

# KOHAT CEMENT COMPANY LIMITED

Through PUCAR and Courier

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

September 19, 2018

**Subject: Auditors' Certificate on Free Reserve as required Under Companies (Issue of Capital) Rules, 1996**

Dear Sir,

Reference to the subject; please find attached certificate under Rule 6 of the Companies (Issue of Capital) Rule, 1996 issued by our external auditors M/s. KPMG Taseer Hadi & Co., Chartered Accountants.

Yours Sincerely,

  
Company Secretary

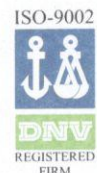
Encl: As above

CC. The Director/HOD, Surveillance, Supervision and Enforcement Department  
Securities Exchange of Pakistan, NIC Building, 63 Jinnah Avenue,  
Blue Area, Islamabad





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Web: [www.kohatcement.com](http://www.kohatcement.com)





KPMG Taseer Hadi & Co.  
Chartered Accountants  
351 Shadman-1, Jail Road,  
Lahore 54000 Pakistan  
+92 (42) 111-KPMGTH (576484), Fax +92 (42) 3742 9907

The Chief Financial Officer  
Kohat Cement Company Limited  
37 - P, Gulberg II  
Lahore

Our ref LA-IA-294-18  
Contact M. Rehan Chughtai

19 September 2018

Dear Sir

**Auditors' Certificate on Free Reserve As Required Under Companies (Issue of Capital) Rules, 1996**

We have been requested to provide you with a certificate under Rule 6 of the Companies (Issue of Capital) Rule, 1996 (the Rules), that free reserves of Kohat Cement Company Limited (the Company) are at least 15 percent of the enhanced share capital of the Company after issuance of 46,352,607 bonus shares as recommended by the Board of Directors of the Company in its meeting held on September 19, 2018.

**1 Scope of certificate**

We understand that pursuant to the requirements of Rule 6, our certificate is required to be filed with the Pakistan Stock Exchange and the Securities and Exchange Commission of Pakistan.

**2 Management responsibility**

It is the management responsibility to comply with the requirements of the Rules.

**3 Auditors' responsibility**

Our responsibility is to certify the Company's compliance with the requirement of the Rules in accordance with the 'Guidelines for Issue of Certificates for Special Purposes by Practicing Chartered Accountant Firms' issued by the Institute of Chartered Accountants of Pakistan. Our verification was limited to the procedures as mentioned below:

- a) Obtained working of free reserves of the Company after proposed issue of bonus shares, based on audited financial statements of the Company for the year ended 30 June 2018;
- b) Obtained certified details of all contingent liabilities as at 30 June 2018;

*M. Rehan Chughtai*



KPMG Taseer Hadi & Co.

- c) Obtained a representation letter from the Company that free reserves of the Company are at least 15% of the enhanced paid up share capital after issue of proposed bonus shares and that all contingent liabilities have been deducted while calculating the free reserves;
- d) Checked the working of free reserve to ensure that same is drawn up as required by the Rules and is based on the audited financial statements of the Company for the year ended 30 June 2018; and
- e) Checked that all contingent liabilities as at 30 June 2018 as disclosed to us by the Company's management and the proposed final cash dividend @ 50% as recommended by the Board of Directors in its meeting held on September 19, 2018, have been deducted while calculating the free reserves.

#### 4 Certificate

Based on procedures mentioned above, we certify that the free reserve of the Company as worked out from its audited financial statements for the year ended 30 June 2018 after deducting contingent liabilities as at 30 June 2018 and proposed final cash dividend @ 50%, as disclosed to us by the management of the Company, will be more than 15 percent of the enhanced paid-up capital of the Company after the proposed issue of 46,352,607 bonus shares of Rs. 10 each.

#### 5 Restriction on use and distribution

Our report is given in our capacity as statutory auditors of the Company and is issued solely for the purpose set forth in the scope paragraph and is not to be used or distributed for any other purpose. This certificate is restricted to the facts stated herein.

Yours faithfully