

Annual Report
2015



THATTA CEMENT
COMPANY LIMITED

Sketching the future



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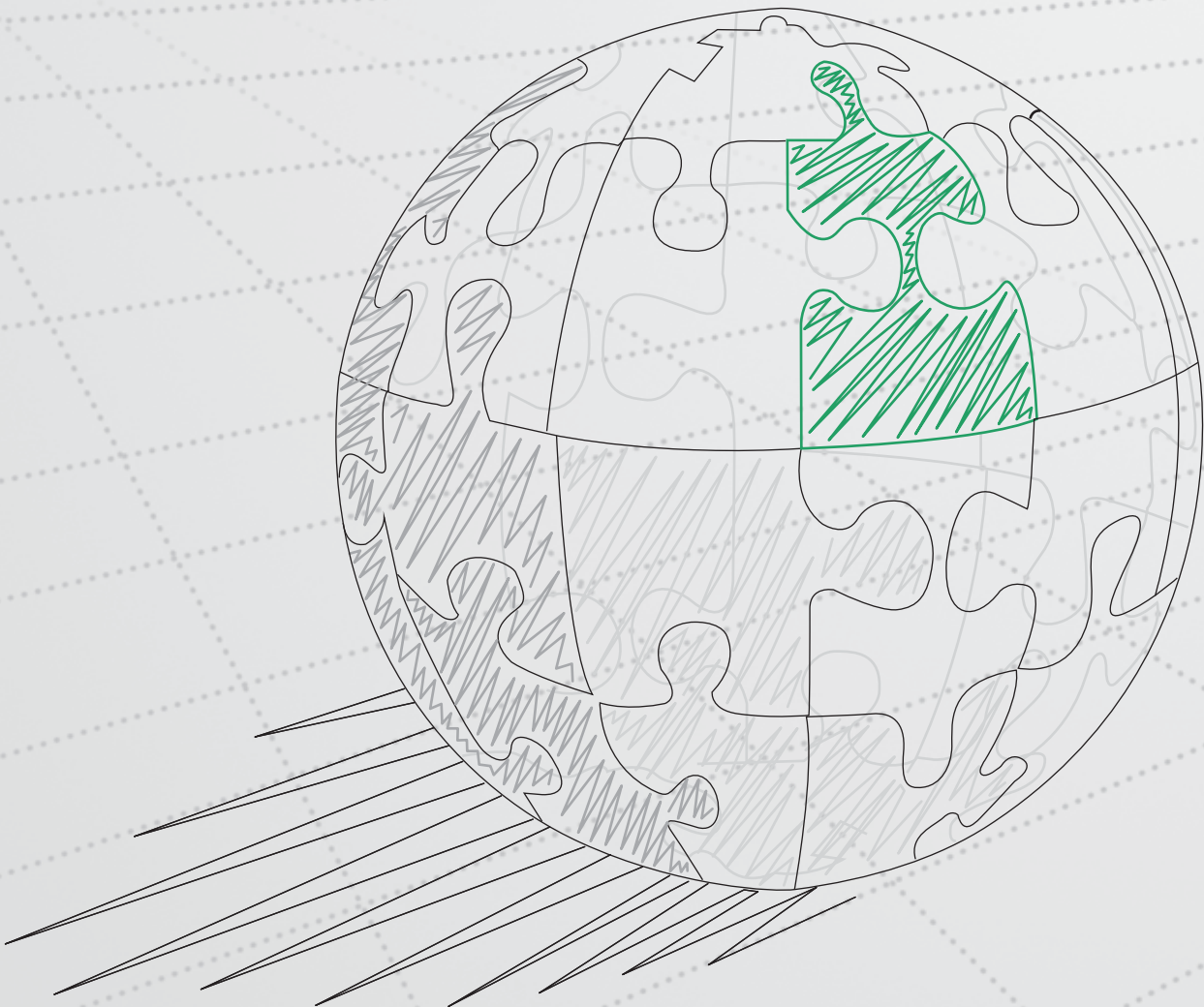
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Creating

a Vision

Thatta Cement has envisioned a hope to transform the company into a modern and dynamic cement manufacturing unit, that will be fully equipped to play its meaningful and sustainable role in Pakistan's Economy and social paradigm.

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; and
- To generate sufficient profit to add to the shareholders' value.

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Khawaja Muhammad Salman Younis
Mr. Muhammad Fazlullah Shariff
Mr. Shahid Aziz Siddiqui
Mr. Agha Sher Shah
Mr. Wazir Ali Khoja
Mr. Saleem Zamindar
Mr. Attaullah. A. Rasheed

Chairman
Chief Executive Officer
Director
Director
Director
Director
Director

AUDIT COMMITTEE

Mr. Wazir Ali Khoja
Mr. Khawaja Muhammad Salman Younis
Mr. Shahid Aziz Siddiqui

Chairman
Member
Member

HR & REMUNERATION COMMITTEE

Mr. Saleem Zamindar
Mr. Khawaja Muhammad Salman Younis
Mr. Muhammad Fazlullah Shariff

Chairman
Member
Member

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Muhammad Taha Hamdani

REGISTERED OFFICE

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
E-mail: info@thattacement.com

STATUTORY AUDITOR

M/s KPMG Taseer Hadi & 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

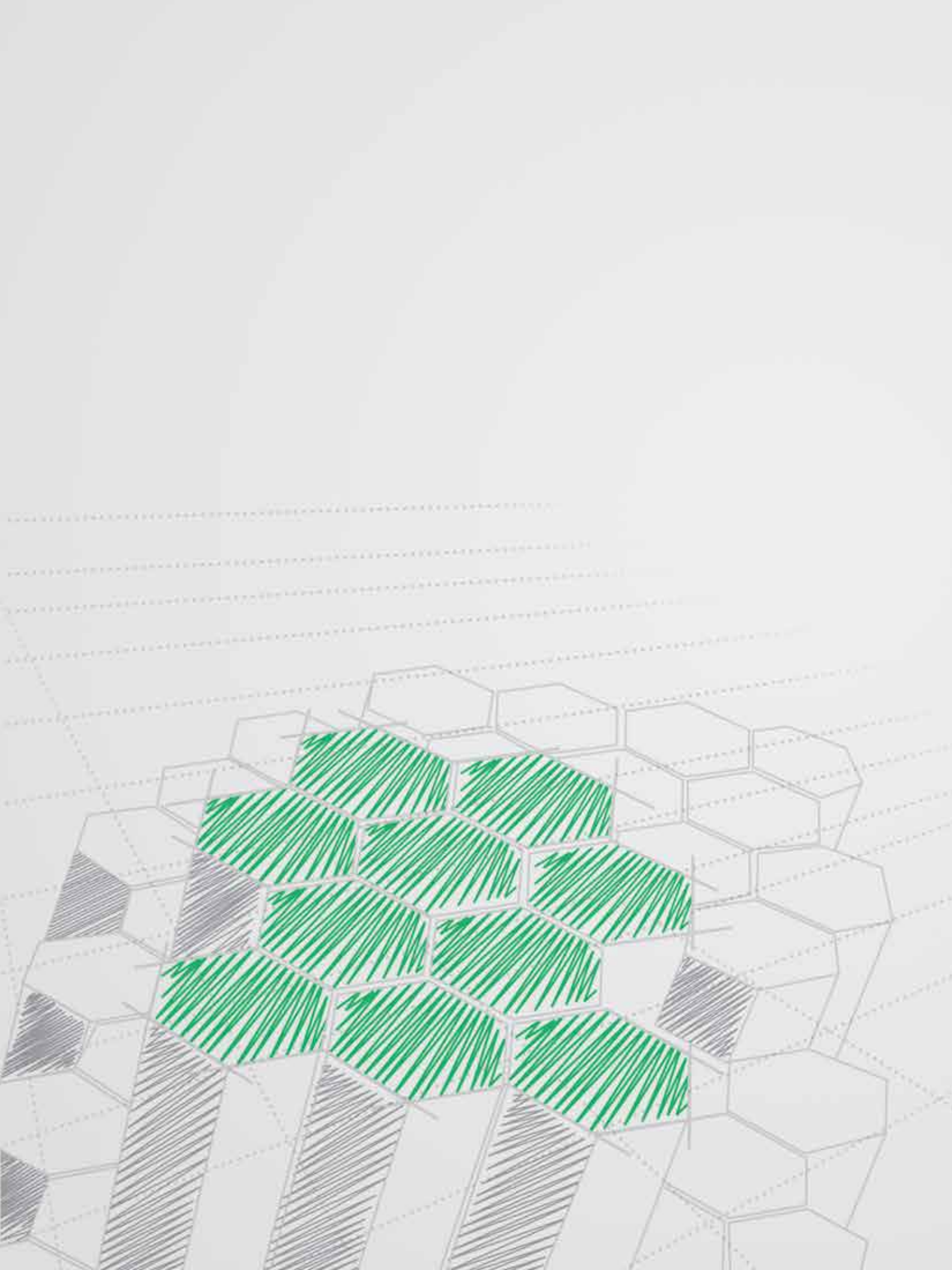
THK Associates (Pvt) Limited
2nd Floor, State Life Building No. 3
Dr. Ziauddin Ahmed Road,
Karachi-75530
UAN 111-000-322, Fax: 35655595
Website: www.thk.com.pk

LEGAL ADVISOR

M/s Usmani & Iqbal

BANKERS

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



Broadening

Our Horizon

With the vision to expand and remain sustainable the company remains committed to develop specialized products for import substitution. Thatta Cement is the only company in Pakistan which has obtained certification from the American Institute of Petroleum for the manufacture of class G, oil well cement.

DIRECTORS' REPORT

The Board of Directors present herewith their review and the audited financial statements together with auditors' report for the year ended June 30, 2015.

INDUSTRY OVERVIEW

The cement industry is set on an ascending course as it crossed yet another milestone when local sales during the year touched the highest ever historic figure of 28.20 million MT which was 2.062 million MT higher than that of the previous year. This was achieved through growth in domestic consumption which increased by 7.88%, despite increased penetration of Iranian cement in southern region of the country. However, exports declined by 11.58% as compared to the last year due to anti-dumping duty imposed in South Africa on Pakistani cement and influx of Iranian cement in the international market. Moreover, cheap Iranian cement is drastically eating up Pakistan's market share in Afghanistan. The cement export market is not expected to improve in the near future.

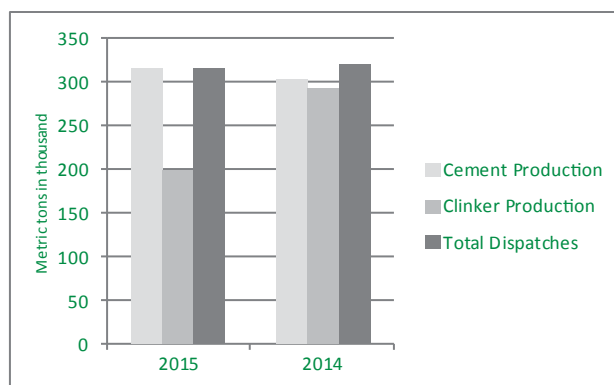
The overall performance of the industry remained satisfactory as it registered an overall growth of 3.26% in terms of volumes over the previous year. This was due to an increase in private sector expenditure on construction and housing, improved security situation, improving macroeconomic indicators and higher governmental infrastructure spending. The industry also benefited from lower coal cost coupled with reduced interest rates which contributed positively on the sector's profitability.

BUSINESS PERFORMANCE

(a) Production and Sales Volume Performance

The Kiln capacity utilization of the Company during the year stood at 44.65% as compared to 64.67% in the previous year. Overall clinker production was lower by 30.95% as compared to the last year whereas cement production including GBFS and oil well cement was lower by 1.39% than that of the previous year. The clinker production of your company was suspended for carrying out erection and installation of equipment for BMR project from February 28, 2015. All the jobs pertaining to BMR were completed satisfactorily and clinker production resumed subsequent to the year end. As a result, clinker production remained lower for the current year. However, the company ensured uninterrupted sales as per market demand by good planning and efficient inventory management.

Description	2015	2014	Variance	
	----- Metric Tons -----			%
Plant capacity – Clinker	450,000	450,000	-	-
Production				
Clinker	200,947	291,035	(90,088)	(30.95)
Cement	278,199	298,799	(20,600)	(6.89)
GBFS	33,722	18,127	15,595	86.03
Oil well Cement	2,389	1,816	573	31.55
Dispatches				
Cement				
- Local	278,670	284,799	(6,129)	(2.15)
- Oil well - Local	1,548	1,816	(268)	(14.75)
- Export	2,133	14,120	(11,987)	(84.89)
	<u>282,351</u>	<u>300,735</u>	<u>(18,384)</u>	<u>(6.11)</u>
GBFS – Local	<u>33,722</u>	<u>18,127</u>	<u>15,595</u>	<u>86.03</u>
	<u>316,073</u>	<u>318,862</u>	<u>(2,789)</u>	<u>(0.87)</u>



During the year local cement dispatches of your company including GBFS increased by 3.01% compared to the last year, whereas exports declined by 84.89% due to Company's focus on enhancing local sales which enhances profitability compared to exports and hence adds value to the shareholders wealth.

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

Description	2015	2014	Variance	
	----- Million Metric Tons -----		%	
Cement Industry				
Local sales	28.206	26.144	2.062	7.88
Export sales	7.194	8.137	(0.943)	(11.58)
	<u>35.400</u>	<u>34.281</u>	<u>1.119</u>	<u>3.26</u>
	----- Metric Tons -----			
Thatta Cement Company Limited				
Local sales	313,940	304,742	9,198	3.01
Export sales	2,133	14,120	(11,987)	(84.89)
	<u>316,073</u>	<u>318,862</u>	<u>(2,789)</u>	<u>(0.87)</u>

(b) **Financial Performance:**

A comparison of key financial results of the Company for the year ended June 30, 2015 with the same period last year is as under:

Particulars	2015	2014
	----- Rupees in thousands -----	
Turnover – net	2,304,404	2,182,327
Gross profit	645,901	682,015
Profit before taxation	417,007	473,159
Profit after taxation	289,274	298,387
Earnings per share (Rupees)	2.90	2.99

During the year turnover of the Company increased by 5.59%, due to higher local sales and induction of new customers, whereas there has been a decline in gross profit margin to 28.03% from 31.25%, due to fixed cost incurred during suspension of clinker production for four months during the financial year for the purpose of erection and installation of equipment for BMR project. Despite the overall reduction in gross margin, the company was able to earn a profit after tax of Rs. 289.274 million after providing for depreciation of Rs.43.306 million.

(i) **Sales Performance**

Sales revenue of the Company during the year increased by 5.59% due to increase in sales of GBFS, although there was an overall decline in sales volumes by 0.87% mainly due to lower export sales.

(ii) Cost of Sales

Cost of sales to sales ratio has inclined to 71.97% during the year as compared to 68.75% last year. This incline is mainly on account of fixed cost incurred and charged to profit and loss account as period cost, in accordance with applicable International Accounting Standards, during the period in the current financial year when clinker production was suspended.

(iii) Distribution Cost

The distribution cost during the year decreased to Rs.37.735 million as compared to Rs. 57.545 million last year, due to reduction in export related expenses, as a result of lower exports.

(iv) Finance Cost

Finance cost has reduced by 21.03% as compared to last year mainly on account of repayment of existing long term loan and reduction in average utilization of short term running finance. Moreover, inspite of increase in cost of sales, finance cost remained unaffected as interest accrued on BMR financing was recorded in Capital Work in Progress and was not charged to profit and loss account

Subsequent Appropriations

Based on the profit during the year under review, the Board of Directors has recommended a final cash dividend for the year ended June 30, 2015 at Rs 1.30/- per share i.e.13%. The entitlement shall be available to those shareholders whose name(s) appear on the shareholders' register at the close of business on October 08, 2015. The appropriation will be reflected in the subsequent financial statements, in compliance with Fourth Schedule to the Companies Ordinance, 1984.

Future Outlook

The Federal Budget for the fiscal year 2015-2016 announced by the Government in the month of June 2015 did not reflect truly the aspirations of cement manufacturers as various tax measures announced were not investor friendly were rather contrary to the investor's sentiments in general and cement sector in particular. These measures include levy of 3% super tax, on companies having taxable income of Rs 500 million or above and increase in import duty from 1% to 5% on coal which would increase the cost of cement manufacturers.

Though this year fiscal budget does not offer relief to the cement industry in terms of tax incentives, but the Government endeavors to substantially increase it's spending on Public Sector Development Programmes in the ensuing year. Moreover, cement demand in the 2016 fiscal year is expected to improve further on the back of initiation of projects relating to China-Pakistan Economic Corridor, favorable macroeconomic indicators and lower interest rates which will create a positive environment for improved dispatches during 2015-2016 and eventually enhance the bottom line profitability of the cement sector. Additionally, higher disposable income due to lower inflation will also boost private sector expenditure on construction and housing. However, cement exports may continue to slide further as Iranian cement will enter the world market after sanctions have been lifted from Iran and commissioning of Greenfield projects in Africa and elsewhere.

International Coal prices are expected to remain stable at the present level which will positively impact the cement industry with a promising economic outlook and controlled inflation. Selling price of cement is expected to remain stable or improved in the next financial year.

With the completion of BMR project, the productivity and efficiencies of your company shall improve impacting positively on the gross margins. As a result your company shall increase its market share and overall revenues.

The management is alive to the challenges ahead and is continuously evolving strategies and adopting appropriate measures to mitigate market risks, meet future challenges and maintain business growth.

Balancing, Modernization and Rehabilitation (BMR)

With the blessings of Almighty Allah and relentless efforts of our team the Balancing, Modernization and Rehabilitation of Thatta Cement Plant was completed as planned.

Special consideration was given to employ environmental friendly technologies during the design stage. The BMR has resulted in conversion of the conventional cement making process into state of the art pyro-process system which is highly efficient and environment friendly. The induction of state of the art technology would advance manifold benefits to the Company in terms of

improved productivity, high-grade products, better efficiencies, lowering cost of production, sustainability of operation etc. As a result of the BMR, your Company will now be able to earn better gross margins, due to cost efficiencies and will also be in better position to compete in local market and increase its market share.

Cement Grinding, Storing and Bagging Plant

During the year, efforts were made to resolve the issues facing the project; however, no positive feedback has been received from Sri Lanka Ports Authority (SLPA) so far. Instead, the SLPA has proposed an alternative location for the project to Thatta Cement Company (Private) Limited (TCCPL) which is not feasible for TCCPL. In view of the foregoing, the Board of Directors of the Company, as authorized by the shareholders of the Company in their Annual General Meeting held on October 20, 2014, has approved to write-off an aggregate amount of Rs 31.813 million receivable from TCCPL.

Performance of the Group

In compliance with section 236(5) of the Companies Ordinance, 1984 attached with this report are the consolidated financial statements of Thatta Cement Company Limited (the holding company) and M/s Thatta Power (Private) Limited (subsidiary company) for the year ended / as at June 30, 2015.

	June 30, 2015	June 30, 2014
	----- Rupees in thousands -----	
Balance Sheet		
Property, plant and equipment	3,396,003	2,699,846
Stock-in-Trade	230,907	418,063
Trade Debts	477,102	281,608
Paid-up Share Capital	997,181	997,181
Total Equity	2,123,392	1,614,395
Trade and Other payables	364,658	576,414
Short Term Borrowings	135,449	419,261
Profit and Loss		
Revenue	3,205,421	3,021,994
Gross Profit	1,042,325	1,107,419
Selling, Distribution and Administrative expenses	138,664	140,460
Operating profit	903,661	966,959
Profit before taxation	704,162	712,814
Profit after taxation	585,212	521,884

Thatta Power (Private) Limited – Captive Power Plant

Thatta Power (Private) Limited (TPPL), a subsidiary of Thatta Cement Company Limited (TCCL) has earned a profit after tax of Rs 291.693 million; however, distribution of profit shall not be made this year, due to covenants of financing agreements executed by the Subsidiary Company. Distribution of profit to shareholders of the Subsidiary Company would be made in future subject to compliance of covenants of financing agreements.

TPPL entered into a Power Purchase Agreement (PPA) with Hyderabad Electric Supply Company Limited (HESCO) on May 14, 2011 to sell electricity at rates agreed/tariff formula in the said agreement. Subsequently, National Electric Power Regulatory Authority (NEPRA) issued an order revising the tariff formula of the aforesaid agreement resulting in reduced tariff. TPPL filed a constitutional petition number D-4258/2013 in the year 2014, against NEPRA and obtained a stay order with respect to determination of revised tariff. Furthermore, TPPL also instituted a suit number 132 of 2013 before the Honorable Sindh High Court (SHC) against HESCO, on the grounds that HESCO failed to pay the dues to the Company as per PPA. The Court issued a stay order and instructed the parties to continue to fulfill the terms and conditions of the PPA including financial obligations. During the year ended June 30, 2015, HESCO violated the SHC's order passed in favor of TPPL, in respect of suit number 132 of 2013 and did not pay outstanding dues against supply of electric power aggregating to Rs 289.214 million; therefore, TPPL has moved a contempt of court application for order passed in suit 132 of 2013 against HESCO for delay / non-payment of monthly bills. The contempt application is in the process of prosecution.

Waste Heat Recovery Project

As part of expansion strategy of the Group and being corporate social responsible citizen, TPPL is setting up a 5 MW Waste Heat Recovery (WHR) project whereby waste heat of TCCL and TPPL will be used collectively to produce super heated steam for power generation. This project will not only introduce efficiency and cost reduction but will also result in significant reduction of greenhouse gas emissions and reducing the so called heat-isle effect thereby minimizing the damage to the environment. The financing for the project has been arranged with syndicate of Banks and necessary documentation is under process for financial closure. Moreover, agreement for supply of equipment for Waste Heat Recovery unit has been signed with a renowned Chinese company.

Corporate Social Responsibility

Being a responsible corporate citizen, the Company always strives to discharge its social responsibilities towards the society. The Company promotes and facilitates welfare of the local communities in the town where the Company operates. During the year, the Company has incurred a reasonable amount on various education and health initiatives.

Related Party Transactions

All related party transactions entered into are at arm's length basis which were reviewed and approved by the Audit Committee as well as the Board of Directors of the Company in compliance with the KSE Regulations of the Karachi Stock Exchange Limited.

Code of Corporate Governance

The Directors of the Company are well aware of their responsibilities under the Code of Corporate Governance incorporated in the KSE Regulations of the Stock Exchange. All necessary steps are being taken to ensure good Corporate Governance in the Company as required under the Code.

- a. The financial statements, prepared by the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- b. Proper books of account have been maintained by the Company.
- c. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Financial Reporting Standards and International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements and there has been no material departure therefrom.
- e. The system of internal control has been effectively implemented and is continuously reviewed and monitored.
- f. We have an Audit Committee, the members of which are amongst non executive directors of the Board.
- g. The Company is a going concern and there is no doubt at all about the Company's ability to continue as a going concern.
- h. There has been no material departure from the best practices of corporate governance, as detailed in the KSE Regulations.
- i. The Board of Directors has adopted a mission statement and statement of overall corporate strategy.
- j. The Company has developed a Code of Conduct, which has been placed on website of the Company.
- k. There is nothing outstanding against the Company on account of taxes, duties, levies and other charges except for those which are being made in the normal course of business and disclosed in the financial statements.
- l. The Company maintains Provident and Gratuity Fund for its permanent employees. Stated below are the amount charged by the Company in profit and loss:

- Provident Fund Rs. 7,311,309
- Gratuity Fund Rs. 11,009,963

The value of investments as per audited accounts of retirement benefit plans of Thatta Cement Company Limited as at June 30, 2015 are as follows:

- Provident Fund Rs. 47,908,029
- Gratuity Fund Rs. 46,376,743

m. Earning per share for the year was Rs. 2.90 as against Rs 2.99 last year.

n. We have included the following information in the annual report, as required by the Code of Corporate Governance:

- i. Statement of pattern of shareholding.
- ii. Key operating and financial statistics for the last six years.
- iii. Statement of number of Board, Audit Committee and HR and Remuneration Committee meetings held during the year and attendance by each director (Annexure I).

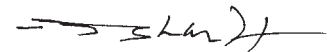
External Auditors

The Board of Directors, on the recommendation of Audit Committee of the Company has proposed the appointment of M/s. Grant Thornton, Anjum, Rahman & Co, Chartered Accountants as external auditors, for the year ending on June 30, 2016. The retiring auditors M/s KPMG Taseer Hadi & Co, Chartered Accountants are eligible for re-appointment in the forthcoming Annual General Meeting. However, a notice under section 253(1) of the Companies Ordinance, 1984 has been received from a shareholder of the Company for the change of auditor.

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 relentless efforts and dedicated services, team work, loyalty and hard work of all the employees of the Company and hope their continued dedication shall further consolidate the Company and keep it abreast to face future developments and demands.

On behalf of the Board



Muhammad Fazlullah Shariff
Chief Executive Officer

Karachi: September 17, 2015

ABSTRACT FOR VARIATION IN TERMS OF APPOINTMENT OF CHIEF EXECUTIVE OFFICER OF THE COMPANY

To: All Members of the Company

Subject: Variation in terms of appointment of the Chief Executive Officer (CEO) of the Company

Dear Member

This is to inform you under section 218 of the Companies Ordinance, 1984 ("Ordinance"), the Board of Directors of the Company in its meeting held on June 15, 2015 increased the monthly remuneration of Mr. Muhammad Fazlullah Shariff as the Chief Executive Officer (CEO) of your Company from Rs 1,100,000/- to Rs 1,240,000/- per month (gross), inclusive of all allowances, with effect from July 1, 2015. Other perquisites as per the Company policy, which include Company's contribution to provident fund, annual bonuses, leave fare assistance, encashment of annual leaves as per company policy, medical and life insurance and gratuity as per Company policy.

No other Director of the Company has any interest in such variation.

Regards,

Muhammad Taha Hamdani
Company Secretary

ANNEXURE - I

Attendance of Directors in Board Meetings held during the year ended June 30, 2015:

Name	No. of Meetings	Meeting attended
Mr. Khawaja Muhammad Salman Younis - Chairman	6	6
Mr. Muhammad Fazlullah Shariff - Chief Executive Officer	6	6
Mr. Shahid Aziz Siddiqui – Director	6	6
Mr. Wazir Ali Khoja - Director	6	6
Mr. Agha Sher Shah - Director	6	5
Mr. Saleem Zamindar - Director	6	5
Mr. Attaullah A. Rasheed - Director	6	5

Attendance of Members in Audit Committee Meetings held during the year ended June 30, 2015:

Name	No. of Meetings	Meeting attended
Mr. Wazir Ali Khoja - Chairman Committee	4	4
Mr. Shahid Aziz Siddiqui - Member	4	4
Mr. Khawaja Muhammad Salman Younis - Member	4	4

Attendance of Members in HR and Remuneration Committee Meetings held during the year ended June 30, 2015:

Name	No. of Meetings	Meeting attended
Mr. Saleem Zamindar - Chairman Committee	2	2
Mr. Khawaja Muhammad Salman Younis - Member	2	2
Mr. Muhammad Fazlullah Shariff - Member	2	2

COMBINED PATTERN OF CDC AND PHYSICAL SHAREHOLDINGS AS AT JUNE 30, 2015

Category No.	Categories of Shareholders	No. of shares held	Category wise no. of shareholders	Category wise shares held	Percentage %
1	INDIVIDUALS		886	1,634,778	1.642
2	INVESTMENT COMPANIES		-	-	-
3	JOINT STOCK COMPANIES		11	17,831,306	17.88
4	DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSE AND MINOR CHILDREN		5	2,250	0.002
	- KHAWAJA MUHAMMAD SALMAN YOUNIS	125			
	- AGHA SHER SHAH	1,000			
	- MUHAMMAD FAZLULLAH SHARIFF	125			
	- SHAHID AZIZ SIDDIQUI	500			
	- SALEEM ZAMINDAR	500			
5	EXECUTIVES	-	-	-	-
6	MUTUAL FUNDS		3	6,669,580	6.688
	- NATIONAL BANK OF PAKISTAN - TRUSTEE DEPARTMENT NI(UT) FUND	3,186,580			
	- CDC - TRUSTEE NIT - EQUITY MARKET OPPORTUNITY	2,233,000			
	- CDC - TRUSTEE NAFA STOCK FUND	1,250,000			
7	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES		4	44,379,009	44.504
	- AL-MIFTAH HOLDINGS (PVT) LIMITED	9,146,788			
	- GOLDEN GLOBE HOLDING (PVT) LTD	8,479,090			
	- RISING STAR HOLDING (PVT) LTD	6,308,917			
	- SKY PAK HOLDING (PVT) LIMITED	20,444,214			
8	PUBLIC SECTOR COMPANIES AND CORPORATIONS	-	-	-	-
9	BANKS, DFIs, NBFIs, INSURANCE COMPANIES, MODARBAS AND PENSION FUNDS		4	29,197,697	29.280
10	FOREIGN INVESTORS		7	3,505	0.004
11	CO-OPERATIVE SOCIETIES		-	-	-
12	CHARITABLE TRUSTS		-	-	-
13	OTHERS		-	-	-
			920	99,718,125	100.00

SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE COMPANY

TOTAL PAID-UP CAPITAL OF THE COMPANY 99,718,125 SHARES

5% OF THE PAID-UP CAPITAL OF THE COMPANY 4,985,906 SHARES

NAME OF SHAREHOLDERS	DESCRIPTION	NO. OF SHARES HELD	PERCENTAGE
NATIONAL BANK OF PAKISTAN	FALLS IN CATEGORY # 9	9,859,862	9.89%
SUMMIT BANK LIMITED	FALLS IN CATEGORY # 9	8,462,835	8.49%
ARIF HABIB CORPORATION LIMITED	FALLS IN CATEGORY # 3	10,254,987	10.28%
ARIF HABIB LIMITED	FALLS IN CATEGORY # 3	7,555,817	7.58%
STATE LIFE INSURANCE CORPORATION OF PAKISTAN	FALLS IN CATEGORY # 9	7,500,000	7.52%
SKY PAK HOLDING (PVT) LTD	FALLS IN CATEGORY # 7	20,444,214	20.50%
AL-MIFTAH HOLDING (PVT) LTD	FALLS IN CATEGORY # 7	9,146,788	9.17%
GOLDEN GLOBE HOLDING (PVT) LTD	FALLS IN CATEGORY # 7	8,479,090	8.50%
RISING STAR HOLDING (PVT) LTD	FALLS IN CATEGORY # 7	6,308,917	6.33%

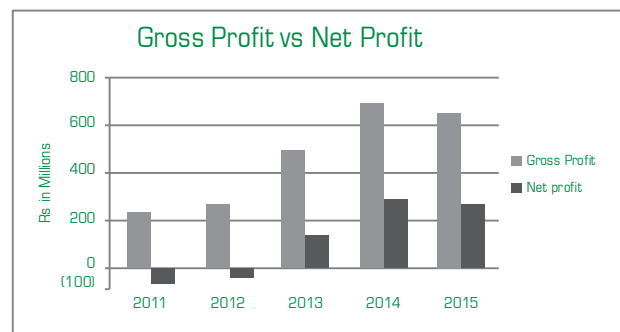
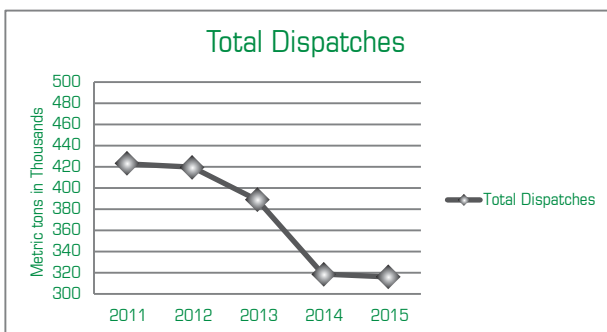
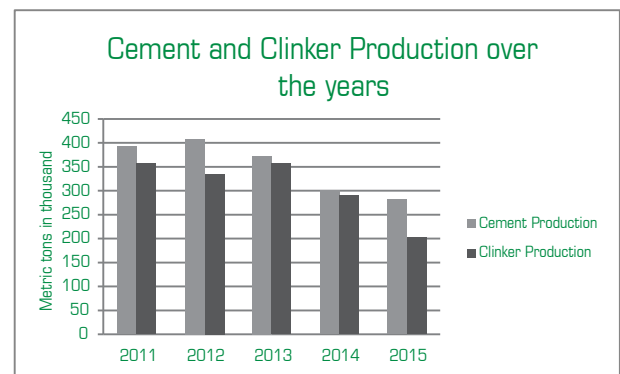
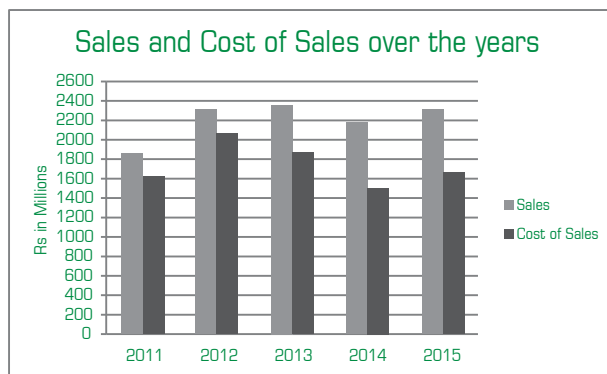
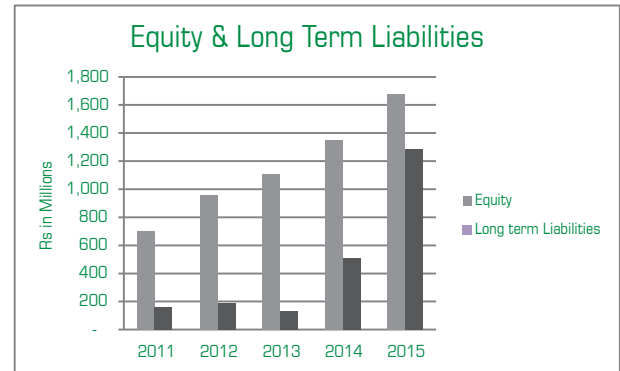
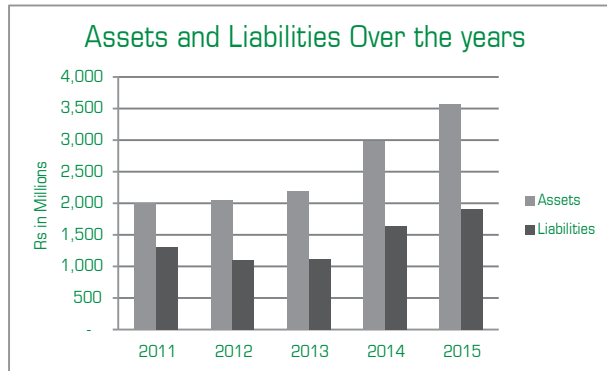
PATTERN OF SHAREHOLDINGS - CDC AND PHYSICAL AS AT JUNE 30, 2015

No. of shareholders	Shareholdings		Total shares held
	From	To	
182	1	100	1,335
587	101	500	286,939
78	501	1,000	66,626
43	1,001	5,000	94,635
6	5,001	10,000	50,500
2	10,001	15,000	23,500
1	15,001	20,000	17,500
1	25,001	30,000	30,000
1	35,001	40,000	40,000
1	50,001	55,000	51,500
1	55,001	60,000	58,000
1	65,001	70,000	68,000
1	120,001	125,000	125,000
1	170,001	175,000	174,500
1	570,001	575,000	573,000
1	1,245,001	1,250,000	1,250,000
1	2,230,001	2,235,000	2,233,000
1	3,185,001	3,190,000	3,186,580
1	3,370,001	3,375,000	3,375,000
1	6,305,001	6,310,000	6,308,917
1	7,495,001	7,500,000	7,500,000
1	7,555,001	7,560,000	7,555,817
1	8,460,001	8,465,000	8,462,835
1	8,475,001	8,480,000	8,479,090
1	9,145,001	9,150,000	9,146,788
1	9,855,001	9,860,000	9,859,862
1	10,250,001	10,255,000	10,254,987
1	20,444,001	20,445,000	20,444,214

920

99,718,125

FINANCIAL HIGHLIGHTS



KEY OPERATING AND FINANCIAL STATISTICS OF SIX YEARS FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014	2013	2012	2011	2010
	----- Rupees in thousands -----					
	-----Restated-----					
Assets Employed						
Property, plant and equipment	2,149,869	1,415,559	943,879	840,341	804,663	848,781
Intangible assets	6,418	318	448	3,366	3,216	3,116
Long term deposits	1,096	1,006	1,006	792	792	88
Long term investment in associate	-	-	127,847	127,847	127,847	-
Long term investment - Available for sale	279,341	140,106	-	-	-	-
Long term investment in subsidiary	299,158	299,158	299,158	299,158	-	-
Current assets	823,233	1,113,366	824,613	770,483	1,055,648	585,639
	<u>3,559,115</u>	<u>2,969,513</u>	<u>2,196,951</u>	<u>2,041,987</u>	<u>1,992,166</u>	<u>1,437,624</u>
Financed by						
Shareholders equity	1,673,500	1,349,257	1,103,935	958,282	702,968	775,563
Long term financing	1,215,380	484,652	73,865	131,785	103,037	41,666
Current portion of long term financing	69,398	24,586	57,919	57,919	46,147	41,667
	1,284,778	509,238	131,784	189,704	149,184	83,333
Long term deposits & deferred liabilities	152,392	151,195	121,259	61,205	39,222	48,681
Current liabilities	517,843	984,409	897,892	890,715	1,146,939	571,714
Current portion of long term financing	(69,398)	(24,586)	(57,919)	(57,919)	(46,147)	(41,667)
	448,445	959,823	839,973	832,796	1,100,792	530,047
Total funds invested	<u>3,559,115</u>	<u>2,969,513</u>	<u>2,196,951</u>	<u>2,041,987</u>	<u>1,992,166</u>	<u>1,437,624</u>
Turnover and Profit						
Turnover	2,304,404	2,182,327	2,361,192	2,314,211	1,854,649	1,544,124
Gross Profit	645,901	682,015	485,513	250,092	239,031	277,353
Operating Profit/(Loss)	512,899	544,789	351,473	71,419	(37,762)	40,577
Profit/(Loss) before tax	417,007	473,159	257,044	(7,422)	(64,188)	1,769
Profit/(Loss) after tax	289,274	298,387	148,478	(43,882)	(74,495)	942
Accumulated Profit/(Loss) carried forward	431,766	252,358	7,036	(138,617)	(94,777)	(22,182)
Earning/(Loss) per share (Rupees)	2.90	2.99	1.49	(0.44)	(0.93)	0.01
Ratio Analysis						
Profitability						
	----- In percentage % -----					
Gross profit to sales	28.03	31.25	20.56	10.81	12.89	17.96
Operating Profit/(Loss) to sales	22.26	24.96	14.89	3.09	(2.04)	2.63
Profit/(Loss) before tax to sales	18.10	21.68	10.89	(0.32)	(3.46)	0.11
Profit/(loss) after tax to sales	12.55	13.67	6.29	(1.90)	(4.02)	0.06
Solvency (in times)						
Working capital ratio	1.59	1.13	0.92	0.87	0.92	1.02
Acid test ratio	0.71	0.29	0.23	0.28	0.50	0.26
Inventory turnover (COGS) - days	74	96	57	40	52	67
Overall Assessment & Valuation						
Return on equity after tax	17.29	22.11	13.45	(4.58)	(10.60)	0.12
Long term debts to equity ratio	42.07	26.43	6.27	12.09	12.78	5.10
Return on assets	8.13	10.05	6.76	(2.15)	(3.74)	0.07
Breakup value per share (Rupees)	16.78	13.53	11.07	9.61	8.81	9.72

MAJOR EVENTS

Annual General Meeting - 2014



Board of Directors of Thatta Cement Company Limited visited Factory



Inauguration of IT Data Centre at Factory



WPPF Distribution Ceremony



BMR Equipment in its Installation Phase



CORPORATE SOCIAL RESPONSIBILITY, HEALTH, SAFETY, ENVIRONMENT, EMPLOYEES WELFARE, EDUCATION, WELLBEING & EMPOWERMENT OF SOCIETY.

Thatta Cement Company Limited is one of the most corporate conscience cement companies in Pakistan on the broad canvas of Health, Safety and Environmental compliances related to legal requirements as well as internationally certifiable standards.

Since establishment TCCL not merely believes in Health, Safety and Environment, also we are committed with corporate social responsibilities and employees welfare, a step ahead the labor laws. In this respect, we are having one of the lowest TRIR (Total Recordable Injuries Rate) among all Pakistani Cement Companies, i.e. TRIR equals to 1.3985. Similarly according to recent HR survey reports of ESL (Employees Satisfactory Level), TCCL's ESL lies between 75-80% which is the highest employee's satisfaction level among majority of Pakistani companies.

The best reflection of TCCL's commitment towards safety culture is not only limited to a huge capital investment and resources provision to create a safe system of work, rather we have included safety culture as a key performance indicator of annual performance evaluation criteria for all employees, so as to synergies this function with routine practices of our workplace. In this respect, safety culture holds 20% of the total weightage of overall performance appraisal.

It is pertinent to mention here that during the recent BMR Project, TCCL carried out approx. 3000 tons erection with



1000 tons fabrication. The project employed thousands of men hours day/night work including hot work, confined spaces entry, work at height, lifting by heavy American crawler and ring crane, excavations, dismantling of heavy articles and lot of other high risk jobs without any fatality. Restricting TRIR less than 1.5 by means of mitigating the catastrophic risks to acceptable safe level as far as reasonably practicable through implementation of suitable hierarchy of risk controls. Moreover, the overall BMR Project is focused on design level safety.

TCCL is one of the first cement company in cement sector of Pakistan which introduced the culture of Free Medical Camps and now many other cement organizations are following in the foot step.

TCCL has its own medical facility with well equipped ambulances strengthening the injuries and illness prevention program under the supervision of HSE Department. Periodic health screening of employees and awareness sessions are the basic tools of this program. TCCL has completed more than 7000 man hours training on various disciplines of HSE. We have a fully furnished training center equipped with audio visual tools circumscribing the needs of continuous development of employees. A sufficient share of CSR funds is allotted for free medical services to neighboring villages. Our aim is to create a healthy and educated society with mental, physical and social wellbeing. Undeniably,



Similarly a quality education system is running under the governance of Thatta Cement Education Board with highly qualified and experienced members. Model Terbiat School is providing quality education for decades.

Looking through environmental compliances, TCCL is implementing adequate controls on fugitive emissions in all aspects such as process, engineering and administrative controls. For this purpose, Bag Houses, Dust Cyclones and Electrostatic Precipitators working efficiently besides effective controls on FRD (fugitive road dust) by applying speed limits and suppression by damping down throughout the premises.

Likewise, being socially responsible and environmentally concerned, TCCL supports horticulture by contributing 2000 new seeds to the green environment every year. A dedicated team is employed for Environmental Aspects Identification and Impacts Assessment to implement suitable controls where required. According to a recent environmental impact analysis carried out by a reputed EPA licensed environmental lab, TCCL has proved to have the highest level of environmental compliances regarding NEQS conformance.



In a nut shell, this huge investment of time, money and efforts is to meet the moral, legal and financial responsibilities of an employer to acquire the socio-economic impacts as a reputed organization. We believe that; "Our work is never so urgent or important that we cannot take the time to manage it safely or environment friendly."

Some Activities of TCCL (WPPF Distribution, Workers Iftar, Ration Distribution, Free Medical Camp)



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the shareholders of Thatta Cement Company Limited will be held at Beach Luxury Hotel, M. T. Khan Road, Karachi on Friday, October 16, 2015 at 10.00 a.m. to transact the following business:

A. Ordinary Business

1. To confirm the minutes of Annual General Meeting of the shareholders held on October 20, 2014.
2. To receive, consider and adopt Annual Audited Financial Statements of the Company together with the Directors' and the Auditors' reports thereon for the year ended June 30, 2015, together with the Audited consolidated financial statements of the Company and the Auditors' report thereon for the year ended June 30, 2015.
3. To consider, declare and approve final cash dividend for the year ended June 30, 2015 at the rate of Rs 1.30/- per share i.e. 13% as recommended by the Board of Directors.
4. To appoint auditors of the Company for the year ending on June 30, 2016 and fix their remuneration. The Board of Directors, on recommendation of the Audit Committee has proposed the appointment of M/s. Grant Thornton, Anjum, Rahman & Co, Chartered Accountants, as auditors for the year ending on June 30, 2016. A notice under section 253(1) of the Companies Ordinance, 1984 has been received from a shareholder of the company for the change in auditors.
5. To elect seven (7) Directors of the Company as fixed by the Board for a term of three years commencing from October 17, 2015 in accordance with the provisions of Section 178(1) of the Companies Ordinance, 1984. Retiring directors are Mr. Khawaja Muhammad Salman Younis, Mr. Muhammad Fazlullah Shariff, Mr. Agha Sher Shah, Mr. Shahid Aziz Siddiqui, Mr. Wazir Ali Khoja, Mr. Saleem Zamindar and Mr. Attaullah A. Rasheed. The retiring directors are eligible for re-election.

B. Special Business

6. To consider and, if deem fit, to pass with or without any amendment/modification the following resolutions as Special Resolution for investment (loans/advances) in subsidiary company:

RESOLVED that the consent and approval be and is hereby accorded under section 208 of the Companies Ordinance, 1984 to provide loan/advance upto maximum amount of Rs 300 million to Thatta Power (Private) Limited (TPPL), a Subsidiary Company to honor/meet its financial obligations and working capital requirements, subject to the terms and conditions mentioned in the annexed statement under section 160(1)(b) of the Companies Ordinance 1984.

FURTHER RESOLVED that the Chief Executive and the Company Secretary be and are hereby jointly authorized to take and do and / or cause to be taken or done any / all necessary actions, deeds and things which are or may be necessary for giving effect to the aforesaid resolution and to do all acts, matters, deeds, and things which are necessary, incidental and / or consequential to the investment (loans/advances) of the Company's funds as above as and when required at the time of investment.

A statement as required under section 160(1)(b) of the Companies Ordinance, 1984 is being sent to the members along with the notice.

7. To transact any other business with the permission of the Chair.

By Order of the Board

Karachi: September 23, 2015

Muhammad Taha Hamdani
CFO & Company Secretary

Notes:

1. The Share Transfer Books of the Company for Ordinary Shares will remain closed from October 9, 2015 to October 16, 2015 (both days inclusive) for determination of entitlement of shareholders to cash dividend and to attend and vote at the Annual General Meeting.
 - a. Physical transfers and deposit requests under Central Depository System received at the close of business on October 08, 2015 by the Company's Share Registrar i.e. M/s THK Associates (Pvt) Limited, Second Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi 75530, will be treated as being in time for above mentioned entitlement and to attend the meeting.
 - b. A member of the Company entitled to attend and vote may appoint another member as his / her proxy to attend and vote instead of him / her. The instrument of proxy i.e. proxy forms must be received at the Registered Office of the Company not less than 48 hours before the time of the meeting.
 - c. The form of proxy must be submitted with the Company within the stipulated time, duly witnessed by two persons whose names, address and CNIC numbers must be mentioned on the form, along with attested copies of CNIC or Passport of the beneficial owner and the proxy.
 - d. In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature(s) shall be submitted with the proxy form.
 - e. Beneficial owners of the physical shares and the shares registered in the name of Central Depository Company of Pakistan Ltd. (CDC) and / or their proxies are required to produce their **original Computerized National Identity Card (CNIC) or Passport for identification purpose at the time of attending the meeting.**
 - f. Every candidate contesting for the election as a director, whether he is a retiring Director or otherwise shall file with the Company not later than fourteen (14) clear days before the date of Annual General Meeting a notice of his intention to offer himself as a Director alongwith the consent to serve as a Director in the prescribed Form 28, a detailed profile alongwith his/her relevant declarations as required under the Code of Corporate Governance for his appointment as Director of the Company.
 - g. He/she should also confirm that:
 - i) He/she is not ineligible to become a Director of the Company under any applicable laws and regulations (including KSE Regulations of Karachi Stock Exchange Limited).
 - ii) He/she is not serving as a Director in more than seven listed companies.
 - iii) Neither he/she nor his/her spouse is engaged in the business of brokerage or is a sponsor Director or officer of a corporate brokerage house.
2. Pursuant to the directive of the Securities & Exchange Commission of Pakistan (SECP), CNIC numbers of shareholders are mandatorily required to be mentioned on dividend warrants. Shareholders are therefore requested to submit a copy of their CNIC (if not already provided) to Company's Shares Registrar M/s THK Associates (Pvt) Limited, Second Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi.
3. In compliance with SECP's Circular No 8.(4) SM/CDC 2008 dated April 5, 2013, the company wishes to inform its shareholders that under the law they are also entitled to receive their cash dividend directly in their bank accounts instead of receiving through dividend warrants. Shareholders, wishing to exercise this option, may submit their application to the Company's Share Registrar, giving particulars relating to name, folio number, bank account number, title of account and complete mailing address of the bank. CDC account holders should submit their request directly to their broker (participant)/CDC.
4. SECP has issued an SRO No 634(I)/2014 dated July 10, 2014 whereby every listed company shall maintain a functional website of the company. In compliance of the said SRO, we would like to inform our shareholders that annual report of the Company for the year ended June 30, 2015 has been placed on company's website for information and access of the shareholders.

5. SECP has issued an SRO No 787(I)/2014 dated September 8, 2014 whereby companies have been allowed to circulate annual balance sheet and profit and loss account, auditor's report and directors report etc alongwith the notice of annual general meeting to its members through email. In compliance of the said SRO, we hereby give you the opportunity to send us your **written consent alongwith your valid email ID** for the purpose of transmission/circulation of annual balance sheet and profit and loss account, auditor's report and directors report etc alongwith the notice of Annual General Meeting etc.

For your convenience, a Standard Request Form has been made available at our website www.thattacement.com. The scanned copy of the duly filled & signed form may be emailed to CSTCCL@thattacement.com or the same can be submitted through post/courier to Company's Share Registrar M/s THK Associates (Pvt) Limited, Second Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi.

6. (i) Shareholders are hereby informed that through Finance Act, 2015, effective from July 1, 2015, the rates of deduction of income tax under section 150 of the Income Tax Ordinance, 2001 from dividend payment have been revised as follows:

a.	Rate of tax deduction for Filer of income tax return	12.50%
b.	Rate of tax deduction for Non-filer of income tax return	17.50%

All the shareholders whose names are not entered into Active Tax Payer list (ATL) available at FBR [website www.fbr.gov.pk](http://www.fbr.gov.pk) despite the fact that they are filers are advised to make sure that their names are entered into ATL.

ii) Further, according to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-Filer' status of principal shareholder as well as joint-holder (s) based on their shareholding proportions in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Individual /Company Name	Folio/CDC A/c No.	Total Shares	Principal Shareholder		Joint Shareholder	
			Name & CNIC #	Shareholding proportion (No. of Shares)	Name & CNIC #	Shareholding proportion (No. of Shares)

The required information must reach our Share Registrar within 10 days of this notice; otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint Holder(s).

For any query/information, shareholders may contact the Company and/or Company's Share Registrar M/s THK Associates (Pvt) Limited, Second Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi.

7. Shareholders are requested to notify immediately to Company's Share Registrar of any change in their address or their particulars.

Statement under section 160(1)(b) of the Companies Ordinance, 1984

Material facts concerning special business at the Annual General Meeting are given below:

Investment under section 208

This statement is annexed to the notice of the Annual General Meeting of the Company to be held on October 16, 2015 at which a special business is to be transacted and the purpose of this statement is to set out all the material facts concerning such special business in terms of sections 160 (1) (b) and 208 of the Companies Ordinance, 1984 (the "Ordinance") read with the Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2012.

Loans and Advances

1.	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established;	Thatta Power (Private) Limited (TPPL), subsidiary company. The Company holds 62.43% shareholding in TPPL.
2.	Amount of loans or advances;	Upto Rs 300 million
3.	Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances;	To provide advance/loan to TPPL to honor its financial obligations and to meet its working capital requirements. This advance is required by TPPL due to HESCO's (Hyderabad Electric Supply Company Limited) default in payment of electricity bills raised by TPPL. This is causing financial difficulty for TPPL to make repayment of its loan/financial commitments and also to meet its working capital /operational funds requirements. Thatta Cement Company Limited will continue to receive uninterrupted supply of electricity and will also benefit from sustainable cement production.
4.	In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof;	Not applicable
5.	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements;	As per audited financial statements of TPPL for the year ended June 30, 2015: Total Assets: Rs 1,994.47 million Total Equity: Rs 1,212.060 Turnover – Net : Rs 1,315.93 million Profit after Tax: Rs 291.69 million Earnings per share : Rs 6.09 per share
6.	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period;	Three months KIBOR +2.62%
7.	Rate of interest, mark up, profit, fees or commission etc. to be charged;	Three months KIBOR +2.62%
8.	Sources of funds from where loans or advances will be given;	Current and future cash flows of the company or out of available running finance facilities
9.	Where loans or advances are being granted using borrowed funds,	Please refer 8. above.

	(i) justification for granting loan or advance out of borrowed funds;	To ensure sustainability of operations of TPPL which are essential for uninterrupted supply of electricity to the company.
	(ii) detail of guarantees / assets pledged for obtaining such funds, if any; and	Hypothecation over current & fixed assets of the company.
	(iii) repayment schedules of borrowing of the investing company;	As per agreed terms of running financing facility.
10.	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any;	Not applicable
11.	If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable;	Not applicable
12.	Repayment schedule and terms of loans or advances to be given to the investee company;	Adjustable against electricity bills and / or repayment from available funds of TPPL, if any
13.	Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment;	The Agreement will be executed subject to approval of shareholders in accordance with the terms and conditions mentioned in this statement.
14.	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	None, except to the extent of respective shareholding in the company as disclosed in pattern of shareholding.
15.	Any other important details necessary for the members to understand the transaction; and	None
16.	In case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely,-	Not applicable
	(i) a description of the project and its history since conceptualization;	Not applicable
	(ii) starting date and expected date of completion;	Not applicable
	(iii) time by which such project shall become commercially operational;	Not applicable
	(iv) expected return on total capital employed in the project;	Not applicable
	(v) funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts;	Not applicable



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Chartered Accountants
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Karachi, 75530 Pakistan

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Internet www.kpmg.com.pk

Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of **Thatta Cement Company Limited** ("the Company") for the year ended 30 June 2015 to comply with the requirements of Listing Regulations of Karachi Stock Exchange where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

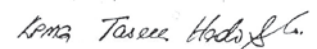
The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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 as applicable to the Company for the year ended 30 June 2015.

Further, we highlight below instance of non-compliance with the requirement of the Code as reflected in paragraph 9 in the Statement of Compliance with respect to the requirement to complete director's training of at least one director during the year which will be complied in the upcoming year.

Date: 17 September 2015

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

FOR THE YEAR ENDED JUNE 30, 2015

This statement is being presented to comply with the Code of Corporate Governance, 2012 (CCG, 2012) contained in Regulation No. 5.19 of Karachi Stock Exchange Limited Regulations of Karachi Stock Exchange Limited (hereinafter referred as "KSE Regulations") 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:

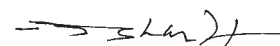
1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. As at June 30, 2015 the Board includes:

Category	Names
Independent & Non-Executive Directors	Mr. Khawaja Muhammad Salman Younis, Mr. Agha Sher Shah, Mr. Wazir Ali Khoja, Mr. Shahid Aziz Siddiqui, Mr. Saleem Zamindar and Mr. Attaullah A. Rasheed
Executive Director	Mr. Muhammad Fazlullah Shariff

2. The Directors have confirmed that none of them is serving as a Director in more than seven listed companies, including this Company.
3. 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 NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred during the year on the Board of Directors.
5. The Company has prepared a 'Code of Conduct' and has ensured to disseminate it throughout the company alongwith supporting policies and procedures and which has also been placed on Company's website.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment, determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO), other executive and non-executive directors have been taken by the Board.
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 atleast once in every quarter. Written notices of the Board meetings, alongwith agenda and working papers, were circulated atleast seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. As per the requirement of Regulation no. 5.19.7 of the KSE Regulations, every year a minimum of one director shall acquire director's training. During the year, Company made its utmost efforts to comply with the requirement to complete director's training of atleast one director; however same could not be complied. However, company is committed to make appropriate arrangement to comply with the requirement in the upcoming year.

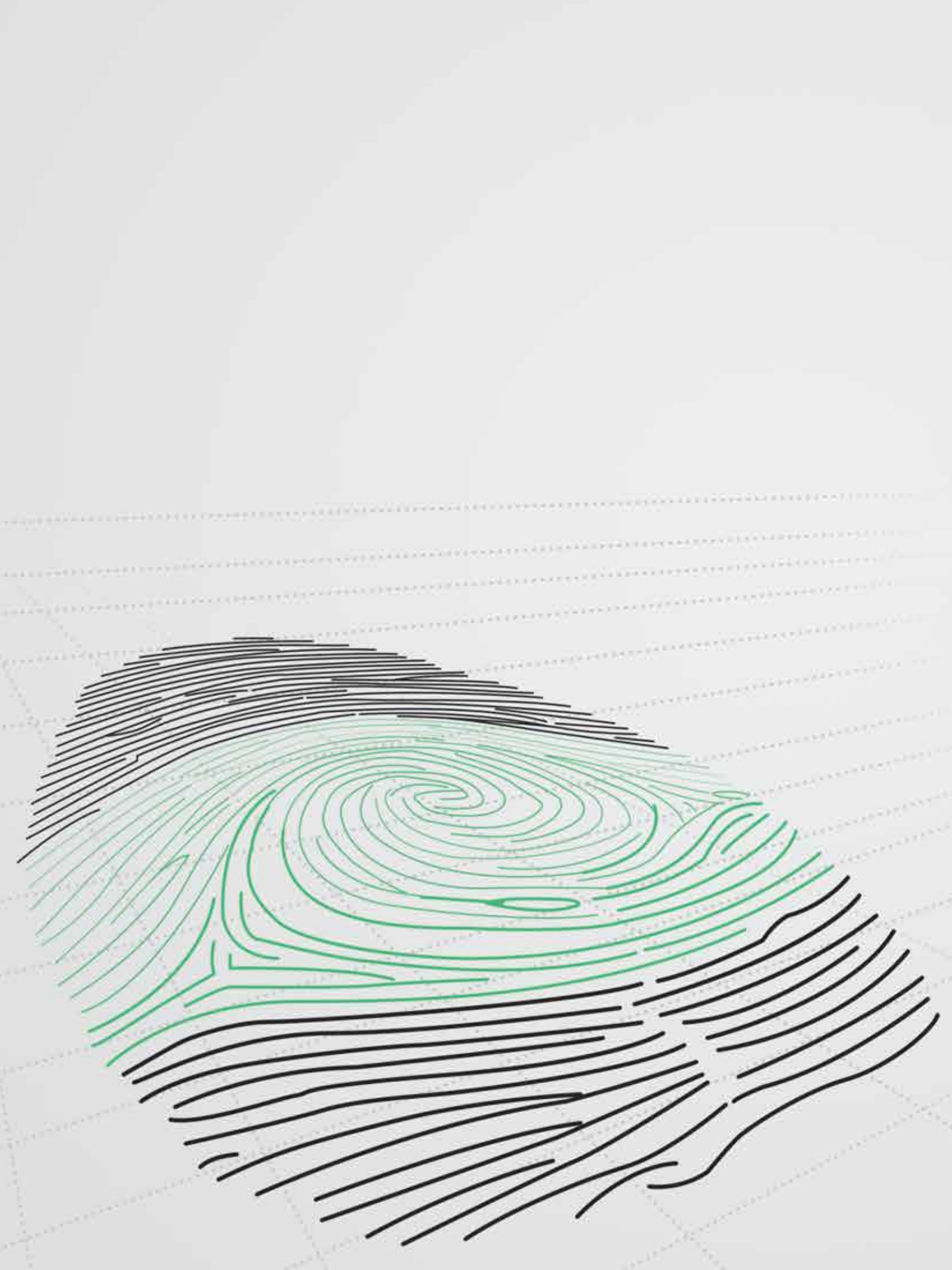
10. No new appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit has been made during the year. However, their remuneration and terms and conditions of employment have been duly approved by the Board.
11. The Directors' Report for this year has been prepared in compliance 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 CEO and CFO before approval of the Board.
13. The Directors, CEO and other executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholdings.
14. The Company has complied with all the corporate and financial reporting requirement of the Code.
15. The Board has formed an Audit Committee. It comprises of three members and the Chairman of the committee is an independent director.
16. The meetings of the Audit Committee were held atleast once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has also formed an HR and Remuneration Committee. It comprises of three members of whom majority are non-executive directors and the Chairman of the committee is an independent director.
18. The Board has developed a Board Evaluation Framework for annual evaluation of its own performance to meet the requirement of CCG, 2012 and has also carried its evaluation on the basis of such framework. The overall result of Board's evaluation has been termed as "Effective Board" based on scoring criteria provided in the said framework.
19. The Board has outsourced the internal audit function to M/s Deloitte Yousuf Adil & Co., Chartered Accountants and also appointed a Head of Internal Audit who is suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programe 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 the Institute of Chartered Accountants of Pakistan.
21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the KSE regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.
23. Material/price sensitive information has been disseminated among all the participants at once through stock exchange.
24. We confirm that all other material principles contained in the Code have been duly complied with.

On behalf of the Board



Muhammad Fazlullah Shariff
Chief Executive Officer

Karachi: September 17, 2015



Imprinting

an identity

Targeting high standard of excellence through quality deliverables to create a unique mark within your surroundings. Thatta Cement takes pride in being able to provide quality products tenaciously adopting State of the Art Technologies and Environment friendly processes. Creating an identity, marking the now for the future.



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi, 75530 Pakistan

Telephone +92 (21) 3568 5847
Fax +92 (21) 3568 5095
Internet www.kpmg.com.pk

Auditors' Report to the Members

We have audited the annexed unconsolidated balance sheet of **Thatta Cement Company Limited** ("the Company") as at 30 June 2015 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated 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.

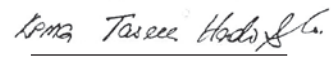
It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an 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 unconsolidated balance sheet and unconsolidated 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 unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated 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 2015 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Date: 17 September 2015

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Mazhar Saleem

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

UNCONSOLIDATED BALANCE SHEET

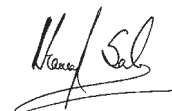
As at June 30, 2015

	Note	2015	2014
		----- Rupees in thousands -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	2,149,869	1,415,559
Intangible assets	6	6,418	318
Long term investment in subsidiary	7	299,158	299,158
Long term investment - available-for-sale	8	279,341	140,106
Long term deposits		1,096	1,006
		<u>2,735,882</u>	<u>1,856,147</u>
CURRENT ASSETS			
Stores, spare parts and loose tools	9	196,110	379,653
Stock-in-trade	10	240,225	431,626
Trade debts	11	187,888	117,390
Loans and advances	12	19,043	13,430
Trade deposits and short term prepayments	13	19,051	20,844
Other receivables and accrued interest	14	43,087	113,723
Taxation - net		4,992	-
Sales tax refundable		-	8,252
Cash and bank balances	15	112,837	28,448
		<u>823,233</u>	<u>1,113,366</u>
		<u>3,559,115</u>	<u>2,969,513</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 200,000,000 (June 30, 2014: 200,000,000) ordinary shares of Rs. 10/- each	16	<u>2,000,000</u>	<u>2,000,000</u>
Issued, subscribed and paid-up capital	16	997,181	997,181
Share premium		99,718	99,718
Revaluation of available-for-sale investment		144,835	-
Accumulated profit		431,766	252,358
		<u>1,673,500</u>	<u>1,349,257</u>
NON-CURRENT LIABILITIES			
Long term financing	17	1,215,380	484,652
Long term deposits	18	3,844	5,971
Long term employee benefit	19	15,093	13,185
Deferred taxation	20	133,455	132,039
		<u>1,367,772</u>	<u>635,847</u>
CURRENT LIABILITIES			
Trade and other payables	21	300,649	522,427
Accrued mark-up	22	38,104	17,863
Current maturity of long term financing	17	69,398	24,586
Taxation - net		-	272
Short term borrowings	23	109,692	419,261
		<u>517,843</u>	<u>984,409</u>
CONTINGENCIES AND COMMITMENTS			
	24	<u>3,559,115</u>	<u>2,969,513</u>

The annexed notes from 1 to 43 form an integral part of these unconsolidated financial statements.



CHIEF EXECUTIVE



DIRECTOR

UNCONSOLIDATED PROFIT & LOSS ACCOUNT

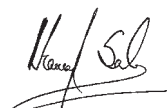
For the year ended June 30, 2015

	Note	2015	2014
		----- Rupees in thousands -----	
Sales - net	25	2,304,404	2,182,327
Cost of sales	26	(1,658,503)	(1,500,312)
Gross profit		<u>645,901</u>	<u>682,015</u>
Selling and distribution cost	27	(37,735)	(57,545)
Administrative expenses	28	(95,267)	(79,681)
		(133,002)	(137,226)
Operating profit		<u>512,899</u>	<u>544,789</u>
Other operating expenses	29	(72,074)	(84,911)
Finance cost	30	(56,461)	(71,497)
		(128,535)	(156,408)
Other income	31	32,643	84,778
Profit before taxation		<u>417,007</u>	<u>473,159</u>
Taxation	32	(127,733)	(174,772)
Profit after taxation		<u>289,274</u>	<u>298,387</u>
		----- Rupees -----	
Earnings per share - basic and diluted	33	<u>2.90</u>	<u>2.99</u>

The annexed notes from 1 to 43 form an integral part of these unconsolidated financial statements.



CHIEF EXECUTIVE



DIRECTOR

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

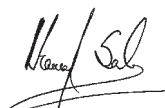
For the year ended June 30, 2015

	2015	2014
	---- Rupees in thousands ----	
Profit after taxation	289,274	298,387
Other comprehensive income		
<i>Items to be reclassified to profit and loss account in subsequent years</i>		
Revaluation gain on available-for-sale investment	144,835	-
<i>Items not to be reclassified to profit and loss account in subsequent years</i>		
Remeasurement of defined benefit liability	(252)	(4,933)
Recognition of deferred tax	76	1,727
	(176)	(3,206)
Total comprehensive income for the year	433,933	295,181

The annexed notes from 1 to 43 form an integral part of these unconsolidated financial statements.



CHIEF EXECUTIVE



DIRECTOR

UNCONSOLIDATED CASH FLOW STATEMENT

For the year ended June 30, 2015

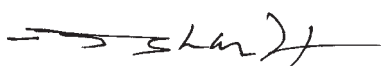
	2015	2014
	----- Rupees in thousands -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	417,007	473,159
Adjustment for:		
Depreciation	43,306	48,361
Amortization of intangible assets	570	130
Impairment of major stores and spares / provision for slow moving and dead stores	6,653	3,392
Finance cost	56,461	71,497
Provision for gratuity	11,010	7,253
Provision for leave encashment	3,239	4,744
Revaluation gain on initial recognition of available-for-sale investment	-	(50,188)
Other receivable written off	32,338	-
Impairment of available-for-sale investment	-	35,027
Gain on disposal of long term investment - available-for-sale	(1,185)	(2,035)
(Gain) / loss on disposal of property, plant and equipment	(200)	1,791
	152,192	119,972
Operating cash flows before working capital changes	569,199	593,131
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	181,137	(128,471)
Stock-in-trade	191,401	(74,850)
Trade debts	(70,498)	15,702
Loans and advances	(5,613)	6,681
Trade deposits and short term prepayments	1,793	(14,679)
Other receivables, accrued interest and sales tax refundable	46,550	(72,469)
	344,770	(268,086)
(Decrease) / increase in current liabilities		
Trade and other payables excluding gratuity payable and dividend payable	(218,400)	252,495
Cash generated from operations	695,569	577,540
Finance cost paid	(131,348)	(70,904)
Gratuity paid	(14,749)	(7,106)
Leave encashment paid	(1,331)	(1,670)
Tax paid - net	(131,506)	(147,802)
	(278,934)	(227,482)
Net cash generated from operating activities	416,635	350,058

UNCONSOLIDATED CASH FLOW STATEMENT

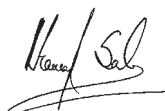
For the year ended June 30, 2015

	Note	2015	2014
----- Rupees in thousands -----			
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(687,774)	(524,756)
Addition in intangible assets		(6,670)	-
Dividend paid		(109,581)	(49,746)
Disposal of long term investment - available-for-sale		6,785	4,937
Proceeds from disposal of property, plant and equipment		1,240	625
Long term deposits - assets		(90)	-
Net cash used in investing activities		(796,090)	(568,940)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(24,587)	(57,919)
Long term financing obtained		800,127	435,373
Long term deposits - liabilities		(2,127)	-
Net cash generated from financing activities		773,413	377,454
Net increase in cash and cash equivalents		393,958	158,572
Cash and cash equivalents at beginning of the year	34	(390,813)	(549,385)
Cash and cash equivalents at end of the year	34	3,145	(390,813)

The annexed notes from 1 to 43 form an integral part of these unconsolidated financial statements.



CHIEF EXECUTIVE



DIRECTOR

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

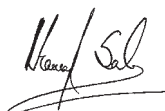
For the year ended June 30, 2015

	Issued, subscribed and paid-up capital	Share premium	Revaluation of available- for-sale investment	Accumulated profit	Total
----- Rupees in thousands -----					
Balance as at July 1, 2013	997,181	99,718	-	7,036	1,103,935
<i>Transactions with owners recorded directly in equity</i>					
Final dividend @ Rs. 0.5 per share for the year ended June 30, 2013	-	-	-	(49,859)	(49,859)
<i>Total comprehensive income for the year ended June 30, 2014</i>					
Profit after taxation	-	-	-	298,387	298,387
Remeasurement of defined benefit liability - net of deferred tax	-	-	-	(3,206)	(3,206)
Deficit on revaluation of available-for-sale investment	-	-	(35,027)	-	(35,027)
Deficit on revaluation of available-for-sale investment transferred to profit and loss account on impairment	-	-	35,027	-	35,027
	-	-	-	295,181	295,181
Balance as at June 30, 2014	997,181	99,718	-	252,358	1,349,257
Balance as at July 1, 2014	997,181	99,718	-	252,358	1,349,257
<i>Transactions with owners recorded directly in equity</i>					
Final dividend @ Rs. 1.1 per share for the year ended June 30, 2014	-	-	-	(109,690)	(109,690)
<i>Total comprehensive income for the year ended June 30, 2015</i>					
Profit after taxation	-	-	-	289,274	289,274
Remeasurement of defined benefit liability - net of deferred tax	-	-	-	(176)	(176)
Surplus on revaluation of available-for-sale investment	-	-	144,835	-	144,835
	-	-	144,835	289,098	433,933
Balance as at June 30, 2015	997,181	99,718	144,835	431,766	1,673,500

The annexed notes from 1 to 43 form an integral part of these unconsolidated financial statements.



CHIEF EXECUTIVE



DIRECTOR

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2015

1 STATUS AND NATURE OF BUSINESS

Thatta Cement Company Limited ("the Company") 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 unconsolidated 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, and provisions of and directives issued under the Companies Ordinance, 1984. In case the requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

These unconsolidated financial statements are being submitted to the shareholders as required under section 233 of the Companies Ordinance, 1984 and the Karachi Stock Exchange Regulations.

2.2 Basis of measurement

These unconsolidated financial statements have been prepared under historical cost convention except for certain employee retirement benefits and foreign currency liabilities which are stated as reported in their respective notes.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

The preparation of these 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 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 unconsolidated financial statements as at and for the year ended June 30, 2014 except for as explained in note 2.4.1.

Management has made the following estimates and judgments which are significant to these unconsolidated financial statements:

a) Fixed assets

The Company's management determines the estimated useful lives and related depreciation charge for its property, plant and equipment. The Company also reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

b) Trade debts

The Company reviews its doubtful debts at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimates of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about number of factors and actual results may differ, resulting in future changes to the provision.

c) Stock-in-trade and stores & spares

The Company reviews the net realizable value of stock-in-trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade and stores & spares and corresponding effect in profit and loss account of those future years. Net realizable value is determined with respect to estimated selling price less estimated expenditures to make the sale.

d) Income taxes

In making the estimates for income taxes currently payable by the Company, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Company's future taxable profits are taken into account.

e) Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non occurrence of the uncertain future events with respect to evaluation based on element of issue involved and opinion of legal counsel.

f) Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in these unconsolidated financial statements for actuarial valuation of present value of defined benefit obligation and leave encashment. Change in these assumptions in future years may affect the liability under the scheme in those years.

g) Investments

The Company determines that a significant and prolonged decline in the fair value of its investments below its cost is an objective evidence of impairment. The impairment loss is recognized when the carrying amount exceeds the higher of fair value less cost to sell and value in use.

2.4.1 Change in accounting estimate

The Company has changed the depreciation method of all items of property, plant and equipment except for plant and machinery and lease hold improvements from reducing balance method to straight line method as the management believes that it better reflects the pattern in which the asset's future economic benefits are expected to be consumed. Further, depreciation method of utilities as included in plant and machinery has also been changed from reducing balance method to straight line method. Management has incorporated the effect of change in estimate in accordance with IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors" in these unconsolidated financial statements.

The effect of change in accounting estimate on depreciation expense in current year and future years is not considered to be material.

3 STANDARDS, AMENDMENTS OR INTERPRETATIONS WHICH BECAME EFFECTIVE DURING THE YEAR

During the year certain amendments to Standards and new interpretations became effective; however, they did not have any material effect on these unconsolidated financial statements of the Company.

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after July 1, 2015:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate and can overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.
- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach in determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not likely to have an impact on Company's financial statements.
- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not likely to have an impact on Company's financial statements.
- IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The adoption of this standard is not likely to have an impact on Company's financial statements.
- IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard is not likely to have an impact on Company's financial statements.
- Amendments to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The adoption of the amended standard is not likely to have an impact on Company's financial statements.
- Agriculture: Bearer Plants [Amendments to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The adoption of the amended standard is not likely to have an impact on Company's financial statements.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) (effective for annual periods beginning on or after 1 January 2016). The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if

these assets are housed in a subsidiary. The adoption of these amendments is not likely to have an impact on Company's financial statements.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) are not specifically required for inclusion in condensed interim financial statements for all interim periods.
- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

4 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these unconsolidated financial statements are set out below and have been consistently applied to all years presented.

4.1 Property, plant and equipment

Property, plant and equipment (except freehold land) are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of an asset.

Depreciation

Depreciation is charged using straight line method on all assets except on plant and machinery (other than utilities within plant and machinery) which is charged by applying Units of Production (UoP) Method. Depreciation rates of each item is mentioned in note 5.1. 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.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognized. Normal maintenance and repairs are charged to profit and loss account as and when incurred whereas major renewals and improvements are capitalized.

Disposal

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognized in profit and loss account.

4.2 Capital work-in-progress (CWIP)

Capital work-in-progress is stated at cost including, where relevant, related financing costs less impairment losses, if any. These costs are transferred to fixed assets as and when assets are available for use.

4.3 Government grant

Government grants related to assets are presented by deducting the grant amount in arriving at the carrying amount of the asset. The grant is recognized in profit and loss account over the useful life of the asset as reduced by depreciation expense.

4.4 Intangible assets

Intangible assets are recognized when it is probable that the expected future economic benefits will flow to the entity and the cost of an asset can be measured reliably. Cost of intangible asset includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use. Costs associated with maintaining computer software are recognized as an expense as and when incurred. Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged over the estimated useful life of the asset on a systematic basis applying the straight line method. Useful lives of all intangible assets are reviewed at each balance sheet date and adjusted if the impact of amortization is significant. Subsequent expenditure on intangible asset is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates.

4.5 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Non-Financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.6 Investments

Investment in subsidiaries

Investment in subsidiaries are initially recognized at cost. The carrying amount of investment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exist the investment's recoverable amount is estimated which is higher of its value in use and its fair value less cost to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount but limited to the extent of initial cost of investment. A reversal of impairment loss is recognized in the profit and loss account.

Investment in associates

Investment in associates are initially recognized at cost. The carrying amount of investment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exist the investment's recoverable amount is estimated which is higher of its value in use and its fair value less cost to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount but limited to the extent of initial cost of investment. A reversal of impairment loss is recognized in the profit and loss account.

Investment - available-for-sale

The Company classifies its other long term investment as 'Available-for-sale' (AFS) investments which are non-derivatives and are either designated in this category or not classified as 'Financial assets at fair value through profit or loss', 'Loans and receivables' or 'Held to maturity financial assets'.

Available-for-sale investment is initially recorded at fair value and subsequently remeasured at fair value at each reporting date. Changes in fair value are taken to other comprehensive income. When investment classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in other comprehensive income are included in the profit and loss account. Dividends on available-for-sale investment is recognized in profit and loss account as part of 'other operating income' when the Company's right to receive payment is established.

The Company assesses at each balance sheet date whether there is objective evidence that an available-for-sale investment is impaired. For such investment, a significant prolonged decline in the fair value of the investment below the carrying value is considered as an indicator that the investment is impaired. If any such evidence exists, the cumulative loss is transferred from other comprehensive income to profit and loss account. Impairment losses previously recognized in the profit and loss account on available-for-sale investment is not reversed through profit and loss account.

4.7 Stores, spare parts and loose tools

These are stated at lower of cost (calculated on weighted average basis) and net realisable value, less provision for dead and slow moving stores and spares. Stores and spares in transit are valued at invoice value plus other charges incurred thereon as on balance sheet date.

Provision for dead and slow moving stores, spare parts and loose tools is determined based on management's estimate regarding their future usability.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated cost necessary to be incurred to make the sale.

4.8 Stock-in-trade

Stock of raw and packing material, work in process and finished goods are valued at the lower of cost and net realizable value. Cost in relation to work in process and finished goods includes prime cost and appropriate proportion of production overheads incurred in bringing the inventory to their present location and condition. Stocks of raw and packing material are valued at cost on weighted average basis. Stocks in transit are valued at cost comprising invoice value plus other charges directly attributable to the acquisition of related purchase incurred upto the balance sheet date.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and cost necessary to be incurred in order to make the sale.

4.9 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortized cost using the effective interest rate method if applicable, less provision for impairment and provision for doubtful debts, if any. Provision for impairment and provision for doubtful debts are established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade debts and receivables are written off when considered irrecoverable.

Export debts are initially recognized at the exchange rate prevailing on the date when significant risks and rewards of ownership are transferred and subsequently remeasured at each balance sheet date. Exchange gain / (loss) on remeasurement is taken to profit and loss account.

4.10 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprises of cash in hand, with banks in current, PLS and deposit accounts net of short term borrowings under mark-up arrangements, if any.

4.11 Employee retirement benefits

Defined benefit plan

The Company operates an approved funded gratuity scheme covering all permanent employees. The scheme is administered by the trustees nominated under the trust deed. The liabilities recognized in respect of gratuity are the present value of the Company's obligations under the scheme at the balance sheet date less the fair value of plan assets, together with adjustment for unrecognized actuarial gains or losses. Contribution is made to this scheme on the basis of actuarial recommendations. The actuarial valuation is carried out using the Projected Unit Credit Actuarial Cost Method.

The present value of obligations are determined by discounting the estimated future cash outflows using interest rates of government bonds. The government bonds are consistent with the estimated term of the post-employment benefit obligations.

Defined contribution plan

The Company also operates an approved contributory Provident Fund for all its permanent employees to which equal monthly contributions are made, both by the Company and the employees at the rate of 10% of basic salary.

Leave encashment

The liability for accumulated leave encashment of employees is recognized on the basis of actuarial valuation in the period in which employees render service that increases their entitlement to future leave encashment.

4.12 Borrowings and finance cost

Loans and borrowings are recorded as and when the proceeds are received.

Borrowing cost incurred on long term finances directly attributable for the construction / acquisition of qualifying asset are capitalized up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to profit and loss account.

4.13 Taxation

Current

Provision for current taxation is computed in accordance with the provisions of Income Tax Ordinance, 2001. The charge for current income tax is recorded after adjustment, if any, to the provision for tax made in prior year including those arising from assessment and amendments in assessments during the year in such years.

Deferred

The Company accounts for deferred taxation on all temporary differences using liability method. Deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available and the credits can be utilized.

4.14 Trade and other payables

These are recognized and carried at cost which is fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

4.15 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 can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the best estimate.

4.16 Transactions with related parties

Transactions in relation to sales, purchases and services with related parties are made at arm's length prices determined in accordance with the comparable uncontrolled price method except for the allocation of expenses such as sharing of electricity, gas, water, repair and maintenance relating to the head office and Business Support Services for which the pricing mechanism is subject to approval of Board of Directors.

4.17 Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. Revenue from sales is recognized upon passage of title to the customers usually on dispatch of goods. Export sales are recognized as revenue when significant risks and rewards of ownership are transferred. Interest and rental / other income is recognized on accrual basis.

4.18 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized at the time when the Company loses control of the contractual rights that comprises the financial assets. Financial liabilities are derecognized at the time when they are extinguished, that is when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to profit and loss account.

4.19 Offsetting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the asset and discharge the liability simultaneously. Corresponding income on assets and charge on liability is also offset.

4.20 Segment reporting

Segment results that are reported to the Company's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items, if any, comprise mainly corporate assets, head office expenses and tax assets and liabilities. Management has determined that the Company has a single reportable segment and therefore it has only presented entity wide disclosures.

4.21 Foreign currency transactions

Transaction in foreign currencies are translated into Pak Rupees using the exchange rates prevailing on the date of each transaction. Monetary assets and liabilities in foreign currencies are reported in Pak Rupees using the exchange rates approximating those prevailing on the balance sheet date. All exchange differences are taken into profit and loss account.

4.22 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data. Basic EPS is calculated by dividing the profit or

loss attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

4.23 Dividends and appropriations

Dividends and reserve appropriations are recognized in the period in which these are declared / approved.

	Note	2015	2014
----- Rupees in thousands -----			
5	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	848,829	817,460
	Capital work-in-progress	1,232,546	503,987
	Major stores and spares	68,494	94,112
		<u>2,149,869</u>	<u>1,415,559</u>

5.1 Operating fixed assets

	2015									
	COST				Depreciation rate per annum	ACCUMULATED DEPRECIATION				Net book value as at June 30, 2015
As at July 1, 2014	Additions	Disposals	As at June 30, 2015	As at July 1, 2014		Change for the year	Accumulated depreciation on disposals	As at June 30, 2015		
----- Rupees in thousands -----										
Freehold land	6,186	-	-	6,186	-	-	-	-	-	6,186
Leasehold improvements	2,585	-	-	2,585	20%	787	517	-	1,304	1,281
Quarries and improvements	11,963	-	-	11,963	5%	11,783	9	-	11,792	171
Factory building on freehold land	237,543	1,328	-	238,871	10%	191,051	4,741	-	195,792	43,079
Electrical installations	56,367	-	-	56,367	5%	8,058	2,415	-	10,473	45,894
Housing colonies	73,712	384	-	74,096	5%	54,304	987	-	55,291	18,805
Office building on freehold land	22,281	-	-	22,281	5%	18,035	212	-	18,247	4,034
Plant and machinery	1,725,317	50,698	-	1,776,015	UoP	1,117,995	20,313	-	1,138,308	637,707
Quarry equipments	18,040	1,103	-	19,143	20%	18,022	187	-	18,209	934
Railway sidings	14,905	-	-	14,905	10%	13,187	172	-	13,359	1,546
Vehicles	56,854	10,030	(3,425)	63,459	10% & 20%	28,096	6,150	(2,435)	31,811	31,648
Furniture and fixtures	11,506	-	-	11,506	10%	5,940	557	-	6,497	5,009
Office equipment	14,424	2,233	(50)	16,607	10%	4,992	1,070	(10)	6,052	10,555
Medical equipment	629	-	-	629	10%	622	1	-	623	6
Laboratory equipment	54,637	3,773	-	58,410	10%	21,775	3,563	-	25,338	33,072
Computers	15,301	6,166	(244)	21,223	30%	10,143	2,412	(234)	12,321	8,902
	<u>2,322,250</u>	<u>75,715</u>	<u>(3,719)</u>	<u>2,394,246</u>		<u>1,504,790</u>	<u>43,306</u>	<u>(2,679)</u>	<u>1,545,417</u>	<u>848,829</u>

	2014										
	COST				Depreciation rate per annum	ACCUMULATED DEPRECIATION					Net book value as at June 30, 2014
	As at July 1, 2013	Additions	Disposals	As at June 30, 2014		As at July 1, 2013	Charge for the year	Accumulated depreciation on disposals	As at June 30, 2014		
Rupees in thousands				Rupees in thousands							
Freehold land	6,186	-	-	6,186	-	-	-	-	-	6,186	
Leasehold improvements	2,585	-	-	2,585	20%	270	517	-	787	1,798	
Quarries and improvements	11,963	-	-	11,963	5%	11,773	10	-	11,783	180	
Factory building on freehold land	237,543	-	-	237,543	10%	185,885	5,166	-	191,051	46,492	
Electrical installations	56,367	-	-	56,367	5%	5,515	2,543	-	8,058	48,309	
Housing colonies	72,294	1,418	-	73,712	5%	53,309	995	-	54,304	19,408	
Office building on freehold land	22,281	-	-	22,281	5%	17,812	223	-	18,035	4,246	
Plant and machinery	1,673,339	55,929	(3,951)	1,725,317	UoP	1,093,881	25,889	(1,775)	1,117,995	607,322	
Quarry equipments	18,040	-	-	18,040	20%	18,018	4	-	18,022	18	
Railway sidings	14,905	-	-	14,905	10%	12,996	191	-	13,187	1,718	
Vehicles	49,003	9,358	(1,507)	56,854	10% & 20%	23,795	5,570	(1,269)	28,096	28,758	
Furniture and fixtures	11,506	-	-	11,506	10%	5,321	619	-	5,940	5,566	
Office equipment	13,416	1,047	(39)	14,424	10%	4,012	980	-	4,992	9,432	
Medical equipment	629	-	-	629	10%	621	1	-	622	7	
Laboratory equipment	54,174	463	-	54,637	10%	18,163	3,612	-	21,775	32,862	
Computers	14,263	1,133	(95)	15,301	30%	8,195	2,041	(93)	10,143	5,158	
	<u>2,258,494</u>	<u>69,348</u>	<u>(5,592)</u>	<u>2,322,250</u>		<u>1,459,566</u>	<u>48,361</u>	<u>(3,137)</u>	<u>1,504,790</u>	<u>817,460</u>	

Note

2015 2014

---- Rupees in thousands ----

5.2 Allocation of depreciation

The depreciation charge for the year has been allocated as under:

Cost of sales	26	38,740	40,493
Selling and distribution cost	27	1,169	1,991
Administrative expenses	28	3,397	5,877
		<u>43,306</u>	<u>48,361</u>

5.3 The details of operating fixed assets having book value of above Rs. 50,000/- disposed off during the year are as follows:

Particulars	Cost	WDV	Sale proceeds	Gain/(loss)	Mode of disposal	Particulars of buyer
----- Rupees in thousands -----						
Vehicle	1,874	543	543	-	As per Company policy	Mr. Muhammad Fazlullah Shariff (CEO)
Vehicle	674	73	241	168	Tender inquiry	Mr. Ahmedullah (Employee)
Vehicle	877	374	374	-	As per Company policy	Mr. Arshad Kamal (Employee)
During the year ended June 30, 2015	<u>3,425</u>	<u>990</u>	<u>1,158</u>	<u>168</u>		
During the year ended June 30, 2014	<u>5,458</u>	<u>2,414</u>	<u>623</u>	<u>(1,791)</u>		

5.4 Capital work-in-progress

	Note	Cost as at July 1, 2014	Capital expenditure incurred during the year	Transferred to operating fixed assets	Cost as at June 30, 2015
----- Rupees in thousands -----					
Balancing, Modernization and Rehabilitation project	5.4.1 & 5.4.2	503,199	729,347	-	1,232,546
Construction of rooms and security check post		788	3,163	(3,951)	-
As at June 30, 2015		503,987	732,510	(3,951)	1,232,546
As at June 30, 2014		84,477	455,497	(35,987)	503,987

5.4.1 The Balancing, Modernization and Rehabilitation (BMR) of Cement plant was initiated in the preceding financial year and has been completed subsequent to the year end. The completion of BMR would yield manifold benefits to the Company and enable it to promote its range of products and fetch additional market share.

5.4.2 This includes borrowing cost amounting to Rs. 123.990 million (June 30, 2014: Rs. 28.861 million). Borrowing cost has been computed at the mark-up rate ranging between 9.01 % to 12.19% (June 30, 2014: 12% to 13%) per annum.

5.5 Major stores and spares

Cost

Opening balance
 Additions during the year
 Transferred to operating fixed assets and capital work-in-progress
 Closing balance

2015 2014

----- Rupees in thousands -----

108,999	73,061
43,067	71,392
(64,438)	(35,454)
87,628	108,999

Accumulated impairment

Opening balance
 Impairment charge for the year
 Closing balance

(14,887)	(12,587)
(4,247)	(2,300)
(19,134)	(14,887)

68,494	94,112
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6 INTANGIBLE ASSETS

The Company's intangible assets comprise of computer software, monogram license and membership fees. The carrying amount as at June 30 is as follows:

Cost

Opening balance	457	457
Additions during the year	2,508	-
Closing balance	2,965	457

Amortization

Opening balance	(139)	(9)
Charge for the year	(570)	(130)
Closing balance	(709)	(139)
	2,256	318
Capital work-in-progress	6.1 4,162	-
	<u>6,418</u>	<u>318</u>

6.1 It represents amount paid as an advance for installation and implementation of Enterprise Resource Planning software.

7 LONG TERM INVESTMENT IN SUBSIDIARY

Thatta Power (Pvt.) Limited (TPPL)	<u>299,158</u>	<u>299,158</u>
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7.1 The Company owns 62.43% shareholding of TPPL as at June 30, 2015 (June 30, 2014: 62.43%). The principal business of the subsidiary is generation, supply and transmission of electrical power. As at June 30, 2015 TPPL has authorized and issued capital of Rs. 500 million and Rs. 479.16 million divided into 50,000,000 and 47,915,830 ordinary shares respectively.

7.2 During the year, the subsidiary company has split its shares by decreasing the face value from Rs. 100 per share to Rs. 10 per share. Accordingly the number of shares in issue, subscribed and paid-up capital of the subsidiary company has increased from 4,791,583 to 47,915,830. The number of shares held by the Company in the subsidiary company has also increased from 2,991,581 as on June 30, 2014 to 29,915,810 as on June 30, 2015; however, holding of the Company remained the same i.e. 62.43%. The above share split has no effect on the existing rights and privileges of the shareholders.

7.3 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 syndicate term finance facility extended by NBP and other syndicate banks to TPPL.

8 LONG TERM INVESTMENT - AVAILABLE FOR SALE

Long term investment - available for sale represents investment in 24.019 million shares (June 30, 2014: 25.019 million shares) of Power Cement Limited (PCL). The market value per share of PCL is Rs. 11.63 per share as on June 30, 2015 (June 30, 2014: Rs. 5.6 per share). Increase in the value of investment amounting to Rs. 144.835 million is recorded in 'Other Comprehensive Income' for the year ended June 30, 2015.

	Note	2015	2014
		----- Rupees in thousands -----	
9 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores	9.1	140,892	306,747
Spare parts		85,364	100,743
Loose tools		279	182
		<u>226,535</u>	<u>407,672</u>
Less: Provision for dead stores		(6,787)	(2,828)
Provision for slow moving stores and spares	9.2	(23,638)	(25,191)
		<u>(30,425)</u>	<u>(28,019)</u>
		<u>196,110</u>	<u>379,653</u>

9.1 This includes stores in transit of Rs. 35.456 million (June 30, 2014: Rs. 184.874 million) as at the balance sheet date.

9.2 Reconciliation of carrying amount of above provision:

Opening balance	28,019	26,927
Provision made during the year	2,406	1,092
Closing balance	<u>30,425</u>	<u>28,019</u>

10 STOCK-IN-TRADE

Raw material	38,241	42,258
Packing material	25,933	24,346
Work-in-process	143,626	329,667
Finished goods	32,425	35,355
	<u>240,225</u>	<u>431,626</u>

11 TRADE DEBTS

Considered good		
Local - unsecured		187,888
Considered doubtful		
Cement stockiest	11.1	60,801
Excessive rebate allowed	11.1	6,101
Controller Military Accounts		5,126
Other customers		-
		<u>72,028</u>
Less: Provision for doubtful debts	11.2	(72,028)
		<u>187,888</u>
		<u>117,390</u>

11.1 This includes balances outstanding for more than 5 years. The management contends that the amount recoverable from cement stockiest were misappropriated and certain unauthorized excessive rebates were allowed by collusion of certain personnel of the Company, when the Company was operating under State Cement Corporation of Pakistan (SCCP), whose services had been terminated. Accordingly, the management had lodged references for the recovery of misappropriated amount with the National Accountability Bureau (NAB). The NAB has recovered an amount of Rs. 2.276 million in the preceding years. The Company is continuously following with NAB officials for early realisation of amount owed to the Company and has also written letters in this regard for which reply has not yet been received, therefore provision has been maintained in respect of outstanding amount as a matter of prudence and abundant precaution.

	Note	2015	2014
		----- Rupees in thousands -----	
11.2	Reconciliation of carrying amount of above provision:		
	Opening balance	72,980	72,980
	Written off during the year	(952)	-
	Closing balance	<u>72,028</u>	<u>72,980</u>
12	LOANS AND ADVANCES		
	Considered good		
	To employees	64	111
	Advances		
	- against letter of credit	172	-
	- guarantee margin	-	1,162
	- advance to vendors	18,653	10,867
	- others	154	1,290
		18,979	13,319
		<u>19,043</u>	<u>13,430</u>
13	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
	Trade deposits	1,079	869
	Short term prepayments	17,972	19,975
		<u>19,051</u>	<u>20,844</u>
14	OTHER RECEIVABLES AND ACCRUED INTEREST		
	Interest receivable from banks	2,842	849
	Pre-incorporation and pre-commencement expenses of Thatta Cement Company (Private) Limited	14.1	-
	Refund against Fuel Price Adjustment	19,137	26,157
	Deposit with Commissioner Workmen's Compensation	24.1.6	14,915
	Others	6,193	39,989
		<u>43,087</u>	<u>113,723</u>

14.1 During the year the Company has written off the amount receivable from Thatta Cement Company (Private) Limited (TCCPL), a company incorporated in Sri Lanka as subsidiary of TCCL. The subsidiary was established in Sri Lanka for cement grinding and packing plant. The progress on the project was suspended as Land Lease Agreement was not signed between TCCPL and Sri Lanka Ports Authority (SLPA). SLPA offered another location for the project which is not feasible for the Company. The amount receivable from TCCPL was written off by the Company as authorised by its shareholders in their Annual General Meeting held on October 20, 2014, which is in the larger interest of the Company and the same is classified in 'Other operating expenses'.

	Note	2015	2014
		----- Rupees in thousands -----	
15	CASH AND BANK BALANCES		
	Cash in hand	618	287
	Balances with banks		
	- in current accounts	6,534	6,951
	- in PLS accounts	104,685	20,210
	- in term deposit account	1,000	1,000
		112,219	28,161
		<u>112,837</u>	<u>28,448</u>

15.1 As at June 30, 2015 the mark-up rate on PLS accounts ranges from 4.5% to 7.5% (June 30, 2014: 6.5%) per annum.

15.2 This includes Rs. 97.66 million (June 30, 2014: Rs. 20.125 million) in PLS accounts under lien with National Bank of Pakistan, as Security Trustee, in accordance with the covenants of Syndicated Term Finance Facility agreement. These funds are to be used in accordance with the conditions mentioned in said financing agreement.

15.3 This is kept under lien against bank guarantee carrying mark-up rate of 6.5% (June 30, 2014: 6.5%) per annum.

16 SHARE CAPITAL

2015	2014		2015	2014
----- Number of shares -----			----- Rupees in thousands -----	
Authorized				
<u>200,000,000</u>	<u>200,000,000</u>		<u>2,000,000</u>	<u>2,000,000</u>
Issued, subscribed and paid-up				
89,418,125	89,418,125	Ordinary shares of Rs. 10/- each - shares allotted for consideration paid in cash	894,181	894,181
10,300,000	10,300,000	Ordinary shares of Rs. 10/- each - shares allotted for consideration other than cash	103,000	103,000
<u>99,718,125</u>	<u>99,718,125</u>		<u>997,181</u>	<u>997,181</u>

16.1 As at June 30, 2015, associated companies M/s Sky Pak Holding (Private) Limited and M/s Al-Miftah Holding (Private) Limited hold 20.444 million shares (June 30, 2014: 20.444 million shares) comprising 20.5% (June 30, 2014: 20.5%) and 9.147 million shares (June 30, 2014: Nil) comprising 9.17% (June 30, 2014: Nil) respectively. Moreover, M/s Rising Star Holding (Private) Limited and M/s Golden Globe Holding (Private) Limited hold 6.309 million shares (June 30, 2014: 6.309 million shares) comprising 6.33% (June 30, 2014: 6.33%) and 8.479 million shares (June 30, 2014: Nil) comprising 8.50% (June 30, 2014: Nil) respectively.

	Note	2015	2014
		----- Rupees in thousands -----	
17	LONG TERM FINANCING (LTF)		
Loan from Banking companies - secured			
- Syndicated term finance facility (STFF)	17.1	1,235,500	435,373
Loan from Banking Company			
- National Bank of Pakistan	17.2	49,278	67,198
- National Bank of Pakistan		-	6,667
		49,278	73,865
Less : Current maturity		(69,398)	(24,586)
		<u>1,215,380</u>	<u>484,652</u>

17.1 This syndicated term finance facility amounting to Rs. 1.396 billion has been obtained from syndicate of banks comprising of National Bank of Pakistan, Sindh Bank Limited, Summit Bank Limited and Silk Bank Limited. The facility carries a floating mark-up linked to 3 months KIBOR as base rate plus 2% on annualized basis. The tenure of financing is 8 years including grace period of 24 months and the facility is payable in 24 equal quarterly instalments each starting from June 17, 2016 after availing grace period of two years from the date of first drawdown i.e. March 17, 2014. The facility is secured by first joint pari passu charge by way of hypothecation over all present and future fixed assets and mortgage over the immovable properties.

17.2 This represents first disbursement of Rs. 107 million of the aggregate facility of Rs. 260 million allowed by the bank. This carries a floating mark-up linked to 6 months KIBOR as base rate plus 2% on annualised basis. The tenure of financing is 7 years and is repayable in 24 equal quarterly instalment of Rs. 4.48 million starting in 15th month from the date of first disbursement. The facility is secured by first equitable mortgage over land and building of the Company and first charge by way of hypothecation over all present and future plant and machinery of the Company to the extent of Rs. 372 million.

	Note	2015	2014
		----- Rupees in thousands -----	
18	LONG TERM DEPOSITS		
Dealers	18.1	3,110	5,110
Suppliers and contractors	18.1	734	861
		<u>3,844</u>	<u>5,971</u>

18.1 These represent interest free security deposits, received from dealers, suppliers and contractors and are repayable / adjustable on cancellation or withdrawal of dealership and completion of contract in case of suppliers and contractors.

19 LONG TERM EMPLOYEE BENEFIT

This represents accrual for leave balances in respect of permanent employees amounting to Rs. 15.093 million (June 30, 2014: Rs. 13.185 million).

	Note	2015	2014
		----- Rupees in thousands -----	
20	DEFERRED TAXATION		
	Taxable temporary differences		
	Accelerated tax depreciation	173,309	175,916
	Deductible temporary differences		
	Provision for gratuity	(3,379)	(4,819)
	Other provisions - for doubtful debts and stores	(36,475)	(39,058)
		<u>133,455</u>	<u>132,039</u>
21	TRADE AND OTHER PAYABLES		
	Trade creditors	51,842	32,406
	Accrued liabilities	21.1	103,562
	Bills payable	36,485	237,334
	Advances from customers	25,464	52,443
	Contractors retention money	10,726	175
	Excise duty and sales tax payable	28,358	9,590
	Payable to Gratuity Fund	21.2	11,262
	Payable to Provident Fund	21.3	-
	Workers' Profit Participation Fund	21.4	22,377
	Workers' Welfare Fund	9,349	10,852
	Unclaimed dividend	222	113
	Other liabilities	1,002	3,227
		<u>300,649</u>	<u>522,427</u>

21.1 It includes Rs. 24.009 million (June 30, 2014: Rs. 55.083 million) payable to Thatta Power (Pvt.) Limited, the subsidiary company, in respect of purchase of electricity.

21.2 Payable to Gratuity Fund

Principal actuarial assumptions used in the actuarial valuation of the scheme carried out under Projected Unit Credit Method as at June 30, 2015 are as follows:

- Discount rate used for year end obligation is 9.75% per annum (June 30, 2014: 13.25% per annum).
- Discount rate used for interest cost in profit and loss account is 13.25% per annum (June 30, 2014: 10.5% per annum)
- Expected rate of increase in salary level at 8.75% per annum (June 30, 2014: 12.25% per annum).
- Mortality rate used is SLIC 2001-2005 (June 30, 2014: SLIC 2001-2005).

The amount recognized in the balance sheet is as follows:

Present value of defined benefit obligation	55,881	46,415
Fair value of plan assets	(44,619)	(31,666)
Liability as at June 30	<u>11,262</u>	<u>14,749</u>

Movement in present value of defined benefit obligation

Obligation as at July 1	46,415	33,881
Current service cost	10,135	6,994
Interest cost	5,791	3,300
Benefits paid & payable	(5,419)	(4,914)
Remeasurement (gain)/loss due to change in experience adjustments	(1,041)	7,154
Obligation as at June 30	<u>55,881</u>	<u>46,415</u>

Movement in the fair value of plan assets

Fair value as at July 1	31,666	24,212
Expected return on plan assets	4,916	3,041
Employer contribution	14,749	7,106
Benefits paid & payable	(5,419)	(4,914)
Return on plan assets excluding interest income	(1,293)	2,221
Fair value as at June 30	<u>44,619</u>	<u>31,666</u>

Movement in liabilities

Balance as at July 1	14,749	9,669
Charge for the year	11,010	7,253
Employer contribution	(14,749)	(7,106)
Remeasurements chargeable in other comprehensive income	252	4,933
Balance as at June 30	<u>11,262</u>	<u>14,749</u>

The amount recognized in profit and loss account is as follows:

Current service cost	10,135	6,994
Interest cost	5,791	3,300
Expected return on plan assets	(4,916)	(3,041)
	<u>11,010</u>	<u>7,253</u>

The amount recognized in other comprehensive income is as follows:

Remeasurement (gain)/loss due to change in experience adjustments	(1,041)	7,154
Return on plan assets excluding interest income	1,293	(2,221)
	<u>252</u>	<u>4,933</u>

Return on plan assets is as follows:

Expected return on plan assets	4,916	3,041
Return on plan assets excluding interest income	(1,293)	2,221
	<u>3,623</u>	<u>5,262</u>

Analysis of present value of defined benefit obligation and fair value of plan assets for current and previous four years is as follows:

	2015	2014	2013	2012	2011
	----- Rupees in thousands -----				
Present value of defined benefit obligation	(55,881)	(46,415)	(33,881)	(26,246)	(21,684)
Fair value of plan assets	44,619	31,666	24,212	19,066	13,173
Deficit	<u>(11,262)</u>	<u>(14,749)</u>	<u>(9,669)</u>	<u>(7,180)</u>	<u>(8,511)</u>

2015	2014
---- Rupees in thousands ----	

Disaggregation of fair value of plan assets

The fair value of the plan assets at balance sheet date for each category is as follows:

Cash and cash equivalents (adjusted for current liabilities)	163	20,890
Mutual funds		
- Islamic Income Fund	5,908	2,477
- Stock Market Fund	7,656	7,289
- Income Fund	1,012	1,010
	14,576	10,776
Certificate of Islamic Investments	29,880	-
	<u>44,619</u>	<u>31,666</u>

Balance sheet date sensitivity analysis (± 100 bps) on present value of defined benefit obligation

	2015			
	Discount rate		Salary increase	
	+100 bps	-100 bps	+100 bps	-100 bps
	----- Rupees in thousands -----			
Present value of defined benefit obligation	53,638	58,428	58,500	53,533

2015	2014
---- Rupees in thousands ----	

The charge for the year has been allocated as follows:

Cost of sales	7,666	5,875
Selling and distribution cost	488	435
Administrative expenses	2,856	943
	<u>11,010</u>	<u>7,253</u>

21.3 The following information is based on the audited financial statements of the Fund:

Size of the fund - Total assets	<u>48,388</u>	<u>38,403</u>
Cost of investments made	<u>48,950</u>	<u>36,858</u>
Percentage of investments made	<u>99%</u>	<u>100%</u>
Fair value of investments	<u>47,908</u>	<u>38,400</u>

The break-up of fair value of investment is:

	2015		2014	
	Rupees in thousands	%	Rupees in thousands	%
Bank balances	1,332	3%	1,510	4%
Term deposit securities	27,279	57%	25,331	66%
Mutual funds	19,297	40%	11,559	30%
	<u>47,908</u>	<u>100%</u>	<u>38,400</u>	<u>100%</u>

The investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and rules formulated for this purpose.

	Note	2015		2014	
		---- Rupees in thousands ----			
21.4	Workers' Profit Participation Fund				
	Opening balance		25,411		13,835
	Allocation for the year	29	22,377		25,411
	Interest on balance as at July 1	30	1,519		1,335
			<u>49,307</u>		<u>40,581</u>
	Payments made during the year		(26,930)		(15,170)
	Closing balance		<u>22,377</u>		<u>25,411</u>
22	ACCRUED MARK-UP				
	Long term financing		12		27
	Syndicated term finance facility		33,573		6,983
	Short term borrowing		4,519		10,853
			<u>38,104</u>		<u>17,863</u>
23	SHORT TERM BORROWINGS				
	Running finance (RF)		<u>109,692</u>		<u>419,261</u>

23.1 The aggregate running finance facilities available from banks as at June 30, 2015 amounted to Rs. 650 million out of which Rs. 540.308 million remained unutilized at the year end. These facilities are renewable and secured by way of hypothecation of fixed assets and current assets. These carry mark-up at rates ranging between 10.99% to 13.18% (June 30, 2014: 12.08% to 13.18%) per annum payable quarterly.

24 CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

24.1.1 During the year, Deputy Commissioner Inland Revenue (DCIR) passed an assessment order under section 122(1)(5) of the Income Tax Ordinance, 2001 in respect of tax year 2014 raising a tax demand of Rs. 78.35 million by making certain disallowances and additions in taxable income as reported in the tax return of that year. The Company has filed an appeal with Commissioner Inland Revenue - Appeals (CIR-A) against the said assessment order which is pending for hearing. The management as per Consultants view is confident that the outcome of such appeal will be in favour of the Company; hence no provision has been made in these unconsolidated financial statements.

24.1.2 The Company has adjusted minimum tax aggregating to Rs. 31.47 million against its income tax liability in terms of Section 113(2)(c) of the Income Tax Ordinance, 2001 (the Ordinance). During the year, an appeal was filed before the Commissioner Inland Revenue - Appeals (CIR-A) against the order of Assessing Officer disallowing adjustment of minimum tax amounting to Rs. 15.721 million in respect of Tax year 2012. However, the appeal before CIR-A has been decided against the Company, therefore an further appeal has been filed before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A which is pending for hearing.

Moreover, in view of Company's legal counsel opinion, the Company has strong arguable case and the matter can be agitated upto the level of Supreme Court of Pakistan. Accordingly, the Company is confident that the ultimate outcome in this regard would be favourable. Hence no provision in this respect has been made in these unconsolidated financial statements.

24.1.3 During the year, an appeal was filed before Commissioner Inland Revenue - Appeals (CIR-A) against certain disallowances and additions in taxable income while passing assessment order under 122(5A) of the Income Tax Ordinance, 2001, and thereby raising a tax demand of Rs. 2.787 million in respect of tax year 2008. The appeal has been heard, however order of CIR-A is pending. The management is confident that the outcome of such appeal will be in favour of the Company; hence no provision has been made in these unconsolidated financial statements.

24.1.4 During the year, the Deputy Commissioner Inland Revenue (DCIR) passed Assessment Orders raising an aggregate sales tax demand for Rs. 5.989 million by disallowing certain input tax claimed by the Company in its sales tax return for tax period from July 2012 to February 2015. The Company has filed appeals against such Assessment Orders before Commissioner Inland Revenue (CIR-A) which are pending for hearing. The management is confident that the outcome of such appeals will be in favour of the Company; hence no provision has been made in these unconsolidated financial statements.

24.1.5 During the year, an Order in Original (ONO) has been issued by an Officer of Sales Tax against the Company in respect of tax periods from July 2012 to December 2014 raising a demand of Rs. 244.274 million which is mainly based on comparison of industry average for fuel and power consumption with that of the Company and thereby presuming the production quantities which in the view of tax authorities have not been subject to Sales Tax and Federal Excise Duty. Accordingly, the Company has filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) against the ONO passed by Officer of Sales Tax, however CIR -A decided the case against the Company. Accordingly, the Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A which is pending for hearing. Moreover, recovery proceedings were also initiated by tax authorities in the matter for an aggregate amount of Rs 488.548 million including 100% penalty on the principal amount demand as aforesaid. Therefore, the Company filed a stay application for recovery against the said demand before ATIR which was allowed by ATIR subject to payment of 15% of aggregate demand. However, in view of the fact that said demand is based merely on unjust assumptions made by tax authorities, the Company decided to obtain stay for aggregate demand from Sindh High Court. The Sindh High Court vide its interim order dated July 7, 2015 has allowed ad interim relief against recovery of demand and refrained tax authorities to take any adverse action in this respect till the next date of hearing. In view of Company's Tax Consultant, favourable outcome of such appeals are anticipated; hence no provision is required to be made in these unconsolidated financial statements.

24.1.6 Certain ex-employees of the Company contested the Company's gratuity policy and filed suit against the Company demanding 60 days gratuity instead of 30 days applicable to the employees of former holding company having an impact of Rs. 14.9 million. The said suit has been decided in favour of the applicants. However, the Company first challenged the said Order in C.P. # 591/2013, before the Sindh High Court at Hyderabad and later on filed Labour Appeal No. 04/2014, before the Sindh Labour Court No. VI at Hyderabad being the Court of appropriate jurisdiction. After dismissal of the said appeal on 13.01.2015, a Revision Application has been filed before the Sindh Labour Appellate Tribunal, Karachi where the matter is subjudice. In view of the Company's Legal Counsel, no definite outcome can be anticipated but the Company has good case.

One more ex-employee of former holding company has filed CP # 86/2013 for recovery of total Rs. 2.10 million out of which an amount of Rs. 0.248 million has been claimed on account of 60 days gratuity and numerous other false and fabricated claims of short payments of Rs. 1.86 million. However, in view of the Company's legal counsel all the claims of applicant are bogus and are against the applicable labour laws and will not materialise.

24.1.7 Two cement dealers had filed a suit against the Company for Rs. 6.5 million and Rs. 1.5 million respectively being value of trucks which were handed over to the Company in lieu of outstanding dues from these dealers. The Company's legal counsel is of the opinion that no unfavourable outcome can be estimated.

24.2 Commitments

24.2.1 Guarantee given by a commercial bank to Sui Southern Gas Company Limited on behalf of the Company amounts to Rs. 45 million (June 30, 2014: Rs. 45 million).

24.2.2 Other outstanding guarantees given on behalf of the Company by banks amount to Rs. 52.488 million (June 30, 2014: Rs. 81.372 million).

24.2.3 Irrevocable letter of credit under revenue expenditure outstanding as on balance sheet date amounts to Rs. Nil (June 30, 2014: Rs. 0.712 million).

24.2.4 Commitment in respect of capital expenditure as on balance sheet date was Rs. 42.065 million (June 30, 2014: Rs. 151.075 million).

24.2.5 As required under financing arrangements of Thatta Power (Pvt) Limited (TPPL), a subsidiary company, the Company being the Holding Company and Power Purchaser have agreed in Power Purchase Agreement to ensure sufficient arrangement for fulfilment of obligation of TPPL under Deferred Payment Letter of Credit (DPLC). Therefore, the Power Purchase Agreement dated December 12, 2011 executed between the Holding Company and TPPL requires the Company to pay higher of the amount based on invoices during the year for actual Net Electrical Output or minimum payment of US\$ 2.593 million in equivalent Rupees per year till the retirement of DPLC.

2015 2014

----- Rupees in thousands -----

25 SALES - NET

Sales - Local
- Export

2,851,508	2,594,583
14,263	119,762
<u>2,865,771</u>	<u>2,714,345</u>

Less: - Federal Excise Duty
- Sales tax

116,802	114,646
444,565	417,372
<u>561,367</u>	<u>532,018</u>

<u>2,304,404</u>	<u>2,182,327</u>
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	Note	2015	2014
		----- Rupees in thousands -----	
26 COST OF SALES			
Raw material consumed	26.1	126,272	145,373
Manufacturing expenses			
Packing material consumed	26.2	99,557	113,553
Stores, spare parts and loose tools consumed		101,645	107,660
Fuel and power		795,932	912,879
Salaries, wages and other benefits	26.3	246,015	204,500
Insurance		20,438	6,967
Repairs and maintenance		10,572	4,353
Depreciation	5.2	38,740	40,493
Provision for slow moving and dead stores and impairment of major stores and spares		6,653	3,392
Other production overheads		23,708	18,358
		<u>1,343,260</u>	<u>1,412,155</u>
Cost of production		<u>1,469,532</u>	<u>1,557,528</u>
Work-in-process			
Opening balance		329,667	267,359
Closing balance	10	(143,626)	(329,667)
		<u>186,041</u>	<u>(62,308)</u>
Cost of goods manufactured		<u>1,655,573</u>	<u>1,495,220</u>
Finished goods			
Opening balance		35,355	40,447
Closing balance	10	(32,425)	(35,355)
		<u>2,930</u>	<u>5,092</u>
		<u>1,658,503</u>	<u>1,500,312</u>
26.1 Raw material consumed			
Opening balance		42,258	22,099
Purchases		<u>122,255</u>	<u>165,532</u>
		164,513	187,631
Closing balance	10	(38,241)	(42,258)
		<u>126,272</u>	<u>145,373</u>
26.2 Packing material consumed			
Opening balance		24,346	26,871
Purchases		<u>101,144</u>	<u>111,028</u>
		125,490	137,899
Closing balance	10	(25,933)	(24,346)
		<u>99,557</u>	<u>113,553</u>

26.3 This includes employees' retirement benefits amounting to Rs. 14.851 million (June 30, 2014: Rs. 14.05 million).

27 SELLING AND DISTRIBUTION COST

Salaries, wages and other benefits	27.1	13,959	10,356
Vehicle running expenses		612	840
Travelling and conveyance		232	288
Communication		143	481
Printing and stationery		22	41
Entertainment		94	90
Repair and maintenance		267	278
Rent, rates and taxes		1,089	1,037
Utilities		470	497
Advertisements		486	313
Sales promotion expense		714	259
Freight charges - local sale		-	669
Export logistics and related charges		278	15,746
Commission		12,354	18,810
Depreciation	5.2	1,169	1,991
Miscellaneous		5,846	5,849
		<u>37,735</u>	<u>57,545</u>

27.1 This includes employees' retirement benefit amounting to Rs.0.929 million (June 30, 2014: Rs. 0.811 million).

28 ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits	28.1	58,876	49,097
Vehicle running expenses		3,002	2,944
Travelling and conveyance		2,746	1,217
Advertisements		178	224
Communication, postage, telegram		1,875	1,404
Printing and stationery		1,533	1,790
Rent, rates and taxes		1,423	1,327
Entertainment		1,012	919
Legal and professional charges		4,856	3,277
Insurance		378	135
Repairs and maintenance		1,545	1,289
Utilities		1,515	1,244
Fees and subscription		1,337	861
Corporate expenses		785	397
Charity and donation	28.2	1,149	76
Auditors' remuneration	28.3	879	870
Other auditors' remuneration	28.4	1,199	1,184
Depreciation	5.2	3,397	5,877
Amortization of intangible		570	130
Education expenses		4,059	2,901
Miscellaneous		2,953	2,518
		<u>95,267</u>	<u>79,681</u>

28.1 This includes employees' retirement benefit amounting to Rs.5.817 million (June 30, 2014: Rs. 3.564 million).

28.2 None of the Directors or their spouses have any interest in any donee's fund to which donation was made.

	Note	2015	2014
		----- Rupees in thousands -----	
28.3	Auditors' remuneration		
	Annual audit fee	605	550
	Half yearly review fee	61	55
	Review fee for consolidated financial statements	30	28
	Fee for other services	63	57
	Out of pocket expenses	120	180
		<u>879</u>	<u>870</u>
28.4	Other auditors' remuneration		
	Cost audit fee	130	110
	Out of pocket expenses	12	10
		142	120
	Internal audit fee	952	940
	Out of pocket expenses	105	124
		1,057	1,064
		<u>1,199</u>	<u>1,184</u>
29	OTHER OPERATING EXPENSES		
	Workers' Welfare Fund	8,153	9,102
	Workers' Profit Participation Fund	21.4 22,377	25,411
	Other receivable written off	29.1 32,338	-
	Impairment on available-for-sale investment	-	35,027
	Exchange loss	8,958	13,580
	Loss on disposal of operating fixed assets	-	1,791
	Loss on sale of store items	248	-
		<u>72,074</u>	<u>84,911</u>
29.1	It includes receivable written off from Thatta Cement Company (Private) Limited amounting to Rs. 31.813 million.		
30	FINANCE COST		
	Mark-up on long term financing	6,757	11,875
	Mark-up on short term borrowings	47,613	56,875
	Mark-up on WPPF	21.4 1,519	1,335
	Bank charges and commission	572	1,412
		<u>56,461</u>	<u>71,497</u>

	Note	2015	2014
		----- Rupees in thousands -----	
31			
OTHER INCOME			
Income from financial assets			
Income on bank deposit accounts		211	356
Gain on disposal of operating fixed assets		200	-
Revaluation gain on recognition of available-for-sale investment		-	50,188
Gain on disposal of available-for-sale investment		1,185	2,035
		1,596	52,579
Others			
Management fee	31.1	13,200	12,000
Scrap sales		3,768	5,198
Rental income		7,863	6,941
Others		6,216	8,060
		31,047	32,199
		<u>32,643</u>	<u>84,778</u>

31.1 This represents management fee income of Rs. 13.2 million (June 30, 2014: Rs. 12 million) from Thatta Power (Private) Limited, which is a subsidiary company.

32 TAXATION

Current tax charge	125,573	144,168
Prior year charge	669	2,015
Deferred tax charge	1,491	28,589
	<u>127,733</u>	<u>174,772</u>

The returns of income have been filed upto and including tax year 2014 (corresponding to financial year ended June 30, 2014) while income tax assessments have been finalized upto and including tax year 2013 except for tax year 2008 and 2012. However, the return may be selected for audit or amendment within six years from the end of the respective tax year and within five years from the end of financial year in which assessment order is issued or treated to have been issued for that tax year to the Company respectively.

32.1 Relationship between tax expense and accounting profit is as follows:

Profit before tax	<u>417,007</u>	<u>473,159</u>
Tax at 33% / 34%	137,612	160,874
Tax effect of		
- admissible/inadmissible expenses in determining taxable income - net	(5,384)	(2,531)
- income charged at different rates	(707)	(2,735)
- exempt income	(391)	(5,847)
- tax credit claimed under section 65B of Income Tax Ordinance, 2001	(5,557)	(5,593)
	(12,039)	(16,706)
Charge of prior year's tax expense	669	2,015
Tax effect on taxable temporary differences - net	1,491	28,589
	<u>127,733</u>	<u>174,772</u>

	Note	2015	2014
		----- Rupees in thousands -----	
33 EARNINGS PER SHARE - BASIC AND DILUTED			
Profit after taxation		<u>289,274</u>	<u>298,387</u>
		----- Number -----	
Weighted average number of ordinary shares		<u>99,718,125</u>	<u>99,718,125</u>
		----- Rupees -----	
Earnings per share - basic and diluted		<u>2.90</u>	<u>2.99</u>

34 CASH AND CASH EQUIVALENTS

Cash and bank balances		112,837	28,448
Short term borrowings		(109,692)	(419,261)
		<u>3,145</u>	<u>(390,813)</u>

35 CAPACITY AND ACTUAL PRODUCTION

Production capacity - clinker (tons)		450,000	450,000
Actual production - clinker (tons)	35.1	200,947	291,035
Actual production - cement (tons)	35.2	280,588	300,615

35.1 The production capacity utilization during the year has remained at 44.65% (June 30, 2014: 64.67%). The underutilization is mainly due to closure of production facility from February 28, 2015 which was resumed on July 13, 2015 after the completion of Balancing, Modernization & Rehabilitation (Upgradation) of Cement Plant.

35.2 Cement from clinker is produced in accordance with the market demand.

36 RELATED PARTY TRANSACTIONS

Related parties comprises of associated undertakings, directors of the Company, key management personnel and staff retirement funds. The Company continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions except for Service Level Agreement for Business Support Services with the subsidiary company for which the basis are approved by the Board of Directors. Further, contribution to defined contribution plan (provident fund) is made as per the terms of employment and trust deed and contribution to the defined benefit plan (gratuity scheme) is in accordance with the actuarial advice. Details of transactions during the year ended / outstanding balances as at June 30, 2015 with related parties, other than those which have been specifically disclosed elsewhere in these unconsolidated financial statements are as follows:

	Note	2015	2014
		----- Rupees in thousands -----	
Transactions with related parties			
- National Bank of Pakistan	36.2		
Mark-up on RF, STFF, LTF, Participation Fee (PF) and commission		101,160	51,897
Income on bank deposit accounts		3,222	844
Guarantee given/revoked by Bank as per normal banking terms		6,123	23,298

	Note	2015	2014
----- Rupees in thousands -----			
- Thatta Power (Private) Limited			
Common shared expenses		3,101	2,879
Purchase of store items (inclusive of GST) - net		193	248
Purchase of electric power		485,391	481,352
Payment on account of electric power		516,465	508,007
Management fee charged (inclusive of SST)		15,180	13,920
Management fee received (inclusive of SST)		15,075	12,760
Receipts on account of common shared expenses		3,088	2,590
Payment on account of purchase of store items - net		210	460
- Thatta Cement Company (Private) Limited (TCCPL)			
Expenses paid by Company on behalf of TCCPL		-	17,272
- Bandhi Sugar Mills (Private) Limited			
Sale of cement		317	1,144
Receipt against sale of cement		317	27,855
- Sui Southern Gas Company Limited			
Purchase of gas excluding GST		7,450	19,099
Payment against purchase of gas excluding GST		7,763	19,646
- Pak Suzuki Motor Company Limited			
Payment against purchase of vehicle		2,988	3,338
- Key management personnel			
Salaries and benefits	37	90,974	67,827
Sale of vehicle	5.3	1,158	123
Sale of computer equipment		-	2
- Other related parties			
Contribution to employees' Gratuity Fund	21.2	14,749	7,106
Contribution to employees' Provident Fund		7,349	6,804
Balances with related parties			
- National Bank of Pakistan			
	36.2		
Term deposit account			1,000
PLS account balance			20,125
Current account balance			646
Running finance			186,012
Long term loans			73,865
Accrued mark-up - finance charge			8,687
Accrued interest - interest income			827
Guarantees on behalf of Company as per normal banking terms			43,532
Share in STFF			152,950
- Thatta Power (Private) Limited			
Payable against purchase of electricity power (inclusive of GST)		24,009	55,083
Receivable against management fee (inclusive of SST)		1,265	1,160
Receivable against common shared expenses		302	289
Receivable/payable against sale/purchase of store items - net		-	17
- Thatta Cement Company (Private) Limited (TCCPL)			
Receivable against expenses paid by Company on behalf of TCCPL		-	31,813

- Sui Southern Gas Company Limited		
Payable against purchase of gas excluding GST	145	458
- Habib Bank Limited		
Current account balance	4	368

36.1 There are no transactions with key management personnel other than under their terms of employment.

36.2 During the year, related party relationship ceased with National Bank of Pakistan in the month of April 2015.

37 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the unconsolidated financial statements for the year in respect of remuneration to the Chief Executive, Directors and Executives are as follows:

	2015		2014	
	Chief Executive	Executive	Chief Executive	Executive
	----- Rupees in thousands -----			
Managerial remuneration	13,200	58,194	12,000	43,093
Bonus and LFA	2,121	7,879	1,574	5,561
Other benefits	2,115	7,202	1,484	3,753
Leave encashment	-	263	-	362
	<u>17,436</u>	<u>73,538</u>	<u>15,058</u>	<u>52,769</u>
Number of person(s)	<u>1</u>	<u>30</u>	<u>1</u>	<u>20</u>

37.1 The Chief Executive and Executives are provided with free use of Company maintained car(s) and other benefits in accordance with their entitlement as per rules of the Company.

37.2 An aggregate amount of Rs. 2.45 million (June 30, 2014: Rs. 1.25 million) was paid to Non-Executive Directors during the year on account of Board, Audit Committee and HR & Remuneration Committee meeting fee.

38 OPERATING SEGMENTS

38.1 These unconsolidated financial statements have been prepared on the basis of single reportable segment.

38.2 Revenue from sale of cement represents 100% (June 30, 2014: 100%) of the total revenue of the Company.

38.3 99% (June 30, 2014: 95%) sales of the Company relates to customers in Pakistan.

38.4 All non-current assets of the Company at June 30, 2015 are located in Pakistan.

39 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company finances its operations through equity, borrowing and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk. Taken as a whole the Company's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments. Financial instruments of the Company are as under:

	2015	2014
	----- Rupees in thousands -----	
Financial Assets		
Long term deposits	1,096	1,006
Trade debts	187,888	117,390
Loans and advances	19,043	13,430
Trade deposits	1,079	869
Other receivables and accrued interest	43,087	113,723
Bank balances	112,219	28,161
	<u>364,412</u>	<u>274,579</u>
Financial Liabilities		
Long term financing	1,284,778	509,238
Long term deposits	3,844	5,971
Trade and other payables	275,185	469,984
Accrued mark-up	38,104	17,863
Short term borrowings	109,692	419,261
	<u>1,711,603</u>	<u>1,422,317</u>

Financial instruments and related disclosures

a) Financial Risk Management Objectives

The Company has exposure to the following risks from financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk

The Board of Directors of the Company has the overall responsibility for establishment and oversight of the Company's risk management framework. To assist the Board in discharging its oversight responsibility, the management has been made responsible for identifying, monitoring and managing the company's financial risk exposure. The Company's overall risk management program focuses on the under predictability of financial markets and seek to minimize potential adverse effects on the Company's financial performance.

b) Credit Risk

Credit risk is a risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of financial instruments or contracts are entered into with same party, or when counter parties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly effected by change in economics, political or other conditions. Concentration of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

At the reporting date, the company's total credit risk was concentrated in the following industrial/economic sectors:

	2015		2014	
	Rupees in thousands	%	Rupees in thousands	%
Banks	112,219	31%	28,161	10%
Others	252,193	69%	246,418	90%
	<u>364,412</u>	<u>100%</u>	<u>274,579</u>	<u>100%</u>

The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk the Company has developed a policy of obtaining advance payment from its customers. Except for customers relating to the Government and certain credit worthy customers, the management strictly adheres to this policy. For any balance receivable from such Government parties, the management continuously monitors the credit exposure towards them and make provisions against those balances considered doubtful. Cash is held only with banks with high quality credit worthiness. There is no significant risk exposure to loan and advances and other receivables.

2015	2014
---- Rupees in thousands ----	

The maximum exposure to credit risk at the reporting date is:

Long term deposits	1,096	1,006
Trade debts	187,888	117,390
Loans and advances	19,043	13,430
Trade deposits	1,079	869
Other receivables and accrued interest	43,087	113,723
Bank balances	112,219	28,161
	<u>364,412</u>	<u>274,579</u>

Financial assets that are neither past due nor impaired

The credit quality of assets that are neither past due nor impaired can be assessed by reference to historical information and external credit ratings or to historical counterparty default rates. As at June 30, 2015 trade debts of Rs. 107.459 million (June 30, 2014: Rs. 69.288 million) were past due but not impaired. These relates to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade debts is as follows:

Not past due	80,429	48,102
Past due but not impaired		
- within 90 days	76,153	44,954
- 91 to 180 days	14,159	7,960
- over 180 days	17,147	16,374
	<u>187,888</u>	<u>117,390</u>

The credit quality of cash at bank (in Current, PLS and deposit accounts) as per credit rating agencies is as follows:

Credit ratings

Details of the credit ratings of bank balances as at June 30, 2015 are as follows:

Rating

A1 +	104,219	27,940
A1	7,960	24
A2	40	61
A3	-	136
	<u>112,219</u>	<u>28,161</u>

Due to Company's long standing relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counterparties on their obligation to the Company. For trade debts, internal risk assessment process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are fixed based on internal or external ratings in accordance with limits set by the management. The utilization of said limits is regularly monitored.

Financial assets that are past due or impaired

The credit quality of financial assets that are past due or impaired can be assessed by reference to note 11. The aging analysis of these impaired trade debts is as follows:

Over five years	<u>72,028</u>	<u>72,980</u>
-----------------	---------------	---------------

c) Liquidity Risk Management

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or may face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

The Company is exposed to liquidity risk in respect of non-current interest bearing liabilities, long term deposit, short term borrowings, trade and other payable and mark-up accrued.

The Company's approach to manage 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, without incurring unacceptable losses or risking damage to the Company's reputation.

Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

Maturity analysis for financial liabilities

The table below analyses Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to maturity date and represents the undiscounted cash flows. The amounts in the table are the gross nominal undiscounted cash flows (including interest payments).

	2015				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	More than one year
----- Rupees in thousands -----					
Non-derivative Liabilities					
Long term financing	1,284,778	(1,718,223)	(66,738)	(117,332)	(1,534,153)
Long term deposits	3,844	(3,844)	-	-	(3,844)
Trade and other payables	275,185	(275,185)	(275,185)	-	-
Short term borrowings	109,692	(109,692)	(54,846)	(54,846)	-
Accrued mark-up	38,104	(38,104)	(38,104)	-	-
	<u>1,711,603</u>	<u>(2,145,048)</u>	<u>(434,873)</u>	<u>(172,178)</u>	<u>(1,537,997)</u>

	2014				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	More than one year
----- Rupees in thousands -----					
Non-derivative Liabilities					
Long term financing	509,238	(757,613)	(46,401)	(51,936)	(659,276)
Long term deposits	5,971	(5,971)	-	-	(5,971)
Trade and other payables	469,984	(469,984)	(469,984)	-	-
Short term borrowings	419,261	(419,261)	(209,630)	(209,631)	-
Accrued mark-up	17,863	(17,863)	(17,863)	-	-
	<u>1,422,317</u>	<u>(1,670,692)</u>	<u>(743,878)</u>	<u>(261,567)</u>	<u>(665,247)</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at reporting date.

d) Market Risk

Market risk is the risk that changes in market interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) 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 on risk.

e) Interest / Mark-up Rate Risk Management

Interest / mark-up rate risk management arises from the possibility of changes in interest/mark-up rates which may affect the value of financial instruments. The Company has long term finance and short term borrowing at variable rates. Company is exposed to interest / mark-up rates risk on long term financing, interest rate risk for short term borrowing is covered by holding "Prepayment option" which can be exercised upon any adverse movement in the underlying interest rates. At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments is:

	Carrying Amount	
	2015	2014
----- Rupees in thousands -----		
Fixed rate instruments		
Financial assets	1,000	1,000
Variable rate instruments		
Financial assets	104,685	20,210
Financial liabilities	1,394,470	928,499

Fair Value Sensitivity Analysis for Fixed Rate Instruments:

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, change in interest rates at the reporting date would not affect profit and loss account.

Cash Flow Sensitivity Analysis for Variable Rate Instruments:

Financial assets

If interest rate had fluctuated by $\pm 1\%$ with all other variables held constant, profit before tax for the year would have been Rs. 1.047 million (June 30, 2014: Rs 0.202 million) higher / lower, mainly as a result of higher / lower interest income from these financial assets.

Financial liabilities

If interest rate had fluctuated by $\pm 1\%$ with all other variables held constant, profit before tax for the year would have been Rs. 13.945 million (June 30, 2014: Rs. 9.28 million) higher / lower, mainly as a result of higher / lower interest expense of these financial liabilities.

A summary of the Company's interest rate gap position, categorised by the earlier of contractual re-pricing or maturity dates at the end of year is as follows:

	Mark-up / return (%)	June 30, 2015			Total
		Less than 6 months	6 months to 1 year	More than 1 year	
----- Rupees in thousands -----					
Assets					
Bank balance	4.5% to 7.5%	39,059	3,192	63,434	105,685
Total assets		<u>39,059</u>	<u>3,192</u>	<u>63,434</u>	<u>105,685</u>
Liabilities					
Short term running finance	10.99-13.18%	(54,846)	(54,846)	-	(109,692)
Long term financing	9.01%- 12.19%	(66,738)	(117,332)	(1,534,153)	(1,718,223)
Total liabilities		<u>(121,584)</u>	<u>(172,178)</u>	<u>(1,534,153)</u>	<u>(1,827,915)</u>
On-balance sheet gap		(82,525)	(168,986)	(1,470,719)	(1,722,230)
Total interest risk sensitivity gap		<u>(82,525)</u>	<u>(251,511)</u>	<u>(1,722,230)</u>	<u>(1,722,230)</u>

f) Foreign Exchange Risk Management

Foreign exchange risk is the risk that the value of financial asset or a liability will fluctuate due to change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies. Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable/payable from /to the foreign entities and outstanding letters of credit and bills payable.

The Company's exposure to foreign currency risk is as follows:

	2015		2014	
	Rupees	US \$	Rupees	US \$
----- in thousands -----				
Trade and other payables	(36,485)	(359)	(237,334)	(2,403)
	<u>(36,485)</u>	<u>(359)</u>	<u>(237,334)</u>	<u>(2,403)</u>

Currently, the Company does not obtain forward cover against the gross exposure. The following significant rates applied during the year:

	2015	2014	2015	2014
	Average rate		Balance sheet date rate	
US Dollar to PKR	101.54	102.98	101.70	98.75

Sensitivity Analysis

A five percent strengthening / weakening of Rupee against US Dollar on June 30th would have increased / decreased equity and profit and loss account by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis that were used for the year 2014.

	Profit and Loss Account	
	2015	2014
	---- Rupees in thousands ----	
Effects in US Dollars gain/loss	<u>1,824</u>	<u>11,867</u>

g) Fair value of financial instruments

The carrying value of all the financial assets and liabilities reflected in the financial statements approximates their fair value. The methods used for determining fair values of each class of financial assets and liabilities are disclosed in respective policy notes.

h) Capital Risk Management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns and benefits for shareholders and to maintain a strong base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and make adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payable to the shareholders or issue new shares.

The Company finances its expansion projects through equity, borrowings and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

i) Operational Risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's activities, either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of operation behaviour. Operational risks arise from all the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its objectives of becoming a profitable organisation, producing high quality cement and generating returns for investors. Primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities ;
- requirements for reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective; and
- operational and qualitative track record of the plant and equipment supplier and related service providers.

40 NUMBER OF EMPLOYEES

The total number of employees as at year end were 544 and average number of employees were 552.

41 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in their meeting held on September 17, 2015, have proposed for the year ended June 30, 2015, final cash dividend of Rs. 1.30 per share i.e. 13% (June 30, 2014: Rs. 1.1 per share i.e. 11%) amounting to Rs. 129.63 million (June 30, 2014: Rs.109.69 million) for approval by the members of the Company in the Annual General Meeting to be held on October 16, 2015. The unconsolidated financial statements for the year ended June 30, 2015 do not include the effect of the proposed cash dividend, which will be recognized in the unconsolidated financial statements for the year ending on June 30, 2016.

42 DATE OF AUTHORIZATION

These unconsolidated financial statements were authorized for issue on September 17, 2015 by the Board of Directors of the Company.

43 GENERAL

Figures have been rounded off to the nearest thousand of Rupees.

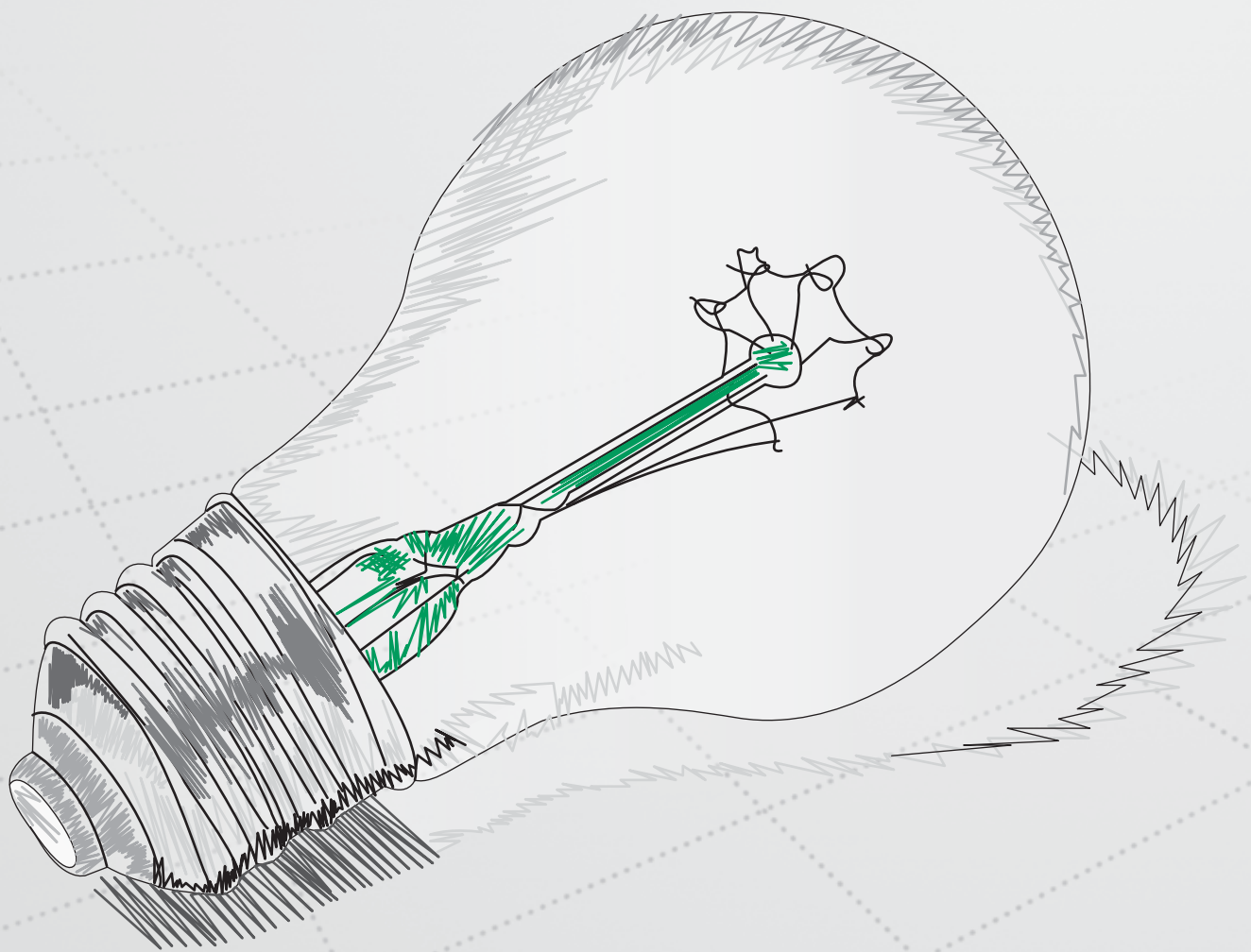


CHIEF EXECUTIVE



DIRECTOR

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Generating

Long-Term Energy

By constructing a captive power plant and undertaking Waste Heat recovery for Power Generation, Thatta Cement hopes to create an endeavor that will not only benefit the company, but also help achieve its long term growth and sustainability.



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Karachi, 75530 Pakistan

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Internet www.kpmg.com.pk

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **Thatta Cement Company Limited** ("the Holding Company") and its subsidiary company as at 30 June 2015 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of Thatta Cement Company Limited. Thatta Power (Private) Limited ("the Subsidiary Company") was audited by other firm of auditors whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such company, is based solely on the report of such other auditors. These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of Thatta Cement Company Limited and its subsidiary company as at 30 June 2015 and the results of their operations for the year then ended.

Date: 17 September 2015

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Mazhar Saleem

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

CONSOLIDATED BALANCE SHEET

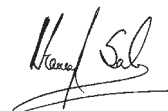
As at June 30, 2015

	Note	2015	2014
		----- Rupees in thousands -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	3,396,003	2,699,846
Intangible assets	6	6,418	349
Long term investment - available-for-sale	7	279,341	140,106
Long term deposits		1,096	1,006
		3,682,858	2,841,307
CURRENT ASSETS			
Stores, spare parts and loose tools	8	225,502	413,092
Stock-in-trade	9	230,907	418,063
Trade debts	10	477,102	281,608
Short term investment - held to maturity	11	306,000	306,000
Loans and advances	12	19,066	18,774
Trade deposits and short term prepayments	13	25,640	26,535
Other receivables and accrued interest	14	57,676	161,085
Taxation - net		21,454	-
Cash and bank balances	15	172,853	170,148
		1,536,200	1,795,305
		<u>5,219,058</u>	<u>4,636,612</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 200,000,000 (June 30, 2014: 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	16	997,181	997,181
Share premium		99,718	99,718
Revaluation of available-for-sale investment		144,835	-
Accumulated profit		881,658	517,496
		2,123,392	1,614,395
Non-controlling interests		452,089	340,905
		<u>2,575,481</u>	<u>1,955,300</u>
NON-CURRENT LIABILITIES			
Long term financing	17	1,646,862	1,141,222
Long term deposits	18	3,844	5,971
Long term employee benefit	19	15,093	13,185
Deferred taxation	20	133,455	132,039
		1,799,254	1,292,417
CURRENT LIABILITIES			
Trade and other payables	21	364,658	576,414
Accrued mark-up	22	46,039	31,997
Current maturity of long term financing	17	298,177	360,474
Taxation - net		-	749
Short term borrowings	23	135,449	419,261
		844,323	1,388,895
CONTINGENCIES AND COMMITMENTS	24	<u>5,219,058</u>	<u>4,636,612</u>

The annexed notes from 1 to 43 form an integral part of these consolidated financial statements.



CHIEF EXECUTIVE



DIRECTOR

CONSOLIDATED PROFIT & LOSS ACCOUNT

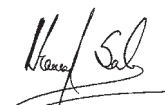
For the year ended June 30, 2015

	Note	2015	2014
		----- Rupees in thousands -----	
Sales - net	25	3,205,421	3,021,994
Cost of sales	26	(2,163,096)	(1,914,575)
Gross profit		<u>1,042,325</u>	<u>1,107,419</u>
Selling and distribution cost	27	(37,735)	(57,545)
Administrative expenses	28	(100,929)	(82,915)
		(138,664)	(140,460)
Operating profit		<u>903,661</u>	<u>966,959</u>
Other operating expenses	29	(106,311)	(130,743)
Finance cost	30	(156,884)	(204,409)
		(263,195)	(335,152)
Share of loss from associate		-	(14,839)
Other income	31	63,696	95,846
Profit before taxation		<u>704,162</u>	<u>712,814</u>
Taxation	32	(118,950)	(190,930)
Profit after taxation		<u>585,212</u>	<u>521,884</u>
Profit after taxation for the year attributable to:			
- Equity holders of the Holding Company		474,028	423,029
- Non-controlling interests		111,184	98,855
		<u>585,212</u>	<u>521,884</u>
		----- Rupees -----	
Earnings per share - basic and diluted	33	<u>4.75</u>	<u>4.24</u>

The annexed notes from 1 to 43 form an integral part of these consolidated financial statements.



CHIEF EXECUTIVE



DIRECTOR

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

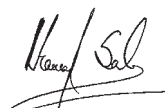
For the year ended June 30, 2015

	2015	2014
	----- Rupees in thousands -----	
Profit after taxation	585,212	521,884
Other comprehensive income		
<i>Items to be reclassified to profit and loss account in subsequent years</i>		
Revaluation gain on available-for-sale investment	144,835	-
<i>Items not to be reclassified to profit and loss account in subsequent years</i>		
Remeasurement of defined benefit liability	(252)	(4,933)
Recognition of deferred tax	76	1,727
	(176)	(3,206)
Total comprehensive income for the year	729,871	518,678
Total comprehensive income for the year attributable to:		
- Equity holders of the Holding Company	618,687	419,823
- Non-controlling interests	111,184	98,855
	729,871	518,678

The annexed notes from 1 to 43 form an integral part of these consolidated financial statements.



CHIEF EXECUTIVE



DIRECTOR

CONSOLIDATED CASH FLOW STATEMENT

For the year ended June 30, 2015

	2015	2014
	----- Rupees in thousands -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	704,162	712,814
Adjustment for:		
Depreciation	85,109	92,903
Amortization of intangible assets	601	199
Impairment of major stores and spares / provision for slow moving and dead stores	6,653	3,392
Finance cost	156,884	204,409
Share of loss from associate	-	14,839
Capital expenditure written off	-	1,597
Provision for gratuity	11,010	7,253
Other receivable written off	32,338	-
Provision for leave encashment	3,239	4,744
Gain on disposal of long term investment - available-for-sale	(1,185)	(1,447)
Impairment of available-for-sale investment	-	35,027
Revaluation gain on initial recognition of available-for-sale investment	-	(25,988)
Revaluation loss / (gain) on outstanding balance of deferred payment letter of credit	3,691	(180)
(Gain) / loss on disposal of property, plant and equipment	(200)	1,791
	298,140	338,539
Operating cash flows before working capital changes	1,002,302	1,051,353
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	185,184	(116,536)
Stock-in-trade	187,156	(68,750)
Trade debts	(195,494)	(95,003)
Loans and advances	(292)	1,382
Trade deposits and short term prepayments	895	(13,956)
Other receivable and accrued interest	71,071	(77,006)
	248,520	(369,869)
Increase / (decrease) in current liabilities		
Trade and other payables excluding gratuity payable and dividend payable	(208,378)	314,411
Cash generated from operations	1,042,444	995,895
Finance cost paid	(237,970)	(207,364)
Gratuity paid	(14,749)	(7,106)
Leave encashment paid	(1,331)	(1,670)
Tax paid - net	(139,662)	(163,783)
	(393,712)	(379,923)
Net cash generated from operating activities	648,732	615,972

CONSOLIDATED CASH FLOW STATEMENT

For the year ended June 30, 2015

	Note	2015	2014
		----- Rupees in thousands -----	
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(691,424)	(526,199)
Addition in intangible assets		(6,670)	-
Dividend paid		(109,581)	(49,746)
Disposal of long term investment - available-for-sale		6,785	4,937
Proceeds from disposal of property, plant and equipment		1,240	625
Disposal of short term investment		306,000	306,000
Acquisition of short term investment		(306,000)	(306,000)
Long term deposits - assets		(90)	-
Net cash used in investing activities		(799,740)	(570,383)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(360,475)	(352,477)
Long term financing obtained		800,127	435,373
Long term deposits - liabilities		(2,127)	-
Net cash generated from financing activities		437,525	82,896
Net increase in cash and cash equivalents		286,517	128,485
Cash and cash equivalents at beginning of the year	34	(249,113)	(377,598)
Cash and cash equivalents at end of the year	34	37,404	(249,113)

The annexed notes from 1 to 43 form an integral part of these consolidated financial statements.



CHIEF EXECUTIVE




DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

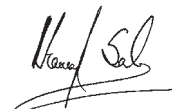
For the year ended June 30, 2015

	Equity attributable to owners of the Holding Company				Non-controlling interests	Total equity	
	Issued, subscribed and paid-up capital	Share premium	Revaluation of available-for-sale investment	Accumulated profit			Total
	----- Rupees in thousands -----						
Balance as at July 1, 2013	997,181	99,718	-	147,532	1,244,431	242,050	1,486,481
<i>Transactions with owners recorded directly in equity</i>							
Final dividend @ Rs. 0.5 per share for the year ended June 30, 2013	-	-	-	(49,859)	(49,859)	-	(49,859)
<i>Total comprehensive income for the year ended June 30, 2014</i>							
Profit after taxation	-	-	-	423,029	423,029	98,855	521,884
Remeasurement of defined benefit liability - net of deferred tax	-	-	-	(3,206)	(3,206)	-	(3,206)
Deficit on revaluation of available-for-sale investment	-	-	(35,027)	-	(35,027)	-	(35,027)
Deficit on revaluation of available-for-sale investment transferred to profit and loss account on impairment	-	-	35,027	-	35,027	-	35,027
Balance as at June 30, 2014	997,181	99,718	-	517,496	1,614,395	340,905	1,955,300
Balance as at July 1, 2014	997,181	99,718	-	517,496	1,614,395	340,905	1,955,300
<i>Transactions with owners recorded directly in equity</i>							
Final dividend @ Rs. 1.1 per share for the year ended June 30, 2014	-	-	-	(109,690)	(109,690)	-	(109,690)
<i>Total comprehensive income for the year ended June 30, 2015</i>							
Profit after taxation	-	-	-	474,028	474,028	111,184	585,212
Remeasurement of defined benefit liability - net of deferred tax	-	-	-	(176)	(176)	-	(176)
Surplus on revaluation of available-for-sale investment	-	-	144,835	-	144,835	-	144,835
Balance as at June 30, 2015	997,181	99,718	144,835	881,658	2,123,392	452,089	2,575,481

The annexed notes from 1 to 43 form an integral part of these consolidated financial statements.



CHIEF EXECUTIVE



DIRECTOR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2015

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").

1.2 Thatta Cement Company Limited ("the Holding Company") 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 ("the Subsidiary Company") is a 62.43% owned subsidiary of the Holding Company as at June 30, 2015 (June 30, 2014: 62.43%). The principal business of the subsidiary is generation, supply and transmission of electrical power. As at June 30, 2015 TPPL has authorized and issued capital of Rs. 500 million and Rs. 479.16 million divided into 50,000,000 (June 30, 2014: 5,000,000 ordinary shares) and 47,915,830 (June 30, 2014: 4,791,583) ordinary shares respectively.

1.3.1 During the year, the subsidiary company has split its shares by decreasing the face value from Rs. 100 per share to Rs. 10 per share. Accordingly the number of shares in issue, subscribed and paid-up capital of the subsidiary company has increased from 4,791,583 to 47,915,830. The number of shares held by the Holding Company in the subsidiary company has also increased from 2,991,581 as on June 30, 2014 to 29,915,810 as on June 30, 2015; however, shareholding of the Holding Company remained the same i.e. 62.43%. The above share split has no effect on the existing rights and privileges of the Holding Company.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated 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, and provisions of and directives issued under the Companies Ordinance, 1984. In case the requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

These consolidated financial statements are being submitted to the shareholders as required under section 237 of the Companies Ordinance, 1984 and the Karachi Stock Exchange Regulations.

2.2 Basis of consolidation

These consolidated financial statements include the financial statements of the Holding Company and the Subsidiary. The financial statements of the subsidiary are included in the 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 recognized 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 consolidated financial statements. Intra group balances and transactions are eliminated.

2.3 Basis of measurement

These consolidated financial statements have been prepared under historical cost convention except for certain employee retirement benefits and foreign currency liabilities which are stated as reported in their respective notes.

2.4 Functional and presentation currency

These consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

2.5 Use of estimates and judgments

The preparation of these 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 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 consolidated financial statements as at and for the year ended June 30, 2015 except for as explained in note 2.5.1.

Management has made the following estimates and judgments which are significant to these consolidated financial statements:

a) Fixed assets

The Group's management determines the estimated useful lives and related depreciation charge for its property, plant and equipment. The Group also reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

b) Trade debts

The Group reviews its doubtful debts at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimates of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

c) Stock-in-trade and stores and spares

The Group reviews the net realizable value of stock-in-trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade, stores and spares and corresponding effect in profit and loss account of those future years. Net realizable value is determined with respect to estimated selling price less estimated expenditures to make the sale.

d) Income taxes

In making the estimates for income taxes currently payable by the Group, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Group's future taxable profits are taken into account.

e) Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Group, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events with respect to evaluation based on element of issue involved and opinion of legal counsel.

f) Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in these consolidated financial statements for actuarial valuation of present value of defined benefit obligation and leave encashment. Change in these assumptions in future years may affect the liability under the scheme in those years.

g) Investments

The Group determines that a significant and prolonged decline in the fair value of its investments below its cost is an objective evidence of impairment. The impairment loss is recognized when the carrying amount exceeds the higher of fair value less cost to sell and value in use.

2.5.1 Change in accounting estimate

The Holding Company has changed the depreciation method of all items of property, plant and equipment except for plant and machinery and lease hold improvements from reducing balance method to straight line method as the management believes that it better reflects the pattern in which the asset's future economic benefits are expected to be consumed. Further, depreciation method of utilities as included in plant and machinery has also been changed from reducing balance method to straight line method. Management has incorporated the effect of change in estimate in accordance with IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors" in these consolidated financial statements.

The effect of change in accounting estimate on depreciation expense in current year and future years is not considered to be material.

3 STANDARDS, AMENDMENTS OR INTERPRETATIONS WHICH BECAME EFFECTIVE DURING THE YEAR

During the year certain amendments to Standards and new interpretations became effective; however, they did not have any material effect on these consolidated financial statements of the Company.

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after July 1, 2015:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate and can overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on these consolidated financial statements.
- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach in determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not likely to have an impact on these Consolidated financial statements.
- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments

requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not likely to have an impact on these consolidated financial statements.

- IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The adoption of this standard is not likely to have an impact on these consolidated financial statements.
- IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard is not likely to have an impact on these consolidated financial statements.
- Amendments to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The adoption of the amended standard is not likely to have an impact on these consolidated financial statements.
- Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41) (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The adoption of the amended standard is not likely to have an impact on these consolidated financial statements.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) (effective for annual periods beginning on or after 1 January 2016). The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The adoption of these amendments is not likely to have an impact on these consolidated financial statements.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

4 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below and have been consistently applied to all years presented.

4.1 Property, plant and equipment

Property, plant and equipment (except freehold land) are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of an asset.

Depreciation

Depreciation is charged using straight line method on all assets except on plant and machinery (other than utilities within plant and machinery) which is charged by applying Units of Production (UoP) Method. Majority items of plant and machinery of subsidiary company are depreciated on the basis of running hours (RH) of engines. Depreciation rates of each item is mentioned in note 5.1. 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.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognized. Normal maintenance and repairs are charged to profit and loss account as and when incurred whereas major renewals and improvements are capitalized.

Disposal

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognized in consolidated profit and loss account.

4.2 Capital work-in-progress (CWIP)

Capital work-in-progress is stated at cost including, where relevant, related financing costs less impairment losses, if any. These costs are transferred to fixed assets as and when assets are available for use.

4.3 Government grant

Government grants related to assets are presented by deducting the grant amount in arriving at the carrying amount of the asset. The grant is recognized in consolidated profit and loss account over the useful life of the asset as reduced by depreciation expense.

4.4 Intangible assets

Intangible assets are recognized when it is probable that the expected future economic benefits will flow to the entity and the cost of an asset can be measured reliably. Cost of intangible asset includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use. Costs associated with maintaining computer software are recognized as an expense as and when incurred. Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged over the estimated useful life of the asset on a systematic basis by applying the straight line method. Useful lives of all intangible assets are reviewed at each balance sheet date and adjusted if the impact of amortization is significant. Subsequent expenditure on intangible asset is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates.

4.5 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Non-Financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the consolidated profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.6 Investments

Investment in associate

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of voting power of another entity or has significant influence through common directorship. Investment in associates are accounted for using the equity method (equity-accounted investees) and are initially recognized at cost.

Investment - available-for-sale

The Group classifies its other long term investment as 'Available-for-sale' (AFS) investments which are non-derivatives and are either designated in this category or not classified as 'Financial assets at fair value through profit or loss', 'Loans and receivables' or 'Held to maturity financial assets'.

Available-for-sale investment is initially recorded at fair value and subsequently remeasured at fair value at each reporting date. Changes in fair value are taken to consolidated statement of other comprehensive income. When investment classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in consolidated statement of other comprehensive income are included in the profit and loss account. Dividends on available-for-sale investment is recognized in consolidated profit and loss account as part of 'other operating income' when the Group's right to receive payment is established.

The Group assesses at each balance sheet date whether there is objective evidence that an available-for-sale investment is impaired. For such investment, a significant prolonged decline in the fair value of the investment below the carrying value is considered as an indicator that the investment is impaired. If any such evidence exists, the cumulative loss is transferred from consolidated statement of other comprehensive income to consolidated profit and loss account. Impairment losses previously recognized in the consolidated profit and loss account on available-for-sale investment is not reversed through consolidated profit and loss account.

Investment - held to maturity

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and maturity where management has a positive intention and ability to hold till maturity and are stated at amortized cost.

4.7 Stores, spare parts and loose tools

These are stated at lower of cost (calculated on weighted average basis) and net realisable value, less provision for dead and slow moving stores and spares. Stores and spares in transit are valued at invoice value plus other charges incurred thereon as on balance sheet date.

Provision for dead and slow moving stores, spare parts and loose tools is determined based on management's estimate regarding their future usability.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated cost necessary to be incurred to make the sale.

4.8 Stock-in-trade

Stock of raw and packing material, work in process and finished goods are valued at the lower of cost and net realizable value. Cost in relation to work in process and finished goods includes prime cost and appropriate proportion of production overheads incurred in bringing the inventory to their present location and condition. Stocks of raw and packing material are valued at cost on weighted average basis. Stocks in transit are valued at cost comprising invoice value plus other charges directly attributable to the acquisition of related purchase incurred upto the balance sheet date.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and cost necessary to be incurred in order to make the sale.

4.9 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortized cost using the effective interest rate method if applicable, less provision for impairment and provision for doubtful debts, if any. Provision for impairment and provision for doubtful debts are established where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Trade debts and receivables are written off when considered irrecoverable.

Export debts are initially recognized at the exchange rate prevailing on the date when significant risks and rewards of ownership are transferred and subsequently remeasured at each balance sheet date. Exchange gain / (loss) on remeasurement is taken to consolidated profit and loss account.

4.10 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated balance sheet at cost. For the purposes of the consolidated cash flow statement, cash and cash equivalents comprises of cash in hand, with banks in current, PLS and deposit accounts net of short term borrowings under mark-up arrangements, if any.

4.11 Employee retirement benefits

Defined benefit plan

The Holding Company operates an approved funded gratuity scheme covering all permanent employees. The scheme is administered by the trustees nominated under the trust deed. The liability recognized in respect of gratuity is the present value of the Holding Company's obligations under the scheme at the balance sheet date less the fair value of plan assets, together with adjustment for unrecognized actuarial gains or losses. Contribution is made to this scheme on the basis of actuarial recommendations. The actuarial valuation is carried out using the Projected Unit Credit Actuarial Cost Method.

The present value of obligations are determined by discounting the estimated future cash outflows using interest rates of government bonds. The government bonds are consistent with the estimated term of the post-employment benefit obligations.

Defined contribution plan

The Holding Company also operates an approved contributory Provident Fund for all its permanent employees to which equal monthly contributions are made, both by the Company and the employees at the rate of 10% of basic salary.

Leave encashment

The liability for accumulated leave encashment of employees is recognized on the basis of actuarial valuation in the period in which employees render service that increases their entitlement to future leave encashment.

4.12 Borrowings and finance cost

Loans and borrowings are recorded as and when the proceeds are received.

Borrowing cost incurred on long term finances directly attributable for the construction / acquisition of qualifying asset are capitalized up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to consolidated profit and loss account.

4.13 Taxation

Current

Provision for current taxation of the Holding Company is computed in accordance with the provisions of Income Tax Ordinance, 2001. The charge for current income tax is recorded after adjustment, if any, to the provision for tax made in prior year including those arising from assessment and amendments in assessments during the year in such years.

The profits and gains of the Subsidiary Company derived from electric power generation are exempt from tax in terms of Clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the conditions and limitations provided therein. Under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, the subsidiary company is also exempt from levy of minimum tax on 'turnover' under section 113 of the Income Tax Ordinance, 2001. However, full provision is made in the consolidated profit and loss account on income from other sources not covered under the above clauses at current rate of taxation after taking into account tax credits and rebates available, if any.

Deferred

The Holding Company accounts for deferred taxation on all temporary differences using liability method. Deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available and the credits can be utilized.

Deferred tax has not been provided in these consolidated financial statements for the subsidiary company as the Group's management believes that the temporary differences will not reverse in the foreseeable future due to the fact that the profits and gains of the subsidiary company derived from electric power generation are exempt from tax subject to the conditions and limitations provided for in the Income Tax Ordinance, 2001.

4.14 Trade and other payables

These are recognized and carried at cost which is fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Group.

4.15 Provisions

Provisions are recognized when the Group 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 can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the best estimate.

4.16 Transactions with related parties

Transactions in relation to sales, purchases and services with related parties are made at arm's length prices determined in accordance with the comparable uncontrolled price method except for the allocation of expenses such as sharing of electricity, gas, water, repair and maintenance relating to the head office and Business Support Services for which the pricing mechanism is subject to approval of Board of Directors.

4.17 Revenue recognition

Thatta Cement Company Limited

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. Revenue from sales is recognized upon passage of title to the customers usually on dispatch of goods. Export sales are recognized as revenue when significant risks and rewards of ownership are transferred. Interest and rental / other income is recognized on accrual basis.

Thatta Power (Private) Limited

Revenue from the sale of electric power is recorded based upon the output delivered and grid unavailability at rates specified under the Power Purchase Agreement whereas income on short term investments is recorded on accrual basis using effective interest rate method.

4.18 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognized at the time when the Group loses control of the contractual rights that comprises the financial assets. Financial liabilities are derecognized at the time when they are extinguished, that is when the obligation specified in the contract is discharged, cancelled or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to consolidated profit and loss account.

4.19 Offsetting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the Group has a legally enforceable right to set-off the recognized amounts and the Group intends either to settle on a net basis or to realize the asset and discharge the liability simultaneously. Corresponding income on assets and charge on liability is also offset.

4.20 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' results are reviewed regularly by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance.

Segment results that are reported to the Group's management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

4.21 Foreign currency transactions

Transaction in foreign currencies are translated into Pak Rupees using the exchange rates prevailing on the date of each transaction. Monetary assets and liabilities in foreign currencies are reported in Pak Rupees using the exchange rates approximating those prevailing on the balance sheet date. All exchange differences are taken into consolidated profit and loss account.

4.22 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data. Basic EPS is calculated by dividing the profit or loss attributable to shareholders of the Holding Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

4.23 Dividends and appropriations

Dividends and reserve appropriations are recognized in the period in which these are declared / approved.

	Note	2015	2014
----- Rupees in thousands -----			
5	PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	5.1	2,091,313	2,101,747
Capital work-in-progress	5.4	1,234,471	503,987
Major stores and spares	5.5	70,219	94,112
		<u>3,396,003</u>	<u>2,699,846</u>

5.1 Operating fixed assets

	2015									
	COST				Depreciation rate per annum	ACCUMULATED DEPRECIATION				Net book value as at June 30, 2015
As at July 1, 2014	Additions	Disposals	As at June 30, 2015	As at July 1, 2014		Change for the year	Accumulated depreciation on disposals	As at June 30, 2015		
----- Rupees in thousands -----					----- Rupees in thousands -----					
Freehold land	6,421	-	-	6,421	-	-	-	-	-	6,421
Leasehold improvements	2,585	-	-	2,585	20%	787	517	-	1,304	1,281
Quarries and improvements	11,963	-	-	11,963	5%	11,783	9	-	11,792	171
Factory building on freehold land	479,644	1,328	-	480,972	10% & 4%	206,030	14,425	-	220,455	260,517
Electrical installations	56,367	-	-	56,367	5%	8,058	2,415	-	10,473	45,894
Housing colonies	73,711	384	-	74,095	5%	54,303	987	-	55,290	18,805
Office building on freehold land	22,281	-	-	22,281	5%	18,035	212	-	18,247	4,034
Cooling towers	73,235	-	-	73,235	7%	7,949	5,126	-	13,075	60,160
Plant and machinery	2,762,061	50,698	-	2,812,759	UoP & RH	1,164,278	47,113	-	1,211,391	1,601,368
Quarry equipments	18,040	1,103	-	19,143	20%	18,022	187	-	18,209	934
Railway sidings	14,905	-	-	14,905	10%	13,187	172	-	13,359	1,546
Vehicles	56,900	10,030	(3,425)	63,505	10% & 20%	28,119	6,159	(2,435)	31,843	31,662
Furniture and fixtures	12,084	-	-	12,084	10%	6,019	615	-	6,634	5,450
Office equipment	15,061	2,233	(50)	17,244	10%	5,069	1,134	(10)	6,193	11,051
Medical equipment	629	-	-	629	10%	622	1	-	623	6
Laboratory equipment	54,637	3,773	-	58,410	10%	21,775	3,563	-	25,338	33,072
Computers	15,507	6,166	(244)	21,429	30%	10,248	2,474	(234)	12,488	8,941
	<u>3,676,031</u>	<u>75,715</u>	<u>(3,719)</u>	<u>3,748,027</u>		<u>1,574,284</u>	<u>85,109</u>	<u>(2,679)</u>	<u>1,656,714</u>	<u>2,091,313</u>

	2014										
	COST				Depreciation rate per annum	ACCUMULATED DEPRECIATION					Net book value as at June 30, 2014
	As at July 1, 2013	Additions	Disposals	As at June 30, 2014		As at July 1, 2013	Charge for the year	Accumulated depreciation on disposals	As at June 30, 2014		
Rupees in thousands											
Freehold land	6,421	-	-	6,421	-	-	-	-	-	6,421	
Leasehold improvements	2,585	-	-	2,585	20%	270	517	-	787	1,798	
Quarries and improvements	11,963	-	-	11,963	5%	11,773	10	-	11,783	180	
Factory building on freehold land	479,026	618	-	479,644	10% & 4%	191,204	14,826	-	206,030	273,614	
Electrical installations	56,367	-	-	56,367	5%	5,515	2,543	-	8,058	48,309	
Housing colonies	72,293	1,418	-	73,711	5%	53,308	995	-	54,303	19,408	
Office building on freehold land	22,281	-	-	22,281	5%	17,812	223	-	18,035	4,246	
Cooling towers	73,235	-	-	73,235	7%	2,823	5,126	-	7,949	65,286	
Plant and machinery	2,709,285	56,727	(3,951)	2,762,061	UoP & RH	1,110,600	55,453	(1,775)	1,164,278	1,597,783	
Quarry equipments	18,040	-	-	18,040	20%	18,018	4	-	18,022	18	
Railway sidings	14,905	-	-	14,905	10%	12,996	191	-	13,187	1,718	
Vehicles	49,049	9,358	(1,507)	56,900	10% & 20%	23,809	5,579	(1,269)	28,119	28,781	
Furniture and fixtures	12,084	-	-	12,084	10%	5,342	677	-	6,019	6,065	
Office equipment	14,029	1,071	(39)	15,061	10%	4,026	1,043	-	5,069	9,992	
Medical equipment	629	-	-	629	10%	621	1	-	622	7	
Laboratory equipment	54,174	463	-	54,637	10%	18,163	3,612	-	21,775	32,862	
Computers	14,469	1,133	(95)	15,507	30%	8,238	2,103	(93)	10,248	5,259	
	<u>3,610,835</u>	<u>70,788</u>	<u>(5,592)</u>	<u>3,676,031</u>		<u>1,484,518</u>	<u>92,903</u>	<u>(3,137)</u>	<u>1,574,284</u>	<u>2,101,747</u>	

Note

2015 2014

----- Rupees in thousands -----

5.2 Allocation of depreciation

The depreciation charge for the year has been allocated as under:

Cost of sales	26	80,517	85,009
Selling and distribution cost	27	1,169	1,991
Administrative expenses	28	3,423	5,903
		<u>85,109</u>	<u>92,903</u>

5.3 The details of operating fixed assets having book value of above Rs. 50,000/- disposed off during the year are as follows:

Particulars	Cost	WDV	Sale proceeds	Gain/ (loss)	Mode of disposal	Particulars of buyer
----- Rupees in thousands -----						
Vehicle	1,874	543	543	-	As per Company policy	Mr. Muhammad Fazlullah Shariff (CEO)
Vehicle	674	73	241	168	Tender inquiry	Mr. Ahmedullah (Employee)
Vehicle	877	374	374	-	As per Company policy	Mr. Arshad Kamal (Employee)
During the year ended June 30, 2015	<u>3,425</u>	<u>990</u>	<u>1,158</u>	<u>168</u>		
During the year ended June 30, 2014	<u>5,458</u>	<u>2,414</u>	<u>623</u>	<u>(1,791)</u>		

5.4 Capital work-in-progress

	Note	Cost as at July 1, 2014	Capital expenditure incurred during the year	Transferred to operating fixed assets	Cost as at June 30, 2015
----- Rupees in thousands -----					
Balancing, Modernization and Rehabilitation project	5.4.1 & 5.4.2	503,199	729,347	-	1,232,546
Construction of rooms and security check post		788	3,163	(3,951)	-
Waste Heat Recovery Project		-	1,925	-	1,925
As at June 30, 2015		503,987	734,435	(3,951)	1,234,471
As at June 30, 2014		86,074	456,115	(38,202)	503,987

5.4.1 The Balancing, Modernization and Rehabilitation (BMR) of Cement plant was initiated in the preceding financial year and has been completed subsequent to the year end. The completion of BMR would yield manifold benefits to the Holding Company and enable it to promote its range of products and fetch additional market share.

5.4.2 This includes borrowing cost amounting to Rs. 123.990 million (June 30, 2014: Rs. 28.861 million). Borrowing cost has been computed at the markup rate ranging between 9.01 % to 12.19% (June 30, 2014: 12% to 13%) per annum.

2015 2014

----- Rupees in thousands -----

5.5 Major stores and spares

Cost

Opening balance	108,999	73,061
Additions during the year	44,792	71,392
Transferred to operating fixed assets and capital work-in-progress	(64,438)	(35,454)
Closing balance	89,353	108,999

Accumulated impairment

Opening balance	(14,887)	(12,587)
Impairment charge for the year	(4,247)	(2,300)
Closing balance	(19,134)	(14,887)
	<u>70,219</u>	<u>94,112</u>

6 INTANGIBLE ASSETS

The Company's intangible assets comprise of computer software, monogram license and membership fees. The carrying amount as at June 30 is as follows:

Cost

Opening balance	667	667
Additions during the year	2,508	-
Closing balance	3,175	667

Amortization

Opening balance	318	119
Charge for the year	601	199
Closing balance	919	318

Capital work-in-progress	6.1	4,162	-
		<u>6,418</u>	<u>349</u>

6.1 It represents amount paid as an advance for installation and implementation of Enterprise Resource Planning software.

7 LONG TERM INVESTMENT - AVAILABLE-FOR-SALE

Long term investment - available for sale represents investment in 24.019 million shares (June 30, 2014: 25.019 million shares) of Power Cement Limited (PCL). The market value per share of PCL is Rs. 11.63 per share as on June 30, 2015 (June 30, 2014: Rs. 5.6 per share). Increase in the value of investment amounting to Rs. 144.835 million is recorded in 'Other Comprehensive Income' for the year ended June 30, 2015.

8 STORES, SPARE PARTS AND LOOSE TOOLS

Stores	8.1	148,108	310,677
Spare parts		107,518	130,233
Loose tools		301	201
		255,927	441,111
Less: Provision for dead stores		(6,787)	(2,828)
Provision for slow moving stores and spares	8.2	(23,638)	(25,191)
		(30,425)	(28,019)
		<u>225,502</u>	<u>413,092</u>

8.1 This includes stores in transit of Rs. 35.456 million (June 30, 2014: Rs. 184.874 million) as at the balance sheet date.

8.2 Reconciliation of carrying amount of above provision:

Opening balance	28,019	26,927
Provision made during the year	2,406	1,092
Closing balance	<u>30,425</u>	<u>28,019</u>

	Note	2015	2014	
		----- Rupees in thousands -----		
9	STOCK-IN-TRADE			
	Raw material	38,241	42,258	
	Packing material	25,933	24,346	
	Work-in-process	135,351	317,003	
	Finished goods	31,382	34,456	
		<u>230,907</u>	<u>418,063</u>	
10	TRADE DEBTS			
	Considered good			
	Local - unsecured	10.1	477,102	281,608
	Considered doubtful			
	Cement stockiest	10.2	60,801	60,801
	Excessive rebate allowed	10.2	6,101	6,101
	Controller Military Accounts		5,126	5,126
	Other customers		-	952
			<u>72,028</u>	<u>72,980</u>
	Less: Provision for doubtful debts	10.3	(72,028)	(72,980)
			<u>477,102</u>	<u>281,608</u>
10.1	Hyderabad Electric Supply Company Limited (HESCO) has not paid monthly bills against supply of electric power since February 2015 (Rs. 12.86 million, representing 17% of the bill amount of February 2015 is outstanding whereas bills for March - May 2015 are outstanding amounting to Rs. 256.81 million. Further, Rs. 19.55 million is outstanding against the bill of June 2015 which was not due as on June 30, 2015). In this respect, the Subsidiary Company has moved a contempt of court application for order passed in suit 132 of 2013 (as disclosed in note 24.1.8) against HESCO for delay / non-payment of monthly bills. The contempt application is pending to date for final disposal.			
10.2	This includes balances outstanding for more than 5 years. The management contends that the amount recoverable from cement stockiest were misappropriated and certain unauthorized excessive rebates were allowed by collusion of certain personnel of the Holding Company, when the Holding Company was operating under State Cement Corporation of Pakistan (SCCP), whose services had been terminated. Accordingly, the management of the Group had lodged references for the recovery of misappropriated amount with the National Accountability Bureau (NAB). The NAB has recovered an amount of Rs. 2.276 million in the preceding years. The management is continuously following with NAB officials for early realisation of amount owed to the Holding Company and has also written letters in this regard for which reply has not yet been received, therefore provision has been maintained in respect of outstanding amount as a matter of prudence and abundant precaution.			
10.3	Reconciliation of carrying amount of above provision:			
	Opening balance		72,980	72,980
	Written off during the year		(952)	-
	Closing balance		<u>72,028</u>	<u>72,980</u>

11 SHORT TERM INVESTMENT - HELD TO MATURITY

Term deposit with National Bank of Pakistan

306,000306,000

- 11.1 The term deposit is placed for a period of one year at the rate of 9.45% (June 30, 2014: 9.85%) per annum and has been pledged against the bank guarantee issued to Sui Southern Gas Company Limited by National Bank of Pakistan on behalf of the Subsidiary Company.

12 LOANS AND ADVANCES**Considered good**

To employees

64

111

Advances

- against letter of credit
- guarantee margin
- advance to vendors
- others

172

-

18,676

154

19,002

-

1,162

16,211

1,290

18,66319,06618,774**13 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**

Trade deposits

1,079

869

Short term prepayments

24,561

25,666

25,64026,535**14 OTHER RECEIVABLES AND ACCRUED INTEREST**

Interest receivable from banks

16,231

27,657

Pre-incorporation and pre-commencement expenses of
Thatta Cement Company (Private) Limited

14.1

-

31,813

Refund against Fuel Price Adjustment

19,137

26,157

Deposit with Commissioner Workmen's Compensation

14,915

14,915

Others

7,393

60,543

57,676161,085

- 14.1 During the year the Holding Company has written off the amount receivable from Thatta Cement Company (Private) Limited (TCCPL), a company incorporated in Sri Lanka as subsidiary of the Holding Company. The TCCPL was established in Sri Lanka for cement grinding and packing plant. The progress on the project was suspended as Land Lease Agreement was not signed between TCCPL and Sri Lanka Ports Authority (SLPA). SLPA offered another location for the project which is not feasible for the Group. The amount receivable from TCCPL was written off by the Holding Company as authorised by its shareholders in their Annual General Meeting held on October 20, 2014, which is in the larger interest of the Holding Company and the same is classified in 'Other operating expenses'.

	Note	2015	2014
		----- Rupees in thousands -----	
15 CASH AND BANK BALANCES			
Cash in hand		627	297
Balances with banks			
- in current accounts		16,966	12,180
- in PLS accounts	15.1 & 15.2	154,260	156,671
- in term deposit account	15.3	1,000	1,000
		172,226	169,851
		<u>172,853</u>	<u>170,148</u>

15.1 As at June 30, 2015 the mark-up rate on PLS accounts ranges from 4.5% to 7.5% (June 30, 2014: 6.5% to 8.5%) per annum.

15.2 This includes Rs. 147.229 Million (June 30, 2014: Rs. 156.572 million) in PLS account under lien with National Bank of Pakistan, as Security Trustee, in accordance with the covenants of Syndicated Term Finance Facility agreement of TCCL & TPPL and deferred payment letter of credit facility of TPPL. These funds are to be used in accordance with the conditions mentioned in said financing agreements.

15.3 This is kept under lien against bank guarantee carrying mark-up rate of 6.5% (June 30, 2014: 6.5%) per annum.

16 SHARE CAPITAL

	2015	2014		2015	2014
	----- Number of shares -----			----- Rupees in thousands -----	
Authorized					
	<u>200,000,000</u>	<u>200,000,000</u>		<u>2,000,000</u>	<u>2,000,000</u>
Issued, subscribed and paid-up					
	89,418,125	89,418,125	Ordinary shares of Rs. 10/- each - shares allotted for consideration paid in cash	894,181	894,181
	10,300,000	10,300,000	Ordinary shares of Rs. 10/- each - shares allotted for consideration other than cash	103,000	103,000
	<u>99,718,125</u>	<u>99,718,125</u>		<u>997,181</u>	<u>997,181</u>

16.1 As at June 30, 2015, associated companies M/s Sky Pak Holding (Private) Limited and M/s Al-Miftah Holding (Private) Limited hold 20.444 million shares (June 30, 2014: 20.444 million shares) comprising 20.5% (June 30, 2014: 20.5%) and 9.147 million shares (June 30, 2014: Nil) comprising 9.17% (June 30, 2014: Nil) respectively. Moreover, M/s Rising Star Holding (Private) Limited and M/s Golden Globe Holding (Private) Limited hold 6.309 million shares (June 30, 2014: 6.309 million shares) comprising 6.33% (June 30, 2014: 6.33%) and 8.479 million shares (June 30, 2014: Nil) comprising 8.50% (June 30, 2014: Nil) respectively.

	Note	2015	2014
		----- Rupees in thousands -----	
17 LONG TERM FINANCING (LTF)			
Loan from Banking companies - secured			
- Syndicated term finance facility (STFF) - TCCL	17.1	1,235,500	435,373
- Syndicated term finance facility (STFF) - TPPL	17.2 & 17.4	533,007	634,532
- Liability against deferred payment letter of credit	17.3 & 17.4	127,254	357,926
Loan from Banking Company			
- National Bank of Pakistan	17.5	49,278	67,198
- National Bank of Pakistan		-	6,667
		49,278	73,865
Less : Current maturity		(298,177)	(360,474)
		<u>1,646,862</u>	<u>1,141,222</u>

17.1 This syndicated term finance facility amounting to Rs. 1.396 billion has been obtained from syndicate of banks comprising of National Bank of Pakistan, Sindh Bank Limited, Summit Bank Limited and Silk Bank Limited. The facility carries a floating mark-up linked to 3 months KIBOR as base rate plus 2% on annualized basis. The tenure of financing is 8 years including grace period of 24 months and the facility is payable in 24 equal quarterly installments each starting from June 17, 2016 after availing grace period of two years from the date of first drawdown i.e. March 17, 2014. The facility is secured by first joint pari passu charge by way of hypothecation over all present and future fixed assets and mortgage over the immovable properties.

17.2 This syndicated term finance facility has been obtained from syndicate of banks comprising of National Bank of Pakistan, Sindh Bank Limited and Summit Bank Limited. The facility carries a floating mark-up linked to 3 months KIBOR as base rate plus 3% on annualized basis. The tenure of financing is 7 years and 9 months including grace period of 9 months and the facility is payable in 28 equal quarterly installments of Rs. 25.381 million each starting after one year from the date of first drawdown. The drawdown date of entire facility i.e. Rs. 710.675 million was November 21, 2012.

17.3 A Deferred Payment Letter of Credit (DPLC) amounting to USD 9.152 million was established for supply of Gas Fired Engines by GE Jenbacher, Austria. Advance of USD 1.373 million was paid to the supplier and the remaining amount of USD 7.779 million is payable in 6 half yearly installments of USD 1.296 million each starting from April, 2013. Five out of six installments of USD 1.296 million each have been paid. DPLC facility is provided by the syndicate of banks comprising of National Bank of Pakistan, Sindh Bank Limited, Summit Bank Limited and Bank Alfalah Limited.

17.4 The syndicated term finance facility and deferred payment letter of credit facility provided by the syndicate of banks as explained in notes 17.2 and 17.3 are secured by first joint pari passu charge by way of hypothecation on all present and future moveable and immovable fixed assets (other than land and building), mortgage over all present and future immovable assets including land and building, first joint pari passu hypothecation charge on current assets, lien over import documents, assignment over receivables & insurance policies and pledge of the Subsidiary Company's shares owned by the Holding Company.

17.5 This represents first disbursement of Rs. 107 million of the aggregate facility of Rs. 260 million allowed by the bank. This carries a floating mark-up linked to 6 months KIBOR as base rate plus 2% on annualised basis. The tenure of financing is 7 years and is repayable in 24 equal quarterly installment of Rs. 4.48 million starting in 15th month from the date of first disbursement. The facility is secured by first equitable mortgage over land and building of the Holding Company and first charge by way of hypothecation over all present and future plant and machinery of the Holding Company to the extent of Rs. 372 million.

	Note	2015	2014
		----- Rupees in thousands -----	
18	LONG TERM DEPOSITS		
	Dealers	18.1	3,110
	Suppliers and contractors	18.1	734
			5,110
			861
		<u>3,844</u>	<u>5,971</u>
18.1	These represent interest free security deposits, received from dealers, suppliers and contractors and are repayable / adjustable on cancellation or withdrawal of dealership and completion of contract in case of suppliers and contractors.		
19	LONG TERM EMPLOYEE BENEFIT		
	This represents accrual for leave balances in respect of permanent employees amounting to Rs. 15.093 million (June 30, 2014: Rs. 13.185 million).		
20	DEFERRED TAXATION		
	Taxable temporary differences		
	Accelerated tax depreciation		173,309
			175,916
	Deductible temporary differences		
	Provision for gratuity		(3,379)
	Other provisions - for doubtful debts and stores		(36,475)
			(4,819)
			(39,058)
		<u>133,455</u>	<u>132,039</u>
21	TRADE AND OTHER PAYABLES		
	Trade creditors		52,034
	Accrued liabilities		110,272
	Bills payable		36,485
	Advances from customers		25,464
	Contractors retention money		10,726
	Excise duty and sales tax payable		27,913
	Payable to Gratuity Fund	21.1	11,262
	Payable to Provident Fund	21.2	-
	Workers' Profit Participation Fund	21.3	62,033
	Workers' Welfare Fund		24,418
	Unclaimed dividend		222
	Other liabilities		3,829
			7,705
		<u>364,658</u>	<u>576,414</u>

21.1 Payable to Gratuity Fund

Principal actuarial assumptions used in the actuarial valuation of the scheme carried out under Projected Unit Credit Method as at June 30, 2015 are as follows:

- Discount rate used for year end obligation is 9.75 % per annum (June 30, 2014: 13.25% per annum).
- Discount rate used for interest cost in profit and loss account is 13.25% per annum (June 30, 2014: 10.5% per annum).
- Expected rate of increase in salary level at 8.75 % per annum (June 30, 2014: 12.25% per annum).
- Mortality rate used is SLIC 2001-2005 (June 30, 2014: SLIC 2001-2005)

The amount recognized in the consolidated balance sheet is as follows:

Present value of defined benefit obligation	55,881	46,415
Fair value of plan assets	(44,619)	(31,666)
Liability as at June 30	<u>11,262</u>	<u>14,749</u>

Movement in present value of defined benefit obligation

Obligation as at July 1	46,415	33,881
Current service cost	10,135	6,994
Interest cost	5,791	3,300
Benefits paid & payable	(5,419)	(4,914)
Remeasurement (gain)/loss due to change in experience adjustments	(1,041)	7,154
Obligation as at June 30	<u>55,881</u>	<u>46,415</u>

Movement in the fair value of plan assets

Fair value as at July 1	31,666	24,212
Expected return on plan assets	4,916	3,041
Employer contribution	14,749	7,106
Benefits paid & payable	(5,419)	(4,914)
Return on plan assets excluding interest income	(1,293)	2,221
Fair value as at June 30	<u>44,619</u>	<u>31,666</u>

Movement in liabilities

Balance as at July 1	14,749	9,669
Charge for the year	11,010	7,253
Employer contribution	(14,749)	(7,106)
Remeasurements chargeable in other comprehensive income	252	4,933
Balance as at June 30	<u>11,262</u>	<u>14,749</u>

The amount recognized in consolidated profit and loss account is as follows:

Current service cost	10,135	6,994
Interest cost	5,791	3,300
Expected return on plan assets	(4,916)	(3,041)
	<u>11,010</u>	<u>7,253</u>

The amount recognized in consolidated statement of other comprehensive income is as follows:

Remeasurement (gain)/loss due to change in experience adjustments	(1,041)	7,154
Return on plan assets excluding interest income	1,293	(2,221)
	<u>252</u>	<u>4,933</u>

	2015	2014
	----- Rupees in thousands -----	
Return on plan assets is as follows:		
Expected return on plan assets	4,916	3,041
Return on plan assets excluding interest income	(1,293)	2,221
	<u>3,623</u>	<u>5,262</u>

Analysis of present value of defined benefit obligation and fair value of plan assets for current and previous four years is as follows:

	2015	2014	2013	2012	2011
	----- Rupees in thousands -----				
Present value of defined benefit obligation	(55,881)	(46,415)	(33,881)	(26,246)	(21,684)
Fair value of plan assets	44,619	31,666	24,212	19,066	13,173
Deficit	<u>(11,262)</u>	<u>(14,749)</u>	<u>(9,669)</u>	<u>(7,180)</u>	<u>(8,511)</u>

	2015	2014
	----- Rupees in thousands -----	
Disaggregation of fair value of plan assets		
The fair value of the plan assets at consolidated balance sheet date for each category is as follows:		
Cash and cash equivalents (adjusted for current liabilities)	163	20,890
Mutual funds		
- Islamic Income Fund	5,908	2,477
- Stock Market Fund	7,656	7,289
- Income Fund	1,012	1,010
	14,576	10,776
Certificate of Islamic Investments	29,880	-
	<u>44,619</u>	<u>31,666</u>

Consolidated Balance Sheet date sensitivity analysis (±100 bps) on present value of defined benefit obligation

	2015			
	Discount rate		Salary increase	
	+100 bps	-100 bps	+100 bps	-100 bps
	----- Rupees in thousands -----			
Present value of defined benefit obligation	53,638	58,428	58,500	53,533

2015 2014

----- Rupees in thousands -----

The charge for the year has been allocated as follows:

Cost of sales	7,666	5,875
Selling and distribution cost	488	435
Administrative expenses	2,856	943
	<u>11,010</u>	<u>7,253</u>

21.2 The following information is based on the audited financial statements of the Fund:

Size of the Fund - Total assets	48,388	38,403
Cost of investments made	48,950	36,858
Percentage of investments made	99%	100%
Fair value of investments	47,908	38,400

The break-up of fair value of investment is:

	2015		2014	
	Rupees in thousands	%	Rupees in thousands	%
Bank balances	1,332	3%	1,510	4%
Term deposit securities	27,279	57%	25,331	66%
Mutual funds	19,297	40%	11,559	30%
	<u>47,908</u>	<u>100%</u>	<u>38,400</u>	<u>100%</u>

The investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and rules formulated for this purpose.

Note

2015 2014

----- Rupees in thousands -----

21.3 Workers' Profit Participation Fund

Balance as at July 1		49,873	22,970
Allocation for the year	29	37,571	40,738
Interest on balance as at July 1	30	1,519	1,335
		88,963	65,043
Payments made during the year		(26,930)	(15,170)
Balance as at June 30		<u>62,033</u>	<u>49,873</u>

21.4 Workers' Profit Participation Fund and Workers' Welfare Fund of the Subsidiary Company will be paid in accordance with applicable statutory requirements.

22 ACCRUED MARK-UP

Long term financing	12	27
Syndicated term finance facility	39,530	16,370
Short term borrowing	4,809	10,853
Deferred payment letter of credit	1,688	4,747
	<u>46,039</u>	<u>31,997</u>

23 SHORT TERM BORROWINGS

Running finance (RF)	23.1 & 23.2	<u>135,449</u>	<u>419,261</u>
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23.1 The aggregate running finance facilities available to the Holding Company from banks as at June 30, 2015 amounting to Rs. 650 million out of which Rs. 540.308 million remained unutilized at the year end. These facilities are renewable and secured by way of hypothecation of fixed assets and current assets of the Holding Company. These carry mark-up at rates ranging between 10.99% to 13.18% (June 30, 2014: 12.08% to 13.18%) per annum payable quarterly.

23.2 During the year, the Subsidiary Company has obtained running finance facility amounting to Rs. 200 million out of which Rs. 174.24 million remained unutilized at the year end. This facility is renewable and secured by ranking charge over moveable fixed assets of the Subsidiary Company and which shall be upgraded subsequently to pari passu.

24 CONTINGENCIES AND COMMITMENTS**24.1 Contingencies**

24.1.1 During the year, Deputy Commissioner Inland Revenue (DCIR) passed an assessment order under section 122(1)(5) of the Income Tax Ordinance, 2001 in respect of tax year 2014 raising a tax demand of Rs. 78.35 million by making certain disallowances and additions in taxable income as reported in the tax return of that year. The Holding Company has filed an appeal with Commissioner Inland Revenue - Appeals (CIR-A) against the said assessment order which is pending for hearing. The management as per Consultants view is confident that the outcome of such appeals will be in favour of the Holding Company; hence no provision has been made in these consolidated financial statements.

24.1.2 The Holding Company has adjusted minimum tax aggregating to Rs. 31.47 million against its income tax liability in terms of Section 113(2)(c) of the Income Tax Ordinance, 2001 (the Ordinance). During the year, an appeal was filed before the Commissioner Inland Revenue - Appeals (CIR-A) against the order of Assessing Officer disallowing adjustment of minimum tax amounting to Rs. 15.721 million in respect of Tax year 2012. However, the appeal before CIR-A has been decided against the Holding Company, therefore further appeal has been filed before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A which is pending for hearing.

Moreover, in view of Holding Company's legal counsel opinion, the Holding Company has strong arguable case and the matter can be agitated upto the level of Supreme Court of Pakistan. Accordingly, the Holding Company is confident that the ultimate outcome in this regard would be favourable. Hence no provision in this respect has been made in these consolidated financial statements.

24.1.3 During the year, an appeal was filed before Commissioner Inland Revenue - Appeals (CIR-A) against certain disallowances and additions in taxable income while passing assessment order under 122(5A) of the Income Tax Ordinance, 2001, and thereby raising a tax demand of Rs. 2.787 million in respect of tax year 2008. The appeal has been heard, however order of CIR-A is pending. The Group's management is confident that the outcome of such appeal will be in favour of the Holding Company; hence no provision has been made in these consolidated financial statements.

24.1.4 During the year, the Deputy Commissioner Inland Revenue (DCIR) passed Assessment Orders raising an aggregate sales tax demand for Rs. 5.989 million by disallowing certain input tax claimed by the Holding Company in its sales tax return for tax period from July 2012 to February 2015. The Holding Company has filed appeals against such Assessment Orders before Commissioner Inland Revenue (CIR-A) which are pending for hearing. The Group's management is confident that the outcome of such appeals will be in favour of the Holding Company; hence no provision has been made in these consolidated financial statements.

24.1.5 During the year, an Order in Original (ONO) has been issued by an Officer of Sales Tax against the Holding Company in respect of tax periods from July 2012 to December 2014 raising a demand of Rs. 244.274 million which is mainly based on comparison of industry average for fuel and power consumption with that of the Holding Company and thereby presuming the production quantities which in the view of tax authorities have not been subject to Sales Tax and Federal Excise Duty. Accordingly, the Holding Company has filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) against the ONO passed by Officer of Sales Tax, however CIR -A decided the case against the Holding Company.

Accordingly, the Holding Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A which is pending for hearing. Moreover, recovery proceedings were also initiated by tax authorities in the matter for an aggregate amount of Rs 488.548 million including 100% penalty on the principal amount demand as aforesaid. Therefore, the Holding Company filed a stay application for recovery against the said demand before ATIR which was allowed by ATIR subject to payment of 15% of aggregate demand. However, in view of the fact that said demand is based merely on unjust assumptions made by tax authorities, the Holding Company decided to obtain stay for aggregate demand from Sindh High Court. The Sindh High Court vide its interim order dated July 7, 2015 has allowed ad interim relief against recovery of demand and refrained tax authorities to take any adverse action in this respect till the next date of hearing. In view of Holding Company's Tax Consultant, favourable outcome of such appeals are anticipated; hence no provision is required to be made in these consolidated financial statements.

24.1.6 Certain ex-employees of the Holding Company contested the Holding Company's gratuity policy and filed suit against the Holding Company demanding 60 days gratuity instead of 30 days applicable to the employees of former holding company of TCCL having an impact of Rs. 14.9 million. The said suit has been decided in favour of the applicants. However, the Holding Company first challenged the said Order in C.P. # 591/2013, before the Sindh High Court at Hyderabad and later on filed Labour Appeal No. 04/2014, before the Sindh Labour Court No. VI at Hyderabad being the Court of appropriate jurisdiction. After dismissal of the said appeal on 13.01.2015, a Revision Application has been filed before the Sindh Labour Appellate Tribunal, Karachi where the matter is subjudice. In view of the Holding Company's Legal Counsel, no definite outcome can be anticipated but the Holding Company has a good case.

One more ex-employee of former holding company of TCCL has filed CP # 86/2013 for recovery of total Rs. 2.10 million out of which an amount of Rs. 0.248 million has been claimed on account of 60 days gratuity and numerous other false and fabricated claims of short payments of Rs. 1.86 million. However, in view of the Holding Company's legal counsel all the claims of applicant are bogus and are against the applicable labour laws and will not materialise.

24.1.7 Two cement dealers had filed a suit against the Holding Company for Rs. 6.5 million and Rs. 1.5 million respectively being value of trucks which were handed over to the Holding Company in lieu of outstanding dues from these dealers. The Holding Company's legal counsel is of the opinion that no unfavourable outcome can be estimated.

24.1.8 As disclosed in the consolidated financial statements for the year ended June 30, 2014, the Subsidiary Company entered into Power Purchase Agreement (PPA) with Hyderabad Electric Supply Company Limited (HESCO) on May 14, 2011 to sell electricity at rates agreed in the said agreement. The agreement was executed in accordance with the Policy Framework for New - Captive Power Producers (N-CPPs). Subsequently, National Electric Power Regulatory Authority (NEPRA) issued an order revising the tariff formula resulting in reduced tariff. In view of the said order, HESCO intimated to pay its dues for electricity purchased as per the revised tariff formula. In response, the Subsidiary Company instituted a suit number 132 of 2013 before the Honorable High Court of Sindh, against HESCO, on the grounds that HESCO failed to pay the dues to the Subsidiary Company as per PPA. The Court issued a stay order and instructed the parties to continue to fulfill the terms and conditions of the PPA including financial obligations. During the year ended June 30, 2015, HESCO violated the said Court order against which Subsidiary Company has moved a contempt of court application as disclosed in note 10.1.

Further, during the year ended June 30, 2014, the Subsidiary Company also filed a constitutional petition number D-4258/2013 against NEPRA and obtained a stay order on the operation of NEPRA's tariff determination. The management of the Group is confident, based on the advice of Subsidiary Company's legal advisor that it will not be exposed to any loss on account of the cases. Moreover, the financial impact of revision in the rates cannot be reliably measured at this stage.

24.1.9 As disclosed in the consolidated financial statements for the year ended June 30, 2014, income tax audit for the tax year 2013 was initiated by the concerned Commissioner Inland Revenue (C-IR) under section 177 of Income Tax Ordinance, 2001 (ITO). The CIR rejected the basic income tax exemption of the Subsidiary Company's business income allowed to it under clause 132 of part I of 2nd Schedule of ITO and amended the taxable income of the Subsidiary Company. The CIR raised an order demanding payment of Rs. 153.8 million including WWF. The Subsidiary Company filed an appeal before the Commissioner Inland Revenue-Appeals (CIR-A) against the said order and simultaneously applied to Honorable High Court of Sindh for stay order restraining the CIR for initiating any recovery proceedings under the impugned order. During the year, CIR-A has passed an adverse order against the Subsidiary Company on the basis of which a show cause notice was issued by the tax department raising the tax demand as explained above for tax year 2013. The Subsidiary Company's Legal Counsel has replied to the tax department that the Honorable High Court of Sindh has already provided the ad interim relief to the Subsidiary Company and has refrained the tax department to take any adverse action against the Subsidiary Company in this respect. The management of the Subsidiary Company has now challenged the order of CIR-A before Appellate Tribunal Inland Revenue for tax year 2013 which is pending for hearing.

During the year the tax department has also issued a show cause notice for tax year 2014 rejecting the claim of income tax exemption on the basis of rejection of appeal by the CIR-A for the tax year 2013 and intends to recover an aggregate amount of Rs. 249 million including default surcharge and penalty. Furthermore, relying on the impugned order of CIR-A for the tax year 2013, a notice for advance tax demand for tax year 2015 amounting to Rs 219 million has also been issued for two quarters ended on December 31, 2014 on the basis of business turnover [which is claimed by us as exempt] for tax year 2014. The Subsidiary Company has filed another Constitutional Petition in the Honorable High Court of Sindh challenging the tax demands for the tax years 2014 and 2015. The Honorable High Court of Sindh was pleased to provide the ad interim relief and has refrained the tax department to take any adverse action against the Subsidiary Company in this respect. The management of the Group is confident, based on the advice of Subsidiary Company's legal advisor, that it will not be exposed to any loss on account of these cases.

24.1.10 During the year sales tax audit for the period July 2012 to June 2013 was initiated by Deputy Commissioner Inland Revenue (DCIR). An order has been passed in this respect by DCIR thereby disallowing input sales tax claimed by the Subsidiary Company under the provisions of Sales Tax Act, 1990 amounting to Rs. 10.66 million together with default surcharge and Rs. 0.32 million as penalty. The Subsidiary Company has filed an appeal against the impugned order with CIR-A which is pending for hearing. The management of the Group is confident, based on the advice of Subsidiary Company's sales tax advisor, that it will not be exposed to any loss.

24.2 Commitments

24.2.1 Guarantees given by commercial banks to Sui Southern Gas Company Limited on behalf of the Group amount to Rs. 351 million (June 30, 2014: Rs. 351 million).

24.2.2 Other outstanding guarantees given on behalf of the Group by banks amount to Rs. 52.488 million (June 30, 2014: Rs. 81.372 million).

24.2.3 Irrevocable letter of credit under revenue expenditure outstanding as on consolidated balance sheet date amounts to Rs. Nil (June 30, 2014: Rs. 0.712 million).

24.2.4 Commitment in respect of capital expenditure as on consolidated balance sheet date was Rs. 42.065 million (June 30, 2014: Rs. 151.075 million).

24.2.5 Commitment in respect of mark-up on liability against deferred payment letter of credit in favour of GE Jenbacher as on consolidated balance sheet date was Rs. 2.922 million (June 30, 2014: Rs. 21.446 million).

2015	2014
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----- Rupees in thousands -----

25 SALES - NET

Sales - Local	3,905,698	3,576,774
- Export	14,263	119,762
	3,919,961	3,696,536
Less: - Federal Excise Duty	116,802	114,646
- Sales tax	597,738	559,896
	714,540	674,542
	<u>3,205,421</u>	<u>3,021,994</u>

	Note	2015	2014
		----- Rupees in thousands -----	
26 COST OF SALES			
Raw material consumed	26.1	126,272	145,373
Manufacturing expenses			
Packing material consumed	26.2	99,557	113,553
Stores, spare parts and loose tools consumed		123,899	136,310
Fuel and power		1,161,549	1,206,399
Salaries, wages and other benefits	26.3	246,015	204,500
Insurance		32,750	16,939
Repairs, operations and maintenance		76,442	35,116
Depreciation	5.2	80,517	85,009
Provision for slow moving and dead stores and impairment of major stores and spares		6,653	3,392
Other production overheads		24,716	19,100
		<u>1,852,098</u>	<u>1,820,318</u>
Cost of production		<u>1,978,370</u>	<u>1,965,691</u>
Work-in-process			
Opening balance		317,003	261,445
Closing balance	9	(135,351)	(317,003)
		<u>181,652</u>	<u>(55,558)</u>
Cost of goods manufactured		<u>2,160,022</u>	<u>1,910,133</u>
Finished goods			
Opening balance		34,456	38,898
Closing balance	9	(31,382)	(34,456)
		<u>3,074</u>	<u>4,442</u>
		<u>2,163,096</u>	<u>1,914,575</u>
26.1 Raw material consumed			
Opening balance		42,258	22,099
Purchases		122,255	165,532
		<u>164,513</u>	<u>187,631</u>
Closing balance	9	(38,241)	(42,258)
		<u>126,272</u>	<u>145,373</u>
26.2 Packing material consumed			
Opening balance		24,346	26,871
Purchases		101,144	111,028
		<u>125,490</u>	<u>137,899</u>
Closing balance	9	(25,933)	(24,346)
		<u>99,557</u>	<u>113,553</u>
26.3	This includes employees' retirement benefits amounting to Rs. 14.851 million (June 30, 2014: Rs. 14.05 million).		

	Note	2015	2014
		----- Rupees in thousands -----	
27			
SELLING AND DISTRIBUTION COST			
Salaries, wages and other benefits	27.1	13,959	10,356
Vehicle running expenses		612	840
Travelling and conveyance		232	288
Communication		143	481
Printing and stationery		22	41
Entertainment		94	90
Repair and maintenance		267	278
Rent, rates and taxes		1,089	1,037
Utilities		470	497
Advertisements		486	313
Sales promotion expense		714	259
Freight charges - local sale		-	669
Export logistics and related charges		278	15,746
Commission		12,354	18,810
Depreciation	5.2	1,169	1,991
Miscellaneous		5,846	5,849
		<u>37,735</u>	<u>57,545</u>

27.1 This includes employees' retirement benefit amounting to Rs.0.929 million (June 30, 2014: Rs. 0.811 million).

28 ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits	28.1	58,876	49,097
Vehicle running expenses		3,002	2,944
Travelling and conveyance		2,757	1,217
Advertisements		178	224
Communication, postage, telegram		1,880	1,407
Printing and stationery		1,542	1,792
Rent, rates and taxes		2,123	2,027
Entertainment		1,032	919
Legal and professional charges		7,555	4,981
Insurance		381	138
Repairs and maintenance		1,639	1,378
Utilities		1,515	1,244
Fees and subscription		2,158	934
Corporate expenses		785	397
Charity and donation	28.2	1,149	76
Auditors' remuneration	28.3	1,044	1,035
Other auditors' remuneration	28.4	1,580	1,565
Depreciation	5.2	3,423	5,903
Amortization of intangible		601	199
Education expenses		4,059	2,901
Bad debts written off		653	-
Miscellaneous		2,997	2,537
		<u>100,929</u>	<u>82,915</u>

28.1 This includes employees' retirement benefit amounting to Rs.5.817 million (June 30, 2014: Rs. 3.564 million).

28.2 None of the Directors or their spouses have any interest in any donee's fund to which donation was made.

	Note	2015	2014
		----- Rupees in thousands -----	
28.3	Auditors' remuneration		
	Annual audit fee	755	700
	Half yearly review fee	61	55
	Review fee for consolidated financial statements	30	28
	Fee for other services	63	57
	Out of pocket expenses	135	195
		<u>1,044</u>	<u>1,035</u>
28.4	Other auditors' remuneration		
	Cost audit fee	130	110
	Out of pocket expenses	12	10
		142	120
	Internal audit fee	1,272	1,260
	Out of pocket expenses	166	185
		1,438	1,445
		<u>1,580</u>	<u>1,565</u>
29	OTHER OPERATING EXPENSES		
	Workers' Welfare Fund	13,927	14,926
	Workers' Profit Participation Fund	37,571	40,738
	Other receivable written off	32,338	-
	Impairment of available-for-sale investment	-	35,027
	Exchange loss	22,227	38,261
	Loss on disposal of operating fixed assets	-	1,791
	Loss on sale of store items	248	-
		<u>106,311</u>	<u>130,743</u>
30	FINANCE COST		
	Mark-up on long term financing	97,491	133,203
	Mark-up on short term borrowings	47,903	56,875
	Mark-up on WPPF	1,519	1,335
	Bank charges and commission	9,971	12,996
		<u>156,884</u>	<u>204,409</u>

31 OTHER INCOME

Income from financial assets

Income on term deposit / bank accounts	43,766	47,738
Revaluation gain on recognition of available-for-sale investment	-	25,988
Gain on disposal of operating fixed assets	200	-
Gain on disposal of investment	1,185	1,447
	45,151	75,173

Others

Scrap sales	5,070	6,217
Rental income	7,259	6,396
Others	6,216	8,060
	18,545	20,673
	<u>63,696</u>	<u>95,846</u>

32 TAXATION

Current tax charge	130,127	160,624
Prior year (reversal) / charge	(12,668)	1,717
Deferred tax charge	1,491	28,589
	<u>118,950</u>	<u>190,930</u>

The returns of income of the Holding Company have been filed upto and including tax year 2014 (corresponding to financial year ended June 30, 2014) while income tax assessments have been finalized upto and including tax year 2013 except for tax year 2008 and 2012. However, the return may be selected for audit or amendment within six years from the end of the respective tax year and within five years from the end of financial year in which assessment order is issued or treated to have been issued for that tax year to the Holding Company respectively.

The returns of income of the Subsidiary Company have been filed upto and including tax year 2014 (corresponding to financial year ended June 30, 2014) while income tax assessments have been finalized upto and including tax year 2012. However, the return may be selected for audit or amendment within six years from the end of the respective tax year and within five years from the end of financial year in which assessment order is issued or treated to have been issued for that tax year to the Subsidiary Company respectively.

32.1 Relationship between tax expense and accounting profit is as follows:

Profit before tax	<u>704,162</u>	<u>712,814</u>
Tax at 33% / 34%	232,373	242,357
Tax effect of		
- expenses that are inadmissible in determining taxable income	(5,384)	(2,531)
- exempt income	(89,197)	(77,994)
- unrealized profit	(1,401)	2,075
- tax effect on share of profit from associate	-	5,045
- income charged at different rates	(707)	(2,735)
- tax credit claimed under section 65B of Income Tax Ordinance, 2001	(5,557)	(5,593)
	(102,246)	(81,733)
Prior year's tax (reversal) / charge	(12,668)	1,717
Tax effect on taxable temporary differences - net	1,491	28,589
	<u>118,950</u>	<u>190,930</u>

		2015	2014
		----- Rupees in thousands -----	
33	EARNINGS PER SHARE - BASIC AND DILUTED		
	Profit after taxation	<u>474,028</u>	<u>423,029</u>
		----- Number -----	
	Weighted average number of ordinary shares	<u>99,718,125</u>	<u>99,718,125</u>
		----- Rupees -----	
	Earnings per share - basic and diluted	<u>4.75</u>	<u>4.24</u>

		2015	2014
		----- Rupees in thousands -----	
34	CASH AND CASH EQUIVALENTS		
	Cash and bank balances	172,853	170,148
	Short term borrowings	(135,449)	(419,261)
		<u>37,404</u>	<u>(249,113)</u>

		Note	2015	2014
35	CAPACITY AND ACTUAL PRODUCTION			
35.1	Thatta Cement Company Limited			
	Production capacity - clinker (tons)		450,000	450,000
	Actual production - clinker (tons)	35.1.1	200,947	291,035
	Actual production - cement (tons)	35.1.2	280,588	300,615

35.1.1 The production capacity utilization during the year has remained at 44.65% (June 30, 2014: 64.67%). The underutilization is mainly due to closure of production facility from February 28, 2015 which was resumed on July 13, 2015 after the completion of Balancing, Modernization & Rehabilitation (Upgradation) of Cement Plant.

35.1.2 Cement from clinker is produced in accordance with the market demand.

		2015	2014
35.2	Thatta Power (Private) Limited		
	Installed capacity - kWh	202,356,000	202,356,000
	Total output - kWh	109,977,675	121,548,400
	Load factor	54.35%	60.07%

35.2.1 Installed capacity has been computed on the basis of 8,760 hours (June 30, 2014: 8,760 hours). Output produced has decreased due to gas shortage and controlled power supply to HESCO due to its continuous default in payment of bills as disclosed in note 10.1.

Related parties comprise of associated undertakings and related group companies, directors of the Group, key management personnel and staff retirement funds. The Group continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions. Further, contribution to defined contribution plan (provident fund) are made as per the terms of employment and trust deed and contribution to the defined benefit plan (gratuity scheme) are in accordance with the actuarial advice. Details of transactions during the year ended / outstanding balances as at June 30, 2015 with related parties, other than those which have been specifically disclosed elsewhere in these consolidated financial statements are as follows:

	Note	2015	2014
		----- Rupees in thousands -----	
Transactions with related parties			
- National Bank of Pakistan	36.2		
Mark-up on RF, STFF, LTF, Participation Fee (PF), and commission		143,395	106,357
Income on bank deposit accounts		37,139	47,819
Guarantee given/revoked by Bank as per normal banking terms		6,123	23,298
- Thatta Cement Company (Pvt.) Limited (TCCPL)			
Expenses paid by the Holding Company on behalf of TCCPL		-	17,272
- Bandhi Sugar Mills (Pvt.) Limited			
Sale of cement		317	1,144
Receipt against sale of cement		317	27,855
- Sui Southern Gas Company Limited			
Purchase of gas excluding GST		786,734	724,032
Payment against purchase of gas excluding GST		826,132	712,237
- Pak Suzuki Motor Company Limited			
Payment against purchase of vehicle		2,988	3,338
- Key management personnel			
Salaries and benefits		90,974	67,827
Sale of vehicle	5.3	1,158	123
Sale of computer equipment		-	2
- Other related parties			
Contribution to employees' Gratuity Fund		14,749	7,106
Contribution to employees' Provident Fund		7,349	6,804
Balances with related parties			
- National Bank of Pakistan	36.2		
Term deposit account			1,000
PLS account balance			156,572
Current account balance			732
Running finance			186,012
Long term loans			73,865
Accrued mark-up - finance charge			13,959
Accrued interest - interest income			27,602
Guarantees on behalf of the Group as per normal banking terms			349,532
Share in STFF			509,328
Share in DPLC			175,992
Short term investment - held to maturity			306,000

	2015	2014
	----- Rupees in thousands -----	
- Thatta Cement Company (Pvt.) Limited (TCCPL) Receivable against expenses paid by the Holding Company on behalf of TCCPL	-	31,813
- Sui Southern Gas Company Limited Payable against purchase of gas excluding GST	23,226	62,624
- Habib Bank Limited Current account balance	4	368

36.1 There are no transactions with key management personnel other than under their terms of employment.

36.2 During the year, related party relationship ceased with National Bank of Pakistan in the month of April 2015.

37 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the consolidated financial statements for the year in respect of remuneration to the Chief Executive, Directors and Executives of the Holding Company are as follows:

	2015		2014	
	Chief Executive	Executive	Chief Executive	Executive
	----- Rupees in thousands -----			
Managerial remuneration	13,200	58,194	12,000	43,093
Bonus and LFA	2,121	7,879	1,574	5,561
Other benefits	2,115	7,202	1,484	3,753
Leave encashment	-	263	-	362
	<u>17,436</u>	<u>73,538</u>	<u>15,058</u>	<u>52,769</u>
Number of person(s)	<u>1</u>	<u>30</u>	<u>1</u>	<u>20</u>

37.1 The Chief Executive and Executives are provided with free use of Company maintained car(s) and other benefits in accordance with their entitlement as per rules of the Company.

37.2 An aggregate amount of Rs. 2.45 million (June 30, 2014: Rs. 1.25 million) was paid to Non-Executive Directors during the year on account of Board, Audit Committee and HR & Remuneration Committee meeting fee.

38 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.

38.1 Revenues

	Cement		Power		Intra group adjustment		Consolidated	
	June 2015	June 2014	June 2015	June 2014	June 2015	June 2014	June 2015	June 2014
----- Rupees in thousands -----								
Revenue	2,304,404	2,182,327	1,315,936	1,251,079	(414,919)	(411,412)	3,205,421	3,021,994
Cost of sales	(1,658,503)	(1,500,312)	(924,361)	(820,121)	419,768	405,858	(2,163,096)	(1,914,575)
Gross profit	645,901	682,015	391,575	430,958	4,849	(5,554)	1,042,325	1,107,419
Selling and distribution cost	(37,735)	(57,545)	-	-	-	-	(37,735)	(57,545)
Administrative expenses	(95,267)	(79,681)	(18,862)	(15,234)	13,200	12,000	(100,929)	(82,915)
	(133,002)	(137,226)	(18,862)	(15,234)	13,200	12,000	(138,664)	(140,460)
Operating profit	512,899	544,789	372,713	415,724	18,049	6,446	903,661	966,959
Other operating expenses	(72,074)	(84,911)	(34,237)	(45,832)	-	-	(106,311)	(130,743)
Finance cost	(56,461)	(71,497)	(100,423)	(132,912)	-	-	(156,884)	(204,409)
	(128,535)	(156,408)	(134,660)	(178,744)	-	-	(263,195)	(335,152)
Other income	32,643	84,778	44,857	48,401	(13,804)	(37,333)	63,696	95,846
Share of loss from associate	-	(14,839)	-	-	-	-	-	(14,839)
	32,643	69,939	44,857	48,401	(13,804)	(37,333)	63,696	81,007
Segment results	417,007	458,320	282,910	285,381	4,245	(30,887)	704,162	712,814
Unallocated expenditures	-	-	-	-	-	-	-	-
Profit before tax	417,007	458,320	282,910	285,381	4,245	(30,887)	704,162	712,814
Tax	(127,733)	(174,772)	8,783	(16,158)	-	-	(118,950)	(190,930)
Profit after tax	289,274	283,548	291,693	269,223	4,245	(30,887)	585,212	521,884

38.2 Other information

	Cement		Power		Intra group adjustment		Consolidated	
	June 2015	June 2014	June 2015	June 2014	June 2015	June 2014	June 2015	June 2014
----- Rupees in thousands -----								
Segment assets	3,559,115	2,969,513	1,994,476	2,044,775	(334,533)	(377,676)	5,219,058	4,636,612
Unallocated corporate assets	-	-	-	-	-	-	-	-
Total assets	3,559,115	2,969,513	1,994,476	2,044,775	(334,533)	(377,676)	5,219,058	4,636,612
Segment liabilities	1,885,615	1,620,256	782,416	1,124,408	(24,454)	(63,352)	2,643,577	2,681,312
Unallocated corporate liabilities	-	-	-	-	-	-	-	-
Total liabilities	1,885,615	1,620,256	782,416	1,124,408	(24,454)	(63,352)	2,643,577	2,681,312
Capital expenditure	687,774	524,756	3,650	1,443	-	-	691,424	526,199
Depreciation	43,306	48,361	41,803	44,542	-	-	85,109	92,903
Non-cash expenses other than depreciation	108,886	86,450	104,145	134,398	42,628	24,788	255,659	245,635

38.3 Reconciliation of reportable segment revenues, profit and loss, assets and liabilities

	Consolidated	
	June 2015	June 2014
	----- Rupees in thousands -----	
38.3.1 Operating revenues		
Total revenue of reportable segments	3,620,340	3,433,406
Elimination of intra group revenue	(414,919)	(411,412)
Consolidated revenue	<u>3,205,421</u>	<u>3,021,994</u>
38.3.2 Profit and loss		
Total profit before tax of reportable segments	699,917	743,701
Adjustment of unrealized profit and intra group transactions	4,245	(30,887)
Consolidated profit before tax	<u>704,162</u>	<u>712,814</u>
38.3.3 Assets		
Total assets of reportable segments	5,553,591	5,014,288
Elimination of intra group balances	(332,485)	(354,258)
Reclassification for consolidation purposes	(2,048)	(23,418)
Consolidated assets	<u>5,219,058</u>	<u>4,636,612</u>
38.3.4 Liabilities		
Total liabilities of reportable segments	2,668,031	2,744,664
Elimination of intra group balances	(24,009)	(55,100)
Reclassification for consolidation purposes	(445)	(8,252)
Consolidated liabilities	<u>2,643,577</u>	<u>2,681,312</u>

38.4 Geographical segment analysis

	Revenue		Total Assets		Net Assets	
	June 2015	June 2014	June 2015	June 2014	June 2015	June 2014
	----- Rupees in thousands -----					
Pakistan	3,191,158	2,902,232	5,219,058	4,636,612	2,575,481	1,955,300
Export Processing Zone - Karachi	14,263	-	-	-	-	-
Sudan	-	119,762				
	<u>3,205,421</u>	<u>3,021,994</u>	<u>5,219,058</u>	<u>4,636,612</u>	<u>2,575,481</u>	<u>1,955,300</u>

38.5 Information about major customers

Major customers for cement segment are various individual dealers, builders & developers whereas major customer for power segment is Hyderabad Electric Supply Company Limited.

The Group finances its operations through equity, borrowing and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk. Taken as a whole the Group's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments. Financial instruments of the Group are as under:

	2015	2014
	----- Rupees in thousands -----	
Financial Assets		
Long term deposits	1,096	1,006
Trade debts	477,102	281,608
Short term investments	306,000	306,000
Loans and advances	19,066	18,774
Trade deposits	1,079	869
Other receivables and accrued interest	57,676	161,085
Bank balances	172,226	169,851
	<u>1,034,245</u>	<u>939,193</u>
Financial Liabilities		
Long term financing	1,945,039	1,501,696
Long term deposits	3,844	5,971
Trade and other payables	339,194	523,971
Accrued mark-up	46,039	31,997
Short term borrowings	135,449	419,261
	<u>2,469,565</u>	<u>2,482,896</u>

Financial instruments and related disclosures

a) Financial Risk Management Objectives

The Group has exposure to the following risks from financial instrument:

- credit risk
- liquidity risk
- market risk
- operational risk

The Board of Directors of the Group has the overall responsibility for establishment and oversight of the Group's risk management framework. To assist the Board in discharging its oversight responsibility, the Group's management has been made responsible for identifying, monitoring and managing the Group's financial risk exposure. The Group's overall risk management program focuses on the under predictability of financial markets and seek to minimize potential adverse effects on the Group's financial performance.

b) Credit Risk

Credit risk is a risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of financial instruments or contracts are entered into with same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly effected by change in economics, political or other conditions. Concentration of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

At the reporting date, the Group's total credit risk was concentrated in the following industrial/economic sectors:

	2015		2014	
	Rupees in thousands	%	Rupees in thousands	%
Banks	478,226	46%	475,851	51%
Others	556,019	54%	463,342	49%
	<u>1,034,245</u>	<u>100%</u>	<u>939,193</u>	<u>100%</u>

The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk the Group has developed a policy of obtaining advance payment from its customers. Except for customers relating to the Government, the management strictly adheres to this policy. For any balance receivable from such Government parties, the management continuously monitors the credit exposure towards them and make provisions against those balances considered doubtful. Cash is held only with banks with high quality credit worthiness. There is no significant risk exposure to loan and advances and other receivables.

The maximum exposure to credit risk at the reporting date is:

	2015	2014
	----- Rupees in thousands -----	
Long term deposits	1,096	1,006
Trade debts	477,102	281,608
Short term investments	306,000	306,000
Loans and advances	19,066	18,774
Trade deposits	1,079	869
Other receivables and accrued interest	57,676	161,085
Bank balances	172,226	169,851
	<u>1,034,245</u>	<u>939,193</u>

Financial assets that are neither past due nor impaired

The credit quality of assets that are neither past due nor impaired can be assessed by reference to historical information and external credit ratings or to historical counterparty default rates. As at June 30, 2015 trade debts of Rs. 377.127 million (June 30, 2014: Rs. 162.85 million) were past due but not impaired. These relates to a number of independent customers for whom there is no recent history of default except from HESCO. As at June 30, 2015, trade debts includes Rs. 289.214 million receivable from HESCO who has delayed the payments as disclosed in note 10.1. However, the risk attributable to trade debt receivable from HESCO is secured by SBLC obtained from HESCO under Power Purchase Agreement (PPA). The aging analysis of these trade debts is as follows:

Not past due	99,975	118,758
Past due but not impaired		
- within 90 days	332,958	137,863
- 91 to 180 days	27,022	7,960
- over 180 days	17,147	17,027
	<u>477,102</u>	<u>281,608</u>

The credit quality of cash at bank (in Current, PLS and deposit accounts) as per credit rating agencies is as follows:

Credit ratings

Details of the credit ratings of bank balances as at June 30, 2015 are as follows:

	2015	2014
	----- Rupees in thousands -----	
Rating - Bank balances		
A1 +	163,981	169,539
A1	8,205	24
A2	40	61
A3	-	227
	<u>172,226</u>	<u>169,851</u>
Rating - Short term investments		
Term deposit (A1+)	<u>306,000</u>	<u>306,000</u>

Due to Group's long standing relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counterparties on their obligation to the Group. For trade debts, internal risk assessment process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are fixed based on internal or external ratings in accordance with limits set by the management. The utilization of said limits is regularly monitored.

Financial assets that are past due or impaired

The credit quality of financial assets that are past due or impaired can be assessed by reference to note 10. The aging analysis of these impaired trade debts is as follows:

Over five years	<u>72,028</u>	<u>72,980</u>
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c) Liquidity Risk Management

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected or may face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

The Group is exposed to liquidity risk in respect of non-current interest bearing liabilities, long term deposit, short term borrowings, trade and other payable and mark-up accrued.

The Group's approach to manage 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, without incurring unacceptable losses or risking damage to the Group's reputation.

Management closely monitors the Group's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors' and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers except for supply of electricity to HESCO, Public Utility Company, in accordance with Power Purchase Agreement.

Maturity analysis for financial liabilities

The table below analyses Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to maturity date and represents the undiscounted cash flows. The amounts in the table are the gross nominal undiscounted cash flows (including interest payments).

	2015				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years
----- Rupees in thousands -----					
Non-derivative Liabilities					
Long term financing	1,945,039	(2,527,860)	(272,081)	(191,671)	(2,064,108)
Long term deposits	3,844	(3,844)	-	-	(3,844)
Trade and other payables	339,194	(339,194)	(339,194)	-	-
Short term borrowings	135,449	(135,449)	(80,603)	(54,846)	-
Accrued mark-up	46,039	(46,039)	(46,039)	-	-
	<u>2,469,565</u>	<u>(3,052,386)</u>	<u>(737,917)</u>	<u>(246,517)</u>	<u>(2,067,952)</u>

	2014				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years
----- Rupees in thousands -----					
Non-derivative Liabilities					
Long term financing	1,501,696	(2,037,083)	(252,802)	(268,460)	(1,515,821)
Long term deposits	5,971	(5,971)	-	-	(5,971)
Trade and other payables	523,971	(523,971)	(523,971)	-	-
Short term borrowings	419,261	(419,261)	(209,630)	(209,631)	-
Accrued mark-up	31,997	(31,997)	(31,997)	-	-
	<u>2,482,896</u>	<u>(3,018,283)</u>	<u>(1,018,400)</u>	<u>(478,091)</u>	<u>(1,521,792)</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at reporting date.

d) Market Risk

Market risk is the risk that changes in market interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) 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 on risk.

e) Interest / Mark-up Rate Risk Management

Interest / mark-up rate risk management arises from the possibility of changes in interest/mark-up rates which may affect the value of financial instruments. The Company has long term finance and short term borrowing at variable rates. Company is exposed to interest / mark-up rates risk on long term financing, interest rate risk for short term borrowing is covered by holding "Prepayment option" which can be exercised upon any adverse movement in the underlying interest rates. At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments is:

	Carrying amount	
	2015	2014
----- Rupees in thousands -----		
Fixed rate instruments		
Financial assets	307,000	307,000
Financial liabilities	127,254	357,926
Variable rate instruments		
Financial assets	154,260	156,671
Financial liabilities	1,953,234	1,563,031

Fair Value Sensitivity Analysis for Fixed Rate Instruments:

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, change in interest rates at the reporting date would not affect the consolidated profit and loss account.

Cash Flow Sensitivity Analysis for Variable Rate Instruments:

Financial assets

If interest rate had fluctuated by $\pm 1\%$ with all other variables held constant, consolidated profit before tax for the year would have been Rs. 1.543 million (June 30, 2014: Rs 1.567 million) higher / lower, mainly as a result of higher / lower interest income from these consolidated financial assets.

Financial liabilities

If interest rate had fluctuated by $\pm 1\%$ with all other variables held constant, consolidated profit before tax for the year would have been Rs. 19.53 million (June 30, 2014: Rs. 15.63 million) higher / lower, mainly as a result of higher / lower interest expense of these consolidated financial liabilities.

A summary of the Group's interest rate gap position, categorised by the earlier of contractual re-pricing or maturity dates at the end of year is as follows:

	June 30, 2015				Total
	Mark-up / return (%)	Less than 6 months	6 months to 1 year	More than 1 year	
----- Rupees in thousands -----					
Assets					
Short term investment	9.45%	-	306,000	-	306,000
Bank balance	4.5% to 7.5%	-	1,000	154,260	155,260
Total assets		-	307,000	154,260	461,260
Liabilities					
Short term running finance	10.99-13.18%	(80,603)	(54,846)	-	(135,449)
Long term financing	9.01%- 12.19%	(272,081)	(191,671)	(2,064,108)	(2,527,860)
Total liabilities		(352,684)	(246,517)	(2,064,108)	(2,663,309)
On-balance sheet gap		(352,684)	60,483	(1,909,848)	(2,202,049)
Total interest risk sensitivity gap		(352,684)	(292,201)	(2,202,049)	(2,202,049)

f) Foreign Exchange Risk Management

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies. Currently, the Group's foreign exchange risk exposure is restricted to the amounts payable to the foreign entities including amount payable in US Dollars to GE Jenbacher GmbH & Co. OC, Austria against credit secured by way of deferred payment letter of credit facility provided by syndicate of banks and outstanding letter of credit and bills payable. The Group's exposure to foreign currency risk is as follows:

	2015		2014	
	Rupees	US \$	Rupees	US \$
----- in thousands -----				
Trade and other payables	(36,485)	(359)	(237,334)	(2,403)
Long term financing	(127,254)	(1,251)	(357,926)	(3,625)
Mark-up accrued on liability against DPLC	(1,688)	(17)	(4,747)	(48)
	<u>(165,427)</u>	<u>(1,627)</u>	<u>(600,007)</u>	<u>(6,076)</u>

Currently, the Group does not obtain forward cover against the gross exposure. The following significant rates applied during the year:

	2015	2014	2015	2014
	Average rate		Balance sheet date rate	
US Dollar to PKR	101.54	102.98	101.70	98.75

Sensitivity Analysis

A five percent strengthening / weakening of Rupee against US Dollar on June 30th would have increased / decreased equity and profit and loss account by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis that were used for the year 2014.

	Profit and Loss Account	
	2015	2014
	----- Rupees in thousands -----	
Effects in US Dollars gain / loss	<u>8,271</u>	<u>30,000</u>

g) Fair value of financial instruments

The carrying value of all the financial assets and liabilities reflected in the consolidated financial statements approximates their fair value. The methods used for determining fair values of each class of financial assets and liabilities are disclosed in respective policy notes.

h) Capital Risk Management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns and benefits for shareholders and to maintain a strong base to support the sustained development of its business.

The Group manages its capital structure by monitoring return on net assets and make adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payable to the shareholders or issue new shares.

The Group finances its expansion projects through equity, borrowings and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

i) Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Group's activities, either internally within the Group or externally at the Group's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of operation behaviour. Operational risks arise from all the Group's activities.

The Group's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its objectives of becoming a profitable organisation, producing high quality cement and uninterrupted power generation to generate returns for investors. Primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities ;
- requirements for reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective; and
- operational and qualitative track record of the plant and equipment supplier and related service providers.

40 NUMBER OF EMPLOYEES

The total number of employees of the Holding Company as at year end were 544 and average number of employees were 552.

41 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE


The Board of Directors of the Holding Company in their meeting held on September 17, 2015, have proposed for the year ended June 30, 2015, final cash dividend of Rs. 1.30 per share i.e. 13% (June 30, 2014: Rs. 1.1 per share i.e. 11%) amounting to Rs. 129.63 million (June 30, 2014: Rs. 109.69 million) for approval by the members of the Holding Company in the Annual General Meeting to be held on October 16, 2015. The consolidated financial statements for the year ended June 30, 2015 do not include the effect of the proposed cash dividend, which will be recognized in the consolidated financial statements for the year ending on June 30, 2016.

42 DATE OF AUTHORIZATION

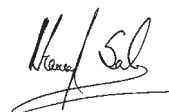
These consolidated financial statements were authorized for issue on September 17, 2015 by the Board of Directors of the Holding Company.

43 GENERAL

Figures have been rounded off to the nearest thousand of Rupees.



CHIEF EXECUTIVE



DIRECTOR

Dividend Mandate Form

It is to inform you that under Section 250 of the Companies Ordinance, 1984 a shareholder may, if so desire, directs the Company to pay dividend through his / her / its bank account.

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan vide Circular No. 18 of 2012 dated June 05, 2012, all the registered shareholders of Thatta Cement Company Limited hereby given the opportunity to authorize the Company to directly credit in your bank account cash dividend, if any, declared by the Company.

Please note that this dividend mandate is optional and not compulsory, in case you do not wish your dividend to be directly credited into your bank account, then the same shall be paid to you through the dividend warrants.

Do you wish the cash dividend declared by the company, if any, is directly credited in your bank account, instead of issue of dividend warrants. Please tick "✓" any of the following boxes.

Yes

No

If yes, then please provide the following information:

Shareholder's Detail
Name of the Shareholder
Folio No/CDC Participant ID& A/C #
CNIC No.
Passport No. (In case of Foreign Shareholder)
Landline number of Shareholder/Transferee
Cell number of Shareholder/Transferee
Shareholder's Bank Detail
Title of the Bank Account
Bank Account Number
Bank's Name
Branch name and Address

It is stated that the above mentioned information is correct, and I will intimate the changes in the above mentioned information to the Company and the concerned Share Registrar as soon as these occur.

Signature of member/shareholder

Copy of Computerized National Identity Card (CNIC)

As per directions to all listed companies by Securities and Exchange Commission of Pakistan vide S.R.O. 831/2012 dated July 5, 2012, the "DIVIDEND WARRANT(S)" should bear the Computerized National Identity Card (CNIC) number of the registered member(s), except in the case of minor(s) and corporate members, and dividend warrant cannot be issued without inserting the CNIC number of the member(s).

For this purpose, please provide us a copy of your CNIC (if not provided earlier) on MOST URGENT BASIS for compliance of the directions of SECP, failing which your future dividend warrant(s), if any, will be withheld till the compliance of the above referred notification.

You must mention your folio number on the face of your CNIC copy for identification.

Copy of your CNIC may please be sent to our Share Registrar Office at the following address:

THK Associates (Pvt) Limited

Second Floor, State Life Building No. 3
Dr Ziauddin Ahmed Road,
Karachi - 75530

Telephone # : (92-21) 111-000-322
Fax # : (92-21) 35655595
Email : secretariat@thk.com.pk
: info@thk.com.pk
Website : www.thk.com.pk

Shareholders are requested to immediately notify the change of address, if any.

Yours truly
For Thatta Cement Company Limited

Muhammad Taha Hamdani
Company Secretary

FORM OF PROXY

The Secretary
Thatta Cement Company Ltd.
Office No. 606-608A, 6th Floor,
Continental Trade Centre,
Block 8, Clifton
Karachi

Please quote:

No. of shares held. _____

Folio No. _____

I / We _____

of _____

member (s) of Thatta Cement Company Limited, hereby appoint _____

_____ or failing him _____

_____ of _____

_____ as proxy in my / our behalf at the Annual General Meeting to be held at Beach Luxury Hotel, M.T. Khan Road, Lalazar Karachi, on Friday, October 16, 2015 at 10:00 am and at any adjournment thereof.

As witness my hand this _____ day of _____ 2015 _____

signed by _____

in the presence of _____

Signature

Rupee five
revenue
stamp

Important:

1. This Form of Proxy duly completed must be deposited at our Registered Office or Company's Registrar office M/s. THK Associates (Pvt) Ltd, Second Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road Karachi, not later than 48 hours before the time of holding the meeting.
2. A Proxy should also be a shareholder of the Company

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THATTA CEMENT

COMPANY LIMITED

Head Office
Office # 606 - 608A, 6th Floor,
Continental Trade Center, Block 8, Clifton, Karachi
www.thattacement.com

Factory
Ghulamullah Road, Makli,
District Thatta, Sindh