



1st Quarter Report
(Un-audited)
September 30,
2013



D.G. Khan Cement Company Limited

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D.G Khan Cement Company Limited

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Company Profile

Board of Directors	Mrs. Naz Mansha Mian Raza Mansha Mr. Khalid Qadeer Qureshi Dr. Arif Bashir Mr. Farid Noor Ali Fazal Mr. Inayat Ullah Niazi Ms. Nabiha Shahnawaz Cheema	Chairperson Chief Executive Chief Financial Officer
Audit Committee	Mr. Khalid Qadeer Qureshi Mr. Farid Noor Ali Fazal Ms. Nabiha Shahnawaz Cheema	Member/Chairman Member Member
Human Resource & Remuneration Committee	Mian Raza Mansha Mr. Khalid Qadeer Qureshi Ms. Nabiha Shahnawaz Cheema	Member Member/Chairman Member
Company Secretary	Mr. Khalid Mahmood Chohan	
Bankers	Allied Bank Limited Askari Bank Limited Bank Alfalah Limited Bank Islami Pakistan Limited Barclays Bank Plc Citibank N.A. Deutsche Bank AG Dubai Islamic Bank Faysal Bank Limited HSBC Bank Middle East Limited Habib Bank Limited Limited	Habib Metropolitan Bank MCB Bank Limited Meezan Bank Limited National Bank of Pakistan NIB Bank Limited Samba Bank Limited Standard Chartered Bank (Pakistan) Limited Silk Bank Limited The Bank of Punjab United Bank Limited
External Auditors	A.F. Ferguson & Co, Chartered Accountants	
Cost Auditors	Qadeer & Company, Chartered Accountants	
Legal Advisors	Mr. Shahid Hamid, Bar-at-Law	
Registered Office	Nishat House, 53-A, Lawrence Road, Lahore-Pakistan Phone: 92-42-36367812-20 UAN: 111 11 33 33 Fax: 92-42-36367414 Email: info@dgcement.com web site: www.dgcement.com	
Factory	1. Khofli Sattai, Distt. Dera Ghazi Khan-Pakistan Phone: 92-641-460025-7 Fax: 92-641-462392 Email: dgsite@dgcement.com 2. 12, K.M. Choa Saidan Shah Road, Khairpur, Tehsil Kallar Kahar, Distt. Chakwal-Pakistan Phone: 92-543-650215-8 Fax: 92-543-650231	

Directors' Report

First Quarter FY14

The Directors of your company are pleased to present their report on the first quarter of FY14 along with the financial statements for the said period.

While some regions of the world still facing economic turbulence, the main driving force for world economic growth is expected to be the developing countries for further few years. Syrian crises appeared to be over however, Middle East yet remained a crises hit area and any untoward event there may lead to world wide impacts. Pakistan's economy remained sluggish for Q1 of FY14. Law and order and energy crises remained un-tackled. SBP increased discount rate by 50bps. It is expected that SBP will increase the discount rate further. Government overall policies are still not clear on various critical issues including economic uplift. Recent increase in electricity tariffs and petroleum products are expected to increase the inflation. Pak Rupee devalued against US Dollar by more than 6% in just 3 months. Pakistani currency is under pressure due to unfavourable balance of payment and speculation.

Pakistan's cement industry showed a comparatively slow trend by reporting an overall growth of about 1% when compared with last year's same quarter. Industry's exports were down by about 1% while local despatches were up by about 2%.

	Q1FY14	Q1FY13
Clinker production (MT)	773,196	1,021,062
Cement production (MT)	897,171	972,654
Cement sales (MT) (Local)	620,966	624,654
Cement Sales (MT) (Export)	282,505	338,725

Your Company's financial results for the first quarter of FY14 are:

PKR in thousands

Particulars	Q1FY14	Q1FY13
Sales (Net)	5,854,073	5,874,038
Cost of Sales	3,859,403	3,661,158
Administrative Cost	107,232	73,944
Selling Cost	320,965	575,011
Other Costs	172,116	103,014
Finance Cost	213,320	302,851
Total Costs	4,673,036	4,715,978
Other Income	365,209	355,743
Taxation	478,993	74,905
Income After Tax	1,067,253	1,438,898

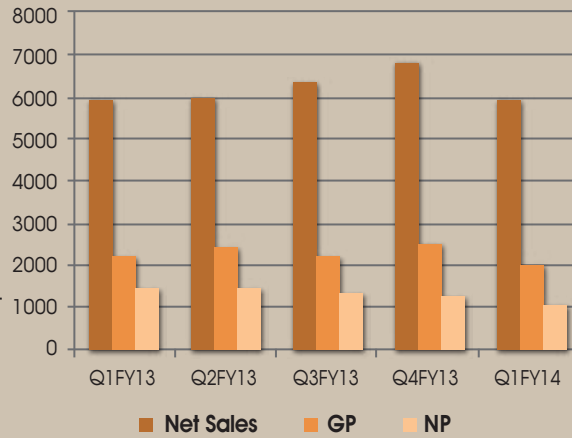
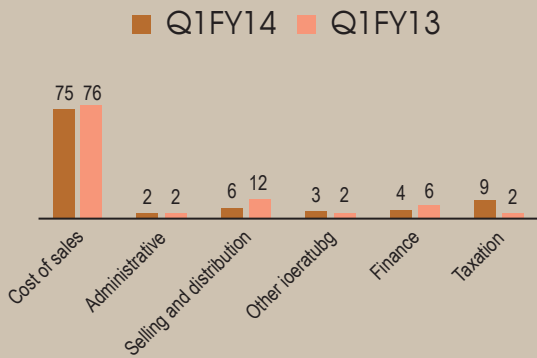
EPS for the Q1 reported at 2.44 as compared to 3.28 for the same period of FY13. Production for the quarter under review declined by 24% as compared with the same period of last year. Production facilities remained shut down for about a month for routine maintenance. Sales prices remain stable but the volumes decreased when compared with previous quarters. The first two months of the quarter under consideration were very sluggish due to moon soon and floods. The holy month of Ramadhan also used to be a slow period for construction activities. The demand started a pick in September. Exports fell by about 17% (in MT) in comparison with first quarter of FY13. Exports to East African market remained slow due to price competitiveness and same is the case with exports to India by sea. Entry of Iranian cement has somehow affected Pakistani cement market in Afghanistan.

Finance cost lowered by 29% owing to loans payoffs. Other operating cost includes exchange loss. Selling costs decreased due to low exports. GP margin for Q1FY14 is 34% as



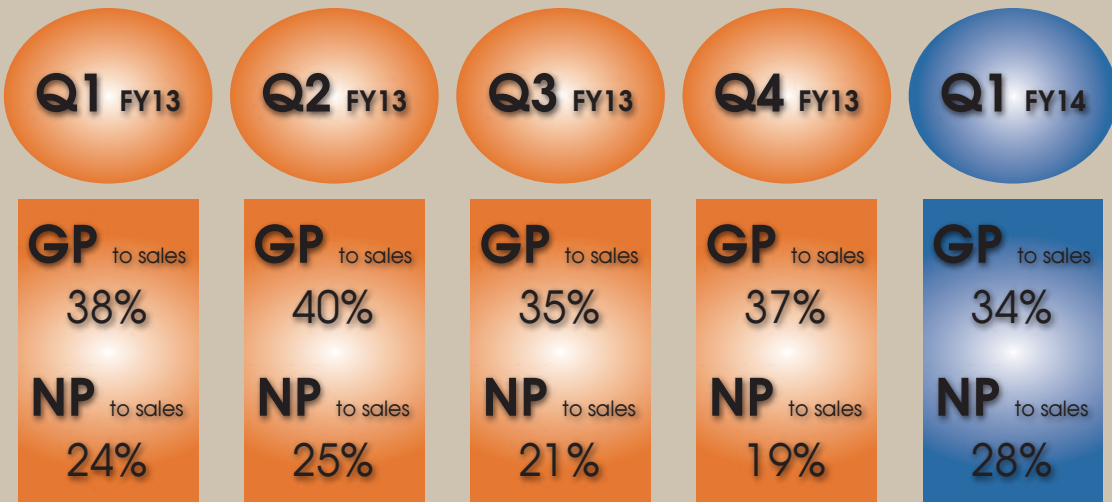


% of Cost Components to Total Cost



compared to 38% for Q1FY13 mainly due to facilities shut down. Increase in power prices impacted cost of sales. Net profit after tax although decreased by 25% whereas net profit before tax increased by 2% as compared to same period of last year. Taxation includes deferred tax of about PKR 441 million which

arises due to timing differences, expected capitalizations, change in sales mix and due to less availability of tax losses. A major change in current taxation effective current year is expected owing to recent amendment in income tax law pertaining to classification of dividend income in final tax regime.



Despite weary economic situation we expect a growth of about 5-7% in upcoming quarter. Cement prices are expected to go up owing to increased cost of production. While the household sector is expected to remain the main source of demand. We expect to offload loans with better cashflows in coming quarters.

With the Khairpur site waste heat recovery project our dependence on national grid will further reduce.

The company contributed about PKR 3 million during the period to earthquake victims of Balochistan.

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: October 22, 2013



CONDENSED INTERIM UNCONSOLIDATED BALANCE SHEET



D.G. Khan Cement Company Limited 1st Quarter 2014

	September 2013 unaudited	June 2013 audited (re-stated)
Note	---(Rupees in thousand)---	
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Authorised capital		
- 950,000,000 (June 30, 2013: 950,000,000) ordinary shares of Rs 10 each	9,500,000	9,500,000
- 50,000,000 (June 30, 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	4,381,191	4,381,191
Reserves	35,842,809	33,785,204
Accumulated profit	10,857,656	9,790,403
	51,081,656	47,956,798
NON-CURRENT LIABILITIES		
Long term finances	2,261,363	2,899,187
Long term deposits	66,808	65,383
Retirement and other benefits	164,448	153,020
Deferred taxation	3,585,738	3,144,738
	6,078,357	6,262,328
CURRENT LIABILITIES		
Trade and other payables	2,458,925	2,286,351
Accrued markup	131,520	125,830
Short term borrowing-secured	5,362,041	5,420,290
Current portion of non-current liabilities	1,120,482	1,440,032
Provision for taxation	35,090	35,090
	9,108,058	9,307,593
CONTINGENCIES AND COMMITMENTS		
	66,268,071	63,526,719

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

Chief Executive

AS AT SEPTEMBER 30, 2013

	Note	September 2013 unaudited ----(Rupees in thousand)----	June 2013 audited (re-stated)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	29,193,798	28,740,974
Intangible assets		50,743	55,356
Investments	8	9,022,358	8,650,860
Long term loans, advances and deposits		99,919	95,535
		38,366,818	37,542,725
CURRENT ASSETS			
Stores, spares and loose tools		4,230,304	4,107,003
Stock-in-trade		1,405,752	1,661,721
Trade debts		237,844	273,535
Investments	8	19,548,825	17,862,718
Advances, deposits, prepayments and other receivables		2,009,615	1,610,136
Cash and bank balances		468,913	468,881
		27,901,253	25,983,994
		66,268,071	63,526,719



1st Quarter 2014 D.G. Khan Cement Company Limited

Director

CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT - UNAUDITED



D.G. Khan Cement Company Limited 1st Quarter 2014

	Note	July to September	
		2013	2012
---(Rupees in thousand)---			
Sales		5,854,073	5,874,038
Cost of sales	9	(3,859,403)	(3,661,158)
Gross profit		1,994,670	2,212,880
Administrative expenses		(107,232)	(73,944)
Selling and distribution expenses		(320,965)	(575,011)
Other operating expenses		(172,116)	(103,014)
Other income		365,209	355,743
Profit from operations		1,759,566	1,816,654
Finance cost		(213,320)	(302,851)
Profit before taxation		1,546,246	1,513,803
Taxation			
- Deferred Tax		(441,000)	(90,339)
- Current Tax		(37,993)	15,434
		(478,993)	(74,905)
Profit after taxation		1,067,253	1,438,898
Earning per share basic and diluted		2.44	3.28

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

Chief Executive

Director

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - UNAUDITED

	July to September	
	2013	2012
	---(Rupees in thousand)---	
Profit after taxation	1,067,253	1,438,898
Available for sale financial assets - Change in fair value	2,057,605	1,996,151
Other comprehensive income for the period	2,057,605	1,996,151
Total comprehensive income for the period	<u>3,124,858</u>	<u>3,435,049</u>

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



Chief Executive



Director





CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT - UNAUDITED

	Note	July to September	
		2013	2012
		---(Rupees in thousand)---	
Cash (used in)/ generated from operations	11	1,925,726	1,080,363
Financial cost paid		(207,630)	(277,532)
Retirement and other benefits paid.		(13,946)	(1,482)
Taxes paid		(89,836)	(72,476)
long term deposits - net		1,425	(1,665)
Net cash (used in)/ from operating activities (A)		1,615,739	727,208
Capital expenditure including purchase of property, plant and equipment		(874,267)	(574,051)
Proceeds from sale of property, plant and equipment		1,118	2,008
Long term loans and deposits - Net		(4,384)	161
Investment - net		-	2
Interest received		60	10,152
Dividend received		325,432	338,110
Net cash from/ (used in) investing activities (B)		(552,041)	(223,618)
Repayment of long term finances		(1,005,417)	(784,764)
Net cash from/ (used in) financing activities (C)		(1,005,417)	(784,764)
In(De)crease in cash and cash equivalents (A+B+C)		58,281	(281,174)
Cash and cash equivalents at the beginning of period		(4,951,409)	(6,305,026)
Cash and cash equivalents at the end of period	12	(4,893,128)	(6,586,200)

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

Chief Executive

Director

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY - UNAUDITED

	Capital reserve				Revenue reserve			Total
	Share Capital	Share Premium	Fair Value Reserve	Capital Redemption Reserve Fund	General Reserve	Accumulated Profit		
Rupees in thousands								
Balance as at June 30, 2013 - Audited	4,381,191	4,557,163	23,802,704	353,510	5,071,827	9,831,819	47,998,214	
Effect of change in accounting policy - note 3.2	-	-	-	-	-	(41,416)	(41,416)	
Balance as at June 30, 2013 (re-stated)	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	-	-	-	-	-	1,067,253	1,067,253	
- Other comprehensive income for the period	-	-	2,057,605	-	-	-	2,057,605	
Balance as at September 30, 2013 - Unaudited	4,381,191	4,557,163	25,860,309	353,510	5,071,827	10,857,656	51,081,656	
Balance as at June 30, 2012 - Audited	4,381,191	4,557,163	13,580,112	353,510	5,071,827	4,986,829	32,930,632	
Effect of change in accounting policy - note 3.2	-	-	-	-	-	(31,107)	(31,107)	
Balance as at June 30, 2012 (re-stated)	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	-	-	-	-	-	1,438,898	1,438,898	
- Other comprehensive income for the period	-	-	1,996,151	-	-	-	1,996,151	
Balance as at September 30, 2012 - Unaudited	4,381,191	4,557,163	15,576,263	353,510	5,071,827	6,394,620	36,334,574	

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



Chief Executive



Director

SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION-UNAUDITED



1. Legal status and nature of business

D. G. Khan Cement Company Limited ("the Company") is a public limited company incorporated in Pakistan and is listed on 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

The unaudited condensed interim unconsolidated financial information (hereafter "interim financial information") for the quarter has been prepared and is being submitted to shareholders in accordance with the provisions contained in section 245 of the Companies Ordinance, 1984 and the pronouncements of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting'. The interim financial information does not include all of the information required for full annual financial statements and accordingly, should be read in conjunction with the annual financial statements for the year ended June 30, 2013 as they provide an update of previously reported information.

The preparation of the interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies, the presentation of assets, liabilities, incomes and expenses and the amounts reported there against as well as disclosure of contingent liabilities at the date of the interim financial information. If in future such estimates and assumptions, which are based on management's best judgment at the date of the interim financial information, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate during the period in which the circumstances change.

In preparing the interim financial information, the significant judgments made by the management in applying accounting policies, key estimates and uncertainty includes:

- Residual value and useful life estimation of fixed assets
- Taxation
- Retirements and other benefits
- Provisions and Contingencies
- Fair value of derivatives

3. Significant accounting policies

3.1 The accounting policies and methods of computation adopted in the preparation of the interim financial information are generally based on the same policies and methods as applied in preparation of the annual financial statements for the year ended June 30, 2013.

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

"There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the company's accounting period beginning from July 1, 2013 but are not considered to be relevant or to have any significant effect

on the company's operations and are, therefore, not detailed in this condensed interim financial information except for IAS 19, 'Employee Benefits (amendment)', which has eliminated the corridor approach and require to calculate finance cost on net funding bases. 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 unappropriated profit / (accumulated loss) and retirement benefit for the prior period presented. No actuarial assessment has been carried out for preparation of this condensed interim financial information."



Effect of balance sheet

	As at June 30th 2013			As at June 30th 2012		
	Before Restatement	As restated	Restated	Before Restatement	As restated	Restated
	(Rupees in thousands)					
Staff gratuity	-	(63,717)	(63,717)	-	(47,857)	(47,857)
Deferred tax liability	(3,167,039)	(3,144,738)	22,301	(1,666,069)	(1,649,319)	16,750
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 30th 2013			As at June 30th 2012		
	Before Restatement	As restated	Restated	Before Restatement	As restated	Restated
	(Rupees in thousands)					
Actuarial loss recognized-net of tax	-	-	-	-	1,470	1,470

4. The provision for taxation for the quarter September 30, 2013 has been made on an estimated basis.

	September 30, 2013	June 30, 2013
	unaudited	audited
	----(Rupees in thousand)----	
Note		

5. Long term finances

These are composed of:

- Long term loans	3,056,886	3,966,591
- Loan under musharika arrangement	318,750	361,250
	3,375,636	4,327,841
Less: Current portion shown under current liabilities	1,114,273	1,428,654
Total long term finances	2,261,363	2,899,187



	September 30, 2013	June 30, 2013
	unaudited	audited
	---(Rupees in thousand)---	
5.1 Long term loans		
Opening balance	4,327,841	4,207,054
Add: Disbursements during the period	-	800,000
Exchange loss during the period	53,212	105,551
	4,381,053	5,112,605
Less: Repayment during the period	1,005,417	784,764
Closing balance	3,375,636	4,327,841

6. Contingencies and commitments

6.1 Contingencies

There is no significant change in contingencies from the annual financial statements of the company for the year ended June 30, 2013.

6.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs 329.266 million (June 30, 2013: Rs 224.650 million).
- (ii) Letters of credit for capital expenditure Rs 140.343 million (June 30, 2013: Rs 666.128 million).
- (iii) Letters of credit other than capital expenditure Rs 794.53 million (June 30, 2013: Rs 1,537.405 million).

		September 30, 2013	June 30, 2013
		unaudited	audited
		---(Rupees in thousand)---	
7. Property, Plant and Equipment			
Opening book value		27,324,794	25,192,214
Add: Additions during the period/ year	7.1	2,476	3,750,420
		27,327,270	28,942,634
Less: Disposals during the period/ year - net book value		1,050	40,085
Depreciation charged during the period/ year		420,393	1,577,755
Closing book value		26,905,827	27,324,794



	September 30, 2013	June 30, 2013
	unaudited	audited
	---(Rupees in thousand)---	
7.1 Major additions during the period		
Free hold land	86	70,369
Building on freehold land	-	433,313
Office building and housing colony	-	12,503
Plant and machinery	-	2,643,407
Quarry equipment	-	146,552
Furniture, fixtures and office equipment	2,322	31,285
Motor vehicles	68	83,857
Aircraft	-	328,752
Power and water supply lines	-	382
	2,476	3,750,420

8. Investments

Cost of investments	2,710,874	2,710,874
Add: Fair value adjustments	25,860,309	23,802,704
	28,571,183	26,513,578
Less: Investments classified in current assets	19,548,825	17,862,718
Closing balance	9,022,358	8,650,860

9. Cost of sales

	July to September	
	2013	2012
	---(Rupees in thousand)---	
Raw and packing materials consumed	483,840	474,514
Salaries, wages and other benefits	286,674	253,836
Electricity, gas and water	544,071	607,874
Furnace oil/coal	1,519,812	1,771,273
Stores and spares consumed	329,872	404,317
Repair and maintenance	83,574	55,729
Insurance	15,015	14,388
Depreciation on property, plant and equipment	394,695	360,614
Amortization of intangible assets	3,229	3,229
Royalty	41,217	40,084
Excise duty	5,773	3,744
Vehicle running	8,499	6,579
Postage, telephone and telegram	1,094	817
Printing and stationery	835	1,706
Legal and professional charges	363	565
Travelling and conveyance	4,047	5,754
Estate development	2,717	2,497
Rent, rates and taxes	8,073	5,807
Freight charges	1,487	1,355
Other expenses	5,874	9,288
	3,740,761	4,023,970
Total manufacturing cost c/f		



	July to September	
	2013	2012
	---(Rupees in thousand)---	
Total manufacturing cost b/f	3,740,761	4,023,970
Opening work-in-process	856,587	322,049
Cost of goods available for manufacture	4,597,348	4,346,019
Closing work-in-process	(720,015)	(647,372)
Cost of goods manufactured	3,877,333	3,698,647
Opening stock of finished goods	320,318	254,990
Cost of goods available for sale	4,197,651	3,953,637
Closing stock of finished goods	(324,765)	(287,251)
Own consumption capitalized	(13,483)	(5,228)
Cost of goods sold	3,859,403	3,661,158

10. Transactions with related parties

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

		July to September	
		2013	2012
		---(Rupees in thousand)---	
Relationship with the Company	Nature of transaction		
Subsidiary Company	Purchase of goods and services	94,905	201,469
	Rental Income	203	203
	Interest Income	8,341	9,530
Other related parties	Purchase of goods and services	340,278	352,571
	Insurance premium	27,704	28,367
	Sale of goods	151,783	24,993
	Mark-up income	319	399
	Insurance claim received	4,921	-
	Dividend income	325,428	338,107
Key Management personnel	Salaries and other employment benefits	33,209	28,904
Post employment benefit plans	Expense charged in respect of staff retirement benefits plans	21,141	18,096

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



	July to September	
	2013	2012
	----(Rupees in thousand)----	
11. Cash flow from operating activities		
Profit before tax	1,546,246	1,513,803
Adjustment for :		
- Depreciation on property, plant and equipment	420,393	366,568
- Amortization on Intangible assets	4,613	4,613
- Profit on disposal of property, plant and equipment	(68)	(389)
- Dividend income	(325,432)	(338,110)
- Retirement and other benefits accrued	20,205	8,248
- Markup income	(60)	(10,152)
- Exchange loss - net	53,212	15,249
- Finance cost	213,320	302,851
Profit before working capital changes	1,932,429	1,862,681
- Stores, spares and loose tools	(123,301)	17,249
- Stock-in-trade	255,969	(346,683)
- Trade debts	35,691	(86,808)
- Advances, deposits, prepayments and other receivables	(347,636)	(280,860)
- Trade and other payables	172,574	(85,216)
Net working capital changes	(6,703)	(782,318)
Cash (used in)/ generated from operations	1,925,726	1,080,363

	July to September	
	2013	2012
	----(Rupees in thousand)----	
12. Cash and cash equivalents		
Short term borrowings - secured	(5,362,041)	(6,931,064)
Cash and bank balances	468,913	344,864
	(4,893,128)	(6,586,200)

13. Date of authorization

This interim financial information was authorized for issue by the Board of Directors of the Company on October 22, 2013.



14. Corresponding figures

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

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

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

Chief Executive

Director

Consolidated Financial Statements



Directors' Report

First Quarter FY14

The Directors of your company are pleased to submit their report along with consolidated condensed interim financial statements for the first quarter of FY14 ended on 30th September, 2013.

Pakistan's economy is still under pressure and looking for sincere and right direction oriented measures. Economic slump enchains all sectors. Construction is one of key indicators of economic growth. With low governmental spending on infrastructure and developmental projects and reducing gap between common man's earning and spending, construction industry, although, not at its full pace but still performing better than many other sectors. With the cement sales comparatively low the sale of cement sacks lowered with direct proportion. Separate report has been issued on holding company's affairs. NPPL loss compared with the same period of last decreased due to increased sales price and lowered cost of production but yet the subsidiary could not make a positive bottom line due to volumetric decline.

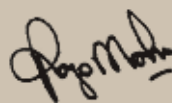
PKR in thousands

	September 13	September 12
Sales	6,037,016	6,072,510
Cost of Sales	4,010,705	3,846,952
Gross Profit	2,026,311	2,225,558
Administrative Cost	108,540	75,185
Selling Cost	324,081	578,600
Other Operating Cost	181,037	112,341
Other Income	356,596	346,886
Operational Income	1,769,249	1,806,318
Finance Cost	244,900	322,959
Income before Tax	1,524,349	1,483,359
Taxation	471,519	67,105
Net Profit	1,052,830	1,416,254

Here are the consolidated performance highlights for the quarter ended:

It is expected that with a stable economic growth the construction and its allied industry will flourish. On the other hand the management is keenly observing the vertical integration and trying to expand the sales market for NPPL.

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



Mian Raza Mansha
Chief Executive Officer

Lahore: October 22, 2013





CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

		September 2013 unaudited	June 2013 audited (re-stated)
	Note	---(Rupees in thousand)---	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
- 950,000,000 (June 30, 2013: 950,000,000) ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (June 30, 2013: 50,000,000) preference shares of Rs 10 each		500,000	500,000
		<u>10,000,000</u>	<u>10,000,000</u>
Issued, subscribed and paid up capital		4,381,191	4,381,191
Reserves		35,881,833	33,824,228
Accumulated profit		10,846,192	9,786,150
		<u>51,109,216</u>	<u>47,991,569</u>
Non-controlling interest		268,737	275,949
		<u>51,377,953</u>	<u>48,267,518</u>
NON-CURRENT LIABILITIES			
Long term finances	6	2,700,113	3,117,937
Long term deposits		66,808	65,383
Retirement and other benefits		164,448	153,020
Deferred taxation		3,541,081	3,110,893
		<u>6,472,450</u>	<u>6,447,233</u>
CURRENT LIABILITIES			
Trade and other payables		2,658,699	2,464,828
Accrued markup		131,520	145,940
Short term borrowing-secured		6,298,419	6,388,501
Current portion of non-current liabilities		1,151,732	1,471,282
Provision for taxation		35,090	35,090
		<u>10,275,460</u>	<u>10,505,641</u>
CONTINGENCIES AND COMMITMENTS			
	7	-	-
		<u>68,125,863</u>	<u>65,220,392</u>

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

Chief Executive

AS AT SEPTEMBER 30, 2013

		September 2013 unaudited	June 2013 audited (re-stated)
	Note	---(Rupees in thousand)---	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	30,208,996	29,764,372
Intangible assets		50,743	55,356
Investments	9	8,818,729	8,447,231
Long term loans, advances and deposits		100,825	96,441
		39,179,293	38,363,400
CURRENT ASSETS			
Stores, spares and loose tools		4,307,401	4,187,541
Stock-in-trade		2,206,797	2,219,664
Trade debts		397,993	481,889
Investments	9	19,548,848	17,862,741
Advances, deposits, prepayments and other receivables		2,012,446	1,605,868
Cash and bank balances		473,085	499,289
		28,946,570	26,856,992
		68,125,863	65,220,392



Director



D.G. Khan Cement Company Limited Group 1st Quarter 2014

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT - UNAUDITED

	Note	July to September	
		2013	2012
		----(Rupees in thousand)----	
Sales		6,037,016	6,072,510
Cost of sales	10	(4,010,705)	(3,846,952)
Gross profit		2,026,311	2,225,558
Administrative expenses		(108,540)	(75,185)
Selling and distribution expenses		(324,081)	(578,600)
Other operating expenses		(181,037)	(112,341)
Other income		356,596	346,886
Profit / (Loss) from operations		1,769,249	1,806,318
Finance cost		(244,900)	(322,959)
Profit before taxation		1,524,349	1,483,359
Taxation			
- Deferred Tax		(430,189)	(78,839)
- Current Tax		(41,330)	11,734
		(471,519)	(67,105)
Profit after taxation		1,052,830	1,416,254
Attributable to:			
Equity holders of the parent		1,060,042	1,427,576
Non-controlling interest		(7,212)	(11,322)
		1,052,830	1,416,254
Earning per share basic and diluted (Rupees)		2.40	3.23

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

Chief Executive

Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - UNAUDITED

	July to September	
	2013	2012
	----(Rupees in thousand)----	
Profit after taxation	1,052,830	1,416,254
Available for sale financial assets - Change in fair value	2,057,605	1,996,151
Other comprehensive income for the period	2,057,605	1,996,151
Total comprehensive income for the period	3,110,435	3,412,405
Attributable to:		
Equity holders of the parent	3,117,647	3,423,727
Non-controlling interest	(7,212)	(11,322)
	3,110,435	3,412,405

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



Chief Executive



Director



CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT - UNAUDITED



D.G. Khan Cement Company Limited Group 1st Quarter 2014

	Note	July to September	
		2013	2012
		----(Rupees in thousand)----	
Cash (used in)/ generated from operations	12	1,819,644	1,022,216
Financial cost paid		(259,320)	(313,361)
Retirement and other benefits paid.		(13,946)	(1,482)
Taxes paid		(146,444)	(76,176)
long term deposits - net		1,425	(1,665)
Net cash (used in)/ from operating activities (A)		1,401,359	629,532
Capital expenditure including purchase of property, plant and equipment		(874,290)	(582,169)
Proceeds from sale of property, plant and equipment		1,118	2,008
Long term loans and deposits - net		(4,384)	161
Interest received		60	11,231
Dividend received		325,432	338,110
Net cash from/ (used in) investing activities (B)		(552,064)	(230,659)
Repayment of long term finances		(1,005,417)	(814,764)
Proceeds from long term finances		220,000	800,000
Net cash from/ (used in) financing activities (C)		(785,417)	(14,764)
In(De)crease in cash and cash equivalents (A+B+C)		63,878	(415,891)
Cash and cash equivalents at the beginning of period		(5,889,212)	(7,096,955)
Cash and cash equivalents at the end of period	13	(5,825,334)	(7,512,846)

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 - UNAUDITED

Rupees in thousands	Capital reserve					Revenue reserve			Total share holders equity
	Share Capital	Share Premium	Fair Value Reserve	Capital Redemption Reserve Fund	General Reserve	Accumulated Profit	Total equity attributable to shareholders of parent company	Non-Controlling interest	
Balance as at June 30, 2013 - Audited	4,381,191	4,557,163	23,802,704	353,510	5,110,851	9,827,566	48,032,985	275,949	48,308,934
Effect of change in accounting policy - note 4.2	-	-	-	-	-	(41,416)	(41,416)	-	(41,416)
Balance as at June 30, 2013 (re-stated)	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	-	-	-	-	-	1,060,042	1,060,042	(7,212)	1,052,830
- Profit for the period	-	-	-	-	-	-	-	-	-
- Other comprehensive income for the period	-	-	2,057,605	-	-	-	2,057,605	-	2,057,605
Balance as at September 30, 2013 - Unaudited	4,381,191	4,557,163	25,860,309	353,510	5,110,851	10,846,192	51,109,216	268,737	51,377,953
Balance as at June 30, 2012 - Audited	4,381,191	4,557,163	13,580,112	353,510	5,110,851	5,036,891	33,019,718	330,265	33,349,983
Effect of change in accounting policy - note 4.2	-	-	-	-	-	(31,107)	(31,107)	-	(31,107)
Balance as at June 30, 2012 (re-stated)	4,381,191	4,557,163	13,580,112	353,510	5,110,851	5,005,784	32,988,611	330,265	33,318,876
Total comprehensive income for the period	-	-	-	-	-	1,427,576	1,427,576	(11,322)	1,416,254
- Profit for the period	-	-	-	-	-	-	-	-	-
- Other comprehensive income for the period	-	-	1,996,151	-	-	-	1,996,151	-	1,996,151
Balance as at September 30, 2012 - Unaudited	4,381,191	4,557,163	15,576,263	353,510	5,110,851	6,433,360	36,412,338	318,943	36,731,281

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



Chief Executive



Director

SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION-UNAUDITED



1. Legal status and nature of business

The group comprises of:

- D. G. Khan Cement Company Limited, the parent company; 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

The condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 June 2013.

3. Estimates

The preparation of the condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this financial information the significant judgments made by the management in applying accounting policies, key estimates and uncertainty includes:

- Residual value and useful life estimation of fixed assets
- Taxation
- Retirements and other benefits
- Provisions and Contingencies
- Fair value of derivatives

4. Significant accounting policies

4.1 The accounting policies adopted for the preparation of this interim consolidated financial information are the same as those applied in the preparation of the preceding annual published consolidated financial statements of the group for the year ended June 30, 2013.

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

"There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the company's accounting period beginning

from July 1, 2013 but are not considered to be relevant or to have any significant effect on the company's operations and are, therefore, not detailed in this condensed interim financial information except for IAS 19, 'Employee Benefits (amendment)', which has eliminated the corridor approach and require to calculate finance cost on net funding bases. 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 unappropriated profit / (accumulated loss) and retirement benefit for the prior period presented. No actuarial assessment has been carried out for preparation of this condensed interim financial information."



Effect of balance sheet

	As at June 30th 2013			As at June 30th 2012		
	Before Restatement	As restated	Restated	Before Restatement	As restated	Restated
	(Rupees in thousands)					
Staff gratuity	-	(63,717)	(63,717)	-	(47,857)	(47,857)
Deferred tax liability	(3,133,194)	(3,110,893)	22,301	(1,666,069)	(1,649,319)	16,750
Accumulated profit	(9,827,566)	(9,786,150)	41,416	(4,986,829)	(4,955,722)	31,107

Effect on other comprehensive Income

	As at June 30th 2013			As at June 30th 2012		
	Before Restatement	As restated	Restated	Before Restatement	As restated	Restated
	(Rupees in thousands)					
Actuarial loss recognized-net of tax	-	-	-	-	1,470	1,470

5. The provision for taxation for the quarter September 30, 2013 has been made on an estimated basis.

6. Long term finances

These are composed of:

- Long term loans
- Loan under musharika arrangement

Less: Current portion shown under current liabilities

	September 30, 2013		June 30, 2013	
	unaudited	audited	unaudited	audited
	----(Rupees in thousand)----			
	3,526,886	4,216,591	318,750	361,250
	3,845,636	4,577,841		
	1,145,523	1,459,904		
	<u>2,700,113</u>	<u>3,117,937</u>		

Note

6.1



	September 30, 2013	June 30, 2013
	unaudited	audited
	---(Rupees in thousand)---	
6.1 Long term loans		
Opening balance	4,577,841	6,885,851
Add: Disbursements during the period	220,000	800,000
Exchange loss during the period	53,212	154,102
	4,851,053	7,839,953
Less: Repayment during the period	1,005,417	3,262,112
	3,845,636	4,577,841

7. Contingencies and commitments

7.1 Contingencies

There is no significant change in contingencies from the annual financial statements of the company for the year ended June 30, 2013.

7.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs 329.266 million (June 30, 2013: Rs 224.650 million).
- (ii) Letters of credit for capital expenditure Rs 140.343 million (June 30, 2013: Rs 666.128 million).
- (iii) Letters of credit other than capital expenditure Rs 1,071.071 million (June 30, 2013: Rs 1,844.562 million).

		September 30, 2013	June 30, 2013
		unaudited	audited
		---(Rupees in thousand)---	
8. Property, Plant and Equipment			
Opening book value		28,348,192	26,076,700
Add: Additions during the period/ year	8.1	2,489	3,929,847
		28,350,681	30,006,547
Less: Disposals during the period/ year - net book value		1,050	40,142
Depreciation charged during the period/ year		428,616	1,618,213
		27,921,015	28,348,192
8.1 Major additions during the period			
Free hold land		86	70,369
Building on freehold land		-	436,745
Office building and housing colony		-	12,503
Plant and machinery		-	2,819,309
Quarry equipment		-	146,552
Furniture, fixtures and office equipment		2,335	31,310
Motor vehicles		68	83,925
Aircraft		-	328,752
Power and water supply lines		-	382
		2,489	3,929,847



	September 30, 2013	June 30, 2013
	unaudited	audited
	----(Rupees in thousand)----	
9. Investments		
Cost of investments	2,507,268	2,507,268
Add: Fair value adjustments	25,860,309	23,802,704
	<u>28,367,577</u>	<u>26,309,972</u>
Less: Investments classified in current assets	19,548,848	17,862,741
Closing balance	<u>8,818,729</u>	<u>8,447,231</u>
	July to September	
	2013	2012
	----(Rupees in thousand)----	
10 Cost of sales		
Raw and packing materials consumed	645,909	646,976
Salaries, wages and other benefits	293,461	259,835
Electricity, gas and water	541,045	612,668
Furnace oil/coal	1,524,537	1,771,273
Stores and spares consumed	335,809	417,218
Repair and maintenance	86,024	56,041
Insurance	16,310	15,687
Depreciation on property, plant and equipment	402,872	369,705
Depreciation on assets subject to finance lease	-	7,957
Amortization of intangible assets	3,229	3,229
Royalty	41,217	40,084
Excise duty	5,773	3,744
Vehicle running	8,659	6,679
Postage, telephone and telegram	1,104	819
Printing and stationery	835	1,708
Legal and professional charges	463	565
Travelling and conveyance	4,329	5,754
Estate development	2,717	2,497
Rent, rates and taxes	8,087	6,010
Freight charges	1,538	1,440
Other expenses	5,909	9,443
Total manufacturing cost	<u>3,929,827</u>	<u>4,239,332</u>
Opening work-in-process	856,587	322,049
Cost of goods available for manufacture	<u>4,786,414</u>	<u>4,561,381</u>
Closing work-in-process	(720,015)	(647,372)
Cost of goods manufactured	<u>4,066,399</u>	<u>3,914,009</u>
Opening stock of finished goods	368,948	300,619
Cost of goods available for sale	<u>4,435,347</u>	<u>4,214,628</u>
Closing stock of finished goods	(411,159)	(362,448)
Own consumption capitalized	(13,483)	(5,228)
Cost of goods sold	<u>4,010,705</u>	<u>3,846,952</u>



11. 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 Company	Nature of transaction	July to September	
		2013	2012
----(Rupees in thousand)----			
Other related parties	Purchase of goods and services	340,278	352,571
	Insurance premium	27,704	28,367
	Sale of goods	151,783	24,993
	Mark-up income	319	399
	Insurance claim received	4,921	-
	Dividend income	325,428	338,107
Key Management personnel	Salaries and other employment benefits	33,209	28,904
Post employment benefit plans	Expense charged in respect of staff retirement benefits plans	21,141	18,096

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

12. Cash flow from operating activities

Profit before tax	1,524,349	1,483,359
Adjustment for :		
- Depreciation on property, plant and equipment	428,616	375,682
- Amortization on Intangible assets	4,613	4,613
- Depreciation on assets subject to finance lease	-	7,957
- Profit on disposal of property, plant and equipment	(68)	(389)
- Dividend income	(325,432)	(338,110)
- Retirement and other benefits accrued	20,205	8,248
- Markup income	(60)	(11,231)
- Exchange loss - net	53,212	15,249
- Finance cost	244,900	322,959
Profit before working capital changes	1,950,335	1,868,337
- Stores, spares and loose tools	(119,860)	8,658
- Stock-in-trade	12,867	(371,290)
- Trade debts	83,896	(64,178)
- Advances, deposits, prepayments and other receivables	(301,465)	(389,757)
- Trade and other payables	193,871	(29,554)
Net working capital changes	(130,691)	(846,121)
Cash (used in)/ generated from operations	1,819,644	1,022,216



	July to September	
	2013	2012
	---(Rupees in thousand)---	
13. Cash and cash equivalents		
Short term borrowings - secured	(6,298,419)	(7,883,925)
Cash and bank balances	473,085	371,079
	(5,825,334)	(7,512,846)

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 September 2013	July to September 2012	July to September 2013	July to September 2012	July to September 2013	July to September 2012	July to September 2013	July to September 2012
Revenue from								
- External Customers	5,854,073	5,874,038	182,943	198,472	-	-	6,037,016	6,072,510
- Inter-group	-	-	150,788	173,680	(150,788)	(173,680)	-	-
	5,854,073	5,874,038	333,731	372,152	(150,788)	(173,680)	6,037,016	6,072,510
Segment gross profit	1,994,670	2,212,880	39,497	12,217	(7,856)	461	2,026,311	2,225,558
Segment expenses	(600,313)	(751,969)	(4,424)	(4,831)	(8,921)	(9,326)	(613,658)	(766,126)
Other income	365,209	355,743	540	1,079	(9,153)	(9,936)	356,596	346,886
Financial charges	(213,320)	(302,851)	(49,451)	(39,168)	17,871	19,060	(244,900)	(322,959)
Taxation	(478,993)	(74,905)	7,474	7,800	-	-	(471,519)	(67,105)
Profit after taxation	1,067,253	1,438,898	(6,364)	(22,903)	(8,059)	259	1,052,830	1,416,254
Depreciation	420,393	366,639	8,223	6,617	-	(3,551)	428,616	369,705
Capital expenditure	(874,267)	(574,122)	(344)	(182)	321	(7,865)	(874,290)	(582,169)
Cash to operations	1,615,739	727,279	(214,697)	(104,970)	317	7,223	1,401,359	629,532
Cash from investing	(552,041)	(223,689)	295	252	(318)	(7,222)	(552,064)	(230,659)
	30-09-2013 unaudited	30-6-2013 audited	30-09-2013 unaudited	30-6-2013 audited	30-09-2013 unaudited	30-6-2013 audited	30-09-2013 unaudited	30-6-2013 audited
Segment assets	66,268,071	63,526,719	2,203,702	1,930,009	(345,910)	(236,336)	68,125,863	65,220,392
Segment liabilities	15,144,999	15,528,505	1,928,963	1,648,907	(326,052)	(224,538)	16,747,910	16,952,874



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 Company on October 22, 2013.

16. Corresponding figures

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

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



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