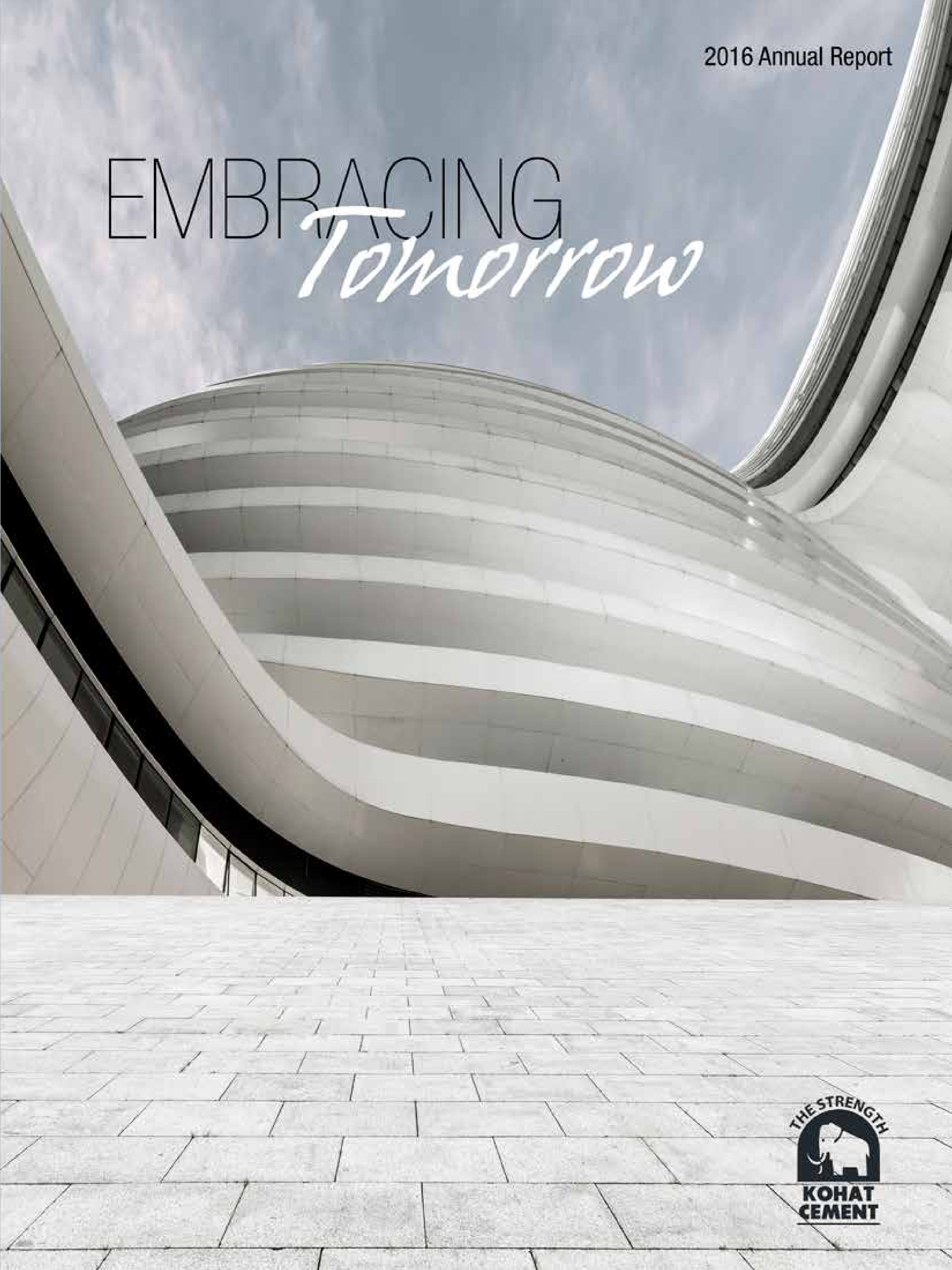
2016 Annual Report

EMBRACING Tomorrow



THE STRENGTH
KOHAT CEMENT

Financial Highlights

	2016	2015	
Shareholders Equity	13,770	10,797	Rs. in Million
Sales Revenue	14,019	12,472	Rs. in Million
Return on Equity	32.01	30.77	Percentage
Current Ratio	2.83	2.03	Ratio
Earnings Per Share	28.53	21.50	Rupees
EBITDA to Sales	47.73	41.07	Percentage
Price Earning Ratio	9.18	9.29	Ratio
Interest Cover Ratio	80.04	50.47	Ratio

Contents

Management Information

Financial Statements

Vision, Mission and Corporate Strategy

Vision

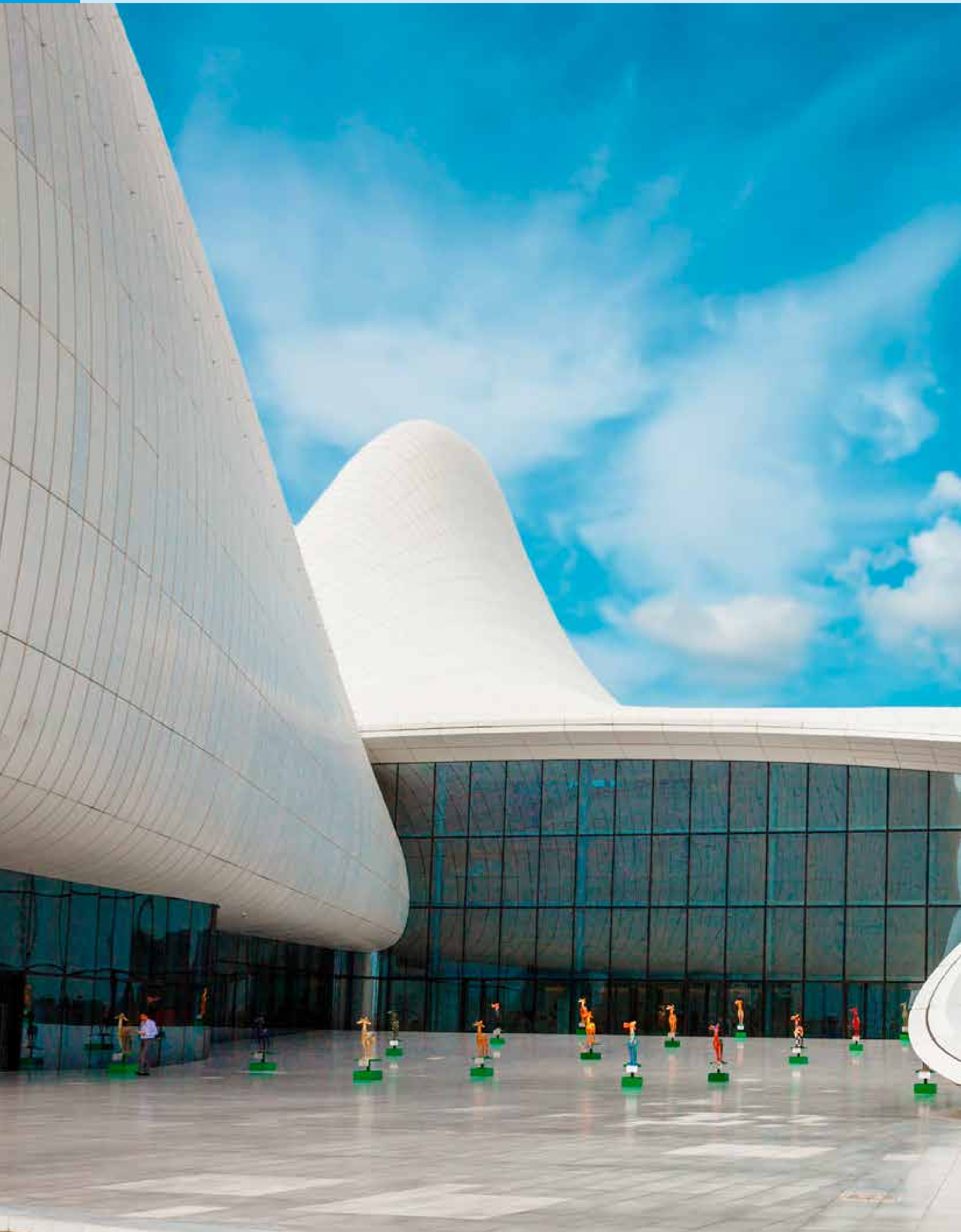
Be the best in the eyes of all stakeholders

Our Mission is to Provide

- Our Customers with quality cement at competitive pricing
- Our Shareholders with good returns and sustainable growth
- Our Employees with care and career development opportunities

Corporate Strategy

Stay ahead of competition by adopting latest technology with efficient and progressive teamwork in an environment of good governance and professionalism



About The Company

COMPANY INFORMATION

Kohat Cement Company Limited was incorporated in 1980 and is one of the leading cement manufacturing companies of Pakistan. It is an ISO 9001-2008 certified company, with an annual capacity of 2.8 Million tons of Grey Cement and 150 thousand tons of White cement. The Registered office and the Factory are located at Kohat, whereas the Head Office is located in Lahore.

OUR CULTURE

- Open communication, transparency and good ethical behavior form the basis of our corporate values.
- Our executive management has a very ‘hands on’ approach and thus is involved in the day-to-day activity of the company.
- No person in the management hierarchy is unapproachable; our carefully designed communication procedures ensure that any complaint or feedback is brought to the notice of the management.
- Our employees experience a healthy work life balance and a constant growth in both their professional and personal life.
- To help achieve our employee’s full potential and foster their learning, we frequently nominate our employees for trainings, workshops and seminars.

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

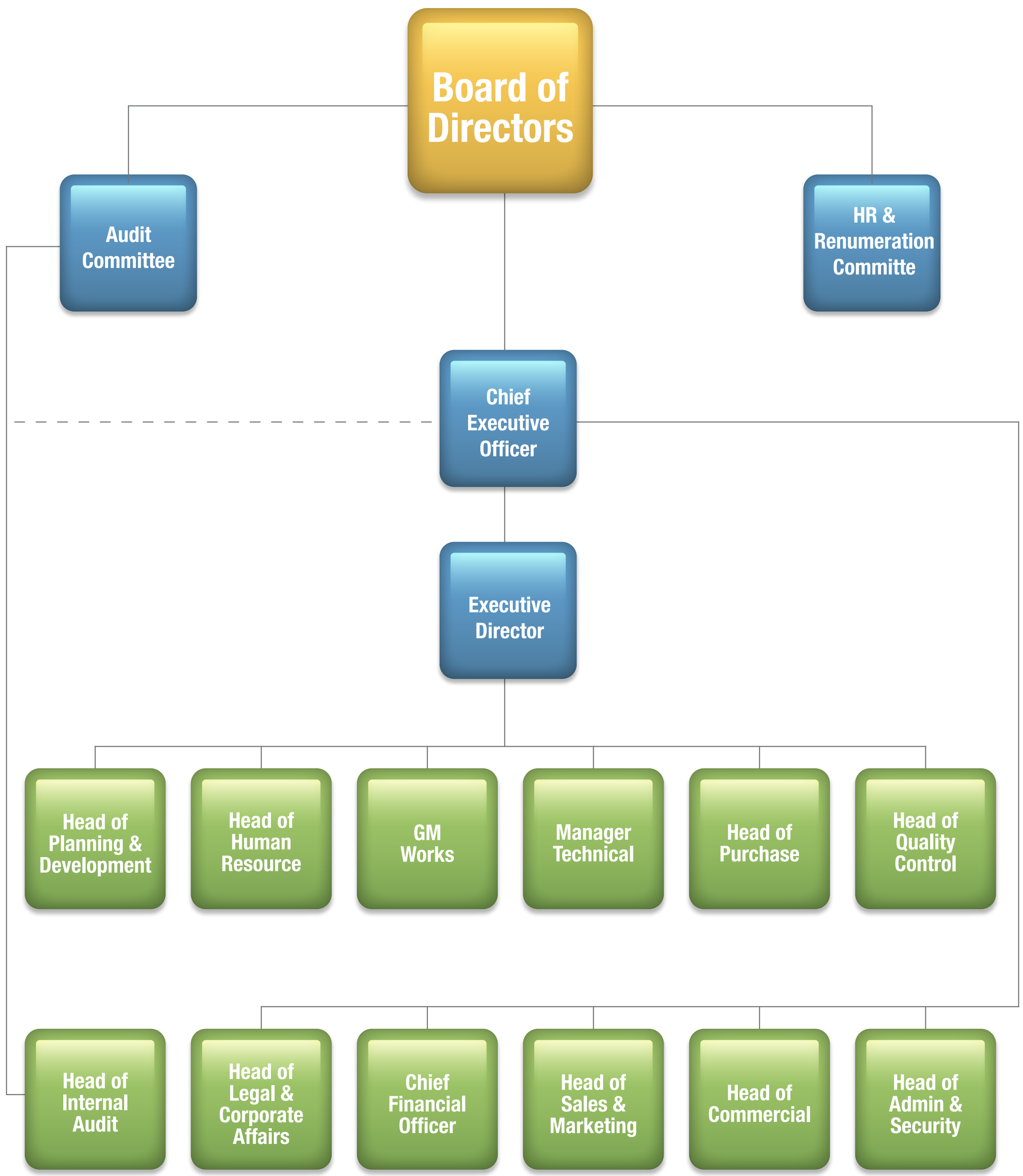
Head Office

37- P Gulberg - II, Lahore.
Tel: (042) 11 111 5225
Fax: (042) 3575 4990
Email: 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

Organogram


Board of Directors
Audit Committee
HR & Renumeration Committe
Chief Executive Officer
Executive Director
Head of Planning & Development
Head of Human Resource
GM Works
Manager Technical
Head of Purchase
Head of Quality Control
Head of Internal Audit
Head of Legal & Corporate Affairs
Chief Financial Officer
Head of Sales & Marketing
Head of Commercial
Head of Admin & Security

Notice of Annual General Meeting

NOTICE is hereby given that 37th Annual General Meeting of the shareholders of Kohat Cement Company Limited (the "Company") will be held on Monday, October 31, 2016 at 10:00 A.M., at its registered office, Kohat Cement Factory, Rawalpindi Road, Kohat, to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2016 together with Auditors' and Directors' Reports thereon.

2. To consider and approve, as recommended by the Board of Directors, the payment of cash dividend for the year ended June 30, 2016 @ 10% i.e. Re. 1/- per ordinary share. This would be in addition to the 50% 1st Interim Cash Dividend (Rs. 5 per share) already paid during the year.

3. To appoint Auditors and to fix their remuneration.

   The present Auditors M/s. KPMG Taseer Hadi & Co. Chartered Accountants, retire and being eligible, offer themselves for reappointment. The Audit Committee and the Board have recommended their appointment as auditors of the Company.

Special Business

4. To sanction circulation / transmission of Annual Report containing audited accounts, auditor's report, directors' report etc. in soft form through CD/DVD/USB/Emails to the members of the Company instead of dispatching the same in hard form and to pass the following resolution as ordinary resolution, with or without any modifications:

   "**Resolved** that consent and approval of the members of Kohat Cement Company Limited (the "Company") be and is hereby accorded for transmission of annual reports including annual audited accounts, notices of annual general meetings, auditors report, directors report etc., and other information contained therein of the Company to the members effective financial year ending 30 June 2017 through CD or DVD or USB or Emails instead of transmitting the same in hard copies.

   Resolved Further that Chief Executive Officer or Company Secretary of the Company be and is hereby singly authorized to do all acts, deeds and things, take or cause to be taken all necessary actions to implement to comply with all legal formalities and requirements and file necessary documents as may be necessary or incidental for the purposes of implementing this resolution"

By Order of the Board:

Khurram Shahzad
Company Secretary

Lahore: October 8, 2016

Statement under Section 160(1)(b) of the Companies Ordinance, 1984

Transmission of Annual Report through CD/DVD/USB/Emails

The SECP vide SRO 470(I)/2016 dated May 31, 2016 has allowed the listed companies to send Annual Reports containing audited accounts, auditors' reports and directors' reports etc. through CD/DVD/USB/Emails to its members instead of sending the same through hard copies subject to the fulfilment of certain conditions as provided in the said SRO. This shall save time and money of the Company. However, any member who wish to receive the Annual Report in hard form; may request the Company on the Standard Request Form available on the Company's website www.kohatcement.com.

Accordingly, the directors have placed the matter before the shareholders for their approval. The directors are not interested, directly or indirectly, in the above business except to the extent of their investment as has been detailed in the pattern of shareholding annexed to the Directors' Report.

Notes:

1. The register of 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). Physical transfers / CDS transactions IDs received in order at the Company's Independent Share Registrar Office, M/s Hameed Majeed Associates (Pvt.) Limited, HM House, 7-Bank Square, Lahore, upto the close of business on Friday, October 21, 2016 will be treated in time for the purpose of entitlement of dividend and to attend the meeting.

2. A member is entitled to appoint proxy in his/her place to attend and vote instead of him/her. The instrument appointing a proxy, duly stamped and signed, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of the power of attorney or authority must be deposited at the Head Office of the Company, 37-P, Gulberg-II, Lahore not later than 48 hours before the time of the meeting. A proxy must be a member of the Company. Form of proxy is enclosed herewith.

3. A corporation or company being a member of the Company may appoint any of its officials or any other person through a resolution of its board of directors to attend and vote at the meeting.

4. The members should quote their folio number/ CDS IDs in all correspondence with the Company and should bring original document at the time of attending the Annual General Meeting.

5. The members are requested to notify the change of their registered addresses, Zakat Declaration, and tax exemption status, if any, duly accompanied with its valid certificates, immediately to Company's Independent Share Registrar.

6. According to SECP directives, dividend warrant(s) must bear the CNIC number of the registered shareholder. Therefore, the members who have not yet submitted photocopy of their valid computerized national identity cards to the Company are requested to send the same at the office of Independent Share Registrar of the Company.

7. As directed by the SECP vide Circulars No. 18 of 2012 dated June 5, 2012 we once again give the opportunity to those shareholders who have not yet provided dividend mandate information, to authorize the Company to directly credit the cash dividend, if any, declare by the company in future, in their respective bank account instead of issuing a dividend warrant. The dividend mandate information may be provided, in case of book entry securities in CDS, to respective CDS participants and in case of physical shares, to Company's Independent Share Registrar. Copy of dividend mandate form may be downloaded from Company's website www.kohatcement.com.

8. CDC account holders will further have to follow the following guidelines as laid down in Circular No. 1 dated 26th January 2000 issued by the Securities & Exchange Commission of Pakistan.

   For attending the meeting

   i) In case of individuals, the account holder or sub account holder and/ or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/ her original computerized national identity card (CNIC) or original passport at the time of attending the meeting.

   ii) In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature of the nominee along with his original CNIC or original passport shall be produced (unless it has been provided earlier) at the time of the meeting.

   For appointing proxies

   i) In case of individuals, the account holder or sub account holder and/ or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the requirements stated above.

   ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the Proxy Form.

   iii) The proxy shall produce his/ her original CNIC or original passport at the time of the meeting.

   iv) In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature along with his original CNIC or original passport shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

9. The current withholding tax rates on dividend payments as prescribed by the Income Tax Ordinance, 2001 (the Ordinance) are 12.5% for Filers and 20% for Non-Filers. To enable the Company to make tax deduction on the amount of Cash Dividend @ 12.50% instead of 20%, all the shareholders whose names are not entered into the Active Tax-payers' List (ATL) available on the website of the Federal Board of Revenue, are advised to make sure that their names are entered into ATL before the date of issuance of Dividend Warrants, otherwise they shall be treated as Non-Filers (despite the fact that they are filers of income tax return) and tax on their Cash Dividend will be deducted @ 20%.

10. The Corporate Shareholders having CDC account are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificates to the Company or Company's Independent Share Registrar.

11. As per FBR's clarification, the valid Exemption Certificate under Section 159 of the Ordinance is mandatory to claim exemption of withholding tax under Clause 47B of Part-IV of Second Schedule to the Ordinance. Those who fall in the category mentioned in above Clause must provide valid Tax Exemption Certificate to our Company's Independent Shares Registrar; otherwise tax will be deducted on dividend amount as per prescribed rates.

12. The FBR has clarified that shareholders' accounts jointly held by Filers and Non-Filers shall be dealt with separately and in such particular situation, each account holder is to be treated as either a Filer or a Non-Filer and tax will be deducted according to his shareholding. If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Company latest by the AGM date.

Folio / CDC Account No.	Name of shareholder	CNIC	Shareholding	Total shares	Principal/joint shareholder

13. The financial statements of the Company for the year ended 30 June 2016 along with Auditors' and Directors' Reports thereon have been placed on the company's website: www.kohatcement.com.

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

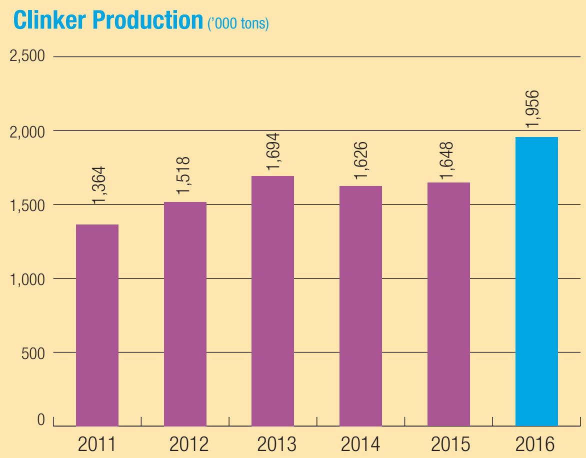
The cement sector of Pakistan witnessed an overall growth of 9.82% (2015: 3.27%) in terms of sales volumes during financial year ended 30th June 2016. Domestic consumption increased by 17% (2015: 7.89%) to 33 million MT (2015: 28.2 million MT) while exports decreased to 5.9 million MT (2015: 7.20 million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

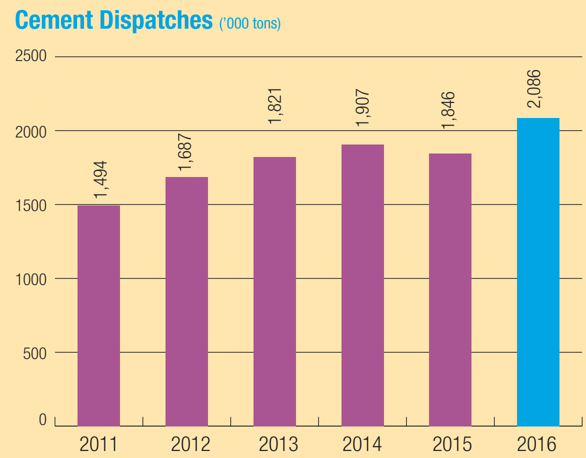
The Company dispatched 2.09 million MT (2015: 1.85 million MT) of cement during the year including exports of 0.203 million MT (2015: 0.253 million MT), which are the history making results of the Company.

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 Change
	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

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 Re. 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	13,495,015
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	12,104,437

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.
- 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 stataments 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	-	-
Mrs. Hafsa Nadeem (Through alternate Director)	4 / 4	-	-
Ms. Aminah Aizaz Sheikh	4 / 4	6 / 6	-
Mr. Muhammad Atta Tanseer Sheikh	0 / 4	0 / 6	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 Programme from an institute duly recognized by SECP, the said director retired on 28th 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	-
v)	Mrs. Mahnum Omer Sheikh Executive's Spouse	-	6,242

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

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 chairman 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 shall retire on date of AGM i.e. 31 October 2016 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

تفصیل	بورڈ آف ڈائریکٹرز	بورڈ آڈٹ کمیٹی	ہیومن ریسورس اینڈ ریمونریشن
	اجلاس میں حاضری		
منعقدہ اجلاس کی تعداد	4	6	1
جناب اعزاز منصور شیخ	3/4	-	1/1
جناب ندیم عطاء شیخ	3/4	-	-
محترمہ حجاب طارق	4/4	-	-
محترمہ حفصہ ندیم (بذریعہ متبادل ڈائریکٹر)	4/4	-	-
محترمہ آمنہ اعزاز شیخ	4/4	6/6	-
جناب محمد عطاء تنصیر شیخ	0/4	0/6	1/1
جناب محمد رحمان شیخ	3/4	6/6	1/1

وہ ڈائریکٹرز جو بورڈ اور کمیٹی کے اجلاس میں حاضر نہ ہوسکے اور انہوں نے اجلاس سے رخصت کی درخواست کی، انہیں بورڈ اور کمیٹی کی جانب سے قانون کے مطابق رخصت دی گئی۔

تربیتی پروگرام برائے ڈائریکٹرز:

رواں مالی سال کے دوران ایک ڈائریکٹر نے جو کہ 28 جون، 2016ء کو ریٹائر ہوئے، SECP کے مستند ادارے سے ''ڈائریکٹرز تربیتی پروگرام'' کی سند حاصل کی۔ تین ڈائریکٹرز گذشتہ سالوں میں ''ڈائریکٹرز تربیتی پروگرام'' کی سند حاصل کر چکے ہیں، جبکہ دو ڈائریکٹران کو 14 سالہ تعلیمی قابلیت اور ایک لسٹڈ کمپنی کے بورڈ کے 15 سالہ تجربہ کے باعث اس پروگرام سے استثناء حاصل ہے۔ باقی دو ڈائریکٹران جن کا انتخاب 27 جون، 2016 کو ہوا تھا ان کی تربیت کا انتظام آنے والے مالی سال کے دوران کیا جائے گا۔

کمپنی شیئرز کی خرید وفروخت:

30 جون، 2016ء کے اختتام شدہ مالی سال کے دوران کمپنی کے چیف ایگزیکٹو، ایگزیکٹوز، ڈائریکٹرز اور ان کے/کی شریکِ حیات کی کمپنی کے شیئرز سے متعلقہ خرید وفروخت کی معلومات درج ذیل ہیں۔

			خرید	فروخت
۱۔	جناب محمد عطاء تنصیر شیخ	ڈائریکٹر	-	50,000
۲۔	سردار شہباز علی خان کھوسہ	ڈائریکٹر کے شریکِ حیات	-	8,500
۳۔	جناب ابراہیم تنصیر شیخ	ایگزیکٹو	100	209,100
۴۔	جناب فیصل عطاء شیخ	ایگزیکٹو	1,500	-
۵۔	محترمہ ماہنم عمر شیخ	ایگزیکٹو کی شریکِ حیات	-	6,242

شیئر ہولڈنگ کی تفصیل:

کارپوریٹ گورنینس کے ضوابط کے مطابق کمپنی کے حصص کے مالکان کی معلومات بمع درجہ بندی اس رپورٹ میں فراہم کردی گئی ہیں۔

ڈائریکٹرز کا انتخاب:

کمپنی کے ممبرز نے 27 جون، 2016 کو منعقد ہونے والے غیر معمولی اجلاس عام میں کمپنی کے بورڈ کے لیئے درج ذیل سات ڈائریکٹرز کا انتخاب تین سال کی مدت کیلئے کیا، جس مدت کا آغاز 29 جون، 2016 کو ہوا۔

۱۔ جناب اعزاز منصور شیخ
۲۔ جناب ندیم عطاء شیخ
۳۔ محترمہ حفصہ ندیم
۴۔ محترمہ آمنہ اعزاز شیخ
۵۔ جناب محمد رحمان شیخ
۶۔ جناب محمد عطاء تنصیر شیخ
۷۔ جناب حسن طارق عطاء

نومنتخب بورڈ آف ڈائریکٹرز کا اجلاس 2 جولائی، 2016ء کو ہوا، جس میں ''ہیومن ریسورس اینڈ ریمونریشن کمیٹی'' کی سفارشات پر جناب اعزاز منصور شیخ کو چیف ایگزیکٹو اور جناب ندیم عطاء شیخ کو ایگزیکٹو ڈائریکٹر کے منصب کیلئے دوبارہ منتخب کیا گیا۔ مذکورہ عہدوں کی مدت تین سال ہے جس مدت کا آغاز 29 جون، 2016 سے ہوا۔ عہدہ کے شرائط وضوابط لف ہیں۔

مذکورہ اجلاس میں بورڈ آف ڈائریکٹرز نے 29 جون، 2016 سے تین سالہ مدت کیلئے بورڈ آڈٹ کمیٹی اور ہیومن ریسورس اینڈ ریمونریشن کمیٹی کی تشکیلِ نو کی۔

کمیٹی کے چیئرمین اور ان کے ممبران کے نام درج ذیل ہیں:

بورڈ آڈٹ کمیٹی		
۱۔	جناب محمد عطاء تنصیر شیخ (چیئرمین)	انڈیپینڈنٹ ڈائریکٹر
۲۔	محترمہ آمنہ اعزاز شیخ	نان ایگزیکٹو ڈائریکٹر
۳۔	جناب محمد رحمان شیخ	نان ایگزیکٹو ڈائریکٹر

ہیومن ریسورس اینڈ ریمونریشن کمیٹی		
۱۔	جناب محمد رحمان شیخ (چیئرمین)	نان ایگزیکٹو ڈائریکٹر
۲۔	جناب اعزاز منصور شیخ	چیف ایگزیکٹو
۳۔	جناب محمد عطاء تنصیر شیخ	انڈیپینڈنٹ ڈائریکٹر

آڈیٹرز کی تقرری:

موجودہ آڈیٹرز میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس اجلاسِ عام منعقدہ 31 اکتوبر، 2016ء کو ریٹائر ہو جائیں گے انہوں نے اہل ہونے کی حیثیت سے خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔ آڈٹ کمیٹی کی تجویز پر بورڈ آف ڈائریکٹرز نے موجودہ آڈیٹرز کی آئندہ سال کیلئے دوبارہ تقرری کی سفارش کی ہے۔

کاروباری سماجی ذمہ داری:

متعلقہ قانون کے تحت جاری کردہ جنرل آرڈر 2009ء کے مطابق کمپنی کی سماجی ذمہ داریوں کی ادائیگی کی بابت معلومات لف ہیں۔

انتظامیہ اور ملازمین کے تعلقات:

کمپنی کے ڈائریکٹرز تمام ملازمین کی قابلِ قدر خدمات کو سراہتے ہیں اور انتظامیہ مستقبل میں بھی ان مخلصانہ تعلقات اور تعاون کو برقرار رکھنے میں پر اعتماد ہے۔

معلومات زیرِ دفعہ (2)218 آف کمپنیز آرڈیننس 1984:

کمپنیز آرڈیننس 1984ء کی دفعہ 218 کے تحت لازمی معلومات رپورٹ کے ساتھ لف ہیں۔ مذکورہ معلومات کمپنی کے ممبران کو پہلے بھی فراہم کردی گئی تھیں۔

برائے ومنجانب بورڈ آف ڈائریکٹرز

اعزاز منصور شیخ
چیف ایگزیکٹو

لاہور: یکم ستمبر، 2016

ڈائریکٹرز رپورٹ برائے حصص داران

کوہاٹ سیمنٹ کمپنی لمیٹڈ (کمپنی) کے ڈائریکٹرز 30 جون، 2016ء کوختم ہونے والے مالی سال سے متعلقہ کمپنی کی سالانہ رپورٹ مع آڈٹ شدہ اکاؤنٹس اورآڈیٹرز رپورٹ انتہائی فخروانبساط کے ساتھ پیش کرتے ہیں۔

اجمالی جائزہ:

30 جون، 2016ء کوختم ہونے والے مالی سال کے دوران پاکستانی سیمنٹ سیکٹر میں سیمنٹ کی فروخت کے حجم میں مجموعی طور پر 9.82% (2015:3.27%) کا اضافہ دیکھا گیا ہے۔ملکی کھپت میں 17% (2015:7.89%) کا اضافہ ہوا، جس کا حجم 33 (2015:28.2) ملین میٹرک ٹن رہا. ملکی سیمنٹ کی برآمد 5.9 (2015:7.20) ملین میٹرک ٹن رہی جوگذشتہ مالی سال کے مقابلے میں 18.4% (2015:-11.57%) کمی کوظاہر کرتی ہے۔

رواں مالی سال کے دوران کمپنی نے 2.09 ملین میٹرک ٹن (1.85 ملین میٹرک ٹن:2015) سیمنٹ فروخت کیا جس میں برآمدات کا حجم 0.203 ملین میٹرک ٹن رہا، جوتاریخ سازنتائج ہیں۔

پیداواراورترسیل کا حجم:

حالیہ مالی سال کے دوران گرے (Grey) سیمنٹ کی پیداواری صلاحیت 75.58% رہی۔ ذیل میں پیداوار اور ترسیل کے نتائج کا خلاصہ دیا گیا ہے:

	2016	2015	سالانہ اضافہ/(کمی)
	میٹرک ٹن		
کلنکر کی پیداوار	1,956,506	1,647,713	18.74%
سیمنٹ کی پیداوار	2,098,052	1,839,449	14.05%
اندرون ملک فروخت	1,883,361	1,593,363	18.20%
برآمدات	203,221	253,123	(19.71%)
کل فروخت	2,086,582	1,846,486	13.00%

مالیاتی کارکردگی:

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

	2016	2015
	(ملین روپے)	
کل فروخت	14,020	12,472
کل لاگت	7,523	7,657
خام منافع	6,497	4,815
سیلز، ڈسٹری بیوشن اورایڈمنسٹریشن اخراجات	288	208
دیگراخراجات	436	338
دیگرآمدنی	479	462
مالیاتی لاگت	78	94
منافع قبل ازٹیکس	6,174	4,637
ٹیکس	1,766	1,315
منافع بعدازٹیکس	4,408	3,322
فی شیئرآمدنی (روپے/شیئر)	28.53	21.50

گذشتہ سال کے مقابلے میں کل منافع بعدازٹیکس میں 32.7% کا اضافہ ہوا ہے۔زیرجائزہ مالی سال میں کمپنی کا قابلِ قدر منافع کمپنی کی ترسیلات میں تاریخی اضافے، کوئلے اوربجلی کی قیمتوں میں کمی، کمپنی کے ملکیتی پاور پلانٹ اورویسٹ ہیٹ ریکوری پاورپلانٹ (Waste heat recovery power plant) سے کم لاگت میں بجلی کی پیداوار کی وجہ سے ممکن ہوا۔ ویسٹ ہیٹ ریکوری پاور پلانٹ سے بجلی کی پیداوار کا آغاز یکم اپریل، 2016ء کوہوا تھا۔

مستقبل کے امکانات:

پاک چین اقتصادی راہداری کے منصوبہ کے تحت بنیادی ملکی ڈھانچے کی تعمیر کے منصوبے اورPSDP کے تحت بھاری رقم مختص کئے جانے کی وجہ سے مستقبل قریب میں مقامی منڈی میں سیمنٹ کی طلب میں مزید اضافہ متوقع ہے

نئ سیمنٹ مل کی تنصیب:

105 ٹن فی گھنٹہ کی پیداواری صلاحیت کی حامل سیمنٹ مل کی تنصیب جاری ہے جس کی تکمیل دسمبر 2017ء تک متوقع ہے۔

جمع شدہ منافع کی تقسیم:

کمپنی کے ڈائریکٹرز 30 جون، 2016ء کوختم ہونے والے مالی سال کے لئے 10% حتمی کیش ڈیویڈنڈ مالیتی ایک روپے فی عام شیئر تجویز کرتے ہیں۔ جوکہ 50% عبوری کیش ڈیویڈنڈ کے علاوہ ہوگا جوسال کے دوران پہلے ہی ادا کیا جاچکا ہے۔

ڈائریکٹرز کی منظورشدہ منافع کی تقسیم کی تفصیل درج ذیل ہے۔

	روپے (ہزار)
منافع بعدازٹیکس	4,408,075
سابقہ سالوں کا غیرمنقسم منافع	9,086,940
تقسیم کیلئے دستیاب منافع	13,495,015
30 جون، 2015ء کوختم ہونے والے مالی سال کیلئے ادا کیا گیا حتمی کیش ڈیویڈنڈ بمطابق ۴ روپے فی شیئر	(618,035)
30 جون، 2016ء کوختم ہونے والے مالی سال کیلئے ادا کیا گیا عبوری کیش ڈیویڈنڈ بمطابق ۵ روپے فی شیئر	(772,543)
غیرتقسیم شدہ منافع	12,104,437

کارپوریٹ گورننس کے ضوابط کی تعمیل:

کمپنی کی انتظامیہ پاکستان سٹاک ایکسچینج کی جانب سے جاری کردہ کارپوریٹ گورنینس کے ضوابط پرعمل درآمد کے حوالے سے اپنی ذمہ داریوں سے پوری طرح آگاہ ہے اورمقررہ وقت میں اس کے نفاذ کیلئے مناسب اقدامات کیلئے کوشاں ہے۔

کارپوریٹ گورنینس کے ضابطہ کے تحت مختلف تفصیلات درج ذیل ہیں۔

۱۔ انتظامیہ کے تیارکردہ مالیاتی کھاتہ جات واضح طور پرکمپنی کے کاروباری حالات وواقعات، کاروباری نتائج، کیش فلو اور مالکان کے سرمایہ کی تبدیلی کوپیش کرتے ہیں۔

۲۔ کمپنی نے اپنے کھاتہ جات کی تمام کتب کوبہترین انداز میں مرتب کیا ہے۔

۳۔ مالیاتی کھاتہ جات کی تیاری میں موزوں اکاؤنٹنگ پالیسیوں کے استعمال کے تسلسل کو برقرار رکھا گیا ہے ماسوائے نوٹ نمبر 3.1 میں بیان کردہ اکاؤنٹنگ پالیسی کی تبدیلی، جبکہ اکاؤنٹنگ تخمینوں کی بنیاد معقول اوردانشمندانہ ہے۔

۴۔ کمپنی کے مالیاتی کھاتہ جات کی تیاری کوبہترین بنانے کی خاطر پاکستان میں قابل اطلاق انٹرنیشنل رپورٹنگ سٹینڈرڈز کی ہدایات پرعمل درآمد کیا گیا ہے۔

۵۔ انٹرنل کنٹرول نظام کومحفوظ ترین ڈیزائن کیا گیا ہے جس پر موئثر طریقے سے عمل درآمد اورنگرانی کی جارہی ہے، ان کنٹرولزکوبہتر بنانے کیلئے باقاعدگی سے تنقیدی جائزہ لیا جاتا رہے گا۔

۶۔ کمپنی کے کاروبار کوجاری رکھنے کی صلاحیت کے حوالے سے کسی قسم کے قابلِ ذکر شکوک نہیں پائے جاتے ہیں۔

۷۔ 30 جون، 2016ء کواختتام شدہ مالی سال میں پاکستان سٹاک ایکسچینج کے جاری کردہ کارپوریٹ گورنینس کے ضوابط سے کسی قسم کا قابل ذکر انحراف نہیں کیا گیا ہے۔

اہم مالیاتی جھلکیاں:

اس رپورٹ میں گذشتہ 6 سال کی اہم کاروباری اور مالی معلومات کی جھلکیاں فراہم کی گئیں ہیں۔

واجب الادا قانونی ادائیگیاں:

قانونی طور پرواجب الادا ٹیکسیز اورڈیوٹیز کا ذکر بیلینس شیٹ کی شہ سرخی میں جبکہ تفصیل مالی کھاتہ جات کے نوٹ نمبر 9 میں بیان کردی گئی ہے۔مزید کسی قسم کے ٹیکسیز یا ڈیوٹیز کی ادائیگی زائدالمیعاد نہیں ہے۔

سٹاف ریٹائرمنٹ فنڈز کی مالیت:

30 جون، 2016ء تک پراویڈنٹ فنڈز کے غیرآڈٹ شدہ کھاتہ جات کے مطابق پراویڈنٹ فنڈز کی سرمایہ کاری کی مالیت 101.536 ملین روپے ہے جوکہ گزشتہ مالی سال 30 جون، 2015ء میں 86.838 ملین روپے تھی۔

بورڈ اوراسکی کمیٹی کے اجلاس:

بورڈ آف ڈائریکٹرز اور بورڈ کمیٹی اجلاس میں ڈائریکٹرز کی حاضری کی تفصیلات درج ذیل ہیں:

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

To: All Member of the Company

Dear Sir / Madam,

Information under Section 218(2) of the Companies Ordinance, 1984
Appointment of Chief Executive and fixation of his Remuneration

This is to inform you that the Board of Directors (BOD) of the Company in its meeting held on July 2, 2016, has reappointed Mr. Aizaz Mansoor Sheikh as Chief Executive of the Company for a term of three years commencing June 29, 2016.

In accordance with the terms and conditions of his appointment, Mr. Aizaz Mansoor Sheikh will be entitled to a managerial remuneration of Rs. 2.5 million per month (to be increased @ 15% per annum during the term of appointment) in addition to other benefits and perquisites to which he is entitled in accordance with the Service Rules of the Company including reimbursement of medical expenses at actual for self and spouse, company maintained cars, performance bonuses as and when approved by the BOD and contribution to Kohat Cement Employees Provident Fund Trust equivalent to 10% of his basic salary during the term of his appointment.

The directors of the Company have no interest directly or indirectly in this appointment except that Mr. Aizaz Mansoor Sheikh who is interested only to the extent of payment of remuneration and other benefits associated with his appointment as the Chief Executive Officer.

The above extract of the terms and conditions of appointment of the Chief Executive Officer has also been circulated among the members on 14th July 2016 in compliance with the requirements of Section 218(2) read with Section 218(5) of the Companies Ordinance, 1984.

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

To: All Member of the Company

Dear Sir / Madam,

Information under Section 218(2) of the Companies Ordinance, 1984
Appointment of Executive Director and fixation of his Remuneration

This is to inform you that the Board of Directors (BOD) of the Company in its meeting held on July 2, 2016, has reappointed Mr. Nadeem Atta Sheikh as Executive Director (whole time working director) of the Company for a term of three years commencing June 29, 2016. The members of the Company in their Extra Ordinary General Meeting held on June 27, 2016, have duly sanctioned the holding of office of profit under the Company by Mr. Nadeem Sheikh as an Executive Director / whole time working director.

In accordance with the terms and conditions of his appointment, Mr. Nadeem Atta Sheikh will be entitled to a managerial remuneration of Rs. 2.5 million per month (to be increased @ 15% per annum during the term of appointment) in addition to other benefits and perquisites to which he is entitled in accordance with the Service Rules of the Company including reimbursement of medical expenses at actual for self and spouse, company maintained cars, performance bonuses as and when approved by the BOD and contribution to Kohat Cement Employees Provident Fund Trust equivalent to 10% of his basic salary.

The directors of the Company have no interest in this appointment except that Mr. Nadeem Atta Sheikh himself and his spouse Mrs. Hafsa Nadeem, are directly/indirectly interested to the extent of payment of remuneration and entitlement to other benefits associated with this position.

The above extract of the terms and conditions of appointment of the Executive Director has also been circulated among the members on 14th July 2016 in compliance with the requirements of Section 218(2) read with Section 218(5) of the Companies Ordinance, 1984.

Corporate Social Responsibility

Kohat Cement has identified Corporate Social Responsibility (CSR) as a strategic tool for sustainable growth. For Kohat Cement, CSR means not only investment of funds for social activity but also a continuous integration of business processes with social processes. Kohat Cement's CSR strategy focuses on education, health and micro entrepreneurship.

The following sections describe all the CSR activities that were performed during the year.

Corporate Philanthropy

Punjab Institute of Cardiology – Punjab Institute of Cardiology is providing quality tertiary care to heart patients. Treatment is provided free of cost for poor and entitled patients whereas the private patents are treated at a much lower cost. There are four well equipped angioplasty labs in this institute. But to cater the needs of the people cardiology center's extension was required. During this year Kohat Cement donated Rs. 10,000,000 for this extension.

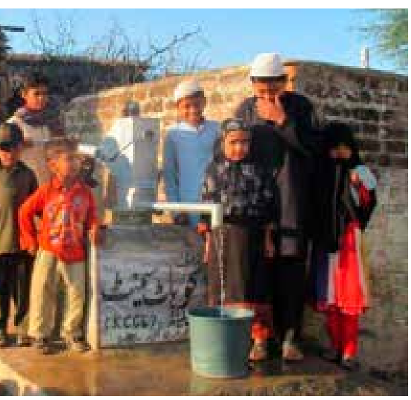
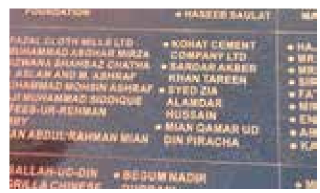
Other Hospitals - Kohat Cement also donated Rs. 1,550,000 to the following hospitals

- Gulab Devi Chest Hospital
- Haji.M.Asghar Ghurki Trust
- Lady Aitchison Hospital

Education Initiatives

Kohat Cement Educational Trust - In 2002, Kohat Cement formed Kohat Cement Educational Trust (KCET) a "Not for Profit Organization" with a mission to improve the living standards of the local community through education. KCET established a higher secondary school in the Village Babri Banda, Kohat, to provide affordable education to the children of the residents of local community. Currently there are 337 students enrolled in this school.



Kohat Cement contributed Rs. 485,831 to support the trust during this financial year.

Various Scholarships - During the concerned year Kohat Cement has spent around Rs.1,002,888 to sponsor a total of 20 students from following institutions

- University of Engineering and Technology, Peshawar
- Namal College
- Parho Likho Paksitan Al School
- Khyber Medical College

Volunteer Work

Computer Literacy Program – KCCL arranged computer training sessions in rural areas of Kohat, the students were given vital computer training by the information technology department of Kohat Cement.

Community Investment and Welfare Schemes

Micro Entrepreneurship - Creating employment opportunities for the locals and providing them means to start/expand their business has always been one of the key focus areas of Kohat Cement's CSR activities. This program was started in 2014 and after receiving an overwhelming response from the community, Kohat Cement decided to continue this project.

A pool was created last year by Akhuwat and is fully funded by Kohat Cement. During this financial year Kohat Cement has donated Rs. 4,000,000 to Akhuwat for disbursement of interest free micro loans. Further, Kohat Cement contributed Rs. 1,440,000 towards annual administration cost of Akhuwat's branch in Kohat City.

So far more than 1076 families have benefited from this scheme.

Financial Assistance - Kohat Cement has developed a practice to assist widows in the community and during this financial year Rs.206,000 were given as assistance.

Welfare spending for under-privileged classes

Installation of Hand Pumps in Villages - Kohat Cement launched a 'Clean Water' initiative in remote areas of district Kohat where people face a major problem in regards to clean drinking water. An amount of Rs. 377,432 was spent on installation of 4 hand pumps in different villages of Kohat.

Computer Lab for Deaf Children – Kohat Cement funded new computer lab at Government School for Deaf Children in the city of Kohat. An amount of Rs. 200,000 was spending on the lab.

Books for Nishtar Special Education School – Nishtar Special Education School provids education to the visually impaired children. Kohat Cement spent Rs. 105,600 to buy the school books & specialized material for the students.

Health Care

Medical Camps - A program was started in 2014, with a vision to improve the availability of healthcare among the people. Under this program, Kohat Cement arranged medical camps in different areas of Kohat.

A total of 1579 patients were treated in these medical camps. During this financial year Kohat Cement spent Rs. 246,000 on these camps.

Breast Cancer awareness program (pink ribbon) - It is estimated that 1 out of 9 women in Pakistan will develop Breast Cancer at some stage of their life. Moreover, Pakistan tops the list of breast cancer patients in Asia. Thus, Kohat Cement arranged a breast cancer awareness program in which informative pamphlets were distributed among people. The total cost of this program was Rs. 50,000.

Employee Welfare

Basic Health Care - To provide the employees with basic health facility, a 24 hour working dispensary is maintained by Kohat Cement within the factory premises.

Sports and Recreation - Annual inter-company cricket tournament was organized by the Kohat Cement during April. The matches were played at Aleem Daar Cricket Academy, Lahore. Around 100 employees from Kohat factory and Lahore head office took part in this tournament.

Hajj Sponsorship - Kohat Cement has long been sponsoring its employees for performance of sacred duty of Hajj. During 2016 Kohat Cement has contributed Rs. 1,000,000 towards the cause.

Environmental Protection Measures

Plantation - Kohat Cement has initiated a program for plantation of trees in the factory to reduce the greenhouse effect. Company's main aim is to set a precedent of planting trees among the local. Under this program company has planted around 1130 plants. During this financial year a total of Rs. 30,000 was spent on this project.

Energy Conservation

Waste Heat Recovery Power Plant - Under the company's constant pursuit of "Go Green" policy, the management decided to setup a 15 MW Waste Heat Recovery Power Plant, which has been commissioned now. WHR system uses waste heat to generate power instead of fossil fuels. It will substantially reduce the carbon emissions and the burden on National Grid.

Contribution to National Exchequer

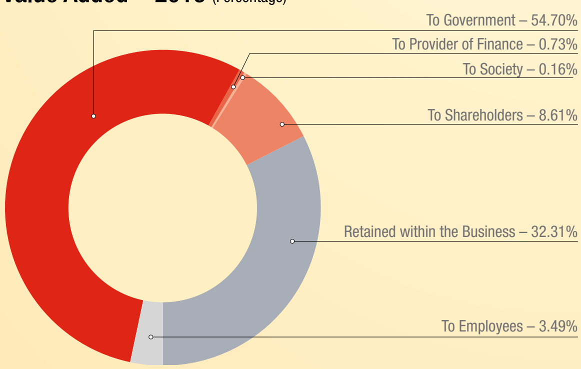
The Company contributed Rs. 5,632 million (2015: Rs.4,794 million) to the National Exchequer in the form of duties and taxes. Company also deposited Rs. 243.3 million (2015: Rs.181.6 million) into National Treasury being income tax deducted on payments made to various persons in terms of income tax laws.

Company also earned Foreign Exchange of USD 11.818 million (2015: USD 14.978 million) equivalents to Rs. 1,216 million (2015:1,530 million) for the country by exporting the cement during the financial year.

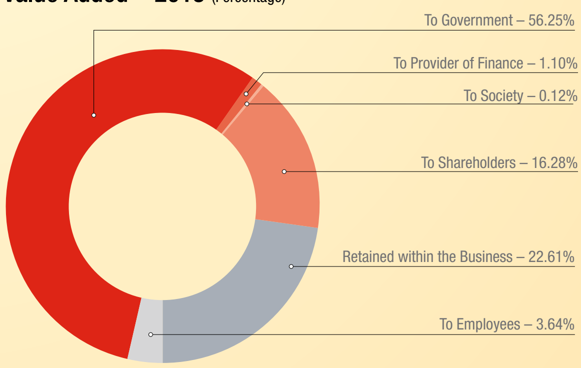
Statement of Value Added

	2016 Rs.	2016 %	2015 Rs.	2015 %
VALUE ADDED				
Gross Revenue Generated	18,216,293,069		16,161,081,153	
Materials & Services	(7,444,889,721)		(7,617,951,099)	
	10,771,403,348		8,543,130,054	
To Employees as Remuneration	375,826,849	3.49%	310,686,441	3.64%
To Government as Taxes	5,891,644,493	54.70%	4,806,512,498	56.25%
Income Tax	1,765,991,492	16.40%	1,315,172,352	15.39%
Sales Tax	2,723,615,246	25.29%	2,336,747,258	27.35%
Federal excise duty	781,076,945	7.25%	664,746,665	7.78%
Royalty and excise duty	205,892,883	1.91%	161,880,831	1.89%
Workers welfare fund	85,678,851	0.80%	79,586,229	0.93%
Workers profit participation fund	329,389,076	3.06%	248,379,163	2.91%
To Provider of Finance as Finance Cost	78,116,546	0.73%	93,741,914	1.10%
To Society as Donation	17,740,000	0.16%	9,921,000	0.12%
To Shareholders as Dividend	927,052,140	8.61%	1,390,578,210	16.28%
Retained within the Business	3,481,023,320	32.31%	1,931,689,991	22.61%
	10,771,403,348	100%	8,543,130,054	100%

Value Added – 2016 (Percentage)



Value Added – 2015 (Percentage)



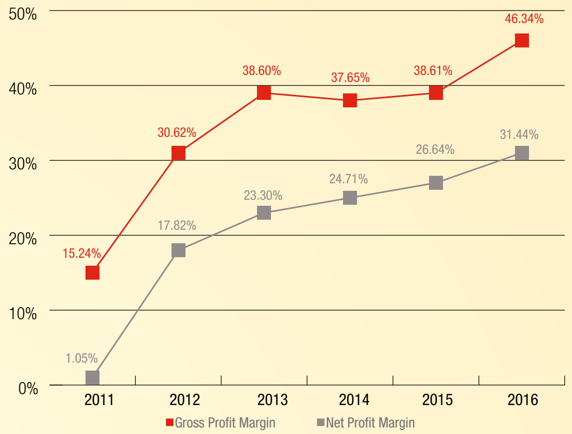
Key Financial Data

For the last six years

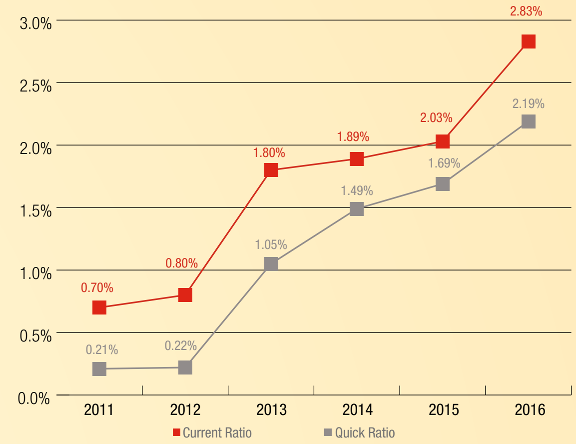
	2016	2015	2014	2013	2012	2011
Balance sheet (Rs. 000)						
Shareholders equity	13,770,090	10,797,254	8,587,467	6,041,048	3,756,455	2,102,816
Non-current liabilities	2,313,269	2,141,344	1,868,454	2,459,315	2,557,126	4,211,045
Current liabilities	3,261,783	4,122,870	3,695,537	2,294,227	2,899,296	2,810,539
Non-current assets	10,126,766	8,687,831	7,161,708	6,668,425	6,894,496	7,170,782
Current assets	9,218,376	8,373,637	6,989,750	4,126,166	2,318,382	1,953,618
Profit & loss account (Rs. 000)						
Sales - net	14,019,843	12,472,197	12,765,670	11,297,213	9,316,381	6,085,435
Gross profit	6,496,565	4,814,921	4,806,700	4,360,867	2,852,404	927,132
EBITDA	6,691,965	5,122,656	4,903,322	4,393,399	3,010,422	1,152,278
EBIT	6,252,183	4,731,182	4,531,275	4,018,513	2,662,044	841,027
Profit before tax	6,174,067	4,637,441	4,376,599	3,769,540	2,035,984	125,781
Profit after tax	4,408,075	3,322,268	3,154,827	2,632,633	1,660,511	63,716
Cash flows (Rs. 000)						
Cash flows from operations	5,859,322	4,724,799	5,544,291	4,167,750	2,922,778	817,311
Operating activities	2,979,188	2,554,144	4,836,154	3,633,928	2,488,940	223,826
Investing activities	(1,350,292)	1,776,178	(2,804,122)	(1,021,019)	(84,426)	(150,235)
Financing activities	(1,816,880)	38,783	(1,197,388)	(1,157,461)	(2,117,092)	118,721
Cash and cash equivalents at the beginning of the year	6,224,446	1,855,340	1,020,697	(434,752)	(722,175)	(914,487)
Cash and cash equivalents at the end of the year	6,036,461	6,224,446	1,855,340	1,020,697	(434,752)	(722,175)
RATIO ANALYSIS						
Profitability Ratios						
Gross profit ratio	46.34%	38.61%	37.65%	38.60%	30.62%	15.24%
Net profit to sales ratio	31.44%	26.64%	24.71%	23.30%	17.82%	1.05%
EBITDA to sales ratio	47.73%	41.07%	38.41%	38.89%	32.31%	18.94%
Return on equity	32.01%	30.77%	36.74%	43.58%	44.20%	3.03%
Return on capital employeed	38.87%	36.57%	43.34%	47.27%	42.16%	13.32%
Liquidity Ratios						
Current ratio	2.83	2.03	1.89	1.80	0.80	0.70
Quick ratio	2.19	1.69	1.49	1.05	0.22	0.21
Cash flow from operations to sales ratio	41.79%	37.88%	43.43%	36.89%	31.37%	13.43%
Activity/Turnover Ratios						
Inventory turnover ratio	6.74	8.99	8.62	6.58	5.51	4.48
No. of days in inventory	54.34	40.60	42.33	55.49	66.26	81.46
Debtor turnover ratio	54.17	56.53	155.37	896.17	2,074.45	484.20
No. of days in receivables	6.76	6.46	2.35	0.41	0.18	0.75
Total assets turnover ratio	0.72	0.73	0.90	1.05	1.01	0.67
Fixed assets turnover ratio	1.82	1.92	1.87	1.73	1.41	0.85
Investment/market ratios						
Earnings per share	28.53	21.50	20.42	17.04	10.75	0.41
Price Earning ratio	9.18	9.29	6.26	5.04	3.75	14.90
Dividend Yield ratio	2.29%	4.50%	1.56%	5.83%	7.45%	-
Dividend payout ratio	21.03%	41.81%	9.81%	29.34%	27.90%	-
Dividend cover ratio	4.75	2.39	10.21	3.41	3.58	-
Cash Dividend	60%	90%	20%	50%	30%	-
Stock Dividend	-	-	-	20%	-	-
Market value per share						
- Closing	261.92	199.85	127.82	85.83	40.26	6.11
- High	283	220.00	132.40	88.84	42.99	8.70
- Low	181.54	106.72	66.05	39.22	4.55	5.11
Breakup value per share of Rs. 10 each	89.12	69.88	55.58	46.92	29.17	16.33
Capital Structure Ratios						
Debt to equity ratio	10:90	16:84	09:91	20:80	43:57	70:30
Interest cover ratio	80.04	50.47	29.30	16.14	4.25	1.18

Graphical Analysis

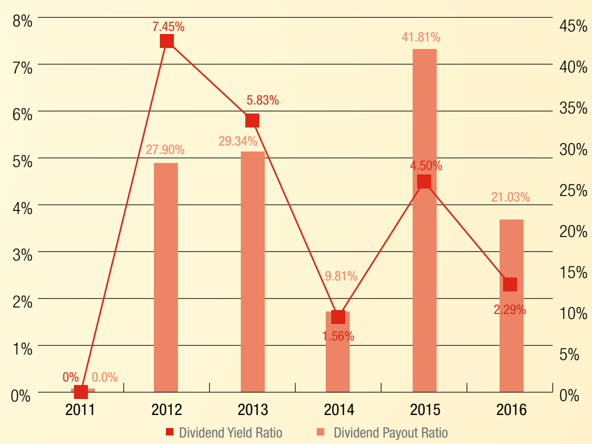
Profitability Ratios



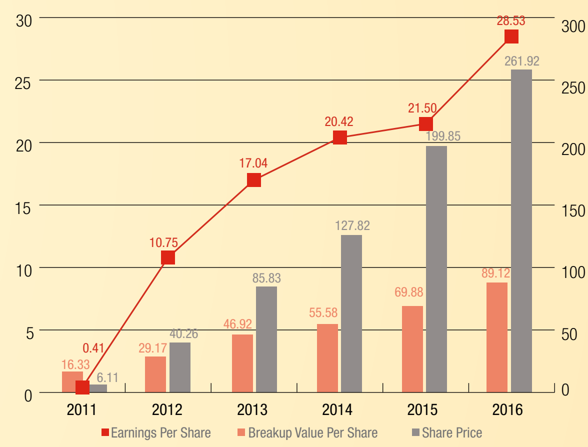
Liquidity Ratios



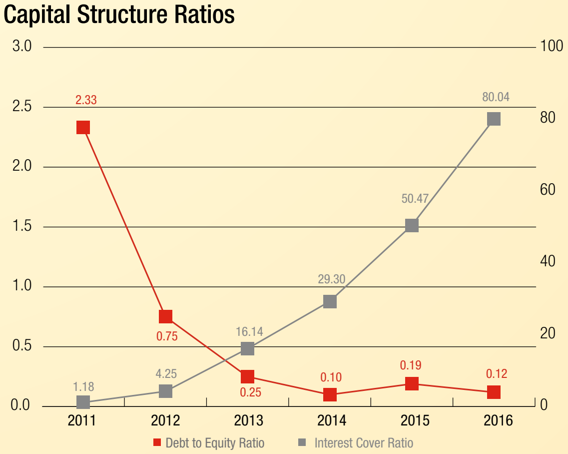
Market Ratios



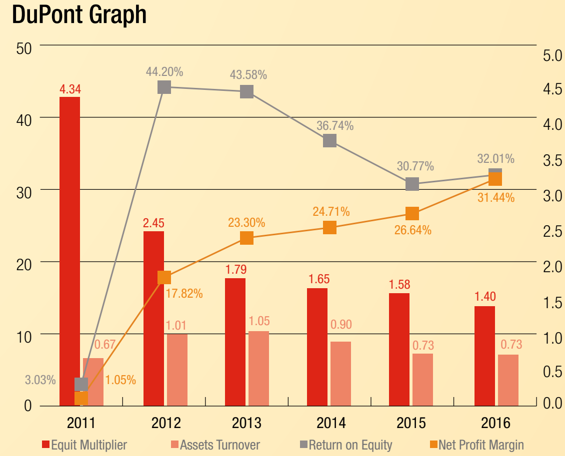
Market Ratios



Capital Structure Ratios



DuPont Graph



Horizontal & Vertical Analysis
of Balance Sheet

	2016		2015		2014		2013		2012		2011	
	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%
Horizontal Analysis												
Equity & Liabilities												
Shareholders equity	13,770,090	27.53	10,797,254	25.73	8,587,467	42.15	6,041,048	60.82	3,756,455	78.64	2,102,816	7.23
Non-current liabilities	2,313,269	8.03	2,141,344	14.61	1,868,454	(24.03)	2,459,315	(3.83)	2,557,126	(39.28)	4,211,045	21.36
Current liabilities	3,261,783	(20.89)	4,122,870	11.56	3,695,537	61.08	2,294,227	(20.87)	2,899,296	3.16	2,810,539	(13.32)
	19,345,142	13.38	17,061,468	20.56	14,151,458	31.10	10,794,590	17.17	9,212,877	0.97	9,124,400	5.20
Assets												
Non-current assets	10,126,766	17.37	8,687,831	21.31	7,161,708	7.40	6,668,425	(3.28)	6,894,495	(3.85)	7,170,782	(1.31)
Current assets	9,218,376	9.30	8,373,637	19.80	6,989,750	69.40	4,126,166	77.98	2,318,382	18.67	1,953,618	38.83
	19,345,142	13.38	17,061,468	20.56	14,151,458	31.10	10,794,590	17.17	9,212,877	0.97	9,124,400	5.20
Vertical Analysis												
Equity & Liabilities												
Shareholders equity	13,770,090	71.18	10,797,254	63.29	8,587,467	60.69	6,041,048	55.97	3,756,455	40.77	2,102,816	23.05
Non-current liabilities	2,313,269	11.96	2,141,344	12.55	1,868,454	13.20	2,459,315	22.78	2,557,126	27.76	4,211,045	46.15
Current liabilities	3,261,783	16.86	4,122,870	24.16	3,695,537	26.11	2,294,227	21.25	2,899,296	31.47	2,810,539	30.80
	19,345,142	100.00	17,061,469	100.00	14,151,457	100.00	10,794,590	100.00	9,212,877	100.00	9,124,401	100.00
Assets												
Non-current assets	10,126,766	52.35	8,687,831	50.92	7,161,708	50.61	6,668,425	61.78	6,894,495	74.84	7,170,782	78.59
Current assets	9,218,376	47.65	8,373,637	49.08	6,989,750	49.39	4,126,166	38.22	2,318,382	25.16	1,953,618	21.41
	19,345,142	100.00	17,061,468	100.00	14,151,458	100.00	10,794,590	100.00	9,212,877	100.00	9,124,400	100.00

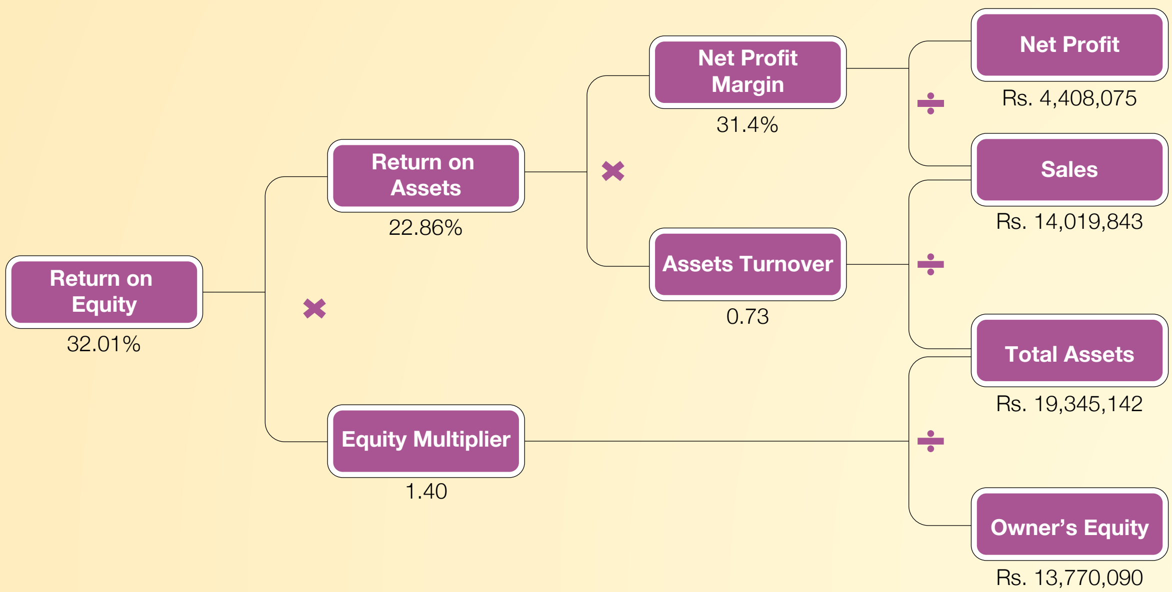
Horizontal & Vertical Analysis

of Profit and Loss Account

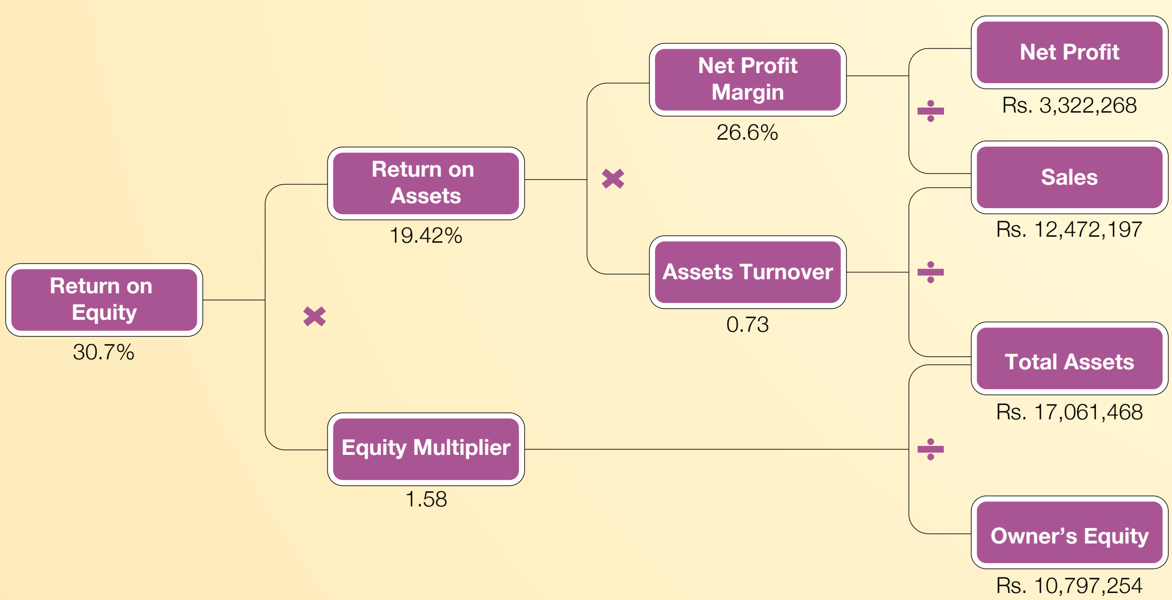
	2016		2015		2014		2013		2012		2011	
	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%
Horizontal Analysis												
Sales - Net	14,019,843	12.41	12,472,197	(2.30)	12,765,670	13.00	11,297,213	21.26	9,316,381	53.09	6,085,435	64.83
Cost of goods sold	(7,523,278)	(1.75)	(7,657,276)	(3.79)	(7,958,970)	14.74	(6,936,346)	7.31	(6,463,977)	25.31	(5,158,303)	54.67
Gross profit	6,496,565	34.93	4,814,921	0.17	4,806,700	10.22	4,360,867	52.88	2,852,404	207.66	927,132	159.69
Selling and distribution expenses	(154,584)	64.17	(94,163)	13.97	(82,622)	41.48	(58,400)	26.29	(46,243)	12.24	(41,199)	(26.75)
Administrative and general expenses	(133,092)	17.03	(113,725)	(22.19)	(146,151)	69.11	(86,423)	29.54	(66,715)	36.58	(48,845)	35.89
Other operating expenses	(436,010)	29.04	(337,886)	8.33	(311,907)	33.43	(233,754)	116.11	(108,165)	556.16	(16,485)	240.89
Other operating income	479,305	3.74	462,035	74.19	265,255	632.28	36,223	17.75	30,764	50.62	20,424	(12.00)
Operating profit	6,252,183	32.15	4,731,182	4.41	4,531,275	12.76	4,018,513	50.96	2,662,045	216.52	841,027	196.97
Finance cost	(78,117)	(16.67)	(93,741)	(39.39)	(154,676)	(37.87)	(248,973)	(60.23)	(626,061)	(12.47)	(715,246)	7.48
Profit before tax	6,174,067	33.14	4,637,441	5.96	4,376,599	16.10	3,769,540	85.15	2,035,984	1,518.68	125,781	132.91
Taxation	(1,765,991)	34.28	(1,315,173)	7.64	(1,221,772)	7.46	(1,136,907)	202.79	(375,473)	504.97	(62,065)	(213.96)
Profit after tax	4,408,076	32.68	3,322,268	5.31	3,154,827	19.84	2,632,633	58.54	1,660,511	2,506.11	63,716	119.44
Vertical Analysis												
Sales - Net	14,019,843	100.00	12,472,197	100.00	12,765,670	100.00	11,297,213	100.00	9,316,381	100.00	6,085,435	100.00
Cost of goods sold	(7,523,278)	(53.66)	(7,657,276)	(61.39)	(7,958,970)	(62.35)	(6,936,346)	(61.40)	(6,463,977)	(69.38)	(5,158,303)	(84.76)
Gross profit	6,496,565	46.34	4,814,921	38.61	4,806,700	37.65	4,360,867	38.60	2,852,404	30.62	927,132	15.24
Selling and distribution expenses	(154,584)	(1.10)	(94,163)	(0.75)	(82,622)	(0.65)	(58,400)	(0.52)	(46,243)	(0.50)	(41,199)	(0.68)
Administrative and general expenses	(133,092)	(0.95)	(113,725)	(0.91)	(146,151)	(1.14)	(86,423)	(0.76)	(66,715)	(0.72)	(48,845)	(0.80)
Other operating expenses	(436,010)	(3.11)	(337,886)	(2.71)	(311,907)	(2.44)	(233,754)	(2.07)	(108,165)	(1.16)	(16,485)	(0.27)
Other operating income	479,305	3.42	462,035	3.70	265,255	2.08	36,223	0.32	30,764	0.33	20,424	0.34
Operating profit	6,252,184	44.60	4,731,182	37.93	4,531,275	35.50	4,018,513	35.57	2,662,045	28.57	841,027	13.82
Finance cost	(78,117)	(0.56)	(93,741)	(0.75)	(154,676)	(1.21)	(248,973)	(2.20)	(626,060)	(6.72)	(715,246)	(11.75)
Profit before tax	6,174,067	44.04	4,637,441	37.18	4,376,599	34.28	3,769,540	33.37	2,035,984	21.85	125,781	2.07
Taxation	(1,765,991)	(12.60)	(1,315,173)	(10.54)	(1,221,772)	(9.57)	(1,136,907)	(10.06)	(375,473)	(4.03)	(62,065)	(1.02)
Profit after tax	4,408,076	31.44	3,322,268	26.64	3,154,827	24.71	2,632,633	23.30	1,660,511	17.82	63,716	1.05

DuPont Analysis

2016



2015



Statement of Compliance

with the Code of Corporate Governance For the Year ended June 30, 2016

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in the Regulation No. 5.19.23 of the Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

Kohat Cement Company Limited ("the Company") has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

   Independent Director
   Mr. Muhammad Atta Tanseer Sheikh

   Executive Directors
   Mr. Aizaz Mansoor Sheikh (Chief Executive)
   Mr. Nadeem Atta Sheikh

   Non-Executive Directors
   Mrs. Hafsa Nadeem
   Ms. Aminah Aizaz Sheikh
   Mr. Muhammad Rehman Sheikh
   Mr. Hasan Tariq Atta

   The independent director meets the criteria of independence under clause 5.19.1(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI. None of the directors is a broker of any stock exchange.

4. No Casual Vacancy occurred on the board of directors during the year.

5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of the employment of CEO and other executive directors, have been taken by the Board / Shareholders.

8. The meetings of the Board were presided over by a non-executive director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. During the year one Director of the Company attended and qualified Directors' Certification Training Programme from an institute duly approved by SECP for this purpose.

10. There were no new appointments of the CFO, Company Secretary and Head of Internal Audit during the year, however, all such appointments including their remuneration and terms and conditions of employment are duly approved by the Board.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by the CEO and the CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee. It comprises three members including Chairman, of whom all are non-executive directors and the Chairman of the Committee is an independent director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed a Human Resource and Remuneration (HR&R) Committee. It comprises three members, of whom two are non-executive directors and one is the executive director. The chairman of the Committee is a non-executive director.

18. The Board has set-up an effective internal audit function and personnel involved are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through Stock Exchange(s).

23. We confirm that all other material principles enshrined in the CCG have been complied with.

Aizaz Mansoor Sheikh
Chief Executive

Lahore: September 01, 2016

Financial Statements

For the year ended 30 June 2016

Review Report to the Members on the Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Kohat Cement Company Limited ("the Company") for the year ended 30 June 2016 to comply with the requirements of Regulation No. 5.19.23 of the rule book of Pakistan Stock Exchange where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2016.

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

Lahore: September 01, 2016

Auditors' Report to the Members

We have audited the annexed balance sheet of Kohat Cement Company Limited ("the Company") as at 30 June 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change as stated in note 3.1 with which we concur;

ii) the expenditure incurred during the year was for the purpose of the Company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of the profit, its cash flows and changes in equity for the year then ended; and

d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

Lahore: September 01, 2016

Balance Sheet
As at 30 June 2016

	Note	2016 Rupees	2015 Rupees
EQUITY AND LIABILITIES			
Authorized share capital	4	3,000,000,000	3,000,000,000
Issued, subscribed and paid-up capital	4	1,545,086,900	1,545,086,900
Reserves	5	120,565,665	165,227,112
Accumulated profits		12,104,437,366	9,086,940,116
		13,770,089,931	10,797,254,128
Non-current liabilities			
Long term financing - secured	6	710,526,312	994,736,840
Long term deposits	7	2,036,100	2,036,100
Deferred liabilities			
- deferred taxation	8.1	1,589,847,454	1,135,154,179
- compensated absences	8.2	10,859,150	9,416,950
		2,313,269,016	2,141,344,069
Current liabilities			
Current portion of long term financing	6	284,210,528	430,710,528
Trade and other payables	9	2,366,178,359	1,917,428,173
Short term borrowings - secured	10	598,000,000	598,000,000
Mark-up accrued on borrowings	11	13,394,584	438,388,476
Provision for taxation		–	738,343,179
		3,261,783,471	4,122,870,356
Contingencies and commitments	12		
		19,345,142,418	17,061,468,553

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

Balance Sheet
As at 30 June 2016

	Note	2016 Rupees	2015 Rupees
ASSETS			
Non current assets			
Property, plant and equipment	13	7,871,755,963	8,164,179,999
Intangibles	14	593,775	445,181
Long term loans and advances	15	137,937	5,189,757
Long term deposits	16	98,266,640	41,266,640
Investment property	17	2,156,011,898	476,749,671
		10,126,766,213	8,687,831,248
Current assets			
Stores, spares and loose tools	18	1,452,649,245	1,032,333,172
Stock in trade	19	628,906,348	355,137,623
Trade debts - unsecured, considered good		258,810,589	220,618,994
Short term investments	20	5,563,776,412	3,354,540,000
Advances, deposits, prepayments and other receivables	21	679,052,490	486,561,635
Advance tax - net		161,546,212	–
Cash and bank balances	22	473,634,909	2,924,445,881
		9,218,376,205	8,373,637,305
		19,345,142,418	17,061,468,553

Chief Executive

Director

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

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

Chief Executive

Director

Statement of Comprehensive Income
For the year ended 30 June 2016

	2016 Rupees	2015 Rupees
Profit after taxation	4,408,075,460	3,322,268,201
Other comprehensive income		
Items that are or may be reclassified to profit and loss account:		
Available-for-sale financial assets		
- net changes in fair value	13,200,000	171,159,936
- reclassified to profit and loss account	(57,861,447)	(202,080,476)
	(44,661,447)	(30,920,540)
Total comprehensive income for the year	4,363,414,013	3,291,347,661

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

Chief Executive

Director

Cash Flow Statement
For the year ended 30 June 2016

	Note	2016 Rupees	2015 Rupees
Cash flows from operating activities			
Cash generated from operations	32	5,859,321,675	4,724,799,457
Finance cost paid		(503,110,438)	(554,196,683)
Compensated absences paid	8.2	(1,717,177)	(1,323,812)
Income tax paid		(2,211,187,608)	(1,452,564,702)
Payment made to Workers' Welfare Fund		(79,781,366)	(72,545,128)
Payment made to Workers' Profit Participation Fund		(27,337,315)	(90,000,000)
Long term deposits paid		(57,000,000)	(25,000)
		(2,880,133,904)	(2,170,655,325)
Net cash generated from operating activities		2,979,187,771	2,554,144,132
Cash flows from investing activities			
Acquisition of property, plant and equipment		(575,461,205)	(1,379,400,488)
Proceeds from disposal of property, plant and equipment		2,413,819	7,480,000
Acquisition of intangibles		(517,275)	–
Purchase of investment property		(1,256,405,877)	(416,749,671)
Short term investments - net		189,881,755	3,430,982,277
Interest on bank deposits and loan		284,744,791	128,795,183
Long term loans and advances received		5,051,820	5,070,685
Net cash (used in) / generated from investing activities		(1,350,292,172)	1,776,177,986
Cash flows from financing activities			
Export refinance received		–	100,000,000
Long term financing (repaid) / received		(430,710,528)	1,045,147,368
Dividend paid		(1,386,169,631)	(1,106,364,014)
Net cash (used in) / generated from financing activities		(1,816,880,159)	38,783,354
Net (decrease) / increase in cash and cash equivalents		(187,984,560)	4,369,105,472
Cash and cash equivalents at beginning of the year		6,224,445,881	1,855,340,409
Cash and cash equivalents at end of the year	33	6,036,461,321	6,224,445,881

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

Chief Executive

Director

Statement of Changes in Equity

For the year ended 30 June 2016

		Reserves					
		Capital reserves		Revenue reserves			
	Share capital	Share premium	Fair value reserve	General reserve	Accumulated profit	Total reserves	Total
				Rupees			
As at 01 July 2014	1,545,086,900	49,704,951	76,442,701	70,000,000	6,846,232,745	7,042,380,397	8,587,467,297
Total comprehensive income for the year							
Profit for the year ended 30 June 2015	–	–	–	–	3,322,268,201	3,322,268,201	3,322,268,201
Other comprehensive income for the year ended 30 June 2015	–	–	(30,920,540)	–	–	(30,920,540)	(30,920,540)
	–	–	(30,920,540)	–	3,322,268,201	3,291,347,661	3,291,347,661
Transactions with owners of the Company							
Final cash dividend at Rs. 2.00 per share for the year ended 30 June 2014	–	–	–	–	(309,017,380)	(309,017,380)	(309,017,380)
Interim cash dividend at Rs. 5.00 per share for the year ended 30 June 2015	–	–	–	–	(772,543,450)	(772,543,450)	(772,543,450)
As at 30 June 2015	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
Total comprehensive income for the year							
Profit for the year ended 30 June 2016	–	–	–	–	4,408,075,460	4,408,075,460	4,408,075,460
Other comprehensive income for the year ended 30 June 2016	–	–	(44,661,447)	–	–	(44,661,447)	(44,661,447)
	–	–	(44,661,447)	–	4,408,075,460	4,363,414,013	4,363,414,013
Transactions with owners of the Company							
Final cash dividend at Rs. 4.00 per share for the year ended 30 June 2015	–	–	–	–	(618,034,760)	(618,034,760)	(618,034,760)
Interim cash dividend at Rs. 5.00 per share for the year ended 30 June 2016	–	–	–	–	(772,543,450)	(772,543,450)	(772,543,450)
As at 30 June 2016	1,545,086,900	49,704,951	860,714	70,000,000	12,104,437,366	12,225,003,031	13,770,089,931

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

Chief Executive

Director

Notes to the Financial Statements

For the year ended 30 June 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 Companies Ordinance, 1984) and is listed on Pakistan Stock Exchange. The Company is engaged in production and sale of cement. The registered office 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 paid up share capital.

2 Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board as are notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives shall prevail.

2.2 Standards, interpretations and amendments to published approved accounting standards

2.2.1 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2016:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures) [effective for annual periods beginning on or after 1 January 2016) clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on Company's financial statements.

- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on Company's financial statements.

- Amendment to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on Company's financial statements.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on Company's financial statements.

Notes to the Financial Statements

For the year ended 30 June 2016

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

- Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.

  Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 01 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

  The above amendments are not likely to have an impact on Company's financial statements.

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial instruments at fair value.

2.4 Functional and presentation currency

These financial statements are presented in Pakistani Rupees ("Rs.") which is the Company's functional currency. All financial information presented in Rupees has been rounded off to the nearest rupee, unless otherwise stated.

2.5 Use of judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Judgments made by management in the application of

Notes to the Financial Statements

For the year ended 30 June 2016

approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

2.5.1 Depreciation method, rates and useful lives of property, plant and equipment

The management of the Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item and the maximum period up to which such benefits are expected to be available. Any change in estimate may affect the depreciation charge or impairment. The rates of depreciation are specified in note 13.1.

2.5.2 Recoverable amount of assets / cash generating units and impairment

The Company reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.5.3 Fair values based on inputs from other than active market

Fair values of financial instruments, which are based on inputs from other than active market are determined using valuation techniques which incorporate all factors that market participants would consider in setting a price and use inputs that reasonably represent market expectations and measures the risk-return factors inherent in the financial instrument.

2.5.4 Taxation

The Company takes into account the current income tax law and decisions taken by appellate authorities while estimating its tax liabilities. Instances where the Company's views differ from the views taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

The Company also regularly reviews the trend of proportion of incomes between Presumptive Tax Regime income and Normal Tax Regime income and the change in proportions, if significant, is accounted for in the year of change.

2.5.5 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.5.6 Stores, spare parts and loose tools

The Company reviews the stores, spare parts and loose tools for possible impairment on an annual basis. Any change in estimates in future years might affect the carrying amounts of the respective items of stores and spare parts and loose tools with a corresponding effect on the provision.

2.5.7 Stock in trade

The Company reviews the carrying amount of stock-in-trade on a regular basis. Carrying amount of stock-in-trade is adjusted where the net realizable value is below the cost. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

2.5.8 Provisions against trade debts, advances, deposits and other receivables

The Company reviews the recoverability of its trade debts, advances, deposits and other receivables to assess amount of bad debts provision required there against on an annual basis.

2.5.9 Contingencies

Where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation can not be measured with sufficient reliability, it is disclosed as contingent liability.

3 Significant accounting policies

The significant accounting policies set out below except as mentioned in note 3.1 have been applied consistently to all periods presented in these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2016

3.1 Change in accounting policy

During the year the Company has adopted IFRS 13 'Fair Value Measurement' which became effective for the financial periods beginning on or after 01 January 2015. IFRS 13 Fair Value Measurement establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair values as the prices that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 Financial Instruments Disclosures. As a result, the Company has included the additional disclosure in this regard in note 36.4. to the financial statements. In accordance with the transitional provisions of IFRS 13, the Company has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change has no such significant impacts on the measurements of the Company's financial assets and liabilities.

The Company has also adopted IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangement' and IFRS 12 'Disclosure of Interests in Other Entities' that became applicable from 01 January 2015, as per the adoption status of IFRS in Pakistan. The application of IFRS 10, IFRS 11 and IFRS 12 did not have an impact on the financial statements of the Company.

3.2 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses with the exception of freehold land and capital work in progress, which are stated at cost less accumulated impairment losses. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation. Cost in relation to certain property, plant and equipment signifies historical cost and borrowing costs as referred to in note 3.14.

Major renewals and improvements to an item of property, plant and equipment are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit and loss account as incurred.

The Company recognizes depreciation in profit and loss account by applying reducing balance method over the useful life of each item of property, plant and equipment except for the following:

- building of white cement and new grey cement line is charged by applying straight line method;
- plant and machinery of white and new grey cement line including waste heat recovery power plant is charged by applying unit of production method; and
- power plant building and machinery is charged by applying straight line method.

Depreciation rates on items of property, plant and equipment are specified in note 13.1 to the financial statements. Depreciation on additions to property, plant and equipment is charged from the month in which the item becomes available for use and is discontinued from the month in which it is disposed or classified as held for disposal.

An item of property, plant and equipment is de-recognized when permanently retired from use. Any gain or loss on disposal of property, plant and equipment is recognized in profit and loss account.

Capital work in progress

Capital work in progress is stated at cost less any identified impairment losses and includes the expenditures on material, labour and appropriate overheads directly relating to the project. These costs are transferred to property, plant and equipment as and when assets are available for intended use.

3.3 Intangible assets

The cost of acquisition, development and installation of identifiable software products having finite useful lives of more than one year is recognized as an intangible asset at cost and are amortized on a straight line basis. Subsequent to initial recognition, it is measured at cost less accumulated amortization and accumulated impairment losses, if any. The rate of amortization is specified in note 14.

Notes to the Financial Statements

For the year ended 30 June 2016

3.4 Stores, spares and loose tools

These are stated at lower of cost and net realizable value. Cost is determined using the weighted average method. Items in transit are valued at cost comprising invoice value plus other charges paid thereon. For items which are slow moving and/or identified as surplus to the Company's requirements, adequate impairment is recognized. The Company reviews carrying value of stores, spares and loose tools on regular basis and provision is made for obsolescence.

3.5 Stock in trade

These are valued at lower of cost and net realizable value, with the exception of stock of waste which is valued at net realizable value. Cost is determined using the following basis:

Raw materials	Average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Stock in transit	Invoice price plus related expense incurred up to the reporting date

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and a proportion of appropriate manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

3.6 Employee benefits

Defined contributions plan

The Company operates an approved defined contributory provident fund for its employees. Equal contributions are made by the Company and employees at 10% of basic salary. The Company's contribution is charged to profit and loss account currently.

Compensated absences

Provisions are made annually to cover the obligation for accumulating compensated absences and are charged to profit and loss account.

3.7 Financial instruments

Financial assets and liabilities are recognized when the Company becomes party to the contractual provisions of the instruments. Financial assets are de-recognized when the Company looses control of the contractual rights that comprise the financial assets. Financial liabilities are de-recognized when they are extinguished, that is, when the obligation specified in the contract is extinguished, cancelled, or expired. Any gain or loss on de-recognition of the financial assets and financial liabilities is taken to profit and loss account.

The particular measurement methods adopted for various financial instruments are disclosed in the individual policy statements associated with each item.

3.8 Investments

3.8.1 Available for sale

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity are classified as available for sale. Available for sale investments are recognized initially at fair value plus any directly attributable transaction costs. After initial recognition, these are stated at fair values unless fair values can not be measured reliably, with any resulting gains and losses being charged to other comprehensive income until the investment is disposed off or impaired. At each reporting date, these investments are remeasured at fair value, unless fair value cannot be reliably measured. At the time of disposal, the respective surplus or deficit is transferred to profit and loss account. Fair value of quoted investments is their bid price on Pakistan Stock Exchange at the balance sheet date.

Investments intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Notes to the Financial Statements

For the year ended 30 June 2016

All purchases and sales of investments are recognized on the trade date which is the date that the Company commits to purchase or sell the investment.

At subsequent reporting dates, the Company reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense. Where an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised recoverable amount.

3.8.2 At fair value through profit or loss - held for trading

An investment is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Financial instruments are classified as held for trading if they are acquired for the purpose of selling and repurchasing in near term. These assets are acquired principally for the purpose of generating a profit from short-term fluctuation in price. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes sales and purchase decision based on their fair value in accordance with the Company's investment strategy.

All investments classified as investments at fair value through profit or loss are initially measured at cost being fair value of consideration given. Attributable transaction costs are recognized directly in profit and loss account. Subsequent to initial recognition, these investments are measured at fair value with any resulting gain or loss recognized directly in the profit and loss account.

3.8.3 Loans and receivables

Loans and receivables are recognized initially at fair value, plus attributable transaction costs. Subsequent to initial recognition, loans and receivables are stated at amortized cost with any difference between cost and redemption value being recognized in the profit and loss account over the period of the investments on an effective yield method.

3.8.4 Off-setting

A financial asset and a financial liability is offset and the net amount reported in the balance sheet if the Company has legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.8.5 Regular way purchases and sales of financial assets

Regular way purchases and sales of financial assets are recognized on trade dates.

3.9 Loans and borrowings

Loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in profit and loss account over the period of the borrowings on an effective interest basis.

3.10 Trade and other payables

Trade and other payables are initially recognized at fair value and subsequently at amortized cost using effective interest rate method.

3.11 Provisions and contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

Notes to the Financial Statements
For the year ended 30 June 2016

3.12 Trade and other receivables

On initial recognition, these are measured at invoice value. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit and loss account. Provision is recognised for those that are considered doubtful for recovery. Bad debts are written off when there is no prospect of recovery.

3.13 Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of returns allowances, trade discounts and rebates, and represents amounts received or receivable for goods and services provided and other income earned in the normal course of business. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue and the associated costs incurred or to be incurred can be measured reliably.

Revenue from different sources is recognized as follows:

- Revenue from sale of goods is recognized when risks and rewards incidental to the ownership of goods are transferred to the buyer;
- Interest income is recognized as and when accrued on effective interest method; and
- Dividend income is recognized when the Company's right to receive payment is established.

3.14 Borrowing costs

Borrowing costs those are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit and loss account as incurred.

3.15 Taxation

Income tax

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit and loss account except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income.

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability.

Deferred taxation

Deferred tax is accounted for using the balance sheet approach providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.16 Earnings per share ("EPS")

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit and loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

Notes to the Financial Statements

For the year ended 30 June 2016

3.17 Cash and cash equivalents

Cash and cash equivalents comprise running finances, cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

3.18 Foreign currency transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are generally recognized in profit and loss account.

3.19 Impairment

3.19.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit and loss account. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

3.19.2 Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit and loss account. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

3.20 Dividend to ordinary shareholders

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

Notes to the Financial Statements
For the year ended 30 June 2016

3.21 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for:

- use in production or supply of goods or services or for administrative purposes; and
- sale in the ordinary course of business.

Investment property comprises of land only and it is initially measured at cost, being the fair value of the consideration given. Subsequent to the initial recognition, the investment property is measured using the cost model as provided in International Accounting Standard 40 – Investment Property. The cost model requires to measure the investment property at each balance sheet date at its cost less any accumulated impairment losses.

The Company assesses at each balance sheet date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.

Any gain or loss on disposal of an investment property calculated as the difference between the net proceeds from disposal and the carrying amount of the investment property is recognized in profit or loss account.

		2016 Rupees	2015 Rupees
4	**Share capital**		
	Authorized share capital		
	300,000,000 (2015: 300,000,000) ordinary shares of Rs. 10 each	3,000,000,000	3,000,000,000
	Issued, subscribed and paid-up capital		
	Ordinary shares of Rs. 10 each		
	20,749,585 (2015: 20,749,585) shares fully paid-up in cash	207,495,850	207,495,850
	11,230,000 (2015: 11,230,000) shares issued for consideration other than cash	112,300,000	112,300,000
	122,529,105 (2015: 122,529,105) fully paid bonus shares	1,225,291,050	1,225,291,050
		1,545,086,900	1,545,086,900

4.1 ANS Capital (Private) Limited, holding company, holds 84,986,400 (2015: 84,986,400) ordinary shares comprising 55% of total paid up share capital of the Company. Kohat Cement Educational Trust, an associated undertaking, holds 116,958 (2015: 116,958), ordinary shares of Rs. 10 each of the Company, Directors and Executives hold 434,072 (2015: 26,175,889) and 38,177 (2015: 245,277) respectively, ordinary shares of Rs. 10 each of the Company.

		Note	2016 Rupees	2015 Rupees
5	**Reserves**			
	Capital reserves			
	- share premium	5.1	49,704,951	49,704,951
	- fair value reserve	5.2	860,714	45,522,161
			50,565,665	95,227,112
	Revenue reserve			
	- general reserves		70,000,000	70,000,000
			120,565,665	165,227,112

5.1 This reserve can be utilized by the Company only for the purpose specified in section 83(2) of the Companies Ordinance, 1984.

5.2 This represents fair value adjustment on revaluation of investment classified as 'available for sale'.

Notes to the Financial Statements

For the year ended 30 June 2016

		Note	2016 Rupees	2015 Rupees
6	**Long term financing - secured**			
	Mark-up based financing from conventional banks			
	Syndicated term finance - ("STF III")	6.1	–	146,500,000
	Syndicated term finance - ("STF WHR")	6.2	994,736,840	1,278,947,368
			994,736,840	1,425,447,368
	Less: Current portion presented under current liabilities		(284,210,528)	(430,710,528)
			710,526,312	994,736,840

6.1 STF III has fully been repaid during the year.

6.2 This facility was obtained for Waste Heat Recovery Power Plant ("STF WHR") of Rs. 1,600 million by way of Syndicated Term Finance Agreement entered on 20 November 2014 from a consortium of banking companies. Askari Bank Limited is the lead arranger and agent of this facility. Out of total facility, only Rs. 1,350 million were drawn. This facility carries mark-up at three month KIBOR plus a spread of 1.75% per annum, payable quarterly. The principal is repayable in nineteen equal quarterly instalments which started after a grace period of three months from the date of first drawdown. This facility is secured by way of first pari passu charge over all present and future fixed assets of the Company amounting to Rs. 2,134 million and personal guarantees of sponsoring directors of the Company.

7 Long term deposits

These represent security deposits received from dealers and transporters. These deposits are repayable / adjustable on the termination of the relationship.

		Note	2016 Rupees	2015 Rupees
8	**Deferred liabilities**			
8.1	**Deferred taxation**			
	Accelerated tax depreciation	8.1.1	1,589,847,454	1,135,154,179

8.1.1 The liability for deferred taxation comprises of temporary differences relating to accelerated tax depreciation on fixed assets.

		2016 Rupees	2015 Rupees
8.2	**Compensated absences**		
	At beginning of the year	9,416,950	6,858,093
	Charge for the year	3,159,377	3,882,669
	Less: Payments made during the year	(1,717,177)	(1,323,812)
	Closing balance	10,859,150	9,416,950

Notes to the Financial Statements

For the year ended 30 June 2016

		Note	2016 Rupees	2015 Rupees
9	**Trade and other payables**			
	Trade creditors		550,792,058	371,378,323
	Contractors' bills payable		11,460,519	14,103,668
	Accrued liabilities		160,777,877	218,320,679
	Advances from customers		106,777,914	126,281,937
	Payable to Workers' Profit Participation Fund	9.1	865,823,887	563,772,126
	Payable to Workers' Welfare Fund	9.2	86,947,484	81,049,999
	Payable to Provident Fund Trust		2,113,023	–
			1,784,692,762	1,374,906,732
	Payable to Government on account of:			
	Income Tax deducted at source		8,397,360	9,597,944
	Sales Tax		–	51,883,761
	Federal Excise Duty		–	60,915,016
	Royalty and Excise Duty		199,451,336	95,242,111
			207,848,696	217,638,832
	Securities and retention money payable	9.3	186,648,042	180,891,525
	Unclaimed dividend		5,769,951	5,223,393
	Dividend payable	9.4	25,404,392	21,542,371
	Other payables		155,814,516	117,225,320
			373,636,901	324,882,609
			2,366,178,359	1,917,428,173

		Note	2016 Rupees	2015 Rupees
9.1	**Workers' Profit Participation Fund ("WPPF")**			
	At beginning of the year		563,772,126	403,215,648
	Allocation for the year	28	329,389,076	248,379,163
	Interest accrued	29	–	2,177,315
			893,161,202	653,772,126
	Less: Paid during the year		(27,337,315)	(90,000,000)
	At end of the year	9.1.1	865,823,887	563,772,126

9.1.1 The outstanding WPPF liability for the year represents leftover amount payable to Workers Welfare Fund in terms of Companies Profits Worker's Participation Act, 1968. According to the 18th amendment to the Constitution of Pakistan in 2010, all labour / labour welfare laws have become provincial subject, and accordingly the left over amount is now payable to provincial government. However, no provincial authority has been constituted so far, to collect the left over amount. Hence, the Company has filed a writ petition before the Honourable Lahore High Court (LHC), seeking its directions to identify the legal authority to whom the left over amount shall be deposited. LHC has clarified to deposit the left over amount to Federal Government. The Company shall deposit the same after the year end.

		Note	2016 Rupees	2015 Rupees
9.2	**Workers' Welfare Fund**			
	At beginning of the year		81,049,999	74,008,898
	Allocation for the year	28	85,678,851	79,586,229
	Less: Paid during the year		(79,781,366)	(72,545,128)
	At end of the year		86,947,484	81,049,999

Notes to the Financial Statements

For the year ended 30 June 2016

9.3 This represents security deposits and retention money witheld from contractors and are repayable after satisfactory completion of contracts. It includes Rs. 170.92 million (2015: Rs. 166.31 million) equivalent to USD 1.24 million (2015: USD 1.24 million) and Euro 0.35 million (2015: Euro 0.35 million) retained from invoices of Sinoma Technical Services Company Limited (previously TCDRI) for supply of grey cement plant. The management expects the matter to be resolved in next twelve months. Also refer to note 21.4.

9.4 Out of final cash dividend amounting to Rs. 386.27 million for the year ended 30 June 2012, dividend related to certain shareholders amounting to Rs. 20.97 million was withheld based on the order dated 25 October 2012 of the Honourable Lahore High Court and Securities and Exchange Commission of Pakistan approval vide letter number EMD/233/380/02-676 dated 23 November 2012 in response to application made by the Company under section 251(2) of the Companies Ordinance, 1984. Whereas, the balance amount of Rs. 4.434 million represents dividend withheld of those shareholders who have not presented copies of their CNIC to the Company as directed by SECP.

		Limit (Rupees in million)	Note	2016 Rupees	2015 Rupees
10	**Short term borrowings - secured**				
	Mark-up based borrowings from conventional banks				
	Export refinances	598	10.1	598,000,000	598,000,000
				598,000,000	598,000,000

10.1 These facilities are under mark-up arrangement carrying mark-up at SBP export refinance rate plus 1.00% (2015: SBP export refinance rate plus 1.00%) per annum and are available for a period of 180 days and can be rolled over for a further period of 180 days.

Limit covers both running finance and export refinance and is secured by first joint pari passu hypothecation charge of Rs. 1,328.67 million, ranking charge of Rs. 140 million on existing and future current assets of the Company; first joint pari passu hypothecation charge of Rs. 653.85 million and ranking charge of Rs. 829.67 million on the fixed assets and equitable mortgage over immovable properties of the Company and personal guarantees of the directors of the Company.

10.2 The Company has unavailed running finance facility with limit aggregating Rs. 300 million which is subject to mark-up rate of 3 months KIBOR plus 1.75% per annum. The facility is secured against Company's immovable property situated in Lahore and personal guarantees of certain Directors.

		Note	2016 Rupees	2015 Rupees
11	**Mark-up accrued on borrowings**			
	Mark-up based borrowings			
	Long term financing - secured		7,263,208	10,545,427
	Deferred mark-up on Sukuk	11.1	–	362,844,785
	Deferred mark-up on STF-III	6.1	–	56,167,908
			–	419,012,693
	Mark-up based borrowings			
	Short term borrowings - secured		6,131,376	8,830,356
			13,394,584	438,388,476

11.1 This has fully been repaid during the year.

Notes to the Financial Statements

For the year ended 30 June 2016

12 Contingencies and commitments

12.1 Contingencies

12.1.1 The Engineering Services International (Pakistan) Limited raised a claim of Rs 5.45 million (2015: Rs. 5.45 million) against the Company on account of mechanical installation / erection. A counter claim of Rs. 1.31 million (2015: Rs. 1.31 million) was lodged by the Company. The case is pending with the Senior Civil Judge, Lahore.

12.1.2 The State Cement Corporation of Pakistan (Private) Limited, previous sole owner of the Company, raised a claim of Rs. 5.64 million (2015: Rs. 5.64 million) against the Company on account of interim dividend pertaining to year ended 30 June 1993 declared by previous Board of Directors. The subsequent Board of Directors rescinded the declaration of interim dividend on various grounds. The matter is pending before Honourable Lahore High Court.

12.1.3 Current management of the Company filed a claim before Secretary Finance, Government of Pakistan for recovery of Rs. 14.10 million (2015: Rs. 14.10 million) being interim dividend pertaining to year ended 30 June 1992 paid by previous management of the Company to State Cement Corporation of Pakistan (Private) Limited ("SCCPL") and misuse of plant by previous management. Later, Board of Directors of the Company rescinded the aforesaid dividend which was ratified and confirmed by members of the Company at Annual General Meeting. Consequently, the Company withheld aforesaid interim dividend amounting to Rs. 14.10 million (2015: Rs. 14.10 million) from the interim dividend payable to SCCPL declared by the Company pertaining to period ended 31 December 1994. Intimations had been made to SCCPL and Securities and Exchange Commission of Pakistan ("SECP"). This amount has been withheld on legal advice obtained from corporate lawyers. Currently the matter is pending for arbitration with Secretary of Finance, Government of Pakistan.

12.1.4 The Competition Commission of Pakistan ("CCP") took suo moto action under Competition Ordinance, 2007, (subsequently enacted as Competition Act, 2010 - the "Law") and issued show cause notice on 28 October 2008 inquiring for increase in cement prices across the country. Similar notices were also issued to All Pakistan Cement Manufacturer Association ("APCMA") and its member cement manufacturers. The Company filed writ petition in Honourable Lahore High Court ("LHC") challenging the vires of the law. The LHC, vide its order dated 24 August 2009, allowed CCP to issue its final order. Consequently, CCP passed an order dated 28 August 2009 imposing a penalty of Rs. 103.00 million on the Company. The said levy of penalty has also been agitated by the Company before the LHC, and the LHC vide its order dated 31 August 2009 restrained CCP from enforcing its order against the Company for the time being.

The vires of the Law have been challenged by a number of petitioners and all such petitioners have been advised by their legal counsel that prima facie the Law is ultra vires the Constitution. A large number of grounds have been raised by these petitioners and the matter is currently being adjudicated by the LHC and Honourable Sindh High Court ("SHC"). In all these cases, stay orders have been granted by aforementioned courts.

12.1.5 An application was filed by certain shareholders of the Company including one ex-director of the Company before SECP praying for investigation into affairs of the Company. Consequently, SECP issued a show cause notice dated 27 July 2011 to the Company and all its Directors. Responding to the notice, management strongly denied all the baseless, false and frivolous allegations levelled in the application and further challenged the said notice before LHC that granted stay against the proceedings.

Further, in July 2012, the aforementioned shareholders have also filed a constitutional writ petition before Honourable Peshawar High Court ("PHC") against management of the Company under sections 290, 291, 292 read with section 265 of the Companies Ordinance, 1984 which is pending adjudication.

12.1.6 The Additional Commissioner Inland Revenue ("ACIR") amended assessment under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2005 creating a demand of Rs. 14.76 million, by making various profit and loss account additions and changing the apportionment basis of expenses between normal and presumptive tax regime. On appeal by the Company, the Commissioner Inland Revenue (Appeals) ["CIR(A)"] deleted the demand to the tune of Rs. 14.49 million and upheld the remaining demand of Rs. 0.27 million. The said decision of CIR(A) has been contested both by the Company and the Inland Revenue Department before the Appellate Tribunal Inland Revenue ("ATIR") through cross appeals which are pending adjudication.

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For the year ended 30 June 2016

12.1.7 Deputy Commissioner Inland Revenue ("DCIR") has created a demand of Rs. 13.76 million by passing an ex-parte order under section 221 of the Income Tax Ordinance, 2001 for tax year 2010 which, as per the Company's legal counsel, is against the explicit provisions of section 113 of the Income Tax Ordinance, 2001. On rejection of the Company's appeal by CIR(A), the Company has preferred appeal before the ATIR which is pending adjudication.

12.1.8 The Additional Commissioner Inland Revenue ("ACIR") while disposing off contravention report of senior auditor created a Sales Tax demand of Rs. 9.18 million along with default surcharge of Rs. 3.72 million on account of alleged inadmissible adjustment of input Sales Tax of Rs. 9.18 million in contravention of SRO 389(I)/2006 dated 27 April 2006. CIR(A) turned down appeal filed by the Company against the impugned order regarding which the Company filed an appeal before ATIR which was decided in favour of the Company. However, against the said order, Tax Department filed an appeal before the Honourable Peshawar High Court ("PHC"). PHC remanded the case back to ATIR which is pending adjudication. However, the Company has deposited the principal amount of Rs. 9.18 million under protest.

12.1.9 The tax department, after conducting Sales Tax and Federal Excise Duty audit of the Company for tax year 2009 passed an order dated 23 May 2012 disallowing zero rating on exports and input tax claims, levying additional tax and penalty amounting to Rs. 12.72 million and Rs. 14.02 million under provisions of Sales Tax and Federal Excise Laws respectively. The Company filed appeal before CIR(A) along with a writ petition before the Honourable Lahore High Court (LHC) against the above mentioned order. Both litigations have been decided in favour of the Company. However, both these appellate decisions have been assailed by the tax department at respective forums i.e. through filing of appeal before the ATIR and through filing of an Intra Court Appeal before the Honourable LHC, which are pending adjudication. Before the decision of matter, an amount of Rs. 14.80 million was deposited by the Company under Amnesty Scheme announced vide SRO 548(I)/2012 dated 22 May 2012 which became refundable to the Company in consequence of favourable appellate orders.

12.1.10 The Additional Commissioner Inland Revenue ("ACIR") amended the assessment under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2007 to create a demand of Rs. 33.60 million after making various profit and loss additions to the income of the Company and changing apportionment basis of expenses between normal and export sales. Out of the said demand, the Company has deposited Rs. 5.00 million under protest and has challenged the treatment meted out by ACIR through filing of appeal before the CIR(A), which has been partially decided in favour of the Company culminating into a disputed tax liability on part of the Company amounting to Rs. 22.80 million. The said decision of the CIR(A) has been contested both by the Company and the Inland Revenue Department before the ATIR through cross appeals which are pending adjudication.

12.1.11 The Deputy Commissioner Inland Revenue ("DCIR") passed an ex-parte order for tax year 2007 to create a tax demand of Rs. 67.00 million while finalizing set aside proceedings under section 161/205 of the Income Tax Ordinance, 2001 set aside by Appellate Tribunal Inland Revenue (ATIR). The issue involved is alleged non-deduction of tax at source on part of the Company while making its payments. The order was impugned by the Company before the CIR(A) who deleted the entire demand of Rs. 67.00 million against which the Inland Revenue Department has filed an appeal before the ATIR, which is pending adjudication.

12.1.12 The Deputy Commissioner Inland Revenue ("DCIR") has imposed and the Company has paid a penalty of Rs. 36.90 million under section 33(17) of the Sales Tax Act, 1990 ("the Act") for alleged violation of section 3(2) of the Act, which requires the Company to print retail price on cement bags. The Company has deposited this penalty under protest. In the immediate case, DCIR ignored the facts of legal compliance by the Company including due discharge of its Sales Tax liability and arbitrarily imposed the penalty presuming that entire Sales Tax liability for the period from July 2013 to January 2014 is unpaid. Hence, the Company filed an appeal before CIR(A), which was decided by CIR(A) against the Company through a non speaking order which is contested by the Company before the honourable Appellate Tribunal Inland Revenue, Lahore which is pending adjudication.

12.1.13 The Sindh High Court through its order dated 01 March 2013 declared the amendments made in the WWF Ordinance, 1971 through Finance Act, 2008 through which WWF is applicable on accounting profits rather than on the taxable income computed after incorporating the brought forward losses. In the light of the above order, the incremental provision to date based on accounting profit comes to Rs. 171.7 million (2015: Rs. 132.18 million). However, these financial statements do not include any adjustment to this effect since the Company is of the opinion that it does not come under the purview of the order of the Sindh High Court and that the Lahore High Court had already declared the above amendments unconstitutional via the case reported as 2011 PLD 2643.

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12.1.14 The Deputy Commissioner Inland Revenue (DCIR), while rectifying deemed assessment of the Company for Tax Year 2013 disallowed claim of prior years' available refunds of Rs. 29.80 million without considering the facts and submissions of the Company. The arbitrary treatment meted out by the DCIR was contested by the Company before Commissioner Inland Revenue (Appeals) [CIR(A)], who has set aside the order of DCIR to consider the case of the Company afresh. The Company has challenged the decision of CIR(A) before the Appellate Tribunal Inland Revenue, Lahore, which is pending adjudication.

12.1.15 The Federal Government vide Notification No. 240(I)/2011 dated 15 March 2011 imposed EQ Surcharge on electricity consumption of the Company. The said levy was challenged by the Company before the Honourable Islamabad High Court through filing of writ petition, wherein the Honourable court granted stay in favour of the Company on 20 December 2011. Subsequently on 19 June 2014, the stay was vacated by the Court without any decision on the matter enabling the Peshawar Electricity Supply Company to recover entire levy of EQ Surcharge amounting to Rs 12.83 million. This payment has been made under protest. However, an identical matter has been subjudice before the Honourable Lahore High Court, wherein the stay order has been issued by the Honourable Court against the NEPRA. The Company's petition before the Honourable Islamabad High Court is pending adjudication.

12.1.16 The Deputy Commissioner Inland Revenue (DCIR), disallowed Rs. 17.01 million being reversal of excess output tax paid by the Company on advances received from its dealers and imposed a penalty of Rs. 0.85 million, pertaining to Tax Periods August 2013, October 2013, December 2013, January 2014 and March 2014 without apprehending the facts and legal provisions which do not empower the DCIR to disallow the aforesaid amount. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)], challenging the aforesaid disallowance and in the meanwhile, the principal demand of Rs. 17.01 million was also paid to the State Treasury. The CIR(A), heard the case of the Company for the aforesaid tax periods except March 2014 and remanded the case back to the DCIR to consider the contention of the Company to delete the disallowance to the tune of Rs. 4.6 million as principal amount and Rs. 0.23 million as penalty. However, the rest of disallowance pertaining to tax period March 2014 amounting to Rs. 12.4 million and penalty Rs. 0.62 million is pending adjudication. The decision of CIR(A) remanding the case back to DCIR has been contested by the Company through filing of appeal before Appellate Tribunal Inland Revenue (ATIR). The appeal of the Company is pending adjudication.

12.1.17 The Company was selected for Sales Tax Audit for Tax Year 2013 by the FBR. Audit was conducted and finalized by the Inland Revenue Department resulting into a levy of Federal Excise Duty of Rs. 2.93 million along with a penalty of Rs. 0.15 million and disallowance of input Sales Tax/levy of Sales Tax of Rs. 27.20 million along with imposition of a penalty of Rs. 0.88 million. This aggregate demand of Rs. 31.20 million has been paid under protest and contested by the Company through filing of appeal before the Commissioner Inland Revenue (Appeals), which is pending adjudication.

12.1.18 The Deputy Commissioner Inland Revenue (DCIR) issued a show cause notice U/S 205(1B) of the Income Tax Ordinance, 2001 (ITO, 2001) to the Company showing intention to impose default surcharge of Rs. 71.50 million for non payment of advance income tax liability for tax year 2014 under section 147 of the ITO, 2001 by the due date by working out the amount of default surcharge for the period from 01 April 2014 to the date of filing of income tax return. The Company is of the view that the default period for the purpose of default surcharge should commence from the due date of advance tax i.e. 15 June 2014 uptil the date of payment. Accordingly, the Company has challenged the basis of calculation of default surcharge before the Honourable Lahore High Court (LHC) seeking its intervention to declare such provisions as ultra vires the Constitution of Pakistan. The LHC has allowed interim relief to the Company whereby no default surcharge shall be levied and received by the department till the final decision of LHC.

12.1.19 The Sui Northern Gas Pipelines Limited (SNGPL) charged an amount of Rs. 12.19 million being Non-Metered Volume Adjustment for the period from 16 June 2013 to 25 June 2013 in the Sui gas bill of the Company for the Month of August 2014. On appeal before the Oil and Gas Regulatory Authority (OGRA), the said levy was set aside by the OGRA to its Designated Officer, who partially decided the case in favour of the Company which, thus, is agitated again by the Company on filing an appeal before OGRA, which is pending adjudication.

12.1.20 The Additional Commissioner Inland Revenue (ACIR) amended the assessment under section 122(5A) of the Income Tax Ordinance, 2001 for Tax Year 2010 creating an Income Tax Demand of Rs. 24.36 million by making various profit and loss additions to the income of the Company and changing apportionment basis of expenses between local and export sales. The order of the ACIR has been impugned by the Company before the Commissioner Inland Revenue (Appeals), which is pending adjudication.

Notes to the Financial Statements
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12.1.21 The Additional Commissioner Inland Revenue ("ACIR"), while proceeding U/S 122(5A) of the Income Tax Ordinance, 2001 created income tax demands of Rs. 900 million and Rs. 502 million for the Tax Years 2013 and 2014, respectively vide two separate orders. On an appeal filed by the Company before the Commissioner Inland Revenue (Appeals) [CIR(A)], the aforesaid demands have now been curtailed to Rs. 24.4 million and Rs. 16.7 million, respectively for the Tax Year 2013 and Tax Year 2014 by passing two independent appeal orders for each year. The order of CIR(A), for the Tax Year 2013, has been challenged both by the Company and the Inland Revenue Department (IRD) before the Honourable Appellate Tribunal Inland Revenue, Lahore (ATIR), whereas the Company has filed an appeal before the ATIR for the Tax Year 2014 subsequent to the year end.

12.1.22 The Deputy Commissioner Inland Revenue (DCIR) issued a show cause notice U/S 205(1B) of the Income Tax Ordinance, 2001 (ITO, 2001) to the Company showing intention to impose Default Surcharge of Rs. 60.23 million (may be reduced to Rs. 41.8 million on acceptance of rectification) for non-payment of advance Income Tax Liability for tax year 2015 U/S 147 of the ITO, 2001 by the due date by working out the amount of Default Surcharge for the period from 01 April 2015 to the date of filing of Income tax return. The Company is of the view that default period for the purpose of default surcharge should be reckoned from the due date of advance tax i.e. 15 June 2015 uptil the date of payment. Accordingly, the Company has challenged the basis of calculation of default surcharge before the Honourable Lahore High Court (LHC) seeking its intervention to declare such provisions as ultra vires the Constitution of Pakistan. The LHC, very graciously allowed interim relief to the Company whereby no Default Surcharge shall be levied and received by the department till the final decision of the LHC.

Based on the opinion of the Company's legal counsels, management is confident of favourable outcome in all aforementioned matters, hence no provision is being recognized in respect of these matters in the financial statements.

12.1.23 Guarantees issued by Commercial Banks on behalf of the Company are of Rs. 118.730 million (2015: Rs. 118.730 million) in favour of SNGPL in accordance with the terms of agreement between the Company and SNGPL and Rs. 3 million (2015: Rs. 3.18 million) in favour of government institutions for supply of cement.

	Note	2016 Rupees	2015 Rupees
12.2 Commitments			
In respect of:			
letters of credit for:			
- capital expenditure		316,746,816	64,721,700
- stores and spares		55,596,274	80,290,574
Investment property		527,250,000	–
		899,593,090	145,012,274
13 Property, plant and equipment			
Operating fixed assets	13.1	7,698,456,586	6,465,042,583
Capital work in progress	13.4	173,299,377	1,699,137,416
		7,871,755,963	8,164,179,999

Notes to the Financial Statements

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13.1 Operating fixed assets

	Cost					Depreciation				Net book
	As at 01 July 2015	Additions/ transfer	Disposals/ transfer	As at 30 June 2016	Depreciation Rate	As at 01 July 2015	For the year	Disposals/ transfer	As at 30 June 2016	value as at 30 June 2016
	Rupees					Rupees				
Freehold land	465,365,708	–	–	42,509,358	–	–	–	–	–	42,509,358
			(422,856,350)	–						
Factory buildings and plant civil structure	2,742,025,103	297,596,266	–	3,039,621,369	4% - 5%	945,341,452	120,837,226	–	1,066,178,678	1,973,442,691
Office and other building	42,167,529	9,862,300	–	52,029,829	5%	18,872,026	1,534,611	–	20,406,637	31,623,192
Housing colony	48,108,904	32,258,871	–	80,367,775	5%	32,032,081	2,013,549	–	34,045,630	46,322,145
Plant, machinery and equipment	6,417,726,985	1,671,861,201	(4,830,000)	8,084,758,186	4% - 5% / units of production	2,393,738,819	282,887,222	(1,369,874)	2,675,256,167	5,409,502,019
Storage tanks and pipelines	30,148,252	–	–	30,148,252	10%	21,302,677	884,558	–	22,187,235	7,961,017
Power installations	97,336,071	–	–	97,336,071	10%	86,428,878	1,090,719	–	87,519,597	9,816,474
Furniture, fixtures and other office equipment	53,003,840	17,396,483	(188,446)	70,211,877	10%	27,350,561	3,704,563	(85,330)	30,969,794	39,242,083
Computer and printers	24,263,145	6,059,250	–	30,322,395	30%	17,403,750	3,056,370	–	20,460,120	9,862,275
Weighing scale	5,860,727	–	–	5,860,727	10%	3,505,798	235,493	–	3,741,291	2,119,436
Light vehicles	110,662,703	65,793,099	(3,157,354)	173,298,448	20%	56,630,638	19,651,947	(1,104,832)	75,177,753	98,120,695
Heavy vehicles	18,893,210	–	–	18,893,210	20%	13,785,744	1,021,494	–	14,807,238	4,085,972
Railway sidings	9,853,476	–	–	9,853,476	5%	7,936,707	95,838	–	8,032,545	1,820,931
Laboratory equipment	50,008,827	471,774	–	50,480,601	10%	26,062,229	2,398,591	–	28,460,820	22,019,781
Library books	94,217	–	–	94,217	10%	84,754	946	–	85,700	8,517
2016	10,115,518,697	2,101,299,244	(8,175,800)	11,785,785,791		3,650,476,114	439,413,127	(2,560,036)	4,087,329,205	7,698,456,586
			(422,856,350)	–						

	Cost					Depreciation				Net book
	As at 01 July 2014	Additions	Disposals	As at 30 June 2015	Depreciation Rate	As at 01 July 2014	For the year	Disposals	As at 30 June 2015	value as at 30 June 2015
	Rupees					Rupees				
Freehold land	465,260,358	105,350	–	465,365,708	–	–	–	–	–	465,365,708
Factory building	2,753,204,510	–	(11,179,407)	2,742,025,103	4% - 5%	831,709,430	119,056,429	(5,424,407)	945,341,452	1,796,683,651
Office and other building	42,167,529	–	–	42,167,529	5%	17,645,947	1,226,079	–	18,872,026	23,295,503
Housing colony	48,108,904	–	–	48,108,904	5%	31,185,932	846,149	–	32,032,081	16,076,823
Plant, machinery and equipment	6,413,623,042	4,103,943	–	6,417,726,985	4% - 5% / units of production	2,143,477,474	250,261,345	–	2,393,738,819	4,023,988,166
Storage tanks and pipelines	30,148,252	–	–	30,148,252	10%	20,319,835	982,842	–	21,302,677	8,845,575
Power installations	97,291,071	45,000	–	97,336,071	10%	85,220,718	1,208,160	–	86,428,878	10,907,193
Furniture, fixtures and other office equipment	44,977,541	8,347,703	(321,404)	53,003,840	10%	25,176,636	2,364,172	(190,247)	27,350,561	25,653,279
Computer and printers	20,746,284	3,516,861	–	24,263,145	30%	15,351,435	2,052,315	–	17,403,750	6,859,395
Weighing scale	5,860,727	–	–	5,860,727	10%	3,244,139	261,659	–	3,505,798	2,354,929
Light vehicles	85,919,843	29,184,860	(4,442,000)	110,662,703	20%	51,583,637	8,776,636	(3,729,635)	56,630,638	54,032,065
Heavy vehicles	18,893,210	–	–	18,893,210	20%	12,508,877	1,276,867	–	13,785,744	5,107,466
Railway sidings	9,853,476	–	–	9,853,476	5%	7,835,824	100,883	–	7,936,707	1,916,769
Laboratory equipment	49,447,577	561,250	–	50,008,827	10%	23,443,568	2,618,661	–	26,062,229	23,946,598
Library books	94,217	–	–	94,217	10%	83,702	1,052	–	84,754	9,463
2015	10,085,596,541	45,864,967	(15,942,811)	10,115,518,697		3,268,787,154	391,033,249	(9,344,289)	3,650,476,114	6,465,042,583

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For the year ended 30 June 2016

		Note	2016 Rupees	2015 Rupees
13.2	**Depreciation charge for the year has been allocated as follows:**			
	Cost of goods sold	24	433,984,642	387,826,563
	Selling and distribution expenses	25	949,815	537,660
	Administrative and general expenses	26	4,478,670	2,669,026
			439,413,127	391,033,249

13.3 Disposal of property, plant & equipment

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sales value	Gain / loss on disposal	Mode of disposal	Particulars of Purchaser
	2016						
	Rupees						
Light vehicles							
Honda Civic	2,198,320	249,143	1,949,177	2,198,319	249,142	Negotiation	Mr. Ibrahim Sheikh
Suzuki Liana	854,000	752,432	101,568	180,000	78,432	Company Policy	Mr. Madad Khan
Yamaha Motorcycle	39,834	39,586	248	5,500	5,252	Negotiation	Mr. Bahader Zaman
Honda CD 70	65,200	63,671	1,529	20,000	18,471	Negotiation	Mr. Asif Khan
	3,157,354	1,104,832	2,052,522	2,403,819	351,297		
Plant and Machinery							
Line 3 (PM-C/Mill 3A)	4,830,000	1,369,874	3,460,126	–	(3,460,126)	Casualty	
	4,830,000	1,369,874	3,460,126	–	(3,460,126)		
Furniture, fixtures and other office equipment							
Black Berry (Model 9000)	45,000	21,035	23,965	2,000	(21,965)	Negotiation	Mr. Shahid Mustafa
Black Berry (Model 9000)	45,000	21,035	23,965	2,000	(21,965)	Negotiation	Mr. Shahid Mustafa
Black Berry (Bold 9700)	46,632	19,536	27,096	3,000	(24,096)	Negotiation	Mr. Shahid Mustafa
Apple IPhone 8GB Flash Drive	51,814	23,724	28,090	3,000	(25,090)	Negotiation	Mr. Shahid Mustafa
	188,446	85,330	103,116	10,000	(93,116)		
2016	8,175,800	2,560,036	5,615,764	2,413,819	(3,201,945)		
2015	15,942,811	9,344,289	6,598,522	7,480,000	881,478		

		Note	2016 Rupees	2015 Rupees
13.4	**Capital work in progress**			
	Opening balance		1,699,137,416	292,486,030
	Additions during the year	13.5.1	391,512,221	1,407,998,431
	Transfers to property, plant and equipment		(1,917,350,260)	(1,347,045)
	Closing balance	13.5	173,299,377	1,699,137,416
13.5	**The breakup is as follows:**			
	Plant and machinery		128,593,364	1,385,219,899
	Civil works		44,502,498	239,151,915
	Borrowing cost		203,515	74,765,602
			173,299,377	1,699,137,416

13.5.1 Borrowing cost capitalized includes Rs. 75.45 million relating to specific borrowing for setting up waste heat recovery plant capitalized at rates ranging from 7.86% to 8.77% (2015: 8.53% to 11.37%) and Rs. 7.49 million relating to general borrowing capitalized using weighted average capitalization rate of 4% (2015: 7.5%) per annum.

Notes to the Financial Statements

For the year ended 30 June 2016

		Note	2016 Rupees	2015 Rupees
14	**Intangibles**			
	Cost	14.1	5,369,559	4,852,284
	Less: Accumulated amortization	14.2	(4,775,784)	(4,407,103)
			593,775	445,181

	2016	2015
	(Percentage)	
Amortization rate	20%	20%

		Note	2016 Rupees	2015 Rupees
14.1	**Cost**			
	At beginning of the year		4,852,284	4,852,284
	Additions during the year		517,275	–
	At end of the year		5,369,559	4,852,284
14.2	**Accumulated amortization**			
	At beginning of the year		4,407,103	3,966,897
	Amortization for the year	26	368,681	440,206
	At end of the year		4,775,784	4,407,103

		Note	2016 Rupees	2015 Rupees
15	**Long term loans and advances**			
	Loans to employees - secured, considered good	15.1	392,653	970,797
	Less: Receivable within one year	21.1	(254,716)	(481,040)
			137,937	489,757
	Loan to Sui Northern Gas Pipelines Limited ("SNGPL")	15.2	4,700,000	9,400,000
	Less: Receivable within one year	21	(4,700,000)	(4,700,000)
			–	4,700,000
			137,937	5,189,757

15.1 These include loan to an executive of the Company amounting to Rs. 0.20 million (2015: Rs. 0.46 million) and carry mark-up ranging from 5% to 9% (2015: 5% to 9%) per annum. During the year an amount of Rs. 0.29 million (2015: Rs. 0.24 million) has been repaid by the executive to the Company. There are no disbursements of long term loan to executives during the year (2015: Rs. Nil). These are secured against lien on retirement benefits and are repayable in 60 equal monthly installments. Chief Executive and Directors have not received any loan from the Company (2015: Nil).

15.2 This represents loan given to SNGPL for infrastructure development for supply of natural gas to the Company. Mark-up is charged at 1.50% (2015: 1.50%) per annum and is received annually. Outstanding principal amount is recoverable in one annual instalment of Rs. 4.7 million ending on March 2017.

16 Long term deposits

These mainly include security deposits with Pakistan State Oil, Water and Power Development Authority and Sui Northern Gas Pipelines Limited.

Notes to the Financial Statements

For the year ended 30 June 2016

		Note	2016 Rupees	2015 Rupees
17	**Investment property**			
	Balance at the beginning of the year		476,749,671	–
	Additions during the year		1,256,405,877	476,749,671
	Transferred from property, plant and equipment		422,856,350	–
			1,679,262,227	476,749,671
		17.1	2,156,011,898	476,749,671

17.1 Investment property comprises of land that are held for capital appreciation. The approximate market value of investment property is Rs. 2,648.37 million (2015: Rs. 476.75 million) conducted by an Independent Valuer. During the year, the Company has purchased land measuring 17.23 kanals located in Lahore city and has paid advance of Rs. 231 million for land measuring 302.9 kanals in Lahore city. Further, during the year land measuring 10.53 kanals has been transferred from property, plant and equipment.

		Note	2016 Rupees	2015 Rupees
18	**Stores, spares and loose tools**			
	Stores	18.1	767,176,712	417,466,012
	Spares		663,483,084	601,143,966
	Loose tools		21,989,449	13,723,194
			1,452,649,245	1,032,333,172

18.1 These include stores in transit valuing Rs. 507.82 million (2015: Rs. 245.57 million).

		Note	2016 Rupees	2015 Rupees
19	**Stock in trade**			
	Raw materials		22,266,462	24,054,486
	Packing materials		76,232,958	59,999,049
	Work in process		405,860,370	168,067,955
	Finished goods		124,546,558	103,016,133
			628,906,348	355,137,623
20	**Short term investments**			
	Available for sale - quoted investments			
	Gharibwal Cement Limited:			
	Cost		89,286	9,017,839
	Fair value gain	20.1	860,714	45,522,161
			950,000	54,540,000
	Money Market Mutual Funds:			
	Cost	20.2	–	–
	Fair value gain	20.2	–	–
			–	–
			950,000	54,540,000
	Loans and receivables			
	Investment in term deposit receipts	20.3	4,716,818,777	3,300,000,000
	Investment in market treasury bills	20.4	696,007,635	–
	Investment certificates	20.5	150,000,000	–
			5,563,776,412	3,354,540,000

Notes to the Financial Statements

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		2016 Rupees	2015 Rupees
20.1	**Gharibwal Cement Limited**		
	20,000 (2015: 2,020,000) ordinary shares of Rs. 10 each Market value Rs. 47.5 per share (2015: Rs. 27 per share)		
	Cost		
	At beginning of the year	9,017,839	18,628,377
	Less: Disposals during the year	(8,928,553)	(9,610,538)
		89,286	9,017,839
	Fair value gain		
	At beginning of the year	45,522,161	55,629,183
	For the year	13,200,000	13,111,428
	Less: Realized during the year	(57,861,447)	(23,218,450)
	Fair value adjustment	860,714	45,522,161
		950,000	54,540,000
20.2	**Money Market Mutual Funds**		
	Cost		
	At beginning of the year	–	3,102,100,000
	Additions during the year	–	8,060,055,714
	Less: Redemption during the year	–	(11,162,155,714)
		–	–
	Fair value gain		
	At beginning of the year	–	20,813,518
	For the year	–	158,048,508
	Less: Realized during the year	–	(178,862,026)
	Fair value adjustment	–	–
		–	–

20.3 These represent investments in fixed deposit schemes of conventional banks with maturity of less than three months and carry interest rates ranging from 6.2% to 6.9% (2015: 6.4% to 9.6%) per annum.

20.4 This represents Government of Pakistan guaranteed securities with a maturity of three months.

20.5 This represents investment certificate purchased from Pak Oman Investment Company Limited, a conventional financial institution, with a maturity of three months and carrying mark-up of 6.4% (2015: Nil) per annum.

Notes to the Financial Statements

For the year ended 30 June 2016

		Note	2016 Rupees	2015 Rupees
21	**Advances, deposits, prepayments and other receivables**			
	Advances - unsecured, considered good			
	- to employees	21.1	2,869,838	2,281,931
	- to suppliers		118,063,160	75,158,648
	- to contractors		6,131,602	2,212,407
			127,064,600	79,652,986
	Income tax paid under protest	21.2	5,000,000	5,000,000
	Sales tax and Customs Duty paid under protest	21.3	91,052,603	91,354,715
	Sales tax - net (including advance sales tax)		138,914,435	–
	Federal Excise Duty - net		44,134,749	–
	Letter of credit / guarantee margin		24,801,332	38,224,482
	Prepayments		3,720,839	1,907,230
	Security deposits		7,747,112	7,226,112
	Receivable from Provident Fund Trust		–	1,653,648
	Accrued interest on bank deposits		16,792,002	7,041,986
	Current portion of loan given to SNGPL	15	4,700,000	4,700,000
	Duty drawback claims receivable on export sales		19,823,594	55,215,907
	Other advances and receivables	21.4	195,301,224	194,584,569
			679,052,490	486,561,635

		Note	2016 Rupees	2015 Rupees
21.1	**Advances to Company's employees**			
	Current maturity of long term loans to employees	15	254,716	481,040
	Advances to employees against salary		1,465,991	1,411,958
	Advances to employees against expenses		1,149,131	388,933
			2,869,838	2,281,931

21.2 This represents income tax paid to Federal Board of Revenue under protest as referred to in note 12.1.10.

21.3 These represent sales tax and custom duty paid to the relevant departments under protest, as referred to in notes 12.1.8, 12.1.12, 12.1.16 and 12.1.17.

21.4 This includes an amount of Rs. 170.92 million (2015: 166.31 million) equivalent to USD 1.635 million (2015: USD 1.638 million) receivable on account of notice of encashment of unconditional and irrevocable performance bank guarantees issued by foreign / local bank on behalf of the foreign supplier of plant and equipment of 6,700 TPD cement plant (the aforesaid amount is net off Rs. 91.41 million being provision for doubtful receivables). The said guarantee had been called by the Company for encashment, as the foreign supplier could not complete the project within the time period stipulated in the Plant Supply Contract. The Company also withheld retention money of Rs. 170.92 million (2015: Rs. 166.31 million) of supplier till the resolution of this matter as referred in note 9.3. The management believes that there is no adverse exposure on the Company.

		Note	2016 Rupees	2015 Rupees
22	**Cash and bank balances**			
	Cash in hand		609,525	478,244
	Cash at bank			
	- current accounts		144,534,315	263,220,192
	- saving accounts	22.1	303,491,069	2,660,747,445
			448,025,384	2,923,967,637
	Bankers' cheque		25,000,000	–
			473,634,909	2,924,445,881

Notes to the Financial Statements

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22.1 These carry return at 2.50% to 6.65% (2015: 4.50% to 9.10%) per annum. These include Rs. 14.95 million (2015: Rs. 514.18 million) placed under Shariah permissible arrangement. Remaining deposits are placed with conventional banks.

	Note	2016 Rupees	2015 Rupees
23 Sales - net			
Local sales		16,520,932,729	14,169,422,530
Export sales		1,216,055,687	1,529,623,270
		17,736,988,416	15,699,045,800
Less: Sales tax		(2,723,615,246)	(2,336,747,258)
Federal Excise Duty		(781,076,945)	(664,746,666)
Commission on cement sales		(212,453,548)	(225,355,197)
		(3,717,145,739)	(3,226,849,121)
		14,019,842,677	12,472,196,679
24 Cost of goods sold			
Raw materials consumed		602,370,152	464,805,562
Packing materials consumed		872,942,567	798,591,019
Power and fuel		1,769,479,992	2,165,448,496
Coal, gas and furnace oil		3,079,261,546	2,947,075,110
Coal unloading and feeding charges		4,563,083	3,468,056
Stores and spares consumed		356,865,679	266,082,441
Salaries, wages and other benefits	24.1	256,156,089	211,398,513
Royalty and excise duty		205,892,883	161,880,831
Rent, rates and taxes		22,519,391	22,103,483
Repairs and maintenance		95,570,031	64,257,230
Insurance		20,450,279	18,834,497
Depreciation	13.2	433,984,642	387,826,563
Other expenses		66,017,469	57,681,326
		7,786,073,803	7,569,453,127
Work in process			
At beginning of the year		168,067,955	224,103,452
At end of the year		(405,860,370)	(168,067,955)
		7,548,281,388	7,625,488,624
Finished goods			
At beginning of the year		103,016,133	148,584,366
At end of the year		(124,546,558)	(103,016,133)
		7,526,750,963	7,671,056,857
Less: Cost attributable to own cement consumption		(3,473,130)	(13,781,671)
		7,523,277,833	7,657,275,186

24.1 Salaries, wages and other benefits include Rs. 5.50 million (2015: Rs. 3.81 million) and Rs. 2.32 million (2015: Rs. 2.75 million) in respect of provident fund contributions and compensated absences, respectively.

Notes to the Financial Statements

For the year ended 30 June 2016

		Note	2016 Rupees	2015 Rupees
25	**Selling and distribution expenses**			
	Salaries, wages and other benefits	25.1	36,815,310	31,796,597
	Vehicle running expenses		2,252,638	3,884,595
	Travelling and conveyance		1,810,609	1,533,018
	Printing and stationery		786,261	822,611
	Postage, telephone and telegrams		1,084,567	1,149,178
	Entertainment		1,687,674	1,852,317
	Rent, rates and taxes		2,032,980	2,219,364
	Electricity, water and gas		341,844	364,462
	Sales promotion		5,999,679	4,194,957
	Depreciation	13.2	949,815	537,660
	Cement loading charges		26,141,810	22,160,272
	Freight and handling charges on exports		73,899,865	23,043,975
	Miscellaneous		781,096	604,112
			154,584,148	94,163,118

25.1 Salaries, wages and other benefits include Rs. 0.87 million (2015: Rs. 0.80 million) and Rs. 0.30 million (2015: Rs. 0.42 million) in respect of provident fund contributions and compensated absences, respectively.

		Note	2016 Rupees	2015 Rupees
26	**Administrative and general expenses**			
	Salaries, wages and other benefits	26.1	82,855,450	67,491,331
	Vehicle running		993,431	1,017,900
	Traveling and conveyance		1,059,328	1,142,344
	Printing and stationery		4,002,172	3,336,989
	Legal and professional	26.2	9,181,343	7,516,215
	Postage, telephone and telegrams		3,891,456	3,319,577
	Repairs and maintenance		13,661,660	14,264,449
	Rent, rates and taxes		1,958,411	1,761,274
	Electricity, water and gas		3,454,659	4,565,742
	Entertainment		2,779,771	2,548,776
	Auditors' remuneration	26.3	1,270,500	1,100,000
	Depreciation	13.2	4,478,670	2,669,026
	Amortization	14.2	368,681	440,206
	Advertisement		1,917,464	1,424,965
	Miscellaneous		1,218,983	1,126,076
			133,091,979	113,724,870

26.1 Salaries, wages and other benefits include Rs. 1.98 million (2015: Rs. 1.57 million) and Rs. 0.53 million (2015: Rs. 0.72 million) in respect of provident fund contributions and compensated absences, respectively.

26.2 Legal and professional charges include remuneration to cost auditor amounting to Rs. 0.08 million (2015: Rs. 0.08 million).

		Note	2016 Rupees	2015 Rupees
26.3	**Auditors' remuneration**			
	Statutory audit		1,155,000	1,000,000
	Half year review		115,500	100,000
			1,270,500	1,100,000

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		Note	2016 Rupees	2015 Rupees
27	**Other operating income**			
	Income from financial assets			
	Interest on bank deposits and investments under mark-up based arrangement with conventional banks		285,366,201	134,352,378
	Profit on bank deposits - arrangements permissible under Shariah		9,004,797	900,456
	Interest on SNGPL loan		123,809	193,924
	Dividend received from investment in mutual funds		–	69,733
	Gain on sale of investment in Gharibwal Cement Limited	20.1	57,861,447	23,218,450
	Gain on sale of investment in Mutual Funds of Shariah non-compliant arrangements	27.1	123,091,755	296,053,289
			475,448,009	454,788,230
	Income from non-financial assets			
	Income from sale of scrap		1,290,410	2,453,805
	Gain on disposal of property, plant and equipment	13.3	–	881,478
	Exchange fluctuation gain using actual currency		–	3,339,128
	Miscellaneous		2,566,234	572,713
			3,856,644	7,247,124
			479,304,653	462,035,354

27.1 This represents gain on sale of investments purchased and sold during the year ended 30 June 2016 (30 June 2015: Rs. 117.19 million) classified as fair value through profit and loss account.

		Note	2016 Rupees	2015 Rupees
28	**Other operating expenses**			
	Workers' Profit Participation Fund	9.1	329,389,076	248,379,163
	Worker's Welfare Fund	9.2	85,678,851	79,586,229
	Loss on disposal of property, plant and equipment	13.3	3,201,945	–
	Donations	28.1	17,740,000	9,921,000
			436,009,872	337,886,392

28.1 None of the Directors of the Company or any of their spouse have any interest in donee's fund.

		Note	2016 Rupees	2015 Rupees
29	**Finance cost**			
	Mark-up on:			
	Short term borrowings- secured		17,567,418	10,122,245
	Long term finances-secured		28,257,371	32,970,419
	Workers' Profit Participation Fund	9.1	–	2,177,315
			45,824,789	45,269,979
	Bank charges, commission and others		15,917,286	13,529,805
	Default surcharge		16,374,471	34,942,130
			78,116,546	93,741,914

Notes to the Financial Statements

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	2016 Rupees	2015 Rupees
30 Taxation		
Current		
- for the year	1,311,323,773	1,464,128,374
- prior	(25,556)	–
	1,311,298,217	1,464,128,374
Deferred - for the year	454,693,275	(148,956,022)
	1,765,991,492	1,315,172,352
30.1 Relationship between tax expense and accounting profit		
Profit before taxation	6,174,066,952	4,637,440,553
Tax calculated at the rate of 32.00% / 33.00%	1,975,701,425	1,530,355,382
Tax effect of:		
- income under Final Tax Regime	(119,818,630)	(234,421,277)
- super tax	132,529,252	127,886,393
- effect of permanent differences	–	65,853,037
- change in proportion of local and export sales	36,933,621	14,330,921
- tax rate adjustment	(69,118,034)	(183,444,314)
- tax credits	(195,409,576)	–
- prior year adjustment	(25,556)	–
- others	5,198,990	(5,387,790)
	1,765,991,492	1,315,172,352

30.2 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.

During the year, the Company has paid interim dividend of 50% of its paid up capital. Accordingly, no provision for tax on undistributed reserves has been recognized in these financial statements for the year ended 30 June 2016.

	Unit	2016 Rupees	2015 Rupees
31 Earnings per share - basic and diluted			
31.1 Basic and diluted earnings per share			
Earnings for the year after taxation	Rupees	4,408,075,460	3,322,268,201
Weighted average number of ordinary shares	Numbers	154,508,690	154,508,690
Earnings per share	Rupees	28.53	21.50

31.2 There is no dilutive effect on the basic earnings per share as the Company does not have any convertible instruments in issue as at 30 June 2016 and 30 June 2015.

Notes to the Financial Statements
For the year ended 30 June 2016

			2016 Rupees	2015 Rupees
32	**Cash generated from operations**			
	Profit before taxation		6,174,066,952	4,637,440,553
	Adjustments for non-cash items:			
	Depreciation on property, plant and equipment		439,413,127	391,033,249
	Amortization on intangibles		368,681	440,206
	Loss / (gain) on disposal of property, plant and equipment		3,201,945	(881,478)
	Gain on sale of investments		(180,953,202)	(319,271,739)
	Provision for compensated absences		3,159,377	3,882,669
	Interest on bank deposits and advances		(285,490,010)	(134,546,302)
	Profit on bank deposits - arrangements permissible under Shariah		(9,004,797)	(900,456)
	Provision for Workers' Welfare Fund		85,678,851	79,586,229
	Provision for Workers' Profit Participation Fund		329,389,076	248,379,163
	Finance cost		78,116,546	93,741,914
			463,879,594	361,463,455
	Operating profit before working capital changes		6,637,946,546	4,998,904,008
	Changes in working capital			
	(Increase) / decrease in current assets:			
	Stores, spares and loose tools		(420,316,073)	(21,370,476)
	Stock in trade		(273,768,725)	114,363,727
	Trade debts		(38,191,595)	(138,455,857)
	Advances, deposits, prepayments and other receivables		(182,740,839)	(165,299,175)
			(915,017,232)	(210,761,781)
	Increase / (decrease) in current liabilities:			
	Trade and other payables		136,392,361	(63,342,770)
	Cash generated from operations		5,859,321,675	4,724,799,457
33	**Cash and cash equivalents**			
	Term deposit receipts	20	4,716,818,777	3,300,000,000
	Market treasury bills	20	696,007,635	–
	Investment Certificates	20	150,000,000	–
	Cash and bank balances	22	473,634,909	2,924,445,881
			6,036,461,321	6,224,445,881

34 Transactions with related parties

The related parties comprise holding company, associated companies, Directors of the Company, key management staff and staff retirement funds. Transactions and balances with related parties are as follows:

	Nature of transactions	Note	2016 Rupees	2015 Rupees
Transaction with holding company				
ANS Capital (Private) Limited.	Dividend paid		764,877,600	594,904,800
Transactions with associated undertakings / companies due to common directorship				
Art Vision (Private) Limited (Asian Hotels and Resorts (Private) Limited)	Sale of Cement		8,184,897	292,248
Ultra Pack (Private) Limited	Sale of Cement		10,018,917	–

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	Nature of transactions	Note	2016 Rupees	2015 Rupees
Palace Enterprises (Private) Limited	Accommodation Services		613,590	177,618
Employee Funds				
Contribution to Provident Fund Trust	Contribution		8,786,068	7,147,741
Workers' Profit Participation Fund	Contribution	9.1	27,337,315	90,000,000
Others				
Remuneration of Key Management Personnel - Directors	Remuneration	35	43,474,757	36,844,049
Directors	Dividend paid		235,505,601	184,227,523

35 Remuneration of Chief Executive, Directors and Executives

The aggregate amount charged in the financial statements for the year in respect of remuneration, including benefits to the Chief Executive, Directors and Executives of the Company is as follows:

	2016			
	Chief Executive	Directors: Non-Executive	Directors: Executive	Executives
	Rupees			
Short term employee benefits				
Managerial remuneration	17,457,000	–	17,457,000	61,819,316
Bonus	3,099,250	–	3,099,250	10,307,399
Medical expenses reimbursed	1,140,267	–	–	–
	21,696,517	–	20,556,250	72,126,715
Post employment benefits				
Contribution to provident fund	610,995	–	610,995	2,015,033
	22,307,512	–	21,167,245	74,141,748
Number of persons	1	5	1	20

	2015			
	Chief Executive	Directors: Non-Executive	Directors: Executive	Executives
	Rupees			
Short term employee benefits				
Managerial remuneration	15,213,879	–	15,180,000	51,970,951
Bonus	2,695,000	–	2,695,000	5,215,102
Medical expenses reimbursed	–	–	–	–
	17,908,879	–	17,875,000	57,186,053
Post employment benefits				
Contribution to provident fund	530,085	–	530,085	1,466,651
	18,438,964	–	18,405,085	58,652,704
Number of persons	1	5	1	18

35.1 The Company also provides the Chief Executive, Directors and Executives with free use of Company maintained cars.

35.2 No meeting fee has been paid during the year to any director (2015: Nil).

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36 Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Company's Board of Directors ("the Board") has overall responsibility for establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board of Directors reviews and agrees policies for managing each of these risks.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

36.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

36.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The Company is not exposed to credit risk against investments made in Government securities of Rs. 696 million (2015: Nil). The maximum exposure to credit risk as at the end of the reporting period was as follows:

	2016 Rupees	2015 Rupees
Available for sale financial assets		
Short term investments	950,000	54,540,000
Loans and receivables		
Long term loans and advances	137,937	5,189,757
Long term deposits	98,266,640	41,266,640
Trade debts - unsecured, considered good	258,810,589	220,618,994
Short term investments	4,866,818,777	3,300,000,000
Advances, deposits, and other receivables	243,618,884	234,489,078
Cash at banks	473,025,384	2,923,967,637
	5,940,678,211	6,725,532,106
	5,941,628,211	6,780,072,106

36.1.2 Concentration of credit risk

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

Notes to the Financial Statements

For the year ended 30 June 2016

	2016 Rupees	2015 Rupees
Customers	258,810,589	220,618,994
Banking companies	5,339,844,161	6,223,967,637
Investment in equity securities	950,000	54,540,000
Others	342,023,461	280,945,475
	5,941,628,211	6,780,072,106

36.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

36.1.3(a) Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to bank balances and short term investments. These counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

	Rating			2016	2015
	Short term	Long term	Rating agency	Rupees	Rupees
Bank					
Albaraka Bank (Pakistan) Limited	A1	A	PACRA	642,079	5,918
Allied Bank Limited	A1+	AA+	PACRA	127,568,771	656,786,592
Askari Bank Limited	A1+	AA+	PACRA	11,836,844	925,648
Bank Alfalah Limited	A1+	AA	PACRA	2,593,648	810,265
Dubai Islamic Bank Pakistan Limited	A-1	A+	JCR-VIS	29,665	29,665
Habib Bank Limited	A-1+	AAA	JCR-VIS	63,084,036	530,245,538
MCB Bank Limited	A1+	AAA	PACRA	167,949,943	812,563,895
National Bank of Pakistan	A1+	AAA	PACRA	19,217,121	18,656,265
NIB Bank Limited	A1+	AA-	PACRA	2,991,183	1,079
Soneri Bank Limited	A1+	AA-	PACRA	1,436,100	–
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	13,704,211	26,898,725
The Bank of Punjab	A1+	AA-	PACRA	2,253,323	262,120,094
The Bank of Khyber	A1	A	PACRA	15,619,856	15,787,774
United Bank Limited	A-1+	AAA	JCR-VIS	33,348,677	99,135,129
Meezan Bank Limited	A-1+	AA	JCR-VIS	600,762	500,000,100
Samba Bank Limited	A-1	AA	JCR-VIS	10,044,370	950
JS Bank Limited	A1+	A+	PACRA	104,795	–
				473,025,384	2,923,967,637

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	Rating			2016	2015
	Short term	Long term	Rating agency	Rupees	Rupees
Term Deposit Receipts					
Allied Bank Limited	A1+	AA+	PACRA	800,000,000	1,050,000,000
Askari Bank Limited	A1+	AA+	PACRA	–	500,000,000
Bank Alfalah Limited	A1+	AA	PACRA	500,000,000	500,000,000
The Bank of Punjab	A1+	AA-	PACRA	375,000,000	250,000,000
United Bank Limited	A-1+	AAA	JCR-VIS	500,000,000	1,000,000,000
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	206,079,408	–
JS Bank Limited	A1+	A+	PACRA	125,000,000	–
National Bank of Pakistan	A1+	AAA	PACRA	500,000,000	–
Habib Bank Limited	A-1+	AAA	JCR-VIS	1,000,000,000	–
Samba Bank Limited	A-1	AA	JCR-VIS	100,000,000	–
NIB Bank Limited	A1+	AA-	PACRA	410,739,369	–
Soneri Bank Limited	A1+	AA-	PACRA	200,000,000	–
				4,716,818,777	3,300,000,000
Certificate of Investment					
Pak Oman Investment Company Limited	A-1+	AA+	JCR-VIS	150,000,000	–

36.1.3(b) Counterparties without external credit ratings

These include customers which are counter parties to trade debts. The Company is exposed to credit risk in respect of trade debts. However, trade debts includes an amount of Rs. 159.16 million in respect of FWO and Rs. 0.75 million in respect of Pakistan Railways which are Government backed organizations. The analysis of ages of trade debts of the Company as at the reporting date is as follows:

	Gross carrying amount	
	2016	2015
	Rupees	Rupees
Past due 0 - 1 Months	81,150,688	68,651,513
Past due 1 - 6 Months	143,195,223	139,993,601
Past due 6 - 12 Months	32,588,955	8,820,857
Past due above one year	1,875,723	3,153,023
	258,810,589	220,618,994

Based on past experience the management believes that no impairment allowance is necessary in respect of trade debts past due as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time. As at year end, trade debts do not include any balance receivable from related parties (2015: Nil).

36.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner unfavourable to the Company. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and availability of adequate funds through committed credit facilities. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

36.2.1 Exposure to liquidity risk

36.2.1(a) Contractual maturities of financial liabilities, including estimated interest payments

The following are the remaining contractual maturities at the reporting date. The amounts are grossed and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

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	Note	Carrying amount	Contractual cash flows	Less than six months	Six to twelve months	One to five years
		2016				
		Rupees				
Non-derivative financial liabilities						
Long term financing	6	994,736,840	1,151,391,760	187,065,445	177,009,868	787,316,447
Long term deposits	7	2,036,100	2,036,100	–	–	2,036,100
Trade and other payables	9	982,920,416	982,920,416	982,920,416	–	–
Short term borrowings	10	598,000,000	598,000,000	598,000,000	–	–
Mark-up accrued on borrowings	11	13,394,584	13,394,584	13,394,584	–	–
		2,591,087,940	2,747,742,860	1,781,380,445	177,009,868	789,352,547

	Note	Carrying amount	Contractual cash flows	Less than six months	Six to twelve months	One to five years
		2015				
		Rupees				
Non-derivative financial liabilities						
Long term financing	6	1,425,447,368	1,689,159,908	346,250,960	189,076,382	1,153,832,566
Long term deposits	7	2,036,100	2,036,100	–	–	2,036,100
Trade and other payables	9	828,739,794	828,739,794	828,739,794	–	–
Short term borrowings	10	598,000,000	598,000,000	598,000,000	–	–
Mark-up accrued on borrowings	11	438,388,476	438,388,476	206,504,129	231,884,347	–
		3,292,611,738	3,556,324,278	1,979,494,883	420,960,729	1,155,868,666

36.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

36.3.1 Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which advances, sales and purchases and bank balances are denominated and the respective functional currency of the Company. The functional currency of the Company is Pak Rupee. The currencies in which these transactions are primarily denominated are Euros and US dollars.

36.3.1(a) Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

	EURO	USD	RUPEES
	2016		
Assets			
Advances, deposits, and other receivables	–	1,635,601	170,920,328
Liabilities			
Trade creditors	(41,589)	(3,480,163)	(369,210,283)
Retention money payable to Sinoma	(353,300)	(1,240,000)	(170,920,328)
Net balance sheet exposure	(394,889)	(3,084,562)	(369,210,283)

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	2015		
	EURO	USD	RUPEES
Assets			
Advances, deposits, and other receivables	–	1,638,523	166,310,043
Liabilities			
Trade creditors	–	(1,875,000)	(190,687,500)
Retention money payable to Sinoma	(353,300)	(1,240,000)	(166,310,043)
Net balance sheet exposure	(353,300)	(1,476,477)	(190,687,500)

36.3.1(b) Exchange rates applied during the year

The following significant exchange rates have been applied during the year:

	EURO		USD	
	2016	2015	2016	2015
	Rupees			
Reporting date spot rate				
- buying	116.08	113.57	104.50	101.50
- selling	116.31	113.79	104.70	101.70
Average rate for the year	116.76	122.92	105.17	102.18

36.3.1(c) Sensitivity analysis

A reasonably possible strengthening / (weakening) of 1% in Pak Rupee against the following currencies would have affected the measurement of financial instruments denominated in foreign currency and affected profit and loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit	
	2016 Rupees	2015 Rupees
EURO	(459,295)	(402,020)
USD	(3,232,808)	(1,504,854)
	(3,692,103)	(1,906,874)

36.3.1(d) Currency risk management

Since the maximum amount exposed to currency risk is only 1.91% (2015: 1.12%) of the Company's total assets, any adverse / favorable movement in functional currency with respect to US dollar and Euro will not have any material impact on the operational results.

36.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

36.3.2(a) Mark-up bearing financial instruments

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest / mark-up bearing financial instruments as at the reporting date are as follows:

Notes to the Financial Statements
For the year ended 30 June 2016

	2016		2015	
	Financial asset	Financial liability	Financial asset	Financial liability
	Rupees			
Non-derivative financial instruments				
Fixed rate instruments	5,567,919,065	598,000,000	3,310,370,797	598,000,000
Variable rate instruments	–	994,736,840	–	1,425,447,368

36.3.2(b) Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit by amounts shown below. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

	Profit	
	2016 Rupees	2015 Rupees
Increase of 100 basis points	(9,947,368)	(14,254,474)
Decrease of 100 basis points	9,947,368	14,254,474

36.3.2(c) Interest rate risk management

The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Company's borrowings are based on variable rate pricing that is mostly dependent on Karachi Inter Bank Offer Rate ("KIBOR") as indicated in respective notes.

36.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments trading in market.

36.3.3(a) Investments exposed to price risk

At the balance sheet date, the Company's investment in quoted equity securities and investments in money market mutual funds is as follows:

	2016 Rupees	2015 Rupees
Investment in equity securities	950,000	54,540,000
	950,000	54,540,000

36.3.3(b) Sensitivity analysis

A 5% increase / decrease in redemption and share prices at year end would have increased / decreased the Company's surplus on re-measurement of available for sale investments as follows:

	Equity	
	2016 Rupees	2015 Rupees
Available for sale financial assets		
Effect of increase	47,500	2,727,000
Effect of decrease	(47,500)	(2,727,000)

Notes to the Financial Statements
For the year ended 30 June 2016

36.3.3(c) Price risk management

The Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies. The carrying value of investments subject to equity price risk are based on quoted market prices as at reporting date. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from reported market value. Fluctuations in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

36.4 Fair value of financial instruments

36.4.1 Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).

- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).

- Unobservable inputs for the asset or liability (level 3).

The following table shows the carrying amounts and fair values of financial instruments and non-financial instruments including their levels in the fair value hierarchy:

	Carrying Amount				Fair Value		
	Fair value through other comprehensive income	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
	Rupees						
On-Balance sheet financial instruments							
30 June 2016							
Financial assets measured at fair value	950,000	–	–	–	950,000	–	–
	950,000	–	–	–	950,000	–	–

Notes to the Financial Statements

For the year ended 30 June 2016

	Note	Carrying Amount				Fair Value		
		Fair value through other comprehensive income	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
		Rupees						
Financial assets not measured at fair value								
Long term loans and advances		–	137,937	–	137,937	–	–	–
Long term deposits		–	98,266,640	–	98,266,640	–	–	–
Trade debts - unsecured, considered good		–	258,810,589	–	258,810,589	–	–	–
Short term investments		–	5,562,826,412	–	5,562,826,412	–	–	–
Advances, deposits, and other receivables		–	243,618,884	–	243,618,884	–	–	–
Cash at banks		–	473,025,384	–	473,025,384	–	–	–
	36.4.2	–	6,636,685,846	–	6,636,685,846	–	–	–
Financial liabilities measured at fair value		–	–	–	–	–	–	–
		–	–	–	–	–	–	–
Financial liabilities not measured at fair value								
Long term financing		–	–	994,736,840	994,736,840	–	–	–
Long term deposits		–	–	2,036,100	2,036,100	–	–	–
Trade and other payables		–	–	982,920,416	982,920,416	–	–	–
Short term borrowings		–	–	598,000,000	598,000,000	–	–	–
Mark-up accrued on borrowings		–	–	13,394,584	13,394,584	–	–	–
	36.4.2	–	–	2,591,087,940	2,591,087,940	–	–	–

36.4.2 Fair value versus carrying amounts

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.

36.4.3 Fair value of investment property

Fair value of investment property is determined by professional valuers (level 3 measurement) based on their assessment of the market values as disclosed. The valuations are conducted by the valuation experts appointed by the Company. The valuation experts used a market based approach to arrive at the fair value of the Company's investment properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

37 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

i. to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
ii. to provide an adequate return to shareholders.

Notes to the Financial Statements
For the year ended 30 June 2016

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

38 Operating segments

38.1 These financial statements have been prepared on the basis of single reportable segment.

38.2 Revenue from sale of cement represents 100.00% (2015: 100.00%) of gross sales of the Company.

38.3 The net sales percentage by geographic region is as follows:

	2016	2015
Pakistan	92.38%	89.32%
Afghanistan	7.62%	10.68%
	100.00%	100.00%

38.4 All assets of the Company as at 30 June 2016 are located in Pakistan.

	Plant capacity		Actual production	
	2016	2015	2016	2015
	Metric tons		Metric tons	
39 Capacity and production				
Clinker:				
Grey	2,550,000	2,550,000	1,927,412	1,612,009
White	135,000	135,000	29,094	35,704
Cement:				
Grey	2,805,000	2,805,000	2,059,292	1,800,014
White	148,500	148,500	38,760	39,435

Difference is due to supply demand situation of the market.

40 Provident Fund Trust

The following information is based on latest un-audited financial statements of Provident Fund Trust.

	Unit	2016	2015
Size of fund - total assets	Rupees	105,912,423	89,581,399
Cost of investments made	Rupees	100,075,382	84,571,461
Percentage of investments made	Percentage	94.49%	94.41%
Fair value of investment	Rupees	101,535,543	86,837,758

Notes to the Financial Statements
For the year ended 30 June 2016

The breakup of fair value of investments is as follows:

	2016		2015	
	Rupees	Precentage	Rupees	Precentage
Fixed deposits	47,773,235	47.05%	39,628,023	45.63%
Mutual funds	49,825,294	49.07%	42,999,478	49.52%
Cash at bank	3,937,014	3.88%	4,210,257	4.85%
	101,535,543	100.00%	86,837,758	100.00%

The investments out of Provident Fund Trust have been made in accordance with the provision of section 227 of the Companies Ordinance, 1984 and the rules formulated for the purpose.

41 Number of employees

The total average number of employees during the year and as at 30 June 2016 and 2015 respectively are as follows:

	2016	2015
	Number of employees	
Average number of employees during the year	464	415
Total number of employees as at 30 June	494	434

42 Post balance sheet events

The Board of Directors in their meeting held on September 01, 2016 has proposed a 10% (2015: 40%) final cash dividend of Re. 1 (2015: Rs. 4) per ordinary share for approval of members at annual general meeting to be held on October 31, 2016. These financial statements do not reflect this appropriation as explained in note 3.20.

43 Date of authorization for issue

These financial statements were authorized for issue on September 01, 2016 by the Board of Directors of the Company.

44 General

Figures have been rounded off to the nearest rupee.

Chief Executive

Director

Pattern of Shareholding

As at 30 June 2016

Number of Shareholders	Shareholdings From		Shareholdings To	Total Number of Shares Held	Percentage of Total Capital
366	1	-	100	16,265	0.01
600	101	-	500	192,882	0.12
286	501	-	1000	226,316	0.15
660	1001	-	5000	1,247,543	0.81
107	5001	-	10000	801,125	0.52
46	10001	-	15000	572,780	0.37
26	15001	-	20000	467,259	0.30
20	20001	-	25000	460,898	0.30
12	25001	-	30000	334,824	0.22
5	30001	-	35000	165,600	0.11
15	35001	-	40000	568,415	0.37
5	45001	-	50000	241,523	0.16
6	50001	-	55000	317,302	0.21
3	55001	-	60000	172,206	0.11
3	60001	-	65000	187,100	0.12
1	65001	-	70000	66,000	0.04
2	70001	-	75000	147,700	0.10
3	75001	-	80000	231,400	0.15
3	80001	-	85000	244,800	0.16
5	95001	-	100000	496,000	0.32
2	100001	-	105000	206,089	0.13
2	105001	-	110000	219,300	0.14
2	110001	-	115000	221,900	0.14
3	115001	-	120000	353,658	0.23
1	120001	-	125000	125,000	0.08
2	130001	-	135000	269,500	0.17
3	145001	-	150000	448,200	0.29
2	160001	-	165000	326,572	0.21
1	175001	-	180000	178,800	0.12
3	185001	-	190000	559,877	0.36
1	195001	-	200000	200,000	0.13
1	210001	-	215000	210,900	0.14
2	245001	-	250000	492,765	0.32
1	260001	-	265000	263,800	0.17
1	285001	-	290000	285,846	0.19
1	290001	-	295000	294,600	0.19
1	305001	-	310000	306,200	0.20
1	315001	-	320000	315,500	0.20
1	320001	-	325000	321,400	0.21
1	340001	-	345000	341,220	0.22
1	345001	-	350000	347,900	0.23
1	350001	-	355000	351,307	0.23
1	385001	-	390000	387,200	0.25
1	440001	-	445000	443,500	0.29
1	450001	-	455000	451,628	0.29
1	465001	-	470000	465,400	0.30
1	515001	-	520000	516,400	0.33
1	555001	-	560000	555,528	0.36
1	575001	-	580000	575,600	0.37
1	930001	-	935000	931,933	0.60
1	935001	-	940000	938,093	0.61
1	980001	-	985000	981,200	0.64
1	1000001	-	1005000	1,001,424	0.65
1	1060001	-	1065000	1,061,472	0.69
1	1510001	-	1515000	1,513,224	0.98
1	2310001	-	2315000	2,313,293	1.50
1	3070001	-	3075000	3,073,200	1.99
1	3085001	-	3090000	3,085,500	2.00
1	3190001	-	3195000	3,192,900	2.07
1	3710001	-	3715000	3,712,400	2.40
1	4650001	-	4655000	4,653,606	3.01
1	25870001	-	25875000	25,870,517	16.74
1	84985001	-	84990000	84,986,400	55.00
2,229				**154,508,690**	**100.00**

Categories of Shareholding

As at 30 June 2016

	Categories of Shareholders	Shares Held	Percentage
I	**Directors, Chief Executive Officer, their Spouse and Minor Children**	**434,072**	**0.28%**
	Directors		
	Mr. Aizaz Mansoor Sheikh	56,606	0.04%
	Mr. Nadeem Atta Sheikh	979	0.00%
	Mrs. Hafsa Nadeem	927	0.00%
	Ms. Aminah Aizaz Sheikh	883	0.00%
	Mr. Muhammad Rehman Sheikh	600	0.00%
	Mr. Hasan Tariq Atta	187,200	0.12%
	Mr. Muhammad Atta Tanseer Sheikh	186,277	0.12%
	Director's Spouse		
	Mrs. Shahnaz Aizaz	600	0.00%
II	**Associated Companies, Undertakings & Related Parties**	**85,103,358**	**55.08%**
	ANS Capital (Pvt) Limited	84,986,400	55.00%
	Kohat Cement Educational Trust	116,958	0.08%
III	**NIT & ICP**	**177,980**	**0.12%**
	FUNDS UNDER NATIONAL INVESTMENT TRUST LIMITED	177,500	0.11%
	INVESTMENT CORPORATION OF PAKISTAN	480	0.00%
IV	**Banks, Development Finance Institutions, and Non-Banking Finance Companies**	**7,206,736**	**4.66%**
V	**Insurance Companies**	**6,392,000**	**4.14%**
VI	**Modarbas**	**2,000**	**0.00%**
VII	**Mutual Funds**	**10,132,900**	**6.56%**
	MEEZAN ISLAMIC FUND	3,085,500	2.00%
	AL AMEEN ISLAMIC DEDICATED EQUITY FUND	938,093	0.61%
	HBL - STOCK FUND	575,600	0.37%
	MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	516,400	0.33%
	AL MEEZAN MUTUAL FUND	465,400	0.30%
	UBL STOCK ADVANTAGE FUND	443,500	0.29%
	MCB PAKISTAN STOCK MARKET FUND	387,200	0.25%
	AL-AMEEN SHARIAH STOCK FUND	351,307	0.23%
	MEEZAN BALANCED FUND	347,900	0.23%
	ABL STOCK FUND	321,400	0.21%
	ABL ISLAMIC STOCK FUND	306,200	0.20%
	ALFALAH GHP STOCK FUND	294,600	0.19%
	ALFALAH GHP ISLAMIC STOCK FUND	210,900	0.14%
	ATLAS STOCK MARKET FUND	200,000	0.13%
	ALFALAH GHP ALPHA FUND	178,800	0.12%
	LAKSON EQUITY FUND	162,800	0.11%
	JS LARGE CAP. FUND	134,500	0.09%
	MCB PAKISTAN ASSET ALLOCATION FUND	125,000	0.08%
	JS ISLAMIC FUND	120,000	0.08%
	AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	111,100	0.07%
	MCB PAKISTAN ISLAMIC STOCK FUND	110,800	0.07%
	AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	109,300	0.07%
	HBL ISLAMIC STOCK FUND	102,100	0.07%
	ALFALAH GHP VALUE FUND	82,900	0.05%
	PAK. INT. ELEMENT ISLAMIC ASSET ALLOCATION FUND	78,900	0.05%
	ATLAS ISLAMIC STOCK FUND	76,500	0.05%
	NAFA ISLAMIC STOCK FUND	39,400	0.03%
	HBL MULTI - ASSET FUND	34,700	0.02%
	JS GROWTH FUND	30,000	0.02%

Categories of Shareholding

As at 30 June 2016

	Categories of Shareholders	Shares Held	Percentage
	HBL ISLAMIC ASSET ALLOCATION FUND	25,100	0.02%
	LAKSON TACTICAL FUND	24,200	0.02%
	APIF - EQUITY SUB FUND	23,500	0.02%
	PAK OMAN ISLAMIC ASSET ALLOCATION FUND	23,000	0.01%
	PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	22,300	0.01%
	HBL IPF EQUITY SUB FUND	16,000	0.01%
	APF-EQUITY SUB FUND	12,500	0.01%
	JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	10,400	0.01%
	MEEZAN ASSET ALLOCATION FUND	10,000	0.01%
	AKD INDEX TRACKER FUND	9,500	0.01%
	ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	5,800	0.00%
	ABL PENSION FUND - EQUITY SUB FUND	5,200	0.00%
	FIRST CAPITAL MUTUAL FUND	4,600	0.00%
VIII	**Shareholder holding 5% and more (other than above)**	**25,870,517**	**16.74%**
	Mrs. Hijab Tariq	25,870,517	16.74%
XI	**General Public**		
	a) Local	16,054,237	10.39%
	b) Foreign	Nil	0.00%
X	**Others**	**3,134,890**	**2.03%**
	Joint Stock Companies	1,544,037	1.00%
	Gratuity/Pension/Provident Funds	378,493	0.24%
	Charitable Trusts / Non-Profit Organizations / Wakfs	198,450	0.13%
	Executives	38,177	0.02%
	Investment Companies	975,733	0.63%
	Total	**154,508,690**	**100%**

Financial Calendar

The Company follows the period of July 01 to June 30 as the financial year.

Financial results will be announced as per the following tentative schedule:

Annual General Meeting	October 31, 2016
First Quarter ending September 30, 2016	Last week of October 2016
Second Quarter ending December 31, 2016	Third week of February 2017
Third Quarter ending March 31, 2017	Last week of April 2017
Year ending June 30, 2017	Second week of September 2017

Form of Proxy
37th Annual General Meeting

I/We____

of ____ being a member of

Kohat Cement Company Limited and holder of __________________________________ (No. of shares) Ordinary shares as per

Share Register Folio No. __________________________ and/or CDC Participant I.D. No. _____________________ and

Sub Account No. ____________________ hereby appoint ____

of ____another member of the Company having Folio

No.___________________________________ and/or CDC Participant I.D. No.______________________and Sub

Account No.______________________(or failing him______________________of_______________________

having Folio No.________________and/or CDC Participant I.D. No. ________________and Sub Account No.______________)

as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Monday, October 31, 2016 at 10 A.M. at the registered office of the Company Kohat Cement Factory, Rawalipindi Road, Kohat and at any adjournment thereof.

Signed this ________________day of______________2016.

Signature:

Please affix
Rupees Ten
revenue stamp

Witnesses:

1. Signature: ____________________

   Name: ______________________

   Address: ____________________

   ____

   CNIC or

   Passport No. _________________

2. Signature: ____________________

   Name ______________________

   Address: ____________________

   ____

   CNIC or

   Passport No. _________________

Note:

1. Proxies in order to be effective must be received by the Company not later than 48 hours before the time of holding the meeting. No person shall be appointed as a proxy who is not a member of the Company qualified to vote except that a Company / Corporation being a member may appoint as proxy a person who is not a member.

2. CDC account holders and their proxies are requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.

AFFIX
CORRECT
POSTAGE

The Company Secretary,

Kohat Cement Company Limited
37-P, Gulberg II, Lahore.
Tel: 042 11 111 5225
Fax: 042 3 587 4990

پراکسی فارم
سینتیسواں سالانہ اجلاس عام

میں مسمّی / مسمّاۃ ____________________

ساکن/نمائندہ ____________________

ضلع __________ بحیثیت ممبر کوہاٹ سیمنٹ کمپنی لمیٹڈ (سی ڈی سی/ فولیو نمبر __________) مسمّی/مسمّاۃ __________

ساکن __________ (سی ڈی سی/ فولیو نمبر __________) کو بطور مختار (پراکسی) مقرر کرتا ہوں، تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے سالانہ اجلاسِ عام جو بتاریخ 31 اکتوبر 2016ء بروز پیر صبح 10:00 بجے کمپنی کے رجسٹرڈ آفس کوہاٹ سیمنٹ فیکٹری، راولپنڈی روڈ، کوہاٹ میں منعقد ہو رہا ہے میں یا اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

یہ پراکسی فارم آج مورخہ __________ کو درج ذیل گواہان کی موجودگی میں دستخط ہوا۔

دستخط شیئر ہولڈر:

برائے مہربانی ۱۰ روپے مالیت کی ریونیو سٹیمپ چسپاں کریں۔

گواهان

1۔
دستخط: ____________________
نام: ____________________
پتہ: ____________________
____
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ____________________
یا
پاسپورٹ نمبر: ____________________

2۔
دستخط: ____________________
نام: ____________________
پتہ: ____________________
____
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ____________________
یا
پاسپورٹ نمبر: ____________________

نوٹ:

۱۔ پراکسی (نمائندے) کو فعال بنانے کے لئے نامزدگی کا فارم (پراکسی) میٹنگ سے کم از کم 48 گھنٹے قبل کمپنی کو موصول ہو جانا چاہیئے، کوئی بھی شخص پراکسی (نمائندہ) مقرر نہیں کیا جا سکتا اور نہ وہ ووٹ دینے کا اہل ہو سکتا ہے جو کمپنی کا ممبر نہ ہو، ماسوائے کہ کمپنی/کارپوریشن ایسے شخص کو غیر معمولی اجلاس میں شرکت اور ووٹ دینے کیلئے نامزد کر سکتی ہے جو ممبر نہ ہو۔

2۔ سی ڈی سی اکاؤنٹ ہولڈرز اور ان کے نمائندوں سے درخواست ہے کہ وہ پراکسی فارم کے ہمراہ شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول جمع کروائیں۔

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