

PURSUING EXCELLENCE



Half Year REPORT
December 31,

2015

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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

Ms. Aminah Aizaz Sheikh

Mr. Muhammad Rehman Sheikh

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: wall@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

Directors' Review

The Board of Directors of your Company is delighted in presenting the Interim Financial Statements of your company for the 2nd Quarter and half year ended 31st December 2015 duly reviewed by the external auditors.

Market Review

During the half-year ended 31st December 2015, dispatches of cement sector of Pakistan were 18.22 million tons (Local 15.20 million tons and exports 3.02 million tons) showing a growth of 6.38% compared to the corresponding period of last year. Local sales grew by 16.32% while exports declined by 25.67%.

Production and Sales Volumes

The Company dispatched 1,037,787 tons of cement during the six months period under review showing an increase of 19.50% over the same period of last year. Production and sales volumes of the Company were as follows:

| | Oct-Dec | | July-Dec | |
|--------------------|---------|---------|-----------|---------|
| | 2015 | 2014 | 2015 | 2014 |
| | M. Tons | | | |
| Clinker Production | 475,290 | 305,410 | 910,726 | 712,079 |
| Cement Dispatches | 560,825 | 437,774 | 1,037,787 | 868,458 |

Financial Performance

Net Profits for the second quarter and half year under review have grown by 69.23% and 53.85% respectively over the corresponding periods of last year. Decrease in energy prices coupled with increased sales volume are the primary reasons for the improved gross and net margins during the quarter under review. Un-audited results are compared below:

| | 2nd Quarter (Oct. to Dec) | | Half Year (July-Dec) | |
|--------------------------|------------------------------|-----------|-------------------------|-----------|
| | 2015 | 2014 | 2015 | 2014 |
| (Rupees in thousands) | | | | |
| Net sales revenue | 3,815,793 | 2,980,934 | 7,058,011 | 5,906,024 |
| Gross profit | 1,644,019 | 993,550 | 3,092,854 | 2,031,897 |
| Operating profit | 1,614,955 | 958,173 | 2,992,093 | 1,922,308 |
| Finance cost | 9,363 | 15,728 | 18,751 | 42,017 |
| Profit before taxation | 1,605,592 | 942,445 | 2,973,342 | 1,880,291 |
| Taxation | 499,902 | 259,525 | 871,921 | 514,504 |
| Profit after taxation | 1,155,690 | 682,920 | 2,101,421 | 1,365,787 |
| Earnings per share (Rs.) | 7.48 | 4.42 | 13.60 | 8.84 |

On Going Projects

15 MW Waste Heat Recovery Power Plant (WHRPP) is at commissioning stage and shall be fully operational in the 3rd quarter.

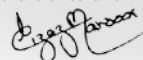
Future Outlook

Growth in domestic cement demand is expected to remain healthy while exports shall remain under pressure.

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: January 28, 2016

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 ("the Company") as at 31 December 2015 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 accounts for the six month period then ended (here-in-after referred as the "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 condensed 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 matters

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended 31 December 2015, have not been reviewed and we do not express a conclusion on them.



Lahore: January 28, 2016

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

Condensed Interim Balance Sheet (Un-audited)

As at December 31, 2015

| | Note | (Un-audited) Dec 31, 2015 Rupees | (Audited) June 30, 2015 Rupees |
|---|------|--|--------------------------------------|
| EQUITY AND LIABILITIES | | | |
| Share capital and reserves | | | |
| Authorized share capital | | 3,000,000,000 | 3,000,000,000 |
| Issued, subscribed and paid-up capital | | 1,545,086,900 | 1,545,086,900 |
| Reserves | | 120,564,665 | 165,227,112 |
| Accumulated profits | | 10,570,326,398 | 9,086,940,116 |
| | | 12,235,977,963 | 10,797,254,128 |
| Non-current liabilities | | | |
| Long term finances - secured | 5 | 852,631,576 | 994,736,840 |
| Long term security deposits | | 2,036,100 | 2,036,100 |
| Deferred liabilities | | | |
| - deferred taxation | | 1,164,069,790 | 1,135,154,179 |
| - compensated absences | | 10,190,199 | 9,416,950 |
| | | 2,028,927,665 | 2,141,344,069 |
| Current liabilities | | | |
| Current maturity of long term finances | 5 | 284,210,528 | 430,710,528 |
| Trade and other payables | 6 | 2,283,228,862 | 1,917,428,173 |
| Short term borrowings - secured | | 598,000,000 | 598,000,000 |
| Interest / mark-up accrued on borrowings | | 227,958,713 | 438,388,476 |
| Provision for taxation | | 186,634,073 | 738,343,179 |
| | | 3,580,032,176 | 4,122,870,356 |
| Contingencies and commitments | 7 | — | — |
| | | 17,844,937,804 | 17,061,468,553 |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 8 | 7,794,541,149 | 8,164,179,999 |
| Investment property | 9 | 839,646,021 | 416,749,671 |
| Intangible assets | | 742,118 | 445,181 |
| Long term loans and advances | 10 | 192,732,107 | 5,189,757 |
| Long term deposits | | 38,266,640 | 41,266,640 |
| | | 8,865,928,035 | 8,627,831,248 |
| Current assets | | | |
| Stores, spares and loose tools | | 1,063,404,996 | 1,032,333,172 |
| Stock-in-trade | | 345,600,398 | 355,137,623 |
| Trade debts - unsecured, considered good | | 183,859,806 | 220,618,994 |
| Short term investments | 11 | 5,879,782,205 | 3,354,540,000 |
| Advances, deposits, prepayments and other receivables | | 515,400,756 | 546,561,635 |
| Cash and bank balances | | 990,961,608 | 2,924,445,881 |
| | | 8,979,009,769 | 8,433,637,305 |
| | | 17,844,937,804 | 17,061,468,553 |

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.



Chief Executive



Director

Condensed Interim Profit and Loss Account (Un-audited)

For the half year and quarter ended December 31, 2015

| | | 2015 | 2014 | 2015 | 2014 |
|--|----|----------------------|----------------------|----------------------|--------------------|
| | | July to | July to | October to | October to |
| | | December | December | December | December |
| Note | | Rupees | | | |
| Sales - net | 12 | 7,058,011,067 | 5,906,023,973 | 3,815,793,184 | 2,980,934,380 |
| Cost of sales | 13 | (3,965,156,944) | (3,874,127,364) | (2,171,773,494) | (1,987,384,074) |
| Gross profit | | 3,092,854,123 | 2,031,896,609 | 1,644,019,690 | 993,550,306 |
| Selling and distribution expenses | | (77,624,373) | (34,215,684) | (37,866,511) | (17,248,600) |
| Administrative and general expenses | | (66,222,620) | (56,473,968) | (32,835,659) | (28,593,902) |
| Other income | 14 | 263,998,142 | 118,763,274 | 157,949,337 | 79,534,649 |
| Other charges | 15 | (220,912,610) | (137,662,455) | (116,311,947) | (69,069,458) |
| | | (100,761,461) | (109,588,833) | (29,064,780) | (35,377,311) |
| Operating profit | | 2,992,092,662 | 1,922,307,776 | 1,614,954,910 | 958,172,995 |
| Finance cost | | (18,750,535) | (42,016,945) | (9,362,771) | (15,727,839) |
| Profit before taxation | | 2,973,342,127 | 1,880,290,831 | 1,605,592,139 | 942,445,156 |
| Taxation | 16 | (871,921,085) | (514,504,311) | (449,902,144) | (259,524,751) |
| Profit after taxation | | 2,101,421,042 | 1,365,786,520 | 1,155,689,995 | 682,920,405 |
| Earning per share (basic and diluted) | | 13.60 | 8.84 | 7.48 | 4.42 |

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.



Chief Executive



Director

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the half year and quarter ended December 31, 2015

| | 2015 July to December | 2014 July to December | 2015 October to December | 2014 October to December |
|---|-----------------------------|-----------------------------|--------------------------------|--------------------------------|
| | Rupees | | | |
| Profit after taxation | 2,101,421,042 | 1,365,786,520 | 1,155,689,995 | 682,920,405 |
| Other comprehensive income for the period | | | | |
| Items that are or may be reclassified to profit and loss account: | | | | |
| Available-for-sale financial assets | | | | |
| – Net changes in fair value | 13,199,000 | 137,430,555 | 6,634,000 | 74,614,361 |
| – Reclassified to profit and loss account | (57,861,447) | (38,309,072) | (57,861,447) | (38,309,072) |
| | (44,662,447) | 99,121,483 | (51,227,447) | 36,305,289 |
| Total comprehensive income for the period | 2,056,758,595 | 1,464,908,003 | 1,104,462,548 | 719,225,694 |

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.



Chief Executive



Director

Condensed Interim Cash Flow Statment (Un-audited)

For the half year ended December 31, 2015

| | Note | July 1 - Dec 31 2015 Rupees | July 1 - Dec 31 2014 Rupees |
|--|------|-----------------------------------|-----------------------------------|
| Cash flow from operating activities | | | |
| Profit before taxation | | 2,973,342,127 | 1,880,290,831 |
| Adjustments for: | | | |
| Depreciation on property, plant and equipment | 8.1 | 205,320,949 | 181,042,645 |
| Amortization on intangible assets | | 220,338 | 228,336 |
| Loss / (gain) on disposal of property, plant and equipment | | 3,225,667 | (334,952) |
| Interest on bank deposits and advances | | (161,872,176) | (68,369,729) |
| Realized gain on sale of short term investments | | (61,620,114) | (38,309,072) |
| Unrealized gain on short term investment | | (38,961,321) | (5,035,657) |
| Provision for compensated absences | | 2,145,456 | 1,548,000 |
| Provision for Workers' Welfare Fund | 15 | 52,809,753 | 32,098,182 |
| Provision for Workers' Profit Participation Fund | 15 | 159,279,615 | 100,674,273 |
| Finance cost | | 18,750,535 | 42,016,945 |
| | | 179,298,702 | 245,558,971 |
| Cash generated from operations before working capital changes | | 3,152,640,829 | 2,125,849,802 |
| <i>(Increase) / decrease in current assets:</i> | | | |
| Stores, spares and loose tools | | (31,071,824) | (115,686,905) |
| Stock-in-trade | | 9,537,225 | 226,793,637 |
| Trade debts | | 36,759,188 | (436,766) |
| Advances, deposits, prepayments and other receivables | | 47,047,652 | (96,841,916) |
| <i>Increase / (decrease) in current liabilities:</i> | | | |
| Trade and other payables | | 230,410,851 | (230,414,065) |
| | | 292,683,092 | (216,586,015) |
| Cash generated from operations | | 3,445,323,921 | 1,909,263,787 |
| Compensated absences paid | | (1,372,207) | (1,135,657) |
| Finance cost paid | | (286,613,534) | (222,818,874) |
| Payment made to Workers' Welfare Fund | | (79,781,366) | (72,545,128) |
| Long term deposits received | | 3,000,000 | – |
| Income tax paid | | (1,394,714,580) | (1,028,577,560) |
| Net cash generated from operating activities | | 1,685,842,234 | 584,186,568 |
| Cash flow from investing activities | | | |
| Acquisition of property, plant and equipment | | (206,719,200) | (833,973,299) |
| Proceeds from disposal of property, plant and equipment | | 2,388,320 | 5,585,000 |
| Acquisition of intangible assets | | (517,275) | – |
| Acquisition of investment property | | (40,000) | (234,524,813) |
| Short term investments - net | | (2,512,237,190) | (45,662,398) |
| Long term loans and advances - net | | (187,542,350) | (338,583) |
| Interest on bank deposits and loan | | 145,985,403 | 63,450,940 |
| Net cash used in investing activities | | (2,758,682,292) | (1,045,463,153) |
| Cash flow from financing activities | | | |
| Repayment of long term finances - secured | | (288,605,264) | (112,900,000) |
| Proceeds of long term finances - secured | | – | 615,783,238 |
| Increase in short term borrowings | | – | 1,090,529 |
| Dividend paid | | (614,952,924) | (305,461,995) |
| Net cash (used in) / generated from financing activities | | (903,558,188) | 198,511,772 |
| Net decrease in cash and cash equivalents | | (1,976,398,246) | (262,764,813) |
| Cash and cash equivalents at beginning of the period | | 6,224,445,881 | 1,855,340,409 |
| Cash and cash equivalents at end of the period | 17 | 4,248,047,635 | 1,592,575,596 |

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.



Chief Executive



Director

Condensed Interim Statement of Changes in Equity (Un-audited)

For the half year ended 31 December 2015

| | | Capital Reserves | | Revenue Reserves | | | |
|--|------------------|------------------|-----------------------|--------------------|-----------------------|-------------------|----------------|
| | Share Capital | Share premium | Fair value reserve | General reserve | Accumulated profit | Total reserves | Total |
| | | | | Rupees | | | |
| Balance as at 30 June 2014 - audited | 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 | | | | | | | |
| Profit for the half year ended | | | | | | | |
| 31 December 2014 | - | - | - | - | 1,365,786,520 | 1,365,786,520 | 1,365,786,520 |
| Other comprehensive income for the | | | | | | | |
| half year ended 31 December 2014 | - | - | 99,121,483 | - | - | 99,121,483 | 99,121,483 |
| | - | - | 99,121,483 | - | 1,365,786,520 | 1,464,908,003 | 1,464,908,003 |
| Transactions with owners of the Company | | | | | | | |
| Final cash dividend at Rs. 2.0 per share for | | | | | | | |
| the year ended 30 June 2014 | - | - | - | - | (309,017,380) | (309,017,380) | (309,017,380) |
| Balance as at 31 December 2014 - unaudited | 1,545,086,900 | 49,704,951 | 175,564,184 | 70,000,000 | 7,903,001,885 | 8,198,271,020 | 9,743,357,920 |
| Balance as at 30 June 2015 - audited | | | | | | | |
| Balance as at 30 June 2015 - audited | 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 | | | | | | | |
| Profit for the half year ended | | | | | | | |
| 31 December 2015 | - | - | - | - | 2,101,421,042 | 2,101,421,042 | 2,101,421,042 |
| Other comprehensive income for the | | | | | | | |
| half year ended 31 December 2015 | - | - | (44,662,447) | - | - | (44,662,447) | (44,662,447) |
| | - | - | (44,662,447) | - | 2,101,421,042 | 2,056,758,595 | 2,056,758,595 |
| Transactions with owners of the Company | | | | | | | |
| Final cash dividend at Rs. 4.0 per share for | | | | | | | |
| the year ended 30 June 2015 | - | - | - | - | (618,034,760) | (618,034,760) | (618,034,760) |
| Balance as at 31 December 2015 - unaudited | 1,545,086,900 | 49,704,951 | 859,714 | 70,000,000 | 10,570,326,398 | 10,690,891,063 | 12,235,977,963 |

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.



Chief Executive



Director

Notes to the Condensed Interim Financial Statements (Un-audited)

For the half year ended December 31, 2015

1 Reporting entity

- 1.1 Kohat Cement Company Limited ("the Company") is a public limited company incorporated in Pakistan under the Companies Act, 1913 (now the Companies Ordinance, 1984) and is listed on Pakistan Stock Exchange. The Company is engaged in the production and sale of cement. The registered office of the Company is situated at Rawalpindi Road, Kohat, Pakistan.
- 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 total paid up share capital.

2 Basis of preparation

- 2.1 This condensed interim financial information comprises the condensed interim balance sheet of the Company, as at 31 December 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim 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 2015 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 financial statements for the year ended on 30 June 2015.
- 2.4 Comparative balance sheet numbers are extracted from the annual audited financial statements of the Company for the year ended 30 June 2015, whereas comparative profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed interim financial information of the Company for the six months period ended 31 December 2014.
- 2.5 This condensed interim financial information is being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984.

3 Judgments and estimates

The preparation of the 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 and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the condensed interim financial information, the significant judgments made by the management in applying accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of annual financial statements for the year ended 30 June 2015.

4 Statement of consistency in accounting policies

- 4.1. The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are same as those applied in the preparation of the financial statements for the year ended 30 June 2015 except for IFRS 13 'Fair Value Measurement' which became effective for financial periods beginning on or after 1 January 2015. The Company has adopted this IFRS and the application of IFRS 13 does not have an impact on the financial statements of the Company, except certain additional disclosures.
- 4.2 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.

In addition to the above, following standards and amendments in approved accounting standards will be effective for accounting periods as detailed below:

| Standards | Effective date (accounting periods beginning on or after) |
|---|---|
| IAS 19 – Employee Benefits | 01 January 2016 |
| IAS 38 – Intangible Assets | 01 January 2016 |
| IAS 16 – Property, Plant and Equipment | 01 January 2016 |
| IAS 41 – Agriculture | 01 January 2016 |
| IFRS 10 – Consolidated Financial Statements | 01 January 2016 |
| IAS 28 – Investments in Associates and Joint Ventures | 01 January 2016 |
| IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations | 01 January 2016 |
| IFRS 7 – Financial Instruments- Disclosures | 01 January 2016 |
| IAS 27 – Separate Financial Statements | 01 January 2016 |
| IAS 34 – Interim Financial Reporting | 01 January 2016 |
| IFRS 11 – Joint Arrangements | 01 January 2016 |

Notes to the Condensed Interim Financial Statements (Un-audited)

For the half year ended December 31, 2015

| | Note | (Un-audited) Dec 31, 2015 Rupees | (Audited) June 30, 2015 Rupees |
|--|------|--|--------------------------------------|
| 5 Long term finances - secured | | | |
| Syndicated term finance - III | 5.1 | — | 146,500,000 |
| Syndicated term finance - WHR | 5.2 | 1,136,842,104 | 1,278,947,368 |
| | | 1,136,842,104 | 1,425,447,368 |
| Less: Current maturity presented under current liabilities | | (284,210,528) | (430,710,528) |
| | | 852,631,576 | 994,736,840 |

5.1 During the period/year, the Company has made repayments amounting to Rs. 146,500,000 (30 June 2015 : Rs. 233,800,000) as complete settlement of the loan.

5.2 During the period/year, the Company has made repayments amounting to Rs. 142,105,264 (30 June 2015 : Rs. 71,052,632).

| | (Un-audited) Dec 31, 2015 Rupees | (Audited) June 30, 2015 Rupees |
|---|--|--------------------------------------|
| 6 Trade and other payables | | |
| Trade creditors | 410,377,379 | 371,378,323 |
| Contractors' bills payable | 30,355,778 | 14,103,668 |
| Accrued liabilities | 250,798,132 | 218,320,679 |
| Advances from customers | 98,548,612 | 126,281,937 |
| Payable to Workers' Profit Participation Fund | 723,051,741 | 563,772,126 |
| Payable to Workers' Welfare Fund | 54,078,386 | 81,049,999 |
| | 1,567,210,028 | 1,374,906,732 |
| <i>Payable to Government on account of:</i> | | |
| Income Tax deducted at source | 6,110,811 | 9,597,944 |
| Sales Tax | 143,810,719 | 51,883,761 |
| Federal Excise Duty | 68,513,551 | 60,915,016 |
| Royalty and Excise Duty | 154,721,412 | 95,242,111 |
| | 373,156,493 | 217,638,832 |
| Securities and retention money payable | 181,803,738 | 180,891,525 |
| Unclaimed dividend | 5,765,396 | 5,223,393 |
| Dividend payable | 24,082,204 | 21,542,371 |
| Other payables | 131,211,003 | 117,225,320 |
| | 342,862,341 | 324,882,609 |
| | 2,283,228,862 | 1,917,428,173 |

7 Contingencies and commitments

7.1 Contingencies

There is no significant change in the status of contingencies as reported in the preceding published annual financial statements of the Company for the year ended 30 June 2015.

| | (Un-audited) Dec 31, 2015 Rupees | (Audited) June 30, 2015 Rupees |
|--------------------------------------|--|--------------------------------------|
| 7.2 Commitments | | |
| In respect of letters of credit for: | | |
| - capital expenditure | 423,916,000 | 64,721,700 |
| - stores and spares | 324,745,103 | 80,290,574 |
| | 748,661,103 | 145,012,274 |

Notes to the Condensed Interim Financial Statements (Un-audited)

For the half year ended December 31, 2015

| | Note | (Un-audited) Dec 31, 2015 Rupees | (Audited) June 30, 2015 Rupees |
|--|------|--|--------------------------------------|
| 8 Property, plant and equipment | | | |
| Operating fixed assets | 8.1 | 6,059,726,219 | 6,465,042,583 |
| Capital work in progress | 8.2 | 1,734,814,930 | 1,699,137,416 |
| | | 7,794,541,149 | 8,164,179,999 |
| 8.1 Operating fixed assets | | | |
| Opening written down value | | 6,465,042,583 | 6,816,809,387 |
| <i>Add: Additions during the period / year (cost)</i> | | | |
| Freehold land | | — | 105,350 |
| Factory building | | 534,331 | — |
| Office and other building | | 9,284,509 | — |
| Housing colony | | 30,486,744 | — |
| Plant, machinery and equipment | | 113,941,066 | 4,103,943 |
| Power installations | | — | 45,000 |
| Furniture, fixtures and other office equipment | | 13,791,248 | 8,347,703 |
| Computer and printers | | 2,988,544 | 3,516,861 |
| Light vehicles | | 57,448,480 | 29,184,860 |
| Laboratory equipment | | — | 561,250 |
| | | 228,474,922 | 45,864,967 |
| <i>Less: Disposals during the period / year (written down value)</i> | | | |
| Factory building | | — | (5,755,000) |
| Plant, machinery and equipment | | (3,460,126) | — |
| Furniture, fixtures and other office equipment | | (103,116) | (131,157) |
| Light vehicles | | (2,050,745) | (712,365) |
| | | (5,613,987) | (6,598,522) |
| <i>Less: Transfer to investment property</i> | | (422,856,350) | — |
| <i>Less: Depreciation charge for the period / year</i> | | (205,320,949) | (391,033,249) |
| | | 6,059,726,219 | 6,465,042,583 |
| 8.2 Capital work in progress | | | |
| Balance at the beginning of the period / year | | 1,699,137,416 | 292,486,030 |
| Add: Additions during the period / year | | 163,716,209 | 1,407,998,431 |
| Less: Transfers to fixed assets during the period / year | | (128,038,695) | (1,347,045) |
| | | 1,734,814,930 | 1,699,137,416 |
| 9 Investment property | | | |
| Balance at the beginning of the period / year | | 416,749,671 | — |
| Additions during the period / year | | 40,000 | 416,749,671 |
| Transferred from fixed assets | | 422,856,350 | — |
| | | 422,896,350 | 416,749,671 |
| | 9.1 | 839,646,021 | 416,749,671 |

9.1 The approximate market value of investment property as at 31 December 2015 amounts to Rs. 1,048.8 million (30 June 2015 : Rs. 416.7 million).

Notes to the Condensed Interim Financial Statements (Un-audited)

For the half year ended December 31, 2015

10 Long term loans and advances

This includes Rs. 187,300,000 (30 June 2015: Nil) on account of advances given for acquisition of land to be classified as investment property.

| | Note | (Un-audited) Dec 31, 2015 Rupees | (Audited) June 30, 2015 Rupees |
|--|------|--|--------------------------------------|
| 11 Short term investments | | | |
| <i>Available for sale - quoted investments</i> | | | |
| Gharibwal Cement Limited: | | | |
| Cost | | 89,286 | 9,017,839 |
| Fair value gain | | 859,714 | 45,522,161 |
| | | 949,000 | 54,540,000 |
| <i>Investment in mutual funds</i> | | | |
| Cost | | 2,336,435,357 | — |
| Fair value gain | | 38,961,321 | — |
| | | 2,375,396,678 | — |
| <i>Loans and receivables</i> | | | |
| Investment in Term Deposit Receipts | 17 | 3,257,086,027 | 3,300,000,000 |
| Investment in Market Treasury Bills | | 246,350,500 | — |
| | | 3,503,436,527 | 3,300,000,000 |
| | | 5,879,782,205 | 3,354,540,000 |

Available for sale investments and investments at fair value through profit or loss are included in level 1 of fair value hierarchy. For all other financial assets and liabilities, fair values are not disclosed as their carrying amounts are reasonable approximation of fair value which includes loans and receivables with carrying value of Rs. 3,503,436,527, long term finances with carrying value of Rs. 1,136,842,104 and short term borrowings with carrying value of Rs. 598,000,000 which are included in level 2 of fair value hierarchy

| | | (Un-audited) July 1 - Dec 31 2015 Rupees | (Un-audited) July 1 - Dec 31 2014 Rupees |
|-----------------------|--|---|---|
| 12 Sales - net | | | |
| Local sales - gross | | 8,237,891,511 | 6,533,256,067 |
| Less: Sales tax | | 1,357,388,310 | 1,078,021,296 |
| Federal Excise Duty | | 387,756,153 | 305,694,993 |
| | | 1,745,144,463 | 1,383,716,289 |
| | | 6,492,747,048 | 5,149,539,778 |
| Export sales | | 662,707,677 | 834,332,177 |
| | | 7,155,454,725 | 5,983,871,955 |
| Less: Commission | | 97,443,658 | 77,847,982 |
| | | 7,058,011,067 | 5,906,023,973 |

Notes to the Condensed Interim Financial Statements (Un-audited)

For the half year ended December 31, 2015

| | (Un-audited) July 1 - Dec 31 2015 Rupees | (Un-audited) July 1 - Dec 31 2014 Rupees |
|--|---|---|
| 13 Cost of sales | | |
| Raw materials consumed | 292,088,359 | 215,710,544 |
| Packing materials consumed | 467,206,117 | 377,212,960 |
| Fuel and power | 1,017,510,255 | 1,065,448,543 |
| Coal and gas | 1,481,905,259 | 1,409,886,330 |
| Coal unloading and feeding charges | 1,930,809 | 1,475,167 |
| Stores, spares and loose tools consumed | 178,416,207 | 138,905,485 |
| Salaries, wages and other benefits | 124,101,289 | 100,988,586 |
| Royalty and excise duty | 98,298,648 | 64,731,744 |
| Rent, rates and taxes | 8,875,701 | 10,771,627 |
| Repairs and maintenance | 38,487,549 | 31,645,654 |
| Insurance | 9,526,698 | 9,303,864 |
| Depreciation | 202,950,914 | 179,702,754 |
| Other expenses | 31,715,309 | 27,321,816 |
| | 3,953,013,114 | 3,633,105,074 |
| <i>Work-in-process:</i> | | |
| At beginning of the period | 168,067,955 | 224,103,452 |
| At end of the period | (194,399,975) | (91,518,264) |
| Cost of goods manufactured | 3,926,681,094 | 3,765,690,262 |
| <i>Finished goods:</i> | | |
| At beginning of the period | 103,016,133 | 148,584,366 |
| At end of the period | (63,130,874) | (31,791,036) |
| | 3,966,566,353 | 3,882,483,592 |
| Less: Cost attributable to own cement consumption | (1,409,409) | (8,356,228) |
| | 3,965,156,944 | 3,874,127,364 |
| 14 Other income | | |
| <i>Income from financial assets</i> | | |
| Profit on bank deposits, TDR and MTB | 161,872,176 | 68,369,729 |
| Profit from SNGPL loan | 71,464 | 106,620 |
| Gain on sale of investment in Gharibwal Cement Limited | 57,861,447 | 23,218,450 |
| Gain on sale of investment in Mutual Funds | 3,758,667 | 15,090,622 |
| Unrealized gain from Mutual Funds | 38,961,321 | 5,035,657 |
| Dividend received from Mutual Funds | — | 69,733 |
| Interest on Employees' loans | 39,296 | 60,597 |
| <i>Income from non-financial assets</i> | | |
| Income from sale of scrap | 669,414 | 2,843,469 |
| Gain on disposal of property, plant and equipment | 327,575 | 334,952 |
| Exchange fluctuation gain | — | 3,339,128 |
| Miscellaneous | 436,782 | 294,317 |
| | 263,998,142 | 118,763,274 |
| 15 Other charges | | |
| Donations | 5,270,000 | 4,890,000 |
| Workers' Profit Participation Fund | 159,279,615 | 100,674,273 |
| Workers' Welfare Fund | 52,809,753 | 32,098,182 |
| Loss on disposal of property, plant and equipment | 3,553,242 | — |
| | 220,912,610 | 137,662,455 |

Notes to the Condensed Interim Financial Statements (Un-audited)

For the half year ended December 31, 2015

| | Note | (Un-audited) July 1 - Dec 31 2015 Rupees | (Un-audited) July 1 - Dec 31 2014 Rupees |
|--------------------|------|---|---|
| 16 Taxation | | | |
| Current | 16.1 | 843,005,474 | 529,206,353 |
| Deferred | | 28,915,611 | (14,702,042) |
| | | 871,921,085 | 514,504,311 |

16.1 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.

The Board of Directors of the Company intends to distribute sufficient cash dividend for the year ended 30 June 2016 (refer to note 19) to comply with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognized in this condensed interim financial information for the period ended 31 December 2015.

| | Note | (Un-audited) Dec 31, 2015 Rupees | (Un-audited) Dec 31, 2014 Rupees |
|-------------------------------------|------|--|--|
| 17 Cash and cash equivalents | | | |
| Cash and bank balances | | 990,961,608 | 792,575,596 |
| Term deposit receipts | 11 | 3,257,086,027 | 800,000,000 |
| | | 4,248,047,635 | 1,592,575,596 |

18 Transactions and balances with related parties

The related parties comprise of the Holding Company, associated companies, key management personnel including directors of the Company and staff retirement funds. Significant transactions and balances with related parties are as follows:

18.1 Transactions with related parties

| Parties | Nature of transactions | (Un-audited) July 1 - Dec 31 2015 Rupees | (Un-audited) July 1 - Dec 31 2014 Rupees |
|---|---------------------------------|---|---|
| Provident Fund Trust | Contribution | 4,421,058 | 3,388,293 |
| Palace Enterprises (Pvt) Ltd. | Accommodation services | 127,519 | 113,136 |
| Art Vision (Pvt) Ltd. | Sale of Cement | 8,184,897 | — |
| Ultra Pack (Pvt) Ltd. | Sale of Cement | 2,399,359 | — |
| Kohat Cement Educational Trust | Contribution | 226,406 | 402,240 |
| Key management personnel (CEO) | Remuneration and other benefits | 13,065,014 | 10,581,874 |
| Key management personnel (ED) | Remuneration and other benefits | 12,133,247 | 10,549,435 |
| Key management personnel (Other Executives of the Company) | Remuneration and other benefits | 45,748,132 | 33,502,044 |
| Directors | Dividend paid | 104,669,156 | 53,393,578 |
| ANS Capital (Pvt) Ltd. (Holding Company) | Dividend paid | 339,945,600 | 169,972,800 |
| Kohat Cement Educational Trust | Dividend paid | 467,832 | 233,916 |

Notes to the Condensed Interim Financial Statements (Un-audited)

For the half year ended December 31, 2015

18.2 Balances with related parties

| Parties | Nature of transactions | (Un-audited) Dec 31, 2015 Rupees | (Audited) June 30, 2015 Rupees |
|------------------------------|------------------------|--|--------------------------------------|
| Provident Fund Trust | (Payable) / Receivable | (1,606,041) | 1,653,648 |
| Ultra Pack (Private) Limited | Receivable | 598,331 | — |

19 Subsequent event and date of authorization for issue

The Board of Directors of the Company has approved interim dividend of Rs.5 per share in their meeting held on January 28, 2016. This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on January 28, 2016.

20 General

Figures have been rounded off to the nearest rupee.



Chief Executive



Director



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