ANNUAL REPORT 2009

KOHAT CEMENT
COMPANY LIMITED

VISION

Widen the spectrum of cement usage in Pakistan.

MISSION

Excel and grow through continuous improvement.

Provide good returns and security to the shareholders.

Fulfill obligations towards employees and Society.

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COMPANY INFORMATION

Board of Directors
Mr. Aizaz Mansoor Sheikh
Chief Executive

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

Audit Committee

Mr. Tariq Atta 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) 7500131
Fax: (042) 7500030

Registered Office and Works
Kohat Cement Company Limited
Rawalpindi Road, Kohat.
Tel: (0922) 560990
Fax: (0922) 560405
E-mail: financekccl@yahoo.com

Head Office
37 - P, Gulberg - II, Lahore.
Tel: (042) 11 111 5225
Fax: (042) 575 4084
E-mail: fm@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
Silk Bank Limited

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that 30th Annual General Meeting of the shareholders of **Kohat Cement Company Limited** for the financial year ended 30th June 2009 will be held on Saturday, October 31, 2009, at its registered office Kohat Cement Factory, Rawalpindi Road, Kohat at 10:00 A.M., to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the Annual General Meeting held on October 31, 2008.
2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2009 together with Auditors' and Directors' Reports thereon.
3. To appoint Auditors for the year 2009-2010 and to fix their remuneration. The present Auditors M/s. KPMG Taseer Hadi & Co., Chartered Accountants, retires and being eligible, offers them for reappointment.
4. To transact any other business with the permission of the Chair.

(By Order of the Board)

(MOHAMMAD HASHIM KHAN)
COMPANY SECRETARY

Kohat: October 10, 2009

NOTES:

1. The register of members and the share transfer books of the Company will be closed from Saturday, October 24, 2009 to Saturday, October 31, 2009 (both days inclusive). Physical transfers / CDS transactions IDs received in order at the share department of the Company, AZM Computer Services (Pvt.) Limited, 24-Ferozepur Road, Mozang Chungi, Lahore, upto the close of business on Friday, October 23, 2009 will be treated in time to attend and vote at Annual General Meeting.
2. A member entitled to attend and vote at the Meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. Proxies, in order to be effective, must be received at the Registered Office of the Company 48 hours before the time of the holding of the Meeting. Form of proxy is enclosed herewith.
3. CDC shareholders are requested to bring their National Identity Card, Account and Participant's Number and will further have to follow the guidelines as laid down in the Securities & Exchange Commission of Pakistan's Circular No. 1 dated 26th January 2000 while attending the Meeting for identification.
4. The members should quote their folio number / CDS IDs in all correspondence with the Company and at the time of attending the Annual General Meeting.
5. The members are requested to notify immediately changes, if any, in their registered addresses.

DIRECTORS' REPORT TO THE SHAREHOLDERS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2009

Dear Members,

The Directors take pleasure in presenting the Annual Report and audited Financial Statements of your Company for the year ended June 30, 2009.

Financial results - The net sales revenue for the year under review is Rs. 3,395.5 million (2008: Rs. 1,371.7 million). The Company has earned a pre-tax profit of Rs. 21.184 million (2008: Pre-tax loss of Rs. 279.572 million) after accounting for all charges inclusive of depreciation of Rs. 161.943 million (2008: Rs. 103.949 million).

The financial results for the year under review are as under:

	2009 Rupees	2008 Rupees
Profit/ (Loss) before taxation	21,184,461	(279,572,750)
Taxation:		
- Current	8,737,780	7,122,829
- Deferred	(14,646,017)	(64,256,213)
	(5,908,237)	(57,133,384)
Profit/ (Loss) after taxation	27,092,698	(222,439,366)
Earnings/ (Loss) per share (Rupees)	0.21	(1.73)

Plant Performance

On the Grey Cement lines the Company produced 713,347 tons of clinker compared to 428,937 tons last year. Cement dispatches for the year were 777,992 tons (2008: 452,401 tons). These figures include in house consumption of 7,280 tons of cement (2008: 9,946 tons).

Dispatches of white cement were 20,893 tons (2008: 20,325 tons).

Kohat Cement Factory is located near Indus Highway, on the southern side of Kohat Tunnel while Darra Adam Khel is located on northern side of the Tunnel. This whole area is inflicted by 'War on Terror' due to which company's operations have suffered badly.

In particular irregular power supply because of blowing up of Main Power Transmission Lines by militants and frequent closure of Kohat tunnel due to Army Operations in Darra against militants resulted in loss of production and sales.

Moreover nationwide power shortages have adversely affected the company's operations but this problem would be rectified once the under installation captive power plant of 22.6 MW becomes operational by November, 2009.

Appropriations - Keeping in view the financial position of the company the Directors have decided not to declare any dividends.

Exports - During the year under review, the company exported 196,650 tons of grey cement and 5,802 tons of white cement.

Future prospects - Domestic consumption of cement during the year under review was 19.3 million (2008: 22.4 million) tons showing a negative growth of 14% over the previous year, while export sales boosted to 11.4 million tons (2008: 7.7 million tons) showing growth rate of 47 % over the previous year. There was an overall increase of only 1.6% in cement sales. The local demand is expected to remain low in short term due to overall law and order situation and slow economic development in our Country; however, potential for export of cement remains high. Local cement prices are expected to remain under pressure which shall affect the profitability of the Company.

Debt Obligations - The Company has rescheduled its long term debt whereby the principal payments have been deferred for one year. The cash flow has suffered a lot due to which certain mark up payments have not been made. The Company is hopeful that it will be able to manage its debt in the coming years.

Compliance with code of corporate governance

The management is fully aware of the Company's obligations for compliance with the Code of Corporate Governance as incorporated in the Listing Regulations of all Stock Exchanges of Pakistan and steps are being taken for its effective implementation within the allowed time frame. The various statements, as required by the Code, are given below:

- The financial statements prepared by the management present fairly the Company's state of affairs, the results of its operations, cash flows and changes in equity.
- The Company has maintained proper books of account.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements to ensure the true and fair view of the Company's financial position.
- The system of internal control is sound in design and has been effectively implemented and is being monitored continuously. The review will continue in future for the improvement in controls.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the Best Practices of Corporate Governance, as detailed in the Listing Regulations wherever applicable to the Company for the year ended June 30, 2009.

Financial highlights - Key operating & financial data of last eight years is included in this report.

Outstanding statutory dues - The outstanding statutory dues on account of taxes, duties, levies and charges are disclosed in note no. 11 and 32.

Statement on value of staff retirement funds - The value of investments as at June 30, 2009 in respect of retirement funds is as under:

- Provident fund	Rs. 37.472 million	Un-audited
- Gratuity fund	Rs. 4.176 million	Un-audited

Actuarial valuation of Gratuity as required under IAS 19 has been carried out.

Board meetings - During the year four meetings of the Board of Directors were held. Attendance by each director at the Board meeting is as under:

Name of director	No. of meetings attended
Mr. Aizaz Mansoor Sheikh	4
Mr. Nadeem Atta Sheikh	3
Mr. Tariq Atta Sheikh	4
Mrs. Ghazala Amjad	3
Mrs. Hafsa Nadeem	2
Mr. Omer Aizaz Sheikh	3
Mr. Ibrahim Tanseer	2

The Directors who could not attend the Board Meeting were duly granted leave of absence from the meeting by the Board in accordance with the law.

Trading in Company's shares - Movement in Directors, CEO and their spouses and minor children shareholding is given as under:

			Bonus Shares allotted	Shares Purchased	Share Sold
i)	Mrs. Khawar Sultana	Chairperson/Director	106,067	-	-
ii)	Mr. Aizaz Mansoor Sheikh	CEO/Director	2,029,932	500,000	-
iii)	Mr. Nadeem Atta Sheikh	Director	2,466,171	10,000	-
iv)	Mr. Tariq Atta Sheikh	Director	1,208,583	-	-
v)	Mrs. Ghazala Amjad	Director	632,848	-	-
vi)	Mrs. Hafsa Nadeem	Director	172,373	-	-
vii)	Mr. Omer Aizaz Sheikh	Director	160,000	-	-
viii)	Mr. Ibrahim Tanseer	Director	215,656	-	-
ix)	Mrs. Hijab Tariq	Director's Spouse	130,682	-	-
x)	Mr. Sheikh Amjad Latif	Director's Spouse	622,859	29,000	-

Pattern of shareholding - The Pattern of Shareholding and additional information as required by the Code of Corporate Governance are included in this report.

External auditors - The present auditors, M/s. KPMG Taseer Hadi and Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment. As suggested by the Audit Committee, the Board of Directors has recommended the re-appointment of present auditors of the Company for the ensuing year.

Management and employees relations - The Board would like to record its appreciation for the valuable contribution made by all its employees. The management is quite confident that these cordial relations and cooperation will continue in the years to come.

For and on behalf of the Board

AIZAZ MANSOOR SHEIKH
Chief Executive

Lahore : 03 October 2009

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE
For The Year ended June 30, 2009

This statement is being presented to comply with the Code of Corporate Governance contained in Listing Regulations of the Stock Exchanges of Karachi, Lahore and Islamabad for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors on its Board of Directors. At present the Board includes four non-executive directors.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

3. To the best of our knowledge all the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4 A casual vacancy occurring in the Board during the year was filled up by the directors within 30 days thereof.

5. The Company has prepared a "Statement of Ethics and Business Practices", which has been adopted by all the directors and employees of the Company.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company.

7. All the powers of the Board have been duly exercised and decisions on material transactions have been taken by the Board. There was no new appointment of CEO or other executive director during the year.

8. The meetings of the Board were presided over by the Chairman and in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board arranged orientation courses for its certain directors during the year to apprise them of their duties and responsibilities.

10. The Board approved the appointment of new Head of Internal Audit alongwith his remuneration and terms & conditions of employment. There was no new appointment of Chief Financial Officer (CFO) or Company Secretary during the year.

11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by the CEO and the CFO before approval by the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an audit committee. It comprises three members, of whom two are non-

executive directors including the chairman of the committee.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company. The terms of reference of the committee have been formulated and advised to the committee for compliance.

17. The Board has set-up an effective internal audit function and personnel involved are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company and they are involved in the internal audit function on a full time basis.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. The related party transactions have been placed before the audit committee and approved by the Board of Directors alongwith pricing methods. The transactions were carried out on terms equivalent to those that prevail in the arm's length transactions.

21. We confirm that all other material principles contained in the Code have been complied.

(AIZAZ MANZOOR SHEIKH)
CHIEF EXECUTIVE

Lahore: October 03, 2009

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Kohat Cement Company Limited ("the Company")** to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control system sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub-Regulation (xiii a) of Listing Regulation No. 35 (previously regulation No. 37) notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee.

We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price.

Based on our review, nothing has come to our attention, which causes us to believe that the statement of compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company.

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
(Bilal Ali)

Lahore: October 03, 2009

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Kohat Cement Company Limited** ("the Company") as at 30 June 2009 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

ii) the expenditure incurred during the year was for the purpose of the Company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2009 and of the profit, its cash flows and changes in equity for the year then ended; and

d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
(Bilal Ali)

Lahore: October 03, 2009

	Note	2009 Rupees	2008 Rupees
SHARE CAPITAL AND RESERVES			
Authorised share capital 150,000,000 (2008: 150,000,000) ordinary shares of Rs. 10 each		1,500,000,000	1,500,000,000
Issued, subscribed and paid up capital	4	1,287,572,410	1,170,520,370
Reserves	5	34,078,866	235,805,586
Accumulated profit		949,895,889	922,803,191
		2,271,547,165	2,329,129,147
NON-CURRENT LIABILITIES			
Long term finances - secured	6	2,989,387,373	2,981,785,715
Liabilities against assets subject to finance lease - secured	7	2,040,128	3,686,712
Long term security deposits and retention money	8	154,209,127	135,837,621
Deferred liabilities	9	101,197,782	155,732,831
Derivative financial liabilities	10	160,120,433	1,250,573
		3,406,954,843	3,278,293,452
CURRENT LIABILITIES			
Trade and other payables	11	554,458,612	243,214,560
Mark up payable on secured loans	12	312,801,576	50,719,344
Short term borrowing - secured	13	1,398,198,921	1,096,066,075
Current portion of long term liabilities:			
Long term finances - secured	6	679,233,946	625,022,321
Liabilities against assets subject to finance lease - secured	7	1,699,179	1,475,601
		2,946,392,234	2,016,497,901
Contingencies and commitments	14		
		8,624,894,242	7,623,920,500

The annexed notes 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE

Lahore: October 03, 2009

AS AT 30 JUNE 2009

	Note	2009 Rupees	2008 Rupees
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	15	6,352,852,944	941,431,201
Capital work-in-progress	16	584,965,206	5,307,288,753
		6,937,818,150	6,248,719,954
Intangible assets	17	2,689,912	-
Long term loans and advances	18	33,313,347	38,142,100
Long term deposits	19	5,397,440	4,429,440
		6,979,218,849	6,291,291,494
CURRENT ASSETS			
Stores, spares and loose tools	20	841,844,312	699,954,682
Stock in trade	21	139,293,693	174,317,806
Trade debts	22	17,792,165	15,341,081
Advances, deposits, prepayments and other receivables	23	612,373,810	406,020,470
Cash and bank balances	24	34,371,413	36,994,967
		1,645,675,393	1,332,629,006
		8,624,894,242	7,623,920,500

DIRECTOR

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 Rupees	2008 Rupees
Sales - net	25	3,395,580,759	1,371,791,931
Cost of goods sold	26	2,591,021,469	1,284,390,080
Gross profit		804,559,290	87,401,851
Selling and distribution costs	27	111,490,601	24,878,363
Administrative and general expenses	28	30,094,507	40,894,043
		141,585,108	65,772,406
Operating profit		662,974,182	21,629,445
Other operating expenses	29	3,291,944	20,958,970
		659,682,238	670,475
Other operating income	30	34,218,809	35,978,496
		693,901,047	36,648,971
Finance cost	31	549,902,638	48,935,320
Voluntary separation scheme(VSS)		-	267,286,401
Loss on derivative financial instrument		122,813,948	-
Profit/(loss) before taxation		21,184,461	(279,572,750)
Taxation	32	(5,908,237)	(57,133,384)
Profit/(loss) after taxation		27,092,698	(222,439,366)
Earnings/(loss) per share - basic and diluted	33	0.21	(1.73)

Appropriations have been reflected in the statement of changes in equity.

The annexed notes 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE

Lahore: October 03, 2009

DIRECTOR

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 Rupees	2008 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(loss) before taxation		21,184,461	(279,572,750)
Adjustments for non cash expenses and other items:			
Depreciation on property, plant and equipment		161,943,037	103,948,754
Amortization on intangible assets		416,040	-
Profit on sale of property, plant and equipment		(558,342)	(1,809,652)
Exchange (gain)/loss-net		(15,534,209)	18,897,875
Staff retirement benefits		1,620,101	4,090,841
Compensated absences		400,800	922,829
Profit/mark-up on bank deposits and advances		(8,990,960)	(5,177,086)
Finance cost		549,902,638	48,935,320
		689,199,105	169,808,881
Operating profit/(loss) before working capital changes		710,383,566	(109,763,869)
(Increase)/decrease in current assets			
Stores, spares and loose tools		(66,387,730)	(514,098,136)
Stock in trade		35,024,113	(49,170,066)
Trade debts		(2,451,084)	6,040,372
Advances, deposits, prepayments and other receivables		(32,159,248)	(106,049,305)
Increase in current liabilities			
Trade and other payables		311,244,052	64,233,563
		245,270,103	(599,043,572)
Cash generated from/(used in) operations		955,653,669	(708,807,441)
Finance cost paid		(564,951,904)	(460,208,247)
Contribution to staff retirement benefit		(935,718)	(6,023,320)
Compensated absences paid		(266,754)	(4,611,747)
Income tax paid		(68,620,453)	(15,785,358)
		(634,774,829)	(486,628,672)
Net cash inflow/(outflow) operating activities		320,878,840	(1,195,436,113)
Cash flow from investing activities			
Fixed capital expenditure		(733,462,742)	(568,372,102)
Sale proceeds of property, plant and equipment		1,673,000	9,892,975
Profit/mark-up on bank deposits		8,440,753	6,007,077
Decrease in long term loans and advances		4,828,753	10,032,082
(Decrease)/Increase in long term security deposits		(25,000)	2,847,637
Increase in long term deposits		(968,000)	(550,000)
Net cash used in investing activities		(719,513,236)	(540,142,331)
Cash flow from financing activities			
Proceeds from long term finances		108,467,898	4,323,559,522
Repayments of long term finances		(46,654,615)	(3,638,180,058)
Proceeds from lease finance		-	5,500,000
Payment of finance lease liabilities		(1,423,006)	(337,689)
Proceeds from derivative financial instrument		33,487,719	-
Dividend paid		-	(1,961)
Net cash inflow from financing activities		93,877,996	690,539,814
Net decrease in cash and cash equivalents		(304,756,400)	(1,045,038,630)
Cash and cash equivalents at the beginning of the year		(1,059,071,108)	(14,032,478)
Cash and cash equivalents at the end of the year	34	(1,363,827,508)	(1,059,071,108)

The annexed notes 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE
Lahore: October 03, 2009

DIRECTOR

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009

	Share Capital	Share Premium	General Reserve	Hedging Reserve	Accumulated Profit	Total
	Rupees					
Balance as at 30 June 2007	1,017,843,800	319,433,561	70,000,000	6,873,212	1,145,242,557	2,559,393,130
Net loss for the year	-	-	-	-	(222,439,366)	(222,439,366)
15,267,657 ordinary shares of Rs. 10 each issued as bonus shares	152,676,570	(152,676,570)	-	-	-	-
Unrealized loss on derivative financial Instrument (net off deferred tax of Rs. 0.3 million)	-	-	-	(7,824,617)	-	(7,824,617)
Balance as at 30 June 2008	1,170,520,370	166,756,991	70,000,000	(951,405)	922,803,191	2,329,129,147
Net profit for the year	-	-	-	-	27,092,698	27,092,698
11,705,204 ordinary shares of Rs. 10 each issued as bonus shares	117,052,040	(117,052,040)	-	-	-	-
Unrealized loss on derivative financial Instrument (net off deferred tax of Rs. 40.7 million)	-	-	-	(84,674,680)	-	(84,674,680)
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

The annexed notes 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

Lahore: October 03, 2009

1 Status and nature of the business

Kohat Cement Company Limited (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 Compliance with Approved Accounting Standards

2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Standards, interpretations and amendments to published approved accounting standards

Accounting standards, amendments and interpretations effective in current period

IFRS 7 - Financial Instruments: Disclosures (effective from July 1, 2008) requires disclosures about the significance of financial instruments for the Company's financial position and performance, as well as quantitative and qualitative disclosure on the nature and extent to risks; however, it will not have any impact on the classification and valuation of the Company's financial instruments.

IFRIC 14, 'IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' (effective from January 1, 2008). IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognized as an asset. It also explains how the gratuity asset or liability may be affected by a statutory or contractual minimum funding requirement. This interpretation does not have any impact on the company's financial statements.

The other new standards, amendments and interpretations are considered not relevant or have no significant effect on the company's financial statements.

New standards and amendments to the published, approved accounting standards that are relevant but not yet effective

Following amendments to existing standards have been published that are mandatory for the company's accounting periods beginning on the dates mentioned below:

Revised IAS 1 - Presentation of financial statements (effective for annual periods beginning on or after 1 January 2009) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income.

Revised IAS 23 - Borrowing costs (effective for annual periods beginning on or after 1 January 2009) removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The application of the standard is not likely to have an effect on the Company's financial statements as the accounting policy already specify capitalization of attributable borrowing costs.

3 Significant accounting policies

3.1 Basis of preparation

These financial statements have been prepared under the historical cost convention, except for derivative financial instruments and certain staff retirement benefits that have been measured at present value.

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses and related disclosures at the date of financial statements. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgment about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if revision affects both current and future periods. The areas where various assumptions and estimates are Significant to Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

	Note
- Depreciation method, residual values and Useful life of depreciable assets	3.2
- Staff retirement benefits	3.7
- Taxation	3.8
- Derivative financial instruments	3.12
- Provisions and contingencies	3.15

During the year, the Company has revised the estimate for useful life and depreciation method of factory building and plant & machinery as under:

	Previous Estimates	Revised Estimate
Factory building	10% per annum on reducing balance method	5% per annum on straight line method for white & new Grey Cement line and 5% per annum on reducing balance method for old grey cement line.
Plant and machinery	10% per annum on reducing balance method	Unit of production method for white & new Grey Cement line and 5% per annum on reducing balance method for old grey cement line.

The effect of change in estimate has been recognized prospectively in financial statements in accordance with requirements of IAS-8 'Accounting Policies, Change in Accounting Estimate and Errors'.

Had there been no change in this estimate, the depreciation and profit before taxation for the year would have been higher and lowered by Rs. 55.28 million respectively and aggregate carrying value of factory building and plant & machinery would have been lower by the same amount.

3.2 Fixed capital expenditure and depreciation

Property, plant and equipment except land and capital work in progress are stated at cost less accumulated depreciation. Land and capital work in progress are stated at cost. Cost of certain fixed assets consists of historical cost and directly attributable cost of bringing the assets to working condition. Stores and spares held for capital expenditure are stated at moving average cost.

Depreciation on property, plant and equipment except for factory building and plant & machinery for white and new grey cement line, is charged by applying reducing balance method. Depreciation on factory building and plant & machinery for white and new grey cement line is charged by applying straight line method and unit of production method respectively. Depreciation rates are given in note 15.

Depreciation is charged from the month in which assets are put to use upto the month before the disposal of asset.

The depreciation method, assets residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

The Company assesses at each balance sheet date whether there is any indication that fixed assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying value exceeds recoverable amount, assets are written down to the recoverable amount.

Normal repairs and maintenance are charged to income as and when incurred. Major improvements and modifications are capitalized and the assets so replaced, if any, are retired.

Profit or loss on disposal of operating fixed assets represented by the difference between the sale proceeds and the carrying amount of the asset is included in income.

3.3 Assets subject to finance lease

Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets at the inception of the lease. The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease as referred to in note 7. The liabilities are classified as current and long term depending upon the timing of the payment.

Depreciation is charged from the month in which assets are put to use upto the month before the disposal of asset.

The depreciation method, assets residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

Assets acquired under finance lease are amortized over the useful lives of the assets on a reducing balance method at the rates given in note 15. Amortization of leased assets is charged to current income.

3.4 Intangible assets

Costs that are directly associated with identifiable and unique software products controlled by the Company and which will probably generate economic benefits beyond one year are recognized as intangible assets. Expenditures which enhance or extend the performance of computer software programs beyond their original specifications are capitalized and added to the original cost of the software.

Computer software costs recognized as intangible assets are amortized using the straight-line method over a period of five years.

Other costs associated with developing and maintaining computer software programs are recognized as an expense as incurred.

3.5 Stores, spares and loose tools

Usable stores and spares are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice plus other charges paid thereon.

3.6 Stock in trade

Stock of raw materials, except for those in transit, work in process and finished goods are valued principally at the lower of average cost and net realisable value. Stock of packing material is valued principally at moving average cost. Cost of work in process and finished goods comprises cost of direct materials, labour and appropriate manufacturing overheads.

Materials in transit are stated at cost comprising invoice plus other charges paid thereon.

Net realisable value signifies the estimated selling prices in the ordainary course of business less costs necessary to be incurred in order to make a sale.

3.7 Employee benefits

Defined benefit plan

The Company operates a funded gratuity scheme for all its permanent employees subject to completion of a prescribed qualifying period of service. Contribution to the fund is made annually on the basis of actuarial recommendation to cover obligation under the scheme. Actuarial valuation of the scheme is undertaken at appropriate regular intervals and the latest valuation was carried out at 30 June 2009, using the "Projected Unit Credit Method".

Cumulative net unrecognised actuarial gains and losses at the end of the previous year which exceed 10% of the greater of the present value of the Company obligations and the fair value of plan assets are amortised over the expected average working lives of the participating employees.

Defined contribution plan

The Company also operates a defined contributory provident fund scheme for all employees. Equal monthly contributions are made by the Company and the employees to the fund at the rate of 10% of basic salary.

Compensated absences

Provisions are made annually to cover the obligation for accumulating compensated absences and are charged to income.

3.8 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

The Company accounts for deferred taxation, using the balance sheet liability method, on all temporary differences. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date.

3.9 Foreign currency translation

Assets and liabilities in foreign currencies are translated into Pak rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at spot rate. The Company charges all exchange differences to profit and loss account.

3.10 Borrowing costs

Borrowing and other related costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are ready for their intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

3.11 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for goods sold, net of discounts and sales tax. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably.

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to buyer i.e. on the dispatch of goods to the customers. Return on deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

3.12 Financial instruments

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or cost, as the case may be. Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets are de-recognized when the Company loses control of contractual rights that comprise the financial asset. Whereas financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled, or expires.

Derivative financial instruments and hedging activities

These are initially recorded at fair value on the date a derivative contract is entered into and are subsequently re-measured to fair value at subsequent reporting dates. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as cash flow hedge. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are recorded in the profit and loss account for the year.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting. Such hedges are expected to be highly effective in achieving the task of offsetting changes in fair values or cash flows and are assessed on an ongoing basis to determine that they have been highly effective throughout the financial reporting period for which they were designated.

For the purposes of hedge accounting, cash flow hedges refer to hedges against exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability, a firm commitment, or a forecast transaction. In relation to cash flow hedges which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in equity and the ineffective portion is recognised in the profit and loss account immediately.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecast transactions occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the profit and loss account for the year.

Any gain or loss arising from change in fair value derivaties that do not qualify for hedge accounting are taken directly to profit and loss account.

3.13 Off setting of financial assets and liabilities

A financial asset and financial liability is set off and the net amount is reported in the balance sheet if the Company has legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realize the asset and liablity simultaneously.

3.14 Trade and other payables

Financial liabilities are initially recognised at fair value plus directly attributable cost, if any, subsequently at amortised cost using effective interest rate method.

Other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

3.15 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, proivsion are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.16 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

3.17 Related party transactions

The Company enters into transactions with related parties on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods, except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so.

3.18 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalent comprises of cash in hand, balances with banks and short term borrowings. In the balance sheet, short term borrowings are included in the current laiblities.

3.19 Dividend

Dividend distribution to the Company's shareholders is recognized as a liability in the period in which it is approved.

4 Issued subscribed and paid up capital

		Note	2009 Rupees	2008 Rupees
20,749,585	(2008: 20,749,585) ordinary shares of Rs. 10 each fully paid-up in cash		207,495,850	207,495,850
11,230,000	(2008: 11,230,000) ordinary shares of Rs. 10 each issued against consideration other than cash		112,300,000	112,300,000
96,777,656	(2008: 85,072,452) ordinary shares of Rs. 10 each issued as bonus shares		967,776,560	850,724,520
128,757,241			1,287,572,410	1,170,520,370

34,438 (2008: 31,308) ordinary shares of the Company are held by Tariq Motors (Private) Limited - related party.

5 Reserves

	Note	2009	2008
Capital			
Share premium	5.1	49,704,951	166,756,991
Hedging reserve	5.2	(85,626,085)	(951,405)
Revenue			
General reserve		70,000,000	70,000,000
		34,078,866	235,805,586

5.1 Share premium represents of Rs. 12.50 per share received on right issue of 18,506,251 ordainary sahres in 2006 and Rs. 42 per share share received on issue of 2,193,334 ordainary shares to general public in 1994.

Share premium is net of Rs. 4,014,605 being the expenses on issue of right shares during the year ended 30 June 2006. This reserve can be utilized by the Company only for the purpose specified in section 83(2) of the Companies Ordinance, 1984.

During the year share premium amounting to Rs. 117,052,040 (2008: 152,676,570) has been applied for issuance of 11,705,204 (2008: 15,267,657) ordinary shares of Rs. 10 each as bonus shares approved by the members of Company in their Annual General Meeting held on 31 October 2008.

5.2 As referred in note 10, this represents the effect of change in fair value of cross currency swap as at balance sheet date and is net of deferred tax impact amounting to Rs. 40.423 million (2008: Rs. 299,169).

6 Long term finances - secured

	Note	Limit (Rupees in million)	2009 Rupees	2008 Rupees
The Bank of Khyber	6.1	100	-	12,500,000
Pak Oman Investment Company Limited	6.2	50	45,833,421	79,308,036
Standard Chartered Bank (Pakistan) Limited	6.3	108.5	108,467,898	-
Redeemable capital - Sukuk Certificates	6.4	2,500	2,414,320,000	2,415,000,000
Consortium of financial institutions led by Standard Chartered Bank (Pakistan) Limited	6.5	1,140	1,100,000,000	1,100,000,000
			3,668,621,319	3,606,808,036
Less: Current maturity shown under current liabilities			679,233,946	625,022,321
			2,989,387,373	2,981,785,715

6.1 This facility has been repaid during the year.

6.2 During April 2009, this facility has been restructured and fresh terms and conditions have been re-negotiated / agreed with the lender in accordance which Rs. 21.3 million has been paid upfront out of the total outstanding amount of Rs. 71.3 million and the balance amount of Rs. 50 million is repayable in 24 monthly installments starting May 2009. Finance carries mark up at the rate of six months KIBOR plus 6% (2008: six months KIBOR plus 3%), payable quarterly in arrears. However, 2% prompt payment bonus will be paid by the lender provided the installment is paid on or before its due date. The facility is secured by way of first pari passu hypothecation/ equitable mortgage charge over all present and future fixed and current assets of the Company to the extent of Rs. 113.3 million (2008: Rs. 113.3 million) and personal guarantees of all directors.

6.3 This facility is payable in four equal semi-annual installments starting December 2009 and carries mark up at the rate of six month KIBOR plus 1.5% payable along with principal installment. Facility is secured by way of first hypothecation / equitable mortgage charge over fixed assets of the Company to the extent of Rs. 467 million and personal guarantees of all the directors.

6.4 This facility has been rescheduled on 11 May 2009 whereby the principal repayments due in December, 2008 and June 2009 has been stretched for further period of one year and now the balance principal is prepayable in 15 quarterly installments starting December 2009, previously payable in 10 semi annually installments commencing December 2008. Mark up will be charged at the rate of six month KIBOR plus 1.8% for the period from December 2008 to December 2009 and thereafter it will be charged at the rate of three months KIBOR plus 1.8% (2008: six month KIBOR plus 1.8%) payable quarterly in arrears. The facility is secured by way of first pari passue hypothecation/equitable mortgage charge over all present and future fixed assets and immovable properties of the Company to the extent of Rs. 3,334 million (2008: Rs. 3,334 million).

6.5 This facility has been rescheduled on 30 June 2009 whereby the principal repayments due on December, 2008 and June 2008 has been stretched for further period of one year and now the balance principal is prepayable in 15 quarterly installments starting December 2009, previously payable in 10 semi annually installments commencing December 2008. Mark up will be charged at the rate of six month KIBOR plus 1.8% for the period from December 2008 to December 2009 and thereafter it will be charged at the rate of three months KIBOR plus 1.8% (2008: six month KIBOR plus 1.8%) payable quarterly in arrears. The facility is secured by way of first pari passue hypothecation/equitable mortgage charge over all present and future fixed assets and immovable properties of the Company to the extent of Rs. 1,520 million (2008: Rs. 1,520 million).

7. Liabilities against assets subject to finance lease - secured

	2009		
	Minimum lease Payments(MLP)	Finance cost for future period	Present Value of MLP
	Rupees	Rupees	Rupees
Not later than one year	2,171,860	472,681	1,699,179
Later than one year but not later than five years	2,178,895	138,767	2,040,128
	4,350,755	611,448	3,739,307

	2008		
	Minimum lease Payments(MLP)	Finance cost for future period	Present Value of MLP
	Rupees	Rupees	Rupees
Not later than one year	2,057,120	581,519	1,475,601
Later than one year but not later than five years	4,149,960	463,248	3,686,712
	6,207,080	1,044,767	5,162,313

The Company has entered into finance lease arrangement with Orix Leasing Pakistan Limited for the lease of earth moving equipment. The lease liabilities are payable in seven equal quarterly installments.

Six months KIBOR plus 400 basis points (2008: Six months KIBOR plus 400 basis points) has been used to work out present value of minimum lease payments. The lease agreement carry renewal option at the end of lease period, however, the Company intends to exercise its option to purchase leased assets upon completion of lease term. Residual value of the lease has already been paid at the inception of the lease in the form of security deposit. There are no financial restrictions imposed by lessors. Taxes, repairs, replacements and insurance costs are borne by lessee.

The lease liability is secured by way of demand promissory note and personal guarantees of two sponsor directors, the title of leased assets are registered in the name of leasing companies.

8 Long term security deposits and retention money

	Note	2009 Rupees	2008 Rupees
Security deposits - interest free			
From cement stockiest	*8.1*	**1,711,100**	1,736,100
From cement transporters	*8.2*	**400,000**	400,000
		2,111,100	2,136,100
Retention money - interest free	*8.3*	**152,098,027**	133,701,521
		154,209,127	135,837,621

8.1 These are repayable on the termination of the agency and are being utilized by the Company in accordance with the terms of the contract.

8.2 These are deposits for providing guarantee of safe delivery of cement to customers. These are being utilized by the Company in accordance with the terms of the contract.

8.3 These amounts have been retained from the invoices/bills of the expansion project's suppliers/ contractors and are repayable after one year from the satisfaction fulfillment of terms and conditions of the supply/services contracts.

9 Deferred liabilities

	Note	2009	2008
Deferred taxation	*9.1*	**94,981,570**	150,335,048
Staff retirement benefits	*9.2*	**4,140,045**	3,455,662
Compensated absences	*9.3*	**2,076,167**	1,942,121
		101,197,782	155,732,831

9.1 Deferred taxation

	Note	2009 Rupees	2008 Rupees
The liability for deferred taxation comprises of temporary differences relating to:			
Accelerated tax depreciation		909,612,311	204,991,914
Liabilities under finance lease that are deducted for tax purpose only when paid		74,229	(28,863)
Unrealized (loss) / gain on derivative financial instrument		(40,423,204)	(299,169)
Unused tax losses		(774,281,766)	(54,328,834)
		94,981,570	150,335,048

9.2 Staff retirement benefits

	Note	2009 Rupees	2008 Rupees
Defined benefit plan funded	9.2.1	4,140,045	3,455,662

9.2.1 Defined benefit plan funded

Amount recognized in the balance sheet is as follows:

	Note	2009 Rupees	2008 Rupees
Present value of defined benefit obligation	9.2.2	9,791,602	8,535,002
Benefits payable to outgoing members		218,140	416,899
Fair value of plan assets	9.2.3	(4,175,907)	(3,726,968)
Unrecognized actuarial loss		(1,693,790)	(1,769,271)
Liability as at 30 June		4,140,045	3,455,662
Net liability as at 01 July		3,455,662	5,388,141
Charge to profit and loss account	9.2.4	1,622,132	4,090,841
Contribution by the Company		(935,718)	(6,023,320)
Reversal of amount payable		(2,031)	-
Liability as at 30 June		4,140,045	3,455,662

9.2.2 Movement in liability for defined benefit obligation

	2009 Rupees	2008 Rupees
Present value of defined benefit obligation as at 01 July	8,535,002	32,889,501
Current service cost	914,344	2,920,328
Interest cost	1,024,200	3,288,950
Benefit payments due, but not paid	(204,760)	(335,070)
Benefits paid during the year	(534,230)	(30,473,514)
Actuarial loss/(gain) on present value of defined benefit obligation	57,046	(837,542)
Loss due to benefit settlement	-	1,082,349
Present value of defined benefit obligation as at 30 June	9,791,602	8,535,002

9.2.3 Movement in fair value of plan assets

	2009 Rupees	2008 Rupees
Fair value of plan assets as at 01 July	3,726,968	32,007,863
Expected return on plan assets	447,236	3,200,786
Contribution paid during the year	935,718	6,023,320
Benefits paid during the year	(935,718)	(35,611,666)
Actuarial gain/(loss) on plan assets	1,703	(1,893,335)
Fair value of plan assets as at 30 June	4,175,907	3,726,968

Plan assets consist of the following:

	2009 Rupees	2008 Rupees
Bank of Khyber (Term Deposits)	3,886,906	3,700,000
Cash at Bank	289,001	26,968
	4,175,907	3,726,968

9.2.4 Charge to profit and loss account

	2009 Rupees	2008 Rupees
Current service cost	914,344	2,920,328
Interest cost	1,024,200	3,288,950
Expected return on plan assets	(447,236)	(3,200,786)
Actuarial loss	130,824	-
Curtailments or settlements	-	1,082,349
	1,622,132	4,090,841

9.2.5 Actual return on plan assets of funded gratuity scheme was Rs.448.94 thousand (2008: Rs. 1.3 million).

9.2.6 Historical Information

	2009 Rupees	2008 Rupees	2007 Rupees	2006 Rupees	2005 Rupees
Present value of defined benefit obligation	9,791,602	8,535,002	32,889,501	34,855,274	33,627,423
Fair value of plan assets	(4,175,907)	(3,726,968)	(32,007,863)	(32,330,544)	(31,723,598)
Deficit/(surplus) in the plan	5,615,695	4,808,034	881,638	2,524,730	1,903,825
Experience adjustment arising on plan liabilities	57,046	**(837,542)**	170,383	(2,726,572)	1,585,658
Experience adjustment arising on plan assets	1,703	**(1,893,335)**	(684,725)	(715,025)	(1,687,557)

9.2.7 Assumptions used for valuation of the defined benefit scheme for employees are as under:

	Per annum	
	2009	2008
	%	%
Discount rate	**12**	12
Expected rate of return on plan assets	**12**	11
Expected rate of increase in salary	**11**	11

Average expected remaining working life time of employees is 7 years (2008:8 years).

9.2.8 The Company expects to pay Rs. 1.8 million in contributions to defined benefit plan in 2010.

	2009	2008
	Rupees	Rupees

9.3 Compensated absences

Balance as at 01 July	**1,942,121**	5,631,039
Expense recognized	**400,800**	922,829
Payments made	**(266,754)**	(4,611,747)
Balance as at 30 June	**2,076,167**	1,942,121

10 Derivative financial liabilities

The Company had entered into two interest rate cross currency swap agreements with Standard Chartered Bank (Pakistan) Limited to hedge the possible adverse movements in KIBOR being charged on its long term finances detailed as under:

	2009				
	Company receives	**Company pays**	**Maturity**	**Notional Amount Rupees**	**Fair Value Rupees**
Cross Currency Swap I Exchange USD 8.4 million	6 months KIBOR	6 months LIBOR plus 1.25%	September 2012	**500,000,000**	**160,120,433**

KIBOR and LIBOR are repriced semi-annually.

	2008				
	Company receives	Company pays	Maturity	Notional Amount Rupees	Fair Value Rupees
Cross Currency Swap I Exchange USD 8.24 million	6 months KIBOR	6 months LIBOR plus 1.25%	September 2012	500,000,000	(23,996,266)
Cross Currency Swap II Exchange USD 7.2 million	6 months KIBOR	6 months LIBOR plus 1.35%	September 2012	450,000,000	25,246,839
				950,000,000	1,250,573

During the year Company has unwound CCS II for which Company incurred a net loss of Rs. 122.8 million that has been charged to current income.

11 Trade and other payables

	Note	2009 Rupees	2008 Rupees
Trade Creditors	11.1	144,091,256	67,441,529
Contractors' bills payable		33,018,631	8,329,783
Import bills payable		70,497,865	-
Accrued liabilities		100,012,010	68,399,090
Advances from cement customers		52,380,402	18,323,873
Workers' profit participation fund	11.2	1,137,726	-
Workers' welfare fund		1,982,741	1,550,405
Payable to Government on account of:			
Income tax deducted at source		888,055	1,369,178
Sales Tax payable		30,048,804	-
Excise duty on cement		59,680,110	24,687,057
Royalty and excise duty		13,816,745	9,898,270
Security and retention money	11.3	38,873,804	25,716,722
Unclaimed dividend		1,662,321	1,662,321
Other payables		6,368,142	15,836,332
		554,458,612	243,214,560

11.1 Trade creditors do not include any amount due to related parties (2008: Rs. Nil).

11.2 Workers' profit participation fund

	2009	2008
Opening balance	-	39,568,122
Allocation for the year	1,137,726	-
Interest accured	-	212,979
	1,137,726	39,781,101
Paid during the year	-	(39,781,101)
	1,137,726	-

11.3 Security and retention money

This represents interest free security deposits and retention moneys received from contractors and are repayable after satisfactory completion of contracts.

12 Accrued markup

	2009	2008
Long term loan	250,119,021	29,410,744
Short term borrowings	62,635,434	21,308,600
Leasing liablities	47,121	-
	312,801,576	50,719,344

13 Short term borrowing - secured

	Note	Limit (Rupees in million)	2009 Rupees	2008 Rupees
The Bank of Khyber	*13.1*	165	**140,977,172**	167,693,406
Standard Chartered Bank (Pakistan) Limited	*13.2*	645	**623,200,235**	398,752,029
KASB Bank Limited	*13.3*	100	**99,417,290**	99,675,693
Askari Bank Limited	*13.4*	300	**296,408,331**	231,316,043
Soneri Bank Limited	*13.5*	200	**199,996,268**	198,628,904
Silk Bank Limited	*13.6*	*60*	**38,199,625**	-
			1,398,198,921	1,096,066,075

13.1 The finance carries mark up at three months KIBOR plus 3% (2008: one year KIBOR plus 3%) with a floor of 13% (2008: 13%) per annum, payable quarterly. The facility is secured by way of first pari passu hypothecation charge of Rs. 80 million (2008: Rs. 80 million) on Company's present and future current assets, first equitable mortgage of Rs. 153.846 million (2008: Rs. 153.846 million) on Company's existing and future fixed assets duly registered with SECP and personal guarantees of three directors.

13.2 The finance carries mark up at three months KIBOR plus 3% (2008: 2.5% over three months KIBOR) , payable quarterly and is secured by way of first pari passu hypothecation charge of Rs. 50 million (2008: Rs. 50 million) on present and future current assets of the Company, first equitable mortgage of Rs. 500 million (2008: Rs. 500 million) on Company's existing and future fixed assets, first joint pari passu charge of Rs. 315 million (2008: Rs. 265 million) over present and future current assets, pledge of coal and personal guarantees of all sponsoring directors.

13.3 The finance carries mark up at three months KIBOR plus 2.5% (2008: three months KIBOR plus 2%), payable quarterly. The facility is secured by way of first joint pari passu hypothecation charge over current assets of the Company of Rs. 267 million (2008: Rs. 267 million).

13.4 The finance carries mark up at three months KIBOR plus 2% (2008: three months KIBOR plus 1.75%), payable quarterly. The facility is secured by way of first joint pari passu hypothecation charge over current assets of the Company of Rs. 400 million (2008: Rs. 400 million) and equitable mortgage over immovable properties of associated undertakings to the extent of Rs. 400 million (2008: Rs. 400 million) and personal guarantees of all directors of the Company.

13.5 The finance carries mark up at six months KIBOR plus 1.75% (2008: six months KIBOR plus 1.75%), payable semi annually. The facility is secured by way of first joint pari passu hypothecation charge over current assets of the Company of Rs. 266.6 million (2008: Rs. 266.6 million).

13.6 The finance carries markup at three months KIBOR plus 4% . The facility is secured by way of lien over import documents, and personal guarantee of all directors of the Company.

14 Contingencies and commitments

14.1 Contingencies

(i) The Engineering Services International (Pakistan) Limited raised a claim of Rs 5,449,000 (2008: Rs 5,449,000) against the Company on account of Mechanical Installation/Erection. A counter claim of Rs 1,307,962 (2008: Rs 1,307,962) was lodged by the Company. The case is pending with the Senior Civil Judge, Lahore. Pending an outcome, no provision has been made in the financial statements.

(ii) The State Cement Corporation of Pakistan (Private) Limited, the previous sole owner of the Company, raised a claim of Rs 5,640,000 (2008: Rs 5,640,000) against the Company on account of the interim dividend pertaining to the year ended 30 June 1993 declared by the previous Board of Directors. The present Board of Directors has rescinded the declaration of interim dividend on various grounds. The matter is pending for arbitration with the Secretary of Finance, Government of Pakistan.

The Company has initiated proceedings for the recovery of Rs. 14,100,000 (2008: Rs. 14,100,000) being an interim dividend pertaining to the year ended 30 June 1992 paid by the previous management to the State Cement Corporation of Pakistan (Private) Limited. The said dividend has been rescinded by the Board and rescission confirmed at the Annual General Meeting. As a consequence the Company has withheld Rs. 14,100,000 (2008: Rs. 14,100,000) interim dividend pertaining to the period ended 31 December 1994 payable to the State Cement Corporation of Pakistan (Private) Limited. Intimations have been made to the State Cement Corporation of Pakistan (Private) Limited and the Securities and Exchange Commission of Pakistan. This amount has been withheld on legal advice obtained from the corporate lawyers. Currently the matter is pending for arbitration with the Secretary of Finance, Government of Pakistan.

(iii) The Competition Commission of Pakistan (CCP) took suo moto action under Competition Ordinance, 2007 and issued Show Cause Notice on 28 October 2008 for increase in prices of cement across the country. The similar notice were also issued to All Pakistan Cement Manufacturer Association (APCMA) and its member cement manufacturers. The Company has filed Writ Petition in Lahore High Court, vide its order dated 24 August 2009 allowed the CCP to issue its final order. The CCP accordingly passed an order on 28 August 2009 and imposed a penalty of Rs. 103 million on the Company. The Lahore High Court vide its order dated 31 August 2009 restricted the CCP from enforcing its order against the Company for the time being.

The vires of the Competition Commission of Pakistan, 2007 have been challenged by a number of petitioners and all have been advised by their legal counsel that prima facie the Competition Commission Ordinance, 2007 is ultra vires the Constitution. A large number of grounds have been raised by these petitioners and the matter is currently being adjudicated by the Lahore High Court, Sindh High Court and Supreme Court of Pakistan. In all these cases stay orders have been granted by the Courts. Based on the legal opinion, management is confident that the Company has a good case and there are reasonable chances of success in the pending petition in the Lahore High Court.

(iv) Guarantees issued by Commercial Banks on behalf of the Company are of Rs. 121 million (2008: 331 million) in favour of Sui Northern Gas Pipelines Limited (SNGPL) in accordance with the terms of agreement between the Company and SNGPL and Rs. 1.68 million (2008: Rs. 2.5 million) in favour of government institutions for supply of cement.

(v) During 2008 the Company imported certain plant and equipment for its under construction new grey cement plant of 6700 TDP clinker capacity and declared same to the Customs Authorities claiming the concessionary rate of duties and taxes available to the industrial concern under SRO 575(1)2006 dated June 05, 2006.However, the Customs Department declined the Company's claim and charged standard/normal import duties rates and further increase the value of consignment resulting into additional liability of Rs.68.332 million (2008: Rs. 68.332 million).

The Company disputing the department's contention filed a writ petition before the Honorable Sindh High Court at Karachi against the impugned act of the Custom Department. The matter is pending adjudication with the Court. However, the Honorable Sindh High Court ordered to release the goods on submission of bank guarantee valuing Rs.68.332 million (2008: Rs. 68.332 million) being the value of additional liability. Accordingly the Company released the goods on submission of bank guarantee. The Company's management is confident for a favorable outcome of this petition.

14.2 Commitments

	2009 Rupees	2008 Rupees
Capital expenditure	**16,914,628**	143,869,618

15 Operating fixed assets

	Cost				Depreciation				Net book
	As at 01 July 2008	Additions/ (deletions)/	As at 30 June 2009	Rate	As at 01 July 2008	For the year	(Disposal)	As at 30 June 2009	value as at 30 June 2009
	Rupees			%	Rupees				
Owned									
Freehold land	35,171,158	-	35,171,158	-	-	-	-	-	**35,171,158**
Buildings on freehold land:									
Factory buildings	298,236,096	1,892,006,161	2,190,242,257	5	191,124,956	64,244,052	-	255,369,008	**1,934,873,249**
Office and other buildings	14,286,876	23,311,946	37,598,822	5	9,705,549	992,803	-	10,698,352	**26,900,470**
Housing colony	48,108,904	-	48,108,904	5	25,087,328	1,151,079	-	26,238,407	**21,870,498**
Plant, machinery and equipment	1,771,526,589	3,621,727,083	5,393,253,672	5% - Unit of production	1,081,471,591	80,654,267	-	1,162,125,858	**4,231,127,814**
Storage tanks and pipelines	17,187,050	-	17,187,050	10	15,879,925	130,713	-	16,010,638	**1,176,413**
Power installations	82,975,450	13,064,674	96,040,124	10	76,534,847	751,209	-	77,286,056	**18,754,068**
Furniture, fixtures and other office equipment	23,937,351	6,447,629	30,384,980	10	14,418,490	1,085,248	-	15,503,738	**14,881,241**
Computer and printers	6,895,785	2,379,369	9,275,154	30	4,863,378	989,565	-	5,852,943	**3,422,211**
Weighing scales	5,762,015	27,000	5,789,015	10	972,860	479,591	-	1,452,451	**4,336,565**
Vehicles	61,817,156	13,442,153 (2,932,937)	- 72,326,372	20	28,642,433	7,431,744	(1,818,279) -	34,255,898	**38,070,475**
Heavy vehicles	103,701,650	-	103,701,650	20	91,446,184	2,451,093	-	93,897,277	**9,804,373**
Railway sidings	9,853,476	-	9,853,476	5	7,108,716	137,238	-	7,245,954	**2,607,522**
Laboratory equipments	20,395,140	2,073,421	22,468,561	10	16,228,691	434,123	-	16,662,814	**5,805,746**
Library books	94,217	-	94,217	10	74,431	1,979	-	76,410	**17,807**
	2,499,948,913	5,574,479,436 (2,932,937)	8,071,495,412		1,563,559,379	160,934,704	(1,818,279)	1,722,675,804	**6,348,819,610**
Leased									
Heavy vehicles	5,500,000	-	5,500,000	20	458,333	1,008,333	-	1,466,666	**4,033,334**
2009	2,505,448,913	5,574,479,436 (2,932,937)	8,076,995,412		1,564,017,712	161,943,037	(1,818,279)	1,724,142,470	**6,352,852,944**

	Cost				Depreciation				Net book
	As at 01 July 2007	Additions/ (deletions)/	As at 30 June 2008	Rate	As at 01 July 2007	For the year	(Disposal)	As at 30 June 2008	value as at 30 June 2008
	Rupees			%	Rupees				
Owned									
Freehold land	35,171,158	-	35,171,158	-	-	-	-	-	35,171,158
Buildings on freehold land:									
Factory buildings	298,236,096	-	298,236,096	10	179,223,718	11,901,238	-	191,124,956	107,111,140
Office and other buildings	14,286,876	-	14,286,876	5	9,464,427	241,122	-	9,705,549	4,581,327
Housing colony	48,108,904	-	48,108,904	5	23,875,666	1,211,662	-	25,087,328	23,021,576
Plant, machinery and equipment	1,771,526,589	-	1,771,526,589	10	1,004,798,814	76,672,777	-	1,081,471,591	690,054,998
Storage tanks and pipelines	17,187,050	-	17,187,050	10	15,734,689	145,236	-	15,879,925	1,307,125
Power installations	82,975,450	-	82,975,450	10	75,819,224	715,623	-	76,534,847	6,440,603
Furniture, fixtures and other office equipment	22,798,491	1,231,835 (92,975)	23,937,351	10	13,458,914	959,576	-	14,418,490 -	9,518,861 -
Computer and printers	6,001,136	894,649	6,895,785	30	4,214,743	648,635	-	4,863,378	2,032,407
Weighing scales	1,092,015	4,670,000	5,762,015	10	916,379	56,481	-	972,860	4,789,155
Vehicles	58,406,043	15,739,113 (12,328,000)	61,817,156 -	20	25,478,023 -	7,502,062 -	(4,337,652) -	28,642,433 -	33,174,723 -
Heavy vehicles	101,802,010	1,899,640	103,701,650	20	88,619,773	2,826,411	-	91,446,184	12,255,466
Railway sidings	9,853,476	-	9,853,476	5	6,964,255	144,461	-	7,108,716	2,744,760
Laboratory equipments	20,395,140	-	20,395,140	10	15,765,752	462,939	-	16,228,691	4,166,449
Library books	94,217	-	94,217	10	72,233	2,198	-	74,431	19,786
	2,487,934,651	24,435,237 (12,420,975)	2,499,948,913		1,464,406,610	103,490,421	(4,337,652)	1,563,559,379	936,389,534
Leased									
Heavy vehicles	-	5,500,000	5,500,000	20	-	458,333	-	458,333	5,041,667
2008	2,487,934,651	29,935,237 (12,420,975)	2,505,448,913		1,464,406,610	103,948,754	(4,337,652)	1,564,017,712	941,431,201

15.1 Depreciation charged for the year has been allocated as follows:

	Note	2009 Rupees	2008 Rupees
Cost of goods sold	26	160,020,314	102,879,684
Selling Expenses	27	761,874	320,721
Administrative and general expenses	28	1,160,849	748,349
		161,943,037	103,948,754

15.2 Disposal of operating fixed assets

Particulars of assets	Cost	Accumulated depreciation	Book value	Sale proceeds	Profit	Mode of disposal	Particulars of purchaser
	(------------	------------	Rupees	------------	------------)		
Vehicles							**Outsiders**
Suzuki Liana	798,107	163,612	634,495	825,000	190,505	Insurance claim	EFU General Insurance Company
Toyota Corolla	1,169,000	849,785	319,215	400,000	80,785	Negotiation	Saqib Javeed Butt
Kia Classic	514,000	376,451	137,549	210,000	72,451	Negotiation	Hussain Anjam
Assets with book value less than Rs.50,000	451,830	428,431	23,399	238,000	214,601	Negotiation	
2009	2,932,937	1,818,279	1,114,658	1,673,000	558,342		
2008	12,420,975	4,337,652	8,083,323	9,892,975	1,809,652		

16 Capital work-in-progress

	Note	2009 Rupees	2008 Rupees
Civil works		158,085,691	1,550,799,273
Plant, machinery and equipment		356,969,465	2,934,063,973
Advances to plant suppliers		4,801,634	4,801,634
Stores held for capital expenditure		22,292,339	75,501,900
Letter of credit in process		-	3,323,953
Borrowing costs	16.1	42,816,077	738,798,020
		584,965,206	5,307,288,753

16.1 Borrowing costs on general financing used for qualifying assets has been capitalized by using weighted average capitalization rate of 16.41%.

17 Intangible asset

	Note	2009	2008
Cost	17.1	3,105,952	-
Less: Accumulated amortization	17.2	(416,040)	-
		2,689,912	-

17.1 Cost

Balance as at 01 July	-	-
Add: Additions during period	3,105,952	-
Balance as at 30 June	3,105,952	-

	Note	2009 Rupees	2008 Rupees
17.2 Accumulated amortisation			
Balance as at 01 July		-	-
Add: Amortization for the year		416,040	-
Balance as at 30 June		416,040	-

The intangible represents Enterprise Resource Planning (ERP) and Computer software and is being amortized at 20 % per annum.

18 Long term loans and advances

	Note	2009 Rupees	2008 Rupees
Loans to employees-secured-considered good	*18.1*	791,901	975,834
Less: Receivable within one year	*23.1*	(378,554)	(433,734)
		413,347	542,100
Loan to Sui Northern Gas Pipelines Limited (SNGPL)	*18.2*	37,600,000	42,300,000
Less: Receivable within one year		(4,700,000)	(4,700,000)
		32,900,000	37,600,000
		33,313,347	38,142,100

18.1 Reconciliation of the carrying amount of loans and advances to employees:

	2009 Rupees	2008 Rupees
Balance as at 01 July	975,834	6,307,916
Disbursements during the year	300,000	473,583
Recovered during the year	(483,933)	(5,805,665)
Balance as at 30 June	791,901	975,834

These loans carry mark-up at the rate of 5% (2008: 5%) per annum. These are as per employment contracts and secured against lien on retirement benefits and are repayable in 60 equal monthly installments. Chief Executive, directors and executives have not taken any loan/advance from the Company (2008: Rs. Nil).

18.2 This represents loan given to SNGPL for the development of the infrastructure for supply of natural gas to the Company. Mark up is charged at the rate of 1.5% (2008: 1.5%) per annum and is received annually. This amount is receivable in 8 annual installments of Rs. 4.7 million each ending in March 2017.

19 Long term deposits

	2009 Rupees	2008 Rupees
Leasing companies	550,000	550,000
Others	4,847,440	3,879,440
	5,397,440	4,429,440

20 Stores, spares and loose tools

	Note	2009 Rupees	2008 Rupees
Stores		610,887,895	346,828,715
Spares		230,068,031	351,509,500
Loose tools		888,386	1,616,467
		841,844,312	699,954,682

20.1 These includes stores in transit valuing Rs. 70.5 million (2008: Rs. 138.9 million)

20.2 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

21 Stock in trade

Raw materials		13,297,990	11,768,768
Work in process		80,897,691	118,951,663
Finished goods		22,948,666	16,297,744
Packing material		22,149,346	27,299,631
		139,293,693	174,317,806

22 Trade debts

Considered good			
Secured		2,544,421	5,493,569
Un-secured	*22.1*	15,247,744	9,847,512
		17,792,165	15,341,081

22.1 No amount is receivable from related parties during the current year (2008: Nil).

23 Advances, deposits, prepayments and other receivables

Advances - unsecured - considered good			
Company employees	*23.1*	2,633,984	2,023,706
Suppliers		55,545,704	53,280,513
Contractors		9,613,282	21,676,571
Advance income tax		82,270,658	22,387,985
Unadjusted input sales tax		-	27,681,332
Sales tax paid under protest	*23.2*	9,182,656	-
Letters of credit in process		11,931,909	15,255,705
Letter of credit/guarantee margin		71,761,768	10,819,063
Prepayments		961,833	2,929,556
Profit/mark-up receivable on bank deposits		724,080	173,873
Security deposits		47,262,590	48,495,200
Other advances and receivables - considered good	*23.3*	299,476,841	185,952,743
Current portion of loan given to SNGPL	*18.2*	4,700,000	4,700,000
Rebate receivable on export sales		16,308,505	10,644,223
		612,373,810	406,020,470

	Note	2009 Rupees	2008 Rupees
23.1 Advances to Company's employees			
Current maturity of long term loans	18	378,554	433,734
Others	23.1.1	2,255,430	1,589,972
		2,633,984	2,023,706

23.1.1 No advances were given to executives, directors and Chief Executive of the Company during the year (2008: Rs. Nil).

23.2 Additional Collector Sales Tax & Federal Excise while disposing off contravention report of Senior Audit Sales Tax created a sales tax demand of Rs. 9,182,656 along with default surcharge of Rs. 3,718,975 on account of alleged inadmissible adjustment of input sales tax of Rs. 9,182,656 in contravention of SRO 389(I)/2006 dated April 27, 2006. Collector of Sales Tax turned down the appeal filed by the Company against the impugned order against which the Company has filed an appeal before the Sales Tax Tribunal which is pending adjudication. Based on legal opinion management of the Company is hopeful for a favourable outcome of this appeal. However, the Company has deposited the principal amount of Rs. 9.18 million under protest.

23.3 This includes an amount of Rs. 217 million (2008: Rs. 183.6 million) of unconditional and irrevocable Performance Bank Guarantees equivalent to USD 2,682,270 (2008: 2,682,270) and Rs. 80.93 million Euro 706,600 (2008: nil) issued by a foreign/local bank on behalf of the foreign supplier of plant and equipment of 6700 tpd cement plant, which has been called by the Company for encashment, as the foreign supplier could not complete the project within the time period stipulated in the Plant Supply Contract. Accordingly cost of related plant and equipment has been reduced. Out of this amount Euro 706,000 has been recovered subsequent to year end. The Company has also withheld retention money of Rs. 141 million as referrred in note 8.3 of supplier till the resolution of this matter.

24 Cash and bank balances

	Note	2009 Rupees	2008 Rupees
Cash in hand		987,902	1,112,917
Cash at bank			
Current account		15,101,435	4,267,714
Saving account	24.1	18,282,076	31,614,336
		34,371,413	36,994,967

24.1 These carry mark-up @ 5% to 12.5% (2008: 3.5% to 5%) per annum.

25 Sales

	Note	2009 Rupees	2008 Rupees
Local sales - gross		3,649,885,306	1,309,375,306
Less: Sales tax		500,109,824	169,182,286
Excise duty		522,458,850	220,484,250
Special excise duty		25,956,398	9,373,987
		1,048,525,072	399,040,523
		2,601,360,234	910,334,783
Export sales		873,383,069	510,031,197
		3,474,743,303	1,420,365,980
Less: Rebates on cement		(79,162,544)	(48,574,049)
		3,395,580,759	1,371,791,931

26 Cost of goods sold

	Note	2009 Rupees	2008 Rupees
Raw and packing materials consumed	26.1	375,463,440	175,246,817
Power and fuel		523,141,909	263,733,528
Coal, gas and furnace oil		1,312,975,824	619,160,263
Coal unloading and feeding charges		2,065,593	2,763,040
Stores and spares consumed		53,324,799	52,683,084
Salaries, wages and other benefits	26.2	66,024,350	70,497,800
Royalty and excise duty		18,795,079	11,647,141
Rent, rates and taxes		2,930,542	1,631,082
Repairs and maintenance		29,816,935	13,098,668
Insurance		10,833,389	4,953,003
Depreciation	15.1	160,020,314	102,879,686
Other expenses		24,909,330	10,261,948
		2,580,301,504	1,328,556,060
Opening work-in-process		118,951,663	99,308,860
Less: Closing work-in-process		(80,897,691)	(118,951,663)
Cost of goods manufactured		2,618,355,476	1,308,913,257
Opening stock of finished goods		16,297,744	12,854,882
		2,634,653,220	1,321,768,139
Closing stock of finished goods		(22,948,666)	(16,297,744)
		2,611,704,554	1,305,470,395
Less: Cost attributable to own cement consumption		(20,683,085)	(21,080,315)
		2,591,021,469	1,284,390,080

26.1 This amount is exclusive of duty draw back on exports of Rs. 5.6 million (2008: Rs. 4.2 million).

26.2 Salaries, wages and other benefits include Rs. 635,681 and Rs. 1,215,071 (2008: Rs. 974,115 and Rs. 3,473,969) in respect of provident fund contribution and employees' gratuity fund respectively.

27 Selling and distribution cost

	Note	2009 Rupees	2008 Rupees
Salaries, wages and other benefits	27.1	9,059,576	5,905,260
Vehicle running		2,245,963	1,314,510
Travelling and conveyance		857,620	534,014
Printing and stationery		335,466	325,039
Postage, telephone and telegrams		1,085,296	533,031
Entertainment		529,370	644,978
Rent, rates and taxes		943,439	541,898
Electricity, water and gas		163,767	71,578
Advertisement		1,197,400	842,000
Depreciation	15.1	761,874	320,721
Cement loading charges		5,446,391	2,981,901
Freight and handling charges on exports		88,598,472	10,397,837
Miscellaneous		265,967	465,596
		111,490,601	24,878,363

27.1 Salaries, wages and other benefits include Rs. 83,310 and Rs. 170,111 (2008: Rs. 71,835 and Rs. 180,852) in respect of provident fund contribution and employees' gratuity fund respectively.

28 Administrative and general expenses

	Note	2009 Rupees	2008 Rupees
Salaries, wages and other benefits	28.1	12,435,583	19,963,661
Vehicle running		1,082,682	2,252,208
Traveling and conveyance		520,115	1,709,654
Printing and stationery		1,175,718	1,429,224
Legal and professional	28.2	4,466,021	3,732,058
Postage, telephone and telegrams		1,014,457	1,976,392
Repairs and maintenance		2,747,191	694,864
Rent, rates and taxes		994,815	4,677,343
Entertainment		871,684	723,159
Auditor's remuneration	28.3	517,500	337,500
Depreciation	15.1	1,160,849	748,349
Amortization	17.2	416,040	-
Advertisement		621,845	1,362,826
Miscellaneous		2,070,007	1,286,805
		30,094,507	40,894,043

28.1 Salaries, wages and other benefits include Rs. 136,574 and Rs. 236,950 (2008: Rs. 229,907 and Rs. 436,020) in respect of provident fund contribution and employees' gratuity fund respectively.

28.2 Legal and professional charges include remuneration to cost auditor Rs. 35,000 (2008: Rs. 35,000).

	Note	2009 Rupees	2008 Rupees
28.3 Auditor's remuneration			
Statutory audit		375,000	200,000
Half year review		100,000	100,000
Out of pocket expenses		42,500	37,500
		517,500	337,500

29 Other operating expenses

	Note	2009 Rupees	2008 Rupees
Donations	29.1	1,721,882	2,061,095
Loss on foreign exchange		-	18,897,875
Contribution worker's profit participation fund		1,137,726	-
Contribution worker's welfare fund		432,336	-
		3,291,944	20,958,970

29.1 None of the directors of the Company or any of their spouse have any interest in donee's fund except for Rs. 433,425 (2008: Rs. 618,095) paid to Kohat Cement Educational Trust. Mr. Aizaz Mansoor Sheikh and Mr. Nadeem Atta Sheikh, Directors of the Company are members of the Board of Trustees of Kohat Cement Educational Trust.

30 Other operating income

	Note	2009 Rupees	2008 Rupees
Income from financial assets			
Profit/mark-up on bank deposits		8,990,960	4,472,086
Profit/mark-up on SNGPL Loan		634,500	705,000
Income from non-financial assets			
Insurance claim realized		-	13,862,940
Income from sale of scrap		953,358	18,970
Profit on sale of property plant and equipment	15.2	558,342	1,809,652
Sales tax refunded		-	7,412,101
Exchange fluctuation gain - net		15,534,209	-
Net gain on derivative financial instruments		-	3,267,215
Miscellaneous		7,547,440	4,430,532
		34,218,809	35,978,496

31 Finance cost

	Note	2009 Rupees	2008 Rupees
Interest/mark-up on:			
Liabilities against assets subject to finance lease		786,752	176,591
Short term borrowings		137,227,261	42,364,942
Long term finances		400,210,783	2,510,274
Workers' profit participation fund		-	212,979
Bank charges, commission and others		11,677,842	3,670,534
		549,902,638	48,935,320

31.1 Finance cost amounting to Rs. 277.31 million (2008: 449.7 million) has been capitalized during the year.

32 Taxation

	Note	2009 Rupees	2008 Rupees
For the year			
Current	*32.1*	8,737,780	7,122,829
Deferred		(14,646,017)	(64,256,213)
		(5,908,237)	(57,133,384)

32.1 Current

(i) The Income Tax Appellate Tribunal (ITAT) while disposing of the Company's appeal against the order passed by the Taxation Officer (TO) pertaining to the assessment year 1995-96, set aside the order of TO and the TO while giving effect to the order of ITAT levied additional tax of Rs 7.8 million under section 89 of the Income Tax Ordinance, 1979. However, the management disputes the ITAT as well as TO decision and has filed a reference application with the Honourable High Court, Lahore against the order of ITAT and has filed an appeal with CIT against order of TO which are pending adjudication.

(ii) CIT(A) disposed off the matter relating to profit and loss account add backs, remanded back to it by ITAT pertaining to tax year 2003 in favour of the Company resulting into income tax refund of Rs. 10.7 million. The tax department being aggrieved by this order has filed an appeal before ITAT which is pending adjudication.

(iii) TO in his impugned order U/S 161/205 of the Income Tax Ordinance, 2001 pertaining to tax year 2007 has created the disputed demand of 4.5 million on alleged short deduction of tax on payments made to transporters. According to the TO's order the Company was required to deduct tax @ 6% instead of 2 %. However, the Company deducted tax from the payments made to transporters on account of goods transport servics @ 2% in accordance with Clause 27 of Part II of Second Schedule to the Income Tax Ordinance, 2001. The management disputes the TO's decision and has filed an appeal with the Commisioner of Income Tax (CIT), Lahore against the above order which is pending adjudication.

(iv) The TO has passed orders U/S 88 and 89 of the income tax ordinance, 1979. Creating an aggregate additional tax demand of Rs. 3.2 million for assessment year 2002-03. The Company disputes these orders and has filed appeals before CIT (A) which are pending adjudication.

(v) Deputy Commissioner of Income Tax in his ex-parte order U/S 161/205 of the Income Tax Ordinance, 2001 pertaining to tax year 2007 has created the disputed demand of 78.78 million on alleged non/short deduction of tax on payments made to contractors, suppliers and service providers. Company while disputing the impugned order filed an appeal before Commisioner of Income Tax (CIT), which was truned down by him. Company has filed an appeal before Income Tax Appellate Tribunal against CIT order which is pending adjudication.

(Vi) Commissionar Income Tax vide its order dated 26 May, 2009 has rejected the Company's claim for adjustment of refunds against its tax liablity and levied additional tax U/S 205(1) of the Income Tax Ordinance, 2001, pertaining to tax year 2006, due to short payment of tax along with return. However, the management disputes the Deputy Commissionar Income Tax and filed an appeal against the order to the Commissionar Of Income Tax which is pending for adjudication.

The Company's management is confident of a favorable outcome in respect of the above cases and accordingly no provision has been made in these financial statements for the above stated demands.

32.2 Since the Company incurres tax losses during the year and is only liable to pay final tax on export proceeds , therefore, no numerical tax reconciliation is given.

33 Earnings/(loss) per share - basic and diluted

Earnings/(Loss) per share - Basic

		2009	2008
Profit/(loss) for the year after taxation	*Rupees*	27,092,698	(222,439,366)
Weighted average number of ordinary shares in issue during the year	*Numbers*	128,757,241	128,757,241
Earnings/(loss) per share - basic - restated	*Rupees*	0.21	(1.73)

Number of shares in issue during the year ended 30 June 2008 has been restated for the effect of bonus shares issued during this year.

Earnings/(Loss) per share - Diluted

There is no dilution effect on the basic earnings per share as the Company does not have any convertible instruments in issue as at 30 June 2009 and 30 June 2008.

34 Cash and cash equivalents

	Note	2009 Rupees	2008 Rupees
Cash and bank balances	*24*	34,371,413	36,994,967
Short term running finances	*13*	(1,398,198,921)	(1,096,066,075)
		(1,363,827,508)	(1,059,071,108)

35 Transactions with related parties

The related parties comprise associated companies, directors of the Company, key management staff and staff retirement funds. Amounts due from/to related parties are shown under receivables and payables, amounts due to directors are shown under payables and remuneration of directors is disclosed in note 37. Other significant transactions with related parties are as follows:

Contribution to provident fund	855,565	1,275,857
Contribution to gratuity fund	935,718	6,023,320

36 Financial instruments

The Company has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors have the overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in market conditions and the Company's activities

36.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans to/due from related parties. Out of the total financial assets of Rs. 461.9 million (2008: Rs. 346.9 million) financial assets which are subject to credit risk amount to Rs. 460.9 million (2008: Rs. 345.8 million)

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. To manage exposure to credit risk in respect of trade receivables, management reviews credit worthiness, references, establish purchase limits taking into account the customer's financial position, past experience and other factors. Export sales are secured through letters of credit. The management has set a maximum credit period of 30 days to reduce the credit risk. Limits are reviewed periodically and the customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	Note	2009 Rupees	2008 Rupees
Long term loans, advances		33,313,347	38,142,100
Long term deposits		5,397,440	4,429,440
Trade debts		17,792,165	15,341,081
Advances, deposits, prepayments and other receivables		371,106,000	251,989,745
Cash and bank balances		34,371,413	36,994,967
		461,980,365	346,897,333

The trade debts as at the balance sheet date are classified as follows:

Foreign	244,642	877,032
Domestic	17,547,523	14,464,049
	17,792,165	15,341,081

The aging of trade receivables at the reporting date is:

Past due 1 - 3 Months	14,595,901	11,608,035
Past due 4 - 6 Months	377,144	21,450
Past due 7 - 10 Months	611,866	4,050
Past due 11 - 12 Months	643,934	2,534,956
Past due above one year	1,563,320	1,172,590
	17,792,165	15,341,081

Based on past experience the management believes that no impairment allowance is necessary in respect of trade receivables past due as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time.

36.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. For this purpose the Company has sufficient running finance facilities available from various commercial banks to meet its liquidity requirements. Further liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the Board.

Following is the maturity analysis of financial liabilities:

	Less than 6 Months	Between 6 to 12 months	Between 1 to 5 years	Between 6 to 10	Over 10 years	Total
Non derivative financial liabilities						
Long term finances	289,625,000	389,608,946	2,989,387,373	-	-	3,668,621,319
Lease finance liabilities	811,508	887,671	2,040,128	-	-	3,739,307
Security deposits and retention money	-	38,873,804	154,209,127	-	-	193,082,931
Trade and other payables	394,524,029	-	-	-	-	394,524,029
Mark up payable	312,801,576	-	-	-	-	312,801,576
Derivative financial liabilities						
Interest rate swaps	-	-	160,120,433	-	-	160,120,433
2008-2009	997,762,113	429,370,421	3,305,757,061	-	-	4,732,889,595

	Less than 6 Months	Between 6 to 12 months	Between 1 to 5 years	Between 6 to 10	Over 10 years	Total
Non derivative financial liabilities						
Long term finances	267,812,000	357,210,321	2,981,785,715	-	-	3,606,808,036
Lease finance liabilities	688,236	787,365	3,686,712	-	-	5,162,313
Security deposits and retention money	-	25,716,722	135,837,621	-	-	161,554,343
Trade and other payables	187,385,777	-	-	-	-	187,385,777
Mark up payable	50,719,344	-	-	-	-	50,719,344
Derivative financial liabilities						
Interest rate swaps	-	-	1,250,573	-	-	1,250,573
2007-2008	506,605,357	383,714,408	3,122,560,621	-	-	4,012,880,386

36.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

36.3.1 Currency risk

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the functional currency primarily U.S. Dollars (USD). The Company uses forward exchange and derivative contracts to hedge its currency risks. The Company's exposure to foreign currency risk for US Dollars is as follows:

	2009 Rupees	2008 Rupees
Foreign debtors	(244,642)	(877,032)
Compensation receivable from TCDRI	(217,532,097)	(183,601,382)
Import bills payable	70,497,865	-
Long term retention money	100,812,028	84,878,024
Derivative financial instruments - liability	160,120,433	1,250,573
Outstanding import letters of credit	144,555,628	11,857,510
Net exposure	258,209,215	(86,492,307)

Company's exposure to foreign currency risk for Euros is a follows:

Compensation receivable from TCDRI	(80,933,964)	-
Long term retention money	40,565,906	38,103,405
Outstanding import letters of credit	2,989,511	-
Net exposure	(37,378,547)	38,103,405

The following significant exchange rates have been applied:

	Reporting date rate	
	2009	2008
USD to PKR - Buy	**81.30**	68.45
USD to PKR - Sell	**81.10**	68.20
Euro to PKR - Buy	**114.82**	107.85
Euro to PKR - Sell	**114.54**	107.75

	Average rate	
	2009	2008
USD to PKR	**78.70**	62.59
Euro to PKR	**107.91**	92.19

Sensitivity analysis:

At reporting date, if the PKR had strengthened by Rupee one against the US Dollar with all other variables held constant, post-tax profit for the year would have been increased by Rs. 2.6 million [2008: (Rs. 0.86 million)]. The weakening of the PKR against foreign currencies would have had an equal but opposite impact on the post tax profit.

The sensitivity analysis prepared is not necessarily indicative of the effects on (loss) / profit for the year and assets / liabilities of the Company.

36.3.2 Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at fixed and variable interest rates and entering into interest rate swap contracts. At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2009	2008	**2009**	2008
	Effective rate (in Percentage)		Carrying amount (Rupees in 000)	
Financial liabilities				
Variable rate instruments				
Long term finances - PKR	**16.27%**	12.33%	**3,668,621,319**	3,606,808,036
Liabilities against assets subject to finance lease	**17.25%**	14.27%	**3,739,307**	5,162,313
Short term borrowings - PKR	**16.41%**	12.07%	**1,398,198,921**	1,096,066,075

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates will have an impact on income of Rs. 50.7 million (2008: Rs. 47.1 million) worked out on the outstanding debt amount at the reporting date. This analysis assumes that all other variables remain constant.

The sensitivity analysis prepared is not necessarily indicative of the effects on current/prior year's loss and assets / liabilities of the Company.

36.4 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

36.5 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

(i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

(ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of the debt-to-equity ratio - calculated as a ratio of total debt to equity.

The debt-to-equity ratios as at 30 June 2009 and at 30 June 2008 were as follows:

	2009	2008
Total debt	5,070,559,547	4,708,036,424
Total equity and debt	7,342,106,712	7,037,165,571
Debt-to-equity ratio	69%	67%

The increase in the debt-to-equity ratio in 2009 resulted primarily from additional borrowings made during the year to meet additional working capital requirements.

Neither there were any changes in the Company's approach to capital management during the year nor the Company is subject to externally imposed capital requirements.

37 **Remuneration of Chairperson, Chief Executive and Directors**

	Chairperson		Chief Executive		Directors	
	2009	2008	2009	2008	2009	2008
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	-	-	1,200,000	1,200,000	2,100,000	1,950,000
Medical reimbursement	621,985	362,039	240,906	2,806,406	-	-
	621,985	362,039	1,440,906	4,006,406	2,100,000	1,950,000
Number of persons	1	1	1	1	2	2

The Company also provides the Chief Executive and Directors with free use of Company maintained cars.

38 **Capacity and production**

	Plant Capacity		Actual Producing	
	2009	2008	2009	2008
Clinker				
Grey (M Tons)	1,880,000	540,000	713,347	428,937
White (M Tons)	135,000	135,000	19,384	19,376
Cement				
Grey (M Tons)	1,974,000	567,000	781,879	450,251
White (M Tons)	141,750	141,750	20,215	21,114

Lower capacity utilization of grey cement plant is due to irregular power supply from WAPDA and law & order situation in factory surroundings. The capacity figures of both the plants are based on 300 days.

39 **Date of authorization for issue**

These financial statements were authorized for issue on October 03, 2009 by the board of directors of the Company.

40 **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
Lahore: October 03, 2009

DIRECTOR

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KEY FINANCIAL DATA FOR LAST 8 YEARS

	2009	2008	2007	2006	2005	2004	2003	2002
Trading Results								
Quantitative data (000 M.Tonnes):								
Capacity:								
Clinker:								
- Grey	1,880	540	540	540	540	540	540	540
- White	135	135	135	135	-	-	-	-
Cement:								
- Grey	1,974	567	567	567	567	567	567	567
- White	142	142	142	142	-	-	-	-
Production:								
Clinker:								
- Grey	713	429	506	554	531	498	389	371
- White	19	19	23	16	-	-	-	-
Cement								
- Grey	782	450	529	555	562	531	433	367
- White	20	21	22	15	-	-	-	-
Dispatches - cement:								
- Grey	778	452	524	557	560	535	437	361
- White	21	20	23	14	-	-	-	-
Financial data (Rs. 000):								
Turnover	3,395,581	1,371,792	1,553,733	2,327,238	1,715,427	1,397,871	949,200	964,831
Gross profit	804,559	87,402	343,267	1,199,662	664,223	495,537	89,145	274,650
Operating profit	662,974	21,629	278,226	1,145,849	615,203	450,927	19,894	234,792
Profit/(loss) before tax, interest & VSS	693,901	36,649	346,210	1,093,522	584,153	419,649	38,098	217,698
Profit/(loss) before tax	21,184	(279,573)	327,841	1,039,424	560,949	395,274	23,970	210,647
Profit/(loss) after tax	27,093	(222,439)	248,368	789,867	386,501	292,657	16,550	108,420
BALANCE SHEET (Rs. 000)								
Shareholders equity	2,271,547	2,329,129	2,339,656	2,283,940	1,081,732	695,231	501,274	517,624
Fixed capital expenditure	6,937,818	6,248,720	5,258,260	2,079,393	1,119,880	905,470	839,898	592,317
Net current assets/(liabilities)	(1,300,717)	(683,869)	642	556,588	164,551	67,535	(36,036)	52,861
Long term liabilities	3,305,756	3,122,560	2,810,116	245,309	119,242	191,176	192,933	2,439
Deferred liabilities	101,198	155,733	158,740	161,268	104,240	105,590	133,777	144,540
RATIO ANALYSIS								
Gross profit ratio %	23.69	6.37	22.09	51.55	38.72	35.45	9.39	28.47
Profit before tax ratio %	0.62	(20.38)	21.10	44.66	32.70	28.28	2.53	21.83
Profit after tax ratio %	0.80	(16.22)	15.99	33.94	22.53	20.94	1.74	11.24
Operating fixed assets turnover ratio %	53.45	145.71	151.80	269.01	295.25	231.81	145.58	164.73
Return on capital employed %	12.22	(4.11)	6.52	40.64	44.76	42.30	4.60	32.76
Debt : equity ratio	69 : 31	67 : 33	55 : 45	10 : 90	10 : 90	22 : 78	28 : 72	0 : 100
Current ratio	0.56	0.66	1.00	2.44	1.47	1.16	0.89	1.15
Interest coverage ratio	1.26	(4.71)	1.23	20.21	25.17	17.22	2.70	30.87
BREAK UP VALUE PER SHARE OF RS. 10 EACH (Rs.)	17.64	19.90	22.99	24.68	21.92	21.13	22.85	23.60
EARNING/(LOSS) PER SHARE (Rs.)	0.21	(1.73)	2.12	9.06	4.50	5.93	0.50	4.94
DIVIDENDS								
Cash (Rs. 000)	-	-	-	-	-	98,700	32,900	76,767
% age	-	-	-	-	-	30	15	35
Bonus Shares								
% age	-	10	15	10	50	50	50	-

Pattern of Shareholding as at 30 June 2009

No. of Shareholders	Shareholdings From	Shareholdings To	No. of Shares Held
293	1	100	14,626
752	101	500	233,909
806	501	1,000	681,444
1207	1,001	5,000	2,921,133
271	5,001	10,000	2,108,232
83	10,001	15,000	1,075,375
59	15,001	20,000	1,080,058
34	20,001	25,000	791,898
17	25,001	30,000	485,563
22	30,001	35,000	725,087
10	35,001	40,000	383,044
6	40,001	45,000	251,665
13	45,001	50,000	646,872
6	50,001	55,000	314,863
7	55,001	60,000	405,496
4	60,001	65,000	252,984
1	65,001	70,000	67,650
2	70,001	75,000	150,000
2	80,001	85,000	164,293
2	85,001	90,000	177,868
10	95,001	100,000	992,366
2	105,001	110,000	216,780
2	120,001	125,000	245,827
2	130,001	135,000	261,068
1	135,001	140,000	137,247
1	140,001	145,000	142,725
1	145,001	150,000	150,000
1	155,001	160,000	158,977
2	170,001	175,000	350,000
1	190,001	195,000	191,725
3	195,001	200,000	598,825
1	205,001	210,000	208,725
1	225,001	230,000	226,000
1	240,001	245,000	242,675
2	245,001	250,000	495,203
1	250,001	255,000	252,891
1	275,001	280,000	275,072
1	285,001	290,000	285,343
1	290,001	295,000	293,000
1	305,001	310,000	305,500
1	320,001	325,000	323,467
1	350,001	355,000	354,832
1	375,001	380,000	376,357
1	395,001	400,000	395,945
1	410,001	415,000	414,500
1	495,001	500,000	500,000
1	500,001	505,000	505,000
1	520,001	525,000	521,290
1	530,001	535,000	531,500
2	595,001	600,000	1,200,000
1	605,001	610,000	607,200
1	840,001	845,000	840,117
1	925,001	930,000	925,768
1	1,070,001	1,075,000	1,072,877
1	1,075,001	1,080,000	1,076,236
1	1,435,001	1,440,000	1,437,505
3	1,755,001	1,760,000	5,280,000
1	1,785,001	1,790,000	1,786,450
1	1,895,001	1,900,000	1,896,112
1	2,425,001	2,430,000	2,429,700
1	2,445,001	2,450,000	2,449,923
2	2,450,001	2,455,000	4,900,078
1	2,580,001	2,585,000	2,582,698
1	6,845,001	6,850,000	6,848,156
1	7,075,001	7,080,000	7,078,005
1	13,525,001	13,530,000	13,527,673
1	22,560,001	22,565,000	22,562,609
1	27,370,001	27,375,000	27,371,234
3665		**128,757,241**	

Categories of shareholders	Shares held	Percentage
Directors, Chief Executive Officer, their Spouse and Minor Children	85,463,721	66.38%
Associated Companies, Undertakings & Related parties	34,438	0.03%
NIT AND ICP	500,518	0.39%
Banks, Development Finance Institution, and Non-Banking Finance Institutions	3,515,118	2.73%
Modarbas and Mutual funds	4,233,475	3.29%
Insurance Companies	57,922	0.04%
Share holders holding 10%	63,961,604	49.68%
General Public		
a) Local	31,509,699	24.47%
b) Foreign	-	-
Others		
i) Kohat Cement Educational Trust	97,465	0.08%
ii) Packages Limited Mgt staff Pension fund	14,348	0.01%
iii) Joint Stock Companies	2,383,644	1.85%
iv) Kccl Employees Trust	925,768	0.72%
v) Al-Bader Welfare Trust	21,125	0.02%

Lahore: October 03, 2009

CHIEF EXECUTIVE

Pattern of Shareholding as at 30 June 2009
Additional Information as Required by the Code of Corporate Governance

	CATEGORIES OF SHARE HOLDERS	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD
I	**Associated Companies, Undertakings & Related parties**	**1**	**34,438**
	Tariq Motors (Private) Limited	1	34,438
II	**NIT AND ICP**	**2**	**500,518**
	National Bank of Pakistan-Trustee department	1	498,394
	Investment Corporation of Pakistan	1	2,124
III	**Directors, Chief executive Officer, their Spouse and Minor Children**	**9**	**85,463,721**
	Directors	**7**	**77,145,760**
	Mr. Aizaz Mansoor Sheikh	1	23,062,609
	Mr. Nadeem Atta Sheikh	1	27,371,234
	Mr. Tariq Atta Sheikh	1	13,527,761
	Mr. Omer Aizaz Sheikh	1	1,760,000
	Mr. Ibrahim Tanseer Sheikh	1	2,450,039
	Mrs. Ghazala Amjad	1	7,078,005
	Mrs. Hafsa Nadeem Sheikh	1	1,896,112
	Directors' Spouse	**2**	**8,317,961**
	Mrs. HijabTariq W/o Mr. Tariq Atta Sheikh	1	1,437,505
	Mr. Capt. Amjad Latif Sheikh H/O Mrs. Ghazala Amjad	1	6,880,456
IV	**Executives**	**-**	**NIL**
V	**Public Sector Companies and Corporations**	**-**	**NIL**
VI	**Banks, Development Finance Institution, Non-Banking Finance Institutions, Insurance Companies, Modarbas and Mutual Funds**	**13**	**7,806,515**
VII	**Shareholders Holding Ten Percent or More Voting Interests**	**3**	**63,961,604**
	Mr. Aizaz Mansoor Sheikh	1	23,062,609
	Mr. Nadeem Atta Sheikh	1	27,371,234
	Mr. Tariq Atta Sheikh	1	13,527,761

CHIEF EXECUTIVE

KOHAT CEMENT COMPANY LIMITED

FORM OF PROXY

30th Annual General Meeting

I/We ____

of ____ being a member of

Kohat Cement Company Limited and holder of ____________________ (No. of shares) Ordinary shares as per

Share Register Folio No. ______________ and/or CDC Participant I.D. No. ____________________ and

Sub Account No. ______________ hereby appoint ______________________________

of ______________________________ another member of the company (or failing

him ______________________________ of ______________________________)

as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on **Saturday, 31 October 2009 at 10:00 A.M.** at the registered office of the company **Kohat Cement Factory, Rawalpindi Road, Kohat** and at any adjournment thereof.

Signed this ______________ day of ______________ 2009.

Signature:

Please
affix
Rupees five
revenue stamp

Witnesses:

1. Signature:	______________	2. Signature:	______________
Name	______________	Name	______________
Address:	______________	Address:	______________
	______________		______________
NIC or Passport No.	______________	NIC or Passport No.	______________

Note:

1. Proxies in order to be effective must be duly stamped and received by the company not less than 48 hours before the time of holding the meeting. No person shall be appointed as a proxy who is not a member of the company qualified to vote except that a company/ corporation being a member may appoint as proxy a person who is not a member.
2. CDC account holders and their proxies are requested to attach an attested photocopy of their National Identity Card or Passport with this proxy form before submission to the company.
3. Signature should agree with the specimen signature registered with the company.