



THE **ART** OF SUSTAINABILITY

Kohat Cement Company Limited

1st Quarter Report September 30, 2019

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CORPORATE INFORMATION

Board of Directors

Mr. Aizaz Mansoor Sheikh	<i>Chairman/Non-Executive Director</i>
Mr. Nadeem Atta Sheikh	<i>Chief Executive</i>
Mrs. Shahnaz Aizaz	<i>Non-Executive Director</i>
Mrs. Hafsa Nadeem	<i>Non-Executive Director</i>
Mrs. Hijab Tariq	<i>Non-Executive Director</i>
Mr. Muhammad Atta Tanseer Sheikh	<i>Non-Executive Director</i>
Mr. Ahmad Sajjad Khan	<i>Independent Non-Executive Director</i>
Mr. Talha Saeed Ahmed	<i>Independent Non-Executive Director</i>

Audit Committee

Mr. Talha Saeed Ahmed	<i>Chairman</i>
Mr. Aizaz Mansoor Sheikh	<i>Member</i>
Mr. Muhammad Atta Tanseer Sheikh	<i>Member</i>

HR&R Committee

Mr. Ahmad Sajjad Khan	<i>Chairman</i>
Mr. Nadeem Atta Sheikh	<i>Member</i>
Mr. Muhammad Atta Tanseer Sheikh	<i>Member</i>

Company Secretary

Mr. Muhammad Asadullah Khan

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

Head Office

37- P Gulberg - II, Lahore.
Tel: 042 - 11 111 5225
Fax: 042 - 3575 4990
Email: mis@kohatcement.com
Web: www.kohatcement.com

Bankers of the Company

The Bank of Punjab
Habib Bank Limited
Askari Bank Limited
The Bank of Khyber
Samba Bank Limited
Standard Chartered Bank (Pak) Ltd
Soneri Bank Limited
Allied Bank Limited
United Bank Limited
MCB Bank Limited
National Bank of Pakistan
Bank Alfalah Limited
Habib Metropolitan Bank Limited
Meezan Bank Limited
JS Bank Limited
Dubai Islamic Bank Limited
Bank Islami (Pakistan) Limited

DIRECTORS' REVIEW

Dear Shareholders,

We are pleased to present you the un-audited condensed interim financial statements of the Company for the 1st quarter ended September 30, 2019.

Business Review

The Cement Sector performed well in terms of dispatch volumes during the first quarter of financial year 2019-20 as its local and export dispatches increased by 0.59% and 12.54% respectively as compared to the corresponding period of last year.

Operational performance of your Company during the quarter under reference is summarized as under:

	M. Tons	
	Sep. 30, 2019	Sep. 30, 2018
Clinker Production	379,435	464,643
Cement Production	539,210	586,634
Local Sales	489,221	521,715
Export Sales	40,319	29,545
Total Sales	529,540	551,260

Financial Performance

Financial Performance of your Company for the period under review is summarized below:

	(Rupees)	
	Sep. 30, 2019	Sep. 30, 2018
Net Sales	2,993,547,135	3,520,643,233
Gross Profit	123,284,432	858,770,524
GP Ratio	4.12%	24.4%
Operating Profit	125,928,902	790,403,156
OP Ratio	4.21%	22.5%
EBITDA	263,628,973	927,306,495
Net Profit After Tax	88,164,573	528,543,888
Net Profit Ratio	2.95%	15%
Earnings Per Share (Rs.)	0.44	2.63

Reduction in cement sales prices and exorbitant increase in electricity costs resulted into decrease in profitability of the Company.

The Company is current on its all debt obligations.

On Going Projects

The additional Grey Cement Production Line of 7,800 tons per day, at the existing site has been successfully installed and is currently under commissioning phase which shall commence its commercial operations in the weeks to come.

Future Outlook

Domestic cement demand slowed during the quarter as government spending dried up and private sector development halted due to regulatory crackdown. However, projects under the China-Pakistan Economic Corridor (CPEC) and Government's focus on construction of low cost housing schemes shall contribute for the betterment of the industry.

Acknowledgments

We would like to place on record our sincere appreciation for the efforts and services put in by the stakeholders as well as the staff and employees for their excellent support and efforts, hard work and trust.

For and on behalf of the Board

Nadeem Atta Sheikh
Chief Executive

Talha Saeed Ahmed
Director

Lahore: October 29, 2019

ڈائریکٹرز جائزہ رپورٹ

معزز حصص داران :

کوہاٹ سینٹ کمپنی لمیٹڈ (کمپنی) کے ڈائریکٹرز بصد سمت اپنے ممبران کے لئے پہلی سہ ماہی منقحہ 30 ستمبر، 2019ء سے متعلقہ کمپنی کے غیر آڈٹ شدہ عبوری مالیاتی گوشوارے پیش کرتے ہیں۔

کاروباری جائزہ:

مالی سال 2019-2020ء کی پہلی سہ ماہی کے دوران ترسیلات کے حجم کے حوالے سے سینٹ کمپنی کی کارکردگی بہتر رہی، کیونکہ گزشتہ سال کی قابل موازنہ سہ ماہی کے مقابلے میں سینٹ کی مقامی ترسیلات اور برآمدات میں بالترتیب 0.59% اور 12.54% اضافہ ہوا ہے۔

پیداواری کارکردگی:

زیر جائزہ سہ ماہی کی پیداوار کا خلاصہ درج ذیل ہے:

30 ستمبر، 2019	30 ستمبر، 2018	
464,643	379,435	گھنٹہ کی پیداوار
586,634	539,210	سینٹ کی پیداوار
521,715	489,221	مقامی ترسیلات
29,545	40,319	برآمدات
551,260	529,540	کل ترسیلات

مالیاتی کارکردگی:

کمپنی کی مالیاتی کارکردگی کا سرسری جائزہ ذیل میں دیا گیا ہے:

30 ستمبر، 2019	30 ستمبر، 2018	
3,520,643,233	2,993,547,135	کل فروخت (دہے)
858,770,524	123,284,432	نامہ بین
24.4%	4.12%	شرکاء نامہ بین
790,403,156	125,928,920	آپریٹنگ منافع
22.5%	4.21%	شرکاء آپریٹنگ منافع
927,306,495	263,628,973	مناجک گولڈ ریلی فراہمات گولڈ ایچ این سی این اور سمازیشن
528,543,888	88,164,573	منافع بعد ادائگی
15%	2.95%	شرکاء منافع بعد ادائگی
(Restated)		
2.63	0.44	فی فیملڈ آمد (دہے)

سینٹ کی قیمت فروخت میں کمی اور بجلی کی قیمت میں غیر معمولی اضافے نے کمپنی کے منافع پر منفی اثرات ڈالے ہیں۔

کمپنی اپنی مالیاتی ذمہ داریوں کی بروقت ادائیگی کر رہی ہے۔

زیر تعمیر منصوبہ جات:

موجودہ ٹیکسٹائل میں 7800 ٹن یومیہ پیداواری صلاحیت کی حامل نئی گریس سینٹ مینوفیکچرنگ لائن کی تنصیب کامیابی سے مکمل ہو چکی ہے اور پلانٹ مکمل طور پر چلائے جانے کے مرحلے میں داخل ہو چکا ہے، اس سے تجارتی بنیادوں پر پیداوار کا آغاز چند ہفتوں میں کر دیا جائے گا۔

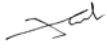
مستقبل کے امکانات:

حکومت کی جانب سے ترقیاتی اخراجات میں کمی اور سخت معاشی قوانین کے نفاذ کی وجہ سے زیر جائزہ سہ ماہی کے دوران سینٹ کی مقامی طلب میں مندی رہی، تاہم، پاک چائنہ اقتصادی راہداری (CPEC) کے منصوبہ جات اور حکومت کا کم لاگت کے گھروں کے تعمیری منصوبہ جات سینٹ انڈسٹری کی ترقی میں اہم کردار ادا کریں گے۔

اظہار تشکر:

ہم اپنے تمام شرکاء، داروں اور ملازمین کی ان تمام مخلصانہ کاوشوں کو تودل سے سراہتے ہیں، کہ جن کی بدولت کمپنی اپنے مقاصد کے حصول کی راہ پر گامزن ہوئی۔

برائے دماغانہ بورڈ آف ڈائریکٹرز



طلحہ سعید احمد
ڈائریکٹر



ندیم عطاء شہ
چیف ایگزیکٹو

لاہور: 29 اکتوبر، 2019

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

As at September 30, 2019

	Note	(Un-audited) September 30 2019 Rupees	(Audited) June 30 2019 Rupees
EQUITY AND LIABILITIES			
Authorized share capital		3,000,000,000	3,000,000,000
Issued, subscribed and paid-up capital		2,008,612,970	2,008,612,970
Reserves		119,784,065	119,822,865
Accumulated profit		17,632,367,602	17,544,203,029
		19,760,764,637	19,672,638,864
Non-current liabilities			
Long term financing - secured	5	5,100,787,639	4,399,930,462
Long term deposits and retention money		111,973,073	106,893,805
Deferred liabilities			
- deferred taxation		1,575,615,476	1,596,244,399
- compensated absences		14,012,327	15,256,864
		6,802,388,515	6,118,325,530
Current liabilities			
Current portion of long term financing	5	1,105,410,744	1,004,220,652
Trade and other payables	6	3,840,161,824	3,800,459,447
Advances from customers		126,164,741	99,319,101
Unclaimed dividend		9,416,974	9,416,974
Dividend payable		34,870,010	35,734,335
Short term borrowings - secured		-	243,000,000
Provision for taxation - net		162,552,716	228,925,097
Mark-up accrued on borrowings		136,646,271	102,829,378
		5,415,223,280	5,523,904,984
Contingencies and commitments	7	-	-
		31,978,376,432	31,314,869,378
ASSETS			
Non current assets			
Property, plant and equipment	8	22,517,470,351	21,873,958,579
Intangibles		14,613,697	13,878,685
Long term loans and advances		177,683	90,603,485
Long term deposits		38,326,640	38,326,640
Investment property	9	3,691,866,635	3,691,839,635
		26,262,455,006	25,708,607,024
Current assets			
Stores, spares and loose tools	10	1,945,097,096	1,410,927,789
Stock-in-trade		410,958,160	709,231,912
Trade debts - unsecured, considered good		705,116,523	714,060,503
Short term investments	11	1,596,499,277	1,947,138,780
Advances, deposits, prepayments and other receivables		539,410,006	391,017,347
Cash and bank balances		518,840,364	433,886,023
		5,715,921,426	5,606,262,354
		31,978,376,432	31,314,869,378

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

For the quarter ended 30 September 2019

	Note	Jul. 1-Sep. 30 2019 Rupees	Jul. 1-Sep. 30 2018 Rupees
Sales - net	12	2,993,547,135	3,520,643,233
Cost of goods sold	13	(2,870,262,703)	(2,661,872,709)
Gross profit		123,284,432	858,770,524
Selling and distribution expenses		(23,616,437)	(26,903,277)
Administrative and general expenses		(59,714,666)	(67,294,764)
Other operating income	14	102,252,686	121,235,092
Other operating expenses	15	(16,277,113)	(95,404,419)
		2,644,470	(68,367,368)
Operating profit		125,928,902	790,403,156
Finance cost		(7,796,949)	(10,787,217)
Profit before taxation		118,131,953	779,615,939
Taxation	16	(29,967,380)	(251,072,051)
Profit after taxation		88,164,573	528,543,888
Earning per share (basic and diluted)		0.44	(Restated) 2.63

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the quarter ended 30 September 2019

	Jul. 1-Sep. 30 2019 Rupees	Jul. 1-Sep. 30 2018 Rupees
Profit after taxation	88,164,573	528,543,888
Other comprehensive loss		
<i>Items that will not be reclassified to statement of profit or loss</i>		
• Fair value through OCI financial assets - net changes in fair value	(38,800)	-
<i>Items that are or may be reclassified to statement of profit or loss</i>		
• Available for sale investment - net changes in fair value	-	(36,000)
Total comprehensive income for the period	88,125,773	528,507,888

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

For the quarter ended 30 September 2019

Note	Jul. 1-Sep. 30 2019 Rupees	Jul. 1-Sep. 30 2018 Rupees
Cash flow from operating activities		
Profit before taxation	118,131,953	779,615,939
<i>Adjustments for:</i>		
Depreciation on property, plant and equipment	8.1 136,597,583	135,913,600
Amortization on intangible assets	1,102,488	989,738
Profit on bank deposits and investments	(17,117,779)	(69,312,156)
Realized gain from investments at FVTPL / held for trading	14 (9,743,660)	(6,523,435)
Net change in fair value of financial assets at FVTPL	14 (12,966,415)	35,028,455
Foreign currency exchange gain	14 (23,844,337)	-
Provision for compensated absences	1,199,997	539,452
Provision for Workers' Welfare Fund	15 2,499,878	16,362,369
Provision for Workers' Profit Participation Fund	15 6,349,044	41,893,595
Finance cost	7,796,949	10,787,217
	91,873,748	165,678,835
Cash generated from operations before working capital changes		
	210,005,701	945,294,774
<i>(Increase) / decrease in current assets:</i>		
Stores, spares and loose tools	(534,169,307)	(195,258,652)
Stock-in-trade	298,273,751	89,910,806
Trade debts	8,943,980	(41,755,777)
Advances, deposits, prepayments and other receivables	(146,874,111)	151,128,548
<i>Increase in current liabilities:</i>		
Trade and other payables	54,697,792	128,926,099
Advances from customers	26,845,640	14,588,589
	(292,282,254)	147,539,613
Cash generated from operations		
	(82,276,553)	1,092,834,387
Compensated absences paid	(2,444,534)	(1,809,068)
Finance cost paid	(185,696,847)	(9,258,111)
Income tax paid	(116,968,684)	(204,906,356)
Net cash generated from operating activities		
	(387,386,618)	876,860,852
Cash flow from investing activities		
Acquisition of property, plant and equipment	(477,979,964)	(3,285,403,531)
Acquisition of intangible assets	(1,837,500)	(1,102,492)
Acquisition of investment property	(27,000)	(2,779,004)
Short term investments - net	233,310,778	1,119,678,936
Long term loans and advances - net	13,202	446
Long term deposits and retention money - net	5,079,268	-
Profit on bank deposits	15,599,231	72,709,006
Net cash used in investing activities		
	(225,841,985)	(2,096,896,639)
Cash flow from financing activities		
Disbursements of long term finances - secured	1,131,689,431	701,731,498
Repayment of long term finances - secured	(329,642,162)	(71,052,632)
Repayment of short term borrowings	(243,000,000)	-
Dividend paid	(864,325)	(246,805)
Net cash generated from financing activities		
	558,182,944	630,432,061
Net decrease in cash and cash equivalents		
	(55,045,659)	(589,603,726)
Cash and cash equivalents at beginning of the period		
	683,886,023	4,574,427,690
Cash and cash equivalents at end of the period		
17	628,840,364	3,984,823,964

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For the quarter ended 30 September 2019

	Capital reserves			Revenue reserves			Total
	Share capital	Share premium	Fair value reserve	General reserve	Accumulated profit	Total reserve	
Balance as at 30 June 2018 - audited	1,545,086,900	49,704,951	329,114	70,000,000	16,311,616,659	16,431,650,724	17,976,737,624
Total comprehensive income for the period							
Profit for quarter ended 30 September 2018	-	-	-	-	528,543,888	528,543,888	528,543,888
Other comprehensive loss for quarter ended 30 September 2018	-	-	(36,000)	-	-	(36,000)	(36,000)
	-	-	(36,000)	-	528,543,888	528,507,888	528,507,888
Balance as at 30 September - 2018 unaudited	1,545,086,900	49,704,951	293,114	70,000,000	16,840,160,547	16,960,158,612	18,505,245,512
Balance as at 30 June 2019 - audited	2,008,612,970	49,704,951	117,914	70,000,000	17,544,203,029	17,664,025,894	19,672,638,864
Total comprehensive income for the period							
Profit for quarter ended 30 September 2019	-	-	-	-	88,164,573	88,164,573	88,164,573
Other comprehensive loss for quarter ended 30 September 2019	-	-	(38,800)	-	-	(38,800)	(38,800)
	-	-	(38,800)	-	88,164,573	88,125,773	88,125,773
Balance as at 30 September - 2019 unaudited	2,008,612,970	49,704,951	79,114	70,000,000	17,632,367,602	17,752,151,667	19,760,764,637

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.


Chief Executive


Chief Financial Officer


Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the quarter ended 30 September 2019

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 Act, 2017) 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. Pursuant to the approval of the Board of Directors, the management is in the process of setting up a new 7,800 tpd cement production line at the Company's existing factory site, which is now under commissioning.
- 1.2** ANS Capital (Private) Limited is the holding company of the Company and holds 110,482,320 ordinary shares of the Company comprising 55% of its total paid up share capital.

2 Basis of preparation

- 2.1** These condensed interim financial statements comprise of the condensed interim statement of financial position of the Company, as at 30 September 2019 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity together with the notes forming part thereof.
- 2.2** These 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 applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IAS) 34, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
 - Provision of and directives issued under the Companies Act, 2017.

Where the provision 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.

- 2.3** These condensed interim financial statements do 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 2019. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the company's financial position and performance since the last annual financial statements.
- 2.4** Comparative statement of financial position numbers are extracted from the annual audited financial statements of the Company for the year ended 30 June 2019, whereas comparatives of condensed interim statement of profit or loss, statement of comprehensive income, statement of cash flow and statement of changes in equity are extracted from unaudited condensed interim financial statements of the Company for the three months period ended 30 September 2019.
- 2.5** These condensed interim financial statements are unaudited and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the quarter ended 30 September 2019

3 Judgments and estimates

The preparation of these 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.

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, 2019.

4 Statement of consistency in accounting policies

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the financial statements for the year ended 30 June, 2019.

	Note	(Un-audited) September 30 2019 Rupees	(Audited) June 30 2019 Rupees
5 Long term finances - secured			
<i>Syndicated term finance - WHR (Conventional)</i>			
Opening Balance		142,105,256	426,315,784
Paid during the period / year		(71,052,632)	(284,210,528)
		71,052,624	142,105,256
Less: Current maturity presented under current liabilities		(71,052,624)	(142,105,256)
		-	-
<i>Term finance - Line-4 (Conventional)</i>			
Opening Balance		5,282,253,128	-
Disbursements during the period/year	5.1	1,135,426,440	5,777,430,226
Paid during the period/year		(258,589,530)	(495,177,098)
		6,159,090,038	5,282,253,128
Less: Transaction cost		(23,944,279)	(20,207,270)
Less: Current maturity presented under current liabilities		(1,034,358,120)	(862,115,396)
		5,100,787,639	4,399,930,462
		5,100,787,639	4,399,930,462

- 5.1** This includes Rs. 600 million (30-June-2019: Rs. Nil) drawn from Samba Bank Limited under a long term finance facility to finance the construction of new 7,800 tpd grey cement line. This facility carries mark up at the rate of 3 months KIBOR plus 1.05% per annum which is payable quarterly in arrears. The principal is repayable in 28 equal quarterly installments started from 30-Sep-2019. This facility is secured by way of first parri passu charge of Rs. 800 million over all present and future fixed assets of the Company and personal guarantees of sponsoring directors. Whereas, the balance disbursement is drawn from the facilities as reported in note 6.2 & 6.3 of annual audited financial statements for the year ended June 30, 2019.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the quarter ended 30 September 2019

	Note	(Un-audited) September 30 2019 Rupees	(Audited) June 30 2019 Rupees
6 Trade and other payables			
Trade creditors-local	6.1	507,139,410	257,486,897
Trade creditors - imports		294,084,135	26,502,151
Contractors' bills payable		134,970,396	344,779,736
Accrued liabilities		431,032,795	304,745,017
Payable to Workers' Profit Participation Fund		1,355,500,632	1,349,151,588
Payable to Workers' Welfare Fund		76,161,857	73,661,979
Payable to Provident Fund Trust		3,063,117	2,987,471
		2,801,952,341	2,359,314,839
<i>Payable to Government on account of:</i>			
Income tax deducted at source		9,356,020	8,293,619
Sales tax payable		82,803,559	–
Federal excise duty		381,841,464	246,230,224
Royalty and excise duty		77,931,876	68,758,783
		551,932,919	323,282,626
Retention money payable		219,145,258	857,470,136
Securities deposits		4,549,192	4,549,192
Other payables		262,582,114	255,842,654
		486,276,564	1,117,861,982
		3,840,161,824	3,800,459,447

6.1 This includes Rs. 37,716,599 (30 June 2019: Nil) payable to M/s Ultra Pack (Private) Limited, related party of the Company.

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 2019.

	(Un-audited) September 30 2019 Rupees	(Audited) June 30 2019 Rupees
7.2 Commitments		
<i>In respect of letters of credit for:</i>		
- stores and spares	610,393,101	47,138,291

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the quarter ended 30 September 2019

	Note	(Un-audited) September 30 2019 Rupees	(Audited) June 30 2019 Rupees
8 Property, plant and equipment			
Operating fixed assets	8.1	8,063,813,664	8,008,186,210
Capital work in progress	8.2	14,453,656,687	13,865,778,369
		22,517,470,351	21,873,964,579
8.1 Operating fixed assets			
Opening written down value		8,008,186,210	7,960,021,087
<i>Add: Additions during the period / year (cost)</i>			
Freehold land		154,688,800	–
Factory buildings and plant civil structure		–	203,807,125
Office and other buildings		–	3,477,555
Housing colonies		–	61,218,788
Plant, machinery and equipment		–	354,296,646
Power Installations		–	2,100,000
Furniture, fixtures and office equipment		4,632,394	25,963,062
Computers and printers		717,442	6,019,194
Weighing Scale		–	3,650,000
Light vehicles		31,077,156	17,275,759
Heavy vehicles		–	3,907,606
Laboratory equipment		1,109,245	42,988
		192,225,037	681,758,723
<i>Less: Disposals/adjustments/transfers during the period / year (written down value)</i>			
Plant, machinery and equipment		–	(46,489,135)
Laboratory Equipment		–	(427,191)
Light vehicles		–	(1,496,164)
		–	(48,412,490)
<i>Less: Depreciation charge for the period / year</i>		(136,597,583)	(585,181,110)
Closing written down value		8,063,813,664	8,008,186,210
8.2 Capital work in progress			
Balance at beginning of the period / year		13,865,772,369	1,153,040,980
Add: Additions during the period / year		587,884,318	13,264,278,060
Less: Transfers to fixed assets during the period / year		–	(551,546,671)
		14,453,656,687	13,865,772,369

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the quarter ended 30 September 2019

	Note	(Un-audited) September 30 2019 Rupees	(Audited) June 30 2019 Rupees
9 Investment property			
Opening balance		3,691,839,635	3,655,622,685
Additions during the period / year		27,000	36,216,950
	9.1	3,691,866,635	3,691,839,635

9.1 The latest valuation of investment property was carried out as at 30 June 2019, and according to that the market value of investment property, excluding additions during the period of Rs. 0.027 million, was Rs. 5,420.90 million. The fair value measurement for the investment property has been categorized as a level 3 fair value based on the inputs to the valuation techniques used.

10 Stores, spares and loose tools

This includes stores in transit valuing Rs. 441.35 million (30-June-2019: Rs. 50.03 million).

	Note	(Un-audited) September 30 2019 Rupees	(Audited) June 30 2019 Rupees
11 Short term investments			
FVOCI - listed equity securities			
Gharibawal Cement Limited		168,400	207,200
FVOCI - debt instrument			
Term Finance Certificates		50,000,000	50,000,000
FVTPL			
Income Mutual Funds - Shariah Compliant		702,235,216	575,426,241
Money Market Mutual Funds - Shariah Compliant		734,095,661	1,071,505,339
Amortized Cost - debt instrument			
Term Deposit Receipts - Shairah Compliant	11.1	110,000,000	250,000,000
		1,596,499,277	1,947,138,780

11.1 This carry mark-up rate 13% (30-Jun-2019:13.20%) per annum and have maturity date up till October 30, 2019.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the quarter ended 30 September 2019

Note	(Un-audited) Jul. 1-Sep. 30 2019 Rupees	(Un-audited) Jul. 1-Sep. 30 2018 Rupees
12 Sales - net		
Local sales - gross	4,510,741,909	5,032,719,084
Less: Sales tax	(762,396,993)	(852,135,451)
Federal excise duty	(978,441,140)	(782,571,765)
	(1,740,838,133)	(1,634,707,216)
	2,769,903,776	3,398,011,868
Export sales	261,910,164	168,868,899
	3,031,813,940	3,566,880,767
Less: Commission on cement sales	(38,266,805)	(46,237,534)
	2,993,547,135	3,520,643,233
12.1 Disaggregation of revenue		
12.1.1 Type of customers - Gross revenue		
Contracts with government customers	241,153,595	193,597,454
Contracts with non government customers	4,269,588,314	4,839,121,630
	4,510,741,909	5,032,719,084
12.1.2 Geographical region - Gross revenue		
Pakistan	4,248,831,745	4,863,850,185
Afghanistan	261,910,164	168,868,899
	4,510,741,909	5,032,719,084
13 Cost of goods sold		
Raw materials consumed	153,408,051	161,047,653
Packing materials consumed	257,098,283	248,017,474
Fuel and power	666,748,666	520,143,520
Coal and gas	988,998,497	1,240,447,340
Stores, spares and loose tools consumed	105,045,421	105,072,024
Salaries, wages and other benefits	113,957,450	117,849,844
Royalty and excise duty	39,353,769	46,078,767
Rent, rates and taxes	7,808,806	7,392,097
Repairs and maintenance	22,875,433	24,465,732
Insurance	9,135,143	9,928,644
Depreciation	134,965,597	134,352,801
Other expenses	46,325,167	27,091,894
	2,545,720,283	2,641,887,790
Inventory adjustment:		
Work-in-process	383,014,487	184,912,744
Finished goods	(50,604,975)	(110,491,939)
	332,409,512	74,420,805
Less: Cost attributable to own cement consumption	(7,867,092)	(54,435,886)
	2,870,262,703	2,661,872,709

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the quarter ended 30 September 2019

Note	(Un-audited) Jul. 1-Sep. 30 2019 Rupees	(Un-audited) Jul. 1-Sep. 30 2018 Rupees
14 Other operating income		
<i>Income from financial assets - Conventional:</i>		
Profit on bank deposits and investments	4,602,701	2,633,934
Realized gain on investments at FVTPL	–	22,094
Profit on Employees' loans	3,652	810
<i>Income from financial assets - Shariah compliant:</i>		
Profit on bank deposits and investments	12,515,078	66,678,222
Net change in fair value of financial assets at FVTPL	12,966,415	–
Realized gain from investments at FVTPL / held for trading	9,743,660	6,501,341
Dividend received from investment in mutual funds	33,189,468	42,096,941
<i>Income from non-financial assets:</i>		
Income from sale of scrap	5,336,985	3,192,600
Foreign currency exchange gain	23,844,337	–
Miscellaneous	50,390	109,150
	102,252,686	121,235,092
15 Other operating expenses		
Donations	90,000	2,120,000
Net change in fair value of financial assets held for trading	–	35,028,455
Provision for loss allowance against trade debts	7,338,191	–
Workers' Profit Participation Fund	6,349,044	41,893,595
Workers' Welfare Fund	2,499,878	16,362,369
	16,277,113	95,404,419
16 Taxation		
Current - for the year	50,596,303	256,854,568
Deferred	(20,628,923)	(5,782,517)
	29,967,380	251,072,051
	(Un-audited) September 30 2019 Rupees	(Un-audited) September 30 2018 Rupees
17 Cash and cash equivalents		
Cash and bank balances	518,840,364	334,823,964
Term deposit receipts	110,000,000	3,650,000,000
	628,840,364	3,984,823,964
18 Fair value of financial instruments		

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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the quarter ended 30 September 2019

	Carrying Amount			Fair value				
	Fair value through other comprehensive income	Fair value through profit or loss	Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
	Rupees							
	Note							
On-Balance sheet financial instruments on 30 September 2019 (Un-audited)								
Financial assets measured at fair value								
Short term investments	50,168,400	1,436,330,877	-	-	1,486,499,277	1,436,330,877	-	-
	50,168,400	1,436,330,877	-	-	1,486,499,277	1,436,330,877	-	-
Financial assets measured at amortized cost								
Long term loans to employees	-	-	177,683	-	177,683	-	-	-
Long term deposits	-	-	38,326,640	-	38,326,640	-	-	-
Trade debts - unsecured, considered good	-	-	705,116,523	-	705,116,523	-	-	-
Short term investments	-	-	110,000,000	-	110,000,000	-	-	-
Advances, deposits and other receivables	-	-	153,019,056	-	153,019,056	-	-	-
Cash and bank balances	-	-	518,840,364	-	518,840,364	-	-	-
	-	-	-	-	-	-	-	-
18.1								
Financial liabilities measured at fair value								
	-	-	-	-	-	-	-	-
Financial liabilities measured at amortized cost								
Long term financing	-	-	-	6,206,198,383	6,206,198,383	-	-	-
Long term deposits	-	-	-	111,973,073	111,973,073	-	-	-
Trade and other payables	-	-	-	1,422,470,504	1,422,470,504	-	-	-
Short term borrowings	-	-	-	-	-	-	-	-
Mark-up accrued on borrowings	-	-	-	136,646,271	136,646,271	-	-	-
	-	-	-	7,877,288,232	7,877,288,232	-	-	-
18.1								

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the quarter ended 30 September 2019

	Carrying Amount			Fair value				
	Fair value through other comprehensive income	Fair value through profit or loss	Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
	Rupees							
	Note							
On-Balance sheet financial instruments on 30 June 2019 (Audited)								
Financial assets measured at fair value								
Short term investments	50,207,200	1,646,931,580	-	-	1,697,138,780	1,697,138,780	-	-
	50,207,200	1,646,931,580	-	-	1,697,138,780	1,697,138,780	-	-
Financial assets measured at amortized cost								
Long term loans to employees	-	-	190,885	-	190,885	-	-	-
Long term deposits	-	-	38,326,640	-	38,326,640	-	-	-
Trade debts - unsecured, considered good	-	-	714,060,503	-	714,060,503	-	-	-
Short term investments	-	-	250,000,000	-	250,000,000	-	-	-
Advances, deposits and other receivables	-	-	131,625,224	-	131,625,224	-	-	-
Cash and bank balances	-	-	433,886,023	-	433,886,023	-	-	-
	-	-	1,568,089,275	-	1,568,089,275	-	-	-
18.1	-	-	1,568,089,275	-	1,568,089,275	-	-	-
Financial liabilities measured at fair value								
Financial liabilities measured at amortized cost								
Long term financing	-	-	-	5,404,151,114	5,404,151,114	-	-	-
Long term deposits	-	-	-	106,893,805	106,893,805	-	-	-
Trade and other payables	-	-	-	2,046,826,591	2,046,826,591	-	-	-
Short term borrowings	-	-	-	243,000,000	243,000,000	-	-	-
Mark-up accrued on borrowings	-	-	-	102,829,378	102,829,378	-	-	-
	-	-	-	7,903,700,888	7,903,700,888	-	-	-
18.1	-	-	-	7,903,700,888	7,903,700,888	-	-	-

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the quarter ended 30 September 2019

19 Reconciliation of movement of liabilities to cash flows arising from financing activities.

	For the Quarter ended 30 September 2019			
	Liabilities			Total
	Long term finances	Short term borrowings	Dividend payable	
	Rupees			
Balance as at 30 June 2019 (Audited)	5,404,151,114	243,000,000	45,151,309	5,692,302,423
Changes from financing activities				
<i>Syndicated term finance - WHR</i>				
Repayments	(71,052,632)	-	-	(71,052,632)
<i>Term finance - Line-4</i>				
Disbursements net of transaction cost	1,131,689,431	-	-	1,131,689,431
Repayments	(258,589,530)	-	-	(258,589,530)
<i>Export refinance</i>				
Repayment	-	(243,000,000)	-	(243,000,000)
<i>Dividend paid</i>	-	-	(864,325)	(864,325)
Total changes from financing cash flows	802,047,269	(243,000,000)	(864,325)	558,182,944
Closing balance (Un-audited)	6,206,198,383	-	44,286,984	6,250,485,367

	For the Quarter ended 30 September 2018			
	Liabilities			Total
	Long term finances	Short term borrowings	Dividend payable	
	Rupees			
Balance as at 30 June 2018 (Audited)	426,315,784	-	39,522,935	465,838,719
Changes from financing activities				
<i>Syndicated term finance - WHR</i>				
Repayments	(71,052,632)	-	-	(71,052,632)
<i>Term finance - Line-4</i>				
Disbursements net of transaction cost	701,731,498	-	-	701,731,498
<i>Dividend paid</i>	-	-	(246,805)	(246,805)
Total changes from financing cash flows	630,678,866	-	(246,805)	630,432,061
Closing balance (Un-audited)	1,056,994,650	-	39,276,130	1,096,270,780

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the quarter ended 30 September 2019

20 Transactions and balances 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 these condensed interim financial statements are as follows:

Parties	Relationship	Nature of transactions	(Un-audited) Jul. 1-Sep. 30 2019 Rupees	(Un-audited) Jul. 1-Sep. 30 2018 Rupees
Transactions with related parties				
Provident Fund Trust	Post employment plan	Contribution	4,404,422	3,964,269
Kohat Cement Educational Trust	Common Trusteeship	Contribution	2,118,829	1,003,291
Ultra Pack (Private) Limited	Common Control	Purchase of packing material	191,758,491	173,189,000
Palace Enterprise (Private) Ltd.	Common Directorship	Accommodation Services	67,179	4,500
Key Management Personnel - Chief Executive	Directors	Remuneration and other benefits	20,287,743	17,309,659
- Executive Director	Directors	Remuneration and other benefits	-	17,309,659
- Other Executives	Other Executives	Remuneration and other benefits	25,030,545	26,040,262

Parties	Relationship	Nature of transactions	(Un-audited) September 30 2019 Rupees	(Un-audited) September 30 2018 Rupees
Balances with Related Parties				
Provident Fund Trust	Post employment plan	Payable	3,063,117	3,235,128
Ultra Pack (Private) Limited	Common Control	Trade Creditors	37,716,599	14,478,750
Palace Enterprise (Private) Ltd.	Common Directorship	Trade Creditors	-	5,220

20.1 The Company has paid Rs.20.3 million (30-Sep-2018: NIL) to the Chairman on account of his remuneration and also paid Rs. 225,000 (30-Sep-2018: Rs.NIL) to the non-executive directors being the fee for attending Board and Committee meetings.

21 Date of authorization for issue

These condensed interim financial statements have been approved by the Board of Directors of the Company and authorized for issue in its meeting held on October 29, 2019.



Chief Executive



Chief Financial Officer



Director



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