

Half Year Report December 31, 2016

# EMBRACING *Tomorrow*





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# Corporate Information

## Board of Directors

Mr. Aizaz Mansoor Sheikh	Chief Executive
Mr. Nadeem Atta Sheikh	Executive Director
Mr. M. Atta Tanseer Sheikh	Independent Director
Mrs. Hafsa Nadeem	Non-Executive Director
Ms. Aminah Aizaz Sheikh	Non-Executive Director
Mr. Muhammad Rehman Sheikh	Non-Executive Director
Mr. Hasan Tariq Atta	Non-Executive Director

## Audit Committee

Mr. M. Atta Tanseer Sheikh	Chairman
Ms. Aminah Aizaz Sheikh	
Mr. Muhammad Rehman Sheikh	

## HR&R Committee

Mr. Muhammad Rehman Sheikh	Chairman
Mr. Aizaz Mansoor Sheikh	
Mr. M. Atta Tanseer Sheikh	

## Company Secretary

Mr. Khurram Shahzad, FCA

## Legal Advisor

Imtiaz Siddiqui & Associates

## Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants

## Share Registrar

Hameed Majeed Associates (PVT) Limited  
H.M. House,  
7-Bank Square, Lahore  
Tel: (042) 37235081-82  
Fax: (042) 37358817

## Registered Office and Works

Kohat Cement Company Limited  
Rawalpindi Road, Kohat.  
Tel: (0922) 560990  
Fax: (0922) 560405  
Email: [finance@kohatcement.com](mailto:finance@kohatcement.com)

## Head Office

37- P Gulberg - II, Lahore.  
Tel: (042) 11 111 5225  
Fax: (042) 3575 4990  
Email: [mis@kohatcement.com](mailto:mis@kohatcement.com)

## Bankers of the Company

Standard Chartered Bank (Pak) Ltd  
Askari Bank Limited  
The Bank of Punjab  
The Bank of Khyber  
Soneri Bank Limited  
Allied Bank Limited  
United Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
Habib Bank Limited  
Bank Alfalah Limited

# Directors' Review

The Board of Directors of your Company is pleased to present the Interim Financial Statements of your company for the 2nd Quarter and half year ended 31st December 2016 duly reviewed by the external auditors.

## Production and Sales Volumes

Summary of production & sales is detailed below:

	M. Tons			
	Oct-Dec		July-Dec	
	2016	2015	2016	2015
Clinker Production	489,736	475,290	936,599	910,726
Cement Production	576,713	544,031	1,039,630	1,027,380
Local Sales	554,651	510,213	988,159	934,366
Export Sales	44,789	50,612	81,271	103,421
Total Sales	599,440	560,825	1,069,430	1,037,787

## Financial Performance

Financial Performance of your Company for the second quarter and half year under review is summarized below:

	(Rupees)			
	2nd Quarter		Half Year	
	(Oct. to Dec)		(July-Dec)	
	2016	2015	2016	2015
Net sales revenue	3,970,217,901	3,815,793,184	7,164,125,178	7,058,011,067
Gross profit	1,829,721,370	1,644,019,690	3,364,118,824	3,092,854,123
Admin and selling expenses	(82,652,788)	(70,702,170)	(154,412,423)	(143,846,993)
Other expenses	(125,596,494)	(116,311,947)	(230,888,594)	(220,912,610)
Other income	99,446,937	157,949,337	202,547,894	263,998,142
Finance costs	(22,843,048)	(9,362,771)	(46,597,081)	(18,750,539)
Taxation	(499,762,057)	(449,902,144)	(944,691,615)	(871,921,085)
Profit after taxation	1,198,313,920	1,155,689,995	2,190,077,005	2,101,421,042
Earnings per share (Rs.)	7.76	7.48	14.17	13.60

Healthy profits for the 1st quarter continued in the 2nd quarter due to cheap electricity generation from Waste Heat Recovery Power Plant (WHRPP), which is one of the major constituent of production cost.

The Company is current on its all debt obligations.

## On Going Projects

New Cement Mill of 105 tph of your Company is expected to be operational by December 2017.

## Future outlook

Infrastructure Projects of the Current Government including China Pak Economic Corridor (CPEC), PSDP and private sector construction projects shall have vital role in robust increase in the profits of the Company.

## Acknowledgments

The Board of Directors of your Company expresses warm gratitude to all the employees and stakeholders who participated in maintaining the present financial strength of the Company.

For and on behalf of the Board



Aizaz Mansoor Sheikh  
Chief Executive

Lahore: February 22, 2017

## ڈائریکٹرز جائزہ رپورٹ

کمپنی کے ملکیتی ویسٹ ہیٹ ریکوری پاور پلانٹ (power plant) سے کم لاگت میں بجلی کی پیداوار کی وجہ سے پہلی سہ ماہی کے حوصلہ افزا منافع کارجان دوسری سہ ماہی میں بھی جاری رہا، جو کہ کمپنی کی پیداواری لاگت کا ایک اہم جزو ہے۔ کمپنی اپنی مالیاتی ذمہ داریوں کی بروقت ادائیگی کر رہی ہے۔

### زیر تعمیر منصوبہ جات:

105 ٹن فی گھنٹہ کی پیداواری صلاحیت کی حامل سینٹ مل کی تنصیب جاری ہے جو دسمبر 2017 تک فعال ہو جائیگی۔

### مستقبل کے امکانات:

پاک چین اقتصادی راہداری سے متعلقہ موجودہ حکومت کی جانب سے بنیادی ڈھانچے کی تعمیر، PSDP اور پرائیویٹ پبلک پارٹنرشپ کے تحت تعمیراتی منصوبے کمپنی کے منافع میں قابل قدر اضافے میں اہم کردار ادا کریں گے۔

### اظہار تشکر:

کمپنی کی انتظامیہ کمپنی کے تمام شراکت داروں اور ملازمین کی کاوشوں کو سراہتے ہیں جنہوں نے کمپنی کی مالی حیثیت کو برقرار رکھنے میں اپنا کردار ادا کیا ہے۔

برائے و مخائب بورڈ آف ڈائریکٹرز



اعزاز منسوخ

چیف ایگزیکٹو

لاہور: 22 فروری، 2017

کوہاٹ سینٹ کمپنی لمیٹڈ (کمپنی) کے ڈائریکٹرز بصد سرت اپنے ممبران کے لئے آڈیٹرز کے باضابطہ جائزے کے بعد 31 دسمبر، 2016ء کو ختم ہونے والی دوسری سہ ماہی اور پہلی ششماہی سے متعلقہ عبوری مالیاتی گوشوارے پیش کرتے ہیں۔

### پیداوار اور ترسیل کا حجم:

ذیل میں پیداوار اور ترسیل کے نتائج کا خلاصہ دیا گیا ہے:

مترکبات	جولائی تا دسمبر		اکتوبر تا دسمبر	
	2016	2015	2016	2015
کلر کی پیداوار	936,599	910,726	489,736	475,290
سینٹ کی پیداوار	1,039,630	1,027,380	576,713	544,031
اندرون ملک فروخت	988,159	934,366	554,651	510,213
برآمدات	81,271	103,421	44,789	50,612
کل فروخت	1,069,430	1,037,787	599,440	560,825

### مالیاتی کارکردگی:

کمپنی کی دوسری سہ ماہی اور پہلی ششماہی سے متعلقہ مالیاتی کارکردگی کا سرسری جائزہ ذیل میں دیا گیا ہے:

رہچہ	پہلی ششماہی (جولائی تا دسمبر)		دوسری سہ ماہی (اکتوبر تا دسمبر)	
	2016	2015	2016	2015
کل فروخت	7,164,125,178	7,058,011,067	3,970,217,901	3,815,793,184
نامہ بخش	3,364,118,824	3,092,854,123	1,829,721,370	1,644,019,690
ایڈمنسٹریٹو اخراجات	(154,412,423)	(143,846,993)	(82,652,788)	(70,702,170)
دیکر اخراجات	(230,888,594)	(220,912,610)	(125,596,494)	(116,311,947)
دیکر آمدنی	202,547,894	263,998,142	99,446,937	157,949,337
مالیاتی لاگت	(46,597,081)	(18,750,535)	(22,843,048)	(9,362,771)
فکس	(944,691,615)	(871,921,085)	(499,762,057)	(449,902,144)
مٹائی بعد از گیس	2,190,077,005	2,101,421,042	1,198,313,920	1,155,689,995
نیٹ عزت زنی (بچا ہوا)	14,17	13,60	7,76	7,48

# Auditors' Report To The Members on Review Of Condensed Interim Financial Information

## Introduction

We have reviewed the accompanying condensed interim balance sheet of Kohat Cement Company Limited ("the Company") as at 31 December 2016 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six month period then ended (here-in-after referred as the "interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

## 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 condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

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

## Other matters

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended 31 December 2016, have not been reviewed as we are required to review only the commulative figures for the half year ended 31 December 2016.

Lahore: February 22, 2017



KPMG Taseer Hadi & Co.  
Chartered Accountants  
(M.Rehan Chughtai)

# Condensed Interim Balance Sheet (Un-audited)

As at December 31, 2016

	Note	(Un-audited) Dec 31, 2016 Rupees	(Audited) June 30, 2016 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital		3,000,000,000	3,000,000,000
Issued, subscribed and paid-up capital		1,545,086,900	1,545,086,900
Reserves		120,614,865	120,565,665
Accumulated profits		13,521,970,921	12,104,437,366
		15,187,672,686	13,770,089,931
<b>Non-current liabilities</b>			
Long term finances - secured	5	568,421,048	710,526,312
Long term security deposits		2,036,100	2,036,100
Deferred liabilities			
- deferred taxation		1,594,012,941	1,589,847,454
- compensated absences		10,295,256	10,859,150
		2,174,765,345	2,313,269,016
<b>Current liabilities</b>			
Current maturity of long term finances	5	284,210,528	284,210,528
Trade and other payables	6	2,517,469,265	2,366,178,359
Short term borrowings - secured		398,000,000	598,000,000
Interest / mark-up accrued on borrowings		8,504,481	13,394,584
		3,208,184,274	3,261,783,471
<b>Contingencies and commitments</b>			
	7		
		20,570,622,305	19,345,142,418
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	7,742,693,295	7,871,755,963
Investment property	9	2,933,127,758	2,156,011,898
Intangible assets		720,633	593,775
Long term loans and advances		66,881	137,937
Long term deposits		125,296,640	98,266,640
		10,801,905,207	10,126,766,213
<b>Current assets</b>			
Stores, spares and loose tools		1,606,338,186	1,452,649,245
Stock-in-trade		583,503,173	628,906,348
Trade debts - unsecured, considered good	10	390,643,343	258,810,589
Short term investments	11	5,904,821,861	5,563,776,412
Advances, deposits, prepayments and other receivables		470,640,524	679,052,490
Advance income tax - net		131,530,177	161,546,212
Cash and bank balances	12	681,239,834	473,634,909
		9,768,717,098	9,218,376,205
		20,570,622,305	19,345,142,418

The annexed notes from 1 to 22 form an integral part of this condensed interim financial information.



Chief Executive



Director



## Condensed Interim Profit and Loss Account (Un-audited)

For the half year and quarter ended 31 December 2016

	Note	2016	2015	2016	2015
		July to December	July to December	October to December	October to December
<b>Rupees</b>					
Sales - net	13	7,164,125,178	7,058,011,067	3,970,217,901	3,815,793,184
Cost of goods sold	14	(3,800,006,354)	(3,965,156,944)	(2,140,496,531)	(2,171,773,494)
<b>Gross profit</b>		3,364,118,824	3,092,854,123	1,829,721,370	1,644,019,690
Selling and distribution expenses		(71,478,319)	(77,624,373)	(40,047,664)	(37,866,511)
Administrative and general expenses		(82,934,104)	(66,222,620)	(42,605,124)	(32,835,659)
Other operating income	15	202,547,894	263,998,142	99,446,937	157,949,337
Other operating charges	16	(230,888,594)	(220,912,610)	(125,596,494)	(116,311,947)
		(182,753,123)	(100,761,461)	(108,802,345)	(29,064,780)
<b>Operating profit</b>		3,181,365,701	2,992,092,662	1,720,919,025	1,614,954,910
Finance cost		(46,597,081)	(18,750,535)	(22,843,048)	(9,362,771)
<b>Profit before taxation</b>		3,134,768,620	2,973,342,127	1,698,075,977	1,605,592,139
Taxation	17	(944,691,615)	(871,921,085)	(499,762,057)	(449,902,144)
<b>Profit after taxation</b>		2,190,077,005	2,101,421,042	1,198,313,920	1,155,689,995
<b>Earning per share (basic and diluted)</b>		14.17	13.60	7.76	7.48

The annexed notes from 1 to 22 form an integral part of this condensed interim financial information.



Chief Executive



Director

## Condensed Interim Statement of Comprehensive Income (Un-audited)

For the half year and quarter ended 31 December 2016

	2016 July to December	2015 July to December	2016 October to December	2015 October to December
<b>Rupees</b>				
<b>Profit after taxation</b>	2,190,077,005	2,101,421,042	1,198,313,920	1,155,689,995
<b>Other comprehensive income for the period</b>				
Items that are or may be reclassified to profit and loss account:				
<b>Available-for-sale financial assets</b>				
- net changes in fair value	49,200	13,199,000	(100,600)	6,634,000
- reclassified to profit and loss account	-	(57,861,447)	-	(57,861,447)
	49,200	(44,662,447)	(100,600)	(51,227,447)
<b>Total comprehensive income for the period</b>	2,190,126,205	2,056,758,595	1,198,213,320	1,104,462,548

The annexed notes from 1 to 22 form an integral part of this condensed interim financial information.



Chief Executive



Director

# Condensed Interim Cash Flow Statement (Un-audited)

For the half year ended 31 December 2016

		(Un-audited) July 1 - Dec 31 2016 Rupees	(Un-audited) July 1 - Dec 31 2015 Rupees
<b>Cash flow from operating activities</b>			
Profit before taxation		3,134,768,620	2,973,342,127
Adjustments for:			
Depreciation on property, plant and equipment	8.1	242,050,474	205,320,949
Amortization on intangible assets		153,142	220,338
(Gain) / loss on disposal of property, plant and equipment		(1,053,234)	3,225,667
Interest on bank deposits and investments		(59,814,759)	(161,872,176)
Realized gain on sale of short term investments		(78,764,732)	(61,620,114)
Unrealized gain on short term investment		(62,447,661)	(38,961,321)
Provision for compensated absences		1,040,568	2,145,456
Provision for Workers' Welfare Fund	16	60,178,483	52,809,753
Provision for Workers' Profit Participation Fund	16	168,155,111	159,279,615
Finance cost		46,597,081	18,750,535
		316,094,473	179,298,702
<b>Cash generated from operations before working capital changes</b>		3,450,863,093	3,152,640,829
<i>(Increase) / decrease in current assets:</i>			
Stores, spares and loose tools		(153,688,941)	(31,071,824)
Stock-in-trade		45,403,175	9,537,225
Trade debts		(131,832,754)	36,759,188
Advances, deposits, prepayments and other receivables		195,021,685	47,047,652
<i>Increase in current liabilities:</i>			
Trade and other payables		6,441,933	230,410,851
		(38,654,902)	292,683,092
<b>Cash generated from operations</b>		3,412,208,191	3,445,323,921
Compensated absences paid		(1,604,462)	(1,372,207)
Finance cost paid		(51,487,184)	(286,613,534)
Payment made to Workers' Welfare Fund		(86,003,315)	(79,781,366)
Long term deposits made		(27,030,000)	3,000,000
Income tax paid		(910,510,093)	(1,394,714,580)
<b>Net cash generated from operating activities</b>		2,335,573,101	1,685,842,234
<b>Cash flow from investing activities</b>			
Acquisition of property, plant and equipment		(117,534,571)	(206,719,200)
Proceeds from disposal of property, plant and equipment		5,599,999	2,388,320
Acquisition of intangible assets		(280,000)	(517,275)
Acquisition of investment property		(777,115,860)	(40,000)
Investments in mutual funds - net		(810,892,815)	(2,512,237,190)
Gain on other short term investments - net		108,799,194	-
Long term loan and advance - net		71,056	(187,542,350)
Interest on bank deposits		73,205,040	145,985,403
<b>Net cash used in investing activities</b>		(1,518,147,957)	(2,758,682,292)
<b>Cash flow from financing activities</b>			
Repayment of long term finances - secured		(142,105,264)	(288,605,264)
Repayment of short term borrowings		(200,000,000)	-
Dividend paid		(770,024,720)	(614,952,924)
<b>Net cash used in financing activities</b>		(1,112,129,984)	(903,558,188)
<b>Net decrease in cash and cash equivalents</b>		(294,704,840)	(1,976,398,246)
<b>Cash and cash equivalents at beginning of the period</b>		6,036,461,321	6,224,445,881
<b>Cash and cash equivalents at end of the period</b>	18	5,741,756,481	4,248,047,635

The annexed notes from 1 to 22 form an integral part of this condensed interim financial information.



Chief Executive



Director

# Condensed Interim Statement of Changes in Equity (Un-audited)

For the half year ended 31 December 2016

	Share capital	Capital reserves		Revenue reserves			Total
		Share premium	Fair value reserve	General reserve	Accumulated profit	Total reserve	
	Rupees						
<b>Balance as at 30 June 2015 - audited</b>	1,545,086,900	49,704,951	45,522,161	70,000,000	9,086,940,116	9,252,167,228	10,797,254,128
<b>Total comprehensive income</b>							
Profit for the half year ended 31 December 2015	-	-	-	-	2,101,421,042	2,101,421,042	2,101,421,042
Other comprehensive income for the half year ended 31 December 2015	-	-	(44,662,447)	-	-	(44,662,447)	(44,662,447)
	-	-	(44,662,447)	-	2,101,421,042	2,056,758,595	2,056,758,595
<b>Transactions with owners of the Company</b>							
Final cash dividend at Rs. 4.0 per share for the year ended 30 June 2015	-	-	-	-	(618,034,760)	(618,034,760)	(618,034,760)
<b>Balance as at 31 December 2015 - unaudited</b>	1,545,086,900	49,704,951	859,714	70,000,000	10,570,326,398	10,690,891,063	12,235,977,963
<b>Balance as at 30 June 2016 - audited</b>	1,545,086,900	49,704,951	860,714	70,000,000	12,104,437,366	12,225,003,031	13,770,089,931
<b>Total comprehensive income</b>							
Profit for the half year ended 31 December 2016	-	-	-	-	2,190,077,005	2,190,077,005	2,190,077,005
Other comprehensive income for the half year ended 31 December 2016	-	-	49,200	-	-	49,200	49,200
	-	-	49,200	-	2,190,077,005	2,190,126,205	2,190,126,205
<b>Transactions with owners of the Company</b>							
Final cash dividend at Re. 1.0 per share for the year ended 30 June 2016	-	-	-	-	(154,508,690)	(154,508,690)	(154,508,690)
First interim cash dividend at Rs. 4.0 per share for the year ended 30 June 2017	-	-	-	-	(618,034,760)	(618,034,760)	(618,034,760)
<b>Balance as at 31 December 2016 - unaudited</b>	1,545,086,900	49,704,951	909,914	70,000,000	13,521,970,921	13,642,585,786	15,187,672,686

The annexed notes from 1 to 22 form an integral part of this condensed interim financial information.



Chief Executive



Director

# Notes to the Condensed Interim Financial Statements (Un-audited)

For the half year ended 31 December 2016

## 1 Reporting entity

- 1.1 Kohat Cement Company Limited ("the Company") is a public limited company incorporated in Pakistan under the Companies Act, 1913 (now the Companies Ordinance, 1984) and is listed on Pakistan Stock Exchange. The Company is engaged in the production and sale of cement. The registered office of the Company is situated at Rawalpindi Road, Kohat, Pakistan.
- 1.2 ANS Capital (Private) Limited is the holding company of the Company and holds 84,986,400 ordinary shares of the Company comprising 55% of its total paid up share capital.

## 2 Basis of preparation

- 2.1 This condensed interim financial information comprises the condensed interim balance sheet of the Company, as at 31 December 2016 and the related condensed profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof.
- 2.2 This condensed interim financial information of the Company for the six months period ended 31 December 2016 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- 2.3 This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended 30 June 2016.
- 2.4 Comparative balance sheet numbers are extracted from the annual audited financial statements of the Company for the year ended 30 June 2016, whereas comparatives of condensed interim profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed interim financial information of the Company for the six months period ended 31 December 2015.
- 2.5 This condensed interim financial information is unaudited and being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of Pakistan Stock Exchange Limited.

## 3 Judgments and estimates

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

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements for the year ended 30 June 2016.

## 4 Statement of consistency in accounting policies

- 4.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are same as those applied in the preparation of the financial statements for the year ended 30 June 2016.
- 4.2 There were certain new standards and amendments to the approved accounting standards which became effective during the period but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed.
- 4.3 The following amendments and interpretations of approved accounting standards will be effective for accounting periods as detailed below:

## Notes to the Condensed Interim Financial Statements (Un-audited)

For the half year ended 31 December 2016

Standard		Effective date (accounting periods beginning on or after)	
IAS 12 - Income taxes		01 January 2017	
IAS 7 - Statement of Cash Flows		01 January 2017	
IFRS 2 - Share-based Payments		01 January 2017	
IAS 40 - Investment Property		01 January 2017	
IFRS 12 - Disclosure of Interest in other Entities		01 January 2017	
IAS 28 - Investments in Associates and Joint Ventures		01 January 2018	
IFRIC 25 - Foreign Currency Transactions and advance and Discontinued Operations		01 January 2018	

	Note	(Un-audited) Dec 31, 2016 Rupees	(Audited) June 30, 2016 Rupees
<b>5 Long term finances - secured</b>			
Syndicated term finance - WHR	5.1	852,631,576	994,736,840
Less: Current maturity presented under current liabilities		(284,210,528)	(284,210,528)
		568,421,048	710,526,312

**5.1** During the period / year, the Company has made repayments amounting to Rs. 142,105,264 (30 June 2016 : Rs. 284,210,528).

	Note	(Un-audited) Dec 31, 2016 Rupees	(Audited) June 30, 2016 Rupees
<b>6 Trade and other payables</b>			
Trade creditors	6.1	248,454,399	550,792,058
Contractors' bills payable		10,846,288	11,460,519
Accrued liabilities		207,801,994	160,777,877
Advances from customers		45,378,635	106,777,914
Payable to Workers' Profit Participation Fund		1,033,978,998	865,823,887
Payable to Workers' Welfare Fund		61,122,616	86,947,484
Payable to Provident Fund Trust		1,894,604	2,113,023
		1,609,477,534	1,784,692,762
Payable to Government on account of:			
Income tax deducted at source		7,524,951	8,397,360
Sales tax		97,097,692	—
Federal excise duty		179,009,600	—
Royalty and excise duty		235,687,062	199,451,336
		519,319,305	207,848,696
Securities and retention money payable		187,818,557	186,648,042
Unclaimed dividend		6,951,401	5,769,951
Dividend payable		26,741,672	25,404,392
Other payables		167,160,796	155,814,516
		388,672,426	373,636,901
		2,517,469,265	2,366,178,359

**6.1** This includes unsecured balance of Rs. 14,486 (30 June 2016: Rs. 257,506) payable to Palace Enterprises (Private) Limited, a related party of the Company.

# Notes to the Condensed Interim Financial Statements (Un-audited)

For the half year ended 31 December 2016

## 7 Contingencies and commitments

### 7.1 Contingencies

There is no significant change in the status of contingencies as reported in the preceding published annual financial statements of the Company for the year ended 30 June 2016.

	Note	(Un-audited) Dec 31, 2016 Rupees	(Audited) June 30, 2016 Rupees
<b>7.2 Commitments</b>			
In respect of letters of credit for:			
- capital expenditure		340,116,901	316,746,816
- stores and spares		108,488,661	55,596,274
Investment Property		–	527,250,000
		448,605,562	899,593,090
<b>8 Property, plant and equipment</b>			
Operating fixed assets	8.1	7,505,375,045	7,698,456,586
Capital work in progress	8.2	237,318,250	173,299,377
		7,742,693,295	7,871,755,963
<b>8.1 Operating fixed assets</b>			
Opening written down value		7,698,456,586	6,465,042,583
<i>Add: Additions during the period / year (cost)</i>			
Factory buildings and plant civil structure		–	297,596,266
Office and other building		–	9,862,300
Housing colony		–	32,258,871
Plant, machinery and equipment		33,716,110	1,671,861,201
Furniture, fixtures and office equipment		1,253,579	17,396,483
Computers and printers		1,551,322	6,059,250
Light vehicles		16,689,805	65,793,099
Laboratory equipment		304,882	471,774
		53,515,698	2,101,299,244
<i>Less: Disposals during the period / year (written down value)</i>			
Factory buildings and plant civil structure		(4,500,000)	–
Plant, machinery and equipment		–	(3,460,126)
Furniture, fixtures and office equipment		–	(103,116)
Light vehicles		(46,765)	(2,052,522)
		(4,546,765)	(5,615,764)
<i>Less: Transfer to investment property</i>		–	(422,856,350)
<i>Less: Depreciation charge for the period / year</i>		(242,050,474)	(439,413,127)
Closing written down value		7,505,375,045	7,698,456,586

## Notes to the Condensed Interim Financial Statements (Un-audited)

For the half year ended 31 December 2016

Note	(Un-audited) Dec 31, 2016 Rupees	(Audited) June 30, 2016 Rupees
<b>8.2 Capital work in progress</b>		
Balance at beginning of the period / year	173,299,377	1,699,137,416
Add: Additions during the period / year	80,735,553	391,512,221
Less: Transfers to fixed assets during the period / year	(16,716,680)	(1,917,350,260)
	237,318,250	173,299,377

### 9 Investment property

Opening balance	2,156,011,898	476,749,671
Additions during the period / year	777,115,860	1,256,405,877
Transfer from fixed assets during the period / year	–	422,856,350
9.1	2,933,127,758	2,156,011,898

9.1 The latest valuation of investment property was carried out as at 30 June 2016, and according to that the market value of investment property, excluding additions during the period of Rs. 777.16 million, was Rs. 2,648.57 million. The fair value measurement for the investment property has been categorised as a level 3 fair value based on the inputs to the valuation techniques used.

10 This includes unsecured balance of Rs. 600,273 (30 June 2016: Rs. 565,290) receivable from Ultra Pack (Private) Limited, a related party of the Company.

Note	(Un-audited) Dec 31, 2016 Rupees	(Audited) June 30, 2016 Rupees
<b>11 Short term investments</b>		
<b>Available-for-sale</b>		
Equity securities of listed company	999,200	950,000
<b>Through profit &amp; loss account</b>		
Investment in mutual funds	843,306,014	–
Investment in Market Treasury Bills	4,707,516,647	–
<b>Loans and receivables</b>		
Investment in term deposit receipts	11.1 353,000,000	4,716,818,777
Investment in Market Treasury Bills	–	696,007,635
Investment certificates	–	150,000,000
	5,904,821,861	5,563,776,412

11.1 These represent deposits made and securities placed with conventional banks.

### 12 Cash and bank balances

These include Rs. 7.06 million (June 30, 2016: Rs. 14.95 million) placed under Shariah permissible arrangement. Remaining deposits are placed with conventional financial institutions.



## Notes to the Condensed Interim Financial Statements (Un-audited)

For the half year ended 31 December 2016

	(Un-audited) July 1 - Dec 31 2016 Rupees	(Un-audited) July 1 - Dec 31 2015 Rupees
<b>13 Sales - net</b>		
Local sales - gross	9,270,532,584	8,237,891,511
Less: Sales tax	1,514,874,121	1,357,388,310
Federal excise duty	988,158,500	387,756,153
	2,503,032,621	1,745,144,463
	6,767,499,963	6,492,747,048
Export sales	447,883,916	662,707,677
	7,215,383,879	7,155,454,725
Less: Commission	51,258,701	97,443,658
	7,164,125,178	7,058,011,067
<b>14 Cost of goods sold</b>		
Raw materials consumed	308,845,256	292,088,359
Packing materials consumed	368,709,956	467,206,117
Fuel and power	785,478,491	1,017,510,255
Coal and gas	1,526,683,999	1,481,905,259
Coal unloading and feeding charges	2,751,595	1,930,809
Stores, spares and loose tools consumed	227,033,952	178,416,207
Salaries, wages and other benefits	145,437,238	124,101,289
Royalty and excise duty	100,600,983	98,298,648
Rent, rates and taxes	10,170,285	8,875,701
Repairs and maintenance	25,550,529	38,487,549
Insurance	11,992,590	9,526,698
Depreciation	239,171,997	202,950,914
Other expenses	33,874,286	31,715,309
	3,786,301,157	3,953,013,114
<i>Work-in-process:</i>		
At beginning of the period	405,860,370	168,067,955
At end of the period	(479,196,957)	(194,399,975)
Cost of goods manufactured	3,712,964,570	3,926,681,094
<i>Finished goods:</i>		
At beginning of the period	124,546,558	103,016,133
At end of the period	(33,385,297)	(63,130,874)
	3,804,125,831	3,966,566,353
Less: Cost attributable to own cement consumption	(4,119,477)	(1,409,409)
	3,800,006,354	3,965,156,944

## Notes to the Condensed Interim Financial Statements (Un-audited)

For the half year ended 31 December 2016

	Note	(Un-audited)	(Un-audited)
		July 1 - Dec 31 2016 Rupees	July 1 - Dec 31 2015 Rupees
<b>15 Other operating income</b>			
Income from financial assets:			
Interest on bank deposits and investments under mark-up based arrangements		59,539,534	157,050,573
Profit on bank deposits - arrangements permissible under Shariah		239,683	4,821,603
Profit from SNGPL loan		35,542	71,464
Gain on investment in equity securities		–	57,861,447
Unrealized gain on investment through profit & loss account of Shariah non-compliant arrangements		62,447,661	38,961,321
Gain on sale of investment of Shariah non-compliant arrangements		78,764,732	3,758,667
Interest on Employees' loans		14,473	39,296
Income from non-financial assets:			
Income from sale of scrap		298,407	669,414
Profit on sale of assets		1,053,234	327,575
Miscellaneous		154,628	436,782
		202,547,894	263,998,142
<b>16 Other operating charges</b>			
Donations		2,555,000	5,270,000
Workers' Profit Participation Fund		168,155,111	159,279,615
Workers' Welfare Fund		60,178,483	52,809,753
Loss on disposal of property, plant and equipment		–	3,553,242
		230,888,594	220,912,610
<b>17 Taxation</b>			
Current	17.1	940,526,128	843,005,474
Deferred		4,165,487	28,915,611
		944,691,615	871,921,085

**17.1** The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40 percent of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year.

The Board of Directors of the Company intends to distribute sufficient cash dividend for the year ending 30 June 2017 (refer to note 21) to comply with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognized in this condensed interim financial information for the period ended 31 December 2016.

		(Un-audited)	(Un-audited)
		Dec 31 2016 Rupees	Dec 31 2015 Rupees
<b>18 Cash and cash equivalents</b>			
Cash and bank balances		681,239,834	990,961,608
Term deposit receipts		353,000,000	3,257,086,027
Market Treasury Bills		4,707,516,647	–
		5,741,756,481	4,248,047,635

# Notes to the Condensed Interim Financial Statements (Un-audited)

For the half year ended 31 December 2016

## 19 Financial instruments-fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value.

Note	Carrying Amount				Fair Value			
	Fair value through comprehensive income	Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
	999,200	-	-	-	-	999,200	-	-
	-	843,306,014	-	-	-	843,306,014	-	-
	-	4,707,516,647	-	-	-	-	4,707,516,647	-
	999,200	5,550,822,661	-	-	-	844,305,214	4,707,516,647	-
	-	-	681,239,834	-	681,239,834	-	-	-
	-	-	251,471,329	-	251,471,329	-	-	-
	-	-	125,363,521	-	125,363,521	-	-	-
	-	-	390,643,343	-	390,643,343	-	-	-
	-	-	353,000,000	-	353,000,000	-	-	-
	-	-	1,801,718,027	-	1,801,718,027	-	-	-
19.2	-	-	-	-	-	-	-	-
	-	-	852,631,576	-	852,631,576	-	-	-
	-	-	2,036,100	-	2,036,100	-	-	-
	-	-	857,669,711	-	857,669,711	-	-	-
	-	-	398,000,000	-	398,000,000	-	-	-
	-	-	8,504,481	-	8,504,481	-	-	-
	-	-	2,118,841,868	-	2,118,841,868	-	-	-
19.2	-	-	-	-	-	-	-	-

### On-Balance sheet financial instruments

#### 31 December 2016 - (Un-audited)

Financial assets measured at fair value  
 Equity securities of listed company  
 Investment in mutual funds  
 Investment in Market Treasury Bills

### Financial assets not measured at fair value

Cash and bank balances  
 Deposits and other receivables  
 Long term deposits and loans and advances  
 Trade debts - unsecured, considered good  
 Short term investments

### Financial liabilities measured at fair value

#### Financial liabilities not measured at fair value

Long term finances - secured  
 Long term deposits  
 Trade and other payables  
 Short term borrowings - secured  
 Interest / mark-up accrued on borrowings

## Notes to the Condensed Interim Financial Statements (Un-audited)

For the half year ended 31 December 2016

## 19.1 Financial instruments-fair values

	Carrying Amount			Fair Value					
	Fair value through comprehensive income	Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	
	Rupees								
	950,000	-	-	-	-	950,000	-	-	
	950,000	-	-	-	-	950,000	-	-	
	-	473,634,909	-	473,634,909	-	-	-	-	
	-	243,618,884	-	243,618,884	-	-	-	-	
	-	98,266,640	-	98,266,640	-	-	-	-	
	-	258,810,589	-	258,810,589	-	-	-	-	
	-	5,562,826,412	-	5,562,826,412	-	-	-	-	
	-	6,637,157,434	-	6,637,157,434	-	-	-	-	
	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	
	-	-	994,736,840	994,736,840	-	-	-	-	
	-	-	2,036,100	2,036,100	-	-	-	-	
	-	982,920,416	-	982,920,416	-	-	-	-	
	-	-	598,000,000	598,000,000	-	-	-	-	
	-	-	13,394,584	13,394,584	-	-	-	-	
	-	-	2,591,087,940	2,591,087,940	-	-	-	-	

## On-Balance sheet financial instruments

## 30 June 2016

## Financial assets measured at fair value

## Financial assets not measured at fair value

Cash and bank balances

Deposits and other receivables

Long term deposits

Trade debts - unsecured, considered good

Short term investments

19.2

## Financial liabilities measured at fair value

## Financial liabilities not measured at fair value

Long term finances - secured

Long term deposits

Trade and other payables

Short term borrowings - secured

Interest / mark-up accrued on borrowings

19.2

19.2 The Company has not disclosed the fair values of these financial assets and liabilities as these are for short term or reprice over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

# Notes to the Condensed Interim Financial Statements (Un-audited)

For the half year ended 31 December 2016

## 20 Transactions with related parties

The related parties comprise of the Holding Company, associated companies, key management personnel including directors of the Company and staff retirement funds. Significant transactions and balances with related parties, other than those disclosed elsewhere in this condensed interim financial information are as follows:

Parties	Nature of transactions	(Un-audited)	(Un-audited)
		July 1 - Dec 31 2016 Rupees	July 1 - Dec 31 2015 Rupees
<b>Transaction with holding company</b>			
ANS Capital (Private) Limited (Holding Company)	Dividend paid	424,932,000	339,945,600
<b>Transactions with associated undertakings / companies due to common directorship</b>			
Art Vision (Private) Limited	Sale of Cement	–	8,184,897
Ultra Pack (Private) Limited	Sale of Cement	3,302,348	2,399,359
Palace Enterprises (Private) Limited	Accommodation services	207,463	127,519
<b>Employee Funds</b>			
Provident Fund Trust	Contribution	5,359,478	4,421,058
Kohat Cement Educational Trust	Contribution	420,200	226,406
<b>Others</b>			
Key management personnel (Chief Executive )	Remuneration and other benefits	20,089,582	13,065,014
Key management personnel (Executive Directors)	Remuneration and other benefits	19,598,300	12,133,247
Key management personnel (Other Executives of the Company)	Remuneration and other benefits	50,918,246	45,748,132
Directors	Dividend paid	2,002,360	104,669,156
Kohat Cement Educational Trust	Dividend paid	584,790	467,832

## 21 Subsequent event and date of authorization for issue

The Board of Directors of the Company has approved interim dividend of Rs. 8 per share in their meeting held on February 22, 2017. This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on February 22, 2017.

## 22 General

Figures have been rounded off to the nearest rupee.



Chief Executive












Director



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Head Office  
37-P, Gulberg II, Lahore, Pakistan  
Tel: +92 - 42 - 11 - 111 - KCCL (5225)  
FAX: + 92 - 423 - 5754084, 5874990