

STRUCTURING LIFE



First Quarter Report,
September 30, **2016**
(Un-audited)



D.G. KHAN CEMENT COMPANY LIMITED

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Company Information



Board of Directors

Mrs. Naz Mansha
Mr. Raza Mansha
Mr. Khalid Niaz Khawaja
Mr. Khalid Qadeer Qureshi
Mr. Farid Noor Ali Fazal
Mr. Shahzad Ahmad Malik
Ms. Nabiha Shahnawaz Cheema

Chairperson
Chief Executive

Audit Committee

Mr. Khalid Niaz Khawaja
Mr. Khalid Qadeer Qureshi
Ms. Nabiha Shahnawaz Cheema

Member/Chairman
Member
Member

Human Resource & Remuneration Committee

Mr. Khalid Qadeer Qureshi
Mr. Raza Mansha
Ms. Nabiha Shahnawaz Cheema

Member/Chairman
Member
Member

Company Secretary

Mr. Khalid Mahmood Chohan

Management

Mr. Raza Mansha
Mr. Aftab Ahmad Khan
Dr. Arif Bashir

Mr. Farid Noor Ali Fazal
Mr. Inayat Ullah Niazi

Chief Executive Officer
Director Finance
Director Technical & Operations
Director Marketing
Chief Financial Officer

Local Bankers

Allied Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Bank Islami Pakistan Limited
Citibank N.A.
Dubai Islamic Bank
Faysal Bank Limited
Habib Bank Limited Limited
Habib Metropolitan Bank
MCB Bank Limited

MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Samba Bank Limited
Soneri Bank Limited
Standard Chartered Bank
(Pakistan) Limited
The Bank of Punjab
United Bank Limited

External Auditors

A.F. Ferguson & Co., Chartered Accountants

Cost Auditors

Hasnain Ali & Company, Chartered Accountants

Legal Advisors

Mr. Shahid Hamid, Bar-at-Law

CUIN

0006469

NTN

1213275-6

Symbol

DGKC



Registered Office

Nishat House, 53-A, Lawrence Road,
Lahore-Pakistan
UAN: 92 42 111 11 33 33
Fax: 92 42 36367414
Email: info@dgcement.com
web site: www.dgcement.com

Factory

Khofli Sattai, Distt., Dera Ghazi Khan-Pakistan
Phone: 92-641-460025-7
Fax: 92-641-462392
Email: dgsite@dgcement.com

12, K.M. Choa Saidan Shah Road,
Khairpur, Tehsil Kallar Kahar,
Distt. Chakwal-Pakistan
Phone: 92-543-650215-8
Fax: 92-543-650231

Share Registrar

THK Associates (Pvt) Ltd
Head Office, Karachi
2nd Floor, State Life Building No. 3,
Dr. Zia Uddin Ahmed Road, Karachi
Tel: (021) 111 000 322
Fax: (021) 35655595

Branch Office, Lahore
2nd Floor, DYL Motorcycles Ltd. Office Building,
Plot No. 346 Block No. G-III,
Khokar Chowk, Main Boulevard, Johar Town, Lahore
Tel: (042) 35290577, Fax (042) 35290667

For Investors' Information, Comments, Inquiries, Complaints:

Mr. Inayat Ullah Niazi
Chief Financial Officer
E-mail: iniaz@dgcement.com
Phone: 0092 42 111 11 33 33

Mr. Khalid Mehmood Chohan
Company Secretary
E-mail: kchohan@dgcement.com
Phone: 0092 42 111 11 33 33



The directors of your company are pleased to present you the FY17 first quarter's performance numbers:

	<i>PKR in thousands</i>	
	Q1FY17	Q1FY16
Sales	6,599,119	6,244,161
Cost of sales	(3,688,051)	(3,865,068)
Gross profit	2,911,068	2,379,093
Administrative expenses	(125,936)	(108,861)
Selling and distribution expenses	(254,499)	(207,190)
Other operating expenses	(208,503)	(240,249)
Other income	517,240	480,423
Profit from operations	2,839,370	2,303,216
Finance cost	(73,813)	(29,625)
Profit before taxation	2,765,557	2,273,591
Taxation	(858,000)	(551,748)
Profit after taxation	1,907,557	1,721,843
EPS	4.35	3.93

Production and Sales volumetric data is as under:

	<i>Figures in MT</i>	
	Q1FY17	Q1FY16
Clinker Production	979,921	848,954
Cement Production	1,025,959	917,523
Total Sales	978,701	919,694
Local Sales	824,617	758,927
Exports Sales	154,084	160,767

In comparison with comparative quarter clinker production increased by 15% and cement production rose by 12%. Clinker production reached 97% of capacity. Local sales grew by about 9% and exports declined by 4%. Overall despatches increased by about 6%. Industrial growth on local and exports front is about 9% and 3% respectively. Industrial utilization for Q1 is about 78%.

In value terms sales grew by 5.6% with corresponding decline of 4.5% in cost of sales which gave a boost of 22% in gross profit. Profit after tax increased by 10.8%. Gross profit is 44% in quarter under review as compared to 38% of comparative quarter. Increase in sales volumes, favourable prices of coal and furnace oil are major contributory to GP boost. Profit after tax remained at about 28.9% of sales as compared to 27.5% of comparative quarter.



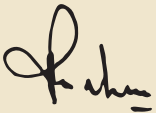
For the running financial year a couple of international lending institutions are of the view that Pakistan's economy will grow. Inflation will increase and current account deficit to widen.

Oil prices could increase which could bring up the inflation level. Rising coal prices can affect the profitability trend. Price change is expected to be mainly in link with demand and supply position. However, the downward impacts on profitability would be countered if volumetric growth keeps the recent previous trend. A couple of months of winter may cast some seasonal sluggish influence as well.

Hub Project is progressing day by day and all timelines are being met.

We thank all our stakeholders and admire efforts of our employees.

For and on behalf of the Board



Raza Mansha
Chief Executive Officer

October 27, 2016



تقابلی سہ ماہی سے کلکٹر کی پیداوار 15 فیصد تک بڑھ گئی جبکہ سیمنٹ کی پیداوار 12 فیصد زیادہ ہوئی۔ کلکٹر کی پیداوار، صلاحیت کا 97 فیصد رہی۔ مقامی فروخت میں تقریباً 9 فیصد اضافہ ہوا اور برآمدات میں 4 فیصد تک کمی آئی۔ مجموعی ترسیلات میں تقریباً 6 فیصد کا اضافہ ہوا۔ مقامی اور برآمداتی ترسیلات کے اعتبار سے صنعتی ترقی بالترتیب تقریباً 9 فیصد اور 3 فیصد کے حساب سے بڑھی ہے۔ پہلی سہ ماہی کے لئے صنعت کی مستعمل صلاحیت تقریباً 78 فی صد رہی۔

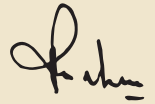
قدر کے لحاظ سے فروخت 5.6 فیصد بڑھی جبکہ فروخت کی لاگت میں 4.5 فیصد کمی ہوئی جس نے مجموعی منافع میں 22 فیصد فروغ دیا۔ بعد از ٹیکس منافع 10.8 فیصد تک بڑھ گیا۔ تقابلی سہ ماہی کے 38 فیصد کے مقابلے میں مجموعی منافع زیر جائزہ سہ ماہی میں 44 فیصد ہے۔ فروخت کے حجم میں اضافہ، کونسلے اور فرنس آئل کی سازگار قیمتیں مجموعی منافع کو فروغ دینے کی اہم معاون رہیں۔ تقابلی سہ ماہی کے 27.5 فیصد کے مقابلے میں بعد از ٹیکس منافع فروخت کا تقریباً 28.9 فیصد رہا۔

رواں مالی سال کے لیے چند بین الاقوامی قرض دہندہ اداروں کے پیش نظر پاکستان کی معیشت میں ترقی ہوگی۔ افراط زر اور کرنٹ اکاؤنٹ خسارہ میں اضافہ ہوگا۔

خام تیل کی قیمتوں میں اضافہ ہو سکتا ہے جو افراط زر کو بڑھا سکتا ہے۔ کونسلے کی بڑھتی ہوئی قیمتیں منافع کے رجحان کو متاثر کر سکتی ہیں۔ قیمت کی تبدیلی کا بنیادی انحصار طلب اور رسد کی پوزیشن کے ساتھ منسلک ہے۔ تاہم منافع پر منفی اثرات مندمل ہو سکتے ہیں، اگر حجمی فروخت ماضی قریب کی حجمی ترقی کے نقش قدم پر چلتی رہی۔ موسم سرما کے چند ماہ کچھ موسمی سست روی کے اثرات ڈال سکتے ہیں۔

حب منصوبہ روز بروز تکمیل کی جانب گامزن ہے اور تمام ٹائم لائنز پوری ہو رہی ہیں۔

ہم اپنے تمام اسٹیک ہولڈرز کی حمایت کے شکر گزار اور اپنے تمام ملازمین کی ان تھک کوششوں کو سراہتے ہیں۔



مخائب بورڈ

رضان شا

چیف ایگزیکٹو آفیسر

12 اکتوبر 2016ء

آپ کی کمپنی کی مجلس نظامی مالی سال 2017ء کی پہلی سہ ماہی کی کارکردگی کے اعداد و شمار پیش کرتے ہوئے خوشی محسوس کرتی ہے۔

پاکستانی روپے ہزاروں میں

پہلی سہ ماہی مالی سال 2016	پہلی سہ ماہی مالی سال 2017	
6,244,161	6,599,119	فروخت
(3,865,068)	(3,688,051)	قیمت فروخت
2,379,093	2,911,068	مجموعی منافع
(108,861)	(125,936)	انتظامی اخراجات
(207,190)	(254,499)	فروخت اور تقسیم کے اخراجات
(240,249)	(208,503)	دیگر معاملاتی اخراجات
480,423	517,240	دیگر آمدنی
2,303,216	2,839,370	آپریٹنگ سے نفع
(29,625)	(73,813)	مالی لاگت
2,273,591	2,765,557	ٹیکسیشن سے قبل منافع
(551,748)	(858,000)	ٹیکسیشن
1,721,843	1,907,557	ٹیکسیشن کے بعد منافع
3.93	4.35	فی شیئر آمدنی

پیداوار اور فروختی حجم کے اعداد و شمار درج ذیل ہیں:

اعداد و شمار میٹرک ٹن میں

پہلی سہ ماہی مالی سال 2016	پہلی سہ ماہی مالی سال 2017	
848,954	979,921	کلنکر کی پیداوار
917,523	1,025,959	سیمنٹ کی پیداوار
919,694	978,701	کل فروخت
758,927	824,617	مقامی فروخت
160,767	154,084	برآمد فروخت



Condensed Interim Unconsolidated

	Note	September 2016 unaudited (Rupees in thousand)	June 2016 audited
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
- 950,000,000 (June 30, 2016: 950,000,000) ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (June 30, 2016: 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		35,500,338	34,238,885
Accumulated profit		29,070,910	27,163,353
		68,952,439	65,783,429
NON-CURRENT LIABILITIES			
Long term finances	5	2,175,000	2,400,000
Long term deposits		91,929	77,813
Retirement and other benefits		116,667	111,334
Deferred taxation		5,033,055	4,989,055
		7,416,651	7,578,202
CURRENT LIABILITIES			
Trade and other payables		4,481,505	5,366,340
Accrued markup		48,968	52,931
Short term borrowing-secured		3,664,329	3,451,352
Current portion of non-current liabilities		1,201,154	1,150,921
Derivative financial instrument		-	-
Provision for taxation		35,090	35,090
		9,431,046	10,056,634
Contingencies and Commitments	6	-	-
		85,800,136	83,418,265

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

Chief Executive



	Note	<u>September 2016</u> unaudited (Rupees in thousand)	<u>June 2016</u> audited
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	44,057,021	39,576,830
Investments	8	14,183,232	12,947,976
Long term loans, advances and deposits		58,258	57,938
		<u>58,298,511</u>	<u>52,582,744</u>
CURRENT ASSETS			
Stores, spares and loose tools		4,044,826	4,006,181
Stock-in-trade		864,432	766,633
Trade debts		230,695	201,574
Investments	8	17,883,214	17,819,005
Advances, deposits, prepayments and other receivables		1,025,478	584,447
Income tax receivable		508,057	433,136
Derivative financial instrument		11,866	14,701
Cash and bank balances		2,933,057	7,009,844
		<u>27,501,625</u>	<u>30,835,521</u>
		<u>85,800,136</u>	<u>83,418,265</u>

David Dajal
Director

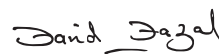
Condensed Interim Unconsolidated - Unaudited

	Note	July to September	
		2016	2015
(Rupees in thousand)			
Sales		6,599,119	6,244,161
Cost of sales	9	(3,688,051)	(3,865,068)
Gross profit		2,911,068	2,379,093
Administrative expenses		(125,936)	(108,861)
Selling and distribution expenses		(254,499)	(207,190)
Other operating expenses		(208,503)	(240,249)
Other income		517,240	480,423
Profit from operations		2,839,370	2,303,216
Finance cost		(73,813)	(29,625)
Profit before taxation		2,765,557	2,273,591
Taxation	10	(858,000)	(551,748)
Profit after taxation		1,907,557	1,721,843
Earning per share basic and diluted		4.35	3.93

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



Chief Executive



Director



Statement of Comprehensive Income

Condensed Interim Unconsolidated - Unaudited

	July to September	
	2016	2015
	(Rupees in thousand)	
Profit after taxation	1,907,557	1,721,843
Available for sale financial assets		
- Change in fair value	1,261,453	(2,396,789)
- Realized gain through profit and loss account	-	-
- Tax expense	-	-
Other comprehensive income for the period	1,261,453	(2,396,789)
Total comprehensive income for the period	<u>3,169,010</u>	<u>(674,946)</u>

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

Chief Executive

Director





Condensed Interim Unconsolidated - Unaudited

		July to September	
	Note	2016	2015
		(Rupees in thousand)	
Cash generated from operations	12	1,370,947	1,955,852
Financial cost paid		(77,776)	(29,287)
Retirement and other benefits paid		(21,309)	(20,487)
Taxes paid		(888,921)	(303,750)
long term deposits - net		14,116	(74)
Net cash from operating activities [A]		397,057	1,602,254
Capital expenditure including purchase of property, plant and equipment		(4,990,112)	(1,752,067)
Proceeds from sale of property, plant and equipment		2,687	2,300
Long term loans and deposits - net		(320)	(308)
Investment in equity instruments		(38,012)	4,564,281
Interest received		65,791	67,607
Dividend received		448,145	409,109
Net cash (used in) / from investing activities [B]		(4,511,821)	3,290,922
Repayment of long term finances		(175,000)	(40,000)
Proceeds from long term finances		-	1,800,000
Net cash (used in) / from financing activities [C]		(175,000)	1,760,000
(Decrease) / Increase in cash and cash equivalents [A+B+C]		(4,289,764)	6,653,176
Cash and cash equivalents at the beginning of period		3,558,492	(1,568,349)
Cash and cash equivalents at the end of period	13	(731,272)	5,084,827

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

Chief Executive

Director

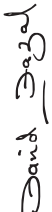


Condensed Interim Unconsolidated - Unaudited

	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, 2016 - Audited	4,381,191	4,557,163	24,256,385	353,510	5,071,827	27,163,353	65,783,429
Total comprehensive income for the period	-	-	-	-	-	1,907,557	1,907,557
- Profit for the period	-	-	-	-	-	-	-
- Other comprehensive loss for the period	-	-	1,261,453	-	-	-	1,261,453
Balance as at September 30, 2016 - Unaudited	4,381,191	4,557,163	25,517,838	353,510	5,071,827	29,070,910	68,952,439
Balance as at June 30, 2015 - Audited	4,381,191	4,557,163	27,405,272	353,510	5,071,827	20,527,108	62,296,071
Total comprehensive income for the period	-	-	-	-	-	1,721,843	1,721,843
- Profit for the period	-	-	-	-	-	-	-
- Other comprehensive loss for the period	-	-	(2,396,789)	-	-	-	(2,396,789)
Balance as at September 30, 2015 - Unaudited	4,381,191	4,557,163	25,008,483	353,510	5,071,827	22,248,951	61,621,125

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


Chief Executive


Director

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 Pakistan Stock Exchange. 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, 2016 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.

- 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

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, 2016.

4. 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.

	September 30, 2016	June 30, 2016
	Un-audited	audited
	(Rupees in thousand)	

5. Long term finances

These are composed of:

- Long term loans

-note 5.1

Less: Current portion shown under current liabilities

Total long term finances

	3,363,484	3,538,251
	3,363,484	3,538,251
	1,188,484	1,138,251
	<u>2,175,000</u>	<u>2,400,000</u>
	3,538,251	1,348,522
	-	3,300,000
	233	30,102
	<u>3,538,484</u>	<u>4,678,624</u>
	175,000	1,140,373
	<u>3,363,484</u>	<u>3,538,251</u>

5.1 Long term loans

Opening balance

Add: Disbursements during the period

Exchange loss during the period

Less: Repayment during the period

Closing balance

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, 2016.

6.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs 211.646 million (June 30, 2016: Rs 274.83 million).
- (ii) Letters of credit for capital expenditure Rs 10,744.766 million (June 30, 2016: Rs 11,142.576 million).
- (iii) Letters of credit other than capital expenditure Rs 226.039 million (June 30, 2016: Rs 1,152.906 million).

September 30, 2016	June 30, 2016
Un-audited	audited
(Rupees in thousand)	

7. Property, plant and equipment

Operating assets	-note 7.1	31,326,896	31,806,997
Capital work-in-progress		12,634,757	7,674,465
Major spare parts and stand-by equipment		95,368	95,368
		<u>44,057,021</u>	<u>39,576,830</u>

7.1 Operating assets

Opening book value		31,806,997	27,979,032
Add: Additions during the period/ year	-note 7.1.1	29,820	5,730,167
		<u>31,836,817</u>	<u>33,709,199</u>
Less: Disposals during the period/ year - net book value		2,643	30,336
Depreciation charged during the period/ year		507,278	1,871,866
Closing book value		<u>31,326,896</u>	<u>31,806,997</u>

7.1.1 Major additions during the period

Free hold land	-	829,502
Building on freehold land	-	1,133,793
Office building and housing colony	-	426,872
Plant and machinery	17,212	2,911,098
Quarry equipment	980	163,922
Furniture, fixtures and office equipment	6,721	83,061
Motor vehicles	4,907	134,756
Power and water supply lines	-	47,163
	<u>29,820</u>	<u>5,730,167</u>

8. Investments

Cost of investments	6,548,608	6,510,596
Cumulative fair value gain	25,517,838	24,256,385
Total investments	<u>32,066,446</u>	<u>30,766,981</u>
Less: Investments classified in current assets	17,883,214	17,819,005
Closing balance	<u>14,183,232</u>	<u>12,947,976</u>

9. Cost of sales

Raw and packing materials consumed	525,640	505,854
Salaries, wages and other benefits	437,505	390,566
Electricity, gas and water	668,488	686,235
Furnace oil/coal	1,355,189	1,364,160
Stores and spares consumed	313,238	296,312
Repair and maintenance	32,412	50,160
Insurance	16,653	16,540
Depreciation on property, plant and equipment	488,974	441,396
Amortization of intangible assets	-	3,229
Royalty	76,051	65,961
Excise duty	7,241	6,271
Vehicle running	5,123	6,742
Postage, telephone and telegram	951	1,236
Printing and stationery	2,769	482
Legal and professional charges	1,482	153
Travelling and conveyance	2,124	2,067
Estate development	5,023	4,240
Rent, rates and taxes	14,201	10,519
Freight charges	6,228	5,471
Other expenses	4,775	4,694
Total manufacturing cost	3,964,067	3,862,288
Opening work-in-process	166,940	508,578
Cost of goods available for manufacture	4,131,007	4,370,866
Closing work-in-process	(282,013)	(508,691)
Cost of goods manufactured	3,848,994	3,862,175
Opening stock of finished goods	185,342	305,741
Cost of goods available for sale	4,034,336	4,167,916
Closing stock of finished goods	(277,265)	(290,850)
Own consumption capitalized	(69,020)	(11,998)
Cost of goods sold	3,688,051	3,865,068

10. Taxation

Current tax	(678,000)	(439,051)
Deferred tax	(180,000)	(112,697)
	(858,000)	(551,748)

11. Transactions with related parties

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

Relationship with the Company	Nature of transaction	July to September	
		2016	2015
(Rupees in thousand)			
Subsidiary Company	Purchase of goods and services	219,643	297,816
	Sale of goods and services	11,170	6,355
	Rental Income	208	208
	Dividend income	38,393	-
Other related parties	Purchase of goods and services	555,737	379,674
	Insurance premium	34,648	20,284
	Sale of goods	9,209	50,414
	Mark-up income	-	160
	Insurance claim received	901	-
	Dividend income	409,109	409,109
Key Management personnel	Salaries and other employment benefits	56,198	49,297
Post employment benefit plans	Expense charged in respect of staff retirement benefits plans	28,097	25,588

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

12. Cash flow from operating activities

Profit before tax	2,765,557	2,273,591
Adjustment for :		
- Depreciation on property, plant and equipment	507,278	459,952
- Amortization on Intangible assets	-	4,613
- Profit on disposal of property, plant and equipment	(44)	(570)
- Dividend income	(448,145)	(409,109)
- Retirement and other benefits accrued	26,642	24,140
- Markup income	(65,791)	(67,607)
- Exchange loss - net	233	25,182
- Finance cost	73,813	29,625
Profit before working capital changes	2,859,543	2,339,817
- Stores, spares and loose tools	(38,645)	(777,901)
- Stock-in-trade	(97,799)	73,958
- Trade debts	(29,121)	35,030
- Advances, deposits, prepayments and other receivables	(438,196)	(172,121)
- Trade and other payables	(884,835)	457,069
Net working capital changes	(1,488,596)	(383,965)
Cash generated from operations	1,370,947	1,955,852

13. Cash and cash equivalents

Short term borrowings - secured	(3,664,329)	(1,590,054)
Cash and bank balances	2,933,057	6,674,881
Total cash and cash equivalents	(731,272)	5,084,827

14. Date of authorization

This interim financial information was authorized for issue by the Board of Directors of the Company on October 27, 2016.

15. 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.



Chief Executive



Director



Consolidated Financial Statements





Condensed Interim Consolidated

	Note	September 2016 unaudited (Rupees in thousand)	June 2016 audited
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
- 950,000,000 (June 30, 2016: 950,000,000) ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (June 30, 2016: 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		35,466,685	34,205,232
Accumulated profit		28,882,374	27,108,337
		<u>68,730,250</u>	<u>65,694,760</u>
Non-controlling interest		1,963,862	2,041,337
		<u>70,694,112</u>	<u>67,736,097</u>
NON-CURRENT LIABILITIES			
Long term finances	5	2,288,750	2,513,750
Long term deposits		91,929	77,813
Retirement and other benefits		116,667	111,335
Deferred taxation		5,420,939	5,379,939
		<u>7,918,285</u>	<u>8,082,837</u>
CURRENT LIABILITIES			
Trade and other payables		4,773,542	5,296,293
Accrued markup		48,968	60,421
Short term borrowing-secured		3,992,361	3,750,006
Current portion of non-current liabilities		1,291,154	1,284,046
Provision for taxation		35,090	35,090
		<u>10,141,115</u>	<u>10,425,856</u>
Contingencies and Commitments	6	-	-
		<u>88,753,512</u>	<u>86,244,790</u>

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

Chief Executive



	Note	<u>September 2016</u> unaudited (Rupees in thousand)	<u>June 2016</u> audited
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	47,509,497	43,067,616
Biological assets		563,393	660,491
Investments	8	14,252,298	10,441,240
Long term loans, advances and deposits		59,163	58,842
		<u>62,384,351</u>	<u>54,228,189</u>
CURRENT ASSETS			
Stores, spares and loose tools		4,177,117	4,124,476
Stock-in-trade		1,485,594	1,338,211
Trade debts		605,795	524,974
Investments	8	15,358,423	17,819,047
Advances, deposits, prepayments and other receivables		1,230,371	604,398
Income tax recoverable		531,155	568,700
Derivative financial instrument		11,866	14,701
Cash and bank balances		2,968,840	7,022,094
		<u>26,369,161</u>	<u>32,016,601</u>
		<u>88,753,512</u>	<u>86,244,790</u>

Daid Dajal
Director

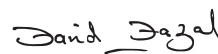
Condensed Interim Consolidated - Unaudited

	Note	July to September	
		2016	2015
		(Rupees in thousand)	
Sales		7,117,094	6,725,112
Cost of sales	9	(4,167,769)	(4,471,525)
Gross profit		2,949,325	2,253,587
Administrative expenses		(139,037)	(118,118)
Selling and distribution expenses		(257,548)	(210,379)
Other operating expenses		(297,564)	(394,367)
Other income		443,739	482,706
Profit from operations		2,698,915	2,013,429
Finance cost		(84,837)	(51,274)
Profit before taxation		2,614,078	1,962,155
Taxation	10	(886,103)	(571,587)
Profit after taxation		1,727,975	1,390,568
Attributable to:			
Equity holders of the parent		1,774,037	1,539,280
Non-controlling interest		(46,062)	(148,712)
		1,727,975	1,390,568
Earning per share basic and diluted (Rupees)		3.94	3.17

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



Chief Executive



Director



Statement of Comprehensive Income

Condensed Interim Consolidated - Unaudited

July to September

2016

2015

(Rupees in thousand)

Profit after taxation

1,727,975

1,390,568

Available for sale financial assets

- Change in fair value

1,261,453

(2,396,789)

Other comprehensive income for the period

1,261,453

(2,396,789)

Total comprehensive income for the period

2,989,428

(1,006,221)

Attributable to:

Equity holders of the parent

3,035,490

(857,509)

Non-controlling interest

(46,062)

(148,712)

2,989,428

(1,006,221)

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

Chief Executive

Director





Condensed Interim Consolidated - Unaudited

	Note	July to September	
		2016	2015
		(Rupees in thousand)	
Cash generated from operations	12	1,233,741	1,814,690
Financial cost paid		(96,290)	(64,762)
Retirement and other benefits paid.		(21,310)	(20,487)
Taxes paid		(639,660)	(317,973)
long term deposits - net		14,116	(74)
Net cash from operating activities [A]		490,597	1,411,394
Capital expenditure including purchase of property, plant and equipment		(4,929,461)	(1,588,484)
Proceeds from sale of property, plant and equipment		5,786	5,786
Long term loans and deposits - net		(321)	(308)
Investment - net		(88,981)	4,564,283
Interest received		67,607	67,607
Dividend received		409,752	409,109
Net cash (used in) / from investing activities [B]		(4,536,668)	3,457,993
Proceeds from long term finances		-	1,800,000
Repayment of long term finances		(218,125)	(83,125)
Dividend paid to non-controlling interest		(31,413)	-
Net cash (used in) / from financing activities [C]		(249,538)	1,716,875
(Decrease) / Increase in cash and cash equivalents [A+B+C]		(4,295,609)	6,586,262
Cash and cash equivalents at the beginning of period		3,272,088	(2,082,557)
Cash and cash equivalents at the end of period	13	(1,023,521)	4,503,705

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

Chief Executive

Director



Condensed Interim Consolidated - Unaudited

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 June 30, 2016 - Audited	4,381,191	4,557,163	24,183,708	353,510	5,110,851	27,108,337	65,694,760	2,041,337	67,736,097
Total comprehensive income for the period									
- Profit for the period	-	-	-	-	-	1,774,037	1,774,037	(46,062)	1,727,975
- Other comprehensive loss for the period	-	-	1,261,453	-	-	-	1,261,453	-	1,261,453
- Final dividend for the year	-	-	-	-	-	-	-	-	-
ended June 30, 2016 (Rs 1.5 per share)	-	-	-	-	-	-	-	(31,413)	(31,413)
Balance as at September 30, 2016 - Unaudited	4,381,191	4,557,163	25,445,161	353,510	5,110,851	28,882,374	68,730,250	1,963,862	70,694,112
Balance as at June 30, 2015 - Audited	4,381,191	4,557,163	27,330,748	353,510	5,110,851	20,708,896	62,442,359	2,232,260	64,674,619
Total comprehensive income for the period									
- Profit for the period	-	-	-	-	-	1,539,282	1,539,282	(148,714)	1,390,568
- Other comprehensive loss for the period	-	-	(2,396,789)	-	-	-	(2,396,789)	-	(2,396,789)
Balance as at September 30, 2015 - Unaudited	4,381,191	4,557,163	24,933,959	353,510	5,110,851	22,248,178	61,584,852	2,083,546	63,668,398

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


Chief Executive


Director

1. Legal status and nature of business

The group comprises of:

- D. G. Khan Cement Company Limited ("the Parent Company");
- Nishat Paper Products Company Limited ("NPPCL")
- Nishat Dairy (Private) Limited ("NDL")

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

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

Nishat Dairy (private) Limited (the company) was incorporated in Pakistan under the Companies Ordinance 1984 on October 28, 2011. The principally activity of the company is to carry on the business of production of raw milk.

2. Basis of preparation

The condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended June 30, 2016.

3. Significant accounting policies

3.1 The accounting policies adopted for the preparation of this interim consolidated financial information are the same as those applied in the preparation of the preceding annual published consolidated financial statements of the group for the year ended June 30, 2016.

3.2 Significant accounting estimates, judgements and financial risk:

The preparation of this condensed interim financial information in conformity with the approved accounting standards as applicable in Pakistan for interim reporting to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognised prospectively commencing from the period of revision.

Judgements and estimates made by the management in the preparation of this condensed interim consolidated financial information are the same as those applied to the financial statements as at and for the year ended June 30, 2016.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2016.

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.

	September 30, 2016	June 30, 2016
	Un-audited	audited
	(Rupees in thousand)	

5. Long term finances

These are composed of:

Long term loans	3,567,234	3,785,126
	-note 5.1	
	3,567,234	3,785,126
Less: Current portion shown under current liabilities	1,278,484	1,271,376
	<u>2,288,750</u>	<u>2,513,750</u>

5.1 Long term loans

Opening balance	3,785,126	1,712,897
Add: Disbursements during the period	-	3,300,000
Exchange loss during the period	233	30,102
	<u>3,785,359</u>	<u>5,042,999</u>
Less: Repayment during the period	218,125	1,257,873
Closing balance	<u>3,567,234</u>	<u>3,785,126</u>

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, 2016.

6.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs 211.646 million (June 30, 2016: Rs 274.830 million).
- (ii) Letters of credit for capital expenditure Rs 10,744.766 million (June 30, 2016: Rs 11,195.826 million).
- (iii) Letters of credit other than capital expenditure Rs 506.572 million (June 30, 2016: Rs 1,425.616 million).

	September 30, 2016	June 30, 2016
	Un-audited	audited
	(Rupees in thousand)	

7. Property, plant and equipment

Operating assets	-note 7.1	34,745,534	35,288,238
Capital work-in-progress		12,668,595	7,684,010
Major spare parts and stand-by equipment		95,368	95,368
		<u>47,509,497</u>	<u>43,067,616</u>

7.1 Operating assets

Opening book value		35,288,238	31,693,136
Add: Additions during the period/ year	-note 7.1.1	35,312	5,796,462
		<u>35,323,550</u>	<u>37,489,598</u>
Less: Disposals during the period/ year - net book value		2,643	33,288
Depreciation charged during the period/ year		575,373	2,168,072
Closing book value		<u>34,745,534</u>	<u>35,288,238</u>

7.1.1 Major additions during the period

Free hold land	-	829,502
Building on freehold land	-	1,148,910
Office building and housing colony	-	426,872
Plant and machinery	21,507	2,927,404
Quarry equipment	980	172,100
Furniture, fixtures and office equipment	7,918	89,289
Motor vehicles	4,907	154,170
Power and water supply lines	-	48,215
	<u>35,312</u>	<u>5,796,462</u>

8. Investments

Cost of investments		4,165,560	4,076,579
Add: Fair value adjustments		25,445,161	24,183,708
		<u>29,610,721</u>	<u>28,260,287</u>
Less: Investments classified in current assets		15,358,423	17,819,047
Closing balance		<u>14,252,298</u>	<u>10,441,240</u>

July to September
2016 **2015**
(Rupees in thousand)

9. Cost of sales

Raw and packing materials consumed	702,023	573,247
Forage	187,904	310,862
Medicine and related items	24,239	50,024
Salaries, wages and other benefits	468,178	418,650
Electricity, gas and water	704,778	719,910
Furnace oil/coal	1,355,189	1,364,160
Stores and spares consumed	321,480	300,592
Repair and maintenance	33,694	61,256
Insurance	17,558	32,050
Depreciation on property, plant and equipment	556,075	513,809
Amortization of intangible assets	-	3,229
Royalty	76,051	65,961
Excise duty	7,241	6,271
Vehicle running	5,313	6,952
Postage, telephone and telegram	961	1,256
Printing and stationery	2,769	484
Legal and professional charges	1,582	253
Travelling and conveyance	2,124	2,110
Estate development	5,023	4,240
Rent, rates and taxes	14,205	10,554
Freight charges	6,238	5,616
Other expenses	22,094	37,559
Total manufacturing cost	4,514,719	4,489,045
Opening work-in-process	166,940	508,578
Cost of goods available for manufacture	4,681,659	4,997,623
Closing work-in-process	(282,013)	(508,691)
Cost of goods manufactured	4,399,646	4,488,932
Opening stock of finished goods	292,093	378,542
Cost of goods available for sale	4,691,739	4,867,474
Closing stock of finished goods	(454,950)	(383,951)
Own consumption capitalized	(69,020)	(11,998)
Cost of goods sold	4,167,769	4,471,525

10. Taxation

Current tax	(709,103)	(460,379)
Deferred tax	(177,000)	(111,208)
	(886,103)	(571,587)

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:

		July to September	
		2016	2015
		(Rupees in thousand)	
Relationship with the group	Nature of transaction		
Other related parties	Purchase of goods and services	555,737	379,674
	Insurance premium	34,648	20,284
	Sale of goods	9,209	50,414
	Mark-up income	-	160
	Insurance claim received	901	-
	Dividend income	409,109	409,109
Key Management personnel	Salaries and other		
	employment benefits	56,198	49,297
Post employment benefit plans	Expense charged in respect of staff		
	retirement benefits plans	28,097	25,588

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

12. Cash flow from operating activities

Profit before tax	2,614,078	1,962,155
Adjustment for :		
- Depreciation on property, plant and equipment	575,373	533,234
- Amortization on Intangible assets	4,613	4,613
- Profit on disposal of property, plant and equipment	(44)	(1,094)
- Dividend income	(409,752)	(409,109)
- Retirement and other benefits accrued	26,642	24,140
- Markup income	(67,607)	(67,607)
- Exchange loss - net	233	25,182
- Finance cost	84,837	51,274
Profit before working capital changes	2,828,373	2,122,788
- Stores, spares and loose tools	(52,641)	(784,500)
- Stock-in-trade	(147,383)	59,266
- Trade debts	(80,821)	21,705
- Advances, deposits, prepayments and other receivables	(791,036)	(113,066)
- Trade and other payables	(522,751)	508,497
Net working capital changes	(1,594,632)	(308,098)
Cash generated from operations	1,233,741	1,814,690

13. Cash and cash equivalents

Short term borrowings - secured	(3,992,361)	(2,175,984)
Cash and bank balances	2,968,840	6,679,689
	(1,023,521)	4,503,705

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.
Dairy	Production and sale of raw milk.

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.

July 1st to September 30th

Rupees in thousands	Cement		Paper		Dairy/Farm Supplies		Elimination - net		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenue from										
- External Customers	6,599,119	6,244,161	283,223	150,723	234,752	330,228	-	-	7,117,094	6,725,112
- Inter-group	-	-	219,643	254,543	-	-	(219,643)	(254,543)	-	-
	6,599,119	6,244,161	502,866	405,266	234,752	330,228	(219,643)	(254,543)	7,117,094	6,725,112
Segment gross profit/(loss)	2,911,068	2,379,093	122,764	92,726	(95,828)	(191,277)	11,321	(26,955)	2,949,325	2,253,587
Segment expenses	(588,938)	(556,300)	(5,577)	(8,052)	(92,166)	(158,512)	(7,468)	-	(694,149)	(722,864)
Other income	517,240	80,423	2,099	257	1,394	2,234	(76,994)	(208)	443,739	482,706
Financial charges	(73,813)	(29,625)	(18,381)	(21,492)	(112)	(157)	7,469	-	(84,837)	(51,274)
Taxation	(858,000)	(551,748)	(28,103)	(19,839)	-	-	-	-	(886,103)	(571,587)
Profit after taxation	1,907,557	1,721,843	72,802	43,600	(186,712)	(347,712)	(65,672)	(27,163)	1,727,975	1,390,568
Depreciation	507,278	459,952	8,104	8,191	51,443	55,872	8,548	9,219	575,373	533,234
Capital expenditure	(4,990,112)	(1,752,067)	(371)	(1,710)	(29,414)	(2,606)	90,436	167,899	(4,929,461)	(1,588,484)
Cash to operations	397,057	1,602,254	34,685	(20,004)	36,415	(148,561)	22,440	(22,295)	490,597	1,411,394
Cash from investing	(4,511,821)	3,290,922	(20,002)	(1,710)	(13,820)	17,486	8,975	151,295	(4,536,668)	3,457,993
Rupees in thousands	30-09-2016	30-6-2016	30-09-2016	30-6-2016	30-09-2016	30-6-2016	30-09-2016	30-6-2016	30-09-2016	30-6-2016
	unaudited	audited	unaudited	audited	unaudited	audited	unaudited	audited	unaudited	audited
Segment assets	85,800,136	83,418,265	1,840,785	1,875,611	3,250,483	3,477,550	(2,137,892)	(2,526,636)	88,753,512	86,244,790
Segment liabilities	16,847,697	17,634,836	637,886	787,602	138,202	178,557	435,615	(92,302)	18,059,400	18,508,693

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 27, 2016.

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.



Chief Executive



Director





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