

# STRUCTURING LIFE



Half Yearly Report,  
December 31, **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  
Mr. Muhammad Arif Hameed

**Chairperson**  
**Chief Executive**

## Audit Committee

**Mr. Khalid Niaz Khawaja**  
Mr. Khalid Qadeer Qureshi  
Mr. Muhammad Arif Hameed

**Member/Chairman**  
Member  
Member

## Human Resource & Remuneration Committee

**Mr. Khalid Qadeer Qureshi**  
Mr. Raza Mansha  
Mr. Shahzad Ahmad Malik

**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

## 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](mailto:info@dgcement.com)  
web site: [www.dgcement.com](http://www.dgcement.com)

### Factory

Khofli Sattai, Distt., Dera Ghazi Khan-Pakistan  
Phone: 92-641-460025-7  
Fax: 92-641-462392  
Email: [dgsite@dgcement.com](mailto: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  
1st Floor, 40-C, Block-6,  
P.E.C.H.S, Karachi  
Tel: (021) 111 000 322  
Fax: (021) 34168271

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](mailto:iniaz@dgcement.com)  
Phone: 0092 42 111 11 33 33

**Mr. Khalid Mehmood Chohan**  
Company Secretary  
E-mail: [kchohan@dgcement.com](mailto:kchohan@dgcement.com)  
Phone: 0092 42 111 11 33 33



The directors of your company are pleased to present you the half yearly results of FY17:

*PKR in thousands*

	<b>HYFY17</b>	<b>HYFY16</b>
Sales	14,687,163	13,635,342
Cost of sales	(8,347,598)	(8,148,264)
Gross profit	6,339,565	5,487,078
Administrative expenses	(261,323)	(242,251)
Selling and distribution expenses	(504,705)	(385,997)
Other operating expenses	(506,377)	(454,607)
Other income	1,175,841	1,237,214
Profit from operations	6,243,001	5,641,437
Finance cost	(163,113)	(61,741)
Profit before taxation	6,079,888	5,579,696
Taxation	(1,574,207)	(1,499,698)
Profit after taxation	4,505,681	4,079,998
EPS	10.28	9.31

Production and Sales volumetric data is as under:

*Figures in MT*

	<b>HYFY17</b>	<b>HYFY16</b>
Clinker Production	2,065,862	1,823,207
Cement Production	2,249,209	2,011,704
Total Sales	2,223,449	2,016,112
Local Sales (inclusive of own consumption)	1,913,860	1,706,127
Exports Sales	309,589	309,985

Over the current first half industrial cement despatches grew by about 11% on local front and dropped by about 4% on exports side in comparison with comparable six monthly figures. This produced an overall growth of about 9%. Industrial dispatch utilization for six months remained at about 87%. Approximately 74% is utilized within the country while 13% is utilized outside the country.

Company's earning per share is PKR 10.28 as compared to PKR 9.31, which is about 10.42% increase as from comparative period. Clinker and cement production grew by 13% and 12% respectively. Company clinker production touched 103% of capacity for six months. Despatch utilization is about 105% as compared to industry's 86%. Sales volumes are recorded with about 10% increase. Net sales increased by about 8% over six months and GP increased by about 16%. Selling expenses are up mainly due to export handling charges. Major impact in export handling is for Indian by road exports. As financing for Hub plant started, it increased long term loans by about PKR 6.6 billion. Short term loans jumped by 76%, it includes export refinance and import finances for coal as major portion. Profit before tax increased by 9%.



Pakistan economy is showing mixed signs. In January 2017, Pakistan Stock Exchange 100 index touched 50,000 mark. Country reserves are at more than \$20 billion. Country debts are all time high while exports are low. Foreign remittances showed a bit declining trend. Inflation is appropriately managed. China has intensified its efforts at diplomatic and financial levels to boost Silk Road project under the name of “One Belt, One Road”. A summit is expected to be held in May this year in China in a major diplomatic thrust effort to this project. Pakistan being neighbor and close ally of China and its strategic partner in CPEC segment, linking Kasghar to Gawadar, is a major stake-holder in it. Its probable impacts on Pakistan economy will be evident after some time and in the way how the government design and perform its part.

Local inflation is expected to inch up. USD-PKR parity is somehow at consistent level but has an in built uncertainty. SBP rate is expected to remain unchanged.

Increasing liquidity at banks’ disposal and less avenues for investment of funds could lead banks to hit the yet under-explored market of housing mortgage finance. If this market is captured effectively it could boost the housing market with indirect beneficial effect on construction materials industries.

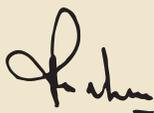
As the economy is struggling, cement is expected to show moderate demand, from household sector primarily. Despatches are low in winter seasonal cycle and could impact upcoming quarter. Exports of cement are expected to remain under pressure.

Coal prices are comparatively high. It leaped in very short time frame and touched USD 99 on index in November 2016. Historically coal price movement is somehow linked to oil but the recent pattern appeared to be based on supposition. It is expected that coal prices will settle down in near future. The impact of high prices is likely to be observed in Company’s financials of coming quarter.

Our new cement plant at Hub is progressing. Extensive construction work is underway. Main LCs are near to complete retirement. Erection phase started. Project is expected to meet its timelines.

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

For and on behalf of the Board



**Raza Mansha**  
Chief Executive Officer

February 16, 2017



تقابلی ششماہی کے اعداد و شمار کے مقابلے رواں پہلی ششماہی میں سینٹ صنعت کی مقامی ترسیل میں تقریباً 11 فیصد اضافہ ہوا اور برآمدات میں تقریباً 4 فیصد کمی واقع ہوئی۔ اس سے تقریباً 9 فیصد مجموعی ترقی ہوئی ہے۔ ششماہی میں صنعتی ترسیلات، پیداواری صلاحیت کا تقریباً 87 فیصد رہا ہے۔ جس میں سے تقریباً 74 فیصد ملک کے اندر استعمال ہوا جبکہ 13 فیصد ملک سے باہر برآمد کیا گیا ہے۔

کمپنی کی فی شیئر آمدنی 9.31 پاکستانی روپے کے مقابلے میں 10.28 پاکستانی روپے ہے، جو تقابلی مدت سے تقریباً 10.42 فیصد زیادہ ہے۔ کلنٹر اور سینٹ کی پیداواری صلاحیت میں پانچویں نمبر پر 13 فیصد اور 12 فیصد اضافہ ہوا۔ کمپنی کی کلنٹر کی پیداواری صلاحیت 1036 فیصد رہی۔ کمپنی کی ترسیلات برطانیہ پیداواری صلاحیت کے صنعت کے مقابلے میں تقریباً 105 فیصد ہے۔ فروختی حجم میں تقریباً 10 فیصد اضافہ ہوا ہے۔ ششماہی کے دوران خالص فروخت میں تقریباً 8 فیصد اور مجموعی منافع میں تقریباً 16 فیصد اضافہ ہوا ہے۔ فروخت کے اخراجات بنیادی طور پر برآمد کے اخراجات کی وجہ سے زیادہ ہیں۔ جس میں بڑا حصہ بھارت کو بذریعہ مرکب برآمدات کا ہے۔ جب پلانٹ کے لئے فنڈنگ شروع کی گئی، اس سے تقریباً 6.6 بلین پاکستانی روپے کا طویل المدتی قرضوں میں اضافہ ہوا۔ مختصر مدتی قرضے 76 فیصد تک بڑھ گئے، جس میں برآمد کی ری فنانس اور کولنگ کے لئے درآمدات شامل ہیں۔ قبل از ٹیکس منافع میں 9 فیصد کا اضافہ ہوا۔

پاکستان کی معیشت میں مخلوط آثار ہیں۔ جنوری 2017 میں، پاکستان سٹاک ایکسچینج 100 انڈیکس 50,000 کی حد تک پہنچ گئی۔ ملک کے ذمہ داروں کے ذمہ دار 20 S20 بلین سے زیادہ ہیں۔ ملک کے قرضے بلند ترین سطح پر ہیں جبکہ برآمدات کم ہیں۔ غیر ملکی ترسیلات نے قدرے کمی کے رجحان کا مظاہرہ کیا ہے۔ افراط زر کو مناسب طریقے سے منظم کیا گیا ہے۔ چین نے "ایک بیلٹ، ایک روڈ" کے نام سے شاہراہ ریشم کے منصوبے کو فروغ دینے کے لئے سفارتی اور مالیاتی سطحوں پر اپنی کوششوں کو تیز کر دیا ہے۔ اس منصوبے کے لئے ایک اہم سفارتی پُر زور کوشش کے طور پر ایک سربراہی اجلاس چین میں اس سال مئی میں منعقد ہونے کی امید ہے۔ پاکستان چین کا بڑا پڑوسی اور قریبی اتحادی ہونے کے طور پر اور کاشغر کو گوادری سے ملانے والے پاکستان چین راہداری منصوبے میں سڑک پارٹنر کے طور پر ایک اہم اسٹیک ہولڈر ہے۔ پاکستانی معیشت پر اس کے ممکنہ اثرات کچھ وقت کے بعد اور جس طرح حکومت اپنے حصے کا کردار ادا کرتی ہے، واضح ہو جائیں گے۔ مقامی افراط زر بڑھنے کی توقع ہے۔ پاکستانی روپیہ بمقابلہ امریکی ڈالر قدرے مستحکم ہے مگر کمزور ہے۔ اسٹیٹ بینک آف پاکستان کی شرح سود میں کوئی تبدیلی نہیں آنے کی توقع ہے۔

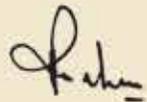
بینکوں کے پاس بڑھتی ہوئی لیکویڈیٹی اور فنڈز کی سرمایہ کاری کے کم مواقع بینکنگ کو باؤسنگ رہن فنانس جو ابھی تک مفقود التوجہ مارکیٹ ہے، کی طرف مائل کر سکتے ہیں۔ اگر اس مارکیٹ کو موثر طور سے استعمال کیا گیا تو باؤسنگ مارکیٹ بالواسطہ تعمیراتی سامان کی صنعتوں پر مفید اثرات مرتب کر سکتی ہے۔

ہماری معیشت جدوجہد میں مصروف ہے، بنیادی طور پر گھریلو شعبہ سے سینٹ کے لئے معتدل طلب، ظاہر ہونے کی امید ہے۔ ترسیلات سردیوں کے موسمی سائیکل میں کم ہیں اور یہ آئندہ سہ ماہی پر اثر انداز ہو سکتی ہیں۔ سینٹ کی برآمدات دباؤ میں رہنے کی توقع ہے۔

کوئلے کی قیمتیں نسبتاً زیادہ ہیں۔ یہ بہت مختصر مدت میں بڑھ گئیں اور نومبر 2016 میں انڈیکس پر 99 امریکی ڈالر تک پہنچ گئیں۔ تاریخی طور پر کسی نہ کسی طرح کوئلے کی قیمت تیل سے منسلک رہی ہے لیکن حالیہ پٹرول فروخت کی بنیاد پر ظاہر ہو رہا ہے۔ یہ توقع ہے کہ کوئلے کی قیمتیں مستقبل قریب میں نیچے آجائیں گی۔

آئندہ سہ ماہی میں کمپنی کے مالی حالات پر کوئلے کی بلند قیمتوں کے اثرات نظر آ سکتے ہیں۔ جب ہمارا نیا سینٹ پلانٹ ترقی کے مراحل میں ہے۔ وسیع پیمانے پر تعمیر کا کام جاری ہے۔ اہم LCS تقریباً مکمل ہونے کو ہیں۔ مشینری کی تنصیب کے مرحلے کا آغاز ہو گیا ہے۔ منصوبہ طلبہ مدت میں مکمل ہونے کا امکان ہے۔

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



محمد رضوان بورڈ

رضوان شاہ

چیف ایگزیکٹو آفیسر

لاہور

16 فروری 2017ء

کمپنی کے ڈائریکٹرز مالی سال 2017 کے ششماہی نتائج پیش کرتے ہوئے خوشی محسوس کرتے ہیں:

پاکستانی روپے ہزاروں میں

ششماہی مالی سال 2016	ششماہی مالی سال 2017	
13,635,342	14,687,163	فروخت
(8,148,264)	(8,347,598)	قیمت فروخت
5,487,078	6,339,565	مجموعی منافع
(242,251)	(261,323)	انتظامی اخراجات
(385,997)	(504,705)	فروخت اور تقسیم کے اخراجات
(454,607)	(506,377)	دیگر معاملاتی اخراجات
1,237,214	1,175,841	دیگر آمدنی
5,641,437	6,243,001	آپریٹنگ سے نفع
(61,741)	(163,113)	مالی لاگت
5,579,696	6,079,888	ٹیکسیشن سے قبل منافع
(1,499,698)	(1,574,207)	ٹیکسیشن
4,079,998	4,505,681	ٹیکسیشن کے بعد منافع
9.31	10.28	فی شیئر آمدنی

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

اعداد و شمار میٹرک ٹن میں

ششماہی مالی سال 2016	ششماہی مالی سال 2017	
1,823,207	2,065,862	کلکٹری پیداوار
2,011,704	2,249,209	سیسٹ کی پیداوار
2,016,112	2,223,449	کل فروخت
1,706,127	1,913,860	مقامی فروخت (بشمول خود استعمال شدہ)
309,985	309,589	برآمد فروخت



# Auditors' Report to the Members on Review of Unconsolidated Condensed Interim Financial Information

## Introduction

We have reviewed the accompanying unconsolidated condensed interim balance sheet of D.G. Khan Cement Company Limited (the 'Company') as at December 31, 2016 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement, unconsolidated condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as the "unconsolidated condensed interim financial information"). Management is responsible for the preparation and presentation of this unconsolidated condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this unconsolidated condensed interim financial information based on our review. The figures included in the unconsolidated condensed interim profit and loss account for the quarters ended December 31, 2016 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

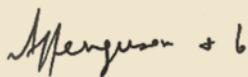
## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants,



Engagement Partner: Amer Raza Mir

Lahore,

Dated: February 16, 2017

# Unconsolidated Condensed Interim Balance Sheet



		<b>31 December, 2016</b>	<b>30 June, 2016</b>
	Note	<b>Un-Audited</b>	<b>Audited</b>
<b>(Rupees in thousand)</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorised capital			
- 95,000,000 (June 30, 2016: 95,000,000) 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 438,119,118 (June 30, 2016: 438,119,118) ordinary shares of Rs 10 each		4,381,191	4,381,191
Reserves		38,161,942	34,238,885
Unappropriated profit		29,040,319	27,163,353
		<u>71,583,452</u>	<u>65,783,429</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term finances - secured	5	8,650,000	2,400,000
Long term deposits		79,737	77,813
Retirement and other benefits		126,139	111,334
Deferred taxation		4,999,267	4,989,055
		<u>13,855,143</u>	<u>7,578,202</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		4,827,264	5,366,340
Short term borrowings - secured		6,072,164	3,451,352
Current portion of non-current liabilities		957,029	1,150,921
Accrued finance cost		79,149	52,931
Provision for taxation		35,090	35,090
		<u>11,970,696</u>	<u>10,056,634</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	6	-	-
		<u>97,409,291</u>	<u>83,418,265</u>

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

Chief Executive





	Note	31 December, 2016 Un-Audited (Rupees in thousand)	30 June, 2016 Audited
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	50,820,673	39,576,830
Investments	8	15,507,073	12,947,976
Long term loans, advances and deposits		58,292	57,938
		<u>66,386,038</u>	<u>52,582,744</u>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		4,492,773	4,006,181
Stock-in-trade		761,800	766,633
Trade debts		249,935	201,574
Investments - related parties	8	19,263,023	17,819,005
Advances, deposits, prepayments and other receivables		1,285,412	584,447
Loan to related party	9	1,000,000	-
Income tax receivable		961,455	433,136
Derivative financial instrument		7,075	14,701
Cash and bank balances		3,001,780	7,009,844
		<u>31,023,253</u>	<u>30,835,521</u>
		<u>97,409,291</u>	<u>83,418,265</u>

*David Dajal*  
Director



# Unconsolidated Condensed Interim Profit and Loss Account

For the Quarter and Half Year Ended December 31, 2016 (Un-audited)

	Note	2016		2015	
		July to December	October to December	July to December	October to December
		(Rupees in thousand)		(Rupees in thousand)	
<b>Sales</b>		14,687,163	8,088,044	13,635,342	7,391,181
Cost of sales	10	(8,347,598)	(4,659,547)	(8,148,264)	(4,283,196)
<b>Gross profit</b>		6,339,565	3,428,497	5,487,078	3,107,985
Administrative expenses		(261,323)	(135,387)	(242,251)	(133,390)
Selling and distribution expenses		(504,705)	(250,206)	(385,997)	(178,807)
Other operating expenses		(506,377)	(297,874)	(454,607)	(214,358)
Other income		1,175,841	658,601	1,237,214	756,791
		6,243,001	3,403,631	5,641,437	3,338,221
Finance cost		(163,113)	(89,300)	(61,741)	(32,116)
<b>Profit before taxation</b>		6,079,888	3,314,331	5,579,696	3,306,105
Taxation		(1,574,207)	(716,207)	(1,499,698)	(947,950)
<b>Profit after taxation</b>		4,505,681	2,598,124	4,079,998	2,358,155
<b>Earnings per share</b>					
<b>(basic and diluted)</b>	Rupees	10.28	5.93	9.31	5.38

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



Chief Executive



Director



## For the Quarter and Half Year Ended December 31, 2016 (Un-audited)

	2016		2015	
	July to December (Rupees in thousand)	October to December (Rupees in thousand)	July to December (Rupees in thousand)	October to December (Rupees in thousand)
<b>Profit after taxation</b>	4,505,681	2,598,124	4,079,998	2,358,155
Other comprehensive income / (loss) for the period				
Items that may be re-classified subsequently to profit or loss:				
Change in fair value of available-for-sale investments	3,923,057	2,661,604	(3,770,888)	(1,374,099)
	3,923,057	2,661,604	(3,770,888)	(1,374,099)
Items that will not be subsequently re-classified to profit or loss:				
Other comprehensive income / (loss) for the period	-	-	-	-
	3,923,057	2,661,604	(3,770,888)	(1,374,099)
<b>Total comprehensive income for the period</b>	<b>8,428,738</b>	<b>5,259,728</b>	<b>309,110</b>	<b>984,056</b>

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

Chief Executive

Director



# Unconsolidated Condensed Interim Cash Flow Statement



For the Half Year Ended December 31, 2016 (Un-audited)

	Note	2016 July to December (Rupees in thousand)	2015 July to December
<b>Cash flows from operating activities</b>			
Cash generated from operations	12	4,362,496	6,344,000
Finance cost paid		(136,925)	(44,496)
Retirement and other benefits paid		(23,014)	(26,548)
Taxes paid		(2,055,314)	(1,192,912)
Payment to subsidiary against tax losses		(37,000)	(136,000)
Long term deposits - net		1,924	346
Net cash generated from operating activities		2,112,167	4,944,390
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(12,264,747)	(4,195,556)
Proceeds from disposal of property, plant and equipment		10,278	5,182
Loan to related party		(1,000,000)	-
Investments made - net		(80,058)	4,518,072
Long term loans, advances and deposits - net		(354)	389
Interest received		128,263	124,652
Dividends received		1,060,707	884,349
Net cash (used in) / generated from investing activities		(12,145,911)	1,337,088
<b>Cash flows from financing activities</b>			
Repayment of long term finances		(544,358)	(326,201)
Proceeds from long term finances		6,600,000	3,300,000
Settlement of derivative financial instrument		2,999	(4,403)
Dividend paid		(2,646,677)	(2,111,888)
Net cash generated from financing activities		3,411,964	857,508
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(6,621,780)</b>	<b>7,138,986</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>3,558,492</b>	<b>(1,568,349)</b>
Exchange loss on cash and cash equivalents		(7,096)	(48,635)
<b>Cash and cash equivalents at the end of the period</b>	13	<b>(3,070,384)</b>	<b>5,522,002</b>

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

Chief Executive

Director





For the Half Year Ended December 31, 2016 (Un-audited)

Rupees in thousands	Capital reserve			Revenue reserve			Total
	Share capital	Share premium	Fair value reserve	Capital redemption reserve fund	General reserve	Unappropriated profit	
<b>Balance as at June 30, 2016 - Audited</b>	4,381,191	4,557,163	24,256,385	353,510	5,071,827	27,163,353	65,783,429
<b>Total comprehensive income for the period</b>							
- Profit for the period	-	-	-	-	-	4,505,681	4,505,681
- Other comprehensive income for the period	-	-	3,923,057	-	-	-	3,923,057
			3,923,057			4,505,681	8,428,738
<b>Transactions with owners in their capacity as owners recognised directly in equity</b>							
- Final dividend for the year ended June 30, 2016 (Rs 6 per share)	-	-	-	-	-	(2,628,715)	(2,628,715)
<b>Balance as at December 31, 2016 - Unaudited</b>	4,381,191	4,557,163	28,179,442	353,510	5,071,827	29,040,319	71,583,452
<b>Balance as at June 30, 2015 - Audited</b>	4,381,191	4,557,163	27,405,272	353,510	5,071,827	20,527,108	62,296,071
<b>Total comprehensive income for the period</b>							
- Profit for the period	-	-	-	-	-	4,079,998	4,079,998
- Other comprehensive income for the period	-	-	(3,770,888)	-	-	-	(3,770,888)
			(3,770,888)			4,079,998	309,110
<b>Transactions with owners in their capacity as owners recognised directly in equity</b>							
- Final dividend for the year ended June 30, 2015 (Rs 5 per share)	-	-	-	-	-	(2,190,596)	(2,190,596)
<b>Balance as at December 31, 2015 - Unaudited</b>	4,381,191	4,557,163	23,634,384	353,510	5,071,827	22,416,510	60,414,585

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

  
Chief Executive

  
Director



## For the Quarter and Half Year Ended December 31, 2016 (Un-audited)

### 1. Status and nature of business

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

### 2. Basis of preparation

This condensed interim financial information is un-audited and is being submitted to the members as required by section 245 of the Companies Ordinance, 1984. The condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The figures for the half year ended December 31, 2016 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the annual financial statements for the year ended June 30, 2016.

### 3. Significant accounting policies

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

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

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

##### **3.2.1 Standards, amendments to published standards and interpretations that are effective in the current period**

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2016 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in this condensed interim financial information except for:

- 'Equity method in separate financial statements – Amendments to IAS 27' applicable from periods beginning on or after January 1, 2016. These amendments will allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates. IAS 27 currently allows entities to measure their

investments in subsidiaries, joint ventures and associates either at cost or as a financial asset in their separate financial statements. The amendments introduce the equity method as a third option. The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively. The Company has elected to measure its investments in subsidiaries at cost in its separate financial statements, which has been followed earlier.

### 3.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after July 01, 2017 or later periods, and the Company has not early adopted them:

	<b>Effective date (accounting periods beginning on or after)</b>
<b>Other standards or interpretations</b>	
Amendments to IAS 7, 'Statement of cash flows' on disclosure initiative	January 01, 2017
Amendments to IAS 12, 'Income taxes' on Recognition of deferred tax assets for unrealised losses	January 01, 2017
<b>Standards under consideration of the relevant committee of the Institute of Chartered Accountants of Pakistan</b>	
IFRS 9, 'Financial instruments'	January 01, 2018
IFRS 15, 'Revenue from contracts with customers'	January 01, 2018
Amendments to IFRS 15, 'Revenue from contracts with customers' on gross versus net revenue presentation	January 01, 2018
IFRS 16 'Leases'	January 01, 2019

The Company will apply these standards/amendments from their respective effective dates and has yet to assess the impact of these amendments on its financial statements.

### 3.3 Significant accounting estimates, judgements and financial risk:

The preparation of this condensed interim financial requires the management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended

June 30, 2016, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in note 4.

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 estimate of the weighted average effective annual income tax rate expected for the full financial year.

<b>December 31, 2016</b>	<b>June 30, 2016</b>
<b>Un-audited</b>	<b>audited</b>
<b>(Rupees in thousand)</b>	

#### 5. Long term finances - secured

Long term loans - secured	- note 5.1	9,594,359	3,538,251
Less: current portion shown under current liabilities		944,359	1,138,251
		<u>8,650,000</u>	<u>2,400,000</u>

##### 5.1 Long term loans - secured

Opening balance		3,538,251	1,348,522
Add:			
Proceeds of borrowing		6,600,000	3,300,000
Exchange loss during the period		466	30,102
		<u>10,138,717</u>	<u>4,678,624</u>
Less:			
Repayments during the period		544,358	1,140,373
Closing balance		<u>9,594,359</u>	<u>3,538,251</u>

#### 6. Contingencies and commitments

##### 6.1 Contingencies

There is no significant change in contingencies from the preceding annual financial statements of the Company for the year ended June 30, 2016 except for letters of guarantees issued to various parties aggregating to Rs 909.958 million (June 30, 2016: Rs 913.200 million).

##### 6.2 Commitments in respect of:

- (i) Contracts for capital expenditure Rs. 196.965 million (June 30, 2016: Rs. 274.830 million)
- (ii) Letters of credits for capital expenditure Rs. 7,717.693 million (June 30, 2016: Rs. 11,142.576 million)

- (iii) Letters of credit other than capital expenditure Rs. 118.504 million (June 30, 2016: Rs. 1,152.906 million)
- (iv) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

		<b>December 31, 2016</b>	<b>June 30, 2016</b>
		<b>Un-audited</b>	<b>audited</b>
		<b>(Rupees in thousand)</b>	
Not later than one year		331	331
Later than one year and not later than five years		1,325	1,325
Later than five years		5,144	4,976
		<u>6,800</u>	<u>6,632</u>
<b>7. Property, plant and equipment</b>			
Operating assets	- note 7.1	31,191,086	31,806,997
Capital work-in-progress	- note 7.2	19,531,834	7,674,465
Major spare parts and stand-by equipment		97,753	95,368
		<u>50,820,673</u>	<u>39,576,830</u>
<b>7.1 Operating assets</b>			
Opening book value		31,806,997	27,979,032
Add: Additions during the period / year	- note 7.1.1	410,306	5,730,167
Less: Disposals during the period /year			
- at book value		6,365	30,336
Less: Depreciation charged during the period / year		1,019,852	1,871,866
		<u>1,026,217</u>	<u>1,902,202</u>
Closing book value		<u>31,191,086</u>	<u>31,806,997</u>
<b>7.1.1 Additions during the period / year</b>			
Freehold land		-	829,502
Buildings on freehold land		116,411	1,133,793
Office building and housing colony		10,463	426,872
Roads		60,389	-
Plant and machinery		160,919	2,911,098
Quarry equipment		16,097	163,922
Furniture, fixtures and office equipment		14,014	83,061
Motor vehicles		19,334	134,756
Power and water supply lines		12,679	47,163
		<u>410,306</u>	<u>5,730,167</u>

<b>December 31, 2016</b>	<b>June 30, 2016</b>
<b>Un-audited</b>	<b>audited</b>
<b>(Rupees in thousand)</b>	

## 7.2 Capital work-in-progress

Civil works	296,147	308,742
Plant and machinery	576,060	3,469,759
Advances for capital expenditure	1,989,174	1,135,546
Unallocated expenditure	1,369	1,369
Expansion project:		
-Civil works	4,495,482	1,985,126
-Plant and machinery	10,641,838	45,184
-Others	1,531,764	728,739
	<u>16,669,084</u>	<u>2,759,049</u>
	<u>19,531,834</u>	<u>7,674,465</u>

## 8. Investments

Carrying value of investments at the beginning of the period / year	30,766,981	37,773,978
Investments made during the period / year		
- Related parties	80,058	804,090
- Others	-	3,020,214
	<u>80,058</u>	<u>3,824,304</u>
Fair value gain / (loss) during the period / year on:		
- Available for sale investments	3,923,057	(3,148,887)
Investments disposed off during the period/year	-	(7,682,416)
Carrying value at the end of the period / year	<u>34,770,096</u>	<u>30,766,981</u>
Investments classified in current assets - related parties	(19,263,023)	(17,819,005)
Carrying value of investments at the end of the period / year	<u>15,507,073</u>	<u>12,947,976</u>

## 9. Loan to related party

This represents loan amounting to Rs 1,000 million to Nishat Hotels and Properties Limited ('NHPL'), an associated company, for meeting its working capital requirements. The loan carries markup at the rate of 3 months KIBOR + 0.5% per annum, payable on a monthly basis. The entire amount of the loan is repayable on October 30, 2017. The loan is secured through corporate guarantee of 110% of the loan amount issued by NHPL in favour of the Company. The effective markup rate charged during the period was 6.55% per annum.

In case of default in payment of principal or markup, the borrower shall be liable to pay additional sum equivalent to 7.5% per annum of respective amount of default.

	2016		2015	
	July to December	October to December	July to December	October to December

(Rupees in thousand)

## 10. Cost of sales

Raw and packing materials consumed	1,155,186	629,546	1,116,496	610,642
Salaries, wages and other benefits	910,850	473,345	836,189	445,623
Electricity and gas	1,230,054	561,566	1,178,545	492,310
Furnace oil and coal	3,243,193	1,888,004	3,005,358	1,641,198
Stores and spares consumed	658,812	345,574	634,605	338,293
Repair and maintenance	120,089	87,677	103,694	53,534
Insurance	27,115	10,462	33,002	16,462
Depreciation on property, plant and equipment	983,244	494,270	883,733	442,337
Amortization on intangibles	-	-	6,458	3,229
Royalty	161,076	85,025	142,429	76,468
Excise duty	15,285	8,044	13,563	7,292
Vehicle running expenses	11,821	6,698	15,201	8,459
Postage, telephone and telegram	1,204	253	2,161	925
Printing and stationery	4,699	1,930	1,952	1,470
Legal and professional charges	1,809	327	555	402
Travelling and conveyance	5,006	2,882	5,648	3,581
Estate development	12,460	7,437	10,599	6,359
Rent, rates and taxes	29,303	15,102	24,582	14,063
Freight charges	14,359	8,131	11,938	6,467
Fees and subscription	22,822	22,822	-	-
Other expenses	10,883	6,108	11,130	6,436
	8,619,270	4,655,203	8,037,838	4,175,550
Opening work-in-process	166,940	282,013	508,578	508,691
Closing work-in-process	(184,974)	(184,974)	(400,258)	(400,258)
	(18,034)	97,039	108,320	108,433
<b>Cost of goods manufactured</b>	8,601,236	4,752,242	8,146,158	4,283,983
Opening stock of finished goods	185,342	277,265	305,741	290,850
Closing stock of finished goods	(272,970)	(272,970)	(271,245)	(271,245)
	(87,628)	4,295	34,496	19,605
Less: Own consumption capitalized	(166,010)	(96,990)	(32,390)	(20,392)
	8,347,598	4,659,547	8,148,264	4,283,196

## 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 December 2016	July to December 2015
		Un-audited	Un-audited
(Rupees in thousand)			
<b>Subsidiary companies</b>	Purchase of goods and services	681,485	527,088
	Rental income	417	417
	Dividend income	38,393	25,595
	Sale of goods	16,304	7,434
<b>Other related parties</b>	Purchase of goods and services	1,011,074	661,138
	Insurance premium paid	57,814	73,113
	Sale of goods	44,237	80,914
	Mark-up income on balances with related parties	6,445	14,734
	Insurance claim received	1,373	-
	Dividend income	1,020,452	991,849
	Dividends paid	863,102	719,252
<b>Key management personnel</b>	Salaries and other employment benefits	98,851	89,067
<b>Post employment benefit plans</b>	Expense charged in respect of staff retirement benefits plans (defined benefit plan)	32,506	41,019
	Expense charged in respect of staff retirement benefits plans (contribution plan)	28,539	26,515



<b>December 31, 2016</b>	<b>June 30, 2016</b>
<b>Un-audited</b>	<b>audited</b>
<b>(Rupees in thousand)</b>	

### Balances with related parties:

#### Payable to related parties

Long term deposits	325	325
Trade and other payables	214,933	116,169
	<u>215,258</u>	<u>116,494</u>

#### Receivable from related parties

Trade debts	41,607	12,265
Advances, deposits, prepayments and other receivables	23,023	24,973
Long term loans, advances and deposits	-	17,205
	<u>64,630</u>	<u>54,443</u>

<b>July to December 31, 2016</b>	<b>July to December, 2015</b>
<b>Un-audited</b>	<b>Un-audited</b>
<b>(Rupees in thousand)</b>	

## 12. Cash generated from operations

Profit before tax	6,079,888	5,579,696
Adjustments for :		
- Depreciation on property, plant and equipment	1,019,852	921,440
- Profit on disposal of property, plant and equipment	(3,913)	(2,252)
- Profit on bank deposits	(92,132)	(173,640)
- Amortization on intangibles	-	9,226
- Dividend income	(1,060,210)	(1,020,652)
- Retirement and other benefits accrued	32,506	38,551
- Mark-up income	(6,445)	(319)
- Exchange loss - net	32,152	75,979
- Finance cost	163,113	61,741
- Gain on disposal of investments at fair value through profit or loss	-	(23,179)
- Loss / (gain) on derivative financial instruments	4,627	(5,314)
<b>Profit before working capital changes</b>	<u>6,169,438</u>	<u>5,461,277</u>
Effect on cash flow due to working capital changes:		
- Increase in stores, spares and loose tools	(486,592)	(307,498)
- Decrease in stock-in-trade	4,833	251,602
- Increase in trade debts	(41,907)	(43,628)
- (Decrease) / Increase in advances, deposits, prepayments and other receivables	(731,148)	559,180
- (Decrease) / Increase in trade and other payables	(552,128)	423,067
	<u>(1,806,942)</u>	<u>882,723</u>
Cash generated from operations	<u>4,362,496</u>	<u>6,344,000</u>

<b>December 31, 2016</b>	<b>December 31, 2015</b>
<b>Un-audited</b>	<b>Un-audited</b>
<b>(Rupees in thousand)</b>	

### 13. Cash and cash equivalents

Short term borrowings - secured	(6,072,164)	(3,435,649)
Cash and bank balances	3,001,780	8,957,651
	<u>(3,070,384)</u>	<u>5,522,002</u>

### 14. Financial risk management

#### 14.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the company's annual financial statements as at June 30, 2016.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2016.

#### 14.2 Liquidity risk

Compared to the year ended June 30, 2016, the Company has acquired long term borrowings amounting to Rs 6.6 billion as referred to in note 5.1. The contractual undiscounted cash flows for the company's financial liabilities are as follows:

	<b>Rupees in thousand</b>			
	<b>Carrying value</b>	<b>Less than 1 year</b>	<b>Between 1 and 3 years</b>	<b>More than 3 years</b>
<b>As at December 31, 2016</b>				
Long term finances - secured	9,594,359	944,359	3,750,000	4,900,000
Long term deposits	79,737	-	-	79,737
Trade and other payables	4,341,227	4,341,227	-	-
Short term borrowings - secured	6,072,164	6,072,164	-	-
Accrued finance cost	79,149	79,149	-	-
	<u>20,166,636</u>	<u>11,436,899</u>	<u>3,750,000</u>	<u>4,979,737</u>
<b>As at June 30, 2016</b>				
Long term finances - secured	3,538,251	1,138,251	800,000	1,350,000
Long term deposits	77,813	-	-	77,813
Trade and other payables	4,763,371	4,763,371	-	-
Short term borrowings - secured	3,451,352	3,451,352	-	-
Accrued finance cost	52,931	52,931	-	-
	<u>11,883,718</u>	<u>9,405,905</u>	<u>800,000</u>	<u>1,427,813</u>

### 14.3 Fair value estimation

The different levels for fair value estimation used by the Company have been defined as follows:

- The fair value of financial instruments traded in active markets (such as publicly traded available for sale securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted market price used for financial assets held by the company is the current bid price. These instruments are included in Level 1.
- The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.
- If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table presents the Company's assets and liabilities that are measured at fair values:

	Level 1	Level 2	Level 3	Total
<b>As at December 31, 2016</b>	<b>(Rupees in thousand)</b>			
<b>Assets</b>				
Investments - available for sale	31,216,322	1,000,000	-	32,216,322
Derivative financial instrument	-	7,075	-	7,075
<b>Total assets</b>	<b>31,216,322</b>	<b>1,007,075</b>	<b>-</b>	<b>32,223,397</b>
<b>As at December 31, 2016</b>	<b>(Rupees in thousand)</b>			
<b>Liabilities</b>				
Liabilities	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>As at June 30, 2016</b>	<b>(Rupees in thousand)</b>			
<b>Assets</b>				
Investments - Available for sale	27,213,207	1,000,000	-	28,213,207
Derivative financial instruments	-	14,701	-	14,701
<b>Total assets</b>	<b>27,213,207</b>	<b>1,014,701</b>	<b>-</b>	<b>28,227,908</b>
<b>Liabilities</b>				
Liabilities	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

There were no transfers between Level 1 and 2 during the period. There were no changes in valuation techniques during the periods.

#### 15. Date of authorization for issue

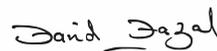
This condensed interim financial information was authorized for issue on February 16, 2017 by the Board of Directors of the Company.

#### 16. Corresponding figures

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



Chief Executive



Director





# Consolidated Financial Statements



# Consolidated Condensed Interim Balance Sheet



	Note	31 December, 2016 Un-Audited (Rupees in thousand)	30 June, 2016 Audited
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
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			
438,119,118 (June 30, 2016: 438,119,118) ordinary shares of Rs 10 each		4,381,191	4,381,191
Reserves		38,128,918	34,205,232
Unappropriated profit		28,904,258	27,108,337
		<u>71,414,367</u>	<u>65,694,760</u>
Non-controlling Interest		1,975,995	2,041,337
		<u>73,390,362</u>	<u>67,736,097</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term finances - secured	5	8,677,500	2,513,750
Long term deposits		79,737	77,813
Retirement and other benefits		126,138	111,335
Deferred taxation		5,382,152	5,379,939
		<u>14,265,527</u>	<u>8,082,837</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		5,017,388	5,296,293
Short term borrowings - secured		6,474,986	3,750,006
Current portion of non-current liabilities		1,117,654	1,284,046
Accrued finance cost		79,149	60,421
Provision for taxation		35,090	35,090
		<u>12,724,267</u>	<u>10,425,856</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	6	-	-
		<u>100,380,156</u>	<u>86,244,790</u>

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

Chief Executive





	Note	31 December, 2016 Un-Audited (Rupees in thousand)	30 June, 2016 Audited
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	54,226,785	43,067,616
Biological assets		521,067	660,491
Investments	8	13,022,605	10,441,240
Long term loans, advances and deposits		59,196	58,842
		<u>67,829,653</u>	<u>54,228,189</u>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		4,631,190	4,124,476
Stock-in-trade		1,534,800	1,338,211
Trade debts		591,479	524,974
Short term investments	8	19,263,064	17,819,047
Advances, deposits, prepayments and other receivables		1,527,247	604,398
Loan to related party	9	1,000,000	-
Income tax receivable		984,321	568,700
Derivative financial instrument		7,075	14,701
Cash and bank balances		3,011,327	7,022,094
		<u>32,550,503</u>	<u>32,016,601</u>
		<u>100,380,156</u>	<u>86,244,790</u>

*Dand Jagal*  
Director



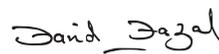
## For the Quarter and Half Year Ended December 31, 2016 (Un-audited)

	Note	2016		2015	
		July to December	October to December	July to December	October to December
		(Rupees in thousand)		(Rupees in thousand)	
<b>Sales</b>		15,746,216	8,629,122	14,700,464	7,975,352
Cost of sales	10	(9,280,147)	(5,112,378)	(9,305,868)	(4,834,343)
<b>Gross profit</b>		6,466,069	3,516,744	5,394,596	3,141,009
Administrative expenses		(287,869)	(148,832)	(262,162)	(144,044)
Selling and distribution expenses		(513,567)	(256,019)	(393,108)	(182,729)
Other operating expenses		(638,611)	(341,047)	(587,416)	(193,049)
Other income		1,151,994	708,255	1,351,091	868,385
		6,178,016	3,479,101	5,503,001	3,489,572
Finance cost		(180,066)	(95,229)	(98,864)	(47,590)
<b>Profit before taxation</b>		5,997,950	3,383,872	5,404,137	3,441,982
Taxation		(1,607,759)	(721,656)	(1,568,655)	(997,068)
<b>Profit after taxation</b>		4,390,191	2,662,216	3,835,482	2,444,914
<b>Attributable to:</b>					
Equity holders of the parent		4,424,636	2,650,599	3,933,677	2,394,397
Non-controlling interest		(34,445)	11,617	(98,195)	50,517
		4,390,191	2,662,216	3,835,482	2,444,914
<b>Earnings per share</b>					
<b>(basic and diluted)</b>	Rupees	10.02	6.08	8.75	5.58

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



Chief Executive



Director



## For the Quarter and Half Year Ended December 31, 2016 (Un-audited)

	2016		2015	
	July to December (Rupees in thousand)	October to December (Rupees in thousand)	July to December (Rupees in thousand)	October to December (Rupees in thousand)
<b>Profit after taxation</b>	4,390,191	2,662,216	3,835,482	2,444,914
<b>Other comprehensive income / (loss) for the period</b>				
<b>Items that may be re-classified subsequently to profit or loss:</b>				
Change in fair value of available-for-sale investments	3,924,201	2,662,748	(3,770,888)	(1,374,099)
	3,924,201	2,662,748	(3,770,888)	(1,374,099)
<b>Items that will not be subsequently re-classified to profit or loss:</b>	-	-	-	-
<b>Other comprehensive income / (loss) for the period</b>	3,924,201	2,662,748	(3,770,888)	(1,374,099)
<b>Total comprehensive income for the period</b>	<b>8,314,392</b>	<b>5,324,964</b>	<b>64,594</b>	<b>1,070,815</b>
<b>Attributable to</b>				
Equity holders of parent	8,348,322	5,312,832	162,789	1,020,298
Non-controlling interest	(33,930)	12,132	(98,195)	50,517
	<b>8,314,392</b>	<b>5,324,964</b>	<b>64,594</b>	<b>1,070,815</b>

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

Chief Executive

Director



# Consolidated Condensed Interim Cash Flow Statement



For the Half Year Ended December 31, 2016 (Un-audited)

	Note	2016 July to December (Rupees in thousand)	2015 July to December
<b>Cash flows from operating activities</b>			
Cash generated from operations	12	4,381,553	6,224,942
Finance cost paid		(161,368)	(95,283)
Retirement and other benefits paid		(23,014)	(26,548)
Taxes paid		(2,021,167)	(1,346,018)
Long term deposits - net		1,924	346
Net cash generated from operating activities		2,177,928	4,757,439
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(12,316,427)	(3,901,810)
Proceeds from disposal of property, plant and equipment		10,278	6,588
Proceeds from disposal of biological assets		26,222	-
Loan to related party		(1,000,000)	-
Investments made - net		(101,181)	4,513,760
Long term loans, advances and deposits - net		(354)	389
Interest received		128,263	124,333
Dividends received		1,024,818	884,349
Net cash (used in) / generated from investing activities		(12,228,381)	1,627,609
<b>Cash flows from financing activities</b>			
Repayment of long term finances		(603,108)	(384,950)
Proceeds from long term finances		6,600,000	3,300,000
Settlement of derivative financial instrument		2,999	(4,403)
Dividend paid		(2,678,089)	(2,211,537)
Net cash generated from financing activities		3,321,802	699,110
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(6,728,651)</b>	<b>7,084,158</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>3,272,088</b>	<b>(2,082,557)</b>
Exchange loss on cash and cash equivalents		(7,096)	-
<b>Cash and cash equivalents at the end of the period</b>	13	<b>(3,463,659)</b>	<b>5,001,601</b>

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

Chief Executive

Director





For the Half Year Ended December 31, 2016 (Un-audited)

Rupees in thousands	Capital reserve				Revenue reserve				
	Share capital	Share premium	Fair value reserve	Capital redemption reserve fund	General reserve	Accumulated profit	Total equity attributable to shareholders of parent company	Non-controlling interest	Total
Balance as at June 30, 2015 - Audited	4,381,191	4,557,163	27,330,749	353,510	5,110,851	20,708,896	62,442,360	2,232,259	64,674,619
<b>Total comprehensive income for the period</b>	-	-	-	-	-	3,933,677	3,933,677	(98,195)	3,835,482
- Profit for the period	-	-	(3,770,888)	-	-	-	(3,770,888)	-	(3,770,888)
- Other comprehensive income for the period	-	-	(3,770,888)	-	-	3,933,677	162,789	(98,195)	64,594
Transactions with owners in their capacity as owners recognised directly in equity	-	-	-	-	-	-	-	-	-
-Parent company	-	-	-	-	-	-	-	-	-
- Final dividend for the year ended June 30, 2015 (Rs 5 per share)	-	-	-	-	-	(2,190,596)	(2,190,596)	-	(2,190,596)
-Subsidiary Company	-	-	-	-	-	-	-	-	-
- Final dividend for the year ended June 30, 2015 (Rs 1 per share)	-	-	-	-	-	-	-	(20,941)	(20,941)
<b>Balance as at December 31, 2015 - Unaudited</b>	<b>4,381,191</b>	<b>4,557,163</b>	<b>23,559,861</b>	<b>353,510</b>	<b>5,110,851</b>	<b>22,451,977</b>	<b>60,414,553</b>	<b>2,113,123</b>	<b>62,527,676</b>
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
<b>Total comprehensive income for the period</b>	-	-	-	-	-	4,424,636	4,424,636	(34,445)	4,390,191
- Profit for the period	-	-	3,923,686	-	-	-	3,923,686	515	3,924,201
- Other comprehensive income for the period	-	-	3,923,686	-	-	4,424,636	8,348,322	(33,930)	8,314,392
Transactions with owners in their capacity as owners recognised directly in equity	-	-	-	-	-	-	-	-	-
-Parent company	-	-	-	-	-	-	-	-	-
- Final dividend for the year ended June 30, 2016 (Rs 6 per share)	-	-	-	-	-	(2,628,715)	(2,628,715)	-	(2,628,715)
-Subsidiary Company	-	-	-	-	-	-	-	-	-
- Final dividend for the year ended June 30, 2016 (Rs 1.5 per share)	-	-	-	-	-	-	-	(31,412)	(31,412)
Balance as at December 31, 2016 - Unaudited	4,381,191	4,557,163	28,107,394	353,510	5,110,851	28,904,258	71,414,367	1,975,995	73,390,362

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

  
Chief Executive

  
Director



## For the Quarter and Half Year Ended December 31, 2016 (Un-audited)

### 1. Legal Status and nature of business

The group comprises of:

- D.G.Khan Cement Company Limited, the parent company; and
- Nishat Paper Products Company Limited.
- Nishat Dairy (Private) Limited.

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 Product Company Limited 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.

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 consolidated 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 consolidated condensed interim financial information do not include the information reported for full annual consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements for the year ended June 30, 2016.

### 3. Significant accounting policies

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

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

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

##### **3.2.1 Standards, amendments to published standards and interpretations that are effective in the current period**

Certain standards, amendments and interpretations to approved accounting standards are

effective for accounting periods beginning on July 01, 2016 but are considered not to be relevant or to have any significant effect on the group's operations and are, therefore, not detailed in this consolidated condensed interim financial information.

### 3.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following amendments and interpretations to existing standards have been published and are mandatory for the group's accounting periods beginning on or after July 01, 2017 or later periods, and the group has not early adopted them:

	<b>Effective date (accounting periods beginning on or after)</b>
<b>Other standards or interpretations</b>	
Amendments to IAS 7, 'Statement of cash flows' on disclosure initiative	January 01, 2017
Amendments to IAS 12, 'Income taxes' on Recognition of deferred tax assets for unrealised losses	January 01, 2017

#### **Standards under consideration of the relevant committee of the Institute of Chartered Accountants of Pakistan**

IFRS 9, 'Financial instruments,	January 01, 2018
IFRS 15, 'Revenue from contracts with customers,	January 01, 2018
Amendments to IFRS 15, 'Revenue from contracts with customers' on gross versus net revenue presentation	January 01, 2018
IFRS 16 'Leases'	January 01, 2019

The group will apply these standards/amendments from their respective effective dates and has yet to assess the impact of these amendments on its financial statements.

### 3.3 Significant accounting estimates, judgements and financial risk:

The preparation of this consolidated condensed interim financial requires the management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this consolidated condensed interim financial information, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended June 30, 2016, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in note 4.



The group'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 estimate of the weighted average effective annual income tax rate expected for the full financial year.

<b>December 31, 2016</b>	<b>June 30, 2016</b>
<b>Un-audited</b>	<b>audited</b>
<b>(Rupees in thousand)</b>	

#### 5. Long term finances - secured

Long term loans - secured	- note 5.1	9,782,484	3,785,126
Less: current portion shown under current liabilities		1,104,984	1,271,376
		<u>8,677,500</u>	<u>2,513,750</u>

##### 5.1 Long term loans - secured

Opening balance		3,785,126	1,712,897
Add:			
Proceeds of borrowing		6,600,000	3,300,000
Exchange loss during the period		466	30,102
		<u>10,385,592</u>	<u>5,042,999</u>
Less:			
Repayments during the period		603,108	1,257,873
Closing balance		<u>9,782,484</u>	<u>3,785,126</u>

#### 6. Contingencies and commitments

##### 6.1 Contingencies

There is no significant change in contingencies from the preceding annual financial statements of the Group for the year ended June 30, 2016 except for letters of guarantees issued to various parties aggregating to Rs 1,022.804 million (June 30, 2016: Rs 977.590 million).

##### 6.2 Commitments in respect of:

- (i) Contracts for capital expenditure Rs. 196.965 million (June 30, 2016: Rs. 274.830 million)
- (ii) Letters of credits for capital expenditure Rs. 7,717.693 million (June 30, 2016: Rs. 11,195.826 million)
- (iii) Letters of credit other than capital expenditure Rs. 399.037 million (June 30, 2016: Rs. 1,425.616 million)

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

		<b>December 31, 2016</b>	<b>June 30, 2016</b>
		<b>Un-audited</b>	<b>audited</b>
		<b>(Rupees in thousand)</b>	
Not later than one year		331	331
Later than one year and not later than five years		1,325	1,325
Later than five years		5,144	4,976
		<u>6,800</u>	<u>6,632</u>
<b>7. Property, plant and equipment</b>			
Operating assets	- note 7.1	34,550,960	35,288,238
Capital work-in-progress	- note 7.2	19,578,072	7,684,010
Major spare parts and stand-by equipment		97,753	95,368
		<u>54,226,785</u>	<u>43,067,616</u>
<b>7.1 Operating assets</b>			
Opening book value		35,288,238	31,693,136
Add: Additions during the period / year	- note 7.1.1	425,293	5,796,462
Less: Disposals during the period /year - at book value		6,365	33,288
Less: Depreciation charged during the period / year		1,156,206	2,168,072
		<u>1,162,571</u>	<u>2,201,360</u>
Closing book value		<u>34,550,960</u>	<u>35,288,238</u>
<b>7.1.1 Additions during the period / year</b>			
Freehold land		-	829,502
Buildings on freehold land		116,325	1,148,910
Office building and housing colony		10,463	426,872
Roads		60,389	-
Plant and machinery		167,309	2,927,404
Quarry equipment		17,942	172,100
Furniture, fixtures and office equipment		16,633	89,289
Motor vehicles		22,803	154,170
Power and water supply lines		13,429	48,215
		<u>425,293</u>	<u>5,796,462</u>

December 31, 2016	June 30, 2016
Un-audited	audited
(Rupees in thousand)	

## 7.2 Capital work-in-progress

Civil works	342,385	315,300
Plant and machinery	576,060	3,469,759
Advances for capital expenditure	1,989,174	1,136,947
Unallocated expenditure	1,369	2,955
Expansion project:		
-Civil works	4,495,482	1,985,126
-Plant and machinery	10,641,838	45,184
-Others	1,531,764	728,739
	16,669,084	2,759,049
	19,578,072	7,684,010

## 8. Investments

Carrying value of investments at the beginning of the period / year	28,260,287	35,220,251
Investments made during the period / year		
- Related parties	80,058	804,090
- Others	21,123	3,065,402
	101,181	3,869,492
Fair value gain / (loss) during the period / year on:		
- Available for sale investments	3,924,201	(3,147,040)
Investments disposed off during the period/year	-	(7,682,416)
Carrying value at the end of the period / year	32,285,669	28,260,287
Investments classified in current assets - related parties	(19,263,064)	(17,819,047)
Carrying value of investments at the end of the period / year	13,022,605	10,441,240

## 9. Loan to related party

This represents loan amounting to Rs 1,000 million to Nishat Hotels and Properties Limited ('NHPL'), an associated company, for meeting its working capital requirements. The loan carries markup at the rate of 3 months KIBOR + 0.5% per annum, payable on a monthly basis. The entire amount of the loan is repayable on October 30, 2017. The loan is secured through corporate guarantee of 110% of the loan amount issued by NHPL in favour of the group. The effective markup rate charged during the period was 6.55% per annum.

In case of default in payment of principal or markup, the borrower shall be liable to pay additional sum equivalent to 7.5% per annum of respective amount of default.

2016		2015	
July to December	October to December	July to December	October to December

(Rupees in thousand)

## 10. Cost of sales

Raw and packing materials consumed	1,790,353	876,187	1,880,504	946,371
Salaries, wages and other benefits	973,094	504,916	889,179	470,529
Electricity and gas	1,291,491	586,713	1,231,715	511,805
Furnace oil and coal	3,243,193	1,888,004	3,005,358	1,641,198
Stores and spares consumed	676,143	354,663	641,204	340,612
Repair and maintenance	143,921	110,227	124,085	62,829
Insurance	28,734	11,176	62,585	30,535
Depreciation on property, plant and equipment	1,117,575	561,500	1,023,719	509,910
Amortization on intangibles	-	-	11,496	8,267
Royalty	161,076	85,025	142,429	76,468
Excise duty	15,285	8,044	13,563	7,292
Vehicle running expenses	11,821	6,508	15,602	8,650
Postage, telephone and telegram	1,222	261	2,212	956
Printing and stationery	4,699	1,930	1,954	1,470
Legal and professional charges	1,909	327	655	402
Travelling and conveyance	5,525	3,401	5,855	3,745
Estate development	12,460	7,437	10,599	6,359
Rent, rates and taxes	29,304	15,099	24,612	14,058
Freight charges	14,359	8,121	12,107	6,491
Fees and subscription	22,822	22,822	-	-
Other expenses	51,030	28,936	66,555	28,996
	9,596,016	5,081,297	9,165,988	4,676,943
Opening work-in-process	166,940	282,013	508,578	508,691
Closing work-in-process	(184,974)	(184,974)	(400,258)	(400,258)
	(18,034)	97,039	108,320	108,433
<b>Cost of goods manufactured</b>	<b>9,577,982</b>	<b>5,178,336</b>	<b>9,274,308</b>	<b>4,785,376</b>
Opening stock of finished goods	292,094	454,950	378,542	383,951
Closing stock of finished goods	(418,225)	(418,225)	(314,592)	(314,592)
	(126,131)	36,725	63,950	69,359
Less: Own consumption capitalized	(171,704)	(102,683)	(32,390)	(20,392)
	9,280,147	5,112,378	9,305,868	4,834,343

## 11. Transactions with related parties

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

Relationship with the group	Nature of transaction	July to December 2016	July to December 2015
		Un-audited	Un-audited
		(Rupees in thousand)	
<b>Other related parties</b>	Purchase of goods and services	1,011,074	661,138
	Insurance premium paid	57,814	73,113
	Sale of goods	44,237	80,914
	Mark-up income on balances with related parties	6,445	14,734
	Insurance claim received	1,373	-
	Dividend income	1,020,452	1,017,444
	Dividends paid	863,102	719,252
<b>Key management personnel</b>	Salaries and other employment benefits	98,851	89,067
<b>Post employment benefit plans</b>	Expense charged in respect of staff retirement benefits plans (defined benefit plan)	32,506	41,019
	Expense charged in respect of staff retirement benefits plans (contribution plan)	28,539	26,515
		<b>December 31, 2016</b>	<b>June 30, 2016</b>
		<b>Un-audited</b>	<b>audited</b>
		(Rupees in thousand)	
<b>Balances with related parties:</b>			
<b>Payable to related parties</b>			
	Long term deposits	325	325
	Trade and other payables	7,644	116,169
		7,969	116,494
	Receivable from related parties		
	Trade debts	41,305	12,265
	Advances, deposits, prepayments and other receivables	23,559	24,973
	Long term loans , advances and deposits	-	17,205
		64,864	54,443

<b>July to December 31, 2016</b>	<b>July to December, 2015</b>
<b>Un-audited</b>	<b>Un-audited</b>
<b>(Rupees in thousand)</b>	

## 12. Cash generated from operations

Profit before tax	5,997,950	5,404,137
Adjustments for:		
- Depreciation on property, plant and equipment	1,156,206	1,068,226
- Profit on disposal of property, plant and equipment	(3,913)	(706)
- Loss on disposal of biological assets	139,424	-
- Profit on bank deposits	(92,132)	(173,640)
- Amortization on intangibles	-	9,226
- Dividend income	(1,024,321)	(1,020,652)
- Retirement and other benefits accrued	32,506	38,551
- Mark-up income	(6,445)	(319)
- Exchange loss - net	31,776	30,755
- Finance cost	180,066	98,864
- Loss / (gain) on derivative financial instruments	4,627	(28,493)
<b>Profit before working capital changes</b>	<b>6,415,744</b>	<b>5,425,949</b>
Effect on cash flow due to working capital changes:		
- Increase in stores, spares and loose tools	(506,714)	(316,079)
- (Increase) / Decrease in stock-in-trade	(196,589)	193,922
- Increase in trade debts	(60,051)	(113,530)
- (Decrease) / Increase in advances, deposits, prepayments and other receivables	(972,983)	471,251
- (Decrease) / Increase in trade and other payables	(297,854)	563,429
	<b>(2,034,191)</b>	<b>798,993</b>
Cash generated from operations	<b>4,381,553</b>	<b>6,224,942</b>

<b>December 31, 2016</b>	<b>December 31, 2015</b>
<b>Un-audited</b>	<b>Un-audited</b>
<b>(Rupees in thousand)</b>	

## 13. Cash and cash equivalents

Short term borrowings - secured	(6,474,986)	(3,961,302)
Cash and bank balances	3,011,327	8,962,903
	<b>(3,463,659)</b>	<b>5,001,601</b>

## 14. Financial risk management

### 14.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The consolidated condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the group's annual financial statements as at June 30, 2016.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2016.

### 14.2 Liquidity risk

Compared to the year ended June 30, 2016, the group has acquired long term borrowings amounting to Rs 6.6 billion as referred to in note 5.1. The contractual undiscounted cash flows for the group's financial liabilities are as follows:

	Rupees in thousand			
	Carrying value	Less than 1 year	Between 1 and 3 years	More than 3 years
<b>As at December 31, 2016</b>				
Long term finances - secured	9,782,484	1,104,984	3,777,500	4,900,000
Long term deposits	79,737	-	-	79,737
Trade and other payables	4,736,881	4,736,881	-	-
Short term borrowings - secured	6,474,986	6,474,986	-	-
Accrued finance cost	79,149	79,149	-	-
	<u>21,153,237</u>	<u>12,396,000</u>	<u>3,777,500</u>	<u>4,979,737</u>
<b>As at June 30, 2016</b>				
Long term finances - secured	3,785,126	1,271,376	800,000	1,350,000
Long term deposits	77,813	-	-	77,813
Trade and other payables	4,693,324	4,693,324	-	-
Short term borrowings - secured	3,750,006	3,750,006	-	-
Accrued finance cost	60,421	60,421	-	-
	<u>12,366,690</u>	<u>9,775,127</u>	<u>800,000</u>	<u>1,427,813</u>

### 14.3 Fair value estimation

The different levels for fair value estimation used by the group have been defined as follows:

- The fair value of financial instruments traded in active markets (such as publicly traded available for sale securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted market price used for financial assets held by the company is the current bid price. These instruments are included in Level 1.

- The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

- If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table presents the Group's assets and liabilities that are measured at fair values:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>As at December 31, 2016</b>	<b>(Rupees in thousand)</b>			
<b>Assets</b>				
Investment - At fair value through profit or loss	41	-	-	41
Investments - Available for sale	31,285,628	1,000,000	-	32,285,628
Biological assets	-	-	521,067	521,067
Derivative financial instruments	-	7,075	-	7,075
<b>Total assets</b>	<u>31,285,669</u>	<u>1,007,075</u>	<u>521,067</u>	<u>32,813,811</u>
<b>As at December 31, 2016</b>	<b>(Rupees in thousand)</b>			
<b>Liabilities</b>				
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>As at June 30, 2016</b>	<b>(Rupees in thousand)</b>			
<b>Assets</b>				
Investment - At fair value through profit or loss	41	-	-	41
Investments - Available for sale	27,260,246	1,000,000	-	28,260,246
Biological assets	-	-	660,491	660,491
Derivative financial instruments	-	14,701	-	14,701
<b>Total assets</b>	<u>27,260,287</u>	<u>1,014,701</u>	<u>660,491</u>	<u>28,935,479</u>
<b>Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

There were no transfers between Level 1 and 2 during the period. There were no changes in valuation techniques during the periods.

### Valuation techniques used to measure level 3 assets

The fair value of these assets is determined by an independent professionally qualified valuer. Latest valuation of these assets was carried out on June 30, 2016. Level 3 fair value of Biological assets has been determined using a replacement cost approach, whereby, current cost of similar dairy cattle in the international market has been adjusted for transportation costs to arrive at fair value.

### Valuation inputs and relationship to fair value

The international market prices of similar dairy cattle, when these increase the fair value increases. The fair value is also dependent on the age of the cattle. The fair value increases as the cows mature. This value decreases as cows age and go through lactations.

### Fair value sensitivity analysis for biological assets

If the fair value of biological assets, at the year end date fluctuates by 1% higher/lower with all other variables held constant, pre tax loss for the period would have been Rs 5.211 million (2016: Rs 6.605 million) lower/higher mainly as a result of lower/higher fair value loss on biological assets.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

## 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 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.

Rupees in thousands	Cement				Paper				Dairy				Elimination - net				Consolidated	
	July to December 2016 un-audited	July to December 2015 un-audited																
	14,681,469	13,635,342	526,392	450,872	538,355	614,250	-	(687,179)	-	(527,088)	-	15,746,216	14,700,464	-	-	-		
Revenue from																		
- External Customers	14,681,469	13,635,342	526,392	450,872	538,355	614,250	-	(687,179)	-	(527,088)	-	15,746,216	14,700,464	-	-	-		
- Inter-group	5,694	-	681,485	527,088	-	-	-	-	-	-	-	-	-	-	-	-		
	14,687,163	13,635,342	1,207,877	977,960	538,355	614,250	(687,179)	(527,088)	(687,179)	(527,088)	(527,088)	15,746,216	14,700,464	(527,088)	(527,088)	(527,088)		
Segment gross profit/(loss)	6,339,564	5,487,080	296,928	233,802	(141,254)	(298,154)	(29,169)	(28,132)	(29,169)	(28,132)	(28,132)	6,466,069	5,394,596	(28,132)	(28,132)	(28,132)		
Segment expenses	(1,272,400)	(1,082,855)	(31,499)	(19,241)	(136,523)	(140,589)	375	(1)	375	(1)	(1,440,047)	(1,242,686)	(1,440,047)	(1,440,047)	(1,440,047)	(1,440,047)		
Other income	1,175,841	1,211,619	7,395	970	7,943	138,917	(39,185)	(415)	138,917	(39,185)	(415)	1,151,994	1,351,091	(415)	(415)	(415)		
Financial charges	(163,113)	(61,741)	(16,753)	(36,854)	(200)	(268)	-	(1)	(268)	-	(1)	(180,066)	(98,864)	(1)	(1)	(1)		
Taxation	(1,574,207)	(1,499,698)	(70,065)	(68,957)	28,101	-	8,412	-	28,101	-	8,412	(1,607,759)	(1,568,655)	-	-	-		
Profit after taxation	4,505,685	4,054,405	186,007	109,720	(241,933)	(300,094)	(59,567)	(28,549)	(241,933)	(59,567)	(28,549)	4,390,191	3,835,482	(28,549)	(28,549)	(28,549)		
Depreciation	1,019,852	921,440	16,318	16,392	103,025	111,957	17,011	18,437	103,025	111,957	18,437	1,156,206	1,068,226	18,437	18,437	18,437		
Capital expenditure	(12,264,747)	(4,195,556)	(5,181)	(6,549)	(46,585)	(9,575)	86	309,870	(46,585)	(9,575)	309,870	(12,316,427)	(3,901,810)	309,870	(12,316,427)	(3,901,810)		
Cash to operations	2,112,167	4,944,390	48,456	112,512	17,154	(316,028)	151	16,564	17,154	(316,028)	16,564	2,177,928	4,757,438	16,564	16,564	16,564		
Cash from investing	(12,145,911)	1,337,088	(23,559)	(10,914)	(20,363)	184,475	(38,548)	116,961	(20,363)	184,475	(38,548)	(12,228,381)	1,627,610	116,961	(12,228,381)	1,627,610		
Rupees in thousands	31.12.2016 unaudited	30.06.2016 audited																
Segment assets	97,409,291	83,418,265	2,050,319	1,874,543	3,190,697	3,477,550	(2,270,151)	(2,525,568)	3,190,697	3,477,550	(2,270,151)	100,380,156	86,244,790	(2,525,568)	(2,525,568)	(2,525,568)		
Segment liabilities	25,825,839	17,634,836	1,016,776	958,131	352,710	178,557	(205,531)	(262,831)	352,710	178,557	(205,531)	26,989,794	18,508,693	(262,831)	(262,831)	(262,831)		

## 15.2 Geographical segments

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

## 16. Date of authorization for issue

This consolidated condensed interim financial information was authorized for issue on February 16, 2017 by the Board of Directors of the of the Parent Company.

## 17. Corresponding figures

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



Chief Executive



Director







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