

KOHAT CEMENT COMPANY LIMITED

Through PUCAR/Courier

The General Manager
Pakistan Stock Exchange,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

September 01, 2016

Subject: Financial Results for the Year Ended June 30, 2016

Dear Sir,

We have to inform you that the Board of Directors of our Company in its meeting held on **September 01, 2016 at 11:00 A.M.**, at **Head Office, 37-P, Gulberg-II, Lahore**, recommended the following:

- (i) **CASH DIVIDEND**
A final cash dividend for the year ended June 30, 2016 at Re. 1/- per share i.e. 10%.
This is in addition to interim cash dividend already paid at Rs. 5/- per share i.e. 50%.
- (ii) **BONUS SHARES** : NIL
- (iii) **RIGHT SHARES** : NIL
- (iv) **ANY OTHER ENTITLEMENT/CORPORATE ACTION** : NIL
- (v) **ANY OTHER PRICE-SENSITIVE INFORMATION**

The Board of Directors has directed the management of the Company to explore opportunities for setting up a green field / brown field cement production line of upto 2.3 million tons per annum capacity.

The financial results of the Company along with directors' report are attached herewith.

The Annual General Meeting of the Company will be held on **Monday, October 31, 2016 at 10:00 A.M.** at **Registered Office, Kohat Cement Factory, Pindi Road, Kohat.**

The register of the members and the share transfer books of the Company will be closed from **Monday, October 24, 2016 to Monday, October 31, 2016** (both days inclusive). Transfer received in order at the share department of Company, Hameed Majeed Associates (Pvt.) Limited, H.M. House, 7-Bank Square, Lahore, up to the close of business day on **Friday October 21, 2016** will be treated in time for entitlement of **10% Final Cash Dividend (i.e. Rupee 1 per ordinary share)** and to attend and vote for/in the Annual General Meeting.

Page 1 of 2



Head Office: 37-P, Gulberg II, Lahore - Pakistan.
UAN: +92-42-11-111-KCCL, (5225) Fax: +92-42-3575-4084, 3587-4990
Web: www.kohatcement.com

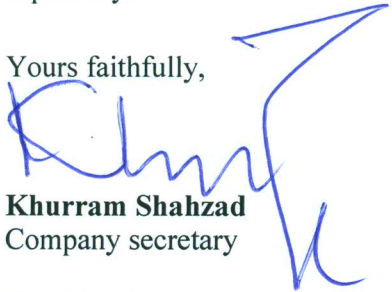


KOHAT CEMENT COMPANY LIMITED

We will be sending you **200** copies of printed accounts for distribution amongst the TRE Certificates Holders of the Exchange 21 days before the date of AGM.

Disclosure Form under SRO 1431(I)2012 dated 5th December, 2012 is being disseminated separately.

Yours faithfully,


Khurram Shahzad
Company secretary

Encl: As above

Page 2 of 2



Head Office: 37-P, Gulberg II, Lahore - Pakistan.
UAN: +92-42-11-111-KCCL, (5225) Fax: +92-42-3575-4084, 3587-4990
Web: www.kohatcement.com

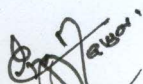


Kohat Cement Company Limited
Profit and Loss Account
For the year ended 30 June 2016

	Note	2016 Rupees	2015 Rupees
Sales - net	23	14,019,842,677	12,472,196,679
Cost of goods sold	24	<u>(7,523,277,833)</u>	<u>(7,657,275,186)</u>
Gross profit		6,496,564,844	4,814,921,493
Selling and distribution expenses	25	<u>(154,584,148)</u>	<u>(94,163,118)</u>
Administrative and general expenses	26	<u>(133,091,979)</u>	<u>(113,724,870)</u>
Other operating income	27	479,304,653	462,035,354
Other operating expenses	28	<u>(436,009,872)</u>	<u>(337,886,392)</u>
		<u>(244,381,346)</u>	<u>(83,739,026)</u>
Operating profit		6,252,183,498	4,731,182,467
Finance cost	29	<u>(78,116,546)</u>	<u>(93,741,914)</u>
Profit before taxation		6,174,066,952	4,637,440,553
Taxation	30	<u>(1,765,991,492)</u>	<u>(1,315,172,352)</u>
Profit after taxation		<u>4,408,075,460</u>	<u>3,322,268,201</u>
Earnings per share - basic and diluted	31	<u>28.53</u>	<u>21.50</u>

The annexed notes from 1 to 44 form an integral part of these financial statements.

Lahore


 Chief Executive


 Director

KOHAT CEMENT COMPANY LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of Kohat Cement Company Limited (the Company) are pleased to present the Annual Report together with audited financial statements and Auditors' report thereon for the year ended June 30, 2016.

Overview

The cement sector of Pakistan witnessed an overall growth of 9.82% (2015: 3.27%) in terms of sales volumes during financial year ended 30th June 2016. Domestic consumption increased by 17% (2015: 7.89%) to 33 million MT (2015: 28.2 million MT) while exports decreased to 5.9 million MT (2015: 7.20 million MT) registering a decline of 18.4% (2015: 11.57% decline).

The Company dispatched 2.09 million MT (2015: 1.85 million MT) of cement during the year including exports of 0.203 million MT (2015: 0.253 million MT), which are the history making results of the Company.

Production and Sale Volumes

Grey cement lines operated at 75.58% capacity utilization level during the year under review. Below is the summary of production and sales of the company during the year:

	FY 2016	FY 2015	YOY Increase
	Metric Tons		
Clinker Production	1,956,506	1,647,713	18.74%
Cement Production	2,098,052	1,839,449	14.05%
Local Sales	1,883,361	1,593,363	18.20%
Export Sales	203,221	253,123	(19.71%)
Total Sales	2,086,582	1,846,486	13.00%

Financial performance

Operating Results of your Company are summarized hereunder:

	FY 2016	FY 2015
	(Rupees in millions)	
Net Sales	14,020	12,472
Cost of Sales	7,523	7,657
Gross Profit	6,497	4,815
Selling, distribution & admin expenses	288	208
Other expenses	436	338
Other Income	479	462
Finance Cost	78	94
Profit before Taxation	6,174	4,637
Taxation	1,766	1,315
Profit after Taxation	4,408	3,322
Earnings per share (Rs./ share)	28.53	21.50



KOHAT CEMENT COMPANY LIMITED

Net profit after tax of the Company has increased by 32.7% compared to previous year. The healthy profitability of the Company during the year under review is primarily due to historic growth in sales volumes, reduction in coal and electricity costs and generation of low cost electricity from Company's FO based captive power plant and Waste Heat Recovery Power Plant (WHR-PP). WHR-PP started producing electricity from April 01, 2016.

Future prospects

Large-scale infrastructure development projects under China Pakistan Economic Corridor (CPEC) and allocation of hefty amounts under PSDP shall further enhance the cement demand in domestic markets in foreseeable future which shall result in handsome revenues and profits.

New Cement Mill

Installation of 105 tph Cement Mill is under way which is expected to be completed by December 2017.

Appropriations

The Board of Directors of your company is pleased to propose a 10% final cash dividend of Rs. 1/- per ordinary share for Financial Year ended June 30, 2016 which is in addition to 50% interim cash dividend already paid by the Company during the year.

Appropriations approved by directors are as under:

	Rs. In 000'
Profit after taxation	4,408,075
Un-appropriated profits from prior years	9,086,940
Available for appropriation	<u>13,495,015</u>
Final cash dividend paid at Rs. 4 per share for the year ended June 30, 2015	(618,035)
Interim cash dividend paid at Rs. 5 per share for the year ended June 30, 2016	(772,543)
Un-appropriated profit carried forward	<u>12,104,437</u>

Compliance with code of corporate governance

The management is fully aware of the Company's obligations for compliance with the Code of Corporate Governance (the Code) as incorporated in the Listing Regulations of Pakistan Stock Exchange and steps are being taken for its effective implementation within the allowed time frame.

The various statements, as required by the Code, are given below:

- The financial statements prepared by the management present fairly the Company's state of affairs, the results of its operations, cash flows and changes in equity.

Page 2 of 5



Head Office: 37-P, Gulberg II, Lahore - Pakistan.
UAN: +92-42-11-111-KCCL, (5225) Fax: +92-42-3575-4084, 3587-4990
Web: www.kohatcement.com



- The Company has maintained proper books of account.
- Appropriate accounting policies have been consistently applied except for change in accounting policy as mentioned in note 3.1 to the financial statements in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements to ensure the true and fair view of the Company's financial position.
- The system of internal control is sound in design and has been effectively implemented and is being monitored continuously. The review will continue in future for the improvement in controls.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the Best Practices of Corporate Governance, as detailed in the Listing Regulations of Pakistan Stock Exchange wherever applicable to the Company for the year ended June 30, 2016.

Financial highlights

Key operating & financial data of last six years is included in this report.

Outstanding statutory dues

The outstanding statutory dues on account of taxes, duties, levies and charges are disclosed on the face of balance sheet and in Note No. 9 to the financial statements. There is no overdue amount on account of taxes and duties.

Statement on value of staff retirement funds

The value of investments of provident fund based on its unaudited accounts as at June 30, 2016 is Rs. 101.536 million (2015: Rs. 86.838 million).

Board & its committee meetings

Attendance by each director at the Board of Directors (BOD) and Board Committees meetings are as under:

	Meetings attended		
	BOD	BAC	HR&R
No. of meetings held	4	6	1
Mr. Aizaz Mansoor Sheikh	3 / 4	-	1/1
Mr. Nadeem Atta Sheikh	3 / 4	-	
Mrs. Hijab Tariq	4 / 4	-	

KOHAT CEMENT COMPANY LIMITED

Mrs. Hafsa Nadeem (through alternate Director)	4 / 4	-	
Ms. Aminah Aizaz Sheikh	4 / 4	6 / 6	
Mr. Muhammad Atta Tanseer Sheikh	0 / 4	0 / 5	1 / 1
Mr. Muhammad Rehman Sheikh	3 / 4	6 / 6	1 / 1

The Directors who could not attend the Board & Committee Meetings and requested for leave were duly granted leave of absence from the meeting by the Board/Committees in accordance with the law.

Directors' Training Program

During the year one director attended and qualified the Directors' Certification Training Program from an institute duly recognized by SECP, the said director retired on 27th June 2016. Three directors have already obtained certification under Directors' Certification Training Program in previous years, whereas two Directors are exempted due to more than 14 years of education and 15 years of experience on board of listed company. Training program for the remaining two directors, one of whom is elected on 27th June 2016 shall be arranged during the forthcoming financial year.

Trading in Company's shares

Trading in Company's shares made during the financial year ended June 30, 2016 by the Directors, CEO and the Executives and by their spouses is given as under:

			Purchased	Sold
i)	Mr. Muhammad Atta Tanseer Sheikh	Director	-	50,000
ii)	Sardar Shahbaz Ali Khan Khosa	Director's spouse	-	8,500
iii)	Mr. Ibrahim Tanseer Sheikh	Executive	100	209,100
iv)	Mr. Faisal Atta Sheikh	Executive	1,500	

Pattern of shareholding

The Pattern of Shareholding along with categories of shareholding as required by the Code is included in this report.

Election of Directors

The members of the Company in the Extra Ordinary General Meeting held on 27th June 2016 elected following seven directors on the Board of the Company for a term of three years commencing 29th June 2016:

1. Mr. Aizaz Mansoor Sheikh	5. Mr. Muhammad Rehman Sheikh
2. Mr. Nadeem Atta Sheikh	6. Mr. Muhammad Atta Tanseer Sheikh
3. Mrs. Hafsa Nadeem	7. Mr. Hasan Tariq Atta
4. Ms. Aminah Aizaz Sheikh	



The newly elected Board of Directors of your Company met on July 02, 2016, wherein on the recommendations of HR&R Committee, Mr. Aizaz Mansoor Sheikh was re-appointed as Chief Executive and Mr. Nadeem Atta Sheikh as Executive Director of the Company for a term of three years commencing 29th June 2016 on the terms and conditions annexed herewith. In the said meeting, the Board reconstituted the board audit committee and HR&R Committee for a term of three years commencing 29th June 2016; the names of the committee members and their chairmen are as under:

Board Audit Committee

- | | |
|--|-------------------------|
| 1. Mr. Muhammad Atta Tanseer Sheikh (Chairman) | Independent Director |
| 2. Ms. Aminah Aizaz Sheikh | Non-Executive Director |
| 3. Mr. Muhammad Rehman Sheikh | Non- Executive Director |

HR&R Committee

- | | |
|--|------------------------|
| 1. Mr. Muhammad Rehman Sheikh (Chairman) | Non-Executive Director |
| 2. Mr. Aizaz Mansoor Sheikh | Chief Executive |
| 3. Mr. Muhammad Atta Tanseer Sheikh | Independent Director |

External auditors

The present auditors, M/s. KPMG Taseer Hadi and Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment. As suggested by the Audit Committee, the Board of Directors has recommended the re-appointment of present auditors of the Company for the ensuing year.

Corporate Social Responsibility

Disclosure as required by the Companies (Corporate Social Responsibility) General Order, 2009 is annexed and form part of this report.

Management and employees relations

The Board would like to record its appreciation for the valuable contribution made by all its employees. The management is quite confident that these cordial relations and cooperation will continue in the years to come.

Information u/s 218(2) of the Companies Ordinance, 1984

The information as required by Section 218 of the Companies Ordinance, 1984, is attached as Annexure to this report; the same has already been circulated among the members.

For and on behalf of the Board



Aizaz Mansoor Sheikh
Chief Executive

Lahore: September 01, 2016