



Building a Foundation for

INNOVATION and **GROWTH**

Half Year Report December 31, 2021

CONTENTS

02	03	05	06
Corporate Information	Directors' Review	ڈائریکٹرز جائزہ رپورٹ	Independent Auditor's Review Report
07	08	09	10
Statement of Financial Position	Statement of Profit and Loss	Statement of Comprehensive Income	Statement of Changes in Equity
11	12		
Statement of Cash Flows	Notes to the Financial Statements		

CORPORATE INFORMATION

Board of Directors

Mr. Aizaz Mansoor Sheikh	Chairman/Non-Executive Director
Mr. Nadeem Atta Sheikh	Chief Executive
Mrs. Hafsa Nadeem	Non-Executive Director
Mr. Hijab Tariq	Non-Executive Director
Mr. Muhammad Rehman Sheikh	Non-Executive Director
Mr. Muhammad Atta Tanseer Sheikh	Non-Executive Director
Mr. Ahmad Sajjad Khan	Independent Non-Executive Director
Mr. Talha Saeed Ahmed	Independent Non-Executive Director

Audit Committee

Mr. Talha Saeed Ahmed	Chairman
Mr. Aizaz Mansoor Sheikh	Member
Mr. Muhammad Atta Tanseer Sheikh	Member

HR&R Committee

Mr. Ahmad Sajjad Khan	Chairman
Mr. Nadeem Atta Sheikh	Member
Mr. Muhammad Atta Tanseer Sheikh	Member

Company Secretary

Mr. Muhammad Asadullah Khan

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

Head Office

37- P Gulberg - II, Lahore.
Tel: 042 - 11 111 5225
Fax: 042 - 3575 4990
Email: mis@kohatcement.com
Web: www.kohatcement.com

Bankers of the Company

The Bank of Punjab
Habib Bank Limited
Askari Bank Limited
The Bank of Khyber
Samba Bank Limited
Standard Chartered Bank (Pak) Ltd
Soneri Bank Limited
Allied Bank Limited
United Bank Limited
MCB Bank Limited
National Bank of Pakistan
Bank Alfalah Limited
Habib Metropolitan Bank Limited
Meezan Bank Limited
JS Bank Limited
Dubai Islamic Bank Limited
Bank Islami (Pakistan) Limited

DIRECTORS' REVIEW

Dear Shareholders,

The Directors of your Company gladly present the financial statements of your Company for 2nd Quarter and Half Year ended December 31, 2021 duly reviewed by the external auditors.

Industry Review

Domestic uptake of the commodity showed a marginal increase during the half year ended December 31, 2021, whereas exports have declined significantly due to sluggish Afghanistan market and volatile international freight costs. The industry's position during the period under reference depicted the following:

	6-Months(Jul - Dec)		M. Tons
	2021	2020	Change %
Export sales	3,391,017	5,021,613	(32.47%)
Local Sales	24,065,296	23,615,452	1.90%
Total sales	27,456,313	28,637,065	(4.12%)

Company's financial and operational performance

Operational Performance

Operational performance (M Tons) of your Company, is summarized as under:

	2 nd Quarter (Oct - Dec)		Change (%)	6-Months (Jul - Dec)		Change (%)
	2021	2020		2021	2020	
Clinker Production	789,601	1,009,459	(21.78%)	1,625,876	1,713,335	(5.10%)
Cement Production	932,010	990,952	(5.95%)	1,800,420	1,884,155	(4.44%)
Domestic Sales	934,306	923,008	1.22%	1,797,225	1,759,412	2.15%
Export Sales	962	37,832	(97.46%)	2,480	107,213	(97.69%)
Total Sales	935,268	960,840	(2.66%)	1,799,705	1,866,625	(3.59%)

Financial Performance

Financial Performance of your Company for the period under review is as under:

	2 nd Quarter (Oct - Dec)		Change (%)	Half year (Jul - Dec)		Change (%)
	2021	2020		2021	2020	
Net Sales	8,211	5,934	38.38%	15,015	11,108	35.17%
Gross Profit	2,482	1,638	51.54%	4,743	2,597	82.66%
GP Ratio	30.2%	27.6%		31.6%	23.4%	
Operating Profit	2,345	1,485	57.91%	4,457	2,320	92.12%
OP Ratio	28.6%	25.0%		29.7%	20.9%	
EBITDA	2,620	1,828	43.30%	5,012	2,976	68.42%
Net Profit after tax	1,586	965	64.29%	2,984	1,472	102.66%
Net Profit after tax Ratio	19.3%	16.3%		19.9%	13.3%	
Earnings per share (Rs.)	7.90	4.81	64.24%	14.86	7.33	102.73%

Improved cement prices over the comparable period of last year increased revenue and profits of the Company for the half year ended December 31, 2021.

Currency devaluation, increase in electricity tariffs, surge in international coal prices and high petroleum costs adversely impacted the profits, however stable cement prices nullified all these factors resulting in better margins.

The Company is current on its all debt obligations.

Future outlook

Current Federal Government aims to initiate mega construction projects including housing projects for public, which shall ultimately boost cement demand in the country. CPEC related projects shall continue to cause increasing local demand.

Greenfield Cement Production Line in Khushab, Punjab

The expansion project of the Company is progressing as scheduled as land procurement process is at its full pace, whereas negotiation with the foreign supplier of plant & machinery is in process.

Acknowledgments

We are much grateful to our employees including all other stakeholders who endeavored their best to make the Company as one of the best performing company of the country.

For and on behalf of the Board



Nadeem Atta Sheikh
Chief Executive



Ahmed Sajjad Khan
Director



احمد سجاد خان
ڈائریکٹر



ندیم عطاء بخش
چیف ایگزیکٹو

Lahore: February 17, 2022

لاہور: 17 فروری، 2022

31 دسمبر، 2021ء کو ختم ہونے والی ششماہی کے دوران گزشتہ سال کے قابل موازنہ عرصے کی نسبت ترسیلات (Sale) اور منافع میں اضافہ ہوا ہے۔

روپے کی قدر میں کمی، بجلی کے نرخ میں اضافہ، عالمی منڈی میں کوئلے اور پٹرول کی بڑھتی ہوئی قیمتوں نے منافع کو متاثر کیا ہے، تاہم سینٹ کی مستحکم قیمتوں نے مذکورہ عوامل کو ناکل کیا، جس کی بدولت منافع میں بہتری ہوئی۔

کمپنی اپنی مالیاتی ذمہ داریوں کی بروقت ادائیگی کر رہی ہے۔

مستقبل کے امکانات:

موجودہ حکومت بڑے تعمیراتی منصوبہ جات کے علاوہ عوام کے لئے گھروں کے تعمیری منصوبہ جات کا بھی ارادہ رکھتی ہے، جس کی بدولت ملک میں سینٹ کی طلب میں اضافہ ہوگا۔ CPEC سے متعلقہ منصوبہ جات بھی سینٹ کی طلب میں اضافے کا باعث ہوں گے۔

خوشاب، پنجاب میں نئے سینٹ پلانٹ کی تنصیب کا منصوبہ:

کمپنی کا توسیعی پروگرام طے شدہ منصوبہ کے مطابق سیمیل کی جانب گامزن ہے، جس کے لئے زمین کا حصول تیزی سے جاری ہے، جبکہ پلانٹ اور مشینری کی خریداری کے لئے غیر ملکی سپلائر سے بات کی جارہی ہے۔

اظہار تشکر:

ہم تمام ملازمین اور تمام دیگر شراکت داروں کے شکر گزار ہیں، جن کی بہترین کاوشوں کی بدولت کمپنی ملک کی صف اول کی کمپنیوں میں شمار کی جاتی ہے۔

برائے و منجانب بورڈ آف ڈائریکٹرز

ڈائریکٹرز جائزہ رپورٹ

معزز حصص داران

کوہاٹ سینٹ کینی لیمنڈ (کینی) کے ڈائریکٹرز بعد سترت مالی سال 2021-22ء کی 31 دسمبر، 2021ء کو ختم ہونے والی دوسری سرمایہ اور پبلیک شہانی سے متعلقہ ڈیٹرز کے باضابطہ جائزہ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

صنعتی کارکردگی:

31 دسمبر، 2021ء کو ختم ہونے والی شہانی کے دوران سینٹ کی مقامی ترسیلات میں معمولی اضافہ ہوا، جبکہ افغان مارکیٹ کی سست روی اور بین الاقوامی سطح پر مال برداری کے کرایہ جات میں اضافہ کے باعث برآمدات میں کمی واقع ہوئی ہے۔ زیر حوالہ مدت کے دوران صنعتی کارکردگی درج ذیل ہے۔

شرح تبدیلی	2020ء	جولائی تا دسمبر	2021ء
(%)		میٹرک ٹن	
برآمدات	5,021,613	3,391,017	(32.47%)
مقامی ترسیلات	23,615,452	24,065,296	1.90%
کل ترسیلات	28,637,065	27,456,313	(4.12%)

پیداواری کارکردگی:

ذیل میں کینی کے پیداواری اور ترسیلاتی نتائج کا خلاصہ دیا گیا ہے:

اکتوبر تا دسمبر	2021ء	جولائی تا دسمبر	2020ء	(اضافہ کمی)
میٹرک ٹن		میٹرک ٹن		(%)
کھنڈ کی پیداوار	789,601	1,625,876	1,713,335	(5.10%)
سینٹ کی پیداوار	932,010	1,800,420	1,884,155	(4.44%)
مقامی ترسیلات	934,306	1,797,225	1,759,412	2.15%
برآمدات	962	2,480	107,213	(97.69%)
مجموعی فروخت	935,260	1,799,705	1,866,625	(3.59%)

مالیاتی کارکردگی:

زیر جائزہ دورانیے میں کینی کی مالیاتی کارکردگی کا سرسری جائزہ ذیل میں دیا گیا ہے:

دوسری سرمایہ (اکتوبر تا دسمبر)	2021ء	شہانی (جولائی تا دسمبر)	2020ء	اضافہ کمی
ملین (روپے)		ملین (روپے)		(%)
کل فروخت	8,211	15,015	11,108	35.17%
خام منافع	2,482	4,743	2,597	82.66%
شرع خام منافع	30.2%	31.6%	23.4%	
آپریٹنگ منافع	2,345	4,457	2,320	92.12%
شرع آپریٹنگ منافع	28.06%	29.7%	20.9%	
منافع قبل از مالی اخراجات، ٹیکس، ڈیپریشیئن اور امور تازہ ریش	2,620	5,012	2,976	68.42%
خالص منافع بعد از ٹیکس	1,586	2,984	1,472	102.66%
شرع خالص منافع بعد از ٹیکس	19.3%	19.9%	13.3%	
فی شیئر آمدنی (روپے)	7.90	14.86	7.33	102.73%

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF KOHAT CEMENT COMPANY LIMITED ON Review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Kohat Cement Company Limited ("the Company") as at 31 December 2021 and the related condensed interim statement of profit or loss and condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the financial statements for the six-month period then ended (hereinafter referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements 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 statements 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 statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended 31 December 2021 and 31 December 2020, have not been reviewed by us and we do not express a conclusion thereon.

The engagement partner on the review resulting in this independent auditor's report is Bilal Ali.

KPMG Taseer Hadi & Co.

Lahore: February 17, 2022

KPMG Taseer Hadi & Co.
Chartered Accountants

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

As at 31 December 2021

	Note	(Un-audited) 31 December 2021 Rupees	(Audited) 30 June 2021 Rupees
EQUITY AND LIABILITIES			
Authorized share capital		3,000,000,000	3,000,000,000
Issued, subscribed and paid-up capital		2,008,612,970	2,008,612,970
Reserves		118,814,065	119,105,065
Accumulated profit		23,079,849,082	20,095,821,336
		25,207,276,117	22,223,539,371
Non-current liabilities			
Long term financing - secured	5	3,816,797,190	4,405,765,306
Deferred grant		—	1,328,937
Long term deposits		2,036,100	2,036,100
Deferred liabilities			
- deferred taxation		2,387,185,166	1,857,649,347
- compensated absences		26,589,314	24,358,436
		6,232,607,770	6,291,138,126
Current liabilities			
Current portion of long term financing	5	1,147,020,838	1,147,020,843
Trade and other payables	6	4,984,970,017	4,985,385,529
Contract liability	7	90,920,288	137,091,500
Unclaimed dividend		8,535,358	8,559,447
Dividend payable		37,433,999	37,638,105
Short term borrowings - secured	8	216,500,000	498,000,000
Provision for taxation - net		1,216,843,355	635,934,543
Mark-up accrued on borrowings		113,301,813	122,613,973
		7,815,525,668	7,572,243,940
Contingencies and commitments	9		
		39,255,409,555	36,086,921,437
ASSETS			
Non current assets			
Property, plant and equipment	10	21,617,922,313	22,051,984,013
Intangibles		5,154,599	6,725,911
Long term deposits and advances		105,759,381	43,326,640
Investment property		4,134,255,209	4,136,086,159
		25,863,091,502	26,238,122,723
Current assets			
Stores, spares and loose tools		3,404,071,100	3,070,769,101
Stock-in-trade		1,250,786,072	1,112,776,266
Trade debts - unsecured, considered good		1,087,328,830	983,568,223
Short term investments	11	5,799,100,980	2,999,496,423
Advances, deposits, prepayments and other receivables		667,599,542	484,459,350
Cash and bank balances	12	1,183,431,529	1,197,729,351
		13,392,318,053	9,848,798,714
		39,255,409,555	36,086,921,437

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



Chief Executive



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS (UN-AUDITED)

For six months and quarter ended 31 December 2021

	Note	01 July to 31 December 2021 Rupees	01 July to 31 December 2020 Rupees	01 Oct to 31 December 2021 Rupees	01 Oct to 31 December 2020 Rupees
Sales - net	13	15,014,812,440	11,108,015,932	8,211,098,951	5,933,846,828
Cost of sales	14	(10,271,858,622)	(8,511,478,971)	(5,728,866,030)	(4,295,833,397)
Gross profit		4,742,953,818	2,596,536,961	2,482,232,921	1,638,013,431
Selling and distribution expenses		(52,073,172)	(39,008,639)	(28,990,794)	(21,569,464)
Administrative and general expenses		(174,592,908)	(157,044,591)	(96,472,387)	(83,783,190)
Other income		207,921,645	56,385,532	129,175,693	39,517,267
Other expenses		(267,283,640)	(137,047,795)	(140,869,287)	(87,102,839)
		(286,028,075)	(276,715,493)	(137,156,775)	(152,938,226)
Operating profit		4,456,925,743	2,319,821,468	2,345,076,146	1,485,075,205
Finance cost		(236,354,353)	(274,074,523)	(117,503,085)	(135,797,895)
Profit before taxation		4,220,571,390	2,045,746,945	2,227,573,061	1,349,277,310
Taxation	15	(1,236,543,644)	(573,332,635)	(641,623,001)	(383,949,801)
Profit after taxation		2,984,027,746	1,472,414,310	1,585,950,060	965,327,509
Earning per share (basic and diluted)		14.86	7.33	7.90	4.81

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



Chief Executive



Chief Financial Officer



Director



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For six months and quarter ended 31 December 2021

	01 July to 31 December 2021 Rupees	01 July to 31 December 2020 Rupees	01 Oct to 31 December 2021 Rupees	01 Oct to 31 December 2020 Rupees
Profit after taxation	2,984,027,746	1,472,414,310	1,585,950,060	965,327,509
Other comprehensive income for the period				
<i>Items that will not be reclassified to statement of profit or loss:</i>				
Equity investment at FVOCI - net changes in fair value	(291,000)	424,800	(82,800)	271,000
<i>Items that are or may be reclassified to statement of profit or loss:</i>				
Debt investment at FVOCI - net changes in fair value	-	(1,095,000)	-	(1,145,000)
Total comprehensive income for the period	2,983,736,746	1,471,744,110	1,585,867,260	964,453,509

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



Chief Executive



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For six months ended 31 December 2021

	Reserves						Total
	Capital reserves			Revenue reserves			
	Share capital	Share premium	Fair value reserve	General reserve	Accumulated profit	Total reserves	
Rupees							
Balance as at 01 July 2020	2,008,612,970	49,704,951	41,314	70,000,000	16,598,314,088	16,718,060,353	18,726,673,323
Total comprehensive income for the period							
Profit for the six months ended 31 December 2020	-	-	-	-	1,472,414,310	1,472,414,310	1,472,414,310
Other comprehensive income for the six months ended 31 December 2020	-	-	(670,200)	-	-	(670,200)	(670,200)
	-	-	(670,200)	-	1,472,414,310	1,471,744,110	1,471,744,110
Balance as at 31 December 2020 - unaudited	2,008,612,970	49,704,951	(628,886)	70,000,000	18,070,728,398	18,189,804,463	20,198,417,433
Balance as at 01 July 2021	2,008,612,970	49,704,951	(599,886)	70,000,000	20,095,821,336	20,214,926,401	22,223,539,371
Total comprehensive income for the period							
Profit for the six months ended 31 December 2021	-	-	-	-	2,984,027,746	2,984,027,746	2,984,027,746
Other comprehensive income for the six months ended 31 December 2021	-	-	(291,000)	-	-	(291,000)	(291,000)
	-	-	(291,000)	-	2,984,027,746	2,983,736,746	2,983,736,746
Balance as at 31 December 2021 - unaudited	2,008,612,970	49,704,951	(890,886)	70,000,000	23,079,849,082	23,198,663,147	25,207,276,117

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



Chief Executive



Chief Financial Officer



Director



CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

For six months ended 31 December 2021

	Note	01 July 2021 to 31 December 2021 Rupees	01 July 2020 to 31 December 2020 Rupees
Cash flow from operating activities			
Profit before taxation		4,220,571,390	2,045,746,945
Adjustments for:			
Depreciation on property, plant and equipment		552,475,367	653,570,129
Amortization on intangible assets		2,511,232	2,417,823
Loss / (gain) on disposal of property, plant and equipment		76,217	(1,486,105)
Profit on bank deposits and investments-Conventional		(37,564,168)	(4,352,360)
Profit on bank deposits and investments-Shariah compliant		(28,911,164)	(19,837,725)
Realized gain on investment at fair value through profit and loss		(2,924,323)	(159,249)
Net change in fair value of financial assets at FVTPL		(38,722,653)	(1,935,054)
Foreign currency exchange loss / (gain)		42,175	(5,194,117)
Provision for loss allowance against trade debts		2,309,342	7,770,159
Provision for compensated absences		5,571,453	4,971,042
Provision for Workers' Welfare Fund		39,273,541	18,950,047
Provision for Workers' Profit Participation Fund		224,202,365	108,668,264
Finance cost		236,354,353	274,074,523
		954,693,737	1,037,457,377
Cash generated from operations before working capital changes		5,175,265,127	3,083,204,322
(Increase) / decrease in current assets:			
Stores, spares and loose tools		(333,301,999)	(267,388,356)
Stock-in-trade		(138,009,807)	(152,030,685)
Trade debts		(106,069,949)	(372,357,115)
Advances, deposits, prepayments and other receivables		(179,492,091)	(143,124,518)
Increase in current liabilities:			
Trade and other payables		(206,091,828)	421,067,261
Contract liability		(46,171,212)	(12,888,018)
		(1,009,136,886)	(526,721,431)
Cash generated from operations		4,166,128,241	2,556,482,891
Compensated absences paid		(3,340,575)	(2,761,249)
Finance cost paid		(243,676,029)	(361,094,576)
Payment made to Workers' Welfare Fund		(44,441,426)	-
Income tax paid		(126,099,013)	(116,261,850)
Net cash generated from operating activities		3,748,571,198	2,076,365,216
Cash flow from investing activities			
Acquisition of property, plant and equipment		(131,980,223)	(190,784,786)
Proceeds from disposal of property, plant and equipment		90,000	1,775,000
Acquisition of intangible assets		(939,920)	(400,000)
Acquisition of investment property		(169,050)	-
Short term investments - net		(2,758,248,581)	(1,329,680,729)
Long term deposits and advances - net		(60,432,741)	(150,000,000)
Profit on bank deposits		62,827,233	23,175,110
Net cash used in investing activities		(2,888,853,282)	(1,645,915,405)
Cash flow from financing activities			
Repayment of long term finances		(592,287,542)	40,291,285
Disbursement of long term finances		-	200,686,655
Disbursement of short term borrowings		216,500,000	-
Repayment of short term borrowing		(498,000,000)	(721,745,100)
Dividend paid		(228,195)	(1,125,844)
Net cash used in financing activities		(874,015,737)	(562,475,574)
Net decrease in cash and cash equivalents		(14,297,822)	(132,025,762)
Cash and cash equivalents at beginning of the period		1,197,729,351	1,001,606,087
Cash and cash equivalents at end of the period	16	1,183,431,529	869,580,324

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



Chief Executive



Chief Financial Officer



Director

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

For six months ended 31 December 2021

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 "Companies Act, 2017") and is listed on Pakistan Stock Exchange. The Company is engaged in production and sale of cement. Head Office of the Company is situated at 37-P, Gulberg-II, Lahore, further the registered office and production facility is situated at Rawalpindi Road, Kohat, Pakistan. The Company is in the process of acquiring further land in District Khushab for installation of its new grey cement line.
- 1.2 ANS Capital (Private) Limited is the holding company of the Company and holds 110,482,320 ordinary shares of the Company comprising 55% of its total paid up share capital.

2 Basis of preparation

- 2.1 These condensed interim financial statements comprise the condensed interim statement of financial position of the Company, as at 31 December 2021 and the related condensed interim statement of profit and loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity together with the notes forming part thereof.
- 2.2 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IAS) 34, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
 - Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.3 These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual audited financial statements for the year ended 30 June 2021. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the company's financial position and performance since the last annual audited financial statements.
- 2.4 Comparative statement of financial position numbers are extracted from the annual audited financial statements of the Company for the year ended 30 June 2021, whereas comparatives of condensed interim statement of profit or loss, statement of comprehensive income, statement of cash flow and statement of changes in equity are stated from unaudited condensed interim financial statements of the Company for the six months period ended 31 December 2020.
- 2.5 These condensed interim financial statements are unaudited and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017.

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

For six months ended 31 December 2021

3 Judgments and estimates

The preparation of the condensed interim financial statements require 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.

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements for the year ended 30 June 2021.

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 statements are same as those applied in the preparation of the annual audited financial statements for the year ended 30 June 2021.

4.1.1 The following amendments and interpretations of approved accounting standards will be effective for accounting periods as detailed below:

4.1.1.1 Amendments and interpretations of approved accounting standards

- | | |
|----------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| – Amendment to IAS 37 - Onerous Contracts - Cost of fulfilling a contract | 01 January 2021 |
| – Amendment to IAS 41 - Exclusion of taxation cash flows when measuring the fair value of a biological asset using a present value technique | 01 January 2022 |
| – Amendment to IFRS 16 - Exclusion of illustration of reimbursement of leasehold improvements by the lessor | 01 January 2022 |
| – Amendment to IFRS 9 - Assessment of derecognition of a financial liability | 01 January 2022 |
| – Amendments to IAS 16 - Property, Plant and Equipment - Proceeds before intended use | 01 January 2022 |
| – Amendment to IFRS 3 - Reference to the Conceptual Framework | 01 January 2022 |
| – Amendments to IAS 1 - Classification of liabilities as current or non-current | 01 January 2023 |
| – Amendments to IAS 8 - Definition of Accounting Estimates | 01 January 2023 |
| – Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 01 January 2023 |
| – Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies | 01 January 2023 |

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

For six months ended 31 December 2021

	Note	(Un-audited) December 31 2021 Rupees	(Audited) June 30 2021 Rupees
5 Long term finances - secured			
Term finance - Line-4 (Conventional)			
Opening		5,383,321,448	5,606,196,692
Repaid during the period / year		(517,179,060)	(222,875,244)
		4,866,142,388	5,383,321,448
Less: Current maturity		(1,034,358,120)	(1,034,358,120)
Less: Transaction cost		(14,987,078)	(16,977,562)
		3,816,797,190	4,331,985,766
Term finance - RFWS Scheme			
Opening		187,771,200	102,484,312
Disbursements during the period/year		–	197,949,611
Repaid during the period/year		(75,108,482)	(112,662,723)
		112,662,718	187,771,200
Less: Unamortized Government Grant	5.1	–	(1,328,937)
Less: Current maturity		(112,662,718)	(112,662,723)
		–	73,779,540
		3,816,797,190	4,405,765,306
5.1 Unamortized Government Grant			
Opening		6,599,474	–
Transactions during the period /year		–	17,185,972
Amortization during the period /year		(3,959,370)	(10,586,498)
		2,640,104	6,599,474
Less: Current maturity		(2,640,104)	(5,270,537)
Unamortized balance of deferred grant		–	1,328,937

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

For six months ended 31 December 2021

	(Un-audited) December 31 2021 Rupees	(Audited) June 30 2021 Rupees
6 Trade and other payables		
Trade creditors - Local	945,013,819	927,496,291
Trade creditors - imports	288,858,658	627,661,254
Contractors' bills payable	41,877,477	117,088,053
Accrued liabilities	653,774,827	532,063,547
Payable to Workers' Profit Participation Fund	1,748,847,960	1,524,645,595
Payable to Workers' Welfare Fund	39,263,647	44,431,532
Payable to Provident Fund Trust	4,946,251	2,585,757
	3,722,582,639	3,775,972,029
<i>Payable to Government on account of:</i>		
Income tax deducted at source	13,628,117	13,690,463
Federal excise duty	411,195,754	526,685,449
Sales tax payable	257,095,866	176,335,503
Royalty and excise duty	182,499,157	95,205,340
	864,418,894	811,916,755
Retention money payable	106,200,879	124,079,153
Securities deposits	4,773,527	4,779,192
Other payables	286,994,078	268,638,400
	4,984,970,017	4,985,385,529

7 Contract liability

This represents advances received from customers for future sale of goods.

	(Un-audited) December 31 2021 Rupees	(Audited) June 30 2021 Rupees
8 Short term borrowings - secured		
Mark-up based borrowings from conventional banks:		
Export refinances	216,500,000	498,000,000

9 Contingencies and commitments

9.1 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 2021 except the following:

- 9.1.1** The Additional Commissioner Inland Revenue (ACIR) amended the assessments for Tax Years 2014, 2016 and 2018 whereby the claim of depreciation and initial allowance was curtailed by reducing the cost of depreciable assets for the purposes of depreciation to the extent of tax credits claimed U/S 65B of the Income Tax Ordinance, 2001 on such assets and created a tax

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

For six months ended 31 December 2021

demand of Rs. 20.71 million, Rs. 64.90 million and Rs. 10.09 million respectively. The treatment meted out by the ACIR was agitated by the Company before CIR (A). CIR (A) decided the cases pertaining to Tax Year 2018 against the Company, whereas rest of the years have been decided in favour of the Company. The Company has challenged CIR (A)'s order for Tax Year 2018 before Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication.

9.1.2 In 2019, the Mines and Minerals Department, Khyber Pakhtunkhwa has issued notices to the Company for recovery of Annual Rent from the Year 2009 to 2019 under the Mineral Sector Governance Act, 2017 amounting to Rs. 13.587 million. The aforesaid notices have been challenged by Company before the Honourable Peshawar High Court (PHC) on 06 August 2019 through filing a Writ Petition on various grounds. The case has been decided against the Company by PHC and the same is upheld by the honourable Supreme Court of Pakistan (SC). A review was filed by the Company against decision of SC requesting to adjudicate all the grounds raised by the Company in CPLA, which was also dismissed directing the Company to present its case before the Mines and Minerals Department KP. Therefore, considering the statutory provisions relating to determination of Annual Rent, the Company has deposited the annual rent for the aforesaid period to mining department and has expensed off the same in current period.

9.1.3 The DCIR, vide order dated 26 October 2020 raised a tax demand pertaining to tax year 2012 amounting to Rs 677.30 million under section 122(1)/122(5) of the Income Tax Ordinance 2001 on account of suppressed sales and disallowing various profit and loss expenses / deductible allowance and curtailing available tax credits. The Company filed an appeal before CIR (A) which was decided, leaving a tax demand of Rs. 28.5 million whereas the rest of demand has been deleted. The Company is in process of filing appeal before ATIR against the aforesaid order of CIR(A).

9.1.4 The Additional Commissioner Inland Revenue created a tax demand of Rs. 97.7 million for the Tax Year 2017 under section 122(5A) of the Income Tax Ordinance, 2001 by disallowing various profit and loss expenses / deductible allowance. The Company filed an appeal before CIR (A) wherein the entire case has been decided in favour of the Company resulting in deletion of entire tax demand.

9.1.5 The Sui Northern Gas Pipelines Limited (SNGPL) charged an amount of Rs. 12.19 million being Non-Metred Volume Adjustment for the period from June 16, 2013 to June 25, 2013 in the Sui Gas Bill of the Company for the Month of August 2014. On appeal before OGRA, the said levy was set aside to its Designated Officer, who partially decided the case in favour of the Company which is thus challenged by the Company and Designated Officer in appeal before the OGRA. OGRA has decided the case against the Company which was agitated by the Company in Writ Petition before the honourable Islamabad High Court which is pending adjudication.

	(Un-audited) December 31 2021 Rupees	(Audited) June 30 2021 Rupees
9.2 Commitments		
In respect of letters of credit for :		
- Capital Expenditures	486,298,680	—
- Stores and Spares	153,332,360	218,217,598
	639,631,040	218,217,598

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

For six months ended 31 December 2021

	Note	(Un-audited) December 31 2021 Rupees	(Audited) June 30 2021 Rupees
10 Property, plant and equipment			
Operating fixed assets	10.1	21,480,597,182	21,753,605,354
Capital work in progress		137,325,131	298,378,659
		21,617,922,313	22,051,984,013
10.1 Operating fixed assets			
Opening written down value		21,753,605,354	22,613,088,249
Add: Additions / (adjustments) during the period / year (cost)			
Freehold Land		–	6,290,580
Factory buildings		5,091,690	374,702,372
Housing colony		3,638,802	21,706,969
Plant - Civil structures			
- additions		250,425,043	–
- adjustments	10.2	(3,674,680)	–
Plant, machinery and equipment			
- additions		–	100,713,713
- adjustments	10.2	(9,725,659)	(188,795,984)
Furniture, fixtures and office equipment		6,930,069	9,389,315
Computers and printers		2,678,468	3,789,134
Weighing Scale		–	(295,576)
Light vehicles		24,269,680	38,597,559
Laboratory equipment		–	4,970,329
		279,633,413	371,068,411
Less: Disposals during the period / year (written down value)			
Power Installations		–	(10,781)
Computers and printers		(166,217)	–
Light vehicles		–	(4,732,895)
		(166,217)	(4,743,676)
Less: Depreciation charge for the period / year		(552,475,368)	(1,225,807,630)
Closing written down value		21,480,597,182	21,753,605,354

10.2 Adjustments in plant and machinery and plant civil structures represents settlement of suppliers balances on account of claims under the contracts.

10.3 During the period from 01 July 2020 to 31 December 2020, cost of additions and disposals amounts to Rs. 179 million and Rs. 0.3 million respectively.

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

For six months ended 31 December 2021

	(Un-audited) December 31 2021 Rupees	(Audited) June 30 2021 Rupees
11 Short term investments		
FVOCI - listed equity securities		
Gharibwal Cement Limited	488,400	779,400
FVOCI - debt instrument		
Term Finance Certificates	48,710,000	48,710,000
FVTPL		
<i>Investments in Mutual Funds</i>		
Money Market Mutual Funds - Shariah Compliant	401,625,706	2,849,902,666
Money Market Mutual Funds - Conventional	917,249,874	—
Income Mutual Funds - Shariah Compliant	—	100,104,357
	1,318,875,580	2,950,007,023
Government of Pakistan Market Treasury Bills	4,431,027,000	—
	5,799,100,980	2,999,496,423

12 Cash and bank balances

These include Rs. 365.329 million (30 June 2021: Rs. 345.917 million) placed under Shariah permissible arrangement. Remaining deposits are placed with conventional financial institutions.

	(Un-audited) 01 July 2021 to 31 December 2021 Rupees	(Un-audited) 01 July 2020 to 31 December 2020 Rupees
13 Sales - net		
Local sales - gross	21,341,620,394	16,041,791,267
Less: Sales tax	(3,498,706,650)	(2,676,372,564)
Federal excise duty	(2,695,835,925)	(2,639,118,300)
	(6,194,542,575)	(5,315,490,864)
	15,147,077,819	10,726,300,403
Export sales	16,545,352	636,126,930
	15,163,623,171	11,362,427,333
Less: Discount / rebate / commission	(148,810,731)	(254,411,401)
	15,014,812,440	11,108,015,932

(Un-audited)

(Un-audited)



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

For six months ended 31 December 2021

	01 July 2021 to 31 December 2021 Rupees	01 July 2020 to 31 December 2020 Rupees
14 Cost of sales		
Raw materials consumed	606,091,988	620,400,313
Packing materials consumed	1,023,819,166	861,893,031
Fuel and power	2,387,208,157	1,949,658,098
Coal and gas	4,716,956,567	3,581,551,635
Stores, spares and loose tools consumed	352,830,731	346,612,401
Salaries, wages and other benefits	308,230,565	290,288,982
Royalty and excise duty	303,020,709	208,980,114
Rent, rates and taxes	20,432,131	17,428,841
Repairs and maintenance	74,024,347	60,659,861
Insurance	26,624,472	20,409,420
Depreciation	547,159,893	650,554,794
Loading and freight charges	35,293,363	42,515,282
Other expenses	70,315,101	66,490,525
	10,472,007,190	8,717,443,297
Work-in-process:		
At beginning of the period	565,970,725	664,762,089
At end of the period	(696,582,468)	(801,150,529)
Cost of goods manufactured	10,341,395,447	8,581,054,857
Finished goods:		
At beginning of the period	373,218,643	246,109,361
At end of the period	(429,656,470)	(297,678,751)
	10,284,957,620	8,529,485,467
Less: Cost attributable to own cement consumption	(13,098,998)	(18,006,496)
	10,271,858,622	8,511,478,971
15 Taxation		
Current		
- for the year	707,007,823	278,326,507
Deferred		
- for the year	529,535,821	295,006,128
	1,236,543,644	573,332,635

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

For six months ended 31 December 2021

	(Un-audited) December 31 2021 Rupees	(Audited) December 31 2020 Rupees
16 Cash and cash equivalents		
Cash and bank balances	1,183,431,529	759,580,324
Term deposit receipts	–	110,000,000
	1,183,431,529	869,580,324

17 Financial instruments-fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

The following table shows the carrying amounts and fair values of financial instruments and non-financial instruments including their levels in the fair value hierarchy:

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

For six months ended 31 December 2021

	Carrying Amount				Fair value		
	Fair value through other comprehensive income	Fair value through profit and loss	Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2
Note	Rupees						
On-Balance sheet financial instruments							
31 December 2021 (Un-Audited)							
Financial assets measured at fair value							
Investments	49,198,400	5,749,902,580	-	-	5,799,100,980	1,368,073,980	4,431,027,000
Financial assets at amortised cost							
Long term deposits	-	-	105,759,381	-	105,759,381	-	-
Trade debts - unsecured, considered good	-	-	1,087,328,830	-	1,087,328,830	-	-
Deposits, and other receivables	-	-	157,653,800	-	157,653,800	-	-
Cash and bank balances	-	-	1,183,431,529	-	1,183,431,529	-	-
17.1	-	-	2,534,173,540	-	2,534,173,540	-	-
Financial liabilities measured at fair value							
Financial liabilities measured at amortised cost							
Long term financing	-	-	-	4,963,818,028	4,963,818,028	-	-
Long term deposits	-	-	-	2,036,100	2,036,100	-	-
Trade and other payables	-	-	-	2,322,719,737	2,322,719,737	-	-
Short term borrowings	-	-	-	216,500,000	216,500,000	-	-
Mark-up accrued on borrowings	-	-	-	113,301,813	113,301,813	-	-
Dividend payable	-	-	-	37,433,999	37,433,999	-	-
Unclaimed Dividend	-	-	-	8,535,358	8,535,358	-	-
17.1	-	-	-	7,664,345,035	7,664,345,035	-	-

17.1 The Company has not disclosed the fair values of these financial assets and liabilities as these are for short term or reprice over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

For six months ended 31 December 2021

17.1 The Company has not disclosed the fair values of these financial assets and liabilities as these are for short term or repriced over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

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

For six months ended 31 December 2021

18 Reconciliation of movement of liabilities to cash flows arising from financing activities.

	For the six months ended 31 December 2021			
	Liabilities			Total
	Long term finances	Short term borrowings	Dividend payable	
	Rupees			
Balance as at 01 July 2021	5,552,786,149	498,000,000	46,197,552	6,096,983,701
Changes from financing activities				
Repayment of long term finances - secured	(592,287,542)	–	–	(592,287,542)
Disbursement of short term borrowings - net	–	216,500,000	–	216,500,000
Repayment of short term borrowings - net	–	(498,000,000)	–	(498,000,000)
Dividend paid	–	–	(228,195)	(228,195)
Total changes from financing cash flows	(592,287,542)	(281,500,000)	(228,195)	(874,015,737)
Other changes				
Amortization of government grant and transaction cost	3,319,421	–	–	3,319,421
Total liability related other changes	3,319,421	–	–	3,319,421
Closing as at 31 December 2021	4,963,818,028	216,500,000	45,969,357	5,226,287,385

	For the six months ended 31 December 2020			
	Liabilities			Total
	Long term finances	Short term borrowings	Dividend payable	
	Rupees			
Balance as at 01 July 2020	5,687,722,464	1,301,609,100	48,014,349	7,037,345,913
Changes from financing activities				
Disbursement of long term finances - secured	200,686,655	–	–	200,686,655
Repayment of long term borrowings	(40,291,285)	–	–	(40,291,285)
Repayment of short term borrowings	–	(721,745,100)	–	(721,745,100)
Dividend paid	–	–	(1,125,844)	(1,125,844)
Total changes from financing cash flows	160,395,370	(721,745,100)	(1,125,844)	(562,475,574)
Other changes				
Amortization of government grant and transaction cost	1,990,488	–	–	1,990,488
Total liability related other changes	1,990,488	–	–	1,990,488
Closing as at 31 December 2020	5,850,108,322	579,864,000	46,888,505	6,476,860,827

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

For six months ended 31 December 2021

19 Transactions with related parties

The related parties comprise of holding company, associated companies, Directors of the Company, key management personnel and staff retirement funds. Transactions and balances with related parties are as follows:

			(Un-audited) 01 July to 31 December 2021 Rupees	(Un-audited) 01 July to 31 December 2020 Rupees
Relationship	Nature of transactions			
Transactions with related parties				
Employees' Provident Fund Trust	Post employment benefit plan	Contribution	11,842,220	10,721,431
Kohat Cement Educational Trust	Common Directorship / Trustee	Contribution	2,509,965	2,266,485
Ultra Pack (Private) Limited	Common Control	Purchase of packing material	692,994,284	645,429,861
Ultra Kraft (Private) Limited	Common Control	Sale of cement	9,751,780	-
Nutribel (Private) Limited	Common directorship	Sale of cement	-	965,437
Palace Enterprises (Private) Limited	Common directorship	Purchase of Power Generator	3,500,000	-
Chief Executive	Key Management Personnel	Remuneration paid	43,517,067	43,768,770
Other executives	Key Management Personnel	Remuneration paid	50,642,958	51,621,788
Relationship	Nature of transactions		(Un-audited) 31 December 2021 Rupees	(Audited) 30 June 2021 Rupees
Balances with related parties				
Employees' Provident Fund Trust	Post employment benefit plan	Payable	4,946,251	2,585,757
Ultra Pack (Private) Limited	Common Control	Trade creditors	344,945,117	343,820,942
Ultra Kraft (Private) Limited	Common Control	Trade debtors	1,960,000	-
Nutribel (Private) Limited	Common directorship	Trade debtors	-	2,034

19.1 The Company has paid Rs. 38.15 million (31 Dec.2020: Rs. 39.84 million) to the Chairman on account of his remuneration and also paid Rs. 0.625 million (31 Dec 2020: Rs. 1.10 million) to the non-executive directors being the fee for attending Board and Committee meetings. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Company considers Chief Executive Officer, whole time Directors (including employee directors), Company secretary, and CFO to be its key management personnel.

20 General

20.1 Figures have been rounded off to the nearest rupee.

20.2 Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary.

20.3 These condensed interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on 17-02-2022.



Chief Executive



Chief Financial Officer



Director

kohatcement.com

37-P, Gulberg II, Lahore, Pakistan

Tel: +92 -42-11-111-KCCL (5225) Fax: +92-423-5754084, 5874990

Email: mis@kohatcement.com