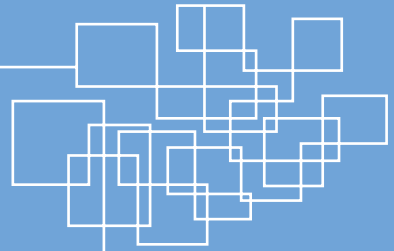


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First Quarter
Report,
September 30,
2015
(Un-audited)

D.G. KHAN CEMENT
COMPANY LIMITED



Contents

Company Information	02
Directors' Report	04
Condensed Interim Balance Sheet	06
Condensed Interim Profit and Loss Account	08
Condensed Interim Statement of Comprehensive Income	09
Condensed Interim Cash Flow Statement	10
Condensed Interim Statement of Changes in Equity	11
Notes to the Condensed Interim Financial Information	12

D.G Khan Cement Company Limited and its Subsidiary

Directors' Report	21
Condensed Interim Consolidated Balance Sheet	22
Condensed Interim Consolidated Profit and Loss Account	24
Condensed Interim Consolidated Statement of Comprehensive Income	25
Condensed Interim Consolidated Cash Flow Statement	26
Condensed Interim Consolidated Statement of Changes in Equity	27
Notes to the Condensed Interim Consolidated Financial Information	28

Company Information

Board of Directors

Mrs. Naz Mansha
Mian 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
Mian Raza Mansha
Ms. Nabiha Shahnawaz Cheema

Member/Chairman
Member
Member

Management

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

Chief Executive Officer
Director Finance
Director Technical & Operations

Mr. Farid Noor Ali Fazal
Mr. Inayat Ullah Niazi

Director Marketing
Chief Financial Officer

Company Secretary

Mr. Khalid Mahmood Chohan

Local Bankers

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

Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Samba Bank Limited
Soneri 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

Contact Us

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

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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

Share Registrar

THK Associates (Pvt) Ltd
Head Office, Karachi
Ground 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

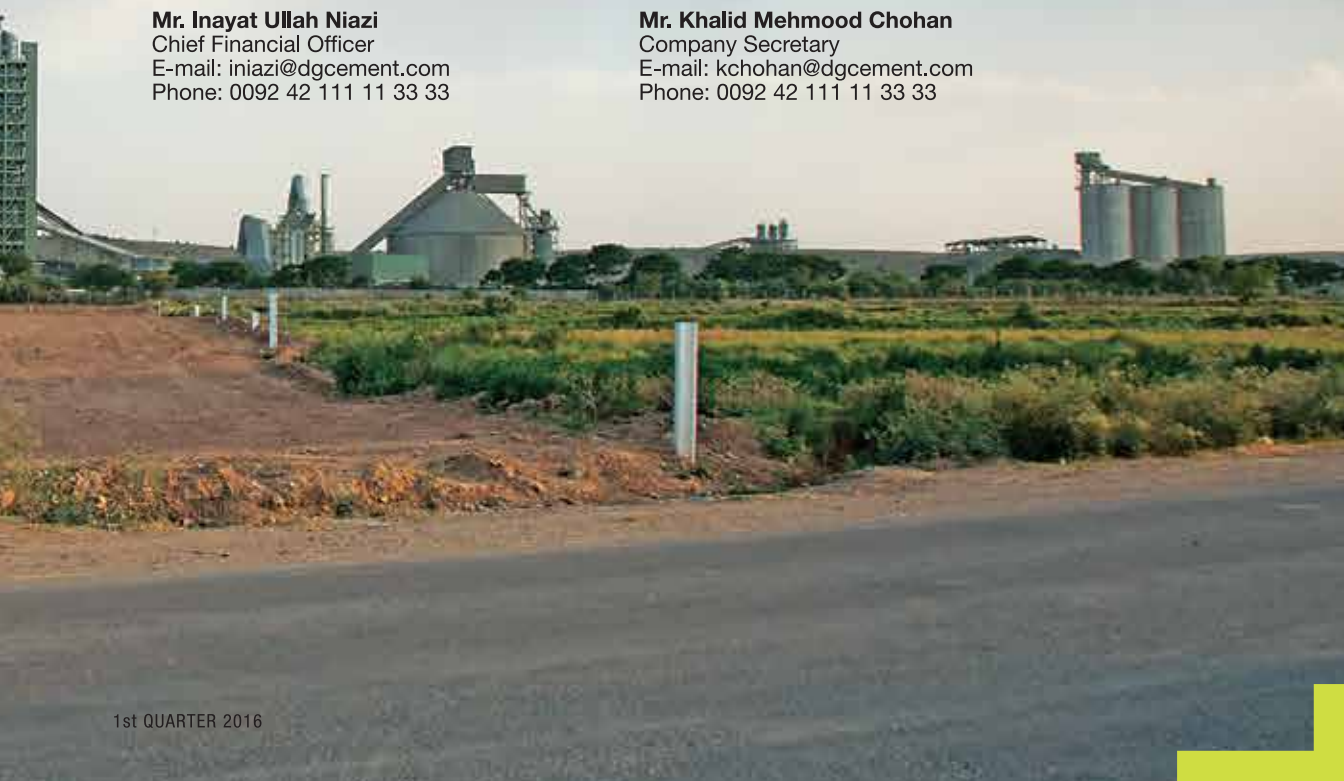
For Investors' Information, Comments, Inquiries, Complaints:

Mr. Inayat Ullah Niazi

Chief Financial Officer
E-mail: iniazi@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



Directors Report on Financial Statements of First Quarter of Financial Year 2016

The directors of your company are pleased to present their report on financial statements for first quarter of FY16.

The first quarter of Financial Year 2016 brought with it low inflation on back of low oil prices and controlled food prices, retained the economic stagnancy, depreciating PKR, international reactions to Chinese Yuan devaluation, continued pressure on commodities, reduction in SBP policy rate of 50bps. PKR lost about 2.6% against USD in these 90 days. However, it is expected that going forward PKR will not lose value in sharp mode. Government predicts that GDP growth for 2015-16 would be more than

5%. Targeted federal PSDP for 2015-16 is PKR 700 billion as compared to PKR 525 billion for last year. If GDP grows in reality by more than 5% with a remarkable share from manufacturing and agriculture sector then it can set the economic uplift in motion.

Pakistan cement industry overall dispatches showed an improvement of about 1.5%. Local sales rose by 11% while exports sales slashed by 27%.

Highlights of financial and operational results of your company for first quarter of FY16 are as under:

PKR in thousands

	Q1FY16	Q1FY15
Sales	6,244,161	5,811,545
Cost of sales	(3,865,068)	(3,985,511)
Gross profit	2,379,093	1,826,034
Administrative expenses	(108,861)	(119,403)
Selling and distribution expenses	(207,190)	(208,972)
Other operating expenses	(240,249)	(226,016)
Other income	480,423	436,857
Profit from operations	2,303,216	1,708,500
Finance cost	(29,625)	(66,695)
Profit before taxation	2,273,591	1,641,805
Taxation	(551,748)	(484,366)
Profit after taxation	1,721,843	1,157,439
Earnings per share basic and diluted	3.93	2.64

Figures in MT

	Q1FY16	Q1FY15
Clinker Production	848,954	657,274
Cement Production	917,523	839,501
Total Sales	919,694	869,497
Local Sales	758,927	675,775
Export Sales	160,767	193,722

Clinker production is increased by 29% and sales by 6%. Local sales growth is 12%. Exports sales slashed by 17%. Plants run comparatively more in this quarter. Therefore, comparatively COGS decreased by 3% and sales increased by 7% due to better plant operational days and local sales growth. This ultimately helped increasing GP margin by 30%. Coal and furnace oil consumption increase is also attributed to more plant operational days. Other income increased by 10% which includes PKR 409 million dividends. Finance cost decreased by 55%. PAT increased by 48%. At quarter end investments fair value shrunk due to comparatively low stock prices.

GP to sales was 38% as compared to 31% of comparative period and PAT was 27% as compared to 20%. During the quarter your company has acquired tax losses from Nishat Dairy (PVT) Limited amounting to Rs.332 million in order to get the benefit of group taxation.

It is expected that second quarter will show same trend with stable prices of cement and growth in local sales. Exports are expected to remain low. KIBOR is expected to be remained stable and FX movements could be within a sustainable range.

Letter of Credit in favour of FLSmidth has been opened for supply of pyro process for Hub Plant. Initially conceived and agreed for 8500 tpd, agreement with FLS has been revised for 9000 tpd to be in line with agreement with Loesche GMBH. Work at site is in progress. Negotiations with M/s Izhar Construction has been finalized and they are mobilized at the site for infrastructure development work. Work on coal power plant is at its peak and plant will be operational in last quarter of FY16.

We admire support of all stakeholders including our customers, suppliers, lenders and appreciate all our employees for their untiring efforts.

For and on behalf of the Board



Mian Raza Mansha
Chief Executive Officer

October 28, 2015

CONDENSED INTERIM UNCONSOLIDATED BALANCE SHEET

	Note	September 2015 unaudited (Rupees in thousand)	June 2015 audited
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
- 950,000,000 (June 30, 2015: 950,000,000) ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (June 30, 2015: 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		34,990,983	37,387,772
Accumulated profit		<u>22,248,951</u>	<u>20,527,108</u>
		61,621,125	62,296,071
NON-CURRENT LIABILITIES			
Long term finances	5	2,293,847	714,261
Long term deposits		71,929	72,003
Retirement and other benefits		141,238	137,585
Deferred taxation		<u>4,855,358</u>	<u>4,588,047</u>
		7,362,372	5,511,896
CURRENT LIABILITIES			
Trade and other payables		4,505,148	4,048,079
Accrued markup		27,642	27,304
Short term borrowing-secured		1,590,054	1,826,072
Current portion of non-current liabilities		852,527	646,931
Provision for taxation		<u>35,090</u>	<u>35,090</u>
		7,010,461	6,583,476
Contingencies and Commitments	6	-	-
		<u>75,993,958</u>	<u>74,391,443</u>

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



Chief Executive

AS AT SEPTEMBER 30, 2015

		September 2015	June 2015
	Note	unaudited	audited
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	31,249,355	29,958,970
Intangible assets		13,839	18,452
Investments	8	12,230,033	12,918,182
Long term loans, advances and deposits		69,805	69,497
		43,563,032	42,965,101
CURRENT ASSETS			
Stores, spares and loose tools		4,413,759	3,635,858
Stock-in-trade		1,114,418	1,188,376
Trade debts		121,869	156,899
Investments	8	18,582,875	24,855,796
Advances, deposits, prepayments and other receivables		820,131	648,010
Income tax receivable		693,120	673,807
Derivative financial instrument		9,873	9,873
Cash and bank balances		6,674,881	257,723
		32,430,926	31,426,342
		75,993,958	74,391,443

David Jazal

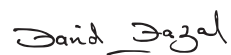
Director

CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT - UNAUDITED

	Note	July to September	
		2015	2014
		(Rupees in thousand)	
Sales		6,244,161	5,811,545
Cost of sales	9	(3,865,068)	(3,985,511)
Gross profit		2,379,093	1,826,034
Administrative expenses		(108,861)	(119,403)
Selling and distribution expenses		(207,190)	(208,972)
Other operating expenses		(240,249)	(226,016)
Other income		480,423	436,857
Profit / (Loss) from operations		2,303,216	1,708,500
Finance cost		(29,625)	(66,695)
Profit before taxation		2,273,591	1,641,805
Taxation	10	(551,748)	(484,366)
Profit after taxation		1,721,843	1,157,439
Earning per share basic and diluted		3.93	2.64

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	
	2015	2014
	(Rupees in thousand)	
Profit after taxation	1,721,843	1,157,439
Available for sale financial assets		
- Change in fair value	(2,396,789)	(1,693,144)
- Realized gain through profit and loss account	-	-
- Tax expense	-	-
Other comprehensive income for the period	(2,396,789)	(1,693,144)
Total comprehensive income for the period	<u>(674,946)</u>	<u>(535,705)</u>

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



Chief Executive



Director

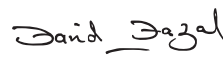
CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT - UNAUDITED

	Note	July to September	
		2015	2014
		(Rupees in thousand)	
Cash generated from operations	12	1,955,852	943,228
Finance cost paid		(29,287)	(80,563)
Retirement and other benefits paid		(20,487)	(115,263)
Taxes paid		(303,750)	(238,627)
long term deposits - net		(74)	406
Net cash generated from operating activities [A]		1,602,254	509,181
Capital expenditure including purchase of property, plant and equipment		(1,752,067)	(39,216)
Proceeds from sale of property, plant and equipment		2,300	3,788
Long term loans and deposits - net		(308)	(17)
Investment in equity instruments		4,564,281	(2,951,568)
Interest received		67,607	38,847
Dividend received		409,109	357,970
Net cash generated from / (used in) investing activities [B]		3,290,922	(2,590,196)
Repayment of long term finances		(40,000)	(93,125)
Proceeds from long term finances		1,800,000	-
Net cash generated from / (used in) financing activities [C]		1,760,000	(93,125)
In(De)crease in cash and cash equivalents [A+B+C]		6,653,176	(2,174,140)
Cash and cash equivalents at the beginning of period		(1,568,349)	(1,242,650)
Cash and cash equivalents at the end of period	13	5,084,827	(3,416,790)

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

Rupees in thousands	Capital reserve				Revenue reserve		Total
	Share Capital	Share Premium	Fair Value Reserve	Capital Redemption Reserve Fund	General Reserve	Accumulated Profit	
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							
- Profit for the period	-	-	-	-	-	1,721,843	1,721,843
- 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
Balance as at June 30, 2014 - Audited	4,381,191	4,557,163	32,722,894	353,510	5,071,827	14,429,950	61,516,535
Total comprehensive income for the period							
- Profit for the period	-	-	-	-	-	1,157,439	1,157,439
- Other comprehensive loss for the period	-	-	(1,693,144)	-	-	-	(1,693,144)
Balance as at September 30, 2014 - Unaudited	4,381,191	4,557,163	31,029,750	353,510	5,071,827	15,587,389	60,980,830

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, 2015 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 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

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, 2015.

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, 2015 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."

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.

	Note	September 2015 unaudited (Rupees in thousand)	June 2015 audited
5. Long term finances			
These are composed of:			
- Long term loans	5.1	3,133,704	1,348,522
Less: Current portion shown under current liabilities		839,857	634,261
		<u>2,293,847</u>	<u>714,261</u>
5.1 Long term loans			
Opening balance		1,348,522	1,941,512
Add: Disbursements during the period		1,800,000	-
Exchange loss during the period		25,182	41,993
		<u>3,173,704</u>	<u>1,983,505</u>
Less: Repayment during the period		40,000	634,983
Closing balance		<u>3,133,704</u>	<u>1,348,522</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, 2015.

6.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs 12,731.106 million (June 30, 2015: Rs 427.335 million).
- (ii) Letters of credit for capital expenditure Rs 1,020.173 million (June 30, 2015: Rs 2,274.836 million).
- (iii) Letters of credit other than capital expenditure Rs 93.889 million (June 30, 2015: Rs 996.607 million).

	Note	September 2015 unaudited (Rupees in thousand)	June 2015 audited
7. Property, Plant and Equipment			
Opening book value		27,979,032	28,951,966
Add: Additions during the period/ year	7.1	124,727	925,479
		<u>28,103,759</u>	<u>29,877,445</u>
Less: Disposals during the period/ year - net book value		1,730	17,810
Depreciation charged during the period/ year		459,952	1,880,603
Closing book value		<u><u>27,642,077</u></u>	<u><u>27,979,032</u></u>
7.1 Major additions during the period			
Free hold land		244	120,007
Building on freehold land		-	125,042
Office building and housing colony		-	11,016
Roads		-	5,862
Plant and machinery		5,701	414,771
Quarry equipment		80,003	127,722
Furniture, fixtures and office equipment		14,595	52,685
Motor vehicles		24,184	63,309
Power and water supply lines		-	5,065
		<u>124,727</u>	<u>925,479</u>
8. Investments			
Cost of investments		5,804,425	10,368,706
Cumulative fair value gain		25,008,483	27,405,272
Total investments		<u>30,812,908</u>	<u>37,773,978</u>
Less: Investments classified in current assets		18,582,875	24,855,796
Closing balance		<u><u>12,230,033</u></u>	<u><u>12,918,182</u></u>

July to September

2015 2014
(Rupees in thousand)

9. Cost of sales

Raw and packing materials consumed	505,854	475,748
Salaries, wages and other benefits	390,566	315,543
Electricity, gas and water	686,235	628,228
Furnace oil/coal	1,364,160	1,153,812
Stores and spares consumed	296,312	331,710
Repair and maintenance	50,160	50,776
Insurance	16,540	16,309
Depreciation on property, plant and equipment	441,396	439,282
Amortization of intangible assets	3,229	3,229
Royalty	65,961	52,299
Excise duty	6,271	5,215
Vehicle running	6,742	8,951
Postage, telephone and telegram	1,236	1,075
Printing and stationery	482	1,064
Legal and professional charges	153	596
Travelling and conveyance	2,067	2,405
Estate development	4,240	5,442
Rent, rates and taxes	10,519	10,244
Freight charges	5,471	9,790
Other expenses	4,694	5,406
Total manufacturing cost	3,862,288	3,517,124
Opening work-in-process	508,578	560,634
Cost of goods available for manufacture	4,370,866	4,077,758
Closing work-in-process	(508,691)	(180,606)
Cost of goods manufactured	3,862,175	3,897,152
Opening stock of finished goods	305,741	348,437
Cost of goods available for sale	4,167,916	4,245,589
Closing stock of finished goods	(290,850)	(256,884)
Own consumption capitalized	(11,998)	(3,194)
Cost of goods sold	3,865,068	3,985,511

10. Taxation

Current tax	(439,051)	(375,000)
Deferred tax	(112,697)	(109,366)
	(551,748)	(484,366)

11. Transactions with related parties

The related parties comprise subsidiary companies, 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	
		2015	2014
		(Rupees in thousand)	
Relationship with the Company	Nature of transaction		
Subsidiary Company	Purchase of goods and services	297,816	173,145
	Sale of goods and services	6,355	-
	Rental Income	208	203
	Interest Income	-	8,341
Other related parties	Purchase of goods and services	379,674	328,676
	Insurance premium	20,284	33,760
	Sale of goods	50,414	100,581
	Mark-up income	160	200
	Insurance claim received	-	671
	Dividend income	409,109	357,970
Key Management personnel	Salaries and other employment benefits	49,297	39,567
Post employment benefit plans	Expense charged in respect of staff retirement benefits plans	25,588	22,301

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

July to September

2015	2014
(Rupees in thousand)	

12. Cash flow from operating activities

Profit before tax	2,273,591	1,641,805
Adjustment for:		
- Depreciation on property, plant and equipment	459,952	461,199
- Amortization on Intangible assets	4,613	4,613
- Profit on disposal of property, plant and equipment	(570)	(1,834)
- Dividend income	(409,109)	(357,970)
- Retirement and other benefits accrued	24,140	20,410
- Markup income	(67,607)	(38,847)
- Exchange loss - net	25,182	55,260
- Finance cost	29,625	66,695
Profit before working capital changes	2,339,817	1,851,331
- Stores, spares and loose tools	(777,901)	(1,570,885)
- Stock-in-trade	73,958	525,875
- Trade debts	35,030	4,631
- Advances, deposits, prepayments and other receivables	(172,121)	(376,345)
- Trade and other payables	457,069	508,621
Net working capital changes	(383,965)	(908,103)
Cash generated from operations	1,955,852	943,228

13. Cash and cash equivalents

Short term borrowings - secured	(1,590,054)	(3,801,938)
Cash and bank balances	6,674,881	385,148
	5,084,827	(3,416,790)

14. Date of authorization

This interim financial information was authorized for issue by the Board of Directors of the Company on October 28, 2015.

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.

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



Chief Executive



Director

Linking Diversity to Growth



Consolidated Financial
Statements

Director Report on consolidated financial statements

The directors of your company are pleased to present their report on consolidated financial statements for first quarter of financial year 2016 of D. G. Khan Cement Company Limited and its

subsidiaries Nishat Paper Product company Limited and Nishat Dairy Private Limited. Our discussion on the affairs of holding company has been separately presented.

Consolidated financial performance

PKR in thousands

	Q1 FY 2016	Q1 FY 2015
Sales	6,725,112	6,134,009
Cost of sales	(4,471,525)	(4,228,972)
Gross profit	2,253,587	1,905,037
Profit / (Loss) from operations	2,013,429	1,772,232
Finance cost	(51,274)	(95,784)
Profit before taxation	1,962,155	1,676,448
Taxation	(571,587)	(491,170)
Profit after taxation	1,390,568	1,185,278

Consolidated net sales Increased by more than 9 % compared to same period of financial year 2015, while consolidated gross profit increased by more than 18 % after absorption of losses in Nishaht Dairy. Financial expenses decreased by more than 46 % and there is increase in profit after taxation by 17 %. Despite low volumes in paper segment, declining prices of Kraft paper and decrease in financial cost resulted in increase in profitability of paper segment.

Future Prospects

The group foresees increase in profitability due to expected increase in sale of cement and continued decline in prices of Kraft paper.

Staff and Customers

We wish to record our appreciation of continued commitment to our employees and Patronage of our customers

For and on behalf of Board



Mian Raza Mansha
Chief Executive Officer

October 28, 2015

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

		September 2015 unaudited (Rupees in thousand)	June 2015 audited
	Note		
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
- 950,000,000 (June 30, 2015: 950,000,000) ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (June 30, 2015: 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		34,955,483	37,352,272
Accumulated profit		<u>22,248,178</u>	<u>20,708,896</u>
		61,584,852	62,442,359
Non-controlling interest		<u>2,083,546</u>	<u>2,232,260</u>
		63,668,398	64,674,619
NON-CURRENT LIABILITIES			
Long term finances	6	2,481,972	945,511
Long term deposits		71,929	72,003
Retirement and other benefits		141,238	137,585
Deferred taxation		<u>5,132,256</u>	<u>4,866,434</u>
		7,827,395	6,021,533
CURRENT LIABILITIES			
Trade and other payables		4,862,224	4,353,727
Accrued markup		27,642	41,130
Short term borrowing-secured		2,175,984	2,348,534
Current portion of non-current liabilities		985,652	780,056
Provision for taxation		<u>35,090</u>	<u>35,090</u>
		8,086,592	7,558,537
Contingencies and Commitments	7	-	-
		<u>79,582,385</u>	<u>78,254,689</u>

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



Chief Executive

AS AT SEPTEMBER 30, 2015

		September 2015	June 2015
	Note	unaudited (Rupees in thousand)	audited
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	34,911,545	33,693,078
Biological assets		981,890	1,149,799
Intangible assets		13,839	18,452
Investments	9	12,230,033	10,364,409
Long term loans, advances and deposits		70,710	70,402
		48,208,017	45,296,140
CURRENT ASSETS			
Stores, spares and loose tools		4,550,349	3,765,849
Stock-in-trade		1,854,048	1,913,314
Trade debts		409,367	431,072
Investments	9	16,029,146	24,855,842
Advances, deposits, prepayments and other receivables		1,093,090	980,024
Income tax receivable		748,806	736,598
Derivative financial instrument		9,873	9,873
Cash and bank balances		6,679,689	265,977
		31,374,368	32,958,549
		79,582,385	78,254,689

David Bagel


Director

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT - UNAUDITED

		July to September	
	Note	2015	2014
		(Rupees in thousand)	
Sales		6,725,112	6,134,009
Cost of sales	10	(4,471,525)	(4,228,972)
Gross profit		2,253,587	1,905,037
Administrative expenses		(118,118)	(120,493)
Selling and distribution expenses		(210,379)	(213,402)
Other operating expenses		(394,367)	(228,006)
Other income		482,706	429,096
Profit / (Loss) from operations		2,013,429	1,772,232
Finance cost		(51,274)	(95,784)
Profit before taxation		1,962,155	1,676,448
Taxation	11	(571,587)	(491,170)
Profit after taxation		1,390,568	1,185,278
Attributable to:			
Equity holders of the parent		1,539,280	1,171,358
Non-controlling interest		(148,712)	13,920
		1,390,568	1,185,278
Earning per share basic and diluted (Rupees)		3.17	2.71

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


Chief Executive

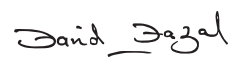

Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - UNAUDITED

	July to September	
	2015	2014
	(Rupees in thousand)	
Profit after taxation	1,390,568	1,185,278
Available for sale financial assets		
- Change in fair value	(2,396,789)	(1,693,144)
Other comprehensive income for the period	(2,396,789)	(1,693,144)
Total comprehensive income for the period	<u>(1,006,221)</u>	<u>(507,866)</u>
Attributable to:		
Equity holders of the parent	(857,509)	(521,786)
Non-controlling interest	(148,712)	13,920
	<u>(1,006,221)</u>	<u>(507,866)</u>

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


Chief Executive


Director

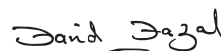
CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT - UNAUDITED

		July to September	
		2015	2014
	Note	(Rupees in thousand)	
Cash generated from operations	13	1,814,690	966,621
Finance cost paid		(64,762)	(122,988)
Retirement and other benefits paid		(20,487)	(115,263)
Taxes paid		(317,973)	(255,404)
long term deposits - net		(74)	406
Net cash generated from operating activities [A]		1,411,394	473,372
Capital expenditure including purchase of property, plant and equipment		(1,588,484)	(40,167)
Proceeds from sale of property, plant and equipment		5,786	3,788
Long term loans and deposits - net		(308)	(18)
Investment - net		4,564,283	(2,951,568)
Interest received		67,607	38,847
Dividend received		409,109	357,970
Net cash generated from / (used in) investing activities [B]		3,457,993	(2,591,148)
Repayment of long term finances		(83,125)	(93,125)
Proceeds from long term finances		1,800,000	-
Net cash generated from/ (used in) financing activities [C]		1,716,875	(93,125)
In(De)crease in cash and cash equivalents [A+B+C]		6,586,262	(2,210,901)
Cash and cash equivalents at the beginning of period		(2,082,557)	(1,805,913)
Cash and cash equivalents at the end of period	14	4,503,705	(4,016,814)

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		
	Share Capital	Share Premium	Fair Value Reserve	Capital Redemption Reserve Fund	General Reserve	Accumulated Profit	Total equity attributable to shareholders of parent company
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
Total comprehensive income for the period							2,232,260
- Profit (loss) for the period	-	-	-	-	-	1,539,282	1,539,282
- 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	24,933,959	353,510	5,110,851	22,248,178	61,584,852
Balance as at June 30, 2014 - Audited	4,381,191	4,557,163	32,722,894	353,510	5,110,851	14,454,708	61,580,317
Total comprehensive income for the period							304,960
- Profit for the period	-	-	-	-	-	1,171,358	1,171,358
- Other comprehensive loss for the period	-	-	(1,693,144)	-	-	-	(1,693,144)
Balance as at September 30, 2014 - Unaudited	4,381,191	4,557,163	31,029,750	353,510	5,110,851	15,626,066	61,058,531
							318,880
							61,377,411

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");
- 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 Karachi, Lahore and Islamabad Stock Exchanges. It is principally engaged in production and sale of Clinker, Ordinary Portland and Sulphate Resistant Cement.

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. The Parent Company holds 55% of the stakes of NPPCL.

Nishat Dairy (Private) Limited is a private limited company incorporated in Pakistan. It is principally engaged in the business of production and sale of raw milk. The Parent Company holds 55.10% of the stakes of NDL.

The registered offices of the Parent Company, NPPCL and NDL are situated at 53-A, Lawrence Road, Lahore.

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 2015.

3. Basis of measurement

The preparation of the condensed interim consolidated 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, 2015.

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, 2015 but are not considered to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in this condensed interim financial information."

5. 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 2015	June 2015
	unaudited	audited
	(Rupees in thousand)	
Note		

6. Long term finances

These are composed of:

- Long term loans

Less: Current portion shown under current liabilities

6.1

3,454,954	1,712,897
3,454,954	1,712,897
972,982	767,386
2,481,972	945,511
Opening balance	1,712,897
Add: Disbursements during the period	1,800,000
Exchange loss during the period	25,182
	3,538,079
Less: Repayment during the period	83,125
Closing balance	3,454,954

6.1 Long term loans

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, 2015.

7.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs 12,731.106 million (June 30, 2015: Rs 427.335 million).
- (ii) Letters of credit for capital expenditure Rs 1,020.173 million (June 30, 2015: Rs 2,274.836 million).
- (iii) Letters of credit other than capital expenditure Rs 159.882 million (June 30, 2015: Rs 1,183.407 million).

	Note	September 2015 unaudited (Rupees in thousand)	June 2015 audited
8. Property, Plant and Equipment			
Opening book value		31,693,136	29,936,360
Add: Additions during the period/ year	8.1	144,509	3,868,905
		31,837,645	33,805,265
Less: Disposals during the period/ year - net book value		4,682	36,490
Depreciation charged during the period/ year		533,234	2,075,639
Closing book value		31,299,729	31,693,136
8.1 Major additions during the period			
Free hold land		244	452,967
Building on freehold land		1,839	1,693,609
Office building and housing colony		-	11,016
Roads		-	5,862
Plant and machinery		13,724	1,195,636
Quarry equipment		80,003	175,179
Furniture, fixtures and office equipment		15,662	74,625
Motor vehicles		33,037	123,541
Power and water supply lines		-	136,470
		144,509	3,868,905
9. Investments			
Cost of investments		3,325,220	7,889,503
Add: Fair value adjustments		24,933,959	27,330,748
		28,259,179	35,220,251
Less: Investments classified in current assets		16,029,146	24,855,842
Closing balance		12,230,033	10,364,409

July to September

2015 2014
(Rupees in thousand)

10. Cost of sales

Raw and packing materials consumed	573,247	679,327
Forage	310,862	-
Medicine and related items	50,024	-
Salaries, wages and other benefits	418,650	323,663
Electricity, gas and water	719,910	625,869
Furnace oil/coal	1,364,160	1,153,812
Stores and spares consumed	300,592	334,390
Repair and maintenance	61,256	51,806
Insurance	32,050	17,429
Depreciation on property, plant and equipment	513,809	447,375
Amortization of intangible assets	3,229	3,229
Royalty	65,961	52,299
Excise duty	6,271	5,215
Vehicle running	6,952	9,092
Postage, telephone and telegram	1,256	1,081
Printing and stationery	484	1,065
Legal and professional charges	253	728
Travelling and conveyance	2,110	2,405
Estate development	4,240	5,442
Rent, rates and taxes	10,554	10,245
Freight charges	5,616	9,830
Other expenses	37,559	5,494
Total manufacturing cost	4,489,045	3,739,796
Opening work-in-process	508,578	560,634
Cost of goods available for manufacture	4,997,623	4,300,430
Closing work-in-process	(508,691)	(180,606)
Cost of goods manufactured	4,488,932	4,119,824
Opening stock of finished goods	378,542	437,913
Cost of goods available for sale	4,867,474	4,557,737
Closing stock of finished goods	(383,951)	(325,571)
Own consumption capitalized	(11,998)	(3,194)
Cost of goods sold	4,471,525	4,228,972

July to September

2015	2014
(Rupees in thousand)	

11. Taxation

Current tax	(460,379)	(381,429)
Deferred tax	(111,208)	(109,741)
	<u>(571,587)</u>	<u>(491,170)</u>

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:

July to September

2015	2014
(Rupees in thousand)	

Relationship with the Group	Nature of transaction		
Other related parties	Purchase of goods and services	379,674	328,676
	Insurance premium	20,284	33,760
	Sale of goods	50,414	100,581
	Mark-up income	160	200
	Insurance claim received	-	671
	Dividend income	409,109	357,970
Key Management personnel	Salaries and other		
	employment benefits	49,297	39,567
Post employment benefit plans	Expense charged in respect of staff		
	retirement benefits plans	25,588	22,301

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

July to September

2015	2014
(Rupees in thousand)	

13. Cash flow from operating activities

Profit before tax	1,962,155	1,676,448
Adjustment for:		
- Depreciation on property, plant and equipment	533,234	469,319
- Amortization on Intangible assets	4,613	4,613
- Profit on disposal of property, plant and equipment	(1,094)	(1,834)
- Dividend income	(409,109)	(357,970)
- Retirement and other benefits accrued	24,140	20,410
- Markup income	(67,607)	(38,847)
- Exchange loss - net	25,182	55,260
- Finance cost	51,274	95,784
Profit before working capital changes	2,122,788	1,923,183
- Stores, spares and loose tools	(784,500)	(1,575,739)
- Stock-in-trade	59,266	579,658
- Trade debts	21,705	(11,221)
- Advances, deposits, prepayments and other receivables	(113,066)	(487,542)
- Trade and other payables	508,497	538,282
Net working capital changes	(308,098)	(956,562)
Cash generated from operations	1,814,690	966,621

14. Cash and cash equivalents

Short term borrowings - secured	(2,175,984)	(4,404,955)
Cash and bank balances	6,679,689	388,141
	4,503,705	(4,016,814)

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.
Dairy	Production and sale of raw milk.

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.

July 1st to September 30th

Rupees in thousands	Cement		Paper		Dairy		Elimination - net		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenue from										
- External Customers	6,244,161	5,811,545	150,723	322,464	330,228	330,989	-	-	6,725,112	6,464,998
- Inter-group	-	-	254,543	173,144	-	-	(254,543)	(173,144)	-	-
	6,244,161	5,811,545	405,266	495,608	330,228	330,989	(254,543)	(173,144)	6,725,112	6,464,998
Segment gross profit/(loss)	2,379,093	1,826,034	92,726	81,989	(191,277)	(137,015)	(26,955)	(2,986)	2,253,587	1,768,022
Segment expenses	(556,300)	(554,391)	(8,052)	(7,510)	(158,512)	(35,636)	-	-	(722,864)	(597,537)
Other income	480,423	436,857	257	783	2,234	1,290	(208)	(8,544)	482,706	430,386
Financial charges	(29,625)	(66,695)	(21,492)	(37,430)	(157)	(60)	-	8,341	(51,274)	(95,844)
Taxation	(551,748)	(484,366)	(19,839)	(6,804)	-	-	-	-	(571,587)	(491,170)
Profit / (loss) after taxation	1,721,843	1,157,439	43,600	31,028	(347,712)	(171,421)	(27,163)	(3,189)	1,390,568	1,013,857
Depreciation	459,952	461,199	8,191	8,120	55,872	52,364	9,219	-	533,234	521,683
Capital expenditure	(1,752,067)	(39,216)	(1,710)	(953)	(2,606)	(23,251)	167,899	2	(1,588,484)	(63,418)
Cash to operations	1,602,254	509,181	(20,004)	(35,825)	(148,561)	(96,175)	(22,295)	16	1,411,394	377,197
Cash from investing	3,290,922	(2,590,196)	(1,710)	(936)	17,486	43,015	151,295	(16)	3,457,993	(2,548,133)
Rupees in thousands	30-09-2015 unaudited	30-6-2015 audited	30-09-2015 unaudited	30-6-2015 audited	30-09-2015 unaudited	30-6-2015 audited	30-09-2015 unaudited	30-6-2015 audited	30-09-2015 unaudited	30-6-2015 audited
Segment assets	75,993,958	74,391,443	1,791,932	1,794,915	3,973,669	4,188,640	1,796,495	2,068,331	79,582,385	78,254,689
Segment liabilities	14,372,833	12,095,372	1,120,923	1,167,507	432,492	428,750	420,231	317,191	15,913,987	13,580,070

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

This interim financial information was authorized for issue by the Board of Directors of the Company on October 28, 2015.

17. Corresponding figures

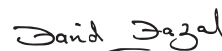
In order to comply with the requirements of the International Accounting Standard 34: 'Interim Financial Reporting', the condensed interim consolidated balance sheet and condensed interim consolidated statement of changes in equity have been compared with the balances of annual audited financial statements 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
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UAN: +92-42-111-11-33-33