



Quarterly Report (Un-Audited)
March 31,
2005

KOHAT CEMENT
COMPANY LIMITED

Kohat Cement Company Limited.

Company Information

Board of Directors

Mr. Atta Mohammad Sheikh
Chairman

Mr. Aizaz Mansoor Sheikh
Chief Executive

Mr. Nadeem Atta Sheikh

Mr. Tariq Atta Sheikh

Mr. Omer Aizaz Sheikh

Mrs. Ghazala Amjad

Mrs. Hafsa Nadeem

Audit Committee

Mr. Tariq Atta Sheikh
Chairman

Mr. Aizaz Mansoor Sheikh

Mr. Omer Aizaz Sheikh

Mrs. Ghazala Amjad

Company Secretary

Mr. Mohammad Hashim Khan

Legal Advisor

Qazi Waheed -ud-Din

Auditors

Taseer Hadi Khalid & Co.
Chartered Accountants

Registered Office and Works

Kohat Cement Company Limited

Rawalpindi Road, Kohat.

Tel: (0922) 560401-3

Fax: (0922) 560405

Telex: 52431 KCCL PK.

Head Office

64-E-1/D, Gulberg-III, Lahore.

Tel: (042) 5754358, 5758649

Fax: (042) 5754084

E. Mail: kccl@wol.net.pk

Bankers of the Company

Union Bank Limited

The Bank of Khyber

Saudi Pak Commercial Bank Limited

Askari Commercial Bank Limited

United Bank Limited

Muslim Commercial Bank Limited

National Bank of Pakistan

Prime Commercial Bank Limited

Allied Bank of Pakistan Limited

Share Deptt.

AZM Computer Services (Pvt.) Limited

24-Ferozepur Road,

Mozang Chungi, Lahore.

Tel: (042) 7552269

Fax: (042) 7576129

Kohat Cement Company Limited.

Directors' Review

Your Directors take pleasure in presenting un-audited accounts of the Company for the 3rd quarter ended on March 31, 2005 of the current financial year.

Production and sales - The production and sales data for the 3rd quarter and nine-month period is as under:

	3rd quarter ended March 31		Nine-months ended March 31	
	2005 Tones	2004 Tones	2005 Tones	2004 Tones
Production				
- Clinker	110,782	130,127	390,059	369,639
- Cement	128,382	145,571	397,100	395,139
Cement Sales				
- Local	112,417	110,193	341,114	308,131
- Export	16,014	35,037	50,435	91,999
- Total	128,431	145,230	391,853	398,130

Operating Results - The operating results for the 3rd quarter and nine-month period are as under:

	3rd quarter ended March 31		Rupees '000' Nine-months ended March 31	
	2005	2004	2005	2004
Net Sales Revenue	385,443	371,198	1,182,214	1,012,128
Pre-tax profit and loss	112,244	116,900	367,094	291,948
After tax profit and loss	74,921	81,552	244,887	197,989

Capacity utilization (clinker) has been 82% (3rd quarter) and 96% (nine-months) compared to 96% (3rd quarter) and 91% (nine-months) for the comparable periods.

Decrease in production and dispatches during the quarter under review as compared to corresponding period quarter, is mainly due to heavy rains during this period. However, increase in net sales revenue is mainly due to the stability in the prices of cement.

Export - Decline in exports to Afghanistan is mainly due to the limited production capacity of the Company and better sale rates in local market.

Debt obligation - The Company is current with its debt obligations.

Future prospects - In the light of present healthy macro-economic factors and development in the housing sector, prospects of continued exports to Afghanistan and government's ambitious plans to develop and construct water reservoirs and dams, the management foresees the sustained growth of cement sector.

Significant plans and decisions:

- **WHITE CEMENT** - Civil works and erection for the new White Cement Plant are near completion. However, due to heavy rains during the quarter under review, the civil and erection work could not be executed according to the planned schedule. *Inshallah* now the plant will go in production by June 2005.
- **NEW GREY CEMENT LINE** - Your Company has signed the agreement with M/S TCDRI Tianjin, China for supply of plant and machinery for the new grey cement line, whereas the financing arrangements of the project are in final stages.

Management-employees relations - Relations between management and employees have been cordial and mutually supportive.

For and on behalf of the Board



Aizaz Mansoor Sheikh
Chief Executive

Kohat Cement Company Limited.

Balance Sheet (Un-Audited)

As at March 31, 2005

	Note	(Un-audited) March 31, 2005 Rupees	Audited June 30, 2004 Rupees
CAPITAL AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
100,000,000 ordinary shares of Rs. 10 each		1,000,000,000	500,000,000
Issued, subscribed and paid up share capital			
49,350,002 (2004: 32,900,001) ordinary shares			
of Rs. 10 each		493,500,020	329,000,010
Share premium		92,120,028	92,120,028
Reserve for issue of bonus shares		-	164,500,005
General reserves		70,000,000	70,000,000
Unappropriated profit		284,497,612	39,610,957
		940,117,660	695,231,000
LONG TERM LOANS		91,248,330	133,048,330
LIABILITIES AGAINST ASSETS			
SUBJECT TO FINANCE LEASE		38,594,551	56,282,172
LONG TERM SECURITY DEPOSITS		2,102,500	1,557,500
DEFERRED LIABILITIES		107,664,366	105,589,559
CURRENT LIABILITIES			
Current portion of:			
- Long term loans - secured		53,800,000	41,300,000
- Liabilities against assets subject to finance lease		34,893,814	26,949,946
Short term borrowings - secured		52,296,397	58,477,626
Creditors, accruals and other payables		177,225,633	155,021,791
Provision for taxation		250,980,385	149,046,548
Dividend payable		336,440	452,547
		569,532,669	431,248,458
CONTINGENCIES AND COMMITMENTS	5	-	-
		1,749,260,076	1,422,957,019
PROPERTY AND ASSETS			
FIXED CAPITAL EXPENDITURE			
Operating fixed assets - tangible	6	590,792,685	603,032,810
Capital work-in-progress	7	355,644,579	178,169,534
Stores and spares held for capital expenditure		167,737,387	124,267,150
		1,114,174,651	905,469,494
LONG TERM LOANS AND ADVANCES		2,097,818	2,943,180
LONG TERM DEPOSITS		16,793,990	14,952,130
STAFF RETIREMENT BENEFITS		1,097,189	1,097,189
CURRENT ASSETS			
Stores, spares and loose tools		101,738,520	87,617,242
Stock in trade		46,620,093	15,100,336
Trade debtors		27,466,833	25,986,269
Advances, deposits, prepayments			
and other receivables		284,502,072	201,691,665
Cash and bank balances		154,768,910	168,099,514
		615,096,428	498,495,026
		1,749,260,076	1,422,957,019

The annexed notes 1 to 11 form an integral part of these financial statements.



Chief Executive



Director

Kohat Cement Company Limited.

Profit and Loss Account (Un-audited)

For the Quarter and Nine months ended March 31, 2005

	Note	3rd quarter (Jan-Mar)		Nine-months (Jul-Mar)	
		2005 Rupees	2004 Rupees	2005 Rupees	2004 Rupees
SALES		385,442,746	371,198,246	1,162,213,816	1,012,128,126
COST OF GOODS SOLD		251,737,478	231,650,082	722,703,721	654,248,066
GROSS PROFIT		133,705,268	139,548,164	439,510,095	357,880,060
ADMINISTRATIVE AND GENERAL EXPENSES		7,620,635	6,791,589	24,861,926	21,966,876
SELLING EXPENSES		3,334,389	3,192,285	9,199,934	8,588,441
		10,955,024	9,983,874	34,061,860	30,555,317
OPERATING PROFIT		122,750,244	129,564,290	405,448,235	327,324,743
OTHER INCOME		3,073,763	1,053,523	5,505,016	3,762,985
		125,824,007	130,617,813	410,953,251	331,087,728
FINANCIAL CHARGES		5,387,039	5,441,922	17,245,129	18,120,381
		120,436,968	125,175,891	393,708,122	312,967,347
CONTRIBUTION TOWARDS:					
- Workers' profit participation fund		6,021,848	6,258,794	19,685,406	15,652,846
- Workers' welfare fund		2,171,401	2,017,206	6,929,011	5,366,161
		8,193,249	8,276,000	26,614,417	21,019,007
PROFIT BEFORE TAXATION		112,243,719	116,899,891	367,093,705	291,948,340
PROVISION FOR TAXATION	8	37,322,553	35,348,239	122,207,045	93,959,773
PROFIT AFTER TAXATION		74,921,166	81,551,652	244,886,660	197,988,567
EARNINGS PER SHARE		1.52	1.65	4.96	4.01

The annexed notes 1 to 11 form an integral part of these financial statements.



Chief Executive



Director

Kohat Cement Company Limited.
Cash Flow Statement (Un-audited)

For the Nine months ended March 31, 2005

	2005 Rupees	2004 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before taxation	367,093,705	291,948,340
Adjustments for non cash charges and other items:		
Depreciation on operating fixed assets	46,346,907	50,062,623
Profit on sale of fixed assets	(584,994)	(167,302)
Provision for earned leave (net)	481,554	216,378
Profit/mark-up on bank deposits	(1,101,870)	(1,169,522)
Financial charges	17,245,129	18,120,381
	<u>62,386,726</u>	<u>67,062,558</u>
Operating profit before working capital changes	429,480,431	359,010,898
Cash flows from working capital changes:		
(Increase)/decrease in current assets		
Stores, spares and loose tools	(14,113,628)	(7,185,543)
Stock in trade	(31,519,757)	11,760,657
Trade debtors	(1,480,564)	(8,661,524)
Advances, deposits, prepayments and other receivables	(70,513,499)	(46,438,635)
Increase/(decrease) in current liabilities		
Creditors, accruals and other liabilities	25,850,088	50,699,646
	<u>(91,777,360)</u>	<u>174,601</u>
Cash generated from operations	337,703,071	359,185,499
Financial charges paid	(17,291,374)	(18,483,104)
Income tax paid/deducted at source	(107,937,036)	(73,928,596)
Earned leave paid	(241,247)	(389,339)
Net (increase)/decrease in long term loans and advances	982,689	8,253,677
Net increase/(decrease) in long term security deposits	(1,841,860)	(1,010,600)
Net cash inflow from operating activities	<u>211,374,243</u>	<u>273,627,547</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(172,124,043)	(59,342,320)
Sale proceeds of fixed assets	1,729,867	1,245,000
Profit on bank deposits	1,415,918	1,706,444
Net increase in long term deposits	545,000	1,478,850
Net cash outflow from investing activities	<u>(168,433,258)</u>	<u>(54,912,026)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from redeemable capital / long term finances	-	50,000,000
Repayments of finance lease liabilities	(29,674,253)	(15,919,561)
Repayments of long term finances	(29,300,000)	(16,800,000)
Dividend paid	(116,107)	(89,338,710)
Net cash outflow from financing activities	<u>(50,090,360)</u>	<u>(72,058,271)</u>
Net increase/(decrease) in cash and cash equivalents	<u>(7,149,375)</u>	<u>146,657,250</u>
Cash and cash equivalents at beginning of the period	109,621,888	(11,736,012)
Cash and cash equivalents at end of the period	<u>102,472,513</u>	<u>134,921,238</u>
NOTE:		
CASH AND CASH EQUIVALENTS		
Cash and bank balances	154,768,910	137,018,153
Finance under mark-up arrangements	(52,296,397)	(2,096,915)
	<u>102,472,513</u>	<u>134,921,238</u>

The annexed notes 1 to 11 form an integral part of these financial statements.


Chief Executive


Director

Kohat Cement Company Limited.

Statement of Changes in Equity (Un-audited)

For the Nine months ended March 31, 2005

Particulars	Rupees					
	Share Capital	Share Premium	Reserve for issue of bonus shares	General Reserve	Accumulated Profit	Total
RUPEES						
Balance as at June 30, 2003	219,333,340	92,120,028	109,696,670	70,000,000	10,153,710	501,273,748
Profit for the nine-months ended March 31, 2004	-	-	-	-	197,988,567	197,988,567
Issue of bonus share	109,696,670	-	(109,696,670)	-	-	-
Interim dividend @ Rs. 3 (30%) per share	-	-	-	-	(98,700,000)	(98,700,000)
Balance as at March 31, 2004	329,030,010	92,120,028	-	70,000,000	109,442,274	600,592,312
Balance as at June 30, 2004	329,030,010	92,120,028	164,500,005	70,000,000	39,610,957	695,231,000
Transfer to reserve for issue of bonus shares	-	-	5	-	(5)	-
Profit for the nine-months ended March 31, 2005	-	-	-	-	244,886,660	244,886,660
Issue of bonus shares	164,500,010	-	(164,500,010)	-	-	-
Balance as at March 31, 2005	493,530,020	92,120,028	-	70,000,000	284,497,617	940,117,665

The annexed notes 1 to 11 form an integral part of these financial statements.



Chief Executive



Director

Notes to the Accounts (Un-audited)

For the Nine months ended March 31, 2005

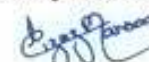
- THE COMPANY AND ITS OPERATIONS**
The company is a Public Limited Company incorporated in Pakistan under the Companies Act, (now Companies Ordinance, 1984) and is listed on all Stock Exchanges of Pakistan. The company is engaged in the production and sale of Grey cement.
- STATEMENT OF COMPLIANCE**
These financial statements have been prepared in accordance with the requirements of International Accounting Standard, IAS-38 "Interim Financial Reporting". These financial statements are un-audited and are being submitted to shareholders in compliance with the requirements of Section 245 of the Companies Ordinance, 1984.
- STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES**
The accounting policies adopted for the preparation of these accounts are the same as those applied in preparation of accounts for the preceding financial year ended June 30, 2004.
- Provision for taxation is estimated only and final liability will be determined on the basis of annual results.
- CONTINGENCIES AND COMMITMENTS**
 - Contingencies**
There is no significant change in the contingent liabilities of the company since the last annual balance sheet date.

	Un-audited March 31, 2005 (Rupees)	Audited June 30, 2004 (Rupees)
5.2- Commitments in respect of:		
i) Confirmed Letters of Credit for:		
a) Capital expenditure	11,431,476	32,231,690
b) Purchase of coal	44,887,590	36,798,375
ii) Capital expenditure of new grey cement line	2,152,192,258	-
- OPERATING FIXED ASSETS**
The following additions and disposals to operating fixed assets have been made during the nine months ended March 31, 2005.

	Rupees	
Additions-(Cost):		
Freshhold land	22,115,211	
Plant, machinery & equipments	2,196,105	
Furniture, fixture and office equipments	1,521,218	
Computers and printers	254,844	
Heavy vehicles	315,000	
Laboratory equipments	1,826,105	
Deletions-(Net book value):		
Plant, machinery & equipments	7,658	
Vehicles	1,144,073	
Heavy vehicles	2,304,090	
- CAPITAL WORK IN PROGRESS**

	March 31, 2005 Rupees	June 30, 2004 Rupees
Civil works	82,157,530	47,400,289
Plant, machinery and equipments	273,487,649	130,769,245
	<u>355,645,179</u>	<u>178,169,534</u>
	July to March 2005 Rupees	July to March 2004 Rupees
- PROVISION FOR TAXATION**

	March 31, 2005	June 30, 2004
Current	120,546,545	93,968,773
Deferred	1,660,580	-
	<u>122,207,125</u>	<u>93,968,773</u>
- RELATED PARTIES**
There are no transactions with related parties during the period.
- DATE OF AUTHORIZATION**
These unaudited nine months financial statements were authorized for issue by the Board of Directors of the Company on April 25, 2005.
- Figures have been rounded off to the nearest rupee.



Chief Executive



Director

PHOTOGRAPH



If undelivered, please return to:

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