

STRUCTURING LIFE



3rd Quarter Report,
March 31, **2017**
(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
web site: www.dgcement.com

Factory

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

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

Share Registrar

THK Associates (Pvt) Ltd
Head Office, Karachi
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
Phone: 0092 42 111 11 33 33

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



The directors of your company are pleased to present you their report along with results for nine months of FY17.

Economy Brief: With three months to end the running fiscal year, fiscal and trade deficit, revenue collection, remittances, exports are apparently missed out targets. Domestic inflation started picking up following the increase in oil prices. Combined with domestic political ambiguity, rapid and increasingly changing and challenging global situations are stretching businesses nerves. Changing global weather and new regional and countries alliances could bring ups and downs.

Many developments happened and are in pipeline on development sector in Pakistan. CPEC appears to strengthen its roots. Trade corridor has started catching people's attention and investment avenues are being explored. Government has approved various projects of development nature and started work on some including Dasu phase-I. These projects are positive signs for construction including cement sector.

Industry Performance: Pakistan Cement Industry witnessed an overall growth of 7% for nine months period. This growth is primarily domestic driven that is about 11%. On the contrary exports are reduced by 15%. March 2017 hit the highest ever local despatches record in Pakistan Cement Industry.

The results of your company for nine months ending March 31, 2017 are as under:

PKR in thousands

	NMFY17	NMFY16
Sales	22,632,898	21,318,143
Cost of sales	13,418,020	12,423,166
Gross profit	9,214,878	8,894,977
Administrative expenses	395,118	359,591
Selling and distribution expenses	727,700	622,610
Other operating expenses	715,489	690,409
Other income	1,617,407	1,804,494
Profit / (Loss) from operations	8,993,978	9,026,861
Finance cost	272,329	98,656
Profit before taxation	8,721,649	8,928,205
Taxation	2,267,629	2,549,698
Profit after taxation	6,454,020	6,378,507
EPS	14.73	14.56

Production and Sales volumetric data is as under:

Figures in MT

	NMFY17	NMFY16
Clinker Production	3,198,299	2,845,667
Cement Production	3,408,206	3,152,446
Total Sales	3,400,842	3,155,009
Local Sales (inclusive of own consumption)	2,959,316	2,664,574
Exports Sales	441,526	490,435

Volumetric comparison: The Company's clinker production increased by 12%. Cement production soared by 8%. Local dispatch growth hit 11% and exports declined by 9%.

Production Capacity Utilisation: Clinker production utilisation is 106% (NMFY16: 94%). Cement production utilization 108% (NMFY16: 99%).



Despatch Efficiency: With respect to rated capacity, cement despatches reached 107% (NMFY16: 99.6%) with local share of 93% (NMFY16: 84%) and exports share of 14% (NMFY16: 15%).

Sales Volume Composition: Local sales comprise of 87% (NMFY16: 84%) of total sales while exports are 13% (NMFY16: 16%).

	% Increase / Decrease wrt comparative period	
	Nine Months	Q3
Sales	6.17	3.42
COGS	8.01	18.61
GP	3.6	(15.63)
PBT	(2.31)	(21.11)
PAT	1.18	(15.23)

	% to respective period Net Sales (Vertical Analysis)			
	NM FY17	NM FY16	Q3 FY17	Q3 FY16
COGS	(59.29)	(58.28)	(63.81)	(55.64)
GP	40.71	41.72	36.19	44.36
PBT	38.54	41.88	33.25	43.58
PAT	28.52	29.92	24.52	29.92

Gross Profit for nine months increased by 3.6% but for Q3 decreased by 15%. Decrease in Q3 profitability is attributed to higher coal prices. Another factor for decrease in profitability is supply of LNG instead of system gas that is comparatively expensive. On the topline side the sales prices almost remained stable and could not pass on the input cost increase impact to customers due mounting despatch pressure. However, better plant operations in terms of days and efficiency reduced the hard hitting impact of gas and coal price hikes.

Long term loans increase is on account of term financing for Hub cement plant project.

In coming quarter, despatches are expected to continue the high growth trend that was picked up in March. Coal prices came down but not much. However, it is expected that a little bit more correction in coal prices may bring the prices down. Presently CNF coal prices are in range of USD 90 - 100. Movement in coal price to either side would bring its respective implications.

Almost all major plant machinery has arrived for Hub plant. Erection work 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
April 19, 2017

پیداواری صلاحیت کا استعمال: بکنکر کی پیداوار صلاحیت کا 106 فیصد رہا (16:NMFY 94:فیصد) جبکہ سینٹ کی پیداوار صلاحیت کا 108 فیصد رہا (16:NMFY 99:فیصد)۔
 مستعدی اثر سیلات: صلاحیت درجہ بندی کے لحاظ سے سینٹ کی ترسیلات 93 فیصد مقامی شیر (16:NMFY 84:فیصد) اور 14 فیصد برآمدات شیر (16:NMFY 15:فیصد)
 کے ساتھ 107 فیصد (16:NMFY 99.6:فیصد) تک رہیں۔

فروختی حجم کی بناوٹ: مقامی سیلز کل فروخت کا 87 فیصد (16:NMFY 84:فیصد) جبکہ برآمدات 13 فیصد (16:NMFY 16:فیصد) رہیں۔

تقابلی مدت کے لحاظ سے فیصد اضافہ / کمی		نومابی	
تیسری سہ ماہی		تیسری سہ ماہی	
3.42	6.17	3.42	6.17
18.61	8.01	18.61	8.01
(15.63)	3.6	(15.63)	3.6
(21.11)	(2.31)	(21.11)	(2.31)
(15.23)	1.18	(15.23)	1.18

فیصد برمطابق متعلقہ دورانیہ خالص فروخت				
FY16	FY17	FY16	FY17	
تیسری سہ ماہی	تیسری سہ ماہی	نومابی	نومابی	
(55.64)	(63.81)	(58.28)	(59.29)	قیمت فروخت
44.36	36.19	41.72	40.71	مجموعی منافع
43.58	33.25	41.88	38.54	قبل از ٹیکس منافع
29.92	24.52	29.92	28.52	بعد از ٹیکس منافع

نومابی کا مجموعی منافع 3.6 فیصد تک بڑھ گیا لیکن تیسری سہ ماہی کے لئے 15 فیصد کمی ہوئی۔ تیسری سہ ماہی کے منافع میں کمی کی وجہ کوئلے کی زیادہ قیمتیں ہیں۔ منافع میں کمی کا ایک اور عنصر سسٹم گیس کی بجائے ایل این جی کی فراہمی ہے جو نسبتاً مہنگی بھی ہے۔ فروخت کی قیمتیں تقریباً مستحکم رہیں اور ترسیل کا دباؤ بڑھنے کے باعث پیداواری لاگت میں اضافہ کے اثرات صارفین تک منتقل نہیں کئے جاسکے۔ تاہم اس مدت میں پلانٹ کی بہتر کارکردگی کی وجہ سے گیس اور کوئلہ کی قیمتوں کے اضافہ کے منفی اثرات کم ہوئے ہیں۔
 طویل مدتی قرضوں میں اضافہ جب سینٹ پلانٹ منصوبے کے لئے مدتی فنڈنگ کے سبب ہے۔

ترسیلات میں ترقی کا جو رجحان مارچ میں آیا تھا آئندہ سہ ماہی میں، نمو کا یہ رجحان جاری رہنے کا امکان ہے۔ کوئلے کی قیمتیں قدرے کچھ کم ہوئیں لیکن زیادہ نہیں۔ تاہم، یہ توقع کی جاتی ہے کہ کوئلے کی قیمتوں میں تھوڑی مزید اصلاح قیمتوں میں کمی لاسکتی ہے۔ فی الحال کوئلہ کی قیمتیں 100-90 USD (CNF) کی رینج میں ہیں۔ کوئلے کی کسی ایک طرف قیمت کا جھکاؤ اپنے اثرات مرتب کرے گا۔

حب پلانٹ کے لئے تقریباً تمام بڑی پلانٹ مشینری پہنچ گئی ہے۔ مشینری کی تنصیب کے مرحلے کا آغاز ہو گیا ہے۔ منصوبہ مطلوبہ مدت میں مکمل ہونے کا امکان ہے۔ ہم اپنے تمام اسٹیک ہولڈرز کی حمایت کے شکر گزار اور اپنے تمام ملازمین کی ان تھک کوششوں کو سراہتے ہیں۔



مچانب بورڈ
 رضامنشا

چیف ایگزیکٹو آفیسر

لاہور: 19 اپریل 2017ء



کمپنی کے ڈائریکٹرز مالی سال 2017 کے نو ماہی نتائج پر اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

اقتصادیاتی خلاصہ: رواں مالی سال کے اختتام میں تین ماہ باقی ہیں جبکہ مالی اور تجارتی خسارہ محصولات آمدنی، ترسیلات زر، برآمدات اظہار ہداف کو پورا کرتی نظر نہیں آ رہی ہیں۔ مقامی افراط زر تیل کی قیمتوں میں اضافہ کی وجہ سے بڑھنا شروع ہو گیا ہے۔ ملکی سیاسی اہم، تیزی سے اور زیادتی سے بدلتے ہوئے اور چیلنجنگ عالمی حالات کاروباروں کے لئے اعصاب شکن ہیں۔ عالمی موسمیاتی تبدیلیاں اور نئے علاقائی اور ممالک کے تعلقات میں تبدیلی اتار چڑھاؤ لاسکتے ہیں۔

پاکستان میں ترقی کے شعبے میں کئی پیش رفتیں ہوئی ہیں جبکہ بیشتر ابھی تخلیقی مراحل میں ہیں۔ CPEC نے اپنی جڑیں مضبوط کر لی ہیں۔ تجارتی راہداری نے لوگوں کی توجہ حاصل کرنا شروع کر دی ہے اور لوگ سرمایہ کاری کے مواقع تلاش کر رہے ہیں۔ حکومت نے ترقیاتی نوعیت کے مختلف منصوبوں کی منظوری دے دی ہے جس میں داسو فیئر 1 بھی شامل ہے۔ یہ منصوبہ بشمول سیمنٹ سیکٹر ترقیاتی شعبے کیلئے مثبت علامات ہیں۔

صنعت کی کارکردگی: پاکستان سیمنٹ انڈسٹری نے نو ماہ کی مدت کے لئے 7 فیصد کی مجموعی ترقی حاصل کی ہے۔ یہ نو بنیادی طور پر مقامی ہے جو تقریباً 11 فیصد ہے۔ اس کے برعکس برآمدات 15 فیصد تک کم ہوئی ہیں۔ مارچ 2017 نے پاکستان سیمنٹ انڈسٹری میں سب سے زیادہ مقامی ترسیلات کار بیکارڈ حاصل کیا ہے۔

31 مارچ 2017 کو ختم ہونے والی نو ماہی کے لئے کمپنی کے نتائج مندرجہ ذیل ہیں:

پاکستانی روپے ہزاروں میں

نو ماہی مالی سال 2017	نو ماہی مالی سال 2016	
22,632,898	21,318,143	فروخت
13,418,020	12,423,166	قیمت فروخت
9,214,878	8,894,977	مجموعی منافع
395,118	359,591	انتظامی اخراجات
727,700	622,610	فروخت اور تقسیم کے اخراجات
715,489	690,409	دیگر معاملاتی اخراجات
1,617,407	1,804,494	دیگر آمدنی
8,993,978	9,026,861	آپریٹنگ سے نفع / نقصان
272,329	98,656	مالی لاگت
8,721,649	8,928,205	ٹیکسیشن سے قبل منافع
2,267,629	2,549,698	ٹیکسیشن
6,454,020	6,378,507	ٹیکسیشن کے بعد منافع
14.73	14.56	نی شیئر آمدنی

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

اعداد و شمار میٹرک ٹن میں

نو ماہی مالی سال 2017	نو ماہی مالی سال 2016	
3,198,299	2,845,667	کلنکری پیداوار
3,408,206	3,152,446	سیمنٹ کی پیداوار
3,400,842	3,155,009	کل فروخت
2,959,316	2,664,574	مقامی فروخت (بشمول ذاتی استعمال)
441,526	490,435	برآمد فروخت



Unconsolidated Condensed Interim Balance Sheet



		31 March, 2017	30 June, 2016
	Note	Un-Audited	Audited
(Rupees in thousand)			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
- 950,000,000 (June 30, 2016: 950,000,000) ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (June 30, 2016: 50,000,000) preference shares of Rs 10 each		500,000	500,000
		<u>10,000,000</u>	<u>10,000,000</u>
Issued, subscribed and paid up capital			
438,119,118 (June 30, 2016: 438,119,118) ordinary shares of Rs 10 each		4,381,191	4,381,191
Reserves		37,376,735	34,238,885
Accumulated profit		30,988,658	27,163,353
		<u>72,746,584</u>	<u>65,783,429</u>
NON-CURRENT LIABILITIES			
Long term finances - secured	5	12,145,000	2,400,000
Long term deposits		79,852	77,813
Retirement and other benefits		147,573	111,334
Deferred taxation		5,006,562	4,989,055
		<u>17,378,987</u>	<u>7,578,202</u>
CURRENT LIABILITIES			
Trade and other payables		4,766,004	5,366,340
Short term borrowings - secured		5,677,826	3,451,352
Current portion of non-current liabilities		957,146	1,150,921
Accrued finance cost		213,256	52,931
Provision for taxation		35,090	35,090
		<u>11,649,322</u>	<u>10,056,634</u>
CONTINGENCIES AND COMMITMENTS			
	6	-	-
		<u>101,774,893</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 March, 2017 Un-Audited	30 June, 2016 Audited
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	57,181,701	39,576,830
Investments	8	15,673,094	12,947,976
Long term loans, advances and deposits		46,827	57,938
		<u>72,901,622</u>	<u>52,582,744</u>
CURRENT ASSETS			
Stores, spares and loose tools		3,878,215	4,006,181
Stock-in-trade		922,144	766,633
Trade debts		215,904	201,574
Investments	8	18,419,108	17,819,005
Advances, deposits, prepayments and other receivables		3,868,200	584,447
Income tax receivable		893,183	433,136
Derivative financial instrument		6,389	14,701
Cash and bank balances		670,128	7,009,844
		<u>28,873,271</u>	<u>30,835,521</u>
		<u>101,774,893</u>	<u>83,418,265</u>

Dand Jagal
Director



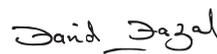
For the Quarter and Nine Months Ended March 31, 2017 (Un-audited)

	Note	2017		2016	
		July to March	January to March	July to March	January to March
		(Rupees in thousand)		(Rupees in thousand)	
Sales		22,632,898	7,945,735	21,318,143	7,682,801
Cost of sales	9	(13,418,020)	(5,070,422)	(12,423,166)	(4,274,902)
Gross profit		9,214,878	2,875,313	8,894,977	3,407,899
Administrative expenses		(395,118)	(133,795)	(359,591)	(117,340)
Selling and distribution expenses		(727,700)	(222,995)	(622,610)	(236,613)
Other operating expenses		(715,489)	(209,112)	(690,409)	(235,802)
Other income		1,617,407	441,566	1,804,494	567,280
Profit from operations		8,993,978	2,750,977	9,026,861	3,385,424
Finance cost		(272,329)	(109,216)	(98,656)	(36,915)
Profit before taxation		8,721,649	2,641,761	8,928,205	3,348,509
Taxation	10	(2,267,629)	(693,422)	(2,549,698)	(1,050,000)
Profit after taxation		6,454,020	1,948,339	6,378,507	2,298,509
Earnings per share					
(basic and diluted)	Rupees	14.73	4.45	14.56	5.25

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



Chief Executive



Director



For the Quarter and Nine Months Ended March 31, 2017 (Un-audited)

	2017		2016	
	July to March (Rupees in thousand)	January to March (Rupees in thousand)	July to March (Rupees in thousand)	January to March (Rupees in thousand)
Profit after taxation	6,454,020	1,948,339	6,378,507	2,298,509
Other comprehensive income for the period				
<i>Items that may be re-classified subsequently to profit or loss</i>				
Change in value of available-for-sale financial assets	3,137,850	(785,207)	(4,909,208)	(1,138,320)
Gain during the year transferred to profit and loss account on derecognition of investment	-	-	-	-
	3,137,850	(785,207)	(4,909,208)	(1,138,320)
<i>Items that will not be subsequently re-classified to profit or loss</i>	-	-	-	-
Other comprehensive income for the period	3,137,850	(785,207)	(4,909,208)	(1,138,320)
Total comprehensive income for the period	9,591,870	1,163,132	1,469,299	1,160,189

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

Chief Executive

Director





Nine Months Ended March 31, 2017 (Un-audited)

	Note	2017 July to March (Rupees in thousand)	2016 July to March
Cash flows from operating activities			
Cash generated from operations	12	5,068,888	9,649,237
Finance cost paid		(112,035)	(71,817)
Retirement and other benefits paid		(42,757)	(42,942)
Taxes paid		(2,659,669)	(1,669,789)
Payment to subsidiary against tax losses		(50,500)	(136,000)
Long term deposits - net		2,039	3,540
Net cash generated from operating activities		2,205,966	7,732,229
Cash flows from investing activities			
Fixed capital expenditure		(19,152,318)	(5,833,076)
Proceeds from sale of property, plant and equipment		4,559	22,995
Investments made - net		(186,091)	4,518,045
Long term loans, advances and deposits - net		11,111	12,944
Interest received		153,532	268,689
Dividend received		1,471,403	1,429,761
Net cash used in investing activities		(17,697,804)	419,358
Cash flows from financing activities			
Repayment of long term finances		(769,358)	(821,201)
Disbursement of loans		10,320,000	3,300,000
Settlement of derivative financial instrument		11,310	(4,403)
Dividend paid		(2,628,387)	(2,170,209)
Net cash used in financing activities		6,933,565	304,187
Net (decrease) / increase in cash and cash equivalents		(8,558,273)	8,455,774
Cash and cash equivalents at the beginning of the period		3,558,492	(1,568,349)
Exchange loss on cash and cash equivalents		(7,917)	(50,146)
Cash and cash equivalents at the end of the period	13	(5,007,698)	6,837,279

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

Chief Executive

Director





Nine Months Ended March 31, 2017 (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	
Balance as at June 30, 2016 - Audited	4,381,191	4,557,163	24,256,385	353,510	5,071,827	27,163,353	65,783,429
Total comprehensive income for the period							
- Profit for the period	-	-	-	-	-	6,454,020	6,454,020
- Other comprehensive income for the period	-	-	3,137,850	-	-	-	3,137,850
Total contributions by and distributions to owners of the Company recognized directly in equity						6,454,020	9,591,870
- Final dividend for the year ended June 30, 2016 (Rs 6 per share)	-	-	-	-	-	(2,628,715)	(2,628,715)
Balance as at March 31, 2017 - Unaudited	4,381,191	4,557,163	27,394,235	353,510	5,071,827	30,988,658	72,746,584
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	-	-	-	-	-	6,378,507	6,378,507
- Other comprehensive income for the period	-	-	(4,909,208)	-	-	-	(4,909,208)
Total contributions by and distributions to owners of the Company recognized directly in equity						6,378,507	1,469,299
- Final dividend for the year ended June 30, 2015 (Rs 5 per share)	-	-	-	-	-	(2,190,596)	(2,190,596)
Balance as at March 31, 2016 - Unaudited	4,381,191	4,557,163	22,496,064	353,510	5,071,827	24,715,019	61,574,774

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


Chief Executive


Director



For the Quarter and Nine Months Ended March 31, 2017 (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 Pakistan Stock Exchange. It is principally engaged in production and sale of Clinker, Ordinary Portland and Sulphate Resistant Cement. The registered office of the Company is situated at 53-A Lawrence Road, Lahore.

2. Basis of preparation

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. 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:

	Effective date (accounting periods beginning on or after)
Other standards or interpretations	
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 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.

	March 31, 2017	June 30, 2016
	Un-audited	audited
	(Rupees in thousand)	

5. Long term finances

Long term loans	- note 5.1	13,089,475	3,538,251
Less: Current portion shown under current liabilities		944,475	1,138,251
		<u>12,145,000</u>	<u>2,400,000</u>

5.1 Long term finances

Opening balance		3,538,251	1,348,522
Add:			
Proceeds of borrowing		10,320,000	3,300,000
Exchange loss during the period		583	30,102
		<u>13,858,834</u>	<u>4,678,624</u>
Less:			
Repayment during the period		769,359	1,140,373
Closing balance		<u>13,089,475</u>	<u>3,538,251</u>

6. Contingencies and commitments

6.1 Contingencies

There is no significant change in contingencies from the preceeding 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 1,007.210 million (June 30, 2016: Rs 913.200 million)

6.2 Commitments in respect of:

- (i) Contracts for capital expenditure Rs. 164.904 million (June 30, 2016: Rs. 274.830 million)
- (ii) Letters of credits for capital expenditure Rs. 1,339.552 million (June 30, 2016: Rs. 11,142.576 million)

- (iii) Letters of credit other than capital expenditure Rs. 1,559.736 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:

	March 31, 2017	June 30, 2016
	Un-audited	audited
	(Rupees in thousand)	
Not later than one year	331	331
Later than one year and not later than five years	1,325	1,325
Later than five years	4,727	4,976
	<u>6,383</u>	<u>6,632</u>

7. Property, plant and equipment

Operating assets	- note 7.1	30,738,854	31,806,997
Capital work-in-progress	- note 7.2	26,339,018	7,674,465
Major spare parts and stand-by equipment		103,829	95,368
		<u>57,181,701</u>	<u>39,576,830</u>

7.1 Operating assets

Opening book value		31,806,997	27,979,032
Add: Additions during the period	- note 7.1.1	479,305	5,730,167
Less: Disposals during the period			
- at book value	- note 7.1.2	11,281	30,336
Less: Depreciation charged during the period		1,536,167	1,871,866
		<u>1,547,448</u>	<u>1,902,202</u>
Closing book value		<u>30,738,854</u>	<u>31,806,997</u>

7.1.1 Additions during the period

Freehold land	5,313	829,502
Buildings on freehold land	116,411	1,133,793
Office building and housing colony	10,462	426,872
Roads	60,389	-
Plant and machinery	164,518	2,911,098
Quarry equipment	16,097	163,922
Furniture, fixtures and office equipment	23,348	83,061
Motor vehicles	70,087	134,756
Power and water supply lines	12,680	47,163
	<u>479,305</u>	<u>5,730,167</u>

	March 31, 2017	June 30, 2016
	Un-audited	audited
	(Rupees in thousand)	

7.1.2 Disposals during the period

Office equipment	224	-
Motor vehicles	11,057	30,336
	<u>11,281</u>	<u>30,336</u>

7.2 Capital work-in-progress

Civil works	207,678	308,742
Plant and machinery	598,958	3,469,759
Advances for capital expenditure	1,565,985	1,135,546
Unallocated expenditure	1,108	1,369
Expansion project:		
-Civil works	7,056,188	1,985,126
-Plant and machinery	15,924,454	45,184
-Others	984,647	728,739
	<u>23,965,289</u>	<u>2,759,049</u>
	<u>26,339,018</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	187,371	804,090
- Others	-	3,020,214
	<u>187,371</u>	<u>3,824,304</u>
Fair value gain / loss during the period / year on:		
- Available for sale investments	3,137,850	(3,148,887)
- Investments at fair value through profit or loss	-	-
	<u>3,137,850</u>	<u>(3,148,887)</u>
Investments disposed off during the period/year	-	(7,682,414)
Carrying value at the end of the period / year	<u>34,092,202</u>	<u>30,766,981</u>
Investments classified in current assets	<u>(18,419,108)</u>	<u>(17,819,005)</u>
Closing balance	<u>15,673,094</u>	<u>12,947,976</u>

	2017		2016	
	July to March	January to March	July to March	January to March
	(Rupees in thousand)			

9. Cost of sales

Raw and packing materials consumed	1,746,658	591,472	1,733,449	616,953
Salaries, wages and other benefits	1,368,781	457,931	1,233,743	397,554
Electricity and gas	1,968,322	738,268	1,546,307	367,762
Furnace oil and coal	5,703,486	2,460,293	4,747,875	1,742,517
Stores and spares consumed	999,409	340,597	1,033,183	398,578
Repair and maintenance	179,525	59,436	146,243	42,549
Insurance	40,592	13,477	49,807	16,805
Depreciation on property, plant and equipment	1,480,731	497,487	1,327,850	444,117
Amortization on intangibles	-	-	9,687	3,229
Royalty	252,284	91,208	222,300	79,871
Excise duty	23,890	8,605	21,168	7,605
Vehicle running expenses	19,608	7,787	21,403	6,202
Postage, telephone and telegram	3,065	1,861	2,843	682
Printing and stationery	7,895	3,196	3,230	1,278
Legal and professional charges	2,394	585	1,124	569
Travelling and conveyance	10,611	5,605	8,515	2,867
Estate development	20,339	7,879	18,014	7,415
Rent, rates and taxes	45,776	16,473	38,999	14,417
Freight charges	21,042	6,683	18,885	6,947
Other expenses	42,264	8,559	16,047	4,917
Total manufacturing cost	13,936,672	5,317,402	12,200,672	4,162,834
Opening work-in-process	166,940	184,974	508,578	400,258
Closing work-in-process	(409,880)	(409,880)	(313,760)	(313,760)
	(242,940)	(224,906)	194,818	86,498
Cost of goods manufactured	13,693,732	5,092,496	12,395,490	4,249,332
Opening stock of finished goods	185,342	272,970	305,741	271,245
Closing stock of finished goods	(221,578)	(221,578)	(220,984)	(220,984)
	(36,236)	51,392	84,757	50,261
Less: Own consumption capitalized	(239,476)	(73,466)	(57,081)	(24,691)
	13,418,020	5,070,422	12,423,166	4,274,902

10. Taxation

Current				
- For the year	2,199,621	639,399	2,034,163	858,515
- Prior years	-	33,228	-	(180,515)
	2,199,621	672,627	2,034,163	678,000
Deferred	68,008	20,795	515,535	372,000
	2,267,629	693,422	2,549,698	1,050,000

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	July to
		March	March
		2017	2016
		Un-audited	Un-audited
		(Rupees in thousand)	
Subsidiary company	Purchase of goods and services	1,049,059	1,010,361
	Rental income	625	625
	Dividend income	38,393	-
	Sale of goods	17,958	15,600
Other related parties	Purchase of goods and services	1,354,676	1,107,184
	Insurance premium	106,218	66,345
	Sale of goods	115,766	107,932
	Mark-up income on balances with related parties	27,214	479
	Insurance claim received	2,458	31,589
	Dividend income	1,429,561	1,426,553
Key management personnel	Salaries and other employment benefits	143,067	127,887
Post employment benefit plans	Expense charged in respect of staff retirement benefits plans (defined benefit plan)	73,699	73,492
	Expense charged in respect of staff retirement benefits plans (contribution plan)	36,686	33,114

March 31, 2017	June 30, 2016
Un-audited	audited
(Rupees in thousand)	

Balances with related parties:

Long term loans, advances and deposits	4,956	17,205
Trade debts	102,274	12,265
Advances, deposits, prepayments and other receivables	14,365	24,973
Trade and other payables	214,933	116,169

July to March 2017	July to March 2016
Un-audited	Un-audited
(Rupees in thousand)	

12. Cash flow from operating activities

Profit before tax	8,721,649	8,928,205
Adjustment for:		
- Depreciation on property, plant and equipment	1,536,167	1,384,635
- Profit on disposal of property, plant and equipment	6,721	12,518
- Profit on bank deposits	(100,245)	(335,575)
- Amortization on intangibles	-	13,839
- Dividend income	(1,471,403)	(1,429,761)
- Retirement and other benefits accrued	78,996	63,253
- Mark-up income	(27,214)	(319)
- Exchange loss - net	40,295	81,640
- Finance cost	272,329	98,656
- Provision of WPPF	466,816	476,599
- Gain on disposal of investments at fair value through profit or loss	(1,280)	(332,626)
- (Gain)/loss on derivative financial instruments	(2,998)	(3,874)
Profit before working capital changes	9,519,833	8,957,190
Effect on cash flow due to working capital changes:		
- (Increase) / decrease in stores, spares and loose tools	127,966	197,760
- (Decrease) / Increase in stock-in-trade	(155,511)	333,687
- (Increase) / decrease in trade debts	(14,330)	(139,491)
- Increase in advances, deposits, prepayments and other receivables	(3,309,826)	(260,353)
- Decrease / (Increase) in trade and other payables	(1,099,244)	560,444
	(4,450,945)	692,047
Cash generated from operations	5,068,888	9,649,237

March 31, 2017	March 31, 2016
Un-audited	Un-audited
(Rupees in thousand)	

13. Cash and cash equivalents

Short term borrowings - secured	(5,677,826)	(2,173,434)
Cash and bank balances	670,128	9,010,713
	<u>(5,007,698)</u>	<u>6,837,279</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 year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

	Rupees in thousand			
	Carrying value	Less than 1 year	Between 1 and 3 years	More than 3 years
As at March 31, 2017				
Long term finances - secured	13,089,475	944,475	3,750,000	4,900,000
Long term deposits	79,852	-	-	79,852
Trade and other payables	4,752,447	4,752,447	-	-
Short term borrowings - secured	5,677,826	5,677,826	-	-
Accrued finance cost	213,256	213,256	-	-
	<u>23,812,856</u>	<u>11,588,004</u>	<u>3,750,000</u>	<u>4,979,852</u>
As at June 30, 2016				
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
As at March 31, 2017	(Rupees in thousand)			
Assets				
Investments - available for sale	30,538,428	1,000,000	-	31,538,428
Derivative financial instrument	-	6,389	-	6,389
Total assets	30,538,428	1,006,389	-	31,544,817
As at March 31, 2017	(Rupees in thousand)			
Liabilities	-	-	-	-
Total liabilities	-	-	-	-
As at June 30, 2016	(Rupees in thousand)			
Assets				
Investments - Available for sale	27,213,207	1,000,000	-	28,213,207
Derivative financial instruments	-	14,701	-	14,701
Total assets	27,213,207	1,014,701	-	28,227,908
Liabilities	-	-	-	-
Total liabilities	-	-	-	-

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

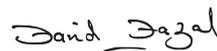
This interim financial information was authorized for issue on April 19, 2017 by the Board of Directors of the Company.

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



		31 March, 2017	30 June, 2016
	Note	Un-Audited	Audited
(Rupees in thousand)			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
- 950,000,000 (June 30, 2016: 950,000,000) ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (June 30, 2016: 50,000,000) preference shares of Rs 10 each		500,000	500,000
		<u>10,000,000</u>	<u>10,000,000</u>
Issued, subscribed and paid up capital		4,381,191	4,381,191
Reserves		37,343,082	34,205,232
Accumulated profit		30,933,005	27,108,337
		<u>72,657,278</u>	<u>65,694,760</u>
Non-controlling interest		2,009,955	2,041,337
		<u>74,667,233</u>	<u>67,736,097</u>
NON-CURRENT LIABILITIES			
Long term finances	5	12,172,500	2,513,750
Long term deposits		79,852	77,813
Retirement and other benefits		147,573	111,335
Deferred taxation		5,389,446	5,379,939
		<u>17,789,371</u>	<u>8,082,837</u>
CURRENT LIABILITIES			
Trade and other payables		5,139,165	5,296,293
Short term borrowing-secured		5,996,829	3,750,006
Current portion of non-current liabilities		1,074,646	1,284,046
Accrued finance cost		213,256	60,421
Provision for taxation		35,090	35,090
		<u>12,458,986</u>	<u>10,425,856</u>
Contingencies and Commitments	6	-	-
		<u>104,915,590</u>	<u>86,244,790</u>

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

Chief Executive





	Note	31 March, 2017 Un-Audited (Rupees in thousand)	30 June, 2016 Audited
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	60,578,636	43,067,616
Biological assets		625,488	660,491
Investments	8	15,745,095	10,441,240
Long term loans, advances and deposits		47,732	58,842
		<u>76,996,951</u>	<u>54,228,189</u>
CURRENT ASSETS			
Stores, spares and loose tools		4,016,999	4,124,476
Stock-in-trade		1,643,933	1,338,211
Trade debts		733,917	524,974
Investments	8	15,930,948	17,819,047
Advances, deposits, prepayments and other receivables		3,975,190	604,398
Income tax recoverable		896,119	568,700
Derivative financial instrument		6,389	14,701
Cash and bank balances		715,144	7,022,094
		<u>27,918,639</u>	<u>32,016,601</u>
		<u>104,915,590</u>	<u>86,244,790</u>

David Dajal
Director



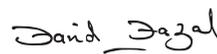
For The Quarter And Nine Months Ended March 31, 2017 (Un-audited)

	Note	2017		2016	
		July to March (Rupees in thousand)	January to March (Rupees in thousand)	July to March (Rupees in thousand)	January to March (Rupees in thousand)
Sales		24,249,034	8,502,818	22,791,592	8,091,128
Cost of sales	9	(14,759,367)	(5,479,220)	(13,908,915)	(4,603,047)
Gross profit		9,489,667	3,023,598	8,882,677	3,488,081
Administrative expenses		(436,829)	(148,960)	(390,620)	(128,458)
Selling and distribution expenses		(740,447)	(226,880)	(633,468)	(240,360)
Other operating expenses		(874,461)	(235,850)	(934,360)	(346,944)
Other income		1,640,383	488,389	1,810,617	459,526
Profit from operations		9,078,313	2,900,297	8,734,846	3,231,845
Finance cost		(297,141)	(117,075)	(150,836)	(51,972)
Profit before taxation		8,781,172	2,783,222	8,584,010	3,179,873
Taxation	10	(2,327,759)	(720,000)	(2,525,698)	(957,043)
Profit after taxation		6,453,413	2,063,222	6,058,312	2,222,830
Attributable to:					
Equity holders of the parent		6,453,383	2,028,747	6,201,894	2,268,217
Non-controlling interest		30	34,475	(143,582)	(45,387)
		6,453,413	2,063,222	6,058,312	2,222,830
Earning per share basic and diluted (Rupees)		14.73	4.71	13.83	5.07

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



Chief Executive



Director



For The Quarter And Nine Months Ended March 31, 2017 (Un-audited)

	2017		2016	
	July to March	January to March	July to March	January to March
	(Rupees in thousand)		(Rupees in thousand)	
Profit after taxation	6,453,413	2,063,222	6,058,312	2,222,830
Items that may be re-classified to profit or loss				
Available for sale financial assets				
- Change in fair value of available -for-sale financial assets	3,137,850	(786,351)	(4,909,208)	(1,138,320)
- Gain during the year transferred to profit and loss account on derecognition of investment	-	-	-	-
	3,137,850	(786,351)	(4,909,208)	(1,138,320)
Items that will not be subsequently re-classified to profit or loss	-	-	-	-
Other comprehensive income / (loss) for the period	3,137,850	(786,351)	(4,909,208)	(1,138,320)
Total comprehensive income for the period	<u>9,591,263</u>	<u>1,276,871</u>	<u>1,149,104</u>	<u>1,084,510</u>
Attributable to:				
Equity holders of the parent	9,591,233	1,242,911	1,292,686	1,129,897
Non-controlling interest	30	33,960	(143,582)	(45,387)
	<u>9,591,263</u>	<u>1,276,871</u>	<u>1,149,104</u>	<u>1,084,510</u>

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


Chief Executive


Director





Nine Months Ended March 31, 2017 (Un-audited)

	Note	2017 July to March (Rupees in thousand)	2016 July to March
Cash generated from operations	12	5,079,293	9,784,688
Financial cost paid		(144,337)	(137,823)
Retirement and other benefits paid		(42,758)	(42,942)
Taxes paid		(2,595,171)	(1,588,096)
Payment to subsidiary against tax losses		(50,500)	(136,000)
long term deposits - net		2,039	3,540
Net cash from operating activities [A]		2,248,567	7,883,367
Fixed capital expenditure		(18,958,727)	(5,394,175)
Proceeds from sale of property, plant and equipment		4,607	43,788
Long term loans and deposits - net		11,110	12,944
Investments made - net		(276,626)	4,297,892
Interest received		153,532	266,733
Dividend received		1,471,403	1,429,761
Net cash from/ (used in) investing activities [B]		(17,594,701)	656,943
Repayment of long term finances		(871,233)	(930,823)
Settlement of derivative financial instrument		11,310	(4,403)
Proceeds from long term finances		10,320,000	3,300,000
Dividend paid		(2,659,799)	(2,185,968)
Net cash from financing activities [C]		6,800,278	178,806
In(De)crease in cash and cash equivalents [A+B+C]		(8,545,856)	8,719,116
Cash and cash equivalents at the beginning of period		3,272,088	(2,082,557)
Exchange loss on cash and cash equivalents		(7,917)	(50,146)
Cash and cash equivalents at the end of period	13	(5,281,685)	6,586,413

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

Chief Executive

Director





Nine Months Ended March 31, 2017 (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
	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
Balance as at June 30, 2016 - Audited									
Total comprehensive income for the period									
- Profit for the period	-	-	-	-	-	6,453,383	6,453,383	30	6,453,413
- Other comprehensive income for the period	-	-	3,137,850	-	-	-	3,137,850	-	3,137,850
Total contributions by and distributions to owners of the Company recognized 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 March 31, 2017 - Unaudited	4,381,191	4,557,163	27,321,558	353,510	5,110,851	30,933,005	72,657,278	2,009,955	74,667,233
Balance as at June 30, 2015 - Audited									
Total comprehensive income for the period									
- Profit for the period	-	-	-	-	-	6,201,894	6,201,894	(143,582)	6,058,312
- Other comprehensive loss for the period	-	-	(4,909,208)	-	-	-	(4,909,208)	-	(4,909,208)
Total contributions by and distributions to owners of the Company recognized 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)
Balance as at March 31, 2016 - Unaudited	4,381,191	4,557,163	22,421,540	353,510	5,110,851	24,720,194	61,544,449	2,067,737	63,612,186

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


Chief Executive


Director

For The Quarter And Nine Months Ended March 31, 2017 (Un-audited)

1. Legal Status and nature of business

The group comprises of:

- D. G. Khan Cement Company Limited, the parent company; and
- Nishat Paper Products Company Limited, the subsidiary company.
- 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 Products Company Limited, the subsidiary company is an unlisted public limited company incorporated in Pakistan under the Companies Ordinance 1984 on July 23, 2004. It is principally engaged in manufacture and sale of paper products and packaging material.

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

2. Basis of preparation

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

3. Significant accounting policies

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

3.2 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 group's operations and are, therefore, not detailed in this consolidated condensed interim consolidated 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:

	Effective date (accounting periods beginning on or after)
Other standards or interpretations	
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 best estimate of the weighted average annual income tax rate expected for the full financial year.

March 31, 2017	June 30, 2016
Un-audited	audited
(Rupees in thousand)	

5. Long term finances

Long term loans	- note 5.1	13,234,476	3,785,126
Less: Current portion shown under current liabilities		1,061,976	1,271,376
		<u>12,172,500</u>	<u>2,513,750</u>

5.1 Long term loans

Opening balance		3,785,126	1,712,897
Add: Disbursements during the period		10,320,000	3,300,000
Exchange loss during the period		583	30,102
		<u>14,105,709</u>	<u>5,042,999</u>
Less: Repayment during the period		871,233	1,257,873
Closing balance		<u>13,234,476</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 1,128.432 million (June 30, 2016: Rs 977.590 million).

6.2 Commitments in respect of:

- (i) Contracts for capital expenditure Rs. 164.904 million (June 30, 2016: Rs. 274.830 million)
- (ii) Letters of credits for capital expenditure Rs. 1,464.479 million (June 30, 2016: Rs. 11,195.826 million)
- (iii) Letters of credit other than capital expenditure Rs. 2,017.547 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:

	March 31, 2017	June 30, 2016
	Un-audited	audited
	(Rupees in thousand)	
Not later than one year	331	331
Later than one year and not later than five years	1,325	1,325
Later than five years	4,727	4,976
	<u>6,383</u>	<u>6,632</u>

7. Property, plant and equipment

Operating assets	- note 7.1	34,044,180	35,288,238
Capital work-in-progress	- note 7.2	26,430,627	7,684,010
Major spare parts and stand-by equipment		103,829	95,368
		<u>60,578,636</u>	<u>43,067,616</u>

7.1 Operating assets

Opening book value		35,288,238	31,693,136
Add: Additions during the period/ year	-note 7.1.1	507,368	5,796,462
		<u>35,795,606</u>	<u>37,489,598</u>
Less: Disposals during the period/ year			
- net book value	-note 7.1.2	11,308	33,288
Depreciation charged during the period/ year		1,740,118	2,168,072
Closing book value		<u>34,044,180</u>	<u>35,288,238</u>

7.1.1 Major additions during the period

Freehold land	5,313	829,502
Buildings on freehold land	116,411	1,148,910
Office building and housing colony	10,462	426,872
Roads	60,389	-
Plant and machinery	185,350	2,927,404
Quarry equipment	16,097	172,100
Furniture, fixtures and office equipment	27,110	89,289
Motor vehicles	73,556	154,170
Power and water supply lines	12,680	48,215
	<u>507,368</u>	<u>5,796,462</u>

7.1.2 Disposals during the period

Office building and housing colony	251	-
Plant and machinery	-	2,951
Motor vehicles	11,057	30,337
	<u>11,308</u>	<u>33,288</u>



March 31, 2017	June 30, 2016
Un-audited	audited
(Rupees in thousand)	

7.2 Capital work-in-progress

Civil works	299,287	315,300
Plant and machinery	598,958	3,469,759
Advances for capital expenditure	1,565,985	1,136,947
Unallocated expenditure	1,108	2,955
Expansion project:		
-Civil works	7,056,188	1,985,126
-Plant and machinery	15,924,454	45,184
-Others	984,647	728,739
	23,965,289	2,759,049
	<u>26,430,627</u>	<u>7,684,010</u>

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	277,906	804,090
- Others	-	3,065,402
	277,906	3,869,492
Fair value gain / (loss) during the period / year on:		
- Available for sale investments	3,137,850	(3,147,040)
- Investments at fair value through profit or loss	-	-
	3,137,850	(3,147,040)
Investments disposed off during the period/year	-	(7,682,416)
Carrying value at the end of the period / year	31,676,043	28,260,287
Investments classified in current assets	(15,930,948)	(17,819,047)
Closing balance	<u>15,745,095</u>	<u>10,441,240</u>

	2017		2016	
	July to March	January to March	July to March	January to March
	(Rupees in thousand)			

9. Cost of sales

Raw and packing materials consumed	2,595,099	804,746	2,703,898	823,394
Salaries, wages and other benefits	1,464,068	490,974	1,316,502	427,323
Electricity and gas	2,049,835	758,344	1,615,132	383,417
Furnace oil and coal	5,703,486	2,460,293	4,747,875	1,742,517
Stores and spares consumed	1,024,655	348,512	1,046,161	404,957
Repair and maintenance	214,814	70,893	175,928	51,843
Insurance	42,770	14,036	89,853	27,268
Depreciation on property, plant and equipment	1,681,371	563,796	1,545,722	522,003
Amortization on intangibles	-	-	9,687	3,229
Royalty	252,284	91,208	222,300	79,871
Excise duty	23,890	8,605	21,168	7,605
Vehicle running expenses	20,058	8,237	21,939	6,337
Postage, telephone and telegram	3,096	1,874	2,907	695
Printing and stationery	7,895	3,196	3,232	1,278
Legal and professional charges	2,494	585	1,224	569
Travelling and conveyance	10,781	5,256	8,744	2,889
Estate development	20,339	7,879	18,014	7,415
Rent, rates and taxes	45,777	16,473	39,041	14,429
Freight charges	21,057	6,698	19,155	7,048
Other expenses	99,883	26,031	86,025	14,432
Total manufacturing cost	15,283,652	5,687,636	13,694,507	4,528,519
Opening work-in-process	166,940	184,974	508,578	400,258
Closing work-in-process	(409,880)	(409,880)	(313,760)	(313,760)
	(242,940)	(224,906)	194,818	86,498
Cost of goods manufactured	15,040,712	5,462,730	13,889,325	4,615,017
Opening stock of finished goods	292,094	418,225	378,542	314,592
Closing stock of finished goods	(333,963)	(333,963)	(301,871)	(301,871)
	(41,869)	84,262	76,671	12,721
Less: Own consumption capitalized	(239,476)	(67,772)	(57,081)	(24,691)
	14,759,367	5,479,220	13,908,915	4,603,047
10. Taxation				
Current				
- For the year	2,267,751	665,977	1,993,163	758,558
- Prior years	-	33,228	-	(180,515)
	2,267,751	699,205	1,993,163	578,043
Deferred	60,008	20,795	532,535	379,000
	2,327,759	720,000	2,525,698	957,043

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 group	Nature of transaction	March 31, 2017	March 31, 2016
		Un-audited	Un-audited
(Rupees in thousand)			
Other related parties	Purchase of goods and services	1,354,676	1,107,184
	Insurance premium	106,218	66,345
	Sale of goods	115,766	107,932
	Mark-up income	27,214	479
	Insurance claim received	2,458	31,589
	Dividend income	1,429,561	1,426,553
Key Management personnel	Salaries and other employment benefits	143,067	127,887
Post employment benefit plans	Expense charged in respect of staff retirement benefits plans	73,699	73,492
	Expense charged in respect of staff retirement benefits plans (contribution plan)	36,686	33,114

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

	March 31, 2017	June 30, 2016
	Un-audited	audited
(Rupees in thousand)		

Balances with related parties:

Long term loans, advances and deposits	4,956	17,205
Trade debts	102,274	24,049
Advances, deposits, prepayments and other receivable	14,365	27,970
Trade and other payables	214,933	186,909

March 31, 2017	March 31, 2016
Un-audited	Un-audited
(Rupees in thousand)	

12. Cash generated from operations

Profit before tax	8,781,172	8,584,010
Adjustment for :		
- Depreciation on property, plant and equipment	1,471,403	1,605,848
- Amortization on Intangible assets	-	13,839
- Profit on bank deposits	(100,245)	(335,575)
- Profit on disposal of property, plant and equipment	6,700	12,518
- Dividend income	(1,471,403)	(1,429,761)
- Provision of WPPF	466,816	492,732
- Retirement and other benefits accrued	78,996	63,253
- Markup income	(27,214)	(319)
- Exchange loss - net	40,295	81,650
- Finance cost	297,141	150,836
- Gain on disposal of investments at fair value through profit or loss	(1,280)	(332,626)
- (Gain)/loss on derivative financial instruments	(2,998)	(3,874)
Profit before working capital changes	9,539,383	8,902,531
- Stores, spares and loose tools	107,477	188,777
- Stock-in-trade	(305,722)	480,639
- Trade debts	(208,943)	(364,314)
- Advances, deposits, prepayments and other receivables	(3,396,865)	(44,309)
- Trade and other payables	(656,036)	621,364
Net working capital changes	(4,460,089)	882,157
Cash generated from operations	5,079,293	9,784,688

13. Cash and cash equivalents

Short term borrowings - secured	(5,996,829)	(2,527,906)
Cash and bank balances	715,144	9,114,319
	(5,281,685)	6,586,413

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 10.3 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
As at March 31, 2017				
Long term finances - secured	13,234,476	1,061,976	3,777,500	4,900,000
Long term deposits	79,852	-	-	79,852
Trade and other payables	5,125,608	5,125,608	-	-
Short term borrowings - secured	5,996,829	5,996,829	-	-
Accrued finance cost	213,256	213,256	-	-
	<u>24,650,021</u>	<u>12,397,669</u>	<u>3,777,500</u>	<u>4,979,852</u>

As at June 30, 2016

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:

	Level 1	Level 2	Level 3	Total
As at March 31, 2017	(Rupees in thousand)			
Assets				
Investment - At fair value through profit or loss	41	-	-	41
Investments - Available for sale	30,676,002	1,000,000	-	31,676,002
Biological assets	-	-	625,488	625,488
Derivative financial instruments	-	6,389	-	6,389
Total assets	<u>30,676,043</u>	<u>1,006,389</u>	<u>625,488</u>	<u>32,307,920</u>
As at March 31, 2017	(Rupees in thousand)			
Liabilities				
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
As at June 30, 2016	(Rupees in thousand)			
Assets				
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
Total assets	<u>27,260,287</u>	<u>1,014,701</u>	<u>660,491</u>	<u>28,935,479</u>
Liabilities				
Total liabilities	<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 6.255 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.

July to March 31,

Rupees in thousands	Cement		Paper		Dairy		Elimination - net		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	Revenue from									
- External Customers	22,632,898	21,318,143	789,470	560,689	826,666	912,760	-	-	24,249,034	22,791,592
- Inter-group	-	-	1,049,059	1,010,361	-	-	(1,049,059)	(1,010,361)	-	-
	22,632,898	21,318,143	1,838,529	1,571,050	826,666	912,760	(1,049,059)	(1,010,361)	24,249,034	22,791,592
Segment gross profit/(loss)	9,214,878	8,894,977	450,181	387,912	(176,633)	(367,494)	1,241	(32,718)	9,489,667	8,882,677
Segment expenses	(1,838,307)	(1,672,610)	(47,306)	(36,952)	(166,124)	(248,886)	-	-	(2,051,737)	(1,958,448)
Other income	1,617,407	1,804,494	9,704	1,470	13,897	5,278	(625)	(625)	1,640,383	1,810,617
Financial charges	(272,329)	(98,656)	(24,465)	(51,853)	(347)	(327)	-	-	(297,141)	(150,836)
Taxation	(2,267,629)	(2,549,698)	(110,287)	(112,000)	50,157	136,000	-	-	(2,327,759)	(2,525,698)
Profit after taxation	6,454,020	6,378,507	277,827	188,577	(279,050)	(475,429)	(278,434)	(508,772)	6,453,413	6,058,312
Depreciation	1,536,167	1,384,635	24,595	24,652	153,710	169,073	25,646	27,488	1,740,118	1,605,848
Capital expenditure	(19,152,318)	(5,833,076)	(9,678)	(7,124)	(100,448)	(33,053)	303,717	492,917	(18,958,727)	(5,380,336)
Cash to operations	2,205,966	7,739,977	181,318	352,940	(61,740)	(266,187)	(76,977)	42,798	2,248,567	7,869,528
Cash from investing	(17,697,804)	419,358	(30,970)	(37,159)	(71,993)	233,160	206,066	55,423	(17,594,701)	670,782
Rupees in thousands	31.03.2017	30.06.2016	31.03.2017	30.06.2016	31.03.2017	30.06.2016	31.03.2017	30.06.2016	31.03.2017	30.06.2016
	unaudited	audited	unaudited	audited	unaudited	audited	unaudited	audited	unaudited	audited
Segment assets	101,774,893	83,418,265	2,042,021	1,874,543	3,298,694	3,477,550	(2,200,018)	(2,525,568)	104,915,590	86,244,790
Segment liabilities	29,028,309	17,634,836	916,442	958,131	278,751	178,557	24,855	(262,831)	30,248,357	18,508,693

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 April 19, 2017.

17. Corresponding figures

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



Chief Executive



Director



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