

D.G. KHAN CEMENT COMPANY LIMITED

Head Office: Nishat House, 53 - A, Lawrence Road, Lahore - Pakistan.
UAN: (92 - 42) 111 113 333, Tel: (92 - 42) 36360154, Fax: (92 - 42) 36367414
E-mail: info@dgcement.com

SECY/STOCKEXC/

February 22, 2021

The General Manager, Pakistan Stock Exchange Limited, Stock Exchange Building, Stock Exchange Road, KARACHI.

SUB:

SUBMISSION OF HALF YEARY ACCOUNTS FOR THE PERIOD ENDED DECEMBER 31, 2020

Dear Sir,

In compliance with the provisions of Section 237 of the Companies Act, 2017, read with PSX Notice No. PSX/N-4207 dated July 13, 2018 and PSX/N-4952 dated August 29, 2018, we are pleased to submit electronically through PUCAR un audited accounts for the half year ended December 31, 2020.

Thanking you,

Yours truly

KHALID MAHMOOD CHOHAN COMPANY SECRETARY

Factory Sites:

Khofli Sattai, Distt. Dera Ghazi Khan - Pakistan. UAN: (92 - 64) 111 - 113 - 333 Tel: (92 - 42) 36360153, Fax: (92 - 64) 2585010 Khairpur, Tehsil, Kallar Kahar. Distt. Chakwal - Pakistan. Tel: (92 - 42) 36360152 Fax: (92 - 543) 650231



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COMPANY INFORMATION

Board of Directors

Mrs. Naz Mansha Mr. Raza Mansha Mr. Khalid Niaz Khawaja

Mr. Khalid Niaz Khawaja Mr. Usama Mahmud Mr. Mahmood Akhtar Mr. Farid Noor Ali Fazal Mr. Shahzad Ahmad Malik Independent
Independent
Non-Executive
Executive
Non-Executive

Member/Chairman

Member

Member

Chairperson / Non-Executive

Chief Executive / Executive

Female Director 01 Male Directors 06

Audit Committee

Mr. Khalid Niaz Khawaja Mr. Mahmood Akhtar Mr. Usama Mahmud

Human Resource & Remuneration Committee

Mr. Khalid Niaz Khawaja Member/Chairman Mr. Raza Mansha Member Mr. Shahzad Ahmad Malik Member

Management

Mr. Raza Mansha Chief Executive Officer
Dr. Arif Bashir Director Technical & Operations
Mr. Farid Noor Ali Fazal Director Marketing
Mr. Inayat Ullah Niazi Chief Financial Officer

Company Secretary

Mr. Khalid Mahmood Chohan

Bankers

Allied Bank Limited Bank Alfalah Limited Bank Al-Habib Limited Bank Islami Pakistan Limited Dubai Islamic Bank Faysal Bank Limited Habib Bank Limited Limited Habib Metropolitan Bank MCB Bank Limited JS Bank Limited Citi Bank N.A. MCB Islamic Bank Limited Meezan Bank Limited National Bank of Pakistan Samba Bank Limited Soneri Bank Limited Standard Chartered Bank Limited The Bank of Punjab United Bank Limited The Bank of Khyber

JS Bank Limited Silk Bank Limited
Citi Bank N.A. Industrial and Commercial Bank
Askari Bank Limited of China (ICBC)

External Auditors

A.F. Ferguson & Co., Chartered Accountants

Legal Advisors

Mr. Shahid Hamid, Bar-at-Law

Important Identification Numbers of Company

CUIN: 0006469 NTN: 1213275-6 STRN: 0402252300164 PSX Symbol: DGKC

Company Products

I Clinker

II. Ordinary Portland Cement (OPC)
III. Sulphate Resistant Cement (SRC)

HS Code

Clinker: 2523.1000 Cement: 2523.2900

Applicable Laws & Regulations

Many laws and regulations apply to the Company including:

- · The Companies Act
- · Stock Exchange Regulations
- · Code of Corporate Governance
- · International Accounting and Financial Reporting Standards
- International Auditing Standards
- Income Tax Law
- Sales Tax Law
- Excise Laws
- Property Laws
 Labour Laws
- Health & Safety Laws
- Environmental Laws
- · Banking Regulations, etc.

Company Rating

Long Term: AA Outlook: Stable
Rating Date: April 03, 2020
ShortTerm: A1+
Rating Agency: PACRA

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

Factories

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

Chichaee Gadani Main RCD, HUB Distt. Lasbela, Pakistan UAN: +92 42 111 11 33 33

Share Registrar: THK Associates (Pvt) Ltd

 Head Office, Karachi
 Branch Office, Lahore

 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi.
 Siddique Trade Centre, Office

 rel: (021) 111 000 322
 Main Boulevard, Gulberg II, Lahore

 Fax: (021) 34168271
 Phone: +92 42 3578 1682

For Investors' Information, Comments, Inquiries, Complaints

Mr. Farid Fazal (Director Marketing)
E-mail: ffazal@dgcement.com Phone: +92 42 111 11 33 33 (Marketing related queries)

Mr. Inayat Ullah Niazi (Chief Financial Officer)
E-mail: iniazi@dgcement.com Phone: +92 42 111 11 33 33

Mr. Khalid Mehmood Chohan (Company Secretary)
E-mail: kchohan@dgcement.com Phone: +92 42 111 11 33 33

Directors' Report

The directors of your company are pleased to present you the results of the first half of FY21:

| | 1HY2021 | 1HY2020 | | |
|--|--------------|-----------------|--|--|
| | Rupees | Rupees in '000' | | |
| Sales | 21,862,581 | 20,888,257 | | |
| Cost of sales | (18,449,084) | (19,866,771) | | |
| Gross profit | 3,413,497 | 1,021,486 | | |
| Administrative expenses | (310,022) | (357,829) | | |
| Selling and distribution expenses | (992,066) | (1,009,495) | | |
| Net reversal of impairment / (impairment losses) on financial assets | 30,888 | (50,200) | | |
| Other expenses | (48,172) | (54,878) | | |
| Other income | 353,624 | 1,184,946 | | |
| Finance cost | (1,528,903) | (2,455,664) | | |
| Profit/(Loss) before taxation | 918,846 | (1,721,634) | | |
| Taxation | (117,980) | 874,576 | | |
| Profit/(Loss) after taxation | 800,866 | (847,058) | | |
| | | | | |
| EPS (Rs/share) | 1.83 | -1.93 | | |
| GP% | 15.61% | 4.89% | | |
| PBT% | 4.20% | -8.24% | | |
| PAT% | 3.66% | -4.06% | | |

Production and Sales volumetric data is as under:

| | 1HY2021 | 1HY2020 |
|--|-----------|-----------|
| | in | MT |
| Production: | | |
| Clinker | 3,094,799 | 3,353,987 |
| Cement | 2,778,473 | 2,973,846 |
| Sales: | | |
| Total | 2,756,448 | 2,948,298 |
| Local Cement (excluding own consumption) | 2,703,221 | 2,853,185 |
| Export Cement | 53,227 | 95,113 |
| Clinker Sale | 1,008,205 | 939,208 |

Calendar year 2020, in summary, can be called as 'Year of uncertainty'. Pandemic COVID-19 that broke out in early months of the year led to chaos in businesses all over the world. Industries were forced to shut down. Downsizing plans in various sectors executed. Supply chain disrupted. Global economy crippled. Many countries across the world went into recession. As per IMF, world economy will regain its 2019 level in 2021. However, things in Pakistan remained under control. There were initial countrywide lockdowns but through effective 'smart lock-down' strategy and public co-operation, overall infection rate did not rise to alarming level. Government through various fiscal and monetary measures tried to relieve the industries in tough times. Various incentives for construction and housing sectors were also announced and implemented. Subsequent

extension in amnesty also kept the momentum going. As a result, Pakistan remained largely insulated from worst outcomes of COVID-19. Though there were slight hiccups during second wave, but overall Pakistan as a nation showed discipline and resolve. As we moved into new financial year, things started picking momentum for Pakistan. Exports and remittances moved upward. Current account turned into surplus. Primary balance remained in-check. Particularly, activities in housing and construction sector, that slowed down for last two years picked up speed. As a result, cement sector showed highest ever dispatches in the first half of financial year. Demand for cement shoot up resulting in higher profitability for cement industry across the country.

In volume terms, total sales quantity of industry witnessed growth of 3.8 million tons (16%) to 28.6 million tons as compared to HY20. North zone contributed growth of 2.6 million tons (14%) against increase of 1.2 million tons (21.5%) in South Zone. Further analysis shows that the growth was mainly driven by local cement sales quantity of 3.2 million tons (16%). Exports also witnessed growth of 0.6 million tons (15%) largely related to clinker. Industry witnessed sales utilization of 83% which remained same as compared to corresponding period last year. It was largely contributed by local sales of 69% against exports sales utilization of 14%.

Kiln operational days of your Company decreased by 8.2% from 586 days to 538 days due to schedule shutdown and repair and maintenance in first quarter. Consequently, clinker production % remained at 91% (1HFY20: 99%). Sales utilization of your Company improved to 111% (1HFY20: 114%) mainly due to export of clinker largely from piling clinker stock as at June 30. Clinker was exported to contribute towards fixed costs earning valuable foreign exchange of USD 29 million from July-December 2020.

Sales, in value terms, registered growth primarily due to stable local cement prices. GP% improved despite low clinker production, largely attributable to stable input costs. However, there was some pressure on costs relating to general inflation that were curtailed through effective management and operational efficiency. Selling expenses decrease was associated with cost saving on account of lower freight and handling charges. Improvement in collection from our customers resulted in reversals of 'Provision for Expected Credit loss'. Restriction from SBP on banks regarding dividend payment badly hurt your Company other stream of 'dividend income'. Finance cost registered decline due to lowering of discount rate to 7.0% (1HY20: 13.25%).

Government has managed to arrange COVID-19 vaccines from different companies. It has planned to start immunizing general public by the end of first quarter. If everything goes according to the plan, infection rate will start moving downward by end of financial year. However, there is a risk of reallocation of funds from PSDP to Corona relief activities. This may hamper government driven economic activities. Construction activities that gained momentum in first half of FY21 will continue to remain in the upward trajectory owing to growth in housing sector, Government Special Karachi Package, speedy work on small and large dams and CPEC related projects. With capacity expansion in recent years, industry is well geared up to meet these developments. Inflation is also under control and finally moving downward. This may ease some pressure on discount rate. Coal prices have been trending upward since December 2020. The effect of this cost pressure is expected to pass on to the consumers. WHR at Hub site has become operational in January 2021 while CFPP is expected to be operational in the fourth quarter of FY21. This will lead to self-sufficiency at Hub site along with considerable saving in power costs. Your Company has started paying GIDC in line with orders of superior courts.

On negative side, as country has moved towards industrialization, there may be some pressure on current account on account of high imports of plant and machinery. This may push the exchange rate upward in short term. Government has recently resumed IMF program. There is uncertainty regarding new conditions from IMF that may impact overall business environment.

Principal activity of the Company is manufacture and sale of cement and clinker and following are the principal risks the Company face:

- Tight price market and tough competition
- Capacity utilization
- Interest rate
- Foreign currency fluctuations
- Shrinking cement exports market

The Board of Directors has approved Directors' Remuneration Policy. The main features of the policy are as follows:

- The Company shall not pay remuneration of its non-executive directors including independent directors except for meeting fee for attending Board and its Committee meetings.
- The Company will reimburse or incur expenses of travelling and accommodation of Directors in relation to attending of Board and its Committees meetings.
- The Directors' Remuneration Policy will be reviewed and approved by the Board of Directors from time to time

Following are the directors of the Company:

Mrs. Naz Mansha (Chairperson)
Mr. Raza Mansha
Executive
Mr. Khalid Niaz Khawaja
Independent
Mr. Usama Mahmud
Independent
Mr. Mahmood Akhtar
Mr. Farid Noor Ali Fazal
Mr. Shahzad Ahmad Malik
Non-Executive
Non-Executive

Female Directors: 01
Male Directors: 06

Audit Committee

Mr. Khalid Niaz Khawaja Chairman
Mr. Usama Mahmud Member
Mr. Mahmood Akhtar Member

Human Resource & Remuneration Committee

Mr. Khalid Niaz Khawaja Chairman
Mr. Raza Mansha Member
Mr. Shahzad Malik Member

There are no material post balance sheet events affecting the period end position.

Our plants and operations are complying with international and national environmental standards. DGKC is fully cognizant of its responsibility towards society and welfare. The Company is spending on education, health, medical and fire-fighting facilities, water supply to nearby localities, aiding in emergency and disaster situations in nearby areas, awareness campaigns etc.

There are no changes that have occurred during the period under review concerning the nature of the business of the company or of its subsidiaries, or any other company in which the company has interest.

The Directors of your company state that the system of internal control is sound in design and has been effectively implemented and monitored. Significant deviations from last period in operating results of the company are highlighted and reasoned in other parts of Directors report.

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

For and on behalf of the Board

Raza Mansha

Chief Executive Officer

Farid Noor Ali Fazal
Director

Lahore February 19, 2021 سمینی یااس کی ذیلی کمپنیوں پاکسی دیگر کمپنی جس میں کمپنی دلچیسی رکھتی ہے کے کاروبار کی نوعیت سے متعلقہ کوئی تبدیلیاں نہیں ہیں جوزیر جائز وہدت کے دوران رونما

آپ کی مینی کے ڈائر کیٹرز بیان کرتے ہیں کہ داخلی کنٹرول کا نظام ڈیز ائن میں مشخکم ہے اوراسکی مؤٹر طریقہ ہے مملدرآ مداورنگرانی کی جاتی ہے۔ سمپنی کے آپی ٹینگ تتائج میں گزشتہ مدت سے ہم تغیرات ڈائر کیٹرزریورٹ کے دیگر حصوں میں احاکر کئے گئے میں اوروجو بات بیان کی گئی ہیں۔

جم اين تمام اسفيك بولدُرز كاشكرياداكرت بين ادراي تمام ملازيين كى ان تعك كوششول كوسرات بيل-

منجانب بورۋ

David Dazal فريدنورعلى فضل

چيف ا گيزيکٽوآ فيسر

الاجور 19 فروري 2021ء

پورڈ آف ڈائز بکٹرز، وقتانو قتاڈائز بکٹرزمعاوضہ پالیسی کا جائزہ اوراس کی منظوری دیں گے۔

مندرجہ ذیل کمپنی کے ڈائر یکٹرز ہیں:

محترمه نازمنشا (چیئر پرسن) نان ایگزیکٹو

جناب رضا منشا الگيزيكش جناب خالد نيازخواج آزاد

جناب أسام محمود آزاد

جناب محموداختر نان الكيزيكو

جناب فريدنور على فضل اليَّيز يكڻو

جناب شنراداحمملك نان اليّزيكو

خاتون ۋائز يكثرز: 01

مردۋائريكٹرز: 06

آ ڈٹ سمیٹی

جناب فالدنیاز خوابید چیئر مین جناب اُسامه محمود رکن جناب محمود کرکن

هيومن ريسورس ايند ريمزيش سميتي

جناب فالد نیاز فواه چیئر مین جناب رضامنشا رکن جناب شنم او ملک رکن

اختتام پذیریدے کی حیثیت کومتاثر کرنے والے کوئی بعد از بیلنس شیٹ نمایاں واقعات رونمانہیں ہوئے ہیں۔

ہارے پانٹس اورآ پریشنز بین الاقوامی اورقومی ماحولیاتی معیارات کی تغییل کررہے ہیں۔ DGKC سوسائٹی اورویلفیئر کی اپنی ذمہ داریوں کو کمل طور پہپانتی ہے۔ سمپنی نزد کی آباد بول کے لئے تعلیم ،صحت ،طبی اورآ گ بجھانے کی سبولیات ، واٹر سپلائی ،نزد کی علاقوں میں ایمرجنسی اورآ فاقی حالات میں مدد ، آگاہی مہمات وغیر دیرخرج کررہ یہے۔ ' ڈیویڈینڈ اکم' کے دیگر بہاؤ کو بری طرح نقصان پہچایا ہے۔ ڈسکاؤنٹ ریٹ7.0 (13.25:1HY20 فیصد) تک کم ہونے کی وجہ سے فنانس لاگت میں رجٹر ڈکی ہوئی۔

حکومت مختلف کمپنیوں ہے 19 COVID کی ویکسین کا ہندو بست کرنے میں کامیاب ہوگئ ہے۔ اس نے پہلی سہابی کے اختتام ہے عام الوگوں کو ویکسین لگانا عثر وی کرنے کامنصوبہ بنایا ہے۔ اگر سب پچھاس منصوبہ کے مطابق ہوتا ہے تو ، مالی سال کے آخر تک انفیکشن کی شرح کم ہونا شروع ہوجائے گی۔ تاہم ، پی الیس فری ہے کو رونا اعدادی سرگرمیوں کے لئے فنڈ زکی دوبارہ الیوکیشن کا خطرہ پایاجا تاہے۔ اس ہے حکومت کو معاشی سرگرمیوں کو جاری رکھنے میں رکاوٹ پیدا ہو مکتی ہے۔ تھیراتی سرگرمیاں جنبوں نے مالی سال 2 کی پہلی ششماہی میں رفتار پکڑی ہے ، ہاؤسنگ سیکھر میں نمو، گور نمنٹ اپیشل کراچی پیکنچی ، چھوٹے اور ہڑے ویموں اوری پی ای بی سے متعلقہ منصوبوں پر کاموں کی تیزر فقاری کے باعث نمو کی رفقار برقر ارد ہے گی۔ حالیہ برسوں میں صلاحیت میں توسیح کے ساتھ ، صنعت ان پیشر فنوں کی ضرور یا ہے والی تاریخ کے لئے اچھی طرح تیار ہے۔ افراط زرجھی قابو میں ہا اور آخر کار کم ہور ہا ہے۔ اس سے ڈسکا اونٹ شرح پر دباؤ ہوگھم ہوسکتا ہوجائے گا۔ حب سائٹ پر HM جنوری ہے۔ دسمبر 2021 سے ویکا ہے جبکہ کا جواب کی ہوشی سے اور آخر کار کم مور ہا ہے۔ اس سے ڈسکا اونٹ شرح کی مناخر خواہ دیجت کے دب سائٹ پر بخود کا اس بونے کی امریک ہونے کی امریک ہونے کی امریک ہونے کی اس میں آپریشنل ہو چا کی امریک ہونے کے اخراجات میں خاطر خواہ دیجت کے ساتھ حب سائٹ پرخود کا الت ہو چکا ہے جبکہ کا میں سائٹ پرخود کا اس میں آپریشنل ہو چود کی امریک ہونے کی امریک ہونے کی اور ویک ہونے کی امریک کے اخراجات میں خاطر خواہ دیجت کے ساتھ حب سائٹ پرخود کا الت ہونی کی دور کی ہونہ کی کھونے کی کھونے کی عورات کے مطابق GIDC کی ادا گی شروع کی دی کون کی ہونہ کی کھونے کی کھون کی دور کی ہونہ کی کھونے کی کھون کی کھونے کونے کونے کونے کی کھونے کونے کی کھونے کی کھونے کی کھونے کی کھونے کی کھونے کونے کی کھونے کے کھونے کی کھونے کی کھونے کونے کی کھونے کی کھونے کی کھونے کی کھونے کی کھونے کی کھونے کونے کی کھونے کونے کے کھونے کی کھونے کی کھونے کونے کونے کی کھونے کی کھونے کونے کونے کی کھونے کی کھونے کی کھو

منفی پہلوے، جیسے ہی ملک صنعت کی طرف بڑھاہے، پلانٹ اور مشینری کی زیادہ درآند کے سبب کرنٹ اکا ؤنٹ پر پچھ دباؤپڑسکتا ہے۔اس سے مختصر مدت میں زر مبادلہ کی شرح بڑھ کتی ہے۔ حکومت نے مستقبل قریب میں آئی ایم ایف پروگرام دوبارہ شروع کرنے کا اشارہ دیا ہے۔ آئی ایم ایف کی جانب سے نئی شرائط کے بارے میں غیر نیتی صورتحال ہے جومجموع طور پر کاروباری ماحول کومتا ٹر کر کتی ہے۔

سمینی کی بنیادی سرگرمی سینٹ اورکلنگر کی تیاری اور فروخت کرنا ہےاور کمپنی کومندرجہ ذیل اہم خطرات کا سامنا ہے:

- ماركيث قيمت اور سخت مقابله
- مستعمل پیداواری صلاحیت
 - سود کی شرح
 - غیرملکی کرنسی کا اتار چڑھاؤ
 - برآ بدمارکیٹ کاسکڑاؤ

يورة آف ۋائر كيٹرزنے ۋائر كيٹرز كے معاوضه كى پالىسى كى منظورى دى ہے۔ پالىسى كى بنيادى خصوصيات مندرجه ذيل ہيں:

سمینی بورڈ اوراس کی کمیٹیوں کے اجلاسوں میں شرکت کی فیس کے سوائے آزاد ڈائز بکٹر زسمیت اپنے نان ایگز بکٹوڈ ائز بکٹرز کومعاوضہ اوانہیں کرے گی۔

سمینی بورڈ اوراس کی کمیٹیوں کے اجلاسوں میں شرکت کے سلسلے میں ڈائر بکٹرز کے سفر اور رہائش کے اخراجات اواکرے گی۔

کیانڈرسال2020 کو، خلاصہ 'فیریشی صورتحال کا سال' کہا جاسکتا ہے۔ سال کے ابتداء میں وبائی بیاری COVID-19 پھیلنے کی وجہ سے پوری و نیا کے کاروباری اداروں میں اختفار پھیل گیا۔ سبتا یا گیا۔ سبتا گیا۔ سبتا یا گیا۔ سبتا کو وربوگئی۔ و نیا کے مصل اور اور میں سبتا یا گیا۔ سبتا کی کی شخری آگی ۔ تاہم ، پاکستان میں حالات قابو میں رہے۔ ابتدائی طور پر ملک بحر میں الک ڈاؤن سے کو در یعے حکومت نے مشکل ادوار میں صنعتوں کو سپولت پہنچانے کی ورسے ، انقیاش کی مجموعی شرح خطرناک حد تک فیمیں بڑھی ۔ مختلف مالی اور مالیاتی اقدامات کے ذریعے حکومت نے مشکل ادوار میں صنعتوں کو سپولت پہنچانے کی کوشش کی ۔ تھیرات اور ہاؤ سنگ شعبول کے لئے مختلف مراعات کا اعلان اور ان پڑمل درآ مدیھی کیا گیا۔ ایمنسٹی میں توسیع نے بھی اس رفتار کو جاری رکھا۔ اس کے کوشش کی ۔ تھی میں آئے ، لیکن مجموعی طور پر ، وہائت کی کاروباروں نے رفتار پڑم نا شروع کی۔ برآ مدات اور پاکستانی قوم نے نظم وضیط اور عزم کا طافرہ میں میں بدل گیا۔ بیادی توازن برقر ادر ہا۔ خاص طور پر ، دہائش اور تعیراتی شعبہ میں سرگرمیاں ، جو پچھلے دوسالوں سے کم ہوگئی تھیں تیز ہوگئیں۔ اس کے نتیج میں ، سبت کے شعبہ میں سبت کی سب سے زیادہ ترسیات ہو کیں۔ سبت کی طلب سبت کی سب سے زیادہ ترسیات ہو کیں۔ سبت کی طلب سبت کی سب سے زیادہ ترسیات ہو کیں۔ سبت کی طلب سبت کی سبت کی صنعت کوزنادہ منافی ہوا۔

حجم کے لحاظ ہے،صنعت کی کل فروخت مقدار میں 3.8 فیصد کی نمود یکھی گئی ہے۔

جم کے کاظ ہے، صنعت کی کل فروخت مقدار HY20 کے مقابلے میں 8.8 ملین ٹن (16 فیصد) ہے۔ 28.6 ملین ٹن تک زیادہ ہوئی ہے۔ نارتھ ذون نے جنوبی نرون میں 1.2 ملین ٹن (1.5 فیصد) کی نموییں حصد ڈالا ہے۔ مزید تجزیہ ظاہر کرتا ہے کہ بینمو بنیادی طور پر سینٹ کی مقامی فروخت مقدار 3.2 ملین ٹن (16 فیصد) کی نموییں حصد ڈالا ہے۔ مزید تجزیہ ظاہر کرتا ہے کہ بینمو بنیادی ترتعلق سینٹ کی مقامی فروخت مقدار 3.2 ملین ٹن (16 فیصد) کی نمود کیھی گئی جس کا زیادہ تا کہ سینٹ کی متابی فروخت 14 فیصد کے مقابلے میں زیادہ کی متابع میں زیادہ سے واقعید مقامی فروخت 14 فیصد کے مقابلے میں زیادہ سے ذیادہ حصد 69 فیصد مقامی فروخت نے شامل کیا۔

کہلی سہائی میں شیڈول شٹ ڈاؤن اور ریئز اور میٹی نینس کی وجہے آپ کی کمپنی کے کمن آپریشنل دن 8.2 گم ہوکر 586 دنوں سے538 دن ہوگئے۔اس کے مطابق ،اوسط کلنگر پیداوار 91 فیصد (1HFY20) وجونے بھر ای کے کمپنی کی مستعمل فروخت 111 فیصد جو کہ بنیادی طور پر 30 جون کے مطابق پائنگ کلنگراشاک سے زیادہ سے زیادہ کلنگر کی برآ مدکی وجہ سے بہتر ہوئی ہے۔ جولائی دیمبر 2020 سے کلنگر کے مقررہ اخراجات میں حصد ڈالنے اور 29 ملین امریکی ڈالرکا قیمتی زرمبادلہ کمانے کے لئے کلنگر برآ مدکیا گیا تھا۔

قیت کے لخاظ سے فروخت، بنیادی طور پرسینٹ کی متحکم مقامی قیمتوں کی وجہ سے زیادہ ہوئی ہے۔ کلنگر کی کم پیداوار، کے باوجود GP فیصد بہتر ہوئی، جو کہ زیادہ تر متحکم ان پٹٹ لاگتوں سے منسوب ہے۔ تاہم، عام افراط زر سے نسلک اخراجات پر پھی دباؤتھا جو کہ مؤثر انتظامات اور آپیشنل کا رکروگی کے ذریعے کم کیا گیا۔ فروخت کے اخراجات بٹس کی فریٹ اور بینڈلنگ کے کم چار جز کی مدیش اخراجات کی بچت سے وابستھی۔ اپنے صارفین سے وصولی بٹس بہتری "متوقع کریڈٹ تقصان کی فراہمی ' کے reversals کے نتیج بٹس ہوئی۔ ڈیویڈیڈ اوا کیگی کے سلسلے بیس بینکوں پراسٹیٹ بینک پاکستان کی طرف سے پابندی ہے آپ کی کمپنی کے

حصص داران كيلئے ڈائر يكٹرز كى رپورٹ

آپ کی کمپنی کے ڈائر یکٹرز آپ کو مالی سال 2021 کی پہلی ششماہی کے نتائج پیش کرتے ہوئے خوشی محسوں کرتے ہیں۔

| • | | |
|--|----------------------------------|-------------------------|
| | پېلى ششابى مالى سال 202 1 | ىپلىششا،ى مالى سال 2020 |
| | روپے ہڑ | اِروں میں |
| فروخت | 21,862,581 | 20,888,257 |
| قیمت فروخت | (18,449,084) | (19,866,771) |
| مجموعى منافع | 3,413,497 | 1,021,486 |
| انتظامی اخراجات | (310,022) | (357,829) |
| فروخت اورتقسيم كےاخراجات | (992,066) | (1,009,495) |
| مالی ا ثانوں پرفرسودگی کےنقصانات | 30,888 | (50,200) |
| دیگرمعاملاتی اخراجات | (48,172) | (54,878) |
| دیگرآ مدنی | 353,624 | 1,184,946 |
| مالى لاگت | (1,528,903) | (2,455,664) |
| ٹیکسیشن سے بل منافع/(نقصان) | 918,846 | (1,721,634) |
| <i>شياس</i> يشن | (117,980) | 874,576 |
| ^م یکسیشن کے بعد منافع/(نقصان) | 800,866 | 847,058) |
| | | |
| EPS (روپے فی شیئر) | 1.83 | -1.93 |
| GP % | 15.61% | 4.89% |
| PBT % | 4.20% | -8.24% |
| PAT % | 3.66% | -4.06% |

امسال کے لئے آپ کی کمپنی کی پیداواراور فروخت جم کے اعدادو شار درج ذیل ہیں:

| ىپلىششابى مالى سال 2020 | پېلىششاى مالى سال 2021 | |
|--------------------------------|------------------------|--|
| ٹرکٹن میں | اعدادوشارميا | پيداوار |
| 3,353,987 | 3,094,799 | کلنکر کی پیداوار |
| 2,973,846 | 2,778,473 | سینٹ کی پیداوار |
| | | فروفت |
| 2,948,298 | 2,756,448 | سیمنٹ کی کل فروخت |
| 2,853,185 | 2,703,221 | سیمنٹ کی مقامی فروخت (علاوہ ذاتی استعمال) |
| 95,113 | 53,227 | سیمنٹ کی برآ مدفروخت |
| 939,208 | 1,008,205 | کلئکر کی فروخت |





Independent Auditor's Review Report To The Members Of D.G. Khan Cement Company Limited Report On Review Of Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of D. G. Khan Cement Company Limited as at December 31, 2020 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated financial statements for the six-month period then ended (here-in-after referred to as the "unconsolidated interim financial statements"). Management is responsible for the preparation and presentation of these unconsolidated interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated financial statements based on our review. The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the three-month period ended December 31, 2019 and 2020 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended December 31, 2020.

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 statements 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 statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Khurram Akbar Khan.

A. F. Ferguson & Co.

Chartered Accountants,

Menguson + 6

Lahore

Dated: February 19, 2021

Unconsolidated Condensed Interim Statement of Financial Position

| EQUITY AND LIABILITIES | Note _ | 31 December, 2020 Un-Audited (Rupees in | 30 June, 2020 Audited thousand) |
|---|-------------|--|--|
| CAPITAL AND RESERVES | | | |
| Authorised share capital - 950,000,000 (June 30, 2020: 950,000,000) ordinary shares of Rs 10 each - 50,000,000 (June 30, 2020: 50,000,000) preference shares of Rs 10 each | | 9,500,000 500,000 10,000,000 | 9,500,000 500,000 10,000,000 |
| Issued, subscribed and paid up share capital 438,119,118 (June 30, 2020: 438,119,118) ordinary shares of Rs 10 each Other reserves Revenue reserve: Un-appropriated profits | | 4,381,191 30,662,852 35,837,174 70,881,217 | 4,381,191 27,226,658 35,036,308 66,644,157 |
| NON-CURRENT LIABILITIES | | | |
| Long term finances - secured Long term liability Deferred grant Long term deposits Deferred liabilities Deferred taxation | 6 7 8 | 21,263,682 96,095 41,700 240,502 556,455 2,348,599 24,547,033 | 21,972,000 - 253,937 521,834 2,535,349 25,283,120 |
| CURRENT LIABILITIES | | | |
| Trade and other payables Accrued markup Short term borrowings - secured Current portion of non-current liabilities Unclaimed dividend Provision for taxation | | 10,079,265 624,587 22,044,650 5,395,204 33,475 35,090 38,212,271 | 11,298,187 712,275 23,495,967 2,048,901 33,837 35,090 37,624,257 |
| Contingencies and Commitments | 9 | 133,640,521 | 129,551,534 |
| | | | |

The annexed notes 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.

Chief Executive

As At December 31, 2020

| ASSETS NON-CURRENT ASSETS | Note | 31 December, 2020 Un-Audited (Rupees in | 30 June, 2020 Audited thousand) |
|--|----------|---|---|
| Property, plant and equipment Investments Long term loans to employees Long term deposits | 10 11 | 84,332,226 13,607,304 76 57,483 97,997,089 | 83,548,622 11,849,828 76 57,908 95,456,434 |
| CURRENT ASSETS | | | |
| Stores, spare parts and loose tools Stock-in-trade Trade debts Investments Loans, advances, deposits, prepayments and other receivables Loan to related party Income tax receivable Cash and bank balances | 11 12 | 8,483,681 2,723,684 1,850,203 15,006,694 485,303 765,000 4,474,081 1,854,786 35,643,432 | 8,237,990 4,352,995 2,286,084 13,126,388 613,166 765,000 4,365,643 347,834 34,095,100 |
| | | 133,640,521 | 129,551,534 |

Chief Financial Officer

Jand Jazal

Unconsolidated Condensed Interim Statement of Profit or Loss

For the Quater and Six-Month Period ended December 31, 2020 (Un-audited)

| | 2020 | | 201 | 9 | |
|---|--------------|----|-------------|--------------|--------------|
| | July to | | October to | July to | October to |
| | December | | December | December | December |
| | (Rupees in | tl | housand) | (Rupees in | thousand) |
| | | | | | |
| Sales | 21,862,581 | | 11,348,146 | 20,888,257 | 11,818,812 |
| Cost of sales | (18,449,084) | | (8,942,333) | (19,866,771) | (10,259,310) |
| Gross profit | 3,413,497 | | 2,405,813 | 1,021,486 | 1,559,502 |
| Administrative expenses | (310,022) | | (156,363) | (357,829) | (207,255) |
| Selling and distribution expenses | (992,066) | | (383,175) | (1,009,495) | (524,078) |
| Net impairment losses on financial assets | - | | - | (50,200) | (50,200) |
| Reversal of impairment losses | | | | | |
| on financial assets | 30,888 | | 30,888 | - | - |
| Other expenses | (48,172) | | (46,671) | (54,878) | (52,868) |
| Other income | 353,624 | | 283,321 | 1,184,946 | 631,849 |
| Finance cost | (1,528,903) | | (757,487) | (2,455,664) | (1,199,560) |
| Profit/(loss) before taxation | 918,846 | | 1,376,326 | (1,721,634) | 157,390 |
| Taxation | (117,980) | | (224,568) | 874,576 | 423,611 |
| Profit/(loss) for the period | 800,866 | | 1,151,758 | (847,058) | 581,001 |
| Earnings/(loss) per share | | | | | |
| (basic and diluted - in Rupees) | 1.83 | | 2.63 | (1.93) | 1.33 |

The annexed notes 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.

Chief Executive

Chief Financial Officer

Unconsolidated Condensed Interim Statement of Comprehensive Income

For the Quater and Six-Month Period ended December 31, 2020 (Un-audited)

| | 2020 | | 2019 | |
|--|---|------------|--------------|------------------|
| | July to | October to | July to | October to |
| | December | December | December | December |
| | (Rupees in | thousand) | (Rupees in t | thousand) |
| | | | | |
| Profit/(loss) for the period | 800,866 | 1,151,758 | (847,058) | 581,001 |
| | | | | |
| Other comprehensive income for | | | | |
| the period - net of tax | | | | |
| | | | | |
| Items that may be reclassified | | | | |
| subsequently to profit or loss: | - | - | - | - |
| the same the street was the same and the | | | | |
| Items that will not be subsequently | | | | |
| reclassified to profit or loss: | | | | |
| Change in fair value of investments at | | | | |
| fair value through other comprehensive | | | | |
| income (FVOCI) - net of tax | 3,436,194 | 2,435,502 | 3,775,361 | 2,774,669 |
| income (i ve e), mer en text | 3,436,194 | 2,435,502 | 3,775,361 | 2,774,669 |
| | ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, | _, | -,, | _,, . |
| Total comprehensive income for | | | | |
| the period | 4,237,060 | 3,587,260 | 2,928,303 | 3,355,670 |

The annexed notes 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.

Chief Executive

Chief Financial Officer

Unconsolidated Condensed Interim Statement of Changes In EquityFor the Six-Month Period ended December 31, 2020 (Un-audited)

| | | Ca | Capital reserve | | Rever | Revenue reserve | |
|--|------------------|---------------|-----------------|---------------------------------|-----------|---|----------------------|
| | Share capital | Share premium | FVOCI | Capital redemption reserve fund | General (| General Un-appropriated reserve profits | d Total |
| Balance as at June 30, 2019 - Audited | 4,381,191 | 4,557,163 | 18,940,452 | 353,510 | 5,071,827 | 37,624,272 | 70,928,415 |
| Total comprehensive (loss)/income for the period | | | | | | | |
| - Loss for the period - Other comprehensive income for the period | 1 1 | 1 1 | 3.775.361 | 1 1 | | (847,058) | (847,058) |
| | ' | ' | 3,775,361 | | 1 | (847,058) | 2,928,303 |
| Transactions with owners in their capacity as owners recognised directly in equity | | | | | | | |
| - Final dividend for the year ended June 30, 2019 (Rupee 1.00 per share) | , | 1 | ı | 1 | 1 | (438,119) | (438,119) |
| Balance as at December 31, 2019 - Un-audited | 4,381,191 | 4,557,163 | 22,715,813 | 353,510 | 5,071,827 | 36,339,095 | 73,418,599 |
| Balance as at July 1, 2020 - Audited | 4,381,191 | 4,557,163 | 17,244,158 | 353,510 | 5,071,827 | 35,036,308 | 66,644,157 |
| Total comprehensive income for the period | | | | - | | | |
| Income for the period Other comprehensive income for the year | 1 1 | 1 1 | 3,436,194 | 1 1 | 1 1 | 800,866 | 800,866 3,436,194 |
| | ' | ı | 3,436,194 | | 1 | 800,866 | 4,237,060 |
| Balance as at December 31, 2020 - Un-audited | 4,381,191 | 4,557,163 | 20,680,352 | 353,510 | 5,071,827 | 35,837,174 | 70,881,217 |
| | | | | | | | |

The annexed notes 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.

Chief Financial Officer

(Rupees in thousands)

Unconsolidated Condensed Interim Statement of Cash Flows

For the Six-Month Period ended December 31, 2020 (Un-audited)

| | Note | 2020 July to December (Rupees in | 2019 July to December thousand) |
|---|------|----------------------------------|--|
| Cash flows from operating activities | | | |
| Cash generated from operations | 14 | 5,053,228 | 6,007,755 |
| Finance cost paid | | (1,617,169) | (2,472,839) |
| Retirement and other benefits paid | | (48,955) | (65,247) |
| Income tax paid | | (438,608) | (656,431) |
| Long term deposits - net | | (13,435) | 18,698 |
| Net cash inflow from operating activities | | 2,935,061 | 2,831,936 |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | | (2,550,956) | (1,648,939) |
| Proceeds from disposal of property, plant and equipment | | 7,360 | 71,962 |
| Investments in equity instruments | | (176,106) | (147,500) |
| Long term loans, advances and deposits - net | | 425 | 1,230 |
| Recovery of loan to related party | | - | 235,000 |
| Interest received | | 32,725 | 65,557 |
| Dividend received | | 164,101 | 987,988 |
| Net cash outflow from investing activities | | (2,522,451) | (434,702) |
| Cash flows from financing activities | | | |
| Repayment of long term finances | | - | (2,159,702) |
| Proceeds from long term finances | | 2,494,703 | 1,500,000 |
| Dividend paid | | (362) | (437,172) |
| Net cash inflow/(outflow) from financing activities | | 2,494,341 | (1,096,874) |
| Net increase in cash and cash equivalents | | 2,906,951 | 1,300,360 |
| Cash and cash equivalents at the beginning of the period | | (23,148,133) | (19,769,652) |
| Effect of exchange rate changes on cash and cash equivalent | ts | 51,318 | 54,551 |
| Cash and cash equivalents at the end of the period | 15 | (20,189,864) | (18,414,741) |

The annexed notes 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.

Chief Executive

Chief Financial Officer

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information - Unaudited

For the Six-Month Period Ended December 31, 2020

1. Status and nature of business

D.G. Khan Cement Company Limited (the 'Company') is a public company limited by shares incorporated in Pakistan in 1978 under the repealed Companies Act, 1913 (now the Companies Act, 2017). The Company's ordinary shares are listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at 53-A, Lawrence Road, Lahore.

The Company is principally engaged in the production and sale of Clinker, Ordinary Portland and Sulphate Resistant Cement. It has four cement plants, two plants located at Dera Ghazi Khan ('D.G. Khan'), one at Khairpur District, Chakwal ('Khairpur') and one at Hub District, Lasbela ('Hub').

2. Basis of preparation

2.1 Statement of compliance

These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard ('IAS') 34, Interim Financial Reporting, issued by the International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These unconsolidated condensed interim financial statements are un-audited and are being submitted to the members as required by section 237 of the Companies Act, 2017 (the 'Act').

These unconsolidated condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2020. Selected explanatory notes are included to explain events and transactions that are significant to and understanding of the changes in the Company's financial position and performance since the last annual financial statements.

The Company is required to issue condensed interim consolidated financial statements along with its condensed interim separate financial statements in accordance with the requirements of accounting and reporting standards as applicable in Pakistan. Condensed interim consolidated financial statements are prepared separately.

3. Significant accounting policies

3.1 The accounting policies and the methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended June 30, 2020 except for the accounting policy adopted as set out in note 3.1.1 and the adoption of new and amended standards as set out in note 3.2:

3.1.1 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

3.2 Standards, amendments to published standards and interpretations that are effective in the current period

Certain standards, amendments and interpretations to International Financial Reporting Standards (IFRS) are effective for accounting period beginning on July 1, 2020, but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

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

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 01, 2021 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

4. Accounting estimates

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

In preparing these unconsolidated condensed interim financial statements, the significant judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the annual financial statements of the Company for the year ended June 30, 2020, with the exception of change in estimate that is required in determining the provision for income taxes as referred to in note 5.

5. Taxation

Income tax expense is recognized in each interim period based on best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

| December 31, | June 30, | | | |
|----------------------|----------|--|--|--|
| 2020 | 2020 | | | |
| Un-audited | audited | | | |
| (Runees in thousand) | | | | |

Long term finances - secured

| | | 21,263,682 | 21,972,000 |
|---|------------|-------------|-------------|
| Current portion shown under current liabilities | - note 6.2 | (5,108,699) | (2,010,621) |
| Long term loans | - note 6.1 | 26,372,381 | 23,982,621 |

| December 31, | June 30, | |
|----------------------|----------|--|
| 2020 | 2020 | |
| Un-audited | audited | |
| (Rupees in thousand) | | |

6.1 The reconciliation of the carrying amount is as follows:

| Opening balance | 23,982,621 | 21,025,324 |
|---|------------|-------------|
| Disbursements during the period/year | 2,494,703 | 5,935,055 |
| Repayments during the period/year | - | (2,977,758) |
| | 26,477,324 | 23,982,621 |
| Discounting adjustment - deferred grant - note 8 | (131,273) | - |
| Unwinding of discount on liability | 26,330 | |
| Closing balance | 26,372,381 | 23,982,621 |
| | | |
| 6.2 Current portion shown under current liabilities comprise of: | | |
| | | |
| Current portion of long term finances | 5,166,788 | 2,010,621 |
| Current portion of discouting adjustment | (58,089) | |
| | 5,108,699 | 2,010,621 |

7. Long term liability

During the period, the Supreme Court of Pakistan has upheld the Gas Infrastructure Development Cess Act, 2015 to be constitutional and intravires and has allowed the settlement of Gas Infrastructure Development Cess ('GIDC') over a period of time and this amount represents its long term portion. The Company has followed the relevant accounting standards and guidelines issued by the Institute of Chartered Accountants of Pakistan ('ICAP') in this regard.

Deferred grant

This represents deferred grant recognised in respect of the benefit of below-market interest rate on the following facilities:

- Long term financing facility availed from Allied Bank Limited under State Bank of Pakistan's (SBP) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns ('Refinance Scheme'), amounting to Rs 570.338 million. The total facility available amounts to Rs 575 million. The base rate applicable during the period is SBP rate which is 0.50% per annum;
- Long term financing facility availed from Faysal Bank Limited under SBP Refinance Scheme amounting to Rs 574.982 million. The total facility available amounts to Rs 575 million. The base rate applicable during the period is SBP rate which is 0.50% per annum; and
- Long term financing facility availed from Faysal Bank Limited under SBP Temporary Economic Refinance Scheme amounting to Rs 113.773 million. The total facility available amounts to Rs 600 million. The base rate applicable during the period is SBP rate which is 1.70% per annum.

The benefit has been measured as the difference between the fair value of the loan and the proceeds received. The Company has used the prevailing market rate of mark-up for similar instruments to calculate fair values of respective loans. The discount rates used range from 7.47% to 7.76% per annum. The reconciliation of the carrying amount is as follows:

| | December 31, 2020 | June 30, 2020 |
|--|----------------------|------------------|
| | Un-audited | audited |
| | (Rupees i | n thousand) |
| | | |
| Opening balance | - | - |
| Deferred grant recognised during the period/year | 131,273 | - |
| Credited to profit or loss | (26,330) | - |
| | 104,943 | - |
| Current portion shown under current liabilities | (63,243) | - |
| Closing balance | 41,700 | - |

There are no unfulfilled conditions or other contingencies attached to these grants.

9. **Contingencies and commitments**

9.1 **Contingencies**

There is no significant change in contingencies from the preceding annual unconsolidated financial statements of the Company for the year ended June 30, 2020 except for the following:

- 9.1.1 The Additional Commissioner Inland Revenue through his order dated September 02, 2020 has curtailed tax credit availed by the Company under section 65B of the Income Tax Ordinance, 2001 pertaining to Tax Year 2018 having an impact of Rs 238.278 million. The Company has filed an appeal against this disallowance before the Commissioner Inland Revenue (Appeals) on the grounds that such tax credit is in respect of a settled position and the same was duly admissible to it as has been settled by appellate authorities. Management of the Company feels that there are meritorious grounds that the ultimate decision would be in its favour, therefore, the said tax credit has not been curtailed in the Company's books.
- 9.1.2 Subsequent to period end on January 18, 2021, the Commissioner Inland Revenue (Appeals) ('CIR (A)') has passed orders ratifying the earlier demand of Deputy Commissioner Inland Revenue ('DCIR') through which input sales tax, mainly on construction material and vehicles, for the tax periods from June 2016 to July 2017 aggregating Rs 332.817 million was disallowed to the Company. Further, the default surcharge thereon, levied by the DCIR, has also been upheld by CIR(A), that shall be calculated at the time of recovery. The Company is in the process of filing an appeal before the Appellate Tribunal Inland Revenue against the decision of the Commissioner Inland Revenue (Appeals). As per Company's management, there are meritorious grounds that the ultimate decision would be in its favour wherein such claim of input tax would be allowed to the Company. Therefore, such credit of input sales tax has not been reversed in these interim financial statements. However, in case of an adverse decision, such input sales tax shall be reversed and will become part of the cost of the related fixed assets that would result in increase in depreciation charge of such fixed assets over their remaining useful lives.

9.2 Commitments in respect of:

- (i) Contracts for capital expenditure Rs 1,712.585 million (June 30, 2020: Rs 2,614.855 million).
- (ii) Letters of credit for capital expenditure Rs 1,913.057 million (June 30, 2020: Rs 2,237.133 million)
- Letters of credit other than capital expenditure Rs 939.481 million (June 30, 2020: Rs 1,373.152 million)

| | | | | Un-audited | audited |
|-----|------|--|---------------|-------------------|-------------|
| | | | | (Rupees in | thousand) |
| 10. | Prop | erty, plant and equipment | | | |
| | | | | | |
| | | ating fixed assets | - note 10.1 | 76,109,195 | 76,986,536 |
| | | tal work-in-progress | - note 10.2 | 8,040,824 | 6,369,586 |
| | Majo | r spare parts and stand-by equipment | | 182,207 | 192,500 |
| | | | | 84,332,226 | 83,548,622 |
| | 40.4 | 0 | | | |
| | 10.1 | Operating fixed assets | | | |
| | | Opening book value | | 76,986,536 | 76,928,989 |
| | | Additions during the period/year | - note 10.1.1 | 890,010 | 3,863,587 |
| | | | | 77,876,546 | 80,792,576 |
| | | 5 | | (0.745) | (400,000) |
| | | Disposals during the period/year - at book value | е | (3,745) | (136,232) |
| | | Depreciation charged for the period/year | | (1,763,606) | (3,669,808) |
| | | Clasing back value | | (1,767,351) | (3,806,040) |
| | | Closing book value | | 76,109,195 | 76,986,536 |
| | | 10.1.1 Additions during the period/year | | | |
| | | Freehold land | | _ | 15,570 |
| | | Buildings on freehold land: | | | , |
| | | - Factory buildings | | 130,693 | 259,593 |
| | | - Office building and housing colony | | 338,324 | 2,531 |
| | | Roads | | 14,221 | 15,454 |
| | | Plant and machinery | | 339,407 | 2,825,699 |
| | | Quarry equipment | | 27,757 | 166,964 |
| | | Furniture and fittings | | 16,945 | 40,407 |
| | | Office equipment | | 15,645 | 82,708 |
| | | Vehicles | | 75 | 52,414 |
| | | Power and water supply lines | | 6,943 | 402,247 |
| | | | | 890,010 | 3,863,587 |
| | 10.2 | Capital work-in-progress | | | |
| | | Civil works | | 1,473,232 | 1,608,930 |
| | | Plant and machinery | | 6,224,315 | 4,403,532 |
| | | Advances to suppliers and contractors | | 102,331 | 202,614 |
| | | Others | | 240,946 | 154,510 |
| | | | | 8,040,824 | 6,369,586 |
| | | | | , .,, | |

December 31,

2020

June 30,

2020

11. Investments

This includes Level 3 investments in Nishat Hotels and Properties Limited and Hyundai Nishat Motor (Private) Limited that are related parties on the basis of common directorship. The reconciliation of carrying amount of these investments is as follows:

| | 2020 | 2020 |
|---|-------------------|-------------|
| | Un-audited | audited |
| | (Rupees i | n thousand) |
| | | |
| Carrying value of investments at the beginning of the period/year | 2,364,787 | 1,983,213 |
| Investments made during the period/year | 176,107 | 197,500 |
| Fair value gain recognized in other comprehensive income | 117,157 | 184,074 |
| Carrying value at the end of the period/year | 2,658,051 | 2,364,787 |

December 31.

December 31,

June 30.

June 30,

12. Loan to related party - considered good

This represents loan to Nishat Hotels and Properties Limited ('NHPL'), a related party, for meeting its working capital requirements. The outstanding amount is due for repayment by October 27, 2021 in accordance with the extension granted in Annual General Meeting of the Company held on October 28, 2020. It carries mark-up at the rate of 1 month KIBOR + 1% per annum. Reconciliation of the carrying amount is as follows:

| | 2020 | 2020 | |
|---------------------------------------|----------------------|-----------|--|
| | Un-audited | audited | |
| | (Rupees in thousand) | | |
| | | | |
| Opening balance | 765,000 | 1,000,000 | |
| Less: Receipts during the period/year | - | (235,000) | |
| Closing balance | 765,000 | 765,000 | |

13. Transactions with related parties

The related parties include the subsidiaries, the Investor (Nishat Mills Limited), related parties on the basis of common directorship, group companies, key management personnel including directors and post employment benefit plans. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) of that company. The Company in the normal course of business carries out transactions with various related parties. Significant transactions with related parties are as follows:

| | | July to December 2020 Un-audited (Rupees i | July to December 2019 Un-audited n thousand) |
|--|--|---|--|
| Relationship with the Company | Nature of transaction | | |
| i. Subsidiary entities | Purchase of goods and services Rental income Sale of goods | 1,056,722 464 12,825 | 1,311,328 464 14,973 |
| ii. Investor | Purchase of goods and services Sale of goods Dividend income Dividends paid | 54 14,894 121,158 | 15,323 121,158 137,574 |
| iii. Other related entities | Insurance premium Sale of goods Dividend income Dividends paid Purchase of goods and services Mark-up income on balances with related parties Insurance claims received Purchase of shares | 109,000 4,132 34,847 5,577 32,331 9,116 176,107 | 82,396 35,043 864,282 3,587 43,256 64,299 |
| iv. Key management | Salaries and other employment benefits Dividend paid | 106,122 | 125,650 23,951 |
| v. Post employment | Expense charged in respect of benefit plans defined benefit plan Expense charged in respect of defined contribution plan | 85,513 47,753 | 101,367 47,710 |
| | | December 31, 2020 Un-audited (Rupees i | June 30, 2020 audited n thousand) |
| Period/year end balances | | () | , |
| Payable to related parties | | | |
| Trade and other payables | | 454,213 | 647,802 |
| Receivable from related pa | arties | | |
| Trade debts Loan to related party Mark-up receivable from rela | ated party | 37,505 765,000 5,456 807,961 | 20,271 765,000 5,850 791,121 |

July to December

| | (Rupees in | thousand) |
|---|------------|-------------------|
| _ | Un-audited | Un-audited |
| | 2020 | 2019 |
| | • | |

14. Cash generated from operations

| Profit/(loss) before tax | 918,846 | (1,721,634) |
|--|--------------|--------------|
| Adjustments for non-cash charges and other items: | | |
| - Depreciation on operating fixed assets | 1,763,606 | 1,843,086 |
| - (Gain)/loss on disposal of operating fixed assets | (3,614) | 31,810 |
| - Net impairment losses on financial assets | - | 50,200 |
| - Reversal of impairment losses on financial assets | (30,888) | - |
| - Dividend income | (164,101) | (987,988) |
| - Provision for retirement benefits | 85,513 | 101,367 |
| - Mark-up income | (32,331) | (64,299) |
| - Exchange (gain)/loss | (12,785) | 20,858 |
| - Finance cost | 1,528,903 | 2,455,664 |
| Profit before working capital changes | 4,053,149 | 1,729,064 |
| | | |
| Effect on cash flow due to working capital changes: | | |
| - (Increase)/decrease in stores, spare parts and loose tools | (245,691) | 1,557,915 |
| - Decrease in stock-in-trade | 1,629,311 | 1,122,544 |
| - Decrease/(increase) in trade debts | 464,495 | (349,553) |
| - Decrease in loans, advances, deposits, | | |
| prepayments and other receivables | 127,427 | 796,467 |
| - (Decrease)/increase in trade and other payables | (975,463) | 1,151,318 |
| | 1,000,079 | 4,278,691 |
| | 5,053,228 | 6,007,755 |
| | | |
| | December 31, | December 31, |
| | 2020 | 2019 |
| | Un-audited | Un-audited |
| | (Rupees in | thousand) |
| Cash and cash equivalents | | |
| • | | |

15.

| Short term borrowings - secured | (22,044,650) | (18,857,801) |
|---------------------------------|--------------|--------------|
| Cash and bank balances | 1,854,786 | 443,060 |
| | (20,189,864) | (18,414,741) |

16. Financial risk management

16.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, and other price risk), credit risk and liquidity risk.

These unconsolidated condensed interim financial statements do 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, 2020.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2020.

16.2 Fair value estimation

Fair value hierarchy a)

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 equity 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 which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to determine fair value of 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. This is the case for unlisted equity instruments.

To provide an indication about the reliability of the inputs used in determining fair value, the Company classifies its financial instruments into the three levels prescribed above. The following table presents the Company's financial assets measured and recognised at fair value at December 31, 2020 and June 30, 2020 on a recurring basis:

| As at December 31, 2020 | Level 1 | Level 2 (Rupees in th | Level 3 | Total |
|-----------------------------------|------------|--------------------------|-----------|------------|
| Recurring fair value measurements | | (Fraposo III III | , | |
| Assets Investments - FVOCI | 23,536,025 | - | 2,658,051 | 26,194,076 |
| As at June 30, 2020 | | | | |
| Assets Investments - FVOCI | 20,191,507 | - | 2,364,787 | 22,556,294 |

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between Level 1, 2 and 3 during the period. There were no changes in valuation techniques during the period.

The Company did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at December 31, 2020.

b) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments; and
- for other financial instruments discounted cash flow analysis.

c) Fair value measurements using significant unobservable inputs

Investment in Nishat Hotels and Properties Limited

The main level 3 inputs used by the Company to determine fair value of investment in Nishat Hotels and Properties Limited ('NHPL') are derived and evaluated as follows.

- Discount rate is determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to NHPL.
- Long term growth rate is estimated based on historical performance of NHPL and current market information for similar type of entities.

The significant assumptions used in this valuation technique are as follows:

- Discount rate of 9.01%.
- Long term growth rate of 2% for computation of terminal value.
- Annual growth in costs is linked to inflation at 5.99% per annum.
- NHPL has multiple sources of revenue. Annual growth in revenue ranges from 6.57% to 9.98% per annum depending upon inflation and other factors.

Sensitivity analysis

Sensitivity analysis of the significant assumptions used in the valuation technique are as follows:

If the discount rate increases by 1% with all other variables held constant, the impact on fair value as at December 31, 2020 would be Rs 333.333 million lower.

If the long term growth rate decreases by 1% with all other variables held constant, the impact on fair value as at December 31, 2020 would be Rs 194,792 million lower.

If inflation decreases by 1% with all other variables held constant, the impact on fair value as at December 31, 2020 would be Rs 100.00 million lower.

If interest rate increases by 1% with all other variables held constant, the impact on fair value as at December 31, 2020 would be Rs 66.667 million lower.

Investment in Hyundai Nishat Motor (Private) Limited

The main level 3 inputs used by the Company to determine fair value of investment in Hyundai Nishat Motor (Private) Limited ('HNMPL') are derived and evaluated as follows.

- Discount rate is determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to HNMPL.
- Long term growth rate is estimated based on historical performance of HNMPL and current market information for similar type of entities.

The significant assumptions used in this valuation technique are as follows:

- Discount rate of 14.87%.
- Long term growth rate of 2% for computation of terminal value.
- Annual growth in costs are linked to inflation and currency devaluation at 7% per annum and revenues are linked to currency devaluation at 7% per annum.

Sensitivity analysis

Sensitivity analysis of the significant assumptions used in the valuation technique are as follows:

If the discount rate increases by 1% with all other variables held constant, the impact on fair value as at December 31, 2020 would be Rs 138.288 million lower.

If the long term growth rate decreases by 1% with all other variables held constant, the impact on fair value as at December 31, 2020 would be Rs 84.468 million lower.

If inflation decreases by 1% with all other variables held constant, the impact on fair value as at December 31, 2020 would be Rs 36.628 million higher.

If interest rate increases by 1% with all other variables held constant, the impact on fair value as at December 31, 2020 would be Rs 17.94 million higher.

December 21

luna 20

(Rupees in thousand)

| | | 2020 | June 30, 2020 |
|-----|--|---------------------------------|----------------------------|
| | | Un-audited | audited |
| | | (Rupees in | thousand) |
| 17. | Disclosures by Company Listed on Islamic Index | | |
| | Loans/advances obtained as per Islamic mode: Loans obtained as per Islamic mode | 6,248,922 | 5,937,320 |
| | Shariah compliant bank deposits/bank balances: Bank balances | 18,446 | 24,858 |
| | | July to D 2020 Un-audited | ecember 2019 audited |

| | V - F | |
|--|------------------------------|------------------------------|
| Profit earned from shariah compliant bank deposits/bank balances Profit on deposits with banks | 252 | - |
| Revenue earned from shariah compliant business | 21,862,581 | 20,888,257 |
| Gain/(loss) or dividend earned from shariah complaint investments Dividend income | 121,980 | 122,527 |
| Exchange gain/(loss) | 12,785 | (20,858) |
| Mark-up paid on Islamic mode of financing | 210,725 | 443,058 |
| Profits earned or interest paid on any conventional loan or advance Profit earned on loan to related party Profit earned on deposits with banks Interest paid on loans | 32,331 1,527 1,406,444 | 64,299 1,928 2,029,781 |

Relationship with shariah compliant banks

The Company has obtained short term borrowings and long term finances and has maintained bank balances with shariah compliant banks.

18. Date of authorization for issue

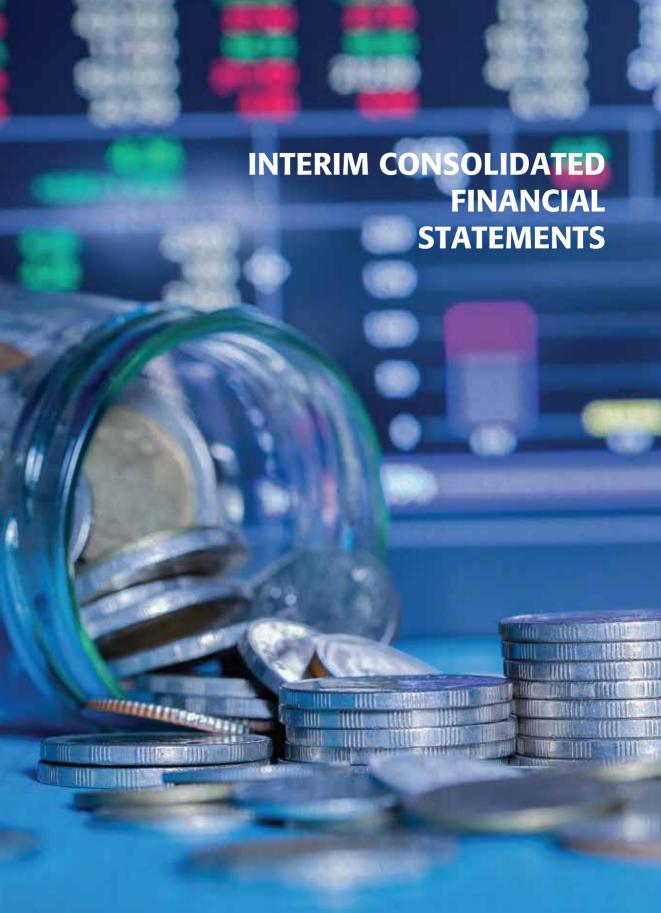
These unconsolidated condensed interim financial statements were authorized for issue on February 19, 2021 by the Board of Directors of the Company.

19. Corresponding figures

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

Chief Executive

Chief Financial Officer



Consolidated Condensed Interim Statement of Financial Position

| EQUITY AND LIABILITIES | Note | 31 December, 2020 Un-Audited (Rupees in | 30 June, 2020 Audited thousand) |
|---|-------------|---|---|
| EQUIT AND EIABIETTES | | | |
| CAPITAL AND RESERVES | | | |
| Authorised capital - 950,000,000 (June 30, 2020: 950,000,000) ordinary shares of Rs 10 each - 50,000,000 (June 30, 2020: 50,000,000) preference shares of Rs 10 each | | 9,500,000 500,000 10,000,000 | 9,500,000 500,000 10,000,000 |
| Issued, subscribed and paid up capital 438,119,118 (June 30, 2020: 438,119,118) ordinary shares of Rs 10 each Reserves Un-appropriated profit Attributable to owners of the parent company Non-controlling interest | | 4,381,191 30,619,518 36,015,897 71,016,606 2,126,688 73,143,294 | 4,381,191 27,171,663 35,104,580 66,657,434 2,016,356 68,673,790 |
| NON-CURRENT LIABILITIES | | | |
| Long term finances - secured Long term liability Long term deposits Deferred grant Deferred liabilities Deferred taxation | 5 6 7 | 21,895,142 96,095 240,501 41,700 556,455 2,542,888 25,372,781 | 22,679,206 - 253,937 - 521,834 2,723,382 26,178,359 |
| CURRENT LIABILITIES | | | |
| Trade and other payables Accrued finance cost Short term borrowing-secured Loan from related party - unsecured Current portion of non-current liabilities Unclaimed dividend Provision for taxation | | 9,605,781 671,156 23,886,227 214,000 5,555,679 33,475 35,090 40,001,408 | 11,434,927 803,423 25,849,525 214,000 2,087,764 33,837 35,090 40,458,566 |
| CONTINGENCIES AND COMMITMENTS | 8 | 138,517,483 | 135,310,715 |

The annexed notes 1 to 19 form an integral part of these consolidated condensed interim financial information.



As At December 31, 2020

| | Note | 31 December, 2020 Un-Audited (Rupees in | 30 June, 2020 Audited thousand) |
|---|----------|--|--|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment Biological assets Investments Long term loans to employees Long term loans, advances and deposits | 9 | 87,854,886 910,138 11,356,638 5,096 57,483 100,184,241 | 87,174,260 881,340 9,573,740 5,096 57,908 97,692,344 |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools Stock-in-trade Trade debts Investments Advances, deposits, prepayments and other receivables Loan to related party Contract assets Income tax recoverable Cash and bank balances | 10 11 | 8,704,491 3,699,116 1,775,623 15,006,722 511,322 765,000 123,350 5,068,822 2,678,796 38,333,242 | 8,461,802 5,495,625 3,042,990 13,126,408 893,574 765,000 120,019 5,024,962 687,991 37,618,371 |
| | | 138,517,483 | 135,310,715 |

Chief Financial Officer

Sand Dazal

Consolidated Condensed Interim Statement of Profit or Loss

For the Quater and Six Months Period ended December 31, 2020 (Un-audited)

| | 20 |)2 | 0 | 201 | 9 |
|--|--------------|-----|-------------|--------------|--------------|
| | July to | | October to | July to | October to |
| | December | | December | December | December |
| | (Rupees in | 1 t | housand) | (Rupees in | thousand) |
| Sales | 23,664,935 | | 12,323,083 | 22,623,283 | 12,857,519 |
| Cost of sales | (19,887,854) | | (9,671,887) | (21,495,346) | (11,240,338) |
| Gross profit | 3,777,081 | | 2,651,196 | 1,127,936 | 1,617,181 |
| Administrative expenses | (351,706) | | (178,324) | (396,666) | (226,785) |
| Selling and distribution expenses | (993,687) | | (383,932) | (1,011,197) | (524,890) |
| Net impairment losses on financial assets | - | | - | (50,200) | (50,200) |
| Reversal of impairment losses on | | | | | |
| financial assets | 30,888 | | 30,888 | - | - |
| Other expenses | (137,633) | | (56,261) | (124,944) | (85,785) |
| Changes in fair value of biological assets | 179,384 | | 73,724 | 153,367 | 60,049 |
| Other income | 363,891 | | 253,558 | 1,223,178 | 640,195 |
| Finance cost | (1,636,465) | | (805,724) | (2,711,293) | (1,333,185) |
| Profit/(loss) before taxation | 1,231,753 | | 1,585,125 | (1,789,819) | 96,580 |
| Taxation | (219,645) | | (279,362) | 843,781 | 404,164 |
| Profit/(loss) for the period | 1,012,108 | | 1,305,763 | (946,038) | 500,744 |
| | | | | | |
| Attributable to : | | | | | |
| Equity holders of the parent | 911,317 | | 1,233,927 | (905,526) | 532,893 |
| Non-controling interest | 100,791 | | 71,836 | (40,512) | (32,149) |
| | 1,012,108 | | 1,305,763 | (946,038) | 500,744 |
| Earnings/(loss) per share | | | | | |
| (basic and diluted - in Rupees) | 2.31 | | 2.98 | (2.16) | 1.14 |

The annexed notes 1 to 19 form an integral part of these consolidated condensed interim financial information.

Chief Executive

Chief Financial Officer

Consolidated Condensed Interim Statement of Comprehensive Income

For the Quater and Six Months Period ended December 31, 2020 (Un-audited)

| | 20 | 20 | 201 | 9 |
|---|------------|------------|--------------|------------|
| | July to | October to | July to | October to |
| | December | December | December | December |
| | (Rupees in | thousand) | (Rupees in t | housand) |
| | | | | |
| Profit/(loss) for the period | 1,012,108 | 1,305,763 | (946,038) | 500,744 |
| Other comprehensive income | | | | |
| for the period | | | | |
| | | | | |
| Items that may be re-classified | | | | |
| subsequently to profit or loss: | - | - | - | - |
| | | | | |
| Items that will not be subsequently | | | | |
| re-classified to profit or loss: | | | | |
| | | | | |
| Change in fair value of investments at fair | | | | |
| value through other comprehensive | | | | |
| income (OCI)- net of tax | 3,457,396 | 1,272,366 | 3,801,461 | 4,804,821 |
| Other comprehensive income / (loss) for | | | | |
| the period | 3,457,396 | 1,272,366 | 3,801,461 | 4,804,821 |
| | | | | |
| Total comprehensive income for the period | 4,469,504 | 2,578,129 | 2,855,423 | 5,305,565 |
| | | | | |
| Attributable to | | | | |
| Equity holders of parent | 4,359,172 | 2,501,445 | 2,884,190 | 5,324,769 |
| Non-controling interest | 110,332 | 76,684 | (28,767) | (19,204) |
| | 4,469,504 | 2,578,129 | 2,855,423 | 5,305,565 |

The annexed notes 1 to 19 form an integral part of these consolidated condensed interim financial information.

Chief Executive

Chief Financial Officer

Consolidated Condensed Interim Statement of Changes In Equity

For the Six-Month Period ended December 31, 2020 (Un-audited)

| | | • | Capital reserve | | Revenue | Revenue reserve | | | |
|--|-----------|-----------|----------------------|--|-----------|--------------------------------|---|---------------------------------|----------------------|
| | Share | Share | FVOCI | Capital redemption reserve fund | General | Un- appropriated profits | Total equity attributable to shareholders of parent company | Non- controlling interest | Total |
| Balance as at June 30, 2019 - Audited | 4,381,191 | 4,557,163 | 4,557,163 18,852,083 | 353,510 | 5,110,851 | | 37,744,493 70,999,291 | 2,039,554 | 2,039,554 73,038,845 |
| Total comprehensive income for the period - Loss for the period - Other comprehensive income for the period | 1 | 1 | 1 | 1 | 1 | (905,526) | (905,526) | (40,512) | (946,038) |
| - Changes in fair value of investments at fair value through OCI - net of tax | 1 1 | 1 1 | 3,789,716 | 1 1 | 1 1 | - (905,526) | 3,789,716 | 11,745 (28,767) | 3,801,461 |
| Transactions with owners in their capacity as owners recognised directly in equity - Final dividend for the year ended June 30, 2019 (Rs 1.00 per share) | ı | ' | 1 | 1 | , | (438,119) | (438,119) | 1 | (438,119) |
| Balance as at December 31, 2019 - Unaudited | 4,381,191 | 4,557,163 | 22,641,799 | 353,510 | 5,110,851 | 36,400,848 | 36,400,848 73,445,362 | 2,010,787 | 75,456,149 |
| Balance as at June 30, 2020 - Audited Total comprehensive income for the paried | 4,381,191 | 4,557,163 | 4,557,163 17,150,139 | 353,510 | 5,110,851 | 35,104,580 66,657,434 | 66,657,434 | 2,016,356 | 68,673,790 |
| - Profit for the period - Other comprehensive income for the period | 1 | 1 | ı | 1 | 1 | 911,317 | 911,317 | 100,791 | 1,012,108 |
| - Changes in fair value of investments at fair value through OCI - net of tax | 1 | 1 | 3,447,855 | ı | 1 | ' | 3,447,855 | 9,541 | 3,457,396 |
| | ı | 1 | 3,447,855 | 1 | 1 | 911,317 | 4,359,172 | 110,332 | 4,469,504 |

The annexed notes 1 to 19 form an integral part of these consolidated condensed interim financial information.

J'

Chief Financial Officer

Jose Sino

73,143,294

2,126,688

71,016,606

36,015,897

5,110,851

353,510

20,597,994

4,557,163

4,381,191

Balance as at December 31, 2020 - Unaudited

irector

(Rupees in thousands)

Consolidated Condensed Interim Statement of Cash Flows

For the Six-Month Period ended December 31, 2020 (Un-audited)

| | Note | 2020 July to December (Rupees in | 2019 July to December thousand) |
|---|------|---|--|
| Cash flows from operating activities | | | |
| Cash generated from operations Finance cost paid Retirement and other benefits paid Income tax paid Long term deposits - net Net cash inflows from operating activities | 13 | 6,167,813 (1,768,732) (63,227) (469,481) (13,436) 3,852,937 | 6,186,772 (2,687,068) (65,246) (812,611) 18,698 2,640,545 |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment Proceeds from disposal of property, plant and equipment Long term loans, advances and deposits - net Proceeds from loan from related party Proceeds from sale of biological assets Investment in equity instruments Interest received Dividend received Net cash outflow from investing activities | | (2,566,201) 8,735 425 - 99,850 (180,327) 34,376 164,101 (2,439,041) | (1,662,624) 72,749 1,229 235,000 32,317 (151,252) 65,601 994,728 (412,252) |
| Cash flows from financing activities | | | |
| Repayment of long term finances Divdend paid Proceeds from long term finances Net cash inflow/(outflow) from financing activities Net increase in cash and cash equivalents Cash and cash equivalents at the beginning of the year Cash and cash equivalents at the end of period | 14 | (362) 2,540,569 2,540,207 3,954,103 (25,161,534) (21,207,431) | (2,247,480) (437,172) 1,500,000 (1,184,652) 1,043,641 (22,067,766) (21,024,125) |

The annexed notes 1 to 19 form an integral part of these consolidated condensed interim financial information.

Chief Executive

Chief Financial Officer

Director

Notes to and Forming Part of the Condensed Interim Consolidated Financial

For the Six-Month Period ended December 31, 2020 (Un-audited)

1. Legal Status and nature of business

The group comprises of:

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

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. The Company is principally engaged in production and sale of Clinker, Ordinary Portland and Sulphate Resistant Cement. It has four cement plants, two plants located at Dera Ghazi Khan ('D.G. Khan'), one at Khairpur District, Chakwal ('Khairpur') and one at Hub District, Lasbela ('Hub')

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

Nishat Dairy (private) Limited 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.

The registered office of the Group is situated at 53-A, Lawrence Road, Lahore. The parent company's holding in its subsidiaries is as follows:

Effective percentage of holding

55%

55.10%

- Nishat Paper Products Company Limited

- Nishat Dairy (Private) Limited

2. Basis of preparation

2.1 Statement of compliance

These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These consolidated condensed interim financial statements are un-audited and are being submitted to the members as required by section 237 of the Companies Act, 2017 (the 'Act').

These consolidated condensed interim financial statements do not include all of the information

required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2019. Selected explanatory notes are included to explain events and transactions that are significant to and understanding of the changes in the Group's financial position and performance since the last annual financial statements.

3. Significant accounting policies

3.1 The accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of preceding annual published financial statements of the Group for the year ended June 30, 2020 except for new policy adopted in note 3.2 and the adoption of new and amended standards as set out in note 3.3 and 3.4.

3.2 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

3.3 Standards, amendments and interpretations to International Financial Reporting Standards (IFRS) that are effective in the current period

Certain standards, amendments and interpretations to International Financial Reporting Standards (IFRS) are effective for accounting periods beginning on July 1, 2020, but are considered not to be relevant or to have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these consolidated condensed interim financial statements.

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

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Group's accounting periods beginning on or after July 01, 2020 but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these consolidated condensed interim financial statements.

4. Accounting estimates

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

In preparing these consolidated condensed interim financial statements, the significant judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the annual financial statements of the Group for the year ended June 30, 2020, with the exception of change in estimate that is required in determining the provision for income taxes as referred to in note 4.1:

4.1 Taxation

Income tax expense is recognized in each interim period based on best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

| | December 31, | June 30, |
|---|-------------------|-------------|
| | 2020 | 2020 |
| | Un-audited | audited |
| | (Rupees i | n thousand) |
| Long term finances | | |
| Long term loans - note 5.1 | 27,164,316 | 24,728,690 |
| Current portion shown under current liabilities - note 5.2 | (5,269,174) | (2,049,484) |
| | 21,895,142 | 22,679,206 |
| 5.1 The reconciliation of the carrying amount is as follows: | | |
| Opening balance | 24,728,690 | 21,875,324 |
| Disbursements during the period | 2,540,569 | 6,278,293 |
| Repayment during the period | - | (3,424,927) |
| | 27,269,259 | 24,728,690 |
| Discounting adjustment - deferred grant | (131,273) | _ |
| Unwinding of discount on liability | 26,330 | - |
| Closing balance | 27,164,316 | 24,728,690 |
| 5.2 Current portion shown under current liabilities | | |
| Current portion of long term finances | 5,327,263 | 2,049,484 |
| Current portion of discouting adjustment - note 6 | (58,089) | - |
| | 5,269,174 | 2,087,764 |

D - - - - - - 04

I.... - 00

Long term liability

5.

During the period, the Supreme Court of Pakistan has upheld the Gas Infrastructure Development Cess Act, 2015 to be constitutional and intravires and has allowed the settlement of Gas Infrastructure Development Cess ('GIDC') over a period of time and this amount represents its long term portion. The Group has followed the relevant accounting standards and guidelines issued by the Institute of Chartered Accountants of Pakistan ('ICAP') in this regard.

7. **Deferred income - Government grant**

The Group received long term loans at concessional market interest rate under IH & SMEFD Circular No. 01, 06 and 07 of 2020 issued by State Bank Of Pakistan. The Group has deferred income associated with the Government grant to amortize over the period of loans.

| | December 31, | June 30, |
|--|--------------|-------------|
| | 2020 | 2020 |
| | Un-audited | audited |
| | (Rupees i | n thousand) |
| Opening balance | - | - |
| Deferred grant recognised during the period/year | 131,273 | - |
| Credited to profit or loss | (26,330) | - |
| | 104,943 | - |
| Current portion shown under current liabilities | (63,243) | |
| Closing balance | 41,700 | |

There are no unfulfilled conditions or other contingencies attached to these grants.

8. Contingencies and commitments

8.1 Contingencies

There is no significant change in contingencies from the preceding annual financial statements of the Company for the year ended June 30, 2020 except for the matter disclosed in annual financial statements, which is mentioned below:

- (i) The Additional Commissioner Inland Revenue through his order dated September 02, 2020 has curtailed tax credit availed by the Group under section 65B of the Income Tax Ordinance, 2001 pertaining to Tax Year 2018 having an impact of Rs 238.278 million. The Group has filed an appeal against this disallowance before the Commissioner Inland Revenue (Appeals) on the grounds that such tax credit is in respect of a settled position and the same was duly admissible to it as has been settled by appellate authorities. Management of the Group feels that there are meritorious grounds that the ultimate decision would be in its favour, therefore, the said tax credit has not been curtailed in the Group's books.
- (ii) Subsequent to period end on January 18, 2021, the Commissioner Inland Revenue (Appeals) ('CIR(A)')has passed orders ratifying the earlier demand of Deputy Commissioner Inland Revenue ('DCIR') through which input sales tax, mainly on construction material and vehicles, for the tax periods from June 2016 to July 2017 aggregating Rs 332.817 million was disallowed to the Group. Further, the default surcharge thereon, levied by the DCIR, has also been upheld by CIR(A), that shall be calculated at the time of recovery. The Group is in the process of filing an appeal before the Appellate Tribunal Inland Revenue against the decision of the Commissioner Inland Revenue (Appeals). As per Group's management, there are meritorious grounds that the ultimate decision would be in its favour wherein such claim of input tax would be allowed to the Group. Therefore, such credit of input sales tax has not been reversed in these interim financial statements. However, in case of an adverse decision, such input sales tax shall be reversed and will become part of the cost of the related fixed assets that would result in increase in depreciation charge of such fixed assets over their remaining useful lives.
- (iii) A guarante to Director Excise and Taxation Karachi on account of infrastructure development cess amounting to Rs. 111.799 million (June 30, 2020: Rs 92.647 million).

8.2 Commitments in respect of:

- (i) Contracts for capital expenditure Rs 1,712.585 million (June 30, 2020: Rs 2,614.855 million).
- (ii) Letters of credit for capital expenditure Rs 1,913.057 million (June 30, 2020: Rs 2,237.133 million).
- (iii) Letters of credit other than capital expenditure Rs 939.481 million (June 30, 2020: Rs 1,397.913 million).

| December 31, | June 30, | |
|----------------------|----------|--|
| 2020 | 2020 | |
| Un-audited | audited | |
| (Rupees in thousand) | | |

9. Property, plant and equipment

| Operating Assets | -note 9.1 |
|--|-----------|
| Capital work-in-progress | -note 9.2 |
| Major spare parts and stand-by equipment | |

| 79,620,059 | 80,612,174 |
|------------|------------|
| 8,052,620 | 6,369,586 |
| 182,207 | 192,500 |
| 87,854,886 | 87,174,260 |

| | | 2020 | 2020 |
|-----|--|----------------------|------------|
| | | Un-audited | audited |
| | • | (Rupees in thousand) | |
| 9.1 | Operating assets | | |
| 0 | operating about | | |
| | Opening book value | 80,612,174 | 80,783,631 |
| | Add: Additions during the period/ year -note 9.1.1 | 893,460 | 3,888,106 |
| | | 81,505,634 | 84,671,737 |
| | Less: Disposals during the period/ year - net | | |
| | book value | 4,162 | 116,596 |
| | Depreciation charged during the period/year | 1,881,413 | 3,942,967 |
| | | 1,885,575 | 4,059,563 |
| | Closing book value | 79,620,059 | 80,612,174 |
| | 9.1.1 Major additions during the period | | |
| | | | |
| | Free hold land | - | 16,690 |
| | Leasehold land | - | - |
| | Building on freehold land | 131,717 | 103,223 |
| | Office building and housing colony | 338,324 | 2,531 |
| | Roads | 14,221 | 15,454 |
| | Plant and machinery | 339,407 | 3,024,340 |
| | Quarry equipment | 27,757 | 130,767 |
| | Furniture, fixtures and office equipment | 32,834 | 125,553 |
| | Motor vehicles | 2,257 | 67,301 |
| | Power and water supply lines | 6,943 | 402,247 |
| | | 893,460 | 3,888,106 |
| 9.2 | Capital work-in-progress | | |
| | Civil works | 1,483,846 | 1,608,930 |
| | Plant and machinery | 6,225,497 | 4,403,532 |
| | Advances to suppliers and contractors | 102,331 | 202,614 |
| | Others | 240,946 | 154,510 |
| | | 8,052,620 | 6,369,586 |

December 31,

2020

June 30,

2020

10. Investments

This includes Level 3 investments in Nishat Hotels and Properties Limited and Hyundai Nishat Motor (Private) Limited that are related parties on the basis of common directorship. The reconciliation of carrying amount of these investments is as follows:

| | December 31, 2020 | June 30, 2020 |
|---|--|--|
| | Un-audited (Rupees in | audited n thousand) |
| Carrying value of investments at the beginning of the period/year Investments made during the period/year Fair value gain recognized in other comprehensive income Carrying value at the end of the period/year | 2,364,787 176,107 117,157 2,658,051 | 1,983,213 197,500 184,074 2,364,787 |

11. Loan to related party

This represents loan to Nishat Hotels and Properties Limited ('NHPL'), a related party, for meeting its working capital requirements. The outstanding amount is due for repayment by October 27, 2021 in accordance with the extension granted in Annual General Meeting of the Group held on October 28, 2020. It carries mark-up at the rate of 1 month KIBOR + 1% per annum. Reconciliation of the carrying amount is as follows:

| | December 31, 2020 | June 30, 2020 |
|---------------------------------|----------------------|------------------|
| | Un-audited | audited |
| | (Rupees in thousand) | |
| | | |
| Opening balance | 765,000 | 1,000,000 |
| Receipts during the period/year | - | (235,000) |
| Closing balance | 765,000 | 765,000 |

12. Transactions with related parties

The related parties include the Investor (Nishat Mills Limited), related parties on the basis of common directorship, group companies, key management personnel including directors and post employment benefit plans. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of that company. The Group in the normal course of business carries out transactions with various related parties. Significant transactions with related parties are as follows:

| | | Un-audited | Un-audited |
|-----------------------------|-------------------------------------|----------------------|-------------------|
| | - | (Rupees in thousand) | |
| Relationship with the Group | Nature of transaction | | |
| Other related parties | Purchase of goods and services | 46,518 | 78,428 |
| | Purchase of shares | 180,328 | 147,500 |
| | Insurance premium | 113,653 | 92,853 |
| | Sale of goods | 20,441 | 50,366 |
| | Mark-up income | 32,331 | 64,299 |
| | Insurance claims received | 9,116 | _ |
| | Dividend income | 156,005 | 992,180 |
| | Dividend paid | - | 141,161 |
| Key Management | Salaries and other | | |
| personnel | employment benefits | 106,122 | 125,650 |
| | Dividend paid | - | 23,951 |
| Post employment | Expense charged in respect of staff | | |
| benefit plans | retirement benefits plans | 147,538 | 160,854 |

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

July to

December

2020

July to

December

2019

| July to December | | |
|----------------------|-------------------|--|
| 2020 | 2019 | |
| Un-audited | Un-audited | |
| (Rupees in thousand) | | |

13. Cash flow from operating activities

| Profit/(loss) before tax | 1,231,753 | (1,789,819) |
|--|--------------|--------------|
| Adjustment for: | | |
| - Depreciation on property, plant and equipment | 1,881,413 | 1,959,825 |
| - (Gain) / loss on disposal of operating fixed assets | (4,573) | 31,378 |
| - Loss on disposal of biological assets | 50,736 | 59,585 |
| - Net Impairment/(reversal of impairment) losses on financial assets | (30,888) | 50,200 |
| - Gain on changes in fair value biological asset | (179,384) | (153,367) |
| - Gain on changes in fair value of investment through P&L | (7) | (9) |
| - Dividend income | (164,101) | (994,728) |
| - Retirement and other benefits accrued | 99,785 | 101,367 |
| - Markup income | (33,982) | (65,601) |
| - Exchange (gain) / loss - net | (735) | 20,859 |
| - Finance cost | 1,636,465 | 2,711,293 |
| Profit/(loss) before working capital changes | 4,486,482 | 1,930,982 |
| Working capital changes | | |
| - (Increase)/decrease in stores, spares and loose tools | (242,689) | 1,528,899 |
| - Decrease in stock-in-trade | 1,796,509 | 1,100,036 |
| - (Increase)/decrease in trade debts | 1,298,255 | 22,121 |
| - (Increase)/decrease in contract assets | (3,331) | 142,357 |
| - Decrease in advances, deposits, prepayments and other receivables | 381,858 | 780,821 |
| - Increase/(decrease) in trade and other payables | (1,549,271) | 681,556 |
| Net working capital changes | 1,681,331 | 4,255,790 |
| Net Working Capital Changes | 1,001,001 | 4,233,790 |
| Cash (used in)/ generated from operations | 6,167,813 | 6,186,772 |
| Cash and cash equivalents | | |
| Short term borrowings - secured | (23,886,227) | (22,005,132) |
| Cash and bank balances | 2,678,796 | 981,007 |
| Total cash and cash equivalents | (21,207,431) | (21,024,125) |
| 2 - 2 - 2 - 2 - 2 - 2 - 2 - 2 - 2 - 2 - | , ,, | |

15. Financial risk management

15.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, and other 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, 2020.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2020.

14.

15.2 Fair value estimation

a) Fair value hierarchy

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 equity 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 Group 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 which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to determine fair value of 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. This is the case for unlisted equity instruments.

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed above. The following table presents the Group's financial assets measured and recognised at fair value at December 31, 2020 and June 30, 2020 on a recurring basis:

Level 2

| As at December 31, 2020 | | (Rupees in th | ousand) | |
|---|------------------|---------------|-----------|------------------|
| Recurring fair value measurements | | | | |
| Assets | | | | |
| Investments - FVOCI Investments - FVPL | 23,705,282 27 | - | 2,658,051 | 26,363,333 27 |
| Biological assets | - | - | 910,138 | 910,138 |
| As at June 30, 2020 Assets | | | | |
| | | | | |
| Investments - FVOCI | 20,335,341 | - | 2,364,787 | 22,700,128 |
| Investments - FVPL | 20 | - | - | 20 |
| Biological assets | - | - | 881,340 | 881,340 |

Level 1

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between Level 1, 2 and 3 during the period. There were no changes in valuation techniques during the period.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at December 31, 2020.

Total

Level 3

b) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments; and
- for other financial instruments discounted cash flow analysis.

c) Fair value measurements using significant unobservable inputs

Investment in Nishat Hotels and Properties Limited

The main level 3 inputs used by the Group to determine fair value of investment in Nishat Hotels and Properties Limited ('NHPL') are derived and evaluated as follows.

- Discount rate is determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to NHPL and HNMPL.
- Long term growth rate is estimated based on historical performance of NHPL and HNMPL and current market information for similar type of entities.

The significant assumptions used in this valuation technique for NHPL are as follows:

- Discount rate of 9.01%.
- Long term growth rate of 2% for computation of terminal value.
- Annual growth in costs and revenues is linked to inflation at 5.99% per annum.
- NHPL has multiple sources of revenue. Annual growth in revenue ranges from 6.57% to 9.98% per annum depending upon inflation and other factors.

Sensitivity analysis

Sensitivity analysis of the significant assumptions used in the valuation technique are as follows:

If the discount rate increases by 1% with all other variables held constant, the impact on fair value as at December 31, 2020 would be Rs 333.333 million lower.

If the long term growth rate decreases by 1% with all other variables held constant, the impact on fair value as at December 31, 2020 would be Rs 194.792 million lower.

If inflation decreases by 1% with all other variables held constant, the impact on fair value as at December 31, 2020 would be Rs 100.00 million lower.

If interest rate increases by 1% with all other variables held constant, the impact on fair value as at December 31, 2020 would be Rs 66.667 million lower.

Investment in Hyundai Nishat Motor (Private) Limited

The main level 3 inputs used by the Company to determine fair value of investment in Nishat Hotels and Properties Limited ('NHPL') are derived and evaluated as follows.

- Discount rate is determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to NHPL.
- Long term growth rate is estimated based on historical performance of NHPL and current market information for similar type of entities.

The significant assumptions used in this valuation technique for HNMPL are as follows:

- Discount rate of 14.87%.
- Long term growth rate of 2% for computation of terminal value.
- Annual growth in costs are linked to inflation and currency devaluation at 7% per annum and revenues are linked to currency devaluation at 7% per annum.

Sensitivity analysis

Sensitivity analysis of the significant assumptions used in the valuation technique are as follows:

If the discount rate increases by 1% with all other variables held constant, the impact on fair value as at December 31, 2020 would be Rs 138.288 million lower.

If the long term growth rate decreases by 1% with all other variables held constant, the impact on fair value as at December 31, 2020 would be Rs 84.468 million lower.

If inflation decreases by 1% with all other variables held constant, the impact on fair value as at December 31, 2020 would be Rs 36.628 million higher.

If interest rate increases by 1% with all other variables held constant, the impact on fair value as at December 31, 2020 would be Rs 17.94 million higher.

December 31.

2020

Un-audited

June 30.

2020

audited

| | | On-addited | addited |
|-----|--|-------------------|-------------|
| | | (Rupees i | n thousand) |
| 16. | Disclosures by Company Listed on Islamic Index | | |
| | Loans/advances obtained as per Islamic mode: Loans obtained as per Islamic mode | 7,150,352 | 6,901,967 |
| | Shariah compliant bank deposits/bank balances: Bank balances | 20,345 | 26,067 |
| | | July to | December |
| | | 2020 | 2019 |
| | | Un-audited | audited |
| | | (Rupees i | n thousand) |
| | Profit earned from shariah compliant bank deposits/bank balances | | |
| | Profit on deposits with banks | 252 | - |
| | Revenue earned from shariah compliant business | 23,664,935 | 22,623,283 |
| | Gain/(loss) or dividend earned from shariah complaint investments | | |
| | Dividend income | 121,980 | 122,527 |
| | Exchange (gain) / loss | (735) | 20,859 |

Relationship with shariah compliant banks

Mark-up paid on Islamic mode of financing

Profit earned on loan to related party

Profit earned on deposits with banks

Interest paid on loans

Profits earned or interest paid on any conventional loan or advance

The Company has obtained short term borrowings and long term finances and has maintained bank balances with shariah compliant banks.

501,943

64,299

2.185.125

1,302

257,410

32,331

1.511.322

1,793

17. Operating segments

Segment information is presented in respect of the group's business. The primary format, business segment, is based on the group's management reporting structure.

The group's operations comprise of the following main business segment types:

Type of segments Nature of business

Cement Production and sale of clinker, Ordinary Portland and Sulphate Resistant Cements.

Paper Manufacture and supply of paper products and packing material.

Dairy Production and sale of raw milk.

17.1 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 1 to December 31

| Rupees in thousands | Ö | Cement | Paper | er | Dairy | Dairy/Farm | Eliminat | Elimination - net | Consolidated | idated |
|--|---|---|---|---|---|---|---|---|---|---|
| | July to December 2020 un-audited | July to December 2019 un-audited |
| Revenue from - External Customers - Inter-group | 21,862,135 446 21,862,581 | 20,888,150 108 20,888,258 | 902,388 1,056,722 1,959,110 | 930,064 1,309,201 2,239,265 | 900,412 | 805,069 - 805,069 | - (1,057,168) (1,057,168) | - (1,309,309) - (1,309,309) | 23,664,935 | 22,623,283 |
| Segment gross profit/(loss) Segment expenses Changes in fair value of | 3,413,497 (1,319,372) | 1,021,486 (1,472,402) | 446,276 (43,366) | 295,478 (11,382) | (26,312) (89,400) | (163,667) (99,223) | (56,380) | (25,361) | 3,777,081 (1,452,138) | 1,127,936 (1,583,007) |
| Other income Financial charges Taxation | 353,624 (1,528,903) (117,980) | 1,184,946 (2,455,664) 874,576 | 2,098 (105,080) (88,042) | 31,772 (249,331) (18,613) | 8,631 (2,482) (13,623) | 6,924 (6,298) (12,182) | (462) | (464) | 363,891 (1,636,465) (219,645) | 1,223,178 (2,711,293) 843,781 |
| Profit after taxation | 800,866 | (847,058) | 211,886 | 47,924 | 56,198 | (121,079) | (56,842) | (25,826) | 1,012,108 | (946,038) |
| Depreciation Capital expenditure Net cash (outflow) / inflow from operating activities | 1,763,606 (2,550,956) 2,935,061 | 1,843,086 (1,648,939) 2,831,936 | 29,740 | 30,074 (578) (301,608) | 74,238 (15,245) (192,999) | 81,627 (13,107) 15,994 | 13,829 | 5,038 | 1,881,413 (2,566,201) 3,852,937 | 1,959,825 (1,662,624) 2,640,546 |
| Net cash outflow from investing activities | (2,522,451) | (434,702) | (4,172) | 2,454 | 85,980 | 19,996 | 1,602 | ı | (2,439,041) | (412,252) |
| Rupees in thousands | 31.12.2020 unaudited | 30.06.2020 audited |
| Segment assets | 133,640,521 | 129,551,534 | 4,886,477 | 5,183,377 | 3,207,511 | 3,280,366 | (3,217,026) | (2,704,562) | 138,517,483 | 135,310,715 |
| Segment liabilities | 62,759,304 | 62,907,377 | 3,129,286 | 3,659,274 | 594,333 | 723,386 | (1,108,734) | (653,112) | 65,374,189 | 66,636,925 |

17.2 Geographical segments

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

18. Date of authorization

This interim financial information was authorized for issue by the Board of Directors of the Group on February 19, 2021.

19. Corresponding figures

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

Chief Executive

Chief Financial Officer

Director

Sand Sazal



D.G. KHAN CEMENT COMPANY LIMITED

Nishat House, 53-A, Lawrence Road, Lahore-Pakistan. UAN: +92-42-111-11-33-33