

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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COMPANY INFORMATION

Board of Directors

Mr. Aizaz Mansoor Sheikh
Chief Executive

Mr. Nadeem Atta Sheikh
Mrs. Ghazala Amjad
Mrs. Hafsa Nadeem
Mr. Omer Aizaz Sheikh
Mr. Ibrahim Tanseer Sheikh
Mr. Muhammad Atta Tanseer Sheikh

Audit Committee

Mr. Ibrahim Tanseer Sheikh
Chairman

Mrs. Ghazala Amjad
Mr. Omer Aizaz Sheikh

Company Secretary

Mohammad Hashim Khan

Legal Advisor

Qazi Waheed-ud-Din

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Shares Registrar

AZM Computers (Pvt.) Limited
24-Ferozepur Road,
Mozang Chungi, Lahore.
Tel: (042) 37500131
Fax: (042) 37500030

Registered Office and Works

Kohat Cement Company Limited
Rawalpindi Road, Kohat.
Tel: (0922) 560990
Fax: (0922) 560405
E-mail: finance@kohatcement.com

Head Office

37 - P, Gulberg - II, Lahore.
Tel: (042) 11 111 5225
Fax: (042) 3575 4990
E-mail: cfo@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 REPORT

The Directors of Kohat Cement Company Limited are pleased to present the financial statements of the Company for the 3rd quarter and the nine-month period ended on March 31, 2011.

Financial and operational performance - Below are the results for the quarter and nine month period ended March 31, 2011 in comparison with corresponding periods of 2010:

	3 rd Quarter ended March 31,		Nine-month ended March 31,	
	2011 (Rupees)	2010 (Rupees)	2011 (Rupees)	2010 (Rupees)
Net sales revenue	1,621,664,580	1,037,257,835	4,137,561,909	2,444,081,985
Earnings before interest, tax & depreciation	317,784,955	135,315,992	756,818,460	372,170,109
Depreciation	101,056,338	66,357,185	253,400,303	179,444,485
Finance costs	184,324,224	164,056,119	521,249,845	501,432,431
Profit/ (loss) before taxation	32,404,393	(95,097,312)	(17,831,688)	(308,706,807)
Taxation	18,808,871	(1,394,485)	43,287,169	(66,578,858)
Profit/ (loss) after taxation	13,595,522	(93,702,827)	(61,118,857)	(242,127,949)
Earnings/ (loss) per share	0.11	(0.73)	(0.47)	(1.88)

The results for the 3rd quarter have improved considerably whereby the new grey cement line has operated near its optimum level. Cement prices have improved considerably but are still below the desired level. The revenue for the 3rd quarter has increased by 56.34% and for the nine-month period by 69.29% as compared to the corresponding period of last year.

Company produced 430,874 tons (2010: 318,459 tons) and 1,132,545 tons (2010: 773,943 tons) clinker during the 3rd quarter and nine-month period respectively. Cement dispatches increased by 11.78% to 399,941 tons (2010: 357,794 tons) and by 34.71% to 1,058,977 tons (2010: 786,135 tons) during 3rd quarter and nine-month period respectively.

Commissioning of 22.6 MW Power Plant has been completed and is ready to generate power in case of any serious breakdown in WAPDA system.

Company is current with all its debt obligations.

Future outlook - The management is hopeful that present economic conditions in the country will improve and the profitability of the company will get better, however, management is prepared for all challenges that may arise in the present economic scenario.

Management-employee relations - Management employees relationship has been cordial and mutually supportive.

Statement under section 241(2) of the Companies Ordinance, 1984

This Directors' Review Report has been signed by the two Directors of the Company instead of the Chief Executive and one Director as the Chief Executive of the Company is for the time being not in Pakistan.

Lahore : April 23, 2011

For and on behalf of the Board



Director



Director

Condensed Interim Balance Sheet (Un-audited)

		(un-audited) March 31, 2011 Rupees	(audited) June 30, 2010 Rupees
SHARE CAPITAL AND RESERVES			
Authorised share capital		<u>1,500,000,000</u>	<u>1,500,000,000</u>
Issued, subscribed and paid up capital		1,287,572,410	1,287,572,410
Reserves		103,220,747	51,278,714
Accumulated profit		<u>560,999,890</u>	<u>622,118,747</u>
		<u>1,951,793,047</u>	<u>1,960,969,871</u>
NON CURRENT LIABILITIES			
Long term finances - secured	5	3,576,820,087	3,049,320,000
Liabilities against assets subject to finance lease - secured		-	-
Long term security deposits and retention money		161,106,776	155,923,337
Deferred liabilities	6	246,158,145	62,669,613
Derivative financial liabilities		201,073,634	202,024,046
		<u>4,185,158,642</u>	<u>3,469,936,996</u>
CURRENT LIABILITIES			
Trade and other payables		1,232,424,450	734,312,487
Mark up payable on secured loans		540,937,874	504,895,065
Short term finances - secured		1,264,275,199	1,406,895,249
Current portion of:			
Long term finances - secured	6	32,183,341	594,333,425
Liabilities against assets subject to finance lease - secured		549,998	2,036,713
		<u>3,070,370,862</u>	<u>3,242,472,939</u>
CONTINGENCIES AND COMMITMENTS	7	<u>-</u>	<u>-</u>
		<u>9,207,322,551</u>	<u>8,673,379,806</u>

The attached notes 1 to 15 form an integral part of these condensed interim financial statements.



Director

Statement under section 241(2) of the Companies Ordinance, 1984

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As at March 31, 2011

	Note	(un-audited) March. 31, 2011 Rupees	(audited) June 30, 2010 Rupees
NON CURRENT ASSETS			
Operating fixed assets	8	7,146,684,198	6,368,030,446
Capital work-in-progress	9	-	861,363,339
Intangible assets		2,540,837	2,587,653
Long term loans and advances		28,952,191	28,832,286
Long term deposits		5,397,440	5,397,440
		7,183,574,666	7,266,211,164
CURRENT ASSETS			
Stores, spares and loose tools		502,275,534	638,000,427
Stock in trade		972,360,963	290,433,057
Trade debts		9,835,377	20,010,133
Advances, deposits, prepayments and other receivables		463,640,871	430,703,292
Cash and bank balances		75,635,140	28,021,733
		2,023,747,885	1,407,168,642
		9,207,322,551	8,673,379,806


Director



Condensed Interim Profit and Loss Account (Un-audited)
For the Quarter and Nine Month Period ended March 31, 2011

	Note	3rd Quarter (Jan-Mar)		Nine Months (July-Mar)	
		2011 (Rupees)	2010 (Rupees)	2011 (Rupees)	2010 (Rupees)
Sales - net		1,621,664,580	1,037,257,835	4,137,561,909	2,444,081,985
Cost of goods sold		1,380,505,922	946,895,516	3,581,515,513	2,205,231,971
Gross profit		241,158,658	90,362,319	556,046,396	238,850,014
Selling and distribution cost		10,510,182	12,793,080	26,395,515	32,147,042
Administrative and general expenses		11,375,849	9,480,729	33,543,662	27,395,432
Other operating expenses		3,573,245	236,803	10,267,997	569,058
Other operating income		(1,029,235)	(1,107,100)	(17,578,935)	(13,987,142)
		24,430,041	21,403,512	52,628,239	46,124,390
Operating profit		216,728,617	68,958,807	503,418,157	192,725,624
Finance cost		184,324,224	164,056,119	521,249,845	501,432,431
Profit / (Loss) before taxation		32,404,393	(95,097,312)	(17,831,688)	(308,706,807)
Taxation	10	18,808,871	(1,394,485)	43,287,169	(66,578,858)
Profit / (Loss) after taxation		13,595,522	(93,702,827)	(61,118,857)	(242,127,949)
Earnings / (Loss) per share (basic and diluted)		0.11	(0.73)	(0.47)	(1.88)

The attached notes 1 to 15 form an integral part of these condensed interim financial statements.



Director

Statement under section 241(2) of the Companies Ordinance, 1984

These financial statements have been signed by the two Directors of the Company instead of the Chief Executive and one Director as the Chief Executive of the Company is for the time being not in Pakistan.



Director



Condensed Interim Statement of Comprehensive Income (Un-audited)
For the Quarter and Nine Month Period ended March 31, 2011

	3rd Quarter (Jan-Mar)		Nine Months (July-Mar)	
	2011 (Rupees)	2010 (Rupees)	2011 (Rupees)	2010 (Rupees)
Profit / (Loss) after taxation	13,595,522	(93,702,827)	(61,118,857)	(242,127,949)
Fair value adjustment of cash flow hedge	(5,221,205)	(10,139,144)	950,412	(44,121,906)
Re-pricing settlement received from cash flow hedge	25,999,108	24,515,058	51,055,680	45,519,578
Deferred tax on cash flow hedge	1,846,283	2,939,005	(64,059)	12,211,068
Other comprehensive income - net of tax	22,624,186	17,314,919	51,942,033	13,608,740
Total comprehensive Income / (loss) for the period	36,219,708	(76,387,908)	(9,176,824)	(228,519,209)

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Director

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Director

**Condensed Interim Cash Flow Statement (Un-audited)
For the Nine Month Period ended March 31, 2011**

	Note	2011 Rupees	2010 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	11	613,737,481	640,054,542
Finance cost paid		(347,839,585)	(429,612,602)
Re-pricing settlement received from cash flow hedge		51,055,680	45,519,578
Contribution to retirement benefits		(446,572)	(580,381)
Compensated absences paid		(324,582)	(316,857)
Income tax paid		(49,666,789)	(52,211,438)
Net cash inflow from operating activities		266,515,633	202,852,842
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(46,443,645)	(161,525,129)
Intangible assets		(446,700)	(427,992)
Sale proceeds of property, plant and equipment		5,771,072	6,451,041
Profit on bank deposits		1,759,452	2,004,089
(Increase)/decrease in long term loans and advances		(783,348)	126,556
Net cash used in investing activities		(40,143,169)	(153,371,435)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long term finances		-	32,100
Proceeds from import finances - net		1,012,743	24,200,687
Repayments of long term finances		(34,649,997)	(18,749,997)
Repayment of finance lease liabilities		(1,486,715)	(1,247,594)
Dividend paid		(2,295)	-
Net cash (used in)/inflow financing activities		(35,126,264)	4,235,196
NET INCREASE IN CASH AND CASH EQUIVALENTS		191,246,200	53,716,603
CASH AND CASH EQUIVALENTS - at the beginning of the period		(914,486,523)	(1,325,627,883)
CASH AND CASH EQUIVALENTS - at the end of the period	12	(723,240,323)	(1,271,911,280)

The attached notes 1 to 15 form an integral part of these condensed interim financial statements.



Director

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Director



**Condensed Interim Statement of Changes in Equity (Un-audited)
For the Nine Month Period ended March 31, 2011**

	Share Capital	Share Premium	General Reserve	Hedging Reserve	Accumulated Profit	Rupees Total
Balance as at 30 June 2009	1,287,572,410	49,704,951	70,000,000	(85,626,085)	949,895,889	2,271,547,165
Total comprehensive loss for the Nine Month Period ended March 31, 2010	-	-	-	13,608,740	(242,127,949)	(228,519,209)
Balance as at March 31, 2010	1,287,572,410	49,704,951	70,000,000	(72,017,345)	707,767,940	2,043,027,956
Balance as at 30 June 2010	1,287,572,410	49,704,951	70,000,000	(68,426,237)	622,118,747	1,960,969,871
Total comprehensive loss for the Nine Month Period ended March 31, 2011	-	-	-	51,942,033	(61,118,857)	(9,176,824)
Balance as at March 31, 2011	1,287,572,410	49,704,951	70,000,000	(16,484,204)	560,999,890	1,951,793,047

The attached notes 1 to 15 form an integral part of these condensed interim financial statements.



Director

Statement under section 241(2) of the Companies Ordinance, 1984

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Director

Notes to the Condensed Interim Financial Statements (Un-audited) For the Quarter and Nine Month Period ended March 31, 2011

1. STATUS AND NATURE OF BUSINESS

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

These financial statements are un-audited and have been prepared in accordance with International Financial Reporting Standard 'IAS 34 - Interim Financial Reporting' and should be read in conjunction with the Annual Financial Report for the year ended June 30, 2010. These are being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984.

3. STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are the same as those applied in preparation of financial statements for the year ended 30 June 2010.

4. SIGNIFICANT ESTIMATES

The preparation of these condensed interim 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 expense and related disclosures at the date of financial statements. Actual results may differ from these estimates. In preparing these condensed interim financial statements, 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
- Derivative financial instruments

5. LONG TERM FINANCES - SECURED	Note	March 31, 2011 Rupees	June 30, 2010 Rupees
Pak Oman Investment Company Limited		2,083,428	20,833,425
Standard Chartered Bank (Pakistan) Limited		92,600,000	108,500,000
Redeemable capital - Sukuk Certificates		2,414,320,000	2,414,320,000
Consortium of financial institutions led by Standard Chartered Bank (Pakistan) Limited		<u>1,100,000,000</u>	1,100,000,000
		<u>3,609,003,428</u>	3,643,653,425
Less: Current maturity shown under current liabilities		<u>(32,183,341)</u>	(594,333,425)
		<u><u>3,576,820,087</u></u>	<u><u>3,049,320,000</u></u>
6. DEFERRED LIABILITIES			
Staff retirement benefits		6,488,392	6,196,321
Deferred taxation		2,933,695	2,463,266
Deferred markup	6.1	<u>236,736,058</u>	54,010,026
		<u><u>246,158,145</u></u>	<u><u>62,669,613</u></u>

	March 31, 2011 Rupees	June 30, 2010 Rupees
6.1 Deferred markup on:		
Sukuk Certificates	-	54,010,026
Syndicated Term Finance	<u>244,236,058</u>	<u>-</u>
	<u>244,236,058</u>	<u>54,010,026</u>
Less: Current portion included in accrued mark up	<u>(7,500,000)</u>	<u>-</u>
	<u><u>236,736,058</u></u>	<u><u>54,010,026</u></u>

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies		
There is no material change in the contingent liabilities of the Company since the last annual balance sheet date.		
7.2 Commitments in respect of:		
- Capital expenditure	-	-
- Other than capital expenditure	<u>21,974,692</u>	<u>471,955,406</u>

8. PROPERTY, PLANT AND EQUIPMENT

Opening written down value	6,368,030,446	6,352,852,944
Additions (Cost)		
Factory building	328,864,502	239,254,165
Office building	228,440	4,340,267
Plant, machinery and equipment	688,273,397	27,551,205
Furniture, fixtures and office equipment	1,905,162	5,333,736
Computers and printers	1,556,098	2,217,540
Power installation	52,400	-
Light vehicles	2,290,849	1,823,281
Heavy vehicles	-	315,000
Fuel storage facilities	12,961,202	-
Laboratory equipments	692,390	188,000
	<u>1,036,824,440</u>	<u>281,023,194</u>
Disposals (Net book value)		
Light vehicles	(2,229,828)	(2,157,163)
Heavy vehicles	(2,086,194)	-
Furniture, fixtures and office equipment	-	(29,770)
Plant, machinery and equipment	(454,363)	(7,964,729)
	<u>(4,770,385)</u>	<u>(10,151,662)</u>
Depreciation charge for the period	<u>(253,400,303)</u>	<u>(255,694,030)</u>
Closing written down value	<u><u>7,146,684,198</u></u>	<u><u>6,368,030,446</u></u>

8.1 Addition in Factory Building, Plant, Machinery & Equipment and Fuel Storage Facilities includes assets transferred from Capital Work in Progress aggregating to Rs. 326.37 million (June 30 2010: Rs. 239.3 million), Rs. 679.39 million (June 30 2010: Rs. 27.6 million) and Rs. 12.96 million (June 30 2010: Rs. NIL) respectively.

9. CAPITAL WORK IN PROGRESS

Civil works	-	313,618,986
Plant, machinery and equipment	-	457,393,732
Stores held for capital expenditure	-	2,003,389
Advances to suppliers	-	1,879,147
Borrowing costs	-	86,468,085
	<u>-</u>	<u>861,363,339</u>

	July 10 to March 11 Rupees	July 09 to March 10 Rupees
10. TAXATION		
Current	42,880,799	16,191,644
Deferred	406,370	(82,770,502)
	<u>43,287,169</u>	<u>(66,578,858)</u>
11. CASH GENERATED FROM OPERATIONS		
Loss before taxation	(17,831,688)	(308,706,807)
Adjustments for non-cash expenses and other items:		
Depreciation on property, plant and equipment	253,400,303	179,444,485
Amortization on intangible assets	493,517	389,455
(Profit)/loss on sale of property, plant and equipments	(1,000,682)	3,479,002
Profit/mark-up on bank deposit	(1,759,452)	(1,280,015)
Staff retirement benefits	877,815	1,067,481
Compensated absences	185,410	221,967
Exchange fluctuation loss/(gain)	6,122,235	(6,613,285)
Finance costs	521,249,845	501,432,431
	<u>779,568,991</u>	<u>678,141,521</u>
	<u>761,737,303</u>	<u>369,434,714</u>
(Increase)/decrease in current assets:		
Stores, spares and loose tools	52,066,017	(67,551,113)
Stock in trade	(681,927,906)	(86,940,952)
Trade debts	10,174,756	(6,774,854)
Advances, deposits, prepayments and other receivables	(27,493,229)	150,509,884
Increase/(decrease) in current liabilities		
Trade and other payables	499,180,540	281,376,863
	<u>(147,999,822)</u>	<u>270,619,828</u>
	<u>613,737,481</u>	<u>640,054,542</u>
12. CASH AND CASH EQUIVALENTS		
Cash and bank balances	75,635,140	34,914,397
Short term running finances	(798,875,463)	(1,306,825,677)
	<u>(723,240,323)</u>	<u>(1,271,911,280)</u>
13. TRANSACTION WITH RELATED PARTIES		
There are no significant transactions with related parties during the period.		
14. DATE OF AUTHORIZATION FOR ISSUE		
These un-audited condensed interim financial statements were authorized for issue by the Board of Directors of the Company on April 23, 2011.		
15. GENERAL		
Figures have been rounded off to nearest rupee.		



Director

Statement under section 241(2) of the Companies Ordinance, 1984

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Director

