



1ST QUARTER REPORT (UN-AUDITED)
SEPTEMBER 30, 2011

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

CONTENTS

Company Information	2
Directors' Review	3
Condensed Interim Balance Sheet (Un-Audited)	4
Condensed Interim Profit and Loss Account (Un-Audited)	5
Condensed Interim Statement of Comprehensive Income (Un-Audited)	6
Condensed Interim Cash Flow Statement (Un-Audited)	7
Condensed Interim Statement of Changes in Equity (Un-Audited)	8
Notes to the Condensed Interim Financial Statements (Un-Audited)	9

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. M. Atta Tanseer Sheikh

Audit Committee

Mr. Ibrahim Tanseer Sheikh
Chairman

Mr. Omer Aizaz Sheikh
Mr. M. Atta Tanseer Sheikh

Company Secretary

Mr. Usman Khalil

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: 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

The Directors of Kohat Cement Company Limited take pleasure in presenting the quarterly report together with the un-audited condensed interim financial statements of the Company for the 1st quarter ended September 30, 2011.

Production and Sales Volumes

During the 1st quarter, production and sales performance of the company was as follows:

	Sep. 30, 2011	Sep. 30, 2010	Increase	Increase %
 Tons			
Clinker Production	341,266	186,871	154,395	83%
Dispatches	352,715	261,345	91,370	35%

Financial performance

Comparison of un-audited results for the quarter ended September 30, 2011 against September 30, 2010 is as follows:

	Sep. 30, 2011	Sep. 30, 2010	Increase
 Rupees		
Net sales revenue	1,701,489,812	934,147,478	767,342,334
Finance costs	(179,758,902)	(164,598,650)	(15,160,252)
Profit / (loss) after taxation	128,083,601	(82,948,421)	211,032,022
Earnings / (loss) per share	0.99	(0.64)	1.63

Increase in cement prices and better operational efficiency has helped the Company in posting an after tax profit of Rs. 128.083 million as compared with a loss of Rs. 83 million in corresponding period of last year.

Company is current on its debt obligations.

Future outlook

Stable cement prices, resumption of the white cement plant and cost effective production methods are expected to further enhance the profitability of the Company in future.

Acknowledgments

The Board wishes to thank all its stakeholders for their continuous support and appreciates the efforts, devotion and contribution of all its employees in optimizing the operations of the company.

For and on behalf of the Board



Aizaz Mansoor Sheikh
Chief Executive

Lahore : October 22, 2011



**Condensed Interim Balance Sheet (Un-audited)
As at September 30, 2011**

	Note	(un-audited) Sep. 30, 2011 Rupees	(audited) June 30, 2011 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		134,088,955	129,409,009
Accumulated profit		<u>813,918,319</u>	<u>685,834,718</u>
		<u>2,235,579,684</u>	<u>2,102,816,137</u>
NON CURRENT LIABILITIES			
Long term finances - secured	5	<u>2,666,000,000</u>	<u>3,536,870,000</u>
Long term security deposits and retention money		162,941,983	163,656,829
Deferred liabilities	6	796,373,471	323,097,976
Derivative financial liabilities	7	-	187,420,429
		<u>3,625,315,454</u>	<u>4,211,045,234</u>
CURRENT LIABILITIES			
Trade and other payables		<u>898,979,281</u>	<u>973,628,527</u>
Interest and markup accrued		72,304,756	433,182,170
Short term borrowings - secured		1,207,117,744	1,363,678,773
Current portion of long term finances - secured	5	653,447,741	40,050,000
Current portion of derivative financial liabilities	7	<u>213,820,517</u>	-
		<u>3,045,670,039</u>	<u>2,810,539,470</u>
CONTINGENCIES AND COMMITMENTS			
	8	-	-
		<u>8,906,565,177</u>	<u>9,124,400,841</u>
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	9	7,058,658,295	7,140,840,908
Intangible assets		2,360,358	2,355,963
Long term loans and advances		24,017,538	23,706,054
Long term deposits		3,879,440	3,879,440
Deferred tax asset	6.1	<u>18,488,054</u>	-
		<u>7,107,403,685</u>	<u>7,170,782,365</u>
CURRENT ASSETS			
Stores, spares and loose tools		<u>669,829,155</u>	<u>850,571,198</u>
Stock in trade		611,994,080	507,527,333
Trade debts		17,150,992	12,567,298
Investments		24,518,000	36,156,000
Advances, deposits, prepayments and other receivables		423,817,874	506,114,913
Cash and bank balances		<u>51,851,391</u>	<u>40,681,734</u>
		<u>1,799,161,492</u>	<u>1,953,618,476</u>
		<u>8,906,565,177</u>	<u>9,124,400,841</u>

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



Chief Executive



Director



**Condensed Interim Profit and Loss Account (Un-audited)
For the Quarter ended September 30, 2011**

	Note	July-Sep 30, 2011 Rupees	July-Sep 30, 2010 Rupees
Sales - net		1,701,489,812	934,147,478
Cost of goods sold		1,362,205,212	811,542,390
Gross profit		339,284,600	122,605,088
Selling and distribution expenses		8,869,241	6,795,409
Administrative and general expenses		14,466,707	11,004,890
Other operating expenses		7,315,324	6,879,927
Other operating income		(10,116,730)	(1,165,827)
		20,534,542	23,514,399
Operating profit		318,750,058	99,090,689
Finance cost		179,758,902	166,835,942
Profit / (Loss) before taxation		138,991,156	(67,745,253)
Taxation	10	10,907,555	15,203,168
Profit / (Loss) after taxation		128,083,601	(82,948,421)
Earnings / (Loss) per share (basic and diluted)		0.99	(0.64)

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



Chief Executive



Director

**Condensed Interim Statement of Comprehensive Income (Un-audited)
For the Quarter ended September 30, 2011**

	July-Sep 30, 2011 Rupees	July-Sep 30, 2010 Rupees
Income / (loss) after taxation	128,083,601	(82,948,421)
Other comprehensive income		
Available for sale financial assets		
Change in fair value	(11,638,000)	-
Cash flow hedge		
Fair value adjustment of cash flow hedge	(26,400,088)	(12,944,790)
Re-pricing settlement received from cash flow hedge	28,152,259	25,056,572
Deferred tax on cash flow hedge	14,565,775	4,453,687
	16,317,946	16,565,469
Other comprehensive income for the Period - net of taxes	4,679,946	16,565,469
Total comprehensive income / (loss) for the period	132,763,547	(66,382,952)

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



Chief Executive



Director



**Condensed Interim Cash Flow Statement (Un-audited)
For the Quarter ended September 30, 2011**

	Note	July-Sep 30, 2011 Rupees	July-Sep 30, 2010 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	11	485,531,096	85,068,112
Finance cost paid		(65,154,862)	(99,454,370)
Re-pricing settlement received from cash flow hedge		28,152,259	25,056,572
Contribution to retirement benefits		(161,030)	(45,024)
Compensated absences paid		(218,920)	(322,225)
Income tax paid		(23,306,851)	(12,074,890)
Net cash inflow/(outflow) from operating activities		424,841,692	(1,771,825)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,598,834)	(4,034,939)
Sale proceeds of property, plant and equipment		579,500	666,224
Profit on bank deposits		1,347,677	626,684
Decrease/(increase) in long term loans and advances		82,910	(107,629)
(Decrease) in long term deposits		(50,000)	-
Net cash (used in)/received from investing activities		361,253	(2,849,660)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of long term finances		(257,472,259)	(6,249,999)
Repayment of export re-finance		-	(398,000,000)
(Repayment)/proceeds from import finances - net		(150,889,339)	135,536,919
Repayment of finance lease liabilities		-	(474,713)
Net cash outflow from financing activities		(408,361,598)	(269,187,793)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		16,841,347	(273,809,278)
CASH AND CASH EQUIVALENTS - at the beginning of the year		(722,174,684)	(914,486,523)
CASH AND CASH EQUIVALENTS - at the end of the year	12	(705,333,337)	(1,188,295,801)

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



Chief Executive



Director

**Condensed Interim Statement of Changes in Equity (Un-audited)
For the Quarter ended September 30, 2011**

	Share Capital	Share Premium	Fair Value Reserve	General Reserve	Hedging Reserve	Accumulated Profit	Rupees Total
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 quarter ended September 30, 2010	-	-	-	-	16,565,469	(82,948,421)	(66,382,952)
Balance as at September 30 2010	<u>1,287,572,410</u>	<u>49,704,951</u>	<u>-</u>	<u>70,000,000</u>	<u>(51,860,768)</u>	<u>539,170,326</u>	<u>1,894,586,919</u>
Balance as at 30 June 2011	1,287,572,410	49,704,951	15,987,900	70,000,000	(6,283,842)	685,834,718	2,102,816,137
Total comprehensive income for the quarter ended September 30, 2011	-	-	(11,638,000)	-	16,317,946	128,083,601	132,763,547
Balance as at September 30 2011	<u>1,287,572,410</u>	<u>49,704,951</u>	<u>4,349,900</u>	<u>70,000,000</u>	<u>10,034,104</u>	<u>813,918,319</u>	<u>2,235,579,684</u>

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



Chief Executive



Director



Notes to the Condensed Interim Financial Statements (Un-audited) For the Quarter ended September 30, 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, 2011. 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 2011, except as follows:

The Company has adopted the following new and amended IFRS and IFRIC interpretations which became effective during the period:

IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments
IAS 24 - Related Party Disclosures (Revised)
IAS 32 - Financial Instruments: Presentation - Classification of Right Issue (Amendment)
IFRS 7 - Financial Instruments: Disclosure - Amendments enhancing disclosures about transfer of financial assets
Improvement to International Financial Reporting Standards (May 2010)

The adoption of the above standards, amendments and interpretations did not have any effect on these condensed interim financial statements.

Standards, Interpretations and Amendments to Approved Accounting Standards that are not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards, as applicable in Pakistan will be effective from the dates mentioned below against the respective standard or interpretation:

	Effective date (Accounting periods beginning on or after)
Standard or Interpretation	
IAS 12 - Income Taxes - Limited scope amendment (Recovery of underlying assets)	01 January 2012
IFRS 9 - Financial Instruments: Classification and measurement	01 January 2013

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not affect the Company's financial statements in the period of initial application.



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	Sep 30, 2011 Rupees	June 30, 2011 Rupees
Standard Chartered Bank (Pakistan) Limited		4,447,741	62,600,000
Redeemable capital - Sukuk Certificates	5.1	2,215,000,000	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>3,319,447,741</u>	<u>3,576,920,000</u>
Less: Current maturity shown under current liabilities		<u>653,447,741</u>	40,050,000
		<u>2,666,000,000</u>	<u>3,536,870,000</u>

5.1 This facility has been reprofiled during the period. According to the revised terms all the four quarterly installments starting 20th September 2011 and ending on 20th June 2012 aggregating to Rs. 760 million shall be adjusted towards principal only whereas mark up for the said period shall be deferred. Entire facility shall be paid off on 20th September 2016. Moreover, accrued mark up of Rs. 401 million outstanding as of 20th June 2011 has also been deferred. Deferred mark up shall be paid in eight quarterly installments commencing from 20th September 2014. Mark up rate has also been reduced from 3K+1.8% to 3K+1.50%. Further the Company has been allowed to prepay any amount of principal exceeding Rs. 25 million on 20th day of any month. All other terms shall remain the same.

6. DEFERRED LIABILITIES

Deferred taxation	6.1	-	2,750,638
Staff retirement benefits		6,569,902	6,730,932
Compensated absences		2,826,071	2,120,361
Deferred markup	6.2	<u>786,977,498</u>	311,496,045
		<u>796,373,471</u>	<u>323,097,976</u>

6.1 Deferred taxation

Deferred tax liability	-	2,750,638
Deferred tax asset (shown as non-current asset)	<u>18,488,054</u>	-

6.2 Deferred markup on:

Sukuk Certificates	284,346,248	259,356,413
Syndicated Term Finance	<u>502,631,250</u>	52,139,632
	<u>786,977,498</u>	<u>311,496,045</u>



	Note	Sep 30, 2011 Rupees	June 30, 2011 Rupees
7. DERIVATIVE FINANCIAL LIABILITIES			
Derivative financial liability		213,820,517	187,420,429
Less: Current maturity shown under current liabilities		<u>213,820,517</u>	<u>-</u>
		<u>-</u>	<u>187,420,429</u>
8. CONTINGENCIES AND COMMITMENTS			
8.1 Contingencies			
There is no material change in the contingent liabilities of the Company since the last annual balance sheet date.			
8.2 Commitments in respect of:			
Letters of credit other than capital expenditure		<u>69,630,242</u>	<u>78,603,606</u>
9. OPERATING FIXED ASSETS			
Opening written down value		7,140,840,908	6,368,030,446
Additions (Cost)			
Factory Building		-	328,864,501
Office and other building		-	228,440
Plant, machinery and equipment		-	732,758,268
Storage tanks and pipelines		-	12,961,202
Power installations		-	742,400
Furniture, fixtures and office equipment		1,039,554	2,248,358
Computers and printers		317,783	2,805,076
Light vehicles		-	5,713,201
Heavy vehicles		-	155,440
Weighing scale		32,000	-
Laboratory equipments		-	1,689,298
		<u>1,389,337</u>	<u>1,088,166,184</u>
Disposals (Net book value)			
Plant, machinery and equipments		-	(454,363)
Furniture, fixtures and office equipment		(5,073)	-
Light Vehicles		(104,787)	(2,252,359)
Heavy Vehicles		-	(2,086,198)
		<u>(109,860)</u>	<u>(4,792,920)</u>
Depreciation charge for the period		<u>(83,462,090)</u>	<u>(310,562,802)</u>
Closing written down value		<u>7,058,658,295</u>	<u>7,140,840,908</u>
		July - Sep. 30, 2011 Rupees	July - Sep. 30, 2010 Rupees
10. TAXATION			
Current		17,580,472	9,808,692
Deferred		<u>(6,672,917)</u>	<u>5,394,476</u>
		<u>10,907,555</u>	<u>15,203,168</u>

	July - Sep. 30, 2011 Rupees	July - Sep. 30, 2010 Rupees
11. CASH GENERATED FROM OPERATIONS		
Profit / (loss) before taxation	138,991,156	(67,745,253)
Adjustments for non-cash expenses and other items:		
Depreciation on property, plant and equipment	83,462,090	57,679,644
Amortization on intangible assets	205,101	140,792
Profit on sale of property, plant and equipment	(469,640)	(198,038)
Profit/mark-up on bank deposit	(1,347,677)	(626,684)
Provision for staff retirement benefits	-	292,605
Provision for compensated absences	924,630	61,746
Exchange fluctuation (gain)/loss	(4,285,911)	3,596,817
Finance cost	179,758,902	166,835,942
	<u>258,247,495</u>	<u>227,782,824</u>
	<u>397,238,651</u>	<u>160,037,571</u>
(Increase)/decrease in current assets:		
Stores, spares and loose tools	180,742,043	(249,964,312)
Stock in trade	(104,466,747)	85,842,850
Trade debts	(4,583,694)	(54,900)
Advances, deposits, prepayments and other receivables	91,141,604	(4,443,430)
Increase in current liabilities		
Trade and other payables	(74,540,761)	93,650,333
	<u>88,292,445</u>	<u>(74,969,459)</u>
	<u>485,531,096</u>	<u>85,068,112</u>
12. CASH AND CASH EQUIVALENTS		
Cash and bank balances	51,851,391	63,276,819
Short term running finances	(757,184,728)	(1,251,572,620)
	<u>(705,333,337)</u>	<u>(1,188,295,801)</u>
13. TRANSACTIONS 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 October 22, 2011.		
15. CORRESPONDING FIGURES		
Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangement have been made.		



Chief Executive



Director

