



WHERE **STRENGTH** MEETS SUBSTANCE





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## CORPORATE INFORMATION

### Board of Directors

#### *Chief Executive*

Mr. Aizaz Mansoor Sheikh

#### *Executive Director*

Mr. Nadeem Atta Sheikh

#### *Independent Director*

Mr. M. Atta Tanseer Sheikh

#### *Non-Executive Directors*

Mrs. Hijab Tariq

Mrs. Hafsa Nadeem

Mrs. Aminah Aizaz Sheikh

Mr. Muhammad Rehman Sheikh

### Audit Committee

Mr. M. Atta Tanseer Sheikh

#### *Chairman*

Mrs. 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

Qazi Waheed-ud-Din

### Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants

### Share Registrar

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

### Registered Office and Works

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

### Head Office

37- P Gulberg - II, Lahore.  
Tel: (042) 11 111 5225  
Fax: (042) 3587 4990  
Email: [mis@kohatcement.com](mailto:mis@kohatcement.com)

### Bankers of the Company

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

## DIRECTORS' REVIEW

It gives us great pleasure to present the interim financial information of your company for the 2nd Quarter and half year ended 31st December 2013 duly reviewed by the external auditors.

### Market Review

During the half year ended 31-Dec-13 local dispatches of cement in Pakistan have increased by 2.13% while exports have declined by 1.84% compared to the corresponding period last year. Overall growth in sales volume in the country for the half year ended 31-Dec-13 has been recorded at 1.07%.

### Production and Sales Volumes

By the grace of Almighty Allah, the sales volumes of your company have increased by 5.20% during the half year ended 31-Dec-13, which is well above the industry average. Production and sales volumes of the Company during the period were as follows:

	Oct-Dec		July-Dec	
	2013	2012	2013	2012
Clinker Production	488,866	538,501	817,740	881,811
Cement Dispatches	476,856	487,659	885,976	842,129

Decrease in clinker production is due to availability of stocks at the beginning of the period. Old grey cement line remained non-operational due to overcapacity in the local market.

### Financial Performance

Growth in sales volumes coupled with improved sales prices, stable costs of production and reduced finance costs have helped your Company to earn a net profit of Rs.1.474 billion by registering an increase of 25% over the profits of the corresponding period last year. This translates into an EPS of Rs.9.54 for the period. Financial results are summarized below:

	2nd Quarter (Oct. to Dec)		Half year (July-Dec)	
	2013	2012	2013	2012
Net Sales Revenue	3,209,442	2,964,807	5,853,001	5,068,322
Gross profit	1,376,803	1,199,655	2,383,918	1,926,117
Operating Profit	1,260,084	1,114,484	2,182,216	1,777,210
Finance Cost	36,094	71,274	79,821	156,072
Profit before taxation	1,223,991	1,043,210	2,102,395	1,621,138
Taxation	365,774	340,355	628,398	442,171
Profit after taxation	858,216	702,855	1,473,997	1,178,966
		(Restated)		(Restated)
Earnings per share (Rs.)	5.55	4.55	9.54	7.63

### Debt Obligations

The Company is current with its debt obligations.

### Future outlook

Domestic demand of cement is expected to remain stable. Management will mainly focus on cost effective production methods to improve the profitability of the Company.

### Acknowledgments

While placing on record our thanks to all the stakeholders, we look forward to their continued support in future. The employees of the Company deserve a special vote of thanks for their hard work, dedication and commitment.

For and on behalf of the Board



**Aizaz Mansoor Sheikh**  
Chief Executive

Lahore: February 17, 2014

# AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

## Introduction

We have reviewed the accompanying condensed interim balance sheet of Kohat Cement Company Limited as at 31 December 2013 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial information for the six-month period then ended (here-in-after referred as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

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

## Other matter

The figures for the quarters ended 31 December 2013 and 31 December 2012 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Lahore  
February 17, 2014.



**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
(Kamran Iqbal Yousafi)

# CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

As at 31 December 2013

	Note	(Un-audited) Dec 31, 2013 Rupees	(Audited) June 30, 2013 Rupees
<b>EQUITY AND LIABILITIES</b>			
Authorized share capital 300,000,000 (30 June 2013: 150,000,000) ordinary shares of Rs. 10 each		3,000,000,000	1,500,000,000
Issued, subscribed and paid up capital	5	1,545,086,900	1,287,572,410
Reserves		247,543,293	160,768,658
Accumulated profit		5,165,403,497	4,592,706,927
		6,958,033,690	6,041,047,995
<b>Non-current liabilities</b>			
Long term finances - secured	6	267,399,999	380,300,000
Long term security deposits and retention money		2,061,100	2,061,100
Deferred liabilities	7	1,900,425,063	2,076,954,086
		2,169,886,162	2,459,315,186
<b>Current liabilities</b>			
Trade and other payables	8	1,380,528,258	1,122,362,342
Interest and markup accrued		233,848,784	87,864,322
Short term borrowings - secured		498,000,000	501,461,206
Current portion of non-current liabilities		387,668,652	582,539,087
Provision for income tax		498,467,151	–
		2,998,512,845	2,294,226,957
<b>Contingencies and commitments</b>	9	–	–
		12,126,432,697	10,794,590,138
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment			
Operating fixed assets	10	6,350,261,256	6,507,331,967
Capital work-in-progress		257,817,226	103,010,383
		6,608,078,482	6,610,342,350
Intangible assets		1,113,723	1,439,808
Long term loans and advances		15,431,648	15,412,759
Long term deposits		41,266,640	41,229,640
		6,665,890,493	6,668,424,557
<b>Current assets</b>			
Stores, spares and loose tools	11	1,046,114,255	980,005,389
Stock in trade		808,994,000	737,325,759
Trade debts-unsecured, considered good		66,794,575	12,606,242
Short term investments	12	2,195,541,384	1,363,517,650
Advances, deposits, prepayments and other receivables		368,619,096	408,552,627
Cash and bank balances		974,478,894	624,157,914
		5,460,542,204	4,126,165,581
		12,126,432,697	10,794,590,138

The attached notes 1 to 20 form an integral part of these condensed interim financial information.



Chief Executive



Director

# CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

For the Half year and Quarter ended 31 December 2013

	Note	2013		2012	
		"July to December"	"October to December"	"July to December"	"October to December"
		Rupees			
Sales - net	13	5,853,001,437	3,209,441,931	5,068,322,160	2,964,807,891
Cost of goods sold	14	3,469,083,253	1,832,638,993	3,142,204,824	1,765,152,428
<b>Gross profit</b>		2,383,918,184	1,376,802,938	1,926,117,336	1,199,655,463
Selling and distribution expenses		37,651,714	23,298,725	24,812,037	12,416,959
Administrative and general expenses		54,057,487	29,797,088	44,721,629	22,379,490
		91,709,201	53,095,813	69,533,666	34,796,449
<b>Operating profit</b>		2,292,208,983	1,323,707,125	1,856,583,670	1,164,859,014
Other operating expenses	15	150,324,789	87,458,262	85,734,130	54,727,950
		2,141,884,194	1,236,248,863	1,770,849,540	1,110,131,064
Other income		(40,331,533)	(23,835,437)	(6,361,205)	(4,353,643)
		2,182,215,727	1,260,084,300	1,777,210,745	1,114,484,707
Finance cost		79,820,879	36,093,705	156,072,833	71,274,885
<b>Profit before taxation</b>		2,102,394,848	1,223,990,595	1,621,137,912	1,043,209,822
Taxation	16	628,397,583	365,774,211	442,171,204	340,354,788
<b>Profit after taxation</b>		1,473,997,265	858,216,384	1,178,966,708	702,855,034
<b>Earning per share (basic and diluted)</b>		9.54	5.55	(Restated) 7.63	(Restated) 4.55

The attached notes 1 to 20 form an integral part of these condensed interim financial information.



Chief Executive



Director

# CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the Half year and Quarter ended 31 December 2013

	2013		2012	
	"July to December"	"October to December"	"July to December"	"October to December"
	Rupees			
Profit after taxation	1,473,997,265	858,216,384	1,178,966,708	702,855,034
<b>Other comprehensive income</b>				
Items that may be reclassified subsequently to profit and loss				
<b>Available for sale financial assets</b>				
Surplus on remeasurement of investments classified as available for sale to fair value	86,774,635	63,577,964	18,078,000	15,318,000
<b>Other comprehensive income - net of taxes</b>	86,774,635	63,577,964	18,078,000	15,318,000
<b>Total comprehensive income for the period</b>	1,560,771,900	921,794,348	1,197,044,708	718,173,034

The attached notes 1 to 20 form an integral part of these condensed interim financial information.



Chief Executive



Director

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

(UN-AUDITED)

For the Half year ended 31 December 2013

	Share capital	Share premium	General reserve	Fair value reserve	Accumulated profit	Total
	Rupees					
<b>Balance as at 30 June 2012 - Audited</b>	1,287,572,410	49,704,951	70,000,000	2,831,900	2,346,346,095	3,756,455,356
<b>Total comprehensive income for the half year ended 31 December 2012</b>						
Profit for the half year ended 31 December 2012	-	-	-	-	1,178,966,708	1,178,966,708
Other comprehensive income for the half year ended 31 December 2012	-	-	-	18,078,000	-	18,078,000
	-	-	-	18,078,000	1,178,966,708	1,197,044,708
<b>Distribution to owners</b>						
Cash dividend @ Rs. 3 per share for the year ended 30 June 2012	-	-	-	-	(386,271,723)	(386,271,723)
<b>Balance as at 31 December 2012 - Unaudited</b>	1,287,572,410	49,704,951	70,000,000	20,909,900	3,139,041,080	4,567,228,341
<b>Balance as at 30 June 2013 - Audited</b>	1,287,572,410	49,704,951	70,000,000	41,063,707	4,592,706,927	6,041,047,995
<b>Total comprehensive income for the half year ended 31 December 2013</b>						
Profit for the half year ended 31 December 2013	-	-	-	-	1,473,997,265	1,473,997,265
Other comprehensive income for the half year ended 31 December 2013	-	-	-	86,774,635	-	86,774,635
	-	-	-	86,774,635	1,473,997,265	1,560,771,900
<b>Distribution to owners</b>						
Bonus shares @ 2 shares for every 10 shares held for the year ended 30 June 2013	257,514,490	-	-	-	(257,514,490)	-
Cash dividend @ Rs 5 per share for the year ended 30 June 2013	-	-	-	-	(643,786,205)	(643,786,205)
<b>Balance as at 31 December 2013 - Unaudited</b>	1,545,086,900	49,704,951	70,000,000	127,838,342	5,165,403,497	6,958,033,690

The attached notes 1 to 20 form an integral part of these condensed interim financial information.



Chief Executive



Director

# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

For the Half year ended 31 December 2013

Note	(Un-audited) 31 December 2013 Rupees	(Un-audited) 31 December 2012 Rupees
<b>Cash flow from operating activities</b>		
<b>Profit before taxation</b>	2,102,394,848	1,621,137,912
<b>Adjustments for non cash expenses and other items:</b>		
Depreciation on property, plant and equipment	184,029,374	190,289,465
Amortization on intangible assets	326,085	470,228
Profit on sale of property, plant and equipments	(331,650)	(875,405)
Profit on bank deposit	(35,139,428)	(2,789,951)
Profit on sale of investment	(1,996,777)	-
Accrual for Compensated absences	1,088,574	1,270,944
Exchange fluctuation gain	-	(716,710)
Finance cost	79,820,879	156,072,833
	227,797,057	343,721,404
<b>Operating profit before working capital changes</b>	2,330,191,905	1,964,859,316
<b>Changes in working capital</b>		
<b>(Increase) /decrease in current assets</b>		
Stores, spares and loose tools	(66,108,866)	186,880,983
Stock in trade	(71,668,241)	(432,610,531)
Trade debts	(54,188,333)	(2,190,276)
Advances, deposits, prepayments and other receivables	(10,393,386)	(33,268,522)
<b>(Increase) /decrease in current liabilities</b>		
Trade and other payables	229,349,301	210,085,012
	26,990,475	(71,103,334)
<b>Cash generated from operations</b>	2,357,182,380	1,893,755,982
Compensated absences paid	(1,101,858)	(671,800)
Finance cost paid	(116,028,463)	(198,616,338)
Income tax paid	(75,622,460)	(61,106,237)
<b>Net cash generated from operating activities</b>	2,164,429,599	1,633,361,607
<b>Cash flow from investing activities</b>		
Fixed capital expenditure	(181,790,856)	(79,791,543)
Proceeds from disposal of property, plant and equipment	357,000	1,283,769
Purchase of short term investments	(995,249,099)	-
Proceeds from sale of investment	101,996,777	-
Increase in long term deposits	(37,000)	-
(Increase) / Decrease in long term loans and advances	(18,889)	58,345
Profit /mark-up on bank deposits	36,834,680	2,789,951
<b>Net cash used in investing activities</b>	(1,037,907,387)	(75,659,478)
<b>Cash flow from financing activities</b>		
Repayments of long term finances	(307,770,436)	(415,324,589)
Repayment of export refinance	-	(100,000,000)
Dividend paid	(614,969,590)	(365,299,599)
<b>Net cash used in financing activities</b>	(922,740,026)	(880,624,188)
<b>Net increase in cash and cash equivalents</b>	203,782,186	677,077,941
<b>Cash and cash equivalents at the beginning of the period</b>	1,020,696,708	(434,751,873)
<b>Cash and cash equivalents at the end of the period</b>	1,224,478,894	242,326,068

The attached notes 1 to 20 form an integral part of these condensed interim financial information.



Chief Executive



Director

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

For the Half year ended 31 December 2013

## 1 Status and nature of business

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 Karachi, Lahore and Islamabad Stock Exchanges. The company is engaged in the production and sale of cement. The registered office is situated at Rawalpindi Road, Kohat, Pakistan.

## 2 Basis of preparation

- 2.1 This condensed interim financial information comprises the balance sheet of Kohat Cement Company Limited ("the Company"), as at 31 December 2013 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.
- 2.2 This condensed interim financial information of the company for the six months period ended 31 December 2013 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- 2.3 This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended 30 June 2013.
- 2.4 The condensed interim financial information is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984.

## 3 Statement of consistency in accounting policies

- 3.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of annual financial statements for the year ended 30 June 2013.
- 3.2 There were certain new standards and amendments to the approved accounting standards which became effective during the period but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed except as follows:
  - 3.2.1 The amendment to IAS 34 clarifies that the Company needs to disclose the measures of total assets and liabilities for a particular reportable segment only if the amounts are regularly provided to the Company's chief operating decision maker, and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment. Since the condensed interim financial information of the Company are prepared on the basis of single reportable segment, the said amendment is not expected to have any impact.

In addition to the above, following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2014:

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

For the Half year ended 31 December 2013

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IFRIC 21 – Levies	01 January 2014
IAS 32 – Financial Instruments: Presentation	01 January 2014
IAS 36 – Impairment of Assets	01 January 2014
IAS 39 – Financial Instruments: Recognition and Measurement	01 January 2014
IAS 19 – Employee Benefits	01 July 2014
Annual Improvements to IFRSs 2010-2012 and 2011-2013 Cycles	01 July 2014

## 4 Significant estimates

The preparation of this condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense and related disclosures at the date of financial statements. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by management in applying accounting policies, key estimates and uncertainty includes:

- Depreciation method, residual values and useful life of depreciable assets
- Taxation
- Staff retirement benefits
- Provisions and Contingencies

## 5 Issued, subscribed and paid up capital

During the period under review, six out of seven directors of the Company and their family members (the Sponsors) transferred their 70,822,000 ordinary shares in aggregate (comprising 55% of the then total paid-up share capital of the Company) to M/S ANS Capital (Pvt) Limited (the holding company), a company wholly owned and controlled by the Sponsors, thus forming a group comprising ANS Capital as the holding company and the Company as its subsidiary. Necessary approvals from Securities and Exchange Commission of Pakistan have been obtained for formation of group and for its designation for group tax relief under section 59B of the Income Tax Ordinance, 2001. ANS Capital (Pvt) Limited now holds 84,986,400 ordinary shares as of the balance sheet date (comprising 55% of the total paid up capital of the Company) including 14,164,400 ordinary shares issued as Bonus Shares by the Company during the period under review.

	(Un-audited) Dec 31, 2013	(Audited) June 30, 2013
	Rupees	Rupees
<b>6 Long term finances - secured</b>		
Redeemable capital - Sukuk Certificates	169,468,651	378,939,087
Consortium of financial institutions led by Standard Chartered Bank (Pakistan) Limited	485,600,000	583,900,000
	655,068,651	962,839,087
Less: Current maturity shown under current liabilities	(387,668,652)	(582,539,087)
	267,399,999	380,300,000

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

For the Half year ended 31 December 2013

	Note	(Un-audited) Dec 31, 2013 Rupees	(Audited) June 30, 2013 Rupees
<b>7</b>	<b>Deferred liabilities - secured</b>		
	Deferred Taxation	1,261,079,519	1,255,403,212
	Compensated absences	6,681,478	6,694,762
	Deferred markup	7.1 632,664,066	814,856,112
		1,900,425,063	2,076,954,086
<b>7.1</b>	<b>Deferred markup on:</b>		
	Sukuk Certificates	519,836,831	665,028,877
	Consortium of financial institutions led by Standard Chartered Bank (Pakistan) Limited	112,827,235	149,827,235
		632,664,066	814,856,112

## 8 Trade and other payables

Out of final cash dividend amounting to Rs. 386.3 million for the year ended 30 June 2012 and Rs. 643.79 million for the year ended 30 June 2013 the dividend of certain shareholders amounting to Rs. 49.8 million was withheld based on the order dated 25 October 2012 of the Honourable Lahore High Court, Lahore and SECP approval vide letter no. EMD/233/380/02-676 dated 23 November 2012 read with letter no. EMD/233/380/02-841-842 dated 29 November 2013 in response to our application made under section 251(2) of Companies Ordinance, 1984.

## 9 Contingencies and commitments

### 9.1 Contingencies

The Additional Commissioner Inland Revenue (ACIR) amended the assessment U/S 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2007 and created a demand of Rs. 33.6 million after making various additions to the income of the Company and by changing the basis of apportionment of expenses between normal and export sales. The aforesaid amount has been deposited by the Company to the tune of Rs. 5 million under protest. However, the treatment meted out by the ACIR was challenged by the Company through filing of appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)], who gave partial relief to the Company by deleting some additions to arrive at a revised tax demand of Rs. 18.1 million. However, the company has filed an appeal before the Appellate Tribunal Inland Revenue against the order of the CIR(A), wherein the company expects a favourable outcome.

Other than the above mentioned matter, there is no material change in contingencies from the preceding annual published financial statements of the Company for the year ended 30 June 2013.

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

For the Half year ended 31 December 2013

	(Un-audited) Dec 31, 2013 Rupees	(Audited) June 30, 2013 Rupees
<b>9.2 Commitments</b>		
In respect of letters of credit for:		
Capital Expenditure	6,300,000	120,021,610
Store and spares items	34,346,375	122,370,775
	40,646,375	242,392,385
<b>10 Property, plant and equipment</b>		
Opening written down value	6,507,331,967	6,789,893,194
<b>Additions (cost)</b>		
Freehold land	–	7,338,200
Plant, machinery and equipment	17,908,627	46,637,717
Power Installations	508,547	–
Furniture, fixtures and other office equipment	645,990	1,828,882
Computers and printers	891,386	2,271,409
Weighing scales	4,213	16,500
Light vehicles	6,868,500	11,772,700
Laboratory equipments	156,750	22,894,886
	26,984,013	92,760,294
<b>Disposals (net book value)</b>		
Factory building	–	(455,391)
Computers and printers	–	(94,749)
Light vehicles	(25,350)	(691,959)
Heavy vehicles	–	(102,067)
	(25,350)	(1,344,166)
Depreciation charge for the period / year	(184,029,374)	(373,977,355)
<b>Closing written down value</b>	6,350,261,256	6,507,331,967

## 11 Stores, spares and loose tools

These include store in transit amounting to Rs. 359.01 million (June 30, 2013: Rs. 307.91 million).

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

For the Half year ended 31 December 2013

	(Un-audited) Dec 31, 2013	(Audited) June 30, 2013
	Rupees	Rupees
<b>12 Short term investments</b>		
<b>12.1 Available-for-sale</b>		
Equity securities of Gharibwal Cement Limited	81,820,200	50,370,000
Investment in money market mutual funds	1,863,721,184	913,147,650
	1,945,541,384	963,517,650
<b>12.2 Loans and receivables</b>		
Investment in term deposit receipts	250,000,000	400,000,000
	2,195,541,384	1,363,517,650

	(Un-audited) Dec 31, 2013	(Un-audited) Dec 31, 2012
	Rupees	Rupees
<b>13 Sales - net</b>		
Local sales - gross	6,307,195,069	5,018,842,705
Less: Sales tax	1,057,335,459	692,254,166
Federal Excise duty	289,063,200	264,418,600
	1,346,398,659	956,672,766
	4,960,796,410	4,062,169,939
Export sales	983,771,035	1,056,547,354
	5,944,567,445	5,118,717,293
Less: Rebate/ commission on cement sales	91,566,008	50,395,133
	5,853,001,437	5,068,322,160

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

For the Half year ended 31 December 2013

	(Un-audited) Dec 31, 2013	(Un-audited) Dec 31, 2012
	Rupees	Rupees
<b>14 Cost of goods sold</b>		
Raw materials consumed	238,693,533	262,295,070
Packing materials consumed	352,997,366	291,365,198
Power and fuel	787,015,596	796,505,129
Coal gas and furnace oil	1,688,569,009	1,769,271,739
Coal unloading and feeding charges	1,572,143	1,671,121
Stores and spares consumed	97,734,277	81,993,680
Salaries, wages and other benefits	88,676,991	78,800,861
Royalty and excise duty	42,062,658	45,801,426
Rent, rates and taxes	8,269,278	13,678,184
Repairs and maintenance	24,382,935	32,772,231
Insurance	7,571,591	7,153,455
Depreciation	183,041,131	189,173,559
Other expenses	30,147,523	23,295,187
	3,550,734,031	3,593,776,840
Opening work-in-process	497,146,264	387,191,896
Less: Closing work-in-process	(572,466,659)	(711,846,373)
Cost of goods manufactured	3,475,413,636	3,269,122,363
Opening stock of finished goods	147,072,009	31,499,616
	3,622,485,645	3,300,621,979
Less: Closing stock of finished goods	(153,350,974)	(158,252,245)
	3,469,134,671	3,142,369,734
Less: Cost attributable to own cement consumption	(51,418)	(164,910)
	3,469,083,253	3,142,204,824
<b>15 Other operating expenses</b>		
Donations	1,050,000	263,878
Workers' profit participation fund	112,483,642	85,470,252
Workers' Welfare Fund	36,791,147	—
	150,324,789	85,734,130
<b>16 Taxation</b>		
Current	622,721,276	31,068,381
Deferred	5,676,307	411,102,823
	628,397,583	442,171,204

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

For the Half year ended 31 December 2013

	(Un-audited) Dec 31, 2013	(Un-audited) Dec 31, 2012
	Rupees	Rupees
<b>17 Cash and cash equivalents</b>		
Cash and bank balances	974,478,894	244,971,721
Term deposit receipts	250,000,000	–
Short term running finances	–	(2,645,653)
	<b>1,224,478,894</b>	<b>242,326,068</b>

## 18 Transactions with related parties

The related parties comprise holding company, associated companies, Directors of the Company, key management staff and staff retirement funds. The company in the normal course of business carries out transactions with related parties. Significant transactions and balances with related parties are as follows:

	(Un-audited) Dec 31, 2013	(Un-audited) Dec 31, 2012
	Rupees	Rupees
Contribution to provident fund	2,946,609	2,546,600
Contribution to Kohat Cement Co. Ltd. Education Trust	401,460	405,616
Palace Enterprises (Pvt.) Limited (services received)	99,048	220,012
Remuneration including benefits and perquisites of:		
Chief Executive and Executive Directors	17,113,707	16,651,835
[No. of persons 1 and 1 (2012: 1 and 2) respectively]		
Other Executives of the Company	22,452,927	15,181,668
[No. of persons 13 (2012: 10)]		

## 19 Date of authorization for issue

This un-audited condensed interim financial information was authorized for issue by the Board of Directors of the Company on February 17, 2014.

## 20 General

Figures have been rounded off to nearest rupee.



Chief Executive



Director



## HEAD OFFICE

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