasurements" to be recognised in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

The company has applied this change in accounting policy retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and recorded unrecognised actuarial losses net of taxes associated with retirement benefit plan by adjusting the opening balance of 'accumulated profit', 'deferred taxation' and 'retirement and other benefits' for the prior period presented. No actuarial assessment has been carried out for preparation of this condensed interim financial information.

Effects of change in accounting policy are as follows:

Effect of balance sheet

	For the year ended June 30, 2013			For the year ended June 31, 2012		
	Before Restatement	As restated	Restatement	Before Restatement	As restated	Restatement
	(Rupees in thousands)					
Increase in provision for gratuity	12,343	76,060	63,717	119,528	167,385	47,857
Decrease in deferred tax liability	3,167,039	3,144,738	(22,301)	1,666,069	1,649,319	(16,750)
Decrease in accumulated profit	9,831,819	9,790,403	(41,416)	4,986,829	4,955,722	(31,107)

Effect on other comprehensive income:

	For the year ended June 30, 2013			For the year ended June 31, 2012		
	Before Restatement	As restated	Restatement	Before Restatement	As restated	Restatement
	(Rupees in thousands)					
Actuarial losses recognized - net of tax	-	15,860	15,860	-	10,189	10,189

Effect on earnings per share (Rupees)

The restatement has no material impact on EPS of the Company.

The Company intends to carry out an actuarial valuation on June 30, 2014. Hence the resulting impact on these condensed interim financial information is not quantifiable and is also considered immaterial by the Company's management.

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.

		March 31, 2014 unaudited	June 30, 2013 audited
		----(Rupees in thousand)----	
5. Long term finances			
Long term loans	- note 5.1	2,419,618	4,327,841
Less: Current portion shown under current liabilities		839,666	1,428,654
		1,579,952	2,899,187
5.1 Long term loans			
Opening balance		4,327,841	6,785,851
Add: Disbursement during the period		-	800,000
Exchange loss during the period		245	115,346
		245	915,346
Less: Repayment during the period		1,908,468	3,373,356
Closing balance		2,419,618	4,327,841

6. Contingencies and commitments

6.1 Contingencies

During the period 1994 to 1996, the Company imported plant and machinery relating to expansion unit, for which exemption was claimed under various SROs from the levy of custom duty and other duties including sales tax. As per the provisions of SRO 484 (I)/92, 978 (I)/95 and 569 (I)/95, the exemption from the statutory duty would be available only if the said plant and machinery was not manufactured locally. However, the Custom Authorities rejected the claim of the Company by arguing that the said machinery was on the list of locally manufactured machinery, published by the Federal Board of Revenue. Consequently, the Company appealed before the Lahore High Court, Multan Bench, which allowed the Company to release the machinery on furnishing indemnity bonds with the Custom Authorities.

Collector of Customs and Central Excise, Multan has passed an order dated November 26, 1999, against the Company on the grounds that the said machinery was being manufactured locally during the time when it was imported.

After various appeals at different forums, the Honourable Supreme Court remanded the case back to the Customs Authorities to reassess the liability of the company. The custom authorities re-determined the liability of the Company upon which the Company preferred an appeal to the Customs Appellate Tribunal. The Tribunal decided the case in favour of the Company, upon which the Company discharged all liabilities. However, the custom authorities preferred a reference to the Lahore High Court, Multan Bench. In case of any adverse decision, the management assesses liability to the tune of Rs 245.562 million. No provision for this amount has been made in the financial statements as according to the management of the Company, 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, 2013 except for as mentioned above and letters of guarantees issued to various parties aggregating to Rs 892.865 million (June 30, 2013: Rs 837.327 million)

6.3 Commitments in respect of

(i) Contracts for capital expenditure Rs. 197.125 million (June 2013: Rs. 224.650 million)

(ii) Letters of credits for capital expenditure Rs. 79.146 million (June 2013: Rs. 666.128 million)

(iii) Letters of credit other than capital expenditure Rs. 890.452 million (June 2013: Rs. 1,537.405 million)

(iv) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

		March 31, 2014 unaudited	June 30, 2013 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		5,590	5,839
		7,246	7,495
7. Property, plant and equipment			
Operating assets	- note 7.1	27,881,859	27,324,794
Capital work-in-progress	- note 7.2	1,818,306	1,416,180
		29,700,165	28,740,974
7.1 Operating assets			
Opening book value		27,324,794	25,192,214
Add: Additions during the period	- note 7.1.1	1,893,925	3,750,420
Less: Disposals during the period			
- at book value		28,300	40,085
Less: Depreciation charged during the period		1,308,560	1,577,755
		1,336,860	1,617,840
Closing book value		27,881,859	27,324,794

	March 31, 2014 unaudited	June 30, 2013 audited
	----(Rupees in thousand)----	
7.1.1 Additions during the period		
Freehold land	19,019	70,369
Buildings on freehold land	364,796	433,313
Office building and housing colony	5,632	12,503
Roads	26,246	-
Plant and machinery	1,284,958	2,643,407
Quarry equipment	44,760	146,552
Furniture, fixtures and office equipment	19,911	31,285
Aircraft	-	328,752
Motor vehicles	103,097	83,857
Power and water supply lines	25,506	382
	1,893,925	3,750,420
7.2 Capital work-in-progress		
Civil works	543,932	306,123
Plant and machinery	839,944	977,982
Advances for capital expenditure	281,128	62,155
Unallocated expenditure	13,123	405
Expansion project:		
-Civil works	40,874	19,038
-Others	99,305	50,477
	140,179	69,515
	1,818,306	1,416,180

8. Intangible assets

Opening book value	55,356	73,808
Less: Amortization charged during the period	13,839	18,452
Closing book value	41,517	55,356

9. Investments

Cost of investments	3,081,130	2,781,150
Add : Cumulative fair value gain	27,776,766	23,802,704
Add : Purchase of new investment	200,000	300,000
Less: Disposal of investments	(423)	(20)
Less: Cumulative impairment losses recognized	(369,997)	(370,256)
	27,606,346	23,732,428
Total investments	30,687,476	26,513,578
Less: Investments classified in current assets	20,347,343	17,862,718
Closing balance	10,340,133	8,650,860

10. Cost of sales

	2014		2013	
	July to March	January to March	July to March	January to March
	----Rupees in thousands----			
Raw and packing materials consumed	1,611,958	611,577	1,432,852	477,559
Salaries, wages and other benefits	970,086	323,272	812,363	275,701
Electricity and gas	2,059,440	767,335	1,657,185	463,128
Furnace oil and coal	5,113,703	1,763,700	5,017,570	1,491,878
Stores and spares consumed	1,235,686	427,880	1,162,628	420,225
Repair and maintenance	220,756	62,200	221,414	108,426
Insurance	48,986	16,327	45,283	15,009
Depreciation on property, plant and equipment	1,228,344	420,609	1,093,811	366,802
Amortization on intangibles	9,687	3,229	9,687	3,229
Royalty	198,720	65,386	110,787	30,785
Excise duty	19,257	6,350	10,339	2,873
Vehicle running expenses	27,491	9,701	14,980	412
Postage, telephone and telegram	3,125	913	2,099	569
Printing and stationery	2,799	1,387	4,479	1,829
Legal and professional charges	1,418	342	1,965	1,098
Travelling and conveyance	14,640	6,699	16,873	4,020
Estate development	12,700	5,283	10,258	3,926
Rent, rates and taxes	21,961	6,478	16,661	4,760
Freight charges	5,848	2,343	7,312	3,565
Other expenses	19,715	7,708	22,927	5,549
Total manufacturing cost	12,826,320	4,508,719	11,671,473	3,681,343
Opening work-in-process	856,587	892,939	322,049	1,163,509
Closing work-in-process	(345,775)	(345,775)	(651,490)	(651,490)
	510,812	547,164	(329,441)	512,019
Cost of goods manufactured	13,337,132	5,055,883	11,342,032	4,193,362
Opening stock of finished goods	320,318	366,840	254,990	185,018
Closing stock of finished goods	(375,953)	(375,953)	(277,665)	(277,665)
	(55,635)	(9,113)	(22,675)	(92,647)
Less: Own consumption capitalized	(48,198)	(11,525)	(14,474)	(5,053)
	13,233,299	5,035,245	11,304,883	4,095,662

	2014		2013	
	July to March	January to March	July to March	January to March
	----Rupees in thousands----			

11. Taxation

Current				
- For the year	118,998	64,925	114,759	62,785
- Prior years	4,939	-	-	-
	123,937	64,925	114,759	62,785
Deferred	1,173,703	416,623	772,873	283,555
	1,297,640	481,548	887,632	346,340

12. Transactions with related parties

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

Relationship with the Company	Nature of transaction	July to March 2014 unaudited	July to March 2013 unaudited
		----(Rupees in thousand)----	
Subsidiary company	Purchase of goods and services	844,169	792,998
	Rental income	609	609
	Interest income	23,090	31,812
Other related parties	Purchase of goods and services	994,509	895,277
	Insurance premium	82,028	78,172
	Sale of goods	561,952	96,288
	Purchase of asset	-	328,751
	Mark-up income on balances with related parties	911	1,198
	Insurance claim received	2,895	-
	Dividend income	976,283	956,592
Key management personnel	Salaries and other employment benefits	94,943	78,947
Post employment benefit plans	Expense charged in respect of staff retirement benefits plans (defined benefit and contributory funds)	63,351	68,931

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

	July to March 2014 unaudited	July to March 2013 unaudited
	----(Rupees in thousand)----	
13. Cash flow from operating activities		
Profit before tax	5,241,435	5,129,380
Adjustment for :		
- Depreciation on property, plant and equipment	1,308,560	1,163,646
- Profit on disposal of property, plant and equipment	(32,961)	(10,353)
- Profit on bank deposits	(2,594)	(2,524)
- Amortization on intangibles	13,839	13,839
- Dividend income	(1,117,328)	(966,637)
- Provision of WPPF	275,865	269,967
- Retirement and other benefits accrued	57,726	48,396
- Mark-up income	(24,001)	(33,010)
- Exchange loss - net	19,666	100,306
- Finance cost	571,658	802,065
Profit before working capital changes	6,311,865	6,515,075
Effect on cash flow due to working capital changes:		
- (Increase) / decrease in stores, spares and loose tools	351,971	592,778
- (Decrease) / Increase in stock-in-trade	578,744	(368,103)
- (Increase) / decrease in trade debts	(103,613)	(129,953)
- Increase in advances, deposits, prepayments and other receivables	(662,170)	(276,764)
- Decrease / (Increase) in trade and other payables	667,757	(53,237)
	832,689	(235,279)
Cash generated from operations	7,144,554	6,279,796
14. Cash and cash equivalents		
Short term borrowings - secured	(3,695,891)	(5,747,463)
Cash and bank balances	451,503	351,791
	(3,244,388)	(5,395,672)

15. Date of authorization for issue

This interim financial information was authorized for issue on April 24, 2014 by the Board of Directors of the Company.

16. Corresponding figures

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

Chief Executive

Director

Consolidated Financial Statements

Directors' Rpeort

Nine Months FY14

The Directors of your company are pleased to submit their report along with consolidated condensed interim financial statements for the Nine Months ended on 31st March, 2014.

According IMF report global economy picked up including USA and Euro zone. Emerging markets are expected to grow at good pace. Our homeland Pakistan is still submerged with political, economic and law and order issues. In March'14 PKR strengthened against USD and post March'14 it gained more. This on one side is better for imports side while such drastic and immediate USD weakening could bring bad winds for exporters. Pakistan GDP is expected to grow between 3-4% during current fiscal year.

Nishat Paper Products Limited (NPPL) has maintained its positive bottom line mode like HYFY14. NPPL's gross margins improved on grounds of volumetric increase of about 21% and about 10% value increase. Separate report has been made available on affairs of holding company.

Here are the consolidated performance highlights for the nine months ended on March 31, 2014:

(PKR in thousands)

Particulars	NMFY14	NMFY13
Sales	20,455,678	18,713,927
Cost of Sales	13,901,228	11,842,597
Gross Profit	6,554,450	6,871,330
Administrative Cost	347,554	293,606
Selling Cost	1,203,033	1,291,990
Other Operating Cost	312,242	418,425
Other Income	1,261,916	1,055,724
Operational Income	5,953,537	5,923,033
Finance Cost	680,965	878,473
Income before Tax	5,272,572	5,044,560
Taxation	1,331,987	918,332
Net Proft	3,940,585	4,126,228

(NM: nine months)

It is expected that the company along-with its subsidiary will flourish further in terms of integration. Economic boost is preliminary for every business to sustain and grow. Growth in economy will lead to big projects at both governmental and non-governmental levels. If mega projects comes into reality from papers than the consolidation effect of your company gets better.

We register our appreciation for our committed employees and patronage of our customers.

Mian Raza Mansha
Chief Executive Officer

Lahore: April 24, 2014

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

	Note	31 March 2014 unaudited	30 June 2013 audited (re-stated)
		----(Rupees in thousand)----	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
- 950,000,000 (30 June 2013: 950,000,000) ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (30 June 2013: 50,000,000) preference shares of Rs 10 each		500,000	500,000
		10,000,000	10,000,000
Issued, subscribed and paid up capital 438,119,119 (June 30, 2013: 438,119,119) ordinary shares of Rs 10 each		4,381,191	4,381,191
Reserves		37,798,290	33,824,228
Accumulated profit		12,413,983	9,786,150
		54,593,464	47,991,569
Non-controlling interest		274,344	275,949
		54,867,808	48,267,518
NON-CURRENT LIABILITIES			
Long term finances	5	1,944,327	3,117,937
Long term deposits		68,706	65,383
Retirement and other benefits		188,368	153,020
Deferred taxation		4,327,609	3,110,893
		6,529,010	6,447,233
CURRENT LIABILITIES			
Trade and other payables		3,458,582	2,464,828
Accrued markup		96,053	145,940
Short term borrowing-secured		4,641,435	6,388,501
Current portion of non-current liabilities		951,499	1,471,282
Provision for taxation		35,090	35,090
		9,182,659	10,505,641
CONTINGENCIES AND COMMITMENTS	6		
		70,579,477	65,220,392

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

Chief Executive

AS AT MARCH 31, 2014

	Note	31 March, 2014 unaudited	30 June 2013 audited (re-stated)
		----(Rupees in thousand)----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	30,693,523	29,764,372
Intangible assets	8	41,517	55,356
Investments	9	10,136,504	8,447,231
Long term loans, advances and deposits		86,899	96,441
		40,958,443	38,363,400
CURRENT ASSETS			
Stores, spares and loose tools		3,827,696	4,187,541
Stock-in-trade		1,935,960	2,219,664
Trade debts		639,880	481,889
Investments	9	20,347,366	17,862,741
Advances, deposits, prepayments and other receivables		974,478	418,338
Income tax receivable		1,426,843	1,185,693
Derivative financial instrument		1,837	1,837
Cash and bank balances		466,974	499,289
		29,621,034	26,856,992
		70,579,477	65,220,392

Director

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2014 (UN-AUDITED)

	Note	2014		2013	
		July to March	January to March	July to March	January to March
		----Rupees in thousands----			
Sales		20,455,678	7,522,951	18,713,927	6,472,893
Cost of sales	10	(13,901,228)	(5,293,618)	(11,842,597)	(4,240,223)
Gross profit		6,554,450	2,229,333	6,871,330	2,232,670
Administrative expenses		(347,554)	(120,512)	(293,606)	(103,283)
Selling and distribution expenses		(1,203,033)	(455,207)	(1,291,990)	(397,535)
Other operating expenses		(312,242)	42,050	(418,425)	(127,682)
Other income		1,261,916	311,735	1,055,724	302,744
Profit from operations		5,953,537	2,007,399	5,923,033	1,906,914
Finance cost		(680,965)	(231,191)	(878,473)	(254,107)
Profit before taxation		5,272,572	1,776,208	5,044,560	1,652,807
Taxation	11	(1,331,987)	(499,479)	(918,332)	(353,040)
Profit after taxation		3,940,585	1,276,729	4,126,228	1,299,767
Attributable to:					
Equity holders of the parent		3,942,190	1,275,726	4,183,988	2,756,412
Non-controlling interest		(1,605)	1,003	(57,760)	(46,438)
		3,940,585	1,276,729	4,126,228	1,299,767
Earning per share					
(basic and diluted)	Rupees	8.99	2.91	9.42	2.97

The annexed notes 1 to 17 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, 2014 (UN-AUDITED)

	2014		2013	
	July to March	January to March	July to March	January to March
	----Rupees in thousands----			
Income for the period	3,940,585	1,276,729	4,126,228	1,299,767
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Change in value of available-for-sale financial assets	3,975,034	(753,557)	4,882,045	569,230
Gain during the year transferred to profit and loss account on derecognition of shares	(972)	-	-	-
Other comprehensive income for the period	3,974,062	(753,557)	4,882,045	569,230
Total comprehensive income for the period	7,914,647	523,172	9,008,273	1,868,997
Attributable to:				
Equity holders of the parent	7,916,252	522,169	9,066,033	1,915,435
Non-controlling interest	(1,605)	1,003	(57,760)	(46,438)
	7,914,647	523,172	9,008,273	1,868,997

The annexed notes 1 to 17 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, 2014 (UN-AUDITED)

	Note	July to March 2014 unaudited	July to March 2013 unaudited
		----(Rupees in thousand)----	
Cash flows from operating activities			
Cash generated from operations	13	7,125,146	6,325,808
Financial cost paid		(731,322)	(919,885)
Retirement and other benefits paid		(27,548)	(19,976)
Taxes paid		(356,421)	(375,696)
Long term deposits - net		3,323	(1,940)
Net cash generated from operating activities		6,013,178	5,008,311
Cash flows from investing activities			
Fixed capital expenditure		(2,298,242)	(2,521,974)
Proceeds from sale of property, plant and equipment		61,261	49,511
Investments made - net		(199,836)	(299,982)
Long term loans, advances and deposits - net		9,542	206,845
Interest received		4,393	81,930
Dividend received		1,117,329	966,637
Net cash used in investing activities		(1,305,553)	(1,517,033)
Cash flows from financing activities			
Proceeds from long term finances		220,000	1,050,000
Repayment of long term finances		(1,908,468)	(3,036,185)
Dividend Paid		(1,304,406)	(655,257)
Net cash used in financing activities		(2,992,874)	(2,641,442)
Net increase in cash and cash equivalents		1,714,751	849,836
Cash and cash equivalents at the beginning of the period		(5,889,212)	(7,096,955)
Cash and cash equivalents at the end of the period	14	(4,174,461)	(6,247,119)

The annexed notes 1 to 17 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, 2014 (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 2013 - Audited and restated	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									
- Profit for the period	-	-	-	-	-	3,942,190	3,942,190	(1,605)	3,940,585
- Other comprehensive income for the period	-	-	3,974,062	-	-	-	3,974,062	-	3,974,062
	-	-	3,974,062	-	-	3,942,190	7,916,252	(1,605)	7,914,647
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)	-	(1,314,357)
Balance as at 31 March 2014 - Unaudited	4,381,191	4,557,163	27,776,766	353,510	5,110,851	12,413,983	54,593,464	274,344	54,867,808
Balance as at 30 June 2012 - Audited and restated	4,381,191	4,557,163	13,580,112	353,510	5,110,851	5,005,784	33,019,718	330,265	33,349,983
Total comprehensive income for the period									
- Profit for the period	-	-	-	-	-	4,183,988	4,183,988	(57,760)	4,126,228
- Other comprehensive income for the period	-	-	4,882,045	-	-	-	4,882,045	-	4,882,045
	-	-	4,882,045	-	-	4,183,988	9,066,033	(57,760)	9,008,273
Total Contributions by and distributions to owners of the Company recognized directly in equity									
- Final dividend for the year ended June 30, 2012 (Rs 1.5 per share)	-	-	-	-	-	(657,179)	(657,179)	-	(657,179)
Balance as at 31 March 2013 - Unaudited	4,381,191	4,557,163	18,462,157	353,510	5,110,851	8,532,593	41,428,572	272,505	41,701,077

The annexed notes 1 to 17 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 NINE MONTHS ENDED MARCH 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.

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. 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 nine months ended March 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, 2013, 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, 2013 except for the adoption of a new accounting policy referred to in note 3.3.1.

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, 2013 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 except for IAS 19 (Amendment), 'Employee Benefits'. The impact of this amendment on the condensed interim financial information is as follows:

3.3.1 Change in accounting policy

IAS 19 (revised) - 'Employee Benefits' effective for annual periods beginning on or after January 01, 2013 amends the accounting for employee benefits. The standard requires immediate recognition of past service cost in the profit and loss account and also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year.

Further, the corridor approach has been eliminated and a new term "remeasurements" has been introduced. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The standard requires "remeasurements" to be recognised in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

The company has applied this change in accounting policy retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and recorded unrecognised actuarial losses net of taxes associated with retirement benefit plan by adjusting the opening balance of 'accumulated profit', 'deferred taxation' and 'retirement and other benefits' for the prior period presented. No actuarial assessment has been carried out for preparation of this condensed interim financial information.

Effects of change in accounting policy are as follows:

Effect of balance sheet

	As at June 30, 2013			As at June 30, 2012		
	Before Restatement	As restated	Restatement	Before Restatement	As restated	Restatement
			(Rupees in thousands)			
Increase in provision for gratuity	12,343	76,060	63,717	119,528	167,385	47,857
Decrease in deferred tax liability	3,167,039	3,144,738	(22,301)	1,666,069	1,649,319	(16,750)
Decrease in accumulated profit	9,831,819	9,790,403	(41,416)	4,986,829	4,955,722	(31,107)

Effect on other comprehensive income

	As at June 30, 2013			As at June 30, 2012		
	Before Restatement	As restated	Restatement	Before Restatement	As restated	Restatement
			(Rupees in thousands)			
Actuarial losses recognized - net of tax	-	15,860	15,860	-	10,189	10,189

Effect on earnings per share (Rupees)

The restatement has no material impact on EPS of the Company.

The Company intends to carry out an actuarial valuation on June 30, 2014. Hence the resulting impact on these condensed interim financial information is not quantifiable and is also considered immaterial by the Company's management.

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.

		March 31, 2014 unaudited	June 30, 2013 audited
		----(Rupees in thousand)----	
5. Long term finances			
Long term loans	- note 5.1	2,889,618	4,577,841
Less: Current portion shown under current liabilities		945,291	1,459,904
		1,944,327	3,117,937
5.1 Long term loans			
Opening balance		4,577,841	6,885,851
Add: Disbursement during the period		220,000	800,000
Exchange loss during the period		245	154,102
		220,245	954,102
Less: Repayment during the period		1,908,468	3,262,112
Closing balance		2,889,618	4,577,841

6. Contingencies and commitments

6.1 Contingencies

During the period 1994 to 1996, the Company imported plant and machinery relating to expansion unit, for which exemption was claimed under various SROs from the levy of custom duty and other duties including sales tax. As per the provisions of SRO 484 (I)/92, 978 (I)/95 and 569 (I)/95, the exemption from the statutory duty would be available only if the said plant and machinery was not manufactured locally. However, the Custom Authorities rejected the claim of the Company by arguing that the said machinery was on the list of locally manufactured machinery, published by the Federal Board of Revenue. Consequently, the Company appealed before the Lahore High Court, Multan Bench, which allowed the Company to release the machinery on furnishing indemnity bonds with the Custom Authorities.

Collector of Customs and Central Excise, Multan has passed an order dated November 26, 1999, against the Company on the grounds that the said machinery was being manufactured locally during the time when it was imported.

After various appeals at different forums, the Honourable Supreme Court remanded the case back to the Customs Authorities to reassess the liability of the company. The custom authorities re-determined the liability of the Company upon which the Company preferred an appeal to the Customs Appellate Tribunal. The Tribunal decided the case in favour of the Company, upon which the Company discharged all liabilities. However, the custom authorities preferred a reference to the Lahore High Court, Multan Bench. In case of any adverse decision, the management assesses liability to the tune of Rs 245.562 million. No provision for this amount has been made in the financial statements as according to the management of the Company, 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, 2013 except for as mentioned above and letters of guarantees issued to various parties aggregating to Rs 892.865 million (June 30, 2013: Rs 837.327 million)

6.3 Commitments in respect of

(i) Contracts for capital expenditure Rs. 197.125 million (June 2013: Rs. 224.650 million)

(ii) Letters of credits for capital expenditure Rs. 79.146 million (June 2013: Rs. 666.128 million)

(iii) Letters of credit other than capital expenditure Rs. 1118.343 million (June 2013: Rs. 1,844.562 million)

(iv) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

		March 31, 2014 unaudited	June 30, 2013 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		5,590	5,839
		7,246	7,495

7. Property, plant and equipment

Operating assets	- note 7.1	28,875,217	28,348,192
Capital work-in-progress	- note 7.2	1,818,306	1,416,180
		30,693,523	29,764,372

7.1 Operating assets

Opening book value		28,348,192	26,076,700
Add: Additions during the period	- note 7.1.1	1,896,116	3,929,847
Less: Disposals during the period - at book value		28,300	40,142
Less: Depreciation charged during the period		1,340,791	1,618,213
		1,369,091	1,658,355
Closing book value		28,875,217	28,348,192

	March 31, 2014 unaudited	June 30, 2013 audited
	----(Rupees in thousand)----	
7.1.1 Additions during the period		
Freehold land	19,019	70,369
Buildings on freehold land	364,796	436,745
Office building and housing colony	5,632	12,503
Roads	26,246	-
Plant and machinery	1,286,668	2,819,309
Quarry equipment	44,760	146,552
Furniture, fixtures and office equipment	20,392	31,310
Aircraft	-	328,752
Motor vehicles	103,097	83,925
Power and water supply lines	25,506	382
	1,896,116	3,929,847
7.2 Capital work-in-progress		
Civil works	543,932	306,123
Plant and machinery	839,944	977,982
Advances for capital expenditure	281,128	62,155
Unallocated expenditure	13,123	405
Expansion project:		
-Civil works	40,874	19,038
-Others	99,305	50,477
	140,179	69,515
	1,818,306	1,416,180

8. Intangible assets

Opening book value	55,356	73,808
Less: Amortization charged during the period	13,839	18,452
Closing book value	41,517	55,356

9. Investments

Cost of investments	2,877,524	2,577,544
Add : Cumulative fair value gain	27,776,766	23,802,704
Add : Purchase of new investment	200,000	300,000
Less: Disposal of investments	(423)	(20)
Less: Cumulative impairment losses recognized	(369,997)	(370,256)
	27,606,346	23,732,428
Total investments	30,483,870	26,309,972
Less: Investments classified in current assets	20,347,366	17,862,741
Closing balance	10,136,504	8,447,231

	2014		2013	
	July to March	January to March	July to March	January to March
	----Rupees in thousands----			
10. Cost of sales				
Raw and packing materials consumed	2,244,942	869,892	1,934,200	626,265
Salaries, wages and other benefits	992,372	331,761	830,238	281,534
Electricity and gas	2,072,878	780,771	1,668,752	474,207
Furnace oil and coal	5,113,703	1,763,700	5,017,570	1,491,878
Stores and spares consumed	1,255,489	433,573	1,185,264	426,656
Repair and maintenance	230,793	66,008	222,135	108,609
Insurance	52,731	17,496	48,602	15,745
Depreciation on property, plant and equipment	1,260,469	431,328	1,123,291	382,036
Lease rentals - Ijara financing	-	-	16,008	89
Amortization on intangibles	9,687	3,229	9,687	3,229
Royalty	198,720	65,386	110,787	30,785
Excise duty	19,257	6,350	10,339	2,873
Vehicle running expenses	27,998	9,904	15,337	584
Postage, telephone and telegram	3,139	915	2,123	581
Printing and stationery	2,801	1,387	4,481	1,829
Legal and professional charges	1,518	342	2,065	1,098
Travelling and conveyance	14,973	6,725	16,873	4,020
Estate development	12,700	5,283	10,258	3,926
Rent, rates and taxes	21,987	6,479	16,993	4,354
Freight charges	6,227	2,544	7,581	3,734
Other expenses	19,999	7,866	23,218	5,626
Total manufacturing cost	13,562,383	4,810,939	12,275,802	3,869,658
Opening work-in-process	856,587	892,939	322,049	1,163,509
Closing work-in-process	(345,775)	(345,775)	(651,490)	(651,490)
	510,812	547,164	(329,441)	512,019
Cost of goods manufactured	14,073,195	5,358,103	11,946,361	4,381,677
Opening stock of finished goods	368,948	439,757	300,619	253,508
Closing stock of finished goods	(492,717)	(492,717)	(389,909)	(389,909)
	(123,769)	(52,960)	(89,290)	(136,401)
Less: Own consumption capitalized	(48,198)	(11,525)	(14,474)	(5,053)
	13,901,228	5,293,618	11,842,597	4,240,223

	2014		2013	
	July to March	January to March	July to March	January to March
	----Rupees in thousands----			

11. Taxation

Current				
- For the year	134,709	71,238	126,459	42,346
- Prior years	4,939	-	-	-
	139,648	71,238	126,459	42,346
Deferred	1,192,339	428,241	791,873	310,694
	1,331,987	499,479	918,332	353,040

12. Transactions with related parties

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

Relationship with the Group	Nature of transaction	July to March 2014 unaudited	July to March 2013 unaudited
		----(Rupees in thousand)----	
Other related parties	Purchase of goods and services	994,509	895,277
	Insurance premium	82,028	78,172
	Sale of goods	561,952	96,288
	Purchase of asset	-	328,751
	Mark-up income on balances with related parties	911	1,198
	Insurance claim received	2,895	-
	Dividend income	976,283	956,592
Key management personnel	Salaries and other employment benefits	94,943	78,947
Post employment benefit plans	Expense charged in respect of staff retirement benefits plans	63,351	68,931

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

	July to March 2014 unaudited	July to March 2013 unaudited
	----(Rupees in thousand)----	
13. Cash flow from operating activities		
Profit before tax	5,272,572	5,044,560
Adjustment for :		
- Depreciation on property, plant and equipment	1,340,791	1,193,255
- Profit on disposal of property, plant and equipment	(32,961)	(10,364)
- Profit on bank deposits	(2,951)	(2,524)
- Amortization on intangibles	13,839	13,839
- Dividend income	(1,117,329)	(966,637)
- Provision of WPPF	279,129	269,967
- Retirement and other benefits accrued	57,726	48,396
- Mark-up income	(24,001)	(33,010)
- Exchange loss - net	19,666	100,305
- Finance cost	680,965	878,473
Profit before working capital changes	6,487,446	6,536,260
Effect on cash flow due to working capital changes:		
- (Increase) / decrease in stores, spares and loose tools	359,845	589,059
- (Decrease) / Increase in stock-in-trade	283,704	(306,768)
- (Increase) / decrease in trade debts	(143,926)	(123,061)
- Increase in advances, deposits, prepayments and other receivables	(533,581)	(345,445)
- Decrease / (Increase) in trade and other payables	671,658	(24,237)
	637,700	(210,452)
Cash generated from operations	7,125,146	6,325,808
14. Cash and cash equivalents		
Short term borrowings - secured	(4,641,435)	(6,627,296)
Cash and bank balances	466,974	380,177
	(4,174,461)	(6,247,119)

15. 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.

15.1 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 2014	July to March 2013	July to March 2014	July to March 2013	July to March 2014	July to March 2013	July to March 2014	July to March 2013
Revenue from								
- External Customers	19,606,096	18,131,993	1,160,807	581,934	-	-	20,766,903	18,713,927
- Inter-group	-	-	410,287	591,844	(410,287)	(591,844)	-	-
	19,606,096	18,131,993	1,571,094	1,173,778	(410,287)	(591,844)	20,766,903	18,713,927
Segment gross profit	6,372,797	6,827,110	211,917	48,525	(30,264)	(4,305)	6,554,450	6,871,330
Segment expenses	(1,842,752)	(1,980,857)	(20,077)	(14,243)	-	(8,921)	(1,862,829)	(2,004,021)
Other income	1,283,048	1,085,192	2,567	3,562	(23,699)	(33,030)	1,261,916	1,055,724
Financial charges	(571,658)	(802,065)	(132,397)	(117,750)	23,090	41,342	(680,965)	(878,473)
Taxation	(1,297,640)	(983,938)	(34,347)	(30,700)	-	96,306	(1,331,987)	(918,332)
Profit after taxation	3,943,795	4,145,442	27,663	(110,606)	(30,873)	91,392	3,940,585	4,126,228
Depreciation	1,308,560	1,163,646	24,673	29,609	7,558	-	1,340,791	1,193,255
Capital expenditure	(2,296,051)	(2,352,706)	(2,191)	(169,268)	-	-	(2,298,242)	(2,521,974)
Cash to operations	6,223,615	5,066,129	(211,295)	(16,476)	858	(41,342)	6,013,178	5,008,311
Cash from investing	(1,303,720)	(1,365,332)	974	(184,731)	(2,807)	33,030	(1,305,553)	(1,517,033)
	March 2014 unaudited	June 2013 audited	March 2014 unaudited	June 2013 audited	March 2014 unaudited	June 2013 audited	March 2014 unaudited	June 2013 audited
Segment assets	68,685,990	63,526,719	2,255,465	1,930,009	(361,978)	(236,336)	70,579,477	65,220,392
Segment liabilities	14,125,692	15,569,921	1,946,701	1,648,907	(360,724)	(265,954)	15,711,669	16,952,874

15.2 Geographical segments

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

16. Date of authorization for issue

This interim financial information was authorized for issue on April 24, 2014 by the Board of Directors of the Company.

17. Corresponding figures

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

Chief Executive

Director

Notes

Notes

CEMENT

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