

# CONSTITUENTS OF EVOLUTION

FIRST QUARTERLY REPORT  
SEPTEMBER 30, 2013



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## **Vision**

To transform the Company into a modern and dynamic cement manufacturing unit fully equipped to play a meaningful role on sustainable basis in the economy of Pakistan.

## **Mission**

- To provide quality products to customers at competitive prices;
- To generate sufficient profit to add to the shareholders' value.

## Company Information

### BOARD OF DIRECTORS

Mr. Khawaja Mohammad Salman Younis  
Mr. Muhammad Fazlullah Shariff  
Mr. Nasim Beg  
Mr. Agha Sher Shah  
Mr. Wazir Ali Khoja  
Mr. Alamuddin Bullo  
Mr. Naveed Rabbani

Chairman  
Chief Executive Officer  
Director  
Director  
Director  
Director (Appointed w.e.f. October 21, 2013)  
Director

### AUDIT COMMITTEE

Mr. Nasim Beg  
Mr. Khawaja Mohammad Salman Younis  
Mr. Naveed Rabbani

Member  
Member  
Member

### HR & REMUNERATION COMMITTEE

Mr. Khawaja Mohammad Salman Younis  
Mr. Nasim Beg  
Mr. Muhammad Fazlullah Shariff

Chairman  
Member  
Member

### CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Muhammad Taha Hamdani

### REGISTERED OFFICE

### STATUTORY AUDITOR

M/s KPMG Taseer Hadi & Co.,  
Chartered Accountants

Office No. 606-608A,  
Continental Trade Center,  
Block 8, Clifton, Karachi  
UAN 0092-21-111-842-882  
Fax no. 0092-21-35303074-75  
Website: [www.thattacement.com](http://www.thattacement.com)  
E-mail: [info@thattacement.com](mailto:info@thattacement.com)

### INTERNAL AUDITOR

M/s Yousuf Adil Saleem & Co.,  
Chartered Accountants

### COST AUDITOR

M/s Siddiqi & Co., Cost &  
Management Accountants

### FACTORY

Ghulamullah Road, Makli,  
District Thatta, Sindh 73160

### CORPORATE ADVISOR

M/s Shekha & Mufti,  
Chartered Accountants

### SHARE REGISTRAR

THK Associates (Pvt) Limited  
Ground Floor, State Life Building No. 3  
Dr. Ziauddin Road Ahmed Road, Karachi-75530  
UAN 111-000-322, Fax: 35655595,  
Website: [www.thk.com.pk](http://www.thk.com.pk)

### LEGAL ADVISOR

M/s Usmani & Iqbal

### BANKERS

Sindh Bank Limited  
National Bank of Pakistan  
Summit Bank Limited  
MCB Bank Limited  
Bank Al-Falah Limited  
Habib Bank Limited

## DIRECTORS' REVIEW

The Board of Directors present herewith their review and the un-audited condensed interim financial statements for the quarter ended September 30, 2013.

## INDUSTRY OVERVIEW

Local sales of the cement industry during the period under review increased by 2.25% as compared to the corresponding period whereas exports declined by 1.41%. This was achieved despite bad law and order situation, unabated energy crisis including drastic increase in power tariff, higher inflation and weakening of Pak Rupee. The overall performance of the industry remained satisfactory and registered a growth of 1.17% in terms of volume over the corresponding period. The industry also benefited from improved margins on account of higher retention prices and lower coal cost which contributed positively on sector's profitability.

## BUSINESS PERFORMANCE

### a. Production and Sales Volume Performance

The clinker production of the Company during the period under review stood at 53.47% of its rated capacity as compared to 62.61% in the corresponding period. Cement production was lower by 17.05% than that of the corresponding period on account of lower off take due to Ramazan. After achieving commercial operations of its subsidiary company, Thatta Power (Pvt) Ltd. (TPPL), your cement plant has been able to get uninterrupted supply of electricity. As a result, run factor of the plant has improved which shall improve efficiency and productivity of the production facility of the plant.

Description	September 2013	September 2012	Variance	
	----- Metric Tons -----		%	
Plant capacity - Clinker	112,500	112,500		
<b>Production</b>				
Clinker	60,153	70,426	(10,273)	(14.59)
Cement	68,449	82,515	(14,066)	(17.05)
GBFS	4,556	2,627	1,929	73.43
Class G Cement	816	-	816	100.00
<b>Dispatches</b>				
<b>Cement</b>				
- Local	66,829	82,624	(15,795)	(19.12)
- Class G (Local)	816	-	816	100.00
- Export	1,620	-	1,620	100.00
	69,265	82,624	(13,359)	(16.17)
GBFS (Local)	4,556	2,627	1,929	73.43
	<u>73,821</u>	<u>85,251</u>	<u>(11,430)</u>	<u>(13.41)</u>

## First Quarterly Report - September 2013

Lower clinker production has been on account of larger stock of clinker during the period under review and lower cement sales. Cement production is lower mainly due to stiff competition and lower demand of cement on account of law and order situation, monsoon rains, price hike in cement industry implicated through Finance Act, 2013 and the holy month of Ramazan.

A comparative analysis of sales volume of the industry vis-à-vis the Company is as under:

Description	September 2013	September 2012	Variance	
----- Million Metric Tons ----- %				
<b>Cement Industry</b>				
Local sales	5,556	5,434	0.122	2.25
Export sales	2,241	2,273	(0.032)	(1.41)
	<u>7,797</u>	<u>7,707</u>	<u>0.09</u>	<u>1.17</u>
----- Metric Tons -----				
<b>Thatta Cement Company Limited</b>				
Local sales including GBFS	72,201	85,251	(13,050)	(15.31)
Export sales	1,620	-	1,620	100.00
	<u>73,821</u>	<u>85,251</u>	<u>(11,430)</u>	<u>(13.41)</u>

### b. Financial Performance

A comparison of the key financial results of the Company's performance for the quarter ended September 30, 2013 with the same period of last year is as under:

	September 2013	September 2012
---- Rupees in thousand ----		
Turnover - net	472,681	508,837
Gross profit	117,781	83,196
Profit before taxation	54,413	36,280
Profit after taxation	26,121	23,852
Earnings per share (Rupee)	0.26	0.24

The prices in local market have shown improvement during the quarter under review as compared to the same period of last year.

The cost of production during the quarter ended September 30, 2013 was 8.57% lower as compared to the cost of production during the same period of last year. Reduction in cost of production together with price increase has contributed to

increase in gross profit margin during the quarter to 24.92% as compared to 16.35% in the corresponding period. The Company earned a profit before tax of Rs. 54.413 million after providing depreciation of Rs. 10.869 million.

(i) Sales Performance

The sales of the Company during the quarter ended September 30, 2013 decreased by 13.41% and 7.11% in terms of volume and revenue respectively.

(ii) Cost of Sales

The cost of sales ratio has declined to 75.08% during the quarter as compared to 83.65% in the corresponding period. The decline is mainly on account of increase in sales price resulting in higher gross profit margin thereby reducing the cost of sales ratio.

(iii) Distribution Cost

Distribution cost has increased by 32.37% during the quarter as compared to the corresponding period of last year mainly on account of increase in commission expense and export related expenses which was mitigated by reduction in freight charges on local sales.

(iv) Finance Cost

Finance cost has reduced by 5.6% during the quarter as compared to the corresponding period of last year mainly on account of repayment of long term financing amounting to Rs. 57.92 million during the year ended June 30, 2013. However, the impact of decrease was mitigated by increase in utilization of short term borrowings from Rs. 477.638 million as on September 30, 2012 to Rs. 527.916 million as on September 30, 2013.

## FUTURE OUTLOOK

Local sales of cement have started picking up during this fiscal year on the back of a slight recovery in construction activities. But exports continue to decline due to non-tariff barriers in India and sluggish demand in Afghanistan and elsewhere.

Domestic sales is expected to further go up as the construction activity picks up pace, chiefly due to demand of cement for public sector projects including a few small dams, roads and bridges and also due to construction and renovation of housing units by individual households and construction companies.

One pointer to increased construction activity is phenomenal rise in profits of cement companies in the last fiscal year.

Government in its budget for the current year has allocated substantial increase in spending on Public Sector Development Programs. Further, in its efforts to tackle the energy issue, the government has paid off the circular debt to stakeholders. These steps indicate government's incline to get the economy out of the looming energy crisis and other pitfalls which will lead to better economic outlook.



The Budget also envisages government's plan to build 500,000 small housing units to overcome the shortage of low cost housing, a step which will help the cement industry to improve its capacity utilization on the one hand and create economic activity and job opportunities on the other.

Additionally, the prices in local markets have shown reasonable stability during the period under review which is a good sign for the Cement industry. This trend is expected to continue in the remaining period of financial year which may result better in sales revenue of your Company.

Further, future plans of your Company envisage upgradation and improvement in plant efficiencies through cutting edge technologies. The corporate strategy of the Company envisages sustainable growth through planning investment in viable projects.

a. **Balancing, Modernization and Rehabilitation (BMR) Project**

The project is progressing well and on schedule. In all likelihood BMR of the plant would be completed by the middle of next financial year followed by trial run and commissioning.

b. **Cement Grinding, Storing and Bagging Plant**

The project has been somewhat delayed on account of delay in issuance of permission by the BOI Sri Lanka to acquire land lease and complete other formalities related to the project.

### PERFORMANCE OF GROUP

A brief of the financial position and performance of the Group for the quarter ended September 30, 2013 is provided below.

Balance Sheet	September	June
	2013	2013
	---- Rupees in thousand ----	
Property, plant and equipment	2,213,237	2,161,681
Stock-in-trade	384,551	349,313
Trade debts	281,476	186,605
Paid-up Share Capital	997,181	997,181
Total equity	1,281,310	1,244,431
Trade and other payables	573,609	256,809
Short Term Borrowings	527,916	556,074

September 2013	September 2012
-------------------	-------------------

--- Rupees in thousand ---

Profit and loss

Turnover - net	670,978	508,837
Gross profit	227,324	83,196
Profit before taxation	82,561	43,698
Profit after taxation	50,185	31,270
Earnings per share (Rupee)	0.37	0.31

ACKNOWLEDGEMENT

The Directors are grateful to the Company's shareholders, financial institutions and customers for their continued cooperation, support and patronage. The Directors acknowledge the dedicated services, loyalty and hard work of all the employees of the Company and hope their continued dedication shall further consolidate the Company and its standing.

On behalf of the Board



Muhammad Fazlullah Shariff  
Chief Executive Officer

Karachi: October 29, 2013

**CONDENSED INTERIM  
UNCONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED  
SEPTEMBER 30, 2013**

CONDENSED INTERIM UNCONSOLIDATED BALANCE SHEET

As at September 30, 2013

	Note	(Un-audited) September 30, 2013	Restated (Audited) June 30, 2013
--- Rupees in thousands ---			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	895,091	832,695
Intangible assets		421	448
Long term investment in associate	7	127,847	127,847
Long term investment in subsidiary	8	299,158	299,158
Long term deposits		1,006	1,006
		<u>1,323,523</u>	<u>1,261,154</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	9	503,836	312,748
Stock-in-trade	10	384,551	356,776
Trade debts	11	109,581	133,092
Loans and advances		23,570	70,821
Trade deposits and short term prepayments		6,519	6,165
Other receivables and accrued interest	12	65,972	49,506
Sales tax refundable		21,682	-
Income tax refundable - net of provision		4,226	-
Cash and bank balances		6,578	6,689
		<u>1,126,515</u>	<u>935,797</u>
		<u>2,450,038</u>	<u>2,196,951</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital 200,000,000 (2013: 200,000,000) ordinary shares of Rs. 10/- each		2,000,000	2,000,000
Issued, subscribed and paid-up capital	13	997,181	997,181
Share premium		99,718	99,718
Accumulated profit		33,157	7,036
		<u>1,130,056</u>	<u>1,103,935</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term financing		59,385	73,865
Long term deposits		5,971	5,971
Long term employee benefit		9,582	10,111
Deferred taxation	14	122,830	105,178
		<u>197,768</u>	<u>195,125</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		521,673	264,737
Accrued mark-up		14,706	17,270
Current maturity of long term financing		57,919	57,919
Income tax payable - net of advance tax		-	1,891
Short term borrowings		527,916	556,074
		<u>1,122,214</u>	<u>897,891</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	15	<u>2,450,038</u>	<u>2,196,951</u>

The annexed notes from 1 to 22 form an integral part of these condensed interim unconsolidated financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR

## First Quarterly Report - September 2013

### CONDENSED INTERIM UNCONSOLIDATED PROFIT & LOSS ACCOUNT (UN-AUDITED) For the quarter ended September 30, 2013

	Note	September 30, 2013	September 30, 2012
--- Rupees in thousands ---			
Sales - net	16	472,681	508,837
Cost of sales		(354,900)	(425,641)
Gross profit		117,781	83,196
Selling and distribution cost	17	(13,079)	(9,881)
Administrative expenses		(17,921)	(19,001)
		(31,000)	(28,882)
Operating profit		86,781	54,314
Other operating expenses		(16,606)	-
Finance cost		(19,465)	(20,628)
		(36,071)	(20,628)
Other income		3,703	2,594
Profit before taxation		54,513	36,280
Taxation	18	(28,292)	(12,428)
Profit after taxation		26,121	23,852
----- Rupee -----			
Earning per share - basic and diluted	19	0.26	0.24

The annexed notes from 1 to 22 form an integral part of these condensed interim unconsolidated financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR

**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME (UN-AUDITED)**

For the quarter ended September 30, 2013

	September 30, 2013	Restated September 30, 2012
	--- Rupees in thousands ---	
Profit after taxation	26,121	23,852
Other comprehensive income		
Unrecognised actuarial loss due to change in IAS 19	-	(4,347)
Deferred tax impact on unrecognised actuarial loss due to change in IAS 19	-	1,522
Other comprehensive income for the quarter	-	(2,825)
<b>Total comprehensive profit for the quarter</b>	<u>26,121</u>	<u>21,027</u>

The annexed notes from 1 to 22 form an integral part of these condensed interim unconsolidated financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR

## First Quarterly Report - September 2013

### CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)

For the quarter ended September 30, 2013

	September 30, 2013	September 30, 2012
	--- Rupees in thousands ---	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	54,413	36,280
Adjustment for:		
Depreciation	10,869	12,865
Impairment of intangibles	-	804
Amortization of intangible assets	27	-
Finance cost	19,465	20,628
Provision for gratuity	2,032	1,646
Provision for leave encashment	337	865
Profit on disposal of property, plant and equipment	(386)	-
	32,344	36,808
Operating cash flows before working capital changes	86,757	73,088
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(191,088)	(119,901)
Stock-in-trade	(27,775)	611
Trade debts	23,511	85,268
Loans and advances	(3,459)	(6)
Trade deposits and short term prepayments	(354)	(397)
Other receivable, accrued interest and sales tax refundable	(38,148)	(17,161)
	(237,313)	(51,586)
(Decrease) / increase in current liabilities		
Trade and other payables excluding gratuity payable	260,290	(45,729)
Cash generated from / (used in) operations	109,734	(24,227)
Finance cost paid	(22,029)	(18,202)
Gratuity paid	(5,386)	(3,090)
Leave encashment paid	(866)	(1,147)
Tax refund / (paid) - net	(16,757)	28,120
	(45,038)	5,681
Net cash generated from / (used in) operating activities	64,696	(18,546)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure - operating fixed assets	(22,669)	(29,535)
Proceeds from disposal of property, plant and equipment	500	-
Net cash used in investing activities	(22,169)	(29,535)

## Thatta Cement Company Limited

### CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)

For the quarter ended September 30, 2013

	September 30, 2013	September 30, 2012
--- Rupees in thousands ---		
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term financing	(14,480)	(14,481)
Long term deposits - liabilities	-	495
<b>Net cash used in financing activities</b>	<u>(14,480)</u>	<u>(13,986)</u>
Net increase / (decrease) in cash and cash equivalents (A + B +C)	28,047	(62,067)
Cash and cash equivalents at beginning of the quarter	(549,385)	(413,111)
<b>Cash and cash equivalents at end of the quarter</b>	<u>(521,338)</u>	<u>(475,178)</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	6,578	2,460
Short term borrowings	(527,916)	(477,638)
	<u>( 521,338)</u>	<u>(475,178)</u>

The annexed notes from 1 to 22 form an integral part of these condensed interim unconsolidated financial statements.



CHIEF EXECUTIVE



DIRECTOR



## First Quarterly Report - September 2013

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

For the quarter ended September 30, 2013

	Issued, subscribed and paid-up capital	Share premium	Accumulated profit / (loss)	Total
----- Rupees in thousands -----				
Balance as at July 1, 2012	997,181	99,718	(138,659)	958,240
Impact of unrecognised actuarial gain on gratuity valuation due to revision in IAS 19 - net of deferred tax	-	-	42	42
Balance as at July 1, 2012 - restated	<u>997,181</u>	<u>99,718</u>	<u>(138,617)</u>	<u>958,282</u>
Total comprehensive income for the year ended June 30, 2013				
Income for the year	-	-	148,478	148,478
Impact of unrecognised actuarial loss on gratuity valuation due to revision in IAS 19 - net of deferred tax	-	-	(2,825)	(2,825)
Balance as at June 30, 2013 - restated	<u>997,181</u>	<u>99,718</u>	<u>7,036</u>	<u>1,103,935</u>
Total comprehensive income for the quarter ended September 30, 2013				
Income for the quarter ended September 30, 2013	-	-	26,121	26,121
Balance as at September 30, 2013	<u>997,181</u>	<u>99,718</u>	<u>33,157</u>	<u>1,130,056</u>

The annexed notes from 1 to 22 form an integral part of these condensed interim unconsolidated financial statements.



CHIEF EXECUTIVE



DIRECTOR

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS**

For the quarter ended September 30, 2013

**1 STATUS AND NATURE OF BUSINESS**

Thatta Cement Company Limited was incorporated in Pakistan in 1980 as a public limited Company. The shares of the Company are quoted at the Karachi Stock Exchange. The Company's main business activity is manufacturing and marketing of cement. The registered office of the Company is situated at Office No. 606, 607, 608 & 608A, Continental Trade Centre, Block 8, Clifton, Karachi - 75600. The production facility of the Company is located at Ghulamullah Road, Makli, District Thatta, Sindh.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These condensed interim unconsolidated financial statements for the quarter ended September 30, 2013 have been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed. The disclosures in the condensed interim unconsolidated financial statements do not include all of the information required in the annual audited financial statements and should be read in conjunction with the annual audited unconsolidated financial statements of the Company as at and for the year ended June 30, 2013.

These condensed interim unconsolidated financial statements are unaudited and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and the listing regulations of Karachi Stock Exchange.

These condensed interim unconsolidated financial statements comprise of the Unconsolidated Balance Sheet as at September 30, 2013 and Unconsolidated Profit and Loss Account, Unconsolidated Statement of Comprehensive Income, Unconsolidated Cash Flow Statement and Unconsolidated Statement of Changes in Equity for the quarter ended September 30, 2013.

**2.2 Basis of measurement**

These condensed interim unconsolidated financial statements have been prepared under historical cost convention except for certain employees retirement benefits and foreign currency liabilities.

**2.3 Functional and presentation currency**

These condensed interim unconsolidated financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

**3 ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in the preparation of these condensed interim unconsolidated financial statements are the same as those

applied in preparation of the annual audited financial statements as at and for the year ended June 30, 2013.

#### 4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim unconsolidated financial statements in conformity with approved accounting standards require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision. In preparing these condensed interim unconsolidated financial statements, the significant judgments made by the management in applying the Company's accounting policies and key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2013, except for change in depreciation method for property, plant and equipment which is as under:

##### 4.1 Depreciation on Property, plant and equipment

Depreciation was charged to profit and loss account by applying the reducing balance method except for leasehold structural improvements which is depreciated on straight line method. During the period depreciation on plant and machinery is charged using Units of Production method. Depreciation on addition is charged from the date when the asset is available for use and on disposal upto the date when the asset is classified as held for sale in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' or the date when the asset is derecognized, whichever is earlier. Assets' residual values and useful lives are reviewed and adjusted, if appropriate at each balance sheet date.

#### 5 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited unconsolidated financial statements as at and for the year ended June 30, 2013.

		(Un-audited) September 30, 2013	(Audited) June 30, 2013
		--- Rupees in thousands ---	
6	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Operating fixed assets	6.1      825,994	798,928
	Capital work-in-progress	6.2      69,097	33,767
		<u>895,091</u>	<u>832,695</u>

	(Un-audited) September 30, 2013	(Audited) June 30, 2013
	--- Rupees in thousands ---	
<b>6.1 Operating fixed assets</b>		
Opening Written Down Value (WDV)	798,928	785,066
Add: Additions during the period / year - at cost		
- Leasehold improvements	-	2,585
- Electrical installations	-	30,710
- Plant and machinery	36,655	34,000
- Vehicles	1,151	9,866
- Furniture and fixtures	-	5,242
- Office equipment	-	7,177
- Laboratory equipment	-	4,252
- Computers	282	4,063
	<u>38,088</u>	<u>97,895</u>
Less: WDV of deletions/adjustments during the period/year	(153)	(32,173)
Depreciation charge for the period / year	(10,869)	(51,547)
WDV of assets transferred to stores	-	(313)
	<u>(11,022)</u>	<u>(84,033)</u>
	<u>825,994</u>	<u>798,928</u>
<b>6.2 Capital work-in-progress</b>		
Opening balance	33,767	8,808
Additions / Transfer from advances to suppliers	71,317	38,914
Transferred to operating fixed assets	(35,987)	(13,955)
	<u>69,097</u>	<u>33,767</u>

## 7 LONG TERM INVESTMENT IN ASSOCIATE

The cost of investment in associate is Rs. 128 million representing 7% (2013: 7%) of share capital of Power Cement Limited. The fully paid ordinary shares having face value of Rs. 10 each were acquired at discount of Rs. 5 per share. Aggregate market value of investment as at September 30, 2013 is Rs. 186.112 million (2013: Rs. 223.744 million).

## 8 LONG TERM INVESTMENT IN SUBSIDIARY

- 8.1 Thatta Power (Private) Limited (TPPL) is a 62.43% subsidiary of the Company as at September 30, 2013 (2013: 62.43%). The principal business of the subsidiary is generation, supply and transmission of electrical power. As at September 30, 2013 TPPL has authorized and issued capital of Rs. 500 million and Rs. 479.16 million divided into 5,000,000 and 4,791,583 ordinary shares respectively. The subsidiary started its commercial operations on December 12, 2012.

- 8.2 Thatta Cement Company Limited has pledged its investment in shares of TPPL in favour of National Bank of Pakistan (NBP) as the security trustee against syndicated term finance facility extended by NBP and other syndicate banks to TPPL.

	Note	(Un-audited) September 30, 2013	(Audited) June 30, 2013
--- Rupees in thousands ---			
<b>9 STORES, SPARE PARTS AND LOOSE TOOLS</b>			
Stores	9.1	404,930	219,107
Spare parts		138,234	132,909
Loose tools		187	247
		<u>543,351</u>	<u>352,263</u>
Less: Provision for dead stores		(5,462)	(5,462)
Provision for slow moving stores and spares		(34,053)	(34,053)
		<u>(39,515)</u>	<u>(39,515)</u>
		<u>503,836</u>	<u>312,748</u>

- 9.1 This includes stores in transit of Rs. 14,985 million (June 2013: Rs. 25,932 million) as at the balance sheet date.

**10 STOCK-IN-TRADE**

Raw material	23,439	22,099
Packing material	38,457	26,871
Work-in-process	280,277	267,359
Finished goods	42,378	40,447
	<u>384,551</u>	<u>356,776</u>

**11 TRADE DEBTS**

<b>Considered good</b>		
Local - unsecured	109,581	133,092
	<u>109,581</u>	<u>133,092</u>
<b>Considered doubtful</b>		
Cement stockiest	60,801	60,801
Excessive rebate allowed	6,101	6,101
Controller military accounts	5,126	5,126
Other customers	952	952
	<u>72,980</u>	<u>72,980</u>
Less: Provision for doubtful debts	(72,980)	(72,980)
	<u>109,581</u>	<u>133,092</u>

## 12 OTHER RECEIVABLES AND ACCRUED INTEREST

This includes receivable from Rotocast Engineering Company (Private) Limited and Thatta Cement Company (Private) Limited (TCCPL), Sri Lanka amounting to Rs. 31.96 million and Rs. 17.528 million respectively against sale of leasehold improvements of previous office and payment of expenses before commencement of business respectively.

(Un-audited) (Audited)  
September 30, June 30,  
2013 2013  
--- Rupees in thousands ---

## 13 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Ordinary shares of Rs. 10/- each 89,418,125 (June 2013: 89,418,125) shares allotted for consideration paid in cash	894,181	894,181
10,300,000 (June 2013: 10,300,000) shares allotted for consideration other than cash	103,000	103,000
	<u>997,181</u>	<u>997,181</u>

## 14 DEFERRED TAXATION

Taxable temporary differences		
- accelerated depreciation for tax purpose	160,887	144,006
Deductible temporary differences		
- provision for gratuity	(1,825)	(2,913)
- other provisions - for doubtful debts and stores	(36,232)	(35,915)
	<u>(38,057)</u>	<u>(38,828)</u>
	<u>122,830</u>	<u>105,178</u>

## 15 CONTINGENCIES AND COMMITMENTS

## 15.1 Contingencies

There is no change in the status of contingencies and they are same as disclosed in last annual audited unconsolidated financial statements for the year ended June 30, 2013 except for that disclosed in note 24.1.3 of the last annual audited unconsolidated financial statements. In the said cases the court has allowed the claim in favour of applicants amounting to Rs. 14.9 million. However, the Company has challenged the said order vide C.P. No. 591/2013 before the Honorable High Court of Sindh at Hyderabad and the said order has been suspended subject to deposit of the said amount. Accordingly the amount of Rs. 14.9 million has been deposited with Commissioner Workmen's Compensation. In view of the Company's legal counsel, the demand is against the applicable labour laws and will not materialize.

## First Quarterly Report - September 2013

	(Un-audited) September 30, 2013	(Audited) June 30, 2013
<b>15.2 Commitments</b>	--- Rupees in thousands ---	
Commitments in respect of irrevocable letter of credits	326,736	335,587
Guarantees given by banks on behalf of the Company	<u>106,376</u>	<u>100,573</u>
	<u>433,112</u>	<u>436,160</u>
	September 30, 2013	September 30, 2012
	--- Rupees in thousands --- --- (Un-audited) ---	
<b>16 SALES - NET</b>		
Local	458,446	508,837
Export	<u>14,235</u>	<u>-</u>
	<u>472,681</u>	<u>508,837</u>
<b>17 SELLING AND DISTRIBUTION COST</b>		
Salaries, wages and other benefits	1,611	1,194
Vehicle running expenses	182	207
Travelling and conveyence	104	14
Communication	246	114
Printing and stationery	-	7
Entertainment	10	16
Repair and maintenance	75	-
Rent	256	-
Utilities	138	5
Advertisements	61	-
Sales promotion expense	89	-
Freight charges - local sale	669	6,331
Export logistics and related charges	1,737	327
Commission	5,333	267
Depreciation	465	345
Miscellaneous	<u>2,103</u>	<u>1,054</u>
	<u>13,079</u>	<u>9,881</u>
<b>18 TAXATION</b>		
Current tax	10,640	11,767
Prior year charge	-	32
Deferred tax charge	<u>17,652</u>	<u>629</u>
	<u>28,292</u>	<u>12,428</u>

	September 30, 2013	September 30, 2012
	--- Rupees in thousands --- --- (Un-audited) ---	
<b>19 EARNING PER SHARE - BASIC AND DILUTED</b>		
Profit after taxation (Rupees in thousands)	<u>26,121</u>	<u>23,852</u>
Weighted average number of ordinary shares	<u>99,718,125</u>	<u>99,718,125</u>
Earning per share (Rupee)	<u>0.26</u>	<u>0.24</u>

**20 TRANSACTIONS WITH RELATED PARTIES**

Related parties comprises of associated undertakings and related group companies, directors of the Company, key management personnel and staff retirement funds. The Company have a policy where all transactions with related parties are entered into at commercial terms and conditions. Further, contribution to defined contribution plan (provident fund) is made as per the terms of employment and contribution to the defined benefit plan (gratuity scheme) is in accordance with the actuarial advice. Details of transactions / outstanding balances with related parties, other than those which have been specifically disclosed elsewhere in these condensed interim unconsolidated financial statements are as follows:

	September 30, 2013	September 30, 2012
	--- Rupees in thousands --- --- (Un-audited) ---	
<b>Transactions with related parties</b>		
<b>Summit Bank Limited</b>		
- Mark-up on short term running finance and commission	2,850	3,546
- Income on bank deposit accounts	58	28
- Guarantee on behalf of Company as per normal banking terms	5,804	-
<b>Power Cement Limited</b>		
- Common shared expenses	-	5
<b>Thatta Power (Pvt.) Limited</b>		
- Common shared expenses	782	-
- Purchase of store items - net	158	-
- Purchase of electric power	97,865	-
- Payment on account of purchase of electric power	121,175	-
<b>Rotocast Engineering Company (Private) Limited</b>		
- Rent and repair and maintenance	-	4,139



## First Quarterly Report - September 2013

	September 30, 2013	September 30, 2012
	--- Rupees in thousands --- --- (Un-audited) ---	
<b>Thatta Cement Company (Pvt.) Limited (TCCPL)</b>		
- Expenses paid by Company on behalf of TCCPL	2,987	-
<b>Key management personnel</b>		
- Salaries and benefits	16,761	10,453
<b>Other related parties</b>		
- Contribution to Employees' Gratuity Fund	5,386	3,090
- Contribution to Employees' Provident Fund	1,190	672
	Note	
	(Un-audited) September 30, 2013	(Audited) June 30, 2013
	--- Rupees in thousands ---	
<b>Balances with related parties</b>		
<b>Summit Bank Limited</b>		
- PLS account balance	3,557	3,527
- Running finance	98,466	100,183
- Accrued mark-up - finance charge	2,850	2,935
- Accrued interest - interest income	23	26
- Guarantee on behalf of Company as per normal banking terms	86,143	80,339
<b>Thatta Power (Pvt.) Limited</b>		
- Payable against purchase of electric power (inclusive of GST)	20.1 58,429	81,738
- Receivable against common shared expenses	782	-
- Receivable / (Payable) against sales/purchase of store items - net	2	(229)
<b>Power Cement Limited</b>		
- Payable against purchase of store items	870	870
<b>Safe Mix Concrete Products Limited</b>		
- Advance against sale of cement	357	357
<b>Rotocast Engineering Company (Private) Limited</b>		
- Receivable against sale of leasehold improvements	31,960	31,960
<b>Thatta Cement Company (Pvt.) Limited (TCCPL)</b>		
- Receivable against expenses paid by Company on behalf of TCCPL	17,528	14,541

- 20.1 This amount is exclusive of advance income tax which will be recorded at the time of payment.
- 20.2 There are no transactions with key management personnel other than under their terms of employment.
- 20.3 All transactions with related parties have been carried out on commercial terms and conditions.

21 OPERATING SEGMENTS

- 21.1 These condensed interim unconsolidated financial statements have been prepared on the basis of single reportable segment.
- 21.2 Revenue from sale of cement represents 100% (September 2012: 100%) of the total revenue of the Company.
- 21.3 97% (September 2012: 100%) sales of the Company relates to customers in Pakistan.
- 21.4 All non-current assets of the Company at September 30, 2013 are located in Pakistan.

22 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim unconsolidated financial statements have been authorized for issue on October 29, 2013 by the Board of Directors of the Company.



CHIEF EXECUTIVE



DIRECTOR

**CONDENSED INTERIM  
CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED  
SEPTEMBER 30, 2013**

## CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

As at September 30, 2013

	Note	(Un-audited) September 30, 2013	Restated (Audited) June 30, 2013
--- Rupees in thousands ---			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	2,213,237	2,161,681
Intangible assets		504	548
Long term investment in associate	7	156,120	167,472
Long term deposits		1,006	1,006
		<u>2,370,867</u>	<u>2,330,707</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	8	545,717	358,122
Stock-in-trade	9	384,551	349,313
Trade debts	10	281,476	186,605
Short term investments	11	306,000	306,000
Loans and advances		24,473	70,866
Trade deposits and short term prepayments		9,254	12,579
Other receivables and accrued interest	12	94,503	70,152
Sales tax refundable		29,082	13,927
Income tax refundable - net of provision		3,426	-
Cash and bank balances		237,025	178,476
		<u>1,915,507</u>	<u>1,546,040</u>
		<u>4,286,374</u>	<u>3,876,747</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital 200,000,000 (2013: 200,000,000)			
Ordinary shares of Rs. 10/- each		<u>2,000,000</u>	<u>2,000,000</u>
Issued, subscribed and paid-up capital	13	997,181	997,181
Share premium		99,718	99,718
Accumulated profit		184,411	147,532
		<u>1,281,310</u>	<u>1,244,431</u>
Non-controlling interest		<u>255,356</u>	<u>242,050</u>
		<u>1,536,666</u>	<u>1,486,481</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term financing		1,050,927	1,066,503
Long term deposits		5,971	5,971
Long term employee benefit		9,582	10,111
Deferred taxation	14	<u>122,830</u>	<u>105,178</u>
		<u>1,189,310</u>	<u>1,187,763</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		573,609	256,809
Accrued mark-up		66,204	34,952
Current maturity of long term financing		392,669	352,477
Income tax payable - net of advance tax		-	2,191
Short term borrowings		<u>527,916</u>	<u>556,074</u>
		<u>1,560,398</u>	<u>1,202,503</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	15	<u>4,286,374</u>	<u>3,876,747</u>

The annexed notes from 1 to 22 form an integral part of these condensed interim consolidated financial statements.


  
 CHIEF EXECUTIVE


  
 DIRECTOR

## First Quarterly Report - September 2013

### CONDENSED INTERIM CONSOLIDATED PROFIT & LOSS ACCOUNT (UN-AUDITED)

For the quarter ended September 30, 2013

	Note	September 30, 2013	September 30, 2012
--- Rupees in thousands ---			
Sales - net	16	670,978	508,837
Cost of sales		(443,654)	(425,641)
Gross profit		227,324	83,196
Selling and distribution cost	17	(13,079)	(9,881)
Administrative expenses		(19,053)	(19,381)
		(32,132)	(29,262)
Operating profit		195,192	53,934
Other operating expenses		(58,952)	-
Finance cost		(57,907)	(20,630)
		(116,859)	(20,630)
Share of (loss)/profit from associate		(11,352)	7,692
Other income		15,580	2,702
Profit before taxation		82,561	43,698
Taxation	18	(32,376)	(12,428)
Profit after taxation		50,185	31,270
----- Rupee -----			
Earning per share - basic and diluted	19	0.37	0.31

The annexed notes from 1 to 22 form an integral part of these condensed interim consolidated financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR

CONDENSED INTERIM CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME (UN-AUDITED)

For the quarter ended September 30, 2013

	September 30, 2013	Restated September 30, 2012
	--- Rupees in thousands ---	
Profit after taxation	50,185	31,270
Other comprehensive income		
Unrecognised actuarial loss due to change in IAS 19	-	(4,347)
Deferred tax impact on unrecognised actuarial loss due to change in IAS 19	-	1,522
Other comprehensive income for the quarter	-	(2,825)
Total comprehensive profit for the quarter	<u>50,185</u>	<u>28,445</u>
Total comprehensive profit for the quarter attributable to:		
- Equity holders of the Holding Company	36,879	28,473
- Non-controlling interest	13,306	(28)
	<u>50,185</u>	<u>28,445</u>

The annexed notes from 1 to 22 form an integral part of these condensed interim consolidated financial statements.



CHIEF EXECUTIVE



DIRECTOR

## First Quarterly Report - September 2013

### CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)

For the quarter ended September 30, 2013

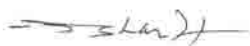
	September 30, 2013	September 30, 2012
	--- Rupees in thousands ---	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	82,561	43,698
Adjustment for:		
Depreciation	22,186	12,871
Impairment of intangibles	-	804
Revaluation loss on deferred payment letter of credit	39,096	-
Amortization of intangible assets	44	17
Finance cost	57,907	20,630
Share of loss/(profit) from associate	11,352	(7,692)
Provision for gratuity	2,032	1,646
Provision for leave encashment	337	-
Profit on disposal of property, plant and equipment	(386)	-
	<u>132,568</u>	<u>28,276</u>
Operating cash flows before working capital changes	215,129	71,974
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(187,595)	(120,485)
Stock-in-trade	(35,238)	611
Trade debts	(94,871)	85,268
Loans and advances	(4,317)	(2,712)
Trade deposits and short term prepayments	3,325	(1,554)
Other receivable, accrued interest and sales tax refundable	(39,506)	(21,576)
	<u>(358,202)</u>	<u>(60,448)</u>
(Decrease) / increase in current liabilities		
Trade and other payables excluding gratuity payable	320,154	760,012
Cash generated from operations	<u>177,081</u>	<u>771,538</u>
Finance cost paid	(26,655)	(18,204)
Gratuity paid	(5,386)	(3,090)
Leave encashment paid	(866)	-
Tax (paid) / refund - net	(20,341)	28,105
	<u>(53,248)</u>	<u>6,811</u>
Net cash generated from operating activities	<u>123,833</u>	<u>778,349</u>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure - operating fixed assets	(23,146)	(911,442)
Proceeds from disposal of property, plant and equipment	500	-
Net cash used in investing activities	<u>(22,646)</u>	<u>(911,442)</u>

## CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)

For the quarter ended September 30, 2013

	September 30, 2013	September 30, 2012
	--- Rupees in thousands ---	
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term financing	(14,480)	(14,481)
Proceeds from issuance of shares to non-controlling interest	-	81,000
Long term deposits - liabilities	-	495
<b>Net cash (used in) / generated from financing activities</b>	<u>(14,480)</u>	<u>67,014</u>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>86,707</b>	<b>(66,079)</b>
Cash and cash equivalents at beginning of the quarter	(377,598)	(410,235)
Cash and cash equivalents at end of the quarter	<u>(290,891)</u>	<u>(476,314)</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	237,025	4,088
Short term borrowings	(527,916)	(480,402)
	<u>(290,891)</u>	<u>(476,314)</u>

The annexed notes from 1 to 22 form an integral part of these condensed interim consolidated financial statements.



CHIEF EXECUTIVE



DIRECTOR



## First Quarterly Report - September 2013

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

For the quarter ended September 30, 2013

	Equity attributable to owners of the Holding Company				Non-controlling interest	Advance against subscription for shares	Total Equity
	Issued, subscribed and paid-up capital	Share premium	Accumulated profit / (loss)	Total			
	-----Rupees in thousands-----						
Balance as at July 1, 2012	997,181	99,718	(119,578)	977,321	-	27,000	1,004,321
Impact of unrecognised actuarial gain on gratuity valuation due to revision in IAS 19 - net of deferred tax	-	-	42	42	-	-	42
Balance as at July 1, 2012 - restated	997,181	99,718	(119,536)	977,363	-	27,000	1,004,363
Transactions with owners recorded directly in equity							
Shares issued to non-controlling interest	-	-	-	-	180,000	(27,000)	153,000
Total comprehensive income for the year ended June 30, 2013							
Income for the year	-	-	273,389	273,389	58,554	-	331,943
Impact of unrecognised actuarial loss on gratuity valuation due to revision in IAS 19 - net of deferred tax	-	-	(2,825)	(2,825)	-	-	(2,825)
Share of profit transferred to non-controlling interest at the time of acquisition	-	-	(3,496)	(3,496)	3,496	-	-
Balance as at June 30, 2013 - restated	997,181	99,718	147,532	1,244,431	242,050	-	1,486,481
Total comprehensive income for the quarter ended September 30, 2013							
Income for the quarter ended September 30, 2013	-	-	36,879	36,879	13,306	-	50,185
Balance as at September 30, 2013	<u>997,181</u>	<u>99,718</u>	<u>184,411</u>	<u>1,281,310</u>	<u>255,356</u>	<u>-</u>	<u>1,536,666</u>

The annexed notes from 1 to 22 form an integral part of these condensed interim consolidated financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the quarter ended September 30, 2013

**1 THE GROUP AND ITS OPERATIONS**

- 1.1 The Group consists of Thatta Cement Company Limited (TCCL), the Holding Company and Thatta Power (Private) Limited (TPPL), the Subsidiary Company (together referred to as "the Group" and individually as "Group entities") and the Group's interest in equity accounted investee namely Power Cement Limited (formerly Al-Abbas Cement Industries Limited).
- 1.2 Thatta Cement Company Limited was incorporated in Pakistan in 1980 as a public limited Company. The shares of the Company are quoted at the Karachi Stock Exchange. The Company's main business activity is manufacturing and marketing of cement. The registered office of the Company is situated at Office No. 606, 607, 608 & 608A, Continental Trade Centre, Block 8, Clifton, Karachi - 75600. The production facility of the Company is located at Ghulamullah Road, Makli, District Thatta, Sindh.
- 1.3 Thatta Power (Private) Limited (TPPL) is a 62.43% subsidiary of the Company as at September 30, 2013 (2013: 62.43%). The principal business of the subsidiary is generation, supply and transmission of electrical power. As at September 30, 2013 TPPL has authorized and issued capital of Rs. 500 million and Rs. 479.16 million divided into 5,000,000 and 4,791,583 ordinary shares respectively. The subsidiary started its commercial operations on December 12, 2012.
- 1.4 Detail of Group's equity accounted investee is given in note 7 to these condensed interim consolidated financial statements.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These condensed interim consolidated financial statements for the quarter ended September 30, 2013 have been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed. The disclosures in the condensed interim consolidated financial statements do not include all of the information required in the annual audited financial statements and should be read in conjunction with the annual audited consolidated financial statements of the Group as at and for the year ended June 30, 2013.

These condensed interim consolidated financial statements are unaudited and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and the listing regulations of Karachi Stock Exchange.

These condensed interim consolidated financial statements comprise of the Consolidated Balance Sheet as at September 30, 2013 and Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity for the quarter ended September 30, 2013.

## 2.2 Basis of consolidation

These condensed interim consolidated financial statements include the condensed interim financial statements of the holding company and subsidiary.

The condensed interim financial statements of the subsidiary are included in the condensed interim consolidated financial statements from the date on which more than 50% voting rights are transferred to the holding company or power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Upon loss of control, the holding company derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit and loss account.

The financial statements of the subsidiary are prepared for the same reporting period as of the holding company.

The assets and liabilities of subsidiary company have been consolidated on a line-by-line basis. The carrying value of investment held by the holding company is eliminated against the subsidiary's shareholders' equity in the condensed interim consolidated financial statements. Intra-group balances and transactions are eliminated.

## 2.3 Basis of measurement

These condensed interim consolidated financial statements have been prepared under historical cost convention except for certain employees retirement benefits and foreign currency liabilities.

## 2.4 Functional and presentation currency

These condensed interim consolidated financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

## 3 ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in preparation of the annual audited consolidated financial statements as at and for the year ended June 30, 2013.

#### 4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim consolidated financial statements in conformity with approved accounting standards require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision. In preparing these condensed interim consolidated financial statements, the significant judgments made by the management in applying the Group's accounting policies and key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2013, except for change in depreciation method for property, plant and equipment of the Holding Company which is as under:

##### 4.1 Depreciation on Property, plant and equipment

Depreciation was charged to profit and loss account by applying the reducing balance method except for leasehold structural improvements which is depreciated on straight line method.

During the period depreciation on plant and machinery of the Holding Company is charged using Units of Production method. Depreciation on addition is charged from the date when the asset is available for use and on disposal upto the date when the asset is classified as held for sale in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' or the date when the asset is derecognized, whichever is earlier. Assets' residual values and useful lives are reviewed and adjusted, if appropriate at each balance sheet date.

#### 5 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the annual audited consolidated financial statements as at and for the year ended June 30, 2013.

	Note	(Un-audited) September 30, 2013	(Audited) June 30, 2013
--- Rupees in thousands ---			
<b>6</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Operating fixed assets	6.1 2,142,543	2,126,317
	Capital work-in-progress	6.2 70,694	35,364
		<u>2,213,237</u>	<u>2,161,681</u>
<b>6.1</b>	<b>Operating fixed assets</b>		
	Opening Written Down Value (WDV)	2,126,317	785,397
	Add: Additions during the period / year - at cost		
	- Leasehold improvements	-	2,585
	- Factory building on freehold land	-	241,483
	- Electrical installations	-	30,710
	- Cooling towers	-	73,235
	- Plant and machinery	37,118	1,069,947
	- Vehicles	1,151	9,866
	- Furniture and fixtures	-	5,820
	- Office equipment	14	7,790
	- Laboratory equipment	-	4,252
	- Computers	282	4,213
		<u>38,565</u>	<u>1,449,901</u>
	Less: WDV of deletions/adjustments during the period/year	(153)	(32,173)
	Depreciation charge for the period/year	(22,186)	(76,495)
	WDV of assets transferred to stores	-	(313)
		<u>(22,339)</u>	<u>(108,981)</u>
		<u>2,142,543</u>	<u>2,126,317</u>
<b>6.2</b>	<b>Capital work-in-progress</b>		
	Opening balance	35,364	429,257
	Additions / Transfer from advances to suppliers	71,317	964,909
	Transferred to operating fixed assets	(35,987)	(1,358,802)
		<u>70,694</u>	<u>35,364</u>
<b>7</b>	<b>LONG TERM INVESTMENT IN ASSOCIATE</b>		

The cost of investment in associate is Rs. 128 million representing 7% (2013: 7%) of share capital of Power Cement Limited. The fully paid ordinary shares having face value of Rs. 10 each were acquired at discount of Rs. 5 per share. Aggregate market value of investment as at September 30, 2013 is Rs. 186.112 million (2013: Rs. 223.744 million).

	Note	(Un-audited) September 30, 2013	(Audited) June 30, 2013
--- Rupees in thousands ---			
<b>8 STORES, SPARE PARTS AND LOOSE TOOLS</b>			
Stores	8.1	408,112	223,683
Spare parts		176,913	173,706
Loose tools		207	248
		<u>585,232</u>	<u>397,637</u>
Less: Provision for dead stores		(5,462)	(5,462)
Provision for slow moving stores and spares		(34,053)	(34,053)
		<u>(39,515)</u>	<u>(39,515)</u>
		<u>545,717</u>	<u>358,122</u>
8.1 This includes stores in transit of Rs. 14.985 million (June 2013: Rs. 25.932 million) as at the balance sheet date.			
<b>9 STOCK-IN-TRADE</b>			
Raw material		23,439	22,099
Packing material		38,457	26,871
Work-in-process		280,277	261,445
Finished goods		42,378	38,898
		<u>384,551</u>	<u>349,313</u>
<b>10 TRADE DEBTS</b>			
Considered good			
Local - unsecured		281,476	186,605
		<u>281,476</u>	<u>186,605</u>
Considered doubtful			
Cement stockiest		60,801	60,801
Excessive rebate allowed		6,101	6,101
Controller military accounts		5,126	5,126
Other customers		952	952
		<u>72,980</u>	<u>72,980</u>
Less: Provision for doubtful debts		(72,980)	(72,980)
		<u>281,476</u>	<u>186,605</u>

	Note	(Un-audited) September 30, 2013	(Audited) June 30, 2013
<b>11 SHORT TERM INVESTMENTS</b>		--- Rupees in thousands ---	
Term deposit with National Bank of Pakistan	11.1	<u>306,000</u>	<u>306,000</u>
11.1 The term deposit is placed for a period of one year at the rate of 9.38% per annum and has been pledged against the bank guarantee issued to Sui Southern Gas Company Limited on behalf of Thatta Power (Private) Limited.			
<b>12 OTHER RECEIVABLES AND ACCRUED INTEREST</b>			
This includes receivable from Rotocast Engineering Company (Private) Limited and Thatta Cement Company (Private) Limited (TCCPL), Sri Lanka amounting to Rs. 31.96 million and Rs. 17.528 million respectively against sale of leasehold improvements of previous office and payment of expenses before commencement of business respectively.			
<b>13 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>		(Un-audited) September 30, 2013	(Audited) June 30, 2013
		--- Rupees in thousands ---	
Ordinary shares of Rs. 10/- each 89,418,125 (June 2013: 89,418,125) shares allotted for consideration paid in cash		894,181	894,181
10,300,000 (June 2013: 10,300,000) shares allotted for consideration other than cash		103,000	103,000
		<u>997,181</u>	<u>997,181</u>
<b>14 DEFERRED TAXATION</b>			
Taxable temporary differences			
- accelerated depreciation for tax purpose		160,887	144,006
Deductible temporary differences			
- provision for gratuity		(1,825)	(2,913)
- other provisions - for doubtful debts and stores		(36,232)	(35,915)
		<u>(38,057)</u>	<u>(38,828)</u>
		<u>122,830</u>	<u>105,178</u>

## 15 CONTINGENCIES AND COMMITMENTS

## 15.1 Contingencies

There is no change in the status of contingencies and they are same as disclosed in last annual audited consolidated financial statements for the year ended June 30, 2013 except for that disclosed in note 24.1.3 of the last annual audited consolidated financial statements. In the said cases the court has allowed the claim in favour of applicants amounting to Rs. 14.9 million. However, the Holding Company has challenged the said order vide C.P.No. 591/2013 before the Honorable High Court of Sindh at Hyderabad and the said order has been suspended subject to deposit of the said amount. Accordingly the amount of Rs. 14.9 million has been deposited with Commissioner Workmen's Compensation. In view of the Holding Company's legal counsel, the demand is against the applicable labour laws and will not materialize.

	(Un-audited) September 30, 2013	(Audited) June 30, 2013
	--- Rupees in thousands ---	
15.2 Commitments		
Commitments in respect of irrevocable letter of credits	327,388	335,587
Guarantees given by banks on behalf of the Group	412,376	406,573
Commitment in respect of mark-up on liability against DPLC	48,964	56,355
	<u>788,728</u>	<u>798,515</u>
	September 30, 2013	September 30, 2012
	--- Rupees in thousands --- --- (Un-audited) ---	
16 SALES - NET		
Local	656,743	508,837
Export	14,235	-
	<u>670,978</u>	<u>508,837</u>



	September 30, 2013	September 30, 2012
	--- Rupees in thousands --- --- (Un-audited) ---	
<b>17 SELLING AND DISTRIBUTION COST</b>		
Salaries, wages and other benefits	1,611	1,194
Vehicle running expenses	182	207
Travelling and conveyence	104	14
Communication	246	114
Printing and stationery	-	7
Entertainment	10	16
Repair and maintenance	75	-
Rent	256	-
Utilities	138	5
Advertisements	61	-
Sales promotion expense	89	-
Freight charges - local sale	669	6,331
Export logistics and related charges	1,737	327
Commission	5,333	267
Depreciation	465	345
Miscellaneous	2,103	1,054
	<u>13,079</u>	<u>9,881</u>
<b>18 TAXATION</b>		
Current tax	14,724	11,767
Prior year charge	-	32
Deferred tax charge	17,652	629
	<u>32,376</u>	<u>12,428</u>
<b>19 EARNING PER SHARE - BASIC AND DILUTED</b>		
Profit after taxation attributable to equity holders of the holding company (Rupees in thousands)	<u>36,879</u>	<u>31,928</u>
Weighted average number of ordinary shares	<u>99,718,125</u>	<u>99,718,125</u>
Earning per share (Rupee)	<u>0.37</u>	<u>0.31</u>

## 20 TRANSACTIONS WITH RELATED PARTIES

Related parties comprises of associated undertakings and related group companies, directors of the Group, key management personnel and staff retirement funds. The Group have a policy where all transactions with related parties are entered into at commercial terms and conditions. Further, contribution to defined contribution plan (provident fund) is made as per the terms of employment and contribution to the defined benefit plan (gratuity scheme) is in accordance with the actuarial advice. Details of transactions / outstanding balances with related parties, other than those which have been specifically disclosed elsewhere in these condensed interim consolidated financial statements are as follows:

	September 30, 2013	September 30, 2012
	--- Rupees in thousands --- --- (Un-audited) ---	
<b>Transactions with related parties</b>		
<b>Summit Bank Limited</b>		
- Mark-up on short term running finance, STFF and commission	4,685	3,546
- Income on bank deposit accounts	59	28
- Guarantee on behalf of Holding Company as per normal banking terms	5,804	-
<b>Power Cement Limited</b>		
- Common shared expenses	-	5
<b>Rotocast Engineering Company (Private) Limited</b>		
- Rent and repair and maintenance	-	4,139
<b>Thatta Cement Company (Pvt.) Limited (TCCPL)</b>		
- Expenses paid by Company on behalf of TCCPL	2,987	-
<b>Key management personnel</b>		
- Salaries and benefits	16,761	10,453
<b>Other related parties</b>		
- Contribution to Employees' Gratuity Fund	5,386	3,090
- Contribution to Employees' Provident Fund	1,190	672

	(Un-audited) September 30, 2013	Audited June 30, 2013
	--- Rupees in thousands ---	
<b>Balances with related parties</b>		
<b>Summit Bank Limited</b>		
- PLS account balance	3,643	3,527
- Running finance	98,466	100,183
- Accrued mark-up - finance charge	5,519	2,935
- Accrued interest - interest income	23	26
- Share in STFF	59,062	59,062
- Guarantee on behalf of Holding Company as per normal banking terms	86,143	80,339
<b>Power Cement Limited</b>		
- Payable against purchase of store items	870	870
<b>Safe Mix Concrete Products Limited</b>		
- Advance against sale of cement	357	357
<b>Rotocast Engineering Company (Private) Limited</b>		
- Receivable against sale of leasehold improvements	31,960	31,960
<b>Thatta Cement Company (Pvt.) Limited (TCCPL)</b>		
- Receivable against expenses paid by Company on behalf of TCCPL	17,528	14,541

- 20.1 There are no transactions with key management personnel other than under their terms of employment.
- 20.2 All transactions with related parties have been carried out on commercial terms and conditions.

## 21 OPERATING SEGMENTS

For management purposes the Group is organized into following major business segments.

Cement Engaged in manufacturing and marketing of cement.

Power Engaged in generation, supply and transmission of electrical power.

21.1 Revenues	Cement		Power		Intra group adjustment				Consolidated	
	September 2013	September 2012	September 2013	September 2012	September 2013	September 2012	September 2012	September 2013	September 2012	September 2013
Revenue	472,681	508,837	296,162	-	-	-	-	-	670,978	508,837
Cost of sales	(354,900)	(425,641)	(194,216)	-	-	-	(97,865)	-	(443,654)	(425,641)
Gross profit	117,781	83,196	101,946	-	-	-	7,597	-	227,324	83,196
Selling and distribution cost	(13,079)	(9,881)	-	-	-	-	-	-	(13,079)	(9,881)
Administrative expenses	(17,921)	(19,001)	(1,132)	(380)	-	-	-	-	(19,053)	(19,381)
	(31,000)	(28,882)	(1,132)	(380)	-	-	-	-	(32,132)	(29,262)
Operating profit / (loss)	86,781	54,314	100,814	(380)	-	-	7,597	-	195,192	53,934
Other operating expenses	(16,606)	-	(42,346)	-	-	-	-	-	(58,952)	-
Finance cost	(19,465)	(20,628)	(38,442)	(2)	-	-	-	-	(57,907)	(20,630)
	(36,071)	(20,628)	(80,788)	(2)	-	-	-	-	(116,859)	(20,630)
Other income	3,703	2,594	12,012	108	-	-	(135)	-	15,580	2,702
Share of (loss) / profit from associate	(11,352)	7,692	-	-	-	-	-	-	(11,352)	7,692
	(7,649)	10,286	12,012	108	-	-	(135)	-	4,228	10,394
Segment results	43,061	43,972	32,038	(274)	-	-	7,462	-	82,561	43,698
Unallocated expenditures	-	-	-	-	-	-	-	-	-	-
Profit / (loss) before tax	43,061	43,972	32,038	(274)	-	-	7,462	-	82,561	43,698
Tax	(28,292)	(12,428)	(4,084)	-	-	-	-	-	(32,376)	(12,428)
Profit / (loss) after tax	14,769	31,544	27,954	(274)	-	-	7,462	-	50,185	31,270

Rupees in thousands

Un-audited

21.2. Other information	Cement		Power		Intra group adjustment		Consolidated	
	September 2013	June 2013	September 2013	June 2013	September 2013	June 2013	September 2013	June 2013
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	Rupees in thousands							
Segment assets	2,322,191	2,049,104	2,170,974	2,047,114	(362,911)	(406,943)	4,130,254	3,709,275
Investment in associates	127,847	127,847	-	-	28,273	39,625	156,120	167,472
Unallocated corporate expenses	-	-	-	-	-	-	-	-
Total assets	2,450,038	2,196,951	2,170,974	2,047,114	(334,638)	(367,318)	4,286,374	3,876,747
Segment liabilities	1,319,982	1,093,016	1,491,876	1,395,970	(62,150)	(98,720)	2,749,708	2,390,266
Unallocated corporate liabilities	-	-	-	-	-	-	-	-
Total liabilities	1,319,982	1,093,016	1,491,876	1,395,970	(62,150)	(98,720)	2,749,708	2,390,266
Capital expenditure	22,669	122,849	477	933,153	-	-	23,146	1,056,002
Depreciation	10,869	51,547	11,317	24,948	-	-	22,186	76,495
Non-cash expenses other than depreciation	32,827	66,849	77,555	83,099	-	-	110,382	149,948

## 21.3 Reconciliation of reportable segment revenues, profit and loss, assets and liabilities

	Consolidated	
	September 2013	September 2012
	--- Rupees in thousands --- --- (Un-audited) ---	
<b>21.3.1 Operating revenues</b>		
Total revenue of reportable segments	768,843	508,837
Elimination of intra group revenue	(97,865)	-
Consolidated revenue	<u>670,978</u>	<u>508,837</u>
<b>21.3.2 Profit and loss</b>		
Total profit before tax of reportable segments	75,099	43,698
Adjustment of unrealized profit	7,462	-
Consolidated profit before tax	<u>82,561</u>	<u>43,698</u>
	Consolidated	
	September 2013 (Un-audited)	June 2013 (Audited)
<b>21.3.3 Assets</b>		
Total assets of reportable segments	4,621,012	4,244,065
Elimination of intra group balances	(359,190)	(381,125)
Reclassifications for consolidation purposes	(3,721)	(25,818)
Investment in associate carried at cost	(127,847)	(127,847)
Investment in associate - equity accounted	156,120	167,472
Consolidated assets	<u>4,286,374</u>	<u>3,876,747</u>
<b>21.3.4 Liabilities</b>		
Total liabilities of reportable segments	2,811,858	2,488,986
Elimination of intra group balances	(58,429)	(81,968)
Reclassifications for consolidation purposes	(3,721)	(16,752)
Consolidated liabilities	<u>2,749,708</u>	<u>2,390,266</u>

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### 21.4 Geographical segment analysis

	Revenue		Total Assets		Net Assets	
	September 2013 (Un-audited)	September 2012 (Un-audited)	September 2013 (Un-audited)	June 2013 (Audited)	September 2013 (Un-audited)	June 2013 (Audited)
	Rupees in thousands					
Pakistan	656,743	508,837	4,286,374	3,876,747	1,536,666	1,486,481
Sudan	14,235	-	-	-	-	-
	<u>670,978</u>	<u>508,837</u>	<u>4,286,374</u>	<u>3,876,747</u>	<u>1,536,666</u>	<u>1,486,481</u>

### 21.5 Information about major customers

Major customers for cement segment are various individual dealers whereas major customer for power segment is Hydersbad Electric Supply Company Limited.

### 22 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim consolidated financial statements have been authorized for issue on October 29, 2013 by the Board of Directors of the Holding Company.

  
 \_\_\_\_\_  
 CHIEF EXECUTIVE

  
 \_\_\_\_\_  
 DIRECTOR

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